STAKEHOLDER IMPLICATIONS OF CORPORATE SOCIOPOLITICAL ACTIVISM

by

ANDREW B. EDELBLUM

A DISSERTATION

Presented to the Department of Marketing
and the Division of Graduate Studies of the University of Oregon
in partial fulfillment of the requirements
for the degree of
Doctor of Philosophy

September 2022

DISSERTATION APPROVAL PAGE

Student: Andrew B. Edelblum

Title: Stakeholder Implications of Corporate Sociopolitical Activism

This dissertation has been accepted and approved in partial fulfillment of the requirements for the Doctor of Philosophy degree in the Department of Marketing by:

Joshua T. Beck	Chairperson
Noelle M. Nelson	Core Member
Conor M. Henderson	Core Member Institutional Representative
Troy Elias	
and	
Krista Chronister	Vice Provost for Graduate Studies

Original approval signatures are on file with the University of Oregon Division of Graduate Studies.

Degree awarded September 2022.

DISSERTATION ABSTRACT

Andrew B. Edelblum

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Today's dynamic market landscape affects and is affected by a variety of significant cultural shifts and touchstones, from global warming and racial injustice, to voter disenfranchisement and the Covid-19 pandemic. In the current dissertation, I examine how firms have expanded their institutional role to address these issues and communicate a sense of moral engagement linked to their brands. I associate these behaviors with a centralized phenomenon—*corporate sociopolitical activism (CSA)*—which reflects firms' public speech or actions focused on polarizing issues of societal concern. Such shifts in business behavior coincide with fieldwide conversations among practitioners and scholars about the implied responsibility for broadened social engagement. However, despite the increasing prominence of CSA in the marketplace, the practice has only recently received scholarly attention.

In turn, the current dissertation seeks to examine and conceptualize the theoretical, practical, and strategic implications of firms' activist efforts using a multi-methodological approach. First, Essay I ("'Focus on *Our* Cause: How Brand Activism Helps and Hurts Activist Organizations"; under third-round review at the *Journal of Consumer Research*) ut ilizes randomized controlled experiments with consequential outcomes to chart the impact of brand activism on consumers' charitable giving to activist organizations. Next, Essay II ("An Institutional View of Investor Response to Corporate Sociopolitical Activism"; manuscript in

progress; targeting the *Journal of Marketing*) is an event study that examines the moderating effects of issue legitimacy on stock market response to market leaders' activist efforts.

ACKNOWLEDGEMENTS

They say it takes a village to raise a scholar. Indeed, my journey to this point has been aided by the generosity, counsel, and encouragement of many incredible colleagues and friends. I would first like to thank Dr. Joshua T. Beck for his committed mentorship over the course of my time at the Lundquist College of Business. I am also grateful for the invaluable support of my doctoral committee—Dr. Noelle M. Nelson, Dr. Conor M. Henderson, and Dr. Troy Elias—and my research coauthors—Dr. Lea H. Dunn, Dr. Sokiente "Tari" W. Dagogo-Jack, and Dr. Nooshin L. Warren. This research was supported in part by the Harold and Muriel Berkman Charitable Foundation, Inc. and the Roger and Robin Best Fund for Doctoral Research.

To Mom and Dad, who taught me to approach life with joy, gratitude, and humility.

To Golnaz, who reminds me every day that true success is measured in tenderness and laughter.

To the Boyós, who have given the gift of brotherhood to an only child.

To my colleagues, past and present, at and around Anstett 292A—we did this together.

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INTRODUCTION

The emergence of corporate sociopolitical activism has been traced to a proliferation of stakeholder demand for private sector involvement in societal affairs. Indeed, a growing sentiment exists among some stakeholders that firms have an implied responsibility to utilize their cultural authority and financial resources to "shape social awareness and action around certain issues" (Moorman 2020, 389; Eilert and Nappier Cherup 2020). According to a recent global poll by Accenture (2018), roughly 62% of consumers would like companies to address prominent social matters (Hajdas and Kleczak 2021; Mull 2020; Ward et al. 2020). Further, over half of U.S. consumers report trusting business more than the government to speak out on pressing topics of the modern day (Edelman 2018).

These shifts in desired and expected firm behavior have intensified as the global economy reckons with the mounting consequences of various pressing matters (e.g., climate change, human rights violations, the Covid-19 pandemic). Prior work has shown that in a world threatened by volatility, uncertainty, complexity, and ambiguity (VUCA; see Bennett and Lemoine 2014), consumers seek powerful leadership for a sense of progression and control (Beck, Rahinel, and Bleier 2020; Collins and Parras 1996; Lafley and Martin 2013). It is through this lens that a brand's mere functional offerings (e.g., products and services) may be perceived as insufficient for meeting the evolving needs associated with modern consumer life (Golob et al. 2020; Swaminathan 2020). Thus, in today's increasingly belief-driven marketplace, firms have incorporated activism into their social responsibility initiatives (Bhagwat et al. 2020; Edelman 2018; Eilert and Nappier Cherup 2020). In this dissertation, I use a multi-methodological approach to examine how such activist efforts affect various business stakeholders.

Specifically, in the second chapter—"'Focus on *Our* Cause!" How Brand Activism Helps and Hurts Activist Organizations"—I uncover the nuanced effects of brand activism on the philanthropic advancement of various activist organizations (e.g., Black Lives Matter, Planned Parenthood, National Urban League, U.N. Women). I theorize and demonstrate via empirical evidence that the positive or negative social impact of brand activism is determined largely by self-brand connection (SBC)—the level of overlap between the consumer's self-concept and a brand's schema. Namely, when brand activism is observed by consumers who strongly associate with (high SBC) or dissociate from a given brand (low SBC), it increases (decreases) the attentional focus and corresponding donations consumers allot to the brand-endorsed organization. Seven studies, featuring major brands across a number of diverse industries, provide robust support for this theorizing. I further discuss a variety of important managerial implications. This chapter is under third-round review at the *Journal of Consumer Research* and is coauthored with Joshua T. Beck, Lea H. Dunn, and Sokiente W. Dagogo-Jack.

The third chapter—"An Institutional View of Investor Response to Corporate Sociopolitical Activism"—sheds light on how the currents of sociopolitical change impact investors' assessments of firms' activist behavior. Namely, I use firms' CSA for the LGBTQIA (Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, Asexual) community as a notable area around which attitudes have shifted in recent years. Critically, this change has involved two complementary forms of legitimacy—top-down legitimacy (i.e., via the legal system) and bottom-up legitimacy (i.e., via the marketplace). I develop a framework for understanding how these unique forms of legitimacy affect the firm value of market leader firms (vs. non-leading firms) engaged in activism. In doing so, I examine a unique dataset containing 315 LGBTQIA activism events conducted by 132 firms across 33 industries over a 15-year timespan (i.e., 2005–

2019). I theorize and find support for two divergent trends: First, top-down legitimacy reduces the negative impact of corporate sociopolitical activism on investor response (i.e., legal decisions drive alignment around focal issues). Second, bottom-up legitimacy exacerbates the negative impact of activism on investor response (i.e., an overabundance of marketplace activism dilutes firm equity). This chapter is planned for submission to the *Journal of Marketing* by early summer and is coauthored with Joshua T. Beck and Nooshin L. Warren.

ESSAY I:

"FOCUS ON *OUR* CAUSE!" HOW BRAND ACTIVISM HELPS AND HURTS ACTIVIST ORGANIZATIONS[1]

In response to a growing demand for sociopolitical engagement in the marketplace, many brands have adapted their corporate social responsibility strategy to include activism for polarizing societal issues (e.g., climate advocacy, racial justice, gun control, reproductive rights). How might such brand activism help or hurt the philanthropic goals of activist organizations? Drawing upon theories of identity and information processing, we demonstrate a nuanced effect; namely, brand activism can increase *or* decrease consumers' financial support for activist organizations, depending on consumers' preexisting self-brand connection (SBC; the level of overlap between the consumer's self-concept and a brand's schema). Further, rather than affect consumers' fundamental cause-related attitudes or beliefs, we show that brand activism and SBC influence donation behavior through attentional focus (i.e., consumers' relative allocation of attentional resources toward or away from a given stimulus). Across seven studies, we find that brand activism increases (decreases) the attentional focus that high (low) SBC consumers allot to various brand-endorsed organizations, resulting in an increase (decrease) in corresponding donation behavior. Exploring the specificity of our framework, we demonstrate that these effects erode over time, are organization-specific, and diminish among consumers with opposing cause attitudes. We discuss the contributions of this work to theory and practice.

[1] The current chapter was coauthored with Joshua T. Beck, Lea H. Dunn, and Sokiente W. Dagogo-Jack and is currently under third-round review at the *Journal of Consumer Research*.

Consumers today are faced with a growing constellation of activist organizations vying for donations and publicity. The large and expanding marketplace for consumer activism is highly competitive, and information-rich digital communication channels can obscure any single organization's messaging (e.g., Ophir, Nass, and Wagner 2009). Seeking to assist activist organizations and further their own social impact goals, many notable brands have adapted their corporate social responsibility strategy to include activism for various related causes (e.g., climate advocacy, racial justice, gun control, reproductive rights; Bhagwat et al. 2020; Kotler and Sarkar 2017; Mukherjee and Althuizen 2020). For instance, PepsiCo has widely supported racial justice coalitions and Black-owned suppliers (Pearl 2020), and Target has worked closely with LGBTQIA+ nonprofits like GLSEN and the Human Rights Campaign (Target 2021).

Given the increasing marketplace prevalence of brand activism—defined as "public speech or actions focused on partisan issues made by or on behalf of a company using its corporate or individual brand name" (Moorman 2020, 388)—it is critical to understand the implications for endorsed activist organizations. Some have extolled the virtues of brand activism as a market-based practice that bolsters consumer support for various such activist organizations (Hayman 2018), while others have suggested the opposite (Bruxelle 2018). Accordingly, the current research examines whether brand activism helps or hurts activist organizations' in advancing their philanthropic goals.

The predominant view of brand activism suggests that such marketplace behavior attracts like-minded consumers and serves as a values-based differentiation tactic (Bhagwat et al. 2020; Bundy et al. 2018; Hambrick and Wowak 2019; Kotler and Sarkar 2017). This thinking implies that brand activism is merely a reflection of consumers' preexisting values and may, therefore, elicit minimal change in donation behavior to various endorsed activist organizations. Drawing

upon theories of identity and information processing, we explore when brand activism may be impactful, and, thus, we provide a more complete account of such activism's effects.

We contend that the effect of brand activism on charitable giving depends on the consumer's level of self-brand connection (SBC) with the focal brand (i.e., the level of overlap between the consumer's self-concept and a brand's schema; Escalas and Bettman 2005). We theorize that activism will prompt high (low) SBC consumers to donate more (less) to a brand-endorsed activist organization, and these effects are explained largely by attentional focus—the relative allocation of attentional resources to a given stimulus (Shteynberg 2015). Namely, brand activism causes high (low) SBC consumers to allocate greater (fewer) attentional resources to the brand-endorsed activist organization. We test this reasoning by comparing the effects of brand activism to those of an activist organization promoting itself (i.e., without a brand's endorsement). Our results indicate that a brand's activist messaging (vs. similar messaging from the activist organization itself) stimulates high (low) SBC consumers to allocate greater (fewer) attentional resources—and corresponding donations—to the endorsed activist organization.

As an illustration, imagine coming across a tweet by The Walt Disney Company expressing support for Equality Florida, an activist organization fighting against Florida's Parental Rights in Education bill.[2] We suggest that consumers at either end of the SBC continuum would attend to this message in quite different ways. On one hand, a consumer with high SBC to Disney may stop to carefully read and process the statement in detail. Meanwhile, a consumer with low SBC to Disney may simply glance at the statement or ignore it altogether.

[2] Known by activists as the "Don't Say Gay" bill, this divisive piece of legislation, in part, forbids discussions of sexual orientation and gender identity in kindergarten through third grade. The Walt Disney company tweeted in opposition to the bill (Kihara 2022).

We further note that if the activism was received primarily by low SBC consumers, Equality Florida may be better off promoting itself rather than taking the endorsement from Disney.

Notably, the abovementioned effects occur only among consumers who generally favor a given activist organization. In other words, brand activism does not enhance or diminish consumer support for disfavored organizations but rather works as a filter that channels attention toward or away from favored organizations. Seven studies, including one reported in the Web Appendix, support this framework and rule out plausible alternative explanations (e.g., cognitive consistency, self-perception, attitude balancing, moral licensing, prosocial mindset).

Overall, the current research makes several important contributions. First, we identify attentional focus as a novel property of SBC that extends to activist causes. Prior work has shown a variety of consequential outcomes stemming from consumers' felt kinship with brands (e.g., willingness to pay, passionate desire to use, defensive reactions to failure; Batra, Ahuvia, and Bagozzi 2012; Bhattacharya and Sen 2003; Cheng, White, and Chaplin 2012; Escalas and Bettman 2003, 2005; Park et al. 2010). However, this literature stream has yet to consider the impact of SBC on consumers' willingness to engage with entities outside the brand itself. We address this gap by demonstrating how SBC influences the attention paid to activist organizations in a brand activism context. Rather than show brand identification as a direct consequence of prosocial marketing (Lichtenstein, Drumwright, and Braig 2004), we provide evidence suggesting that SBC operates as a channel that alters consumers' attention to activist causes. This further provides evidence for a unique process that diverges from prior work on vicarious moral licensing evoked by corporate social responsibility (Newman and Brucks 2018).

Second, we advance scholarship on models of brand activism. Extant research suggests that activism strategically caters to value-aligned stakeholders (Bhagwat et al. 2020; Bundy et al.

2018; Hambrick and Wowak 2019; Kotler and Sarkar 2017) and might, therefore, do little to alter support for brand-endorsed nonprofits. Indeed, such brand behavior may have minimal effect on consumers' relatively fixed beliefs about divisive sociopolitical issues (). However, we demonstrate a novel process—attentional focus—by which brand activism shapes support for various activist organizations. This pathway has important implications that cannot be explained by favorable cause attitudes alone. For instance, if simply being pro-choice predicted consumers' support for Planned Parenthood (i.e., a nonprofit that provides reproductive healthcare in the U.S.) across the board, we would expect similar levels of donation to the organization regardless of exposure to brand activism. Instead, we find that even among Planned Parenthood's proponents, a single exposure to an endorsement from Starbucks increases (decreases) supportive behaviors among those connected to (disconnected from) Starbucks.

Third, we add to the growing domain of social marketing by charting the impact of brand activism on donation behavior. Whether brand activism increases or decreases consumer support is critical for organizers who depend on financial backing, as well as corporate executives seeking to make a demonstrable impact on societal outcomes. Our work shows that brands are a powerful market-based source of attentional influence that can both help and harm the advancement of social causes. Indeed, across studies, we found that for high SBC consumers (+1 SD), brand activism increased donation amount by approximately 30% relative to the activist organization promoting itself. Conversely, for low SBC consumers (-1 SD), brand activism decreased donation amount by approximately 35%. These findings indicate that brands have the capacity to break through the noise and affect consumers' allocation of attention to endorsed activist organizations. Consistent with an attentional account, we show that this process is temporary (i.e., it erodes over time) and organization-specific (i.e., it extends only to the brand-

endorsed activist organization). Thus, we provide insight into how brands and activist organizations can maximize their social impact.

Conceptual Development

The Emergence of Brand Activism

The modern sociopolitical climate has precipitated a rise in civic engagement (Druckman, Peterman, and Slothuus 2013) and inspired consumers to be increasingly attuned to brands' social impact initiatives (Edelman 2020; Vredenburg et al. 2020). For instance, according to the Edelman Trust Barometer Special Report (2020), 80 percent of American consumers seek brands that "solve society's problems" and demonstrate efforts to be a "positive force shaping our culture." In line with such values-driven consumer preferences, many brands have publicly chosen a side on polarizing societal issues (e.g., climate advocacy, racial justice, gun control, reproductive rights; Bhagwat et al. 2020; Mukherjee and Althuizen 2020).

Brand activism has emerged not only as a strategic differentiation tactic but also a reflection of executives' growing desire to utilize their company's platform to advance social impact goals and values (Hambrick and Wowak 2019; Kotler and Sarkar 2017). Because brands are imbued with cultural power and authority (Moorman 2020), they are thought to possess substantial leverage in contributing to the conversation about various contentious issues (Vredenburg et al. 2020; Zheng 2020). But to what extent are brands truly impactful in these domains? The extant model of brand activism suggests that a brand's endorsement of a particular sociopolitical cause generally reflects its stakeholders' existing priorities (Bhagwat et al. 2020;

Bundy et al. 2018; Hambrick and Wowak 2019; Kotler and Sarkar 2017). By this account, a brand's consumers are a driving force of a brand's activism.

In the present research, we consider the possibility of a bidirectional relationship between consumers and brand activism. Namely, we explore the effect of brand activism on *consumers'* charitable giving. We propose that consumers' preexisting self-brand connection (SBC) determines whether such activism increases or decreases their attention to and corresponding financial support for brand-endorsed activist organizations.

How Brand Activism Influences Consumer Attention

A fundamental objective of brand promotional strategy is to stimulate awareness of market-based activities, such as sales and product launches, via brand elements (e.g., advertising, logos, jingles; Keller 1993). In this way, a brand operates as a messaging source designed to rouse consumer attention and elicit subsequent desire for products and services. Indeed, the brand can leverage its name and iconography to fuel interest in its offerings, and the mass proliferation of branded messages in today's marketplace speaks to these concentrated efforts (Brasel 2012; Rahinel et al. 2021). From banner ads on high-traffic webpages to digital billboards in crowded metro areas, the ubiquity of the brand as an attentional cue is readily apparent in modern consumer life.

We propose that in addition to generating attention for products, services, and other such offerings, a brand's communications can prompt consumers to shift attention toward or away from activist organizations (i.e., entities outside of a brands' core offerings). That is, a brand's activist messaging can alter the amount of attention given to the brand-supported activist

organization. To better understand this process, we draw on the rich literature on consumer identity and examine the role of self-brand connection as an attentional channel.

The Critical Role of Self-Brand Connection

It is well-established that brands are imbued with a vast array of symbolic meanings and cultural associations (Escalas and Bettman 2005; Fournier 1998). Correspondingly, the consumption of certain brands can communicate affiliation with desired ingroups and disaffiliation from undesired outgroups (i.e., social identity; Berger and Heath 2007; Escalas and Bettman 2005), as well as aid consumers in building their personal identities (Shen and Sengupta 2018). Through these various representations, brands may become incorporated into a consumer's self-concept, and the strength and directionality of such overlap has been conceptualized as self-brand connection (SBC; Escalas and Bettman 2003, 2005).

SBC operates on a continuum, with high SBC indicating a strong feeling of interpersonal closeness with the brand (i.e., comparable to high overlap) and low SBC indicating a feeling of interpersonal distance from the brand (i.e., comparable to low overlap). Importantly, high and low SBC signal different levels of consumer-brand identification, where the former indicates a desire to associate with the brand (Batra, Ahuvia, and Begozzi 2012; Wolter et al. 2012), and the latter indicates a desire to dissociate from the brand (Berger and Heath 2007; White, Simpson, and Argo 2014; Wolter et al. 2012). In addition, feelings of neutral SBC fall at neither extremity and are, thus, comparable to ambivalent consumer-brand identification (i.e., as has been shown for less symbolic brands; Escalas and Bettman 2005; Wolter et al. 2012).

We posit that brand activism influences consumers differently depending on the brand's identity relevance (i.e., as captured in SBC). In making this argument, we draw on seminal work in the information processing literature that describes identity relevance as a critical predictor of attention (e.g., Bettman 1979; Chaiken 1980). According to this stream of research, identity-relevant information is processed more easily, draws more attention, and garners greater cognitive and emotional elaboration (MacInnis, Moorman, and Jaworski 1991). Such effects have been further observed in response to advertising (MacInnis and Jaworski 1989), and scholars have long suggested leveraging identity relevance to enhance motivation for processing market-based appeals (Celsi and Olson 1988; Forehand, Deshpandé, and Reed 2002; MacInnis, Moorman, and Jaworski 1991). Building on this literature, we suggest that SBC channels consumers' attention toward or away from brands' activist messaging, and this influences donation amount to endorsed activist organizations. In particular, high (low) SBC should increase (decrease) consumers' attention to such entities. We further propose that such an increase (decrease) in attention will translate to a higher (lower) subsequent donation amount.

Importantly, there are far more existing causes—and corresponding activist organizations—than a single consumer can support. For example, an individual may value human rights and broadly seek to enhance socially equitable outcomes. However, there are many such opportunities to do so, such as by giving to organizations representing people of color (e.g., Black Lives Matter), LGBTQIA+ individuals (e.g., Human Rights Campaign), Jewish people (e.g., Anti-Defamation League), women (e.g., National Organization for Women), and many more communities. We suggest that what organization consumers choose to support is, first and foremost, a consequence of attentional focus. Indeed, attention has been conceptualized as a key resource for the sustainable proliferation of numerous social causes and movements (Tufekci

2013). Extent research has further shown attention as a driver of compassion (Holmes, Vuilleumier, and Eimer 2003) and giving to those in need (e.g., children with terminal illnesses; Dickert and Slovic 2009). Even recent brain research has identified shared neural codes for attentional focus and donation behavior (Tusche et al. 2016).

Similarly, in response to a brand's activist messaging, SBC should channel consumers' attention and influence corresponding donation behavior. For high (low) SBC consumers, we expect that brand activism will positively (negatively) affect attention and subsequent giving.

H_1: There will be a brand activism × SBC interaction effect on the amount donated to brand-endorsed activist organizations, such that brand activism increases (decreases) donation amount among high (low) SBC consumers.

H_2: There will be a brand activism × SBC interaction effect on the allocation of attentional resources to brand-endorsed activist organizations, such that brand activism increases (decreases) attention among high (low) SBC consumers.

H_3: Attentional focus will positively (negatively) mediate the brand activism × SBC interaction effect on donation amount for high (low) SBC consumers.

Overview of Framework and Studies

Across seven studies (including a conceptual replication described in the general discussion and Web Appendix A), we show that real and fictitious instances of brand activism increase (decrease) donation amount to brand-endorsed activist organizations among high (low) SBC consumers (studies 1–6). In addition, we demonstrate the attentional process explaining these effects (studies 3–6). We provide process evidence of attentional focus via explicit

measurement (study 3) and more indirect process investigations (studies 4 and 5), as well as identify a critical boundary condition (study 6).

Importantly, our studies rule out alternative explanations (e.g., cognitive consistency, self-perception, attitude balancing, moral licensing, prosocial mindset) and provide generalizability by using different activist organizations (e.g., Black Lives Matter, Planned Parenthood) and brands (e.g., Netflix, Nike, Apple). Finally, we acknowledge the potential role of brand-cause fit in our process; we kept brand-cause fit constant throughout our empirical package by conducting two pretests in which participants rated whether a variety of well-known brands would support a given activist cause (for a full description of these pretests, see Web Appendix B). Studies 3–5 and WA-A were pre-registered on AsPredicted.org (pre-registrations links are embedded in each study and in Web Appendix C).

Study 1

In study 1, we examined the joint impact of brand activism and SBC on donation amount to a divisive prosocial cause—Black Lives Matter (i.e., a social movement associated with racial justice)—using an ecologically valid natural experiment. On September 3, 2018, Nike announced former National Football League (NFL) quarterback Colin Kaepernick as the spokesperson for its thirtieth anniversary advertisement campaign. Kaepernick became a polarizing figure in late 2016 when he knelt during the U.S. National Anthem throughout the football season to protest racial inequity and police brutality. Notably, such racial justice advocacy was depicted as adjacent to the goals of Black Lives Matter, and news agencies characterized Nike's decision to feature Kaepernick as indirect support for the movement (Draper and Belson 2018).

Within this context, we conducted study 1 on the day Nike unveiled its Kaepernick campaign and used natural variation in consumers' real-time knowledge of the advertisement to operationalize activism (i.e., 1 = activism known, -1 = activism unknown). We reasoned that same-day awareness of Nike's partnership with Kaepernick would result from exogenous factors, such as a chance encounter with a news headline. Although most consumers interested in Nike, the NFL, Kaepernick, and/or Black Lives Matter would eventually hear about the campaign, we assumed that same-day awareness would be highly variable and unrelated to SBC. Indeed, a post-test confirmed that awareness did not correlate with SBC (r = -.02, p = .740).

Further, we measured brand attitude to assess a balance theory account (Heider 1946), whereby consumers strengthen their linkage with the activist organization simply because a favored brand signals support for it. Our framework suggests that merely liking or disliking a focal brand (e.g., Nike) is insufficient to elicit changes in consumer donation amount. Rather, we argue that brand activism only affects prosocial giving among consumers for whom the brand is associative (high SBC) or dissociative (low SBC)—that is, our predicted effects result from SBC as an attentional channel, not brand attitude. Finally, we included a measure of political ideology to account for any potential effects of partisan identity.

Method

Participants, Design, and Procedure. Three hundred and four U.S. adults (52.00% female, M_{age} = 36.44, SD_{age} = 12.37) from Amazon Mechanical Turk (MTurk) completed this study in exchange for a nominal fee. Participants were provided with a brief description of Black Lives Matter and subsequently given an opportunity to donate to the organization. They then

indicated their awareness of any recent news pertaining to Nike, rated their SBC to the brand, and completed a brand attitude measure. Finally, participants provided their demographic information and political ideology.

Donation Amount. After reading a brief description of Black Lives Matter ("A decentralized political and social movement that seeks to highlight racism, discrimination, and inequality experienced by Black people"), participants were told they would be entered into a drawing for $10. Then, using a single open-ended question, participants indicated the amount of money they would donate to Black Lives Matter versus keep for themselves, should they receive the money from the drawing.

Self-Brand Connection. Participants rated their SBC to Nike using Escalas and Bettman's (2005) seven-item SBC scale. They rated their level of agreement with statements such as "This brand reflects who I am" (0 = "strongly disagree," 100 = "strongly agree"; $\alpha = .97$; for full instructions and scale items for SBC and subsequent measures, see Web Appendix D; for descriptive statistics of all measures by activism condition, see Web Appendix E).

Brand Activism. We operationalized brand activism as participants' real-time awareness of Nike's decision to name Colin Kaepernick as its spokesperson for its thirtieth anniversary campaign. We captured awareness using a single open-ended question by asking participants to list any recent news pertaining to Nike from memory. Two independent coders blind to our hypotheses coded each response for references to Kaepernick or the controversy surrounding Nike's announcement. Any responses containing such references were coded as 1, while responses that did not were coded as -1. The interrater reliability was high (ICC = .97), and any discrepancies were resolved through discussion. The analysis revealed that about half—50.30%—of participants were aware of Nike's Kaepernick ad.

Importantly, this awareness measure did not correlate with SBC (r = -.02, p = .740) or brand attitude (r = -.07, p = .255). It was further unassociated with demographic factors such as age (r = .002, p = .551) and gender (r = -.004, p = .941), and only weakly correlated with political ideology (r = -.13, p = .02). Participants who identified as liberals (vs. moderates or conservatives) were slightly more aware of Nike's ad campaign.

Post-Measures. Participants rated their attitude toward Nike using a three-item semantic differential scale (1 = "negative," "unfavorable," "dislike," 7 = "positive," "favorable," "like"; α = .99). Then, using a three-item scale, participants rated their overall political ideology, as well as how they lean on social and economic issues (1 = "very liberal," 7 = "very conservative"; α = .95). Finally, participants reported their age and gender.

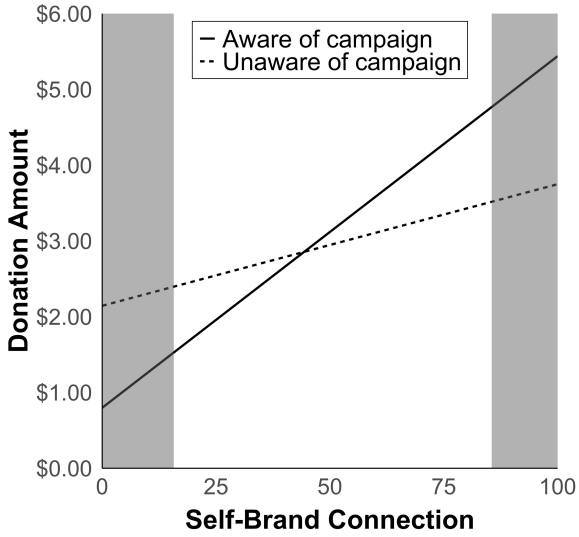
Results

Donation Amount. We regressed donation amount on activism, SBC, and their interaction. Results revealed both a significant effect of activism (b = -.67, SE = .29, t(300) = -2.34, p = .02) and SBC (b = .03, SE = .01, t(300) = 5.36, p < .001). However, these were qualified by the predicted activism × SBC interaction (b = .03, SE = .01, t(300) = 2.61, p = .01, η^2 = .02). Probing this interaction, a floodlight analysis (Spiller et al. 2013) revealed a simple positive effect of awareness on donation amount at values of SBC above 85.53 (b = 1.25, SE = .64, t(300) = 1.97, p = .05), representing 5.92% of the total sample. That is, among participants with high levels of SBC, awareness of Nike's Kaepernick ad increased donation amount. The results also revealed a simple negative effect of awareness at values of SBC below 15.70 (b = -.87, SE = .44, t(300) = -1.97, p = .05), representing 29.61% of our sample. That is, among

participants with low levels of SBC, awareness of Nike's Kaepernick ad decreased donation amount. Figure 1 illustrates these effects. Further, our results were not explained by brand attitude or political ideology, and the findings were qualitatively unchanged with the inclusion of these factors as covariates and interacted controls. For robustness checks and model specificity analyses for this study and all others, see Web Appendix F.

Figure 1

Study 1: Kaepernick Ad Awareness × Self-Brand Connection Interaction on Donation Amount to Black Lives Matter



Note: Figure 1 depicts the Kaepernick ad awareness × SBC interaction on donation amount. The shaded areas represent the Johnson–Neyman regions of significance.

Discussion

This natural experiment provided initial evidence in support of hypothesis 1. Specifically, we found that brand activism—operationalized as consumers' real-time awareness of Nike's ad campaign featuring spokesperson Colin Kaepernick—increased (decreased) donation amount to Black Lives Matter among high (low) SBC participants. Notably, these effects arose despite the strong overlap between Nike's consumer base and those sympathetic to the issue of racial injustice. Stated differently, Nike is known for its inclusive approach to athlete diversity (Thomas 2021), and those with a high SBC to Nike may be more prone to support Black Lives Matter in general; indeed, we found a positive effect of SBC on donation behavior. Nevertheless, consumer awareness of Nike's Kaepernick ad had a discernible effect on donation behavior, even among those most predisposed to support the cause.[3]

In addition to establishing an initial test of our proposed framework, study 1 demonstrated the robustness of our theoretical account by testing two plausible alternative moderators—brand attitude and political ideology. Regarding the former, the non-significant results rule out an attitudinal balancing account (Heider 1946). Indeed, SBC and brand attitude are related constructs ($r = .727$, $p < .001$); that we observe effects only for SBC and not brand attitude provides strong support in favor of an identity-based process. The lack of moderation by political ideology, meanwhile, suggests that partisan affiliation alone does not sufficiently explain variation in donation behavior upon exposure to brand activism. Finally, our results rule out a vicarious moral licensing process (Newman and Brucks 2018), whereby the brand's activism diminishes connected consumers' prosocial behavior, as Kaepernick ad awareness was associated with increased giving amount among high SBC participants.

[3] We note that this natural experiment paradigm leaves open the possibility that awareness of Nike's Kaepernick ad *changed* SBC in accordance with participants' existing beliefs. We account for this empirically via time-separated measures of SBC in later studies and discuss it as an avenue for future research in the general discussion.

Despite these findings, the current study has limitations. Namely, due to the proxy measure for brand activism (i.e., awareness), we were unable to account for how consumers learned of Nike's ad campaign, so there may have been undetected media-dependent source effects (Ball-Rokeach and DeFleur 1976). In addition, our major dependent variable was consequential but did not involve actual donations, as the act of donating was conditional on winning a drawing. Finally, study 1 utilized a control condition in which the social cause was not salient (i.e., activism non-awareness). To build on study 1, study 2 compares participants' real monetary support in response to brand activism versus an activist organization's messaging.

Study 2

The primary objective of study 2 was to replicate the interactive effect of brand activism and SBC on donation behavior with real money and a controlled brand activism manipulation. Using a modified version of the incentive-compatible task in study 1, we compared donation amount to an activist organization—the Smithsonian Latino Center, a unit of the Smithsonian Institution dedicated to preserving Latino history and culture—following exposure to a supportive tweet from the brand Target (vs. a tweet from the Smithsonian Latino Center itself).[4]

Method

[4] Notably, Target donated $2 million to the organization to aid in the foundation of the Molina Family Latino Gallery at the National Museum of American History (Aviles 2018).

Participants, Design, and Procedure. Two hundred participants from Prolific completed this study in exchange for a nominal fee. Thirty-one participants failed an attention check,[5] resulting in a final sample of 169 (58.60% female, M_{age} = 29.56, SD_{age} = 10.01). This study had a 2 (brand activism: present vs. absent) × continuous (SBC) design, with brand activism manipulated between-subjects and SBC included as a measured variable.

Brand Activism. Participants read one of two fictitious statements presented as tweets (for all stimuli see Web Appendix G). In the brand activism present condition, participants read a statement issued by Target: "Our commitment to diversity and inclusion is reflected in the way we engage with our communities. We support the Smithsonian Latino Center (@SLC_Latino) and its mission to preserve Latino culture and advance Latino representation." Those in the brand activism absent condition read a similar statement by the Smithsonian Latino Center itself.

Donation Amount. After reading the statement, participants were told they would receive a $1 bonus for their participation in this study. Participants then indicated, using a slider scale, how much of the bonus they would like to donate to the Smithsonian Latino Center. Notably, participants were informed they would keep the portion of the bonus they decided not to donate. We donated participants' specified funds to the Smithsonian Latino Center.

SBC and Post-Measures. Participants indicated their SBC to Target using the same scale as in study 1 (α = .96; weakly positively correlated with assignment to activism condition; r = .16, p = .036). Finally, participants reported their political ideology (α = .91), age, and gender.

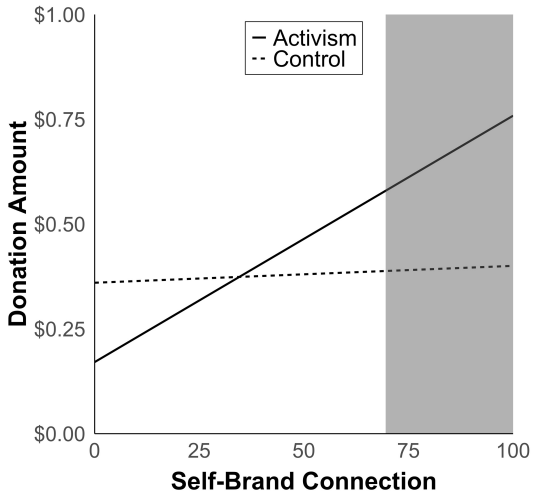
Results

[5] The attention check consisted of a single-response question in which participants were asked to identify the cause supported by the focal brand. We removed participants who answered this question incorrectly (i.e., based on their assignment to activism condition).

Donation Amount. We regressed donation amount on activism (1 = activism present, -1 = activism absent), SBC, and their interaction. Results revealed a marginal and negative effect of activism (b = -.19, SE = .10, t(165) = -1.88, p = .062) as well as a positive effect of SBC (b = .003, SE = .001, t(165) = 2.80, p = .006). However, these findings were again qualified by a significant activism × SBC interaction (b = .01, SE = .002, t(165) = 2.44, p = .016, η^2 = .03). A floodlight analysis demonstrated a simple positive effect of activism at values of SBC above 69.56 (b = .19, SE = .10, t(165) = 1.97, p = .05), representing 16.57% of the total sample. There was no significant difference in donation amount based on activism at levels of SBC below 69.56; however, the overall simple negative effect of activism was directional at low SBC (-1 SD = 10.36*;* b = -.13, SE = .08, t(165) = -1.59, p = .114; see figure 2).

Figure 2

Study 2: Brand Activism × Self-Brand Connection Interaction on Donation Amount to the Smithsonian Latino Center



Note: Figure 2 depicts the brand activism × SBC interaction on donation amount. The shaded areas represent the Johnson–Neyman regions of significance.

Discussion

Results from study 2 further support our hypothesized activism × SBC interaction. We replicate our initial findings with an activism manipulation (rather than a proxy measure) and with real donations. Interestingly, while we find a positive effect of activism on donation amount at high SBC, the effect of activism at low SBC was only directionally negative. Across studies, we demonstrate a more consistent negative effect of activism at low SBC.

Study 3

The first two studies jointly provide key evidence that brand activism impacts consumer donation to activist organizations. Notably, our results indicate that such influence is countervailing, showing differences in donation amount depending on consumers' SBC. The primary goal of study 3 was to examine the mechanism underlying these effects. Our framework posits that consumers attend to brand activism in accordance with their SBC (hypotheses 2 and 3). We tested our proposed mediator—attentional focus—by embedding a cause-related message from a brand (National Football League; NFL) vs. an activist organization (National Urban League) in a simulated Twitter feed alongside unrelated tweets. Rather than assess donation

behavior upon a singular isolated exposure to brand activism, study 3 aimed to reproduce our effect in a "cluttered" media environment.[6]

Further, to rule out the possibility that our findings are driven by cognitive consistency motives (i.e., the mere act of donation strengthens or weakens SBC, which we measured *after* the donation tasks in studies 1 and 2), the current study leveraged a two-wave design, such that SBC was captured far in advance of the activism manipulation. Finally, the prior studies could not explicitly speak to whether the negative effect of activism on donation at low SBC resulted from active dissociation or mere ambivalence toward the brand (White and Dahl 2007). We theorize that brand dissociation underlies the negative effect of activism. Thus, we explicitly asked participants in the current study about their level of connection with the focal brand (1 = "I seek associating with this brand," 0 = "I neither seek nor avoid associating with this brand," -1 = "I avoid associating with this brand"). Only those who indicated strong connection (1) or strong disconnection (-1) were included in the second wave, thereby generating a quasi-manipulation of SBC. Additionally, by coding for SBC at an isolated point in time, we were able to randomly assign high/low SBC participants to activism conditions.

Method

Participants, Design, and Procedure. This study (see pre-registration) took place over two data collection periods. One thousand and three U.S. adults (49.80% female, M_{age} = 34.96, SD_{age} = 12.94) from Prolific completed the first wave of data collection in exchange for a nominal fee. Of these participants, 459 (45.16%) qualified for the second wave, and reminders

[6] This simulation represents an ecologically valid test of process, as Twitter is a prominent attention-diffuse social media platform through which brands often correspond with consumers (Ames 2015).

were sent to these participants 24 hours later to complete this part of the study. We received complete second-wave data from a total of 394 participants (T2 response rate = 86.98%) and excluded 17 participants who failed the attention check, resulting in a final sample of 377 (40.60% female, M_{age} = 35.81, SD_{age} = 12.49). This two-stage study had a 2 (activism: present vs. absent) × 2 (SBC: high vs. low) between-subjects design.

Time 1 (T1). Participants first indicated their level of connection with four major brands—Nike, Starbucks, Apple, and the NFL (1 = "I seek associating with this brand," 0 = "I neither seek nor avoid associating with this brand," -1 = "I avoid associating with this brand"), presented in random order. Next, we told participants they would be rating their feelings about two brands picked at random from the previous task. In reality, these brands were fixed such that participants were always asked about Apple (distractor brand) and the NFL (focal brand). Participants indicated their SBC to both brands using the same scale as in studies 1 and 2 (α_{NFL} = .97; α_{Apple} = .98). Finally, participants indicated their political ideology (α = .94) and demographic information. As mentioned, only participants with a strong NFL connection (1) and disconnection (-1) continued in the study.[7] Within the total sample, 182 (18.15%) sought associating with the NFL, and 277 (27.62%) avoided associating with the NFL. These 459 participants were contacted the next day to complete the second wave of data collection.

Time 2 (T2). Twenty-four hours after the first data collection period, participants were notified to complete the second part of the study. At this time, we told participants they would be providing their general thoughts and impressions about a variety of tweets. The mock Twitter feed contained a variety of fabricated tweets that ranged in tone and substance. Importantly,

[7] These categories significantly differed with respect to SBC. In Web Appendix I, we report these differences as well as a series of post-tests relating SBC measures in other studies to this categorical measure for comparison purposes.

among them was a focal tweet from either the NFL or the National Urban League in support of assisting previously imprisoned felons (for an image of this simulated Twitter environment, see Web Appendix H). Those in the brand activism present condition read the following from the NFL: "For many Americans, re-entering the workforce after a period of incarceration can be challenging. We stand by @NatUrbanLeague to help people transition from prison to productive careers. Join us in empowering communities today." Those in the brand activism absent condition read a similar statement from the National Urban League itself. Notably, SBC was uncorrelated with assignment to activism condition (r = -.01, p = .823).

Next, using two tasks adapted from Zhu, Yang, and Hsee (2018), we measured the attentional focus participants allocated to the cause—the National Urban League—relative to other aspects of the mock Twitter feed. In the first task, participants indicated via open-ended thought-listing what they primarily focused on when reading the feed ("Consider the parts of the tweets you just saw that drew your attention. What did you primarily focus on when reading the various tweets? Please write all that comes to mind in the space below"). We calculated attentional focus as the proportion of mentions generated for the focal cause and/or its mission versus decoy tweets. In the second task, participants rated the extent to which they paid attention to the focal cause, in addition to a variety of other elements in the tweets (i.e., brands, hashtags, time of posting, the number of likes and retweets; 1 = "not at all," 7 = "very much"). To capture the attentional focus given to the focal cause, we subtracted participants' attention ratings for this element from the mean attention score given to other tweet-related elements (Attentional $\text{Focus}_{\text{FocalCause}} = \text{Raw Attention}_{\text{FocalCause}} - \text{AVG}_{\text{OtherElements}}$).

Then, as in study 1, we told participants they would be entered into a drawing for $10. Using a single open-ended question, participants indicated the amount of money they would

donate to the National Urban League versus keep for themselves, should they receive the money from the drawing. Importantly, the presentation order of the two attentional focus tasks and the donation task was counterbalanced.

Finally, participants completed additional post-measures. Using a validated prosociality scale (Kanacri et al. 2021), participants rated the extent to which they engage in behaviors intended to help others 1 = "strongly disagree," 7 = "strongly agree"; α = .92). They then indicated their level of agreement with the following statements: "It seems believable that the NFL would support the National Urban League" (brand-organization support believability), "I would be glad if the NFL supported the National Urban League" (brand-organization support approval), and "The tweets I read earlier seemed believable" (tweet believability). These three statements allowed us to control for the believability of various aspects of the design and were analyzed separately as opposed to combined into an index. Finally, to account for the possibility that participants merely pay attention and donate to activist organizations in line with personal experience, we also had participants indicate whether they or anyone close to them had ever been sent to prison (1 = yes, 0 = no).

Results

SBC Manipulation Check. A 2 (activism; 1 = present, -1 = absent) × 2 (SBC) ANOVA on T1 SBC ratings revealed a significant effect of SBC category ($F(1, 373) = 1{,}307.03$, $p < .001$). Participants who indicated seeking connection with the NFL ($M = 61.52$, $SD = 22.86$) had significantly higher SBC than those who indicated avoiding connection ($M = 2.15$, $SD = 5.05$).

Donation Amount. A 2 (activism) × 2 (SBC) ANOVA on donation amount revealed a significant main effect of SBC ($F(1, 373) = 4.56$, $p = .033$) that was qualified by the focal activism × SBC interaction ($F(1, 373) = 9.22$, $p = .003$, $\eta^2 = .02$). We decomposed the interaction and found a simple positive effect of activism at high SBC ($F(1, 373) = 4.35$, $p = .038$, $\eta^2 = .01$) as well as a simple negative effect of activism at low SBC ($F(1, 373) = 4.99$, $p = .026$, $\eta^2 = .01$), thus replicating the findings in studies 1 and 2.

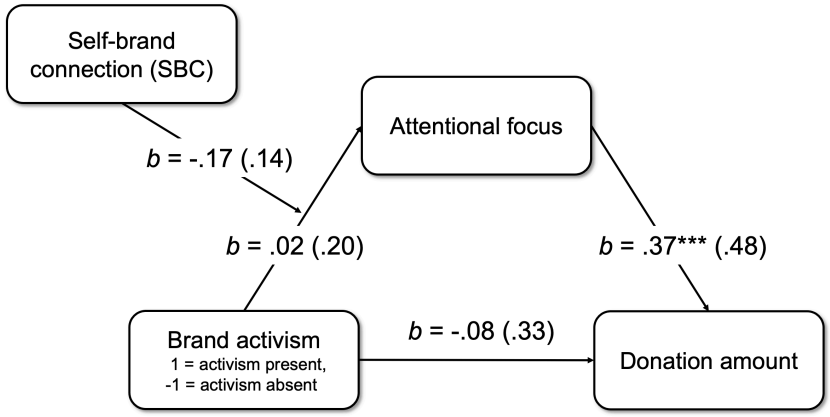
Attentional Focus. Next, we examined the joint impact of brand activism and SBC on our two measures of attentional focus. First, we ran a 2 (activism) × 2 (SBC) ANOVA on the attentional focus given to the focal activist organization vs. other tweet-related elements (e.g., brands, hashtags, time of posting). This revealed only an activism × SBC interaction ($F(1, 373) = 9.87$, $p = .002$, $\eta^2 = .03$). We decomposed this interaction and found the predicted simple positive effect of activism at high SBC ($F(1, 373) = 4.67$, $p = .031$, $\eta^2 = .01$) and simple negative effect of activism at low SBC ($F(1, 373) = 5.44$, $p = .02$, $\eta^2 = .01$). Second, we ran a similar analysis on the proportion of open-ended mentions generated for the focal cause and/or its mission versus alternative tweet-related elements. Results revealed no significant between-groups differences ($ps > .05$). However, because this latter measure of attentional focus relied on spontaneous open-ended recall, we reason that in this more effortful task, participants merely failed to describe in detail what they paid attention to—a possibility we explore further in the discussion. As a result, we consider only the former attentional focus measure in subsequent analyses.

Moderated Mediation via Attentional Focus. Using PROCESS (Hayes 2018, model 7, $n = 5{,}000$), we tested whether attentional focus mediated the interactive effect of activism and SBC on donation amount. Results revealed a significant omnibus test of moderated mediation ($b = .47$, SE = .20, 95% CI [.14, .92]). There was a positive indirect effect of attentional focus at high

SBC (+1 *SD*; *b* = .25, SE = .47, 95% CI [.01, .56]) and a negative indirect effect of attentional focus at low SBC (-1 SD; *b* = -.23, SE = .11, 95% CI [-.47, -.04]; see figure 3). Notably, this model remained robust to the inclusion of the following covariates: age, gender, political ideology, prosociality, brand-organization support believability, brand-organization support approval, tweet believability, and personal experience in prison. We further included these factors as interacted controls of activism, and our core effects remained qualitatively unchanged. Finally, personal experience did not act as a conditional moderator of this process.

Figure 3

Study 3: Moderated Mediation via Attentional Focus



Total indirect effect (high SBC): *b* = .25, SE = .47, 95% CI [.01, .56]
Total indirect effect (low SBC): *b* = -.23, SE = .11, 95% CI [-.47, -.04]

Note: Figure 3 depicts the moderated indirect effect of brand activism on donation amount through attentional focus; * = p < .05, ** = p < .01, *** = p < .001.

Discussion

Supporting our theorizing (hypotheses 2 and 3), we found that attentional focus underlies the effect of activism and SBC on donation behavior. Among high (low) SBC participants, brand activism heightened (reduced) the attentional focus allotted to the brand-supported organization—the National Urban League—and this change in attention explained subsequent donation behavior. We additionally validated the independence of SBC from subsequent measures and manipulations by collecting the focal moderator in isolation of other study design components (e.g., activism, donation amount, attentional focus). Also, by introducing a quasi-manipulation for SBC, we randomly assigned high/low SBC participants to activism conditions, thereby offering stronger evidence of a causal link between the hypothesized activism × SBC interaction and donation amount. Finally, probing the T1 data allowed us to empirically disentangle whether low SBC reflects active disconnection or mere ambivalence.

Notably, our findings were similar for participants with and without personal experience in prison. This suggests that the effects of brand activism cannot be explained by relevance. Otherwise, we would only expect brand activism to elicit movement in attentional focus and corresponding donations among those who had never been sent to prison—a group for whom the working status of previously incarcerated persons is inherently irrelevant. Instead, we observed non-significant moderation by this factor.

It is interesting, however, that there were no meaningful differences in the share of spontaneous open-ended mentions of the focal activist organization across conditions. Notably, very few respondents (11% of the sample) mentioned the National Urban League, and a majority of participants (59.89%) wrote more generally about the mock Twitter feed, without specific mention of any individual element in the simulated environment (e.g., “I focus on the actual tweet, not who said it or their profile picture” [sic], “I was focused on who wrote the tweets”).

Accordingly, we suspect that the sheer number of elements to focus on was vast, and, thus, spontaneous mention of any single element was diluted. We suggest instead that the self-reported attentional focus score represents a closer approximation of participants' attention to different tweet-related elements. Throughout the remainder of the manuscript, we investigate the role of attentional focus in different ways.

Study 4

The chief objective of study 4 was to investigate the role of attentional focus in our theoretical process more indirectly. To do so, we inspected the durability of the critical brand activism × SBC interaction on donation behavior. Attentional focus has long been discussed in tandem with working memory as a mechanism that regulates the *temporary* storage and activation of novel information (Engle 2002). Indeed, a large stream of neurophysiological research has shown that selective attention modulates the extent to which various types of information are cognitively maintained over time (Awh, Vogel, and Oh 2006; Gazzaley and Nobre 2012). Additionally, work in this area has consistently shown that attentional focus erodes in delayed response tasks (Gazzaley and Nobre 2012).

We reason that if brand activism influences attentional focus, then its effects on supportive behavior should be most pronounced immediately (vs. a day) after exposure to the brand's message. We examined this proposition directly in the current study by manipulating between-subjects the timing of the incentive-compatible donation task (i.e., the call-to-action). Participants were given an opportunity to donate to the American Civil Liberties Union (ACLU) for the first time either directly or 24 hours after exposure to a tweet from Google in support of

the activist organization. Critically, our attentional framework suggests that the core brand activism × SBC interaction on donation amount will arise only among those given an immediate (vs. delayed) call-to-action.

Method

Participants, Design, and Procedure. Study 4 (see pre-registration) took place over two data collection periods. Five hundred and eighty-seven U.S. adults (46.60% female, M_{age} = 31.11, SD_{age} = 10.37) from Prolific completed the first wave of data collection in exchange for a nominal fee. Reminders were sent to these participants 24 hours later to complete the second part of the experiment. We received complete data from 377 participants (response rate = 64.22%) and excluded 72 participants who failed an attention check, resulting in a final sample of 305 (58.70% female, M_{age} = 30.83, SD_{age} = 11.12). This study had a 2 (activism: present vs. absent) × continuous (SBC) × 2 (donation timing: immediate vs. delayed) between-subjects design.

Time 1 (T1). Participants began by reading one of two fictitious tweets. In the activism present condition, we presented a fictitious statement issued by Google in support of the American Civil Liberties Union (ACLU) that said, "We stand by the @ACLU and its ongoing fight for true gender equality. Together, we are committed to continuing to make diversity, equity, and inclusion part of everything we do." Those in the activism absent condition read a similar statement by the ACLU itself. To ensure participants read the tweet, we asked them to transcribe it exactly as written before continuing onto the next part of the study.

Next, we manipulated donation timing by randomly assigning half the participants to complete the same donation task as in prior studies, modified to reference the ACLU. Note that

while participation in the donation task was randomly assigned at T1, all participants were given an opportunity to donate to the ACLU at T2. In effect, our final sample consisted of participants initially exposed to the donation task during the first data collection period (i.e., immediate donors) and those initially exposed to the donation task during the second data collection period (i.e., delayed donors). Immediate donors were also given an opportunity to donate at T2, and this allowed us to compare donation amount within these participants at two discrete points in time. Finally, participants rated their SBC ($\alpha = .96$; weakly positively correlated with assignment to activism condition; $r = .12$, $p = .045$), then provided their political ideology ($\alpha = .92$) and demographic information.

Time 2 (T2). We sent reminders for participants to complete the second part of the study 24 hours after the initial wave of data collection. This portion of the study consisted solely of the same incentive-compatible donation task used in T1. All participants completed this task, either for a first or second time, depending on their assignment to donation timing condition.

Results

Initial Donation Amount. Deviating from our pre-registration, we created a new variable that comprised initial donation amount for immediate donors (i.e., T1 donation amount) and delayed donors (i.e., T2 donation amount). Notably, analyzing our data in this way allowed us to measure the extent to which our effects held after a 24-hour delay in call-to-action exposure while holding donation frequency constant. More specifically, by regressing initial donation amount—as opposed to considering T1 and T2 donation amount separately—we controlled for the possibility that repeat donors merely gave less upon the second ask at T2. In turn, we

expected to see our core brand activism × SBC interaction on donation amount only among those in the immediate donation condition.

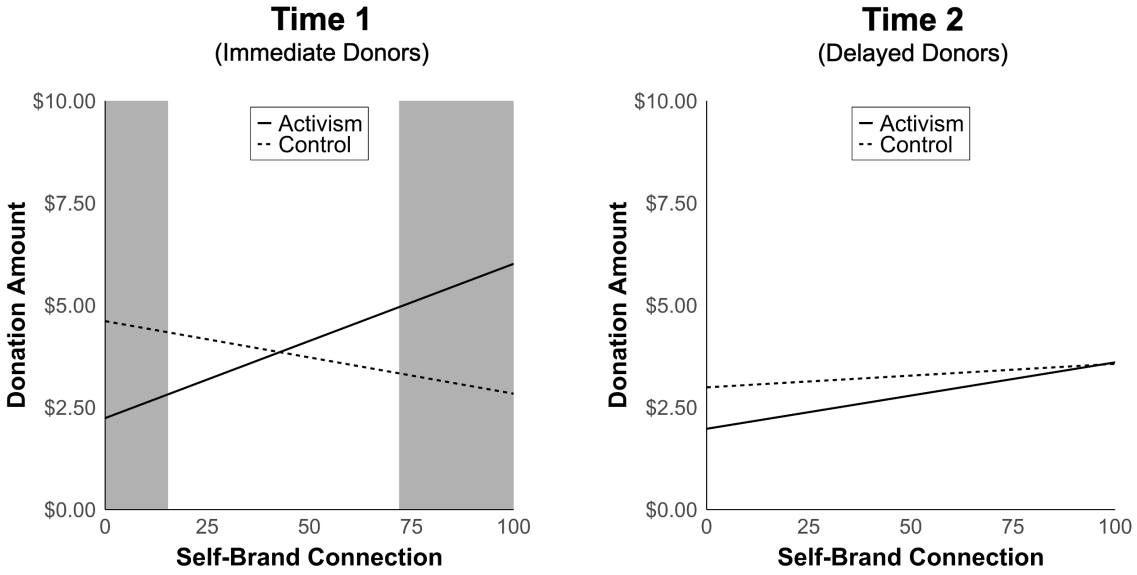
We regressed initial donation amount on activism (1 = present, -1 = absent), SBC, donation timing, all two-way interactions, and the three-way activism × SBC × donation timing interaction. Results yielded a directional highest-order interaction (b = .05, SE = .03, t(305) = 1.51, p = .132). However, in line with our predictions, the conditional activism × SBC interaction was significant in the immediate donation condition (F(1, 297) = 6.43, p = .012) but not in the delayed donation condition (F(1, 297) = .27, p = .603). Decomposing the interaction for immediate donors, a floodlight analysis revealed a simple positive effect of activism on donation amount at values of SBC above 71.97 (b = 1.62, SE = .82, t(151) = 1.98, p = .05), representing 23.87% of the total sample, as well as a simple negative effect of activism at values of SBC below 6.22 (b = -2.03, SE = 1.03, t(151) = -1.98, p = .05), representing 7.10% of our sample (see figure 4). These effects remained robust to the inclusion of gender, political ideology, and age as covariates and interacted controls.

Difference in Donation Amount over Time. To measure the decay of activism's influence over time, we calculated and examined the difference in donation amount from T1 to T2 among immediate donors (n = 155). Overall, these participants gave less upon the second call-to-action (M = 3.59, SD = 3.41) than the first (M = 4.06, SD = 3.47), and this change in donation amount was significantly different from zero (t(154) = -2.93, p = .004). However, it is worth noting that donation amounts at these two discrete points in time were highly positively correlated (r = .830, p < .001). The positive correlation between T1 and T2 donation suggests that giving at one point in time did not morally license participants at a later point in time (i.e., in which case higher T1

donations would result in lower T2 donations). Together, these findings indicate a more subdued pattern of donation behavior at T2 than at T1.

Figure 4

Study 4: Brand Activism × SBC Interaction on Donation Amount to the American Civil Liberties Union (ACLU) at T1 and T2



Note: Figure 4 depicts the brand activism × SBC interaction on first-time donation amount for participants exposed to an immediate vs. delayed call-to-action. The shaded areas represent the Johnson–Neyman regions of significance.

Discussion

This study used effect durability as an indirect test of our hypothesized attentional process. By manipulating donation timing (i.e., immediate vs. delayed), we found that our

critical brand activism × SBC interaction on donation amount is time-sensitive (i.e., occurs upon immediate but not delayed calls-to-action). Notably, this corroborates the theorized attentional process underlying our core effects. Because attentional focus entails temporary activation (Engle 2002; James 1890; Miller et al. 1960), it follows that, immediately following exposure, brand activism increases (decreases) donation amount among high (low) SBC consumers—and this effect diminishes at a later point in time. This speaks to a potentially critical and managerially relevant insight: To best capitalize on the social impact of brand activism, managers may consider providing consistent cause-based messaging and supplement such communications with direct ways for consumers to offer support.

Further, that we did not detect persistent effects of activism over time suggests that a single exposure to such messaging may not be enough to alter the consumer's fundamental self-perceptions of support for the focal activist organization.

Study 5

In study 5, we investigated another context in which attention plays a critical role in determining consumer support for a given cause—when multiple causes are simultaneously competing for donations, a commonplace occurrence on many digital platforms (e.g., Instagram, Facebook, GoFundMe, Twitter; Blackbaud Institute 2022).

The vast literature on selective attention has demonstrated that individuals may be prompted to attend to on a focal stimulus over other unrelated information (Driver 2001). We suggest a comparable process for brand activism. If such activism indeed serves as an attentional cue, we should observe our core effects only in response to the evoked focal cause (vs. other

potential recipients in the decision context). We examined this proposition in the current study by modifying our donation task to include additional activist organizations, both conceptually related and unrelated to the focal cause. This range of potential recipients allowed us to test the specificity of our framework. By evaluating the effect of brand activism across various organizations, we examined the possibility that brand activism influences prosocial decision-making more broadly (see Newman and Brucks 2018) or affects interest in the focal activist organization's underlying domain (e.g., gender equality). Refuting this possibility, our framework and findings suggest that our effects are organization-specific.

Method

Participants, Design, and Procedure. One hundred and ninety-nine participants from Prolific completed this study (see pre-registration) in exchange for a nominal fee. Nineteen participants failed the attention check, resulting in a final sample of 181 (56.90% female, M_{age} = 29.88, SD_{age} = 9.61). This study had a 2 (activism: present vs. absent) × continuous (SBC) design, with activism manipulated between-subjects and SBC included as a measured variable.

Activism Manipulation. As in study 2, participants read one of two fictitious tweets. In the activism present condition, participants read a statement issued by Apple in the support of U.N. Women, a United Nations entity that advocates for gender equality. The statement read, "We stand by @UN_Women and its mission to empower more women into positions of leadership in business and government. We believe in laying the foundation for a more equal future." Those in the activism absent condition read a similar statement from U.N. Women.

Donation Amount. Participants completed a comparable incentive-compatible donation task to that used in prior studies. However, in this iteration we introduced two "decoy" organizations to which participants could donate. The first was the Global Fund for Women, a conceptually related organization to U.N. Women (both seek generally to advance women's human rights initiatives). The second was Green America, a conceptually unrelated organization to U.N. Women (Green America champions eco-conscious consumer practices). We told participants they would be entered into a drawing for $10 and asked them to indicate the amount of money they would donate to one or any combination of the three nonprofit organizations (U.N. Women, Global Fund for Women, Green America), or keep for themselves, should they receive the money from the drawing. Rather than have participants donate to each of these organizations separately, we presented all three simultaneously in a single donation task. This served as an ecologically valid test of process for examining how participants allocate a fixed amount of money across multiple activist organizations competing for attention and donations.

SBC and Post-Measures. Participants rated their SBC to the focal brand as in prior studies ($\alpha = .97$; moderately positively correlated with assignment to activism condition; $r = .27$, $p < .001$), then provided their political ideology ($\alpha = .92$) and demographic information.

Results

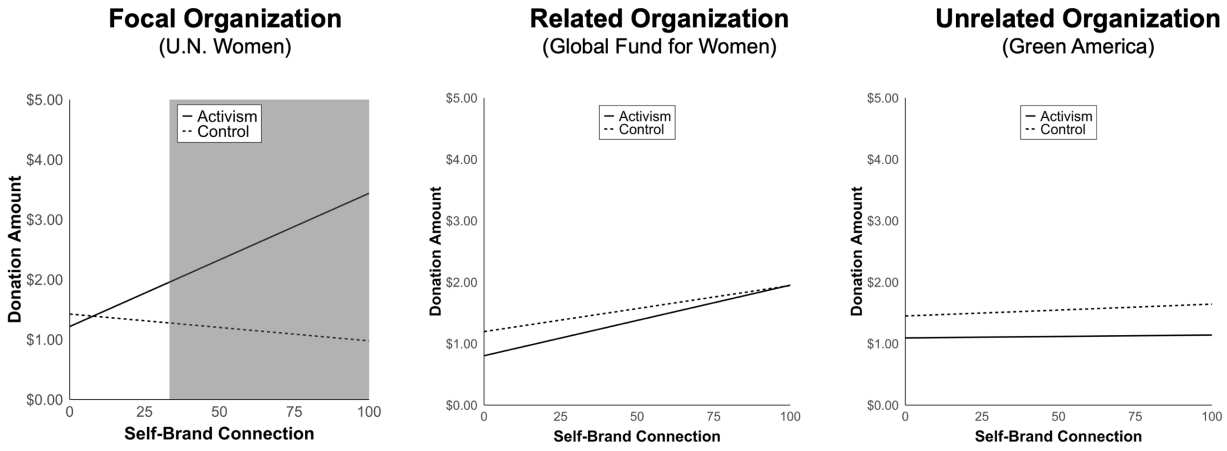
Donation to Focal Activist Organization. We regressed donation amount to the focal cause (U.N. Women) on activism, SBC, and their interaction. Results revealed a significant activism × SBC interaction ($b = .03$, SE = .01, $t(177) = 2.20$, $p = .029$, $\eta^2 = .03$). Probing this interaction revealed a simple positive effect of activism on donation amount at values of SBC

above 33.33 (b = .68, SE = .35, t(177) = 1.97, p = .05), representing 36.46% of the total sample. There were no significant differences in donation amount based on activism at levels of SBC below 33.33, though the overall effect at low SBC (-1 SD) was negative, as predicted. Notably, these results were robust to the inclusion of gender (i.e., a factor reflective of greater personal relevance of U.N. Women) as a covariate and interacted control.

Donation to "Decoy" Organizations. Next, we analyzed the same model but replaced donation amount to the focal organization (U.N. Women) with the Global Fund for Women (i.e., the conceptually related "decoy"). In line with our framework, we expected not to replicate our critical activism × SBC interaction, as this activist organization was not endorsed explicitly by the brand. Indeed, the interaction was non-significant (b = .004, SE = .01, t(177) = .42, p = .672). The same was true for donation amount to Green America (i.e., the conceptually unrelated "decoy"; b = -.002, SE = .01, t(177) = -.14, p = .893; see figure 5).

Figure 5

Study 5: Brand Activism × SBC Interaction on Donation Amount to U.N. Women, Global Fund for Women, and Green America



Note: Figure 5 depicts the brand activism × SBC interaction on donation amount. The shaded areas represent the Johnson–Neyman regions of significance.

Discussion

Taken together, the results of study 5 demonstrate support for the attention-driven nature of our core effects. We replicated our focal activism × SBC interaction on donation amount—but only for the brand-endorsed activist organization itself (i.e., not the two "decoy" organizations). Interestingly, as in study 2, the negative effect of activism at low SBC was directional but non-significant. It is possible that the low finite monetary value given for participants to allocate (i.e., $10) among many activist organizations created a floor effect for donations to U.N. Women.

As an additional note, high SBC participants exposed to brand activism donated more to the focal cause ($M_{UN\_Women} = 2.54$) than to either of the "decoy" causes ($M_{Global\_Fund} = 1.49$; $M_{Green\_America} = 1.12$). Because the core activism × SBC interaction failed to hold for donation amount to all causes, we rule out the possibility that brand activism prompts a general prosocial mindset (i.e., activism did not affect donation behavior across all organizations in the decision context). Further, as in study 3, we demonstrated our core effects occur even among consumers for whom the focal activist organization (i.e., U.N. Women) is not personally relevant (i.e., men).

In the following study, we identify a logical boundary condition of our framework and indirectly examine the role of attention among consumer segments with highly positive versus negative attitudes toward the focal activist organization.

Study 6

We theorize that brand activism influences attention allotted to a focal activist organization rather than elicit a more permanent change in cause attitude—a factor we explicitly account for in study 6. We collected a battery of measures at an initial data collection period, including baseline cause attitudes and SBC, then manipulated the presence (vs. absence) of brand activism in a second wave of data collection. The time separation of SBC measurement and activism manipulation also ensured they were independent in our model.

We expect our core effects to attenuate when existing cause attitudes are unfavorable. This is because consumers are resistant to attend to issues or ideas to which they are already opposed (Nickerson 1998; Pomerantz, Chaiken, and Tordesillas 1995), and attitudes persist in the face of alternative information (Krosnick and Alwin 1989). As such, donation amount among those opposed to the focal cause should be low, regardless of brand activism or SBC. However, rather than observe uniformly high donations among those who strongly favor the focal activist organization, we expect to observe the core activism × SBC interaction. This is because attention behaves as a critical antecedent to donation behavior. That is, favorable attitudes alone are insufficient to prompt donation—rather, attention is a key driver of the proliferation of prosocial movements and organizations (Tufekci 2013). Thus, among participants who are receptive to the brand-supported cause, activism should influence consumers' donation amount as in studies 1–5.

Method

Participants, Design, and Procedure. This study took place over two data collection periods. Eight hundred and seventy-eight U.S. adults (53.20% female, M_{age} = 35.42, SD_{age} =

11.34) from MTurk completed the first wave of data collection in exchange for a nominal fee. One week later, we sent reminders to these participants to complete the second part of the experiment. We received complete data from a total of 385 participants, which gave us a response rate of 43.85%. Of these participants, 21 failed an attention check, resulting in a final sample of 364 (50.80% female, M_{age} = 36.18, SD_{age} = 11.77). This study was a 2 (activism: present vs. absent) × continuous (SBC) × continuous (cause attitude) between-subjects design.

Time 1 (T1). During the first data collection period, we collected a battery of baseline measures. First, participants indicated their SBC to Starbucks using the same scale as in prior studies (α = .97; uncorrelated with assignment to activism condition; r = 04, p = .493). They next rated their attitude toward Planned Parenthood using a three-item semantic differential scale (1 = "negative," "unfavorable," "dislike," 7 = "positive," "favorable," "like"; α = .99) as well as provided their political ideology and demographic information.

Time 2 (T2). We manipulated activism via a statement that read, "Starbucks recently voiced support for Planned Parenthood, a nonprofit organization that provides sexual health care in the United States and globally. It said, 'We proudly support Planned Parenthood. In doing so, we commit to using our resources to help make the world a better place.'" Those in the activism absent condition read only a description of Planned Parenthood. Participants then completed the same donation task as in prior studies, this time modified to reference Planned Parenthood.

Results

Donation Amount. We regressed donation amount on activism (1 = present, -1 = absent), SBC, and their interaction. Results revealed a marginal negative effect of activism (b = -.92,

$t(360) = -1.96$, $p = .051$), which was qualified by an activism × SBC interaction ($b = .03$, $t(360) = 2.66$, $p = .008$, $\eta^2 = .02$). There was a simple positive effect of activism on donation at values of SBC above 57.25 ($b = .92$, SE = .47, $t(360) = 1.97$, $p = .05$), representing 17.31% of the total sample. There were no significant differences in donation amount based on activism at levels of SBC below 57.25, though the overall simple negative effect of activism at low SBC (-1 SD) was directionally consistent with our predictions ($b = -.84$, SE = .45, $t(360) = -1.87$, $p = .062$).

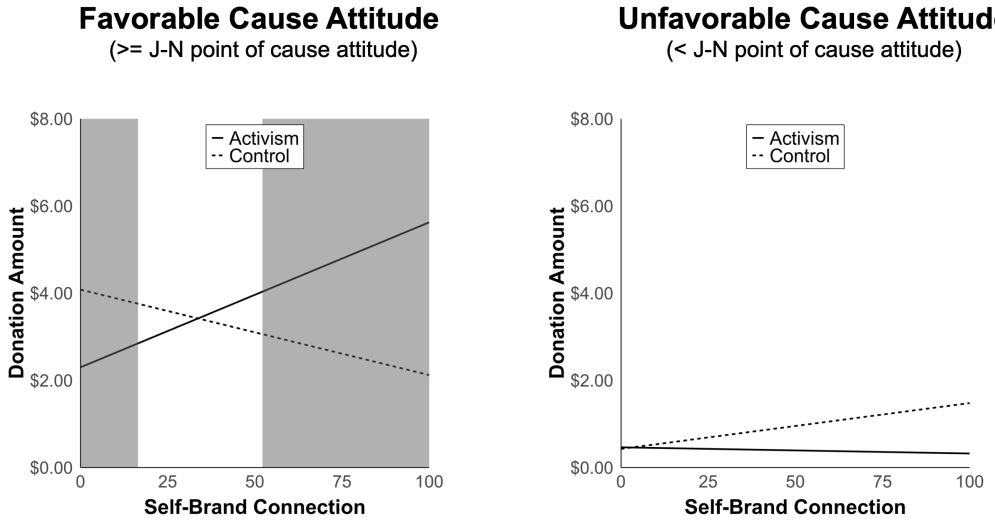
Moderation by Cause Attitude. We next regressed donation amount on activism, SBC, cause attitude, all two-way interactions, and the critical three-way interaction. Results revealed the predicted activism × SBC × cause attitude interaction effect ($b = .02$, SE = .01, $t(356) = 2.78$, $p = .006$, $\eta^2 = .02$). A floodlight analysis revealed a significant and positive simple activism × SBC interaction effect at values of cause attitudes above 4.95 ($b = .02$, SE = .01, $t(356) = 1.97$, $p = .05$), representing 66.21% of the total sample. Further probing this simple interaction, we observed a significant and positive simple-simple effect of activism for participants with high cause attitude (+1 SD) and high SBC (+1 SD; $b = 1.24$, SE = .49, $t(356) = 2.53$, $p = .01$), as well as a significant and negative simple-simple effect of activism for participants with high cause attitude (+1 SD) and low SBC (-1 SD; $b = -1.67$, SE = .52, $t(356) = -3.19$, $p = .002$). Notably, the critical activism × SBC × cause attitude interaction was robust to the inclusion of gender as a covariate and interacted control.

We further examined the core activism × SBC interaction among participants with cause attitudes greater than or equal to 4.95 (i.e., the critical Johnson-Neyman point above). Results revealed a significant highest-order interaction ($b = .02$, SE = .007, $t(237) = 3.63$, $p < .001$, $\eta^2 = .05$). In particular, there was a simple positive effect of activism on donation at values of SBC above 52.20 ($b = .49$, SE = .25, $t(237) = 1.97$, $p = .05$), representing 16.82% of the total sample,

and a simple negative effect of activism at value of SBC below 16.46 (b = -.46, SE = .26, t(237) = -1.97, p = .05), representing 25.50% of the total sample. We observe no such simple effects among participants with cause attitudes less than 4.95 (see figure 6).

Figure 6

Study 6: Brand Activism × SBC Interaction on Donation Amount to Planned Parenthood at Favorable and Unfavorable Cause Attitudes



Note: Figure 6 depicts the brand activism × SBC interaction on donation amount. The shaded areas represent the Johnson–Neyman regions of significance.

Discussion

Study 6 provides greater specificity to our theoretical account by demonstrating the role of cause attitude as a boundary condition of our core effects. Our data show that connected consumers do not donate to a brand-supported activist organization to which they express strong

opposition. Meanwhile, even among those with highly favorable attitudes toward such an organization, brand activism exerts strong influence on the donation behavior of high/low SBC consumers. In effect, we demonstrate that brand activism directs attentional focus only among those already receptive to the cause. Indeed, we observe a significant conditional activism × SBC interaction at mean cause attitudes as well ($F(1, 356) = 13.09$, $p < .001$)

General Discussion

In response to growing consumer demand for political engagement in today's marketplace (Edelman 2020), many brands have begun engaging in activism by endorsing organizations that advance one side of polarizing sociopolitical issues (e.g., climate advocacy, racial justice, gun control, reproductive rights; Moorman 2020). While prior research has considered such activism a strategic means of attracting and retaining values-driven consumers, our work is the first to demonstrate the reverse influence—brand activism on consumers' support for activist organizations. We demonstrate that activism is received differently depending on a consumer's association or dissociation with the brand. In particular, our findings indicate that SBC shifts attentional resources to or away from brand-adjacent information (e.g., activist causes). In turn, the brand occupies a powerful position as a market-based source of influence that can both help and harm the advancement of various such movements. This has demonstrable implications for how the brand may be leveraged as a tool for advancing activist goals.

Across seven studies (including one conceptual replication in Web Appendix A that uses a politically conservative brand and activist organization), we found consistent evidence to support our theorizing. Using real and incentive-compatible donation measures—and generalized

across multiple brands and causes—brand activism had a positive (negative) effect on high (low) SBC participants' attentional focus and corresponding donation amount to brand-supported activist organizations. These findings were robust to real (studies 1 and 2) and fictitious instances of brand activism (studies 3–6). We further identified attentional focus as the process underlying our core effects using direct measurement (study 3) and more indirect approaches (studies 4–6). In addition, we enhanced our model's specificity by showing that the core effect attenuates after a short delay (i.e., one day; study 4), arises only for focal and not competing activist organizations (study 5), and arises among consumers with generally favorable attitudes toward the focal activist organization (study 6).

These findings provide direct support for our framework and rule out a variety of alternative explanations. First, we addressed the potential for cognitive consistency—i.e., that the mere act of donating affects consumers' SBC with the activist brand. We selected well-known brands with preexisting associations and dissociations (studies 1–6), as well as measured SBC a day or week ahead of subsequent donation (studies 3 and 6). Relatedly, we ruled out an attitude balancing account (Heider 1946) by testing brand attitude as an alternate moderator of our core effects (study 1). Notably, only SBC moderated the effect of activism on donation amount, suggesting the importance of identity to our process.

Second, we considered the role of self-perception (i.e., behavior stemming from internalized beliefs about the self; Bem 1972; Summers, Smith, and Reczek 2016) using a donation timing manipulation (study 4). If brand activism altered more permanent feelings of support toward the focal organization, we would have expected to observe enduring change in donation behavior across points in time. Instead, we found that activism's effects were most pronounced in immediate (vs. delayed) calls-to-action. Thus, activism did not cause a change in

a consumer's self-perception as someone who donates to a specific organization; rather, it only temporarily directed attention to the organization in question. Further, our findings were notably opposite those predicted by a moral licensing process (Newman and Brucks 2018), as high SBC participants gave more—not less—money upon exposure to brand activism (studies 1–6), an important theoretical contribution we discuss in further detail below.

We also demonstrate that brand activism's effects are organization-specific and do not activate a prosocial mindset more broadly. In this case, exposure to activism would have affected donation amount to all potential recipients represented in a choice context. Rather, we found evidence that activism affected donation behavior only for the brand-endorsed activist organization (i.e., akin to classic effects on selective attention; Driver 2001; study 5).

Finally, across studies, we found that the positive effect of activism at high SBC was more consistently significant than the negative effect of activism at low SBC. To better understand the overall nature of these effects, we conducted an aggregate analysis of all reported studies (six in the empirical package and one in the Web Appendix). This dataset contained a total of 2,042 participants and included six variables of interest: brand activism condition (1 = present, -1 = absent), SBC, donation amount, political ideology, gender, and age. We standardized donation amount within study to account for measurement differences. Notably, results with political ideology, gender, age, and study dummy variables as covariates revealed a significant omnibus activism × SBC interaction (b = .004, SE = .001, t(2,023) = 6.15, p < .001).

Probing this interaction using floodlight analysis, we observed a significant negative effect of activism on donation at values at or below SBC of 17.81 (b = -.05, SE = .02, t(2,023) = -1.96, p = .05), which represents 44.35% of the sample. We observed a significant positive effect of activism on donation at values at or above SBC of 37.93 (b = .04, SE = .02, t(2,023) = 1.96, p

= .05), which represents 39.34% of the sample. Thus, the negative effect of activism occurred for low levels of SBC (approximately 18 on a 100-point scale). Interestingly, brands elicited positive effects on donation amount at modest levels of SBC (approximately 38 on a 100-point scale). We also note that an effect of activism, positive or negative, occurred for approximately 84% of our sample, suggesting a wide impact of brand activism.

Theoretical Contributions

This research makes a number of significant theoretical contributions. First, we identify a novel property of SBC—attentional focus. In particular, we show that consumers allocate attentional resources to brands' messaging in line with preexisting SBC. Prior research has demonstrated that consumers' felt associations with brands translate into a variety of consequential outcomes (e.g., willingness to pay, passionate desire to use, emotional attachment; defensive reactions to failure; Batra, Ahuvia, and Bagozzi 2012; Bhattacharya and Sen 2003; Cheng, White, and Chaplin 2012; Escalas and Bettman 2003, 2005; Park et al. 2010). However, this work has not discussed how SBC affects engagement with brand-adjacent information (i.e., supported activist organizations). The attentional process documented in the current research illuminates an important means by which consumers' brand relationships affect societal affairs.

Second, we notably demonstrate an effect opposite that of Newman and Brucks (2018), who found that brands' corporate social responsibility decreases subsequent consumer generosity among high SBC consumers. The authors uncovered a vicarious moral licensing process, whereby SBC caused consumers to make inferences about the brand's moral behavior as though it were their own and, thus, allocate *less* money to others in a dictator game context. Conversely,

in the current research, we find that high SBC consumers *increased* donation amount to brand-endorsed activist organizations. This highlights the unique role of attentional focus in our theoretical process; while the abovementioned research examined giving behavior that was incidental to the brand's actions, we analyzed consumers' direct support for activist organizations. Indeed, in study 5 we did not observe an effect on donations to organizations that the brand did not specifically endorse, reflecting the specificity of the focal model. Our results indicate that brand activism influences donation amount only to brand-supported entities.

Finally, our work shows that even among contentious activist issues for which attitudes are relatively fixed (Pew Research 2021; Sears and Funk 1999), attention for representing activist organizations is malleable and shaped by various messaging sources (i.e., brands). It is through this lens that brand activism may influence—and not merely reflect—consumer support. Scholars have discussed extensively the strategic utility of activism as a value signal and differentiation tactic (Bhagwat et al. 2020; Bundy et al. 2018; Hambrick and Wowak 2019; Kotler and Sarkar 2017). Under this conception, it seems unlikely that a brand could significantly alter the support consumers provide to brand-endorsed activist organizations because consumers likely already care deeply about such organizations and/or their missions. However, we demonstrate that brands influence consumer support through another process—attention—a vital currency in the success and proliferation of various social movements (Tufekci 2013).

Managerial Implications

Our findings have important implications for two major constituents: brand managers and activist organizations. Regarding the former, we provide a robust conceptual model that helps

predict the impact of brand activism on consumers' support for activist organizations. This is informative for CEOs and managers who wish to make a difference in advancing social causes (Hambrick and Wowak 2019; Kotler and Sarkar 2017). We find that brand activism elicits a positive (negative) response among high (low) SBC consumers; thus, brands occupy a precarious position in achieving desired societal outcomes. Their activist endorsements may help *and* hurt the nonprofits they endorse. In turn, we suggest that a brand's activist messages be strategically micro-targeted to loyal consumers for maximal prosocial success. Further, because the effects of activism decay over time, we stress the importance of immediate calls-to-action to complement written messaging and appeals. Providing a means for consumers to express their support at time of message exposure is necessary to effectively leverage the temporary, organization-specific attention evoked by brand activism.

We further note that activist organizers may heed our findings by more broadly cultivating sponsorship opportunities with supportive brands. Such partnerships could attract an extended network of connected consumers to engage with a given cause and enhance its social impact. Indeed, we find that a given cause can receive greater support when endorsed by a well-known brand than by the focal activist organization itself. However, we also note that if targeted imprecisely, brand activism may have an adverse effect on such organizations' philanthropic goals; accordingly, it may behoove activist organizations to advocate for themselves in some instances. Ultimately, brand activism can represent a promising endorsement for various activist organizations, but partnerships should be chosen strategically and with consideration of how and to whom brands intend to relay their message.

Limitations and Future Directions

Our findings invite further investigations of brand activism as a source of consumer influence. For example, one question left unanswered in the current research is how, if at all, the political orientation of brand-endorsed activist organizations affects consumer support. Notably, the brands and activist organizations investigated in this manuscript were largely associated with the political left, and it is less clear whether the process holds for conservative-leaning brands and causes. Our theorizing suggests that the countervailing effects of activism will hold so long as consumers are receptive to the brand-supported cause (i.e., have preexisting neutral or favorable attitudes). To explore this possibility, we ran a preliminary study using a more perceivably conservative brand (Chick-Fil-A) and cause (ACT Alliance—a global faith-based coalition; see Web Appendix A). In support of our conceptual model, we found that for high SBC consumers, brand activism (vs. a similar statement from the focal activist organization) led to higher donation amount. These results suggest greater generalizability of our findings, though future research should explore the political implications of brand activism in further detail.

Second, scholars may examine the extent to which brand activism affects alternative forms of support. Our studies examined activism's influence on monetary donations, though we note that activist organizations also benefit from non-monetary giving (e.g., information seeking, sharing, volunteer behaviors), which future researchers should explore. Further, many nonprofits rely on recurrent (i.e., monthly, yearly) donations. To what extent might brand activism play a role in shaping consumers' willingness to commit to ongoing support? Our framework suggests that due to the non-durable nature of activism's effects (i.e., it is attention-bound), we may not expect to observe more persistent giving over time. However, it is possible that brand activism encourages high SBC consumers to pre-commit to recurring payments to a given organization.

Third, it is worth exploring the generalizability of our framework to corporate social responsibility (CSR) domains. Current research has articulated various dimensions that distinguish brand activism from CSR, including seeking to increase awareness of and motivate support for more polarizing causes and organizations (Korschun 2021). Our research demonstrates that brand activism influences consumers' support for activist organizations, and this occurs via an attention-based pathway. Future work may explore whether our effects extend to less controversial nonprofit organizations as well (e.g., the World Wildlife Fund).

Fourth, research may explicitly investigate the roles of brand-cause fit and authenticity in our process. While fit remained constant and high across our studies, there are situations in which an endorsed cause seems unrelated to the brand (e.g., Gucci's symbolic support for abortion rights; Barry 2019). Prior work has demonstrated that fit and authenticity are seen as complementary (Spiggle, Nguyen, and Caravella 2012); thus, low brand-cause fit may induce perceptions of inauthenticity or speculation of ulterior motives. To what extent might the perceived authenticity of brands' activist efforts affect the attention and corresponding donations consumers allocate to various organizations? Further, can symbolic gestures of support (i.e., token statements) versus more costly actions elicit differential perceptions of authenticity?

Finally, we suggest exploring the extent to which brand activism affects SBC itself. Our studies failed to show a consistent effect of activism on SBC; perhaps connections to real, well-known brands are difficult to change upon a single exposure to an activist appeal. However, recent research using unknown brands suggests that value-congruent (value-incongruent) activism can increase (decrease) brand choice and preference (Hydock, Paharia, and Blair 2020; Mukherjee and Althuizen 2020). Together, this work points to the possibility that brand activism

and SBC have a recursive relationship. Can multiple activist appeals over time erode or strengthen SBC to well-known brands? Future research may model these long-term relationships.

Web Appendix A: Experiment Examining Robustness of Model to Conservative-Leaning Brand and Cause

While brands' activist behavior tends to lean liberal (Bailey and Phillips 2020), there are nonetheless instances of conservative-leaning activism in the marketplace. For instance, Robert Unanue, the CEO of Goya Foods, vocalized support for Republican former U.S. President Donald Trump in alignment with the Hispanic Prosperity Initiative, an executive order promising improved employment and education opportunities for Hispanic Americans (Stockman, Kelly, and Medina 2020). In turn, the current study addresses whether our theoretical framework is robust to the examination of brands' support for conservative (vs. liberal) causes.

We again controlled for brand-cause fit using a pretest in which participants were asked to rate the extent to which a variety of causes appeared realistic for select conservative-leaning brands to support (for these pretest methods, see web appendix B). The brand and cause with the highest fit rating were Chick-fil-A and prayer in public schools (74%). This pairing was, therefore, utilized in the current study. In addition, a defining feature of brand activism is its emphasis on controversial issues (Korschun et al. 2019; Mukherjee and Althuizen 2020; Vredenburg et al. 2020). To evaluate whether the perception of controversy impacts our core effects, we incorporated a single-item measure of perceived cause polarization.

Method

Participants, Design, and Procedure. Four hundred participants from Prolific completed this study (see pre-registration) in exchange for a nominal fee. Fifty-six participants failed an

attention check, resulting in a final sample of 344 participants (52.00% female, M_{age} = 30.83, SD_{age} = 11.42). This study had a 2 (activism: present vs. absent) × continuous (SBC) design, with activism manipulated between-subjects and SBC included as a measured variable.

Activism Manipulation. We manipulated activism via a fictitious tweet by Chick-fil-A in support of ACT Alliance, a coalition of Protestant and Orthodox churches and church-related organizations engaged in humanitarian, development, and advocacy work. The statement read the following: "We believe that in times of great uncertainty, prayer is essential. We support @ACTAlliance and its fight for daily prayer in school classrooms." Those in the activism absent condition read a similar statement by ACT Alliance itself.

Donation Amount. Participants completed the same incentive-compatible donation task as that used in prior, modified to reference ACT Alliance.

SBC and Post-Measures. Participants rated their SBC to the focal brand (α = .97), as well as the degree to which they found the focal cause polarizing (1 = "strongly disagree," 7 = "strongly agree"). We informed participants that polarization refers to whether a cause is broadly divisive, rather than whether they agree or disagree with its aims. Finally, participants provided their political ideology (α = .92) and demographic information.

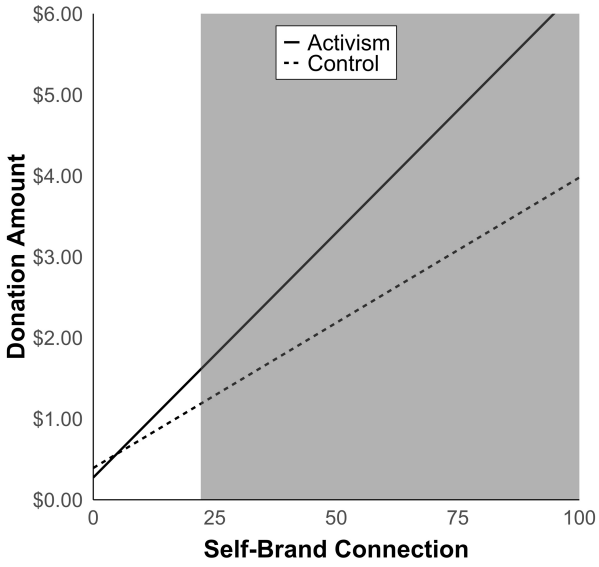
Results

Donation Amount. We regressed donation amount on activism, SBC, and their interaction. Results revealed a significant effect of SBC (b = .05, SE = .004, $t(340) = 10.91$, $p <$ .001). However, this was qualified by the expected activism × SBC interaction (b = .03, SE = .01, $t(340) = 2.78$, p = .006, η^2 = .02; see figure WA-A). Probing this interaction, we found a

simple positive effect of activism on donation amount at values of SBC above 22.12 (b = .43, SE = .22, t(340) = 1.97, p = .05), representing 25.87% of the total sample. There were no significant differences in donation amount based on activism at levels of SBC below 22.12.

Figure WA-A1

Brand Activism × SBC Interaction on Donation Amount to ACT Alliance



Note: Figure WA-A depicts the brand activism × SBC interaction on donation amount. The shaded areas represent the Johnson–Neyman regions of significance.

Moderation by Controversy. To examine the potential moderating role of controversy, we tested perceptions of cause polarization as a conditional moderator of the focal activism × SBC interaction. The highest-order activism × SBC × polarization interaction was non-significant (b = -.004, SE = .005, t(336) = -.76, p = .447). We further tested the robustness of the activism × SBC

interaction by including cause polarization and political ideology as covariates and interacted controls; our findings remained qualitatively unchanged (see web appendix F).

Discussion

The current study replicated our focal effect using a conservative-leaning brand (Chick-fil-A) and cause (ACT Alliance). This suggests that our theoretical model is robust to the political leanings of the brand-supported activist organization. Although conservative-leaning brand activism does not appear in the marketplace as frequently as liberal-leaning activism, our results nonetheless suggest greater generalizability to our framework.

Notably, we detected a simple positive effect of activism for high SBC participants but not a simple negative effect of activism for low SBC participants. This may be explained by the relative overrepresentation of low SBC participants in our sample ($\text{median}_{SBC} = 4.92$). In addition, we detected a positive simple effect of activism at relatively lower SBC ratings (22.12). We, thus, deviated from our pre-registration and analyzed the effect of brand activism at quintiles of SBC. Results revealed a marginally significant effect of activism only at the highest SBC quintile ($M_{SBC} = 60.52$; $F(1, 67) = 3.25$, $p = .076$), indicating that our focal interaction was driven by participants with SBC ratings in line with our prior studies.

Finally, polarization ratings failed to moderate the activism × SBC interaction. Because activism is conceptualized as distinct from CSR, in part, through its focus on issues lacking moral consensus, future research may seek to explore the consumer effects of brand support for controversial (vs. uncontroversial) causes in a deeper capacity.

Web Appendix B: Brand-Cause Fit Pretests

Brand-Cause Fit for Fictitious Pairings. We held brand-cause fit constant across studies. To do so, we conducted two pretests designed to assess the degree to which a variety of activist causes were likely to be supported by well-known brands (e.g., Google, Tesla, McDonald's).

Seventy-five U.S. adults (40.4% female, M_{age} = 27.67, SD_{age} = 8.83) from Prolific completed the first pretest in exchange for a nominal fee. Participants were presented with a grid consisting of 20 activist causes (e.g., racial justice, marijuana decriminalization) and 15 major brands. There were, thus, a total of 300 boxes in the grid representing 300 potential brand-cause pairings. Participants were told to consider whether each brand seemed to fit with each cause as a binary choice (i.e., checked box = brand would support the cause, unchecked box = brand would not support the cause). Further, we informed participants that a brand can fit with multiple causes, so they could check multiple boxes for each brand. See below for a table of brand-cause fit results for four of the brands used in the pretest and incorporated into the empirical package.

Table WA-B1

Pretest 1: Brand-Cause Fit Ratings for Selection of Brands Used in Empirical Package

	Apple	Google	Starbucks
Racial justice	36%	46%	37%
LGBTQIAA+ rights	40%	48%	45%
Environmental sustainability	24%	31%	24%
Marijuana decriminalization	9%	21%	14%
Police demilitarization	12%	16%	19%
Abortion legalization	9%	20%	18%
Gun control	15%	22%	16%
Gender equality	50%	53%	47%
Immigration reform	18%	28%	17%
Prison reform	7%	17%	4%

Animal testing	10%	11%	12%
Water bottle ban	16%	18%	24%
Capital punishment	10%	15%	7%
Tuition-free college	31%	39%	18%
Universal basic income	23%	27%	18%
Universal healthcare	29%	37%	20%
Mail-in voting	14%	23%	14%
Plant-based meats	16%	12%	9%
Extended maternity leave	26%	26%	24%
Carbon taxing	18%	22%	13%

Note: Numbers in each cell indicate the percentage of participants indicating they could see the brand supporting a given cause. Highlighted cells denote values ≥ 30%.

Brand-Cause Fit for Conservative-Leaning Brands. One hundred U.S. adults (50.0% female, M_{age} = 30.24, SD_{age} = 11.05) from Prolific completed the second pretest in exchange for a nominal fee. Participants were presented with a grid consisting of 20 activist causes (e.g., racial justice, marijuana decriminalization) and three brands known for their appeal to conservative consumers—Walmart, Chick-fil-A, and Hobby Lobby. Participants completed the same brand-cause matching task as in the first pretest. See below for a table of brand-cause fit results.

Table WA-B2

Pretest 2: Brand-Cause Fit Ratings for Conservative-Leaning Brands

	Walmart	Chick-fil-A	Hobby Lobby
Racial justice	37%	28%	33%
LGBTQIAA+ rights	47%	13%	26%
Environmental sustainability	25%	29%	30%
Marijuana decriminalization	32%	12%	17%
Police demilitarization	20%	8%	14%
Abortion legalization	29%	9%	13%
Gun control	25%	23%	18%
Gender equality	43%	31%	30%
Immigration reform	32%	25%	20%

Affirmative action	33%	20%	18%
Animal testing	41%	37%	26%
Pro-life advocacy	26%	67%	52%
Capital punishment	33%	33%	31%
Tuition-free college	24%	16%	35%
Universal basic income	23%	27%	17%
Universal healthcare	34%	21%	19%
Mail-in voting	25%	18%	20%
Prayer in public schools	14%	74%	57%
Extended maternity leave	26%	27%	25%
Carbon taxing	24%	10%	12%

Note: Numbers in each cell indicate the percentage of participants indicating they could see the brand supporting a given cause. Highlighted cells denote values ≥ 30%.

Web Appendix C: Study Pre-Registration Documents

Note: Hyperlinks navigate to the webpage for each pre-registration.

- Study 3 (Mediation by Attentional Focus)
- Study 4 (Durability)
- Study 5 (Multiple Causes)
- Study WA-A (Conservative Brand + Cause)

Web Appendix D: Measure Items

Measure	*Values*	*Instructions and Items*
Self-brand connection (Escalas and Bettman 2003, 2005; all studies)	1 = "strongly disagree," 100 = "strongly agree"	Please indicate the extent to which you agree with the following statements: 1. This brand reflects who I am. 2. I can identify with this brand. 3. I feel a personal connect to this brand. 4. I use this brand to communicate who I am to other people. 5. I think this brand helps me become the person I want to be. 6. I consider this brand to be "me"—it reflects who I consider myself to be or the way that I may want to present myself to others. 7. This brand suits me well.
Attentional focus (study 3)	1 = "not at all," 7 = "very much"	While reading the various tweets, to what extent did you pay attention to each of the following elements? • Brands • Ted Lasso • Number of likes, Retweets, etc. • National Urban League • Hashtags • Time of posting • happy hour heinrich
Prosociality (Nelissen et al. 2017; study 3)	1 = "strongly disagree," 7 = "strongly agree"	Please indicate the extent to which you agree with the following statements. 1. I am pleased to help my colleagues in their activites. 2. I share the things that I have with my friends. 3. I try to help others. 4. I am available for volunteer activities to help those who are in need. 5. I am empathetic with those who are in need. 6. I help immediately those who are in need. 7. I do what I can to help others avoid getting into trouble. 8. I intensely feel what others feel.

9. I am willing to make my knowledge and abilities available to others.
10. I try to console those who are sad.
11. I easily lend money or other things.
12. I easily put myself in the shoes of those who are in discomfort.
13. I try to be close to and take care of those who are in need.
14. I easily share with friends any good opportunity that comes to me.
15. I spend time with those friends who feel lonely.
16. I immediately sense my friends' discomfort even when it is not directly communicated to me.

Web Appendix E: Descriptive Statistics by Activism Condition

Study	Measure	Activism		Control	
		Mean	***SD***	***Mean***	***SD***
1	SBC	39.00	30.43	40.13	28.77
	Donation amount	2.61	3.20	2.79	3.13
	Political ideology	3.37	1.72	3.84	1.74
	Brand attitude	5.08	1.82	5.29	1.32
2	SBC	41.30	27.24	32.32	26.76
	Donation amount	.41	.40	.37	.40
	Political ideology	3.18	1.58	2.98	1.53
	Cause familiarity	1.94	1.56	1.51	1.02
3	SBC	26.96	32.75	27.73	33.64
	Donation amount	2.96	3.33	3.06	3.30
	Attentional focus	.78	1.92	.85	2.03
	Political ideology	2.87	1.66	3.04	1.72
	Prosociality	5.32	.84	5.41	.84
	Brand-organization support believability	4.95	1.56	4.65	1.51
	Brand-organization support approval	5.26	1.48	4.93	1.52
	Tweet believability	5.32	1.31	5.36	1.32
4	SBC	50.10	27.82	42.73	26.93
	Initial donation amount	3.58	3.48	3.50	3.43
	Political ideology	2.97	1.68	2.92	1.51
5	SBC	21.46	23.99	37.52	31.90
	Donation amount [focal cause]	1.33	1.89	2.05	2.47
	Donation amount [related cause]	1.36	1.82	1.24	1.59
	Donation amount [unrelated cause]	1.49	2.10	1.11	1.76
	Political ideology	2.83	1.45	3.19	1.54
6	SBC	29.80	26.43	27.91	26.09
	Donation amount	2.46	3.07	2.42	3.10
	Political ideology	3.33	1.63	3.42	1.75
	Cause attitude	5.24	2.05	5.10	2.04
WA-A	SBC	19.06	26.44	15.31	22.28
	Donation amount	1.43	2.56	.94	2.02
	Political ideology	3.00	1.57	2.90	1.43
	Controversy perceptions	4.97	1.64	5.16	1.75

Web Appendix F: Robustness and Model Specificity Checks

In the space below, we describe additional analyses performed for each study to assess the robustness and specificity of our theorized model. Throughout these checks, we include covariates along with interacted controls (i.e., because the effect of interest is an interaction, any alternative explanation must also include an associated interaction term; see Simonsohn 2019). Therefore, to control for the effect of political ideology in our process, we run the following:

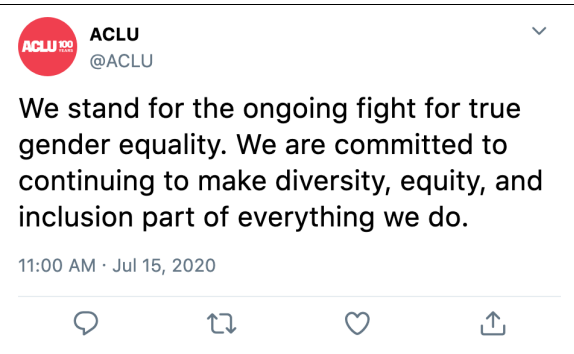
$$Activism + SBC + Political\_Ideology + (Activism \times SBC) + (Activism \times Political\_Ideology)$$

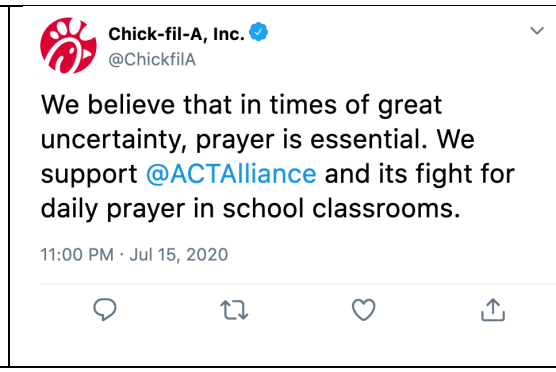
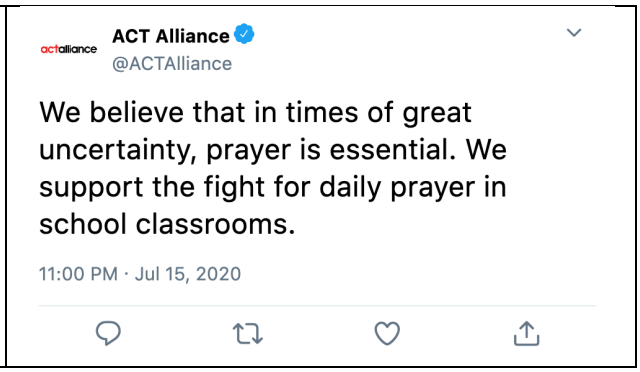
- **Study 1 (Nike and Black Lives Matter)**: The core brand activism × SBC interaction on donation amount was marginally robust to the inclusion of political ideology and brand attitude as covariates and interacted controls (b = -.03, SE = .02, $t(291)$ = -1.69, p = .092). We further found no evidence of conditional three-way moderation via political ideology (b = .007, SE = .006, $t(291)$ = 1.07, p = .287).
- **Study 2 (Target and the Smithsonian Latino Center)**: The core brand activism × SBC interaction on donation amount was robust to the inclusion of cause familiarity as a covariate and interacted control (b = -.005, SE = .002, $t(163)$ = -1.99, p = .049). We further found no evidence of conditional three-way moderation via cause familiarity (b < .001, SE = .002, $t(161)$ = .27, p = .788).
- **Study 3 (NFL and the National Urban League)**: The core brand activism × SBC interaction on donation amount was robust to the inclusion of prosociality, brand-organization support believability, brand-organization support approval, tweet

believability, and personal experience in prison as covariates and interacted controls (b = -.1.05, SE = .35, t = -2.97, p = .003). The core brand activism × SBC interaction on attentional focus was also robust to the inclusion of the abovementioned factors (b = -.68, SE = .21, t = -3.23, p = .001). We further found no evidence of conditional three-way interaction by personal experience in prison on donation amount (b = .51, SE = .82, $t(369)$ = .62, p = .535) or attentional focus (b = -.31, SE = .49, $t(369)$ = -.63, p = .529).

- **Study 4 (Google and the ACLU)**: The core brand activism × SBC interaction was robust to the inclusion of gender as a covariate and interacted control (b = .03, SE = .01, $t(299)$ = -2.29, p = .023). We further found no evidence of conditional three-way moderation via gender (b = .02, SE = .03, $t(297)$ = .93, p = .351).
- **Study 5 (Apple and U.N. Women)**: The core brand activism × SBC interaction was robust to the inclusion of gender as a covariate and interacted control (b = -.03, SE = .01, $t(175)$ = -2.36, p = .02). We further found no evidence of conditional three-way moderation via gender (b = .02, SE = .02, $t(173)$ = .67, p = .503).
- **Study 6 (Starbucks and Planned Parenthood)**: The highest-order brand activism × SBC × cause attitude interaction was robust to the inclusion of gender as a covariate and interacted control (b = -.02, SE = .006, $t(358)$ = -2.70, p = .007). We further found no evidence of conditional three-way moderation via gender (b = .02, SE = .02, $t(356)$ = 1.05, p = .30).
- **Study WA-A (Chick-fil-A and ACT Alliance)**: The core brand activism × SBC interaction was robust to the inclusion of political ideology and cause polarization as covariates and interacted controls (b = .03, SE = .01, $t(336)$ = 3.08, p = .002).

Web Appendix G: Activism Stimuli

Study	Stimuli	
	Activism present condition	Activism absent condition
2		
4		
5		
6	"Starbucks said, 'We proudly support Planned Parenthood. In doing so, we commit to using our resources to help make the world a better place.'"	"Planned Parenthood is a nonprofit organization that provides sexual health care in the United States and globally."

WA-A	 Chick-fil-A, Inc. @ChickfilA We believe that in times of great uncertainty, prayer is essential. We support @ACTAlliance and its fight for daily prayer in school classrooms. 11:00 PM · Jul 15, 2020	 ACT Alliance @ACTAlliance We believe that in times of great uncertainty, prayer is essential. We support the fight for daily prayer in school classrooms. 11:00 PM · Jul 15, 2020

Web Appendix H: Simulated Twitter Feed (Study 3)

Web Appendix I: Low SBC Post-Tests

We sought to examine empirically the difference in SBC ratings between those who dissociate from the brand and those more neutral toward the brand. We approached this question first through a pre-registered analysis. Among the T1 study 3 sample (N = 1,003), we conducted a one-way ANOVA on SBC ratings among participants who self-selected into one of three categories—1 = "I seek to associate with the NFL," 0 = "I neither seek nor avoid associating with the NFL," -1 = "I avoid associating with the NFL."

The overall effect of relationship category on SBC was significant (F(2, 1,000) = 945.33, p < .001). Planned comparisons further revealed that those who indicated seeking association with the NFL had significantly higher SBC (M = 62.28, SD = 22.86) than those who expressed apathy for the brand (i.e., neither seek nor avoid associating; M = 11.49, SD = 15.81; t(1,000) = 38.50, p < .001). In addition, and most critically, those who indicated avoiding association with the NFL had significantly lower SBC (M = 2.23, SD = 5.03) than those who expressed neutrality for the brand (t(1,000) = 8.15, p < .001).

Next, we conducted a post-test on all brands used in the rest of the empirical package. Results revealed a similar pattern across the board; namely, there was a significant difference in SBC between those who dissociated from the focal brand versus had more neutral feelings. Consequently, we demonstrate that lower values of SBC indicate low overlap comparable to dissociative outgroups (e.g., Berger and Heath 2007; Escalas and Bettman 2003, 2005; White, Simpson, and Argo 2014).

Table WA-I1

Post-Test 2: SBC Ratings for Dissociative and Neutral Feelings toward the Focal Brand

Brand	$SBC_{Dissociate}$	$SBC_{Neutral}$	Difference	Sig.
Nike	1.57	23.64	22.08	< .001
Target	3.91	25.78	21.87	< .001
Google	3.47	27.84	24.37	< .001
Apple	3.44	9.68	28.38	< .001
Starbucks	2.74	18.39	15.65	< .001
Chick-fil-A	1.58	20.04	18.46	< .001

ESSAY II:

AN INSTITUTIONAL VIEW OF INVESTOR RESPONSE TO CORPORATE SOCIOPOLITICAL ACTIVISM[8]

Today's increasingly belief-driven marketplace has incentivized firms to vocalize stances on numerous polarizing sociopolitical issues, from human rights and social equity to sustainability and government spending. In spite of these pressures, such corporate sociopolitical activism (CSA) is seen primarily as a precarious use of firm resources and tends to have a negative impact on firm value. Still, the broader reception of underlying issues addressed by firms evolve alongside changes in society at large. We consider and measure these dynamic undercurrents in the present research and ask how the legitimacy granted to sociopolitical issues by institutional forces (i.e., legal bodies, market actors) impacts subsequent investor response to market leaders' CSA. To address this question, we conduct an event study charting abnormal stock returns associated with firms' advocacy for the LGBTQIA (Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, Asexual) community over a 15-year timespan (i.e., 2005–2019). Drawing on theories of stakeholder alignment and market positioning, we find that market leaders (vs. non-leaders) receive greater scrutiny from investors in response to their CSA efforts. This reaction is muted by top-down legitimacy (sweeping legal decisions catalyze agreement) and exacerbated by bottom-up legitimacy (follow-on firms dilute brand equity). Our findings provide insightful applications for marketing theory and practice.

[8] The current chapter was coauthored with Joshua T. Beck and Nooshin L. Warren and is currently in preparation for submission to the *Journal of Marketing*.

In today's changing sociocultural landscape, many stakeholders now expect firms to speak to hot-button issues of meaningful societal consequence (e.g., gun control, reproductive healthcare, vaccine mandates, etc.; Bhagwat et al. 2020; Moorman 2020; Vredenburg et al. 2020). However, from an investor's perspective, such corporate sociopolitical activism (CSA; see Bhagwat et al. 2020) is a costly signal that can act as a polarizing and, therefore, hazardous use of firm resources. As a result, CSA tends to elicit a primarily negative effect on investor response (Bhagwat et al. 2020) and brand preference (Hydock, Peharia, and Blair 2020), despite having a relatively positive influence on the advancement of various social causes (Zheng 2020). In turn, how do firms reconcile the competing desires of such divided constituents, at odds over the firm's role in responding to divisive issues ranging from human rights and social equity to sustainability and government spending? Further, and more critically, are there circumstances under which these constituents' seemingly opposing preferences can align?

Critical to such questions, the sociopolitical issues advanced by firms exist at the "intersections of time, politics, and culture," and, moreover, evolve alongside the changing dynamics of society at large (Bhagwat et al. 2020, 2). We consider such developments and ask how the currents of institutional change, captured by the legitimacy afforded to a particular issue at a given point in time (see Eilert and Nappier Cherup 2020), are reflected in investors' appraisals of issue-related CSA. Specifically, we investigate the effect of issue legitimization on investor response to CSA from market leaders (vs. market non-leaders) in light of recent calls for dominant firms to leverage their capital to "shape social awareness and action around important issues" (Moorman 2020, 389). We use firms' CSA for LGBTQIA (Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, Asexual) rights as an opportune domain for exploring these

relationships, because it has received two important, complementary forms of issue legitimacy in recent years, both of which have been observed prominently in the marketplace.

The first—top-down legitimacy—involves a diffusion of issue recognition and empowerment that flows downward from powerful entities (e.g., governments, legal bodies) to individual marketplace groups and actors (Eilert and Nappier Cherup 2020). Germane to the progression of LGBTQIA rights, the U.S. Supreme Court federally recognized on June 26, 2015 the legal status of same-sex couples' right to marry. Not only did this ruling expand the authorized protections and privileges granted to gay persons, but it further broadened social consensus around the issue of gay marriage (Ofosu et al. 2019). The second—bottom-up legitimacy—involves a diffusion of issue recognition and empowerment that flows upward from individual groups and actors to society as a whole (Eilert and Nappier Cherup 2020). In particular, LGBTQIA CSA has received a groundswell of marketplace backing in the last decade—from the sale of rainbow-colored foods (e.g., Doritos tortilla chips; Waxman 2015) to an abundance of Pride-related clothing lines from numerous brands and retailers (e.g., Nike's annual BETRUE collection; Abad-Santos 2018).

While both forms of legitimization serve to empower and mainstreamize a given sociopolitical position, we contend that they have divergent effects on investor response to market leaders' CSA. We draw on theories of stakeholder alignment (Bhagwat et al. 2020; Bundy, Vogel, and Zachary 2018; Hambrick and Wowak 2021) and market positioning (Carroll and Swaminathan 2000; Greve 2008) to argue that industry leaders (vs. non-leaders) receive greater scrutiny from investors in response to their CSA efforts. This reaction is muted by top-down legitimacy (sweeping legal decisions catalyze agreement) and exacerbated by bottom-up legitimacy (follow-on firms dilute brand equity). We examine these joint effects of market leader

CSA and issue legitimacy on firm value by studying the market's response to 315 instances of LGBTQIA CSA conducted by 132 firms across 33 industries over a 15-year timespan (i.e., 2005–2019). Using this unique dataset, we investigate the increasingly public interplay between legal, governmental, and marketplace entities and, further, document the means by which institutional change informs investors' perceptions of risk.

Conceptual Development

Corporate Sociopolitical Activism and Firm Value

Marketing scholars have given increased attention to the rise in firms' direct engagement with sociopolitical issues (i.e., prominent social matters on which "societal and institutional opinion is split"; Nalick et al. 2016, 386). In line with prior work, we refer to such firm behavior as corporate sociopolitical activism (CSA), which reflects a firm's "public demonstration of support for or opposition to one side of a partisan sociopolitical issue" (e.g., racial justice, gun rights, immigration reform, etc.; Bhagwat et al. 2020, 1). Importantly, the existing literature has characterized CSA as risky for several reasons.

First, in considering firms' legal obligations to maximize shareholder value (Mishra and Modi 2016), CSA may be perceived as a tangential or counterproductive use of firm resources. Investors may consider the opportunity costs of activism too great if such efforts divert from core business activities (e.g., strategy, supply chain, marketing; Bhagwat et al. 2020; Nalick et al. 2016). This point echoes prior neoclassical arguments against corporate social responsibility (CSR) practices, which contend that philanthropic ventures outside the scope of typical firm

operations are a suboptimal use of a firm's financial and human capital (Bhagwat et al. 2020; Mishra and Modi 2016; Nalick et al. 2016).

Second, and more specific to the nature of CSA, a firm's public stance on a given contested issue acts as a signal of the firm's sociopolitical values (Bhagwat et al. 2020). Given the affective charge of political ideals in the marketplace (Hydock, Paharia, and Blair 2020; Vredenberg et al. 2020), a firm's communication of such values may readily elicit favorable or unfavorable reactions from stakeholders who agree or disagree with the firm's stated position. The alignment of CSA with stakeholder groups is critical to CSA performance (Bhagwat et al. 2020; Bundy, Vogel, and Zachary 2018; Hambrick and Wowak 2021). As such, the strategic value of CSA depends largely on ideological consensus from key proximal stakeholder groups (e.g., employees, customers, legislators, etc.; Bhagwat et al. 2020; Hambrick and Wowak 2021; Hydock, Paharia, and Blair 2020).

Recent work has documented the performance outcomes of CSA. An event study by Bhagwat et al. (2020) revealed that CSA's net effects on investor reactions and firm revenue are negative, and that CSA can have a positive impact only when it is aligned with multiple stakeholder groups (Bhagwat et al. 2020; Vredenberg et al. 2020). Comparably, Hydock, Peharia, and Blair (2020) uncovered a net negative impact of CSA on consumers' brand preferences. Using both experiments and real-world cross-sectional data, the authors found that CSA tends to repel brand choice rather than attract it, especially for firms with large customer bases. They cite the negativity bias (Baumeister et al. 2001) as an explanation for this phenomenon. Namely, due to the relative intensity with which consumers register negative (vs. positive) news, CSA deters consumers with opposing beliefs more than it entices consumers with supportive views (Hydock, Peharia, and Blair 2020).

Still, does CSA involve a similar level of risk across all firms over time? In the present research, we consider three key factors that shape investor response to CSA. First, we consider the firm's market position to empirically test whether market leaders (vs. non-leaders) experience more adverse outcomes to CSA. Second, we consider elements of the institutional environment, which may legitimize CSA issues and, therefore, shape investors' reactions to CSA. We further consider how market position interacts with the institutional environment to further explain which firms experience the most adverse reactions to CSA in a given context. We explicate these factors in the following sections.

How Market Leadership Affects Investor Response to CSA

Market leadership refers to a firm's "superiority and corresponding scale within its category or industry" (Beck, Rahinel, and Bleier 2020, 873; Kamins, Alpert, and Perner 2007) and is related to a subjective perception of dominance (Bronnenberg, Dhar, and Dubé 2007; Hydock, Peharia, and Blair 2020). Market leaders enjoy a host of benefits related to their marketplace position, including higher cost efficiencies, greater perceived brand value, and better supply chains and distribution channels (Buzzell, Gale, and Sultan 1975; Woo 1987).

Yet, in spite of these various advantages, we suggest that market leadership increases the risk associated with engaging in CSA for several reasons. First, market leaders have a greater number and diversity of stakeholders (Bundy, Vogel, and Zachary 2018) and must, therefore, act within the narrow convergence of interests shared by a majority of these constituents (Freeman 1984; Hambrick and Wowak 2021). Indeed, prior research has shown that market leaders are more susceptible to the perils of CSA because such firms have "many existing customers to lose

and few potential customers to gain" (Hydock, Peharia, and Blair 2020, 1139). We extend this notion in the current research to include additional stakeholders (e.g., employees, legislators), which, too, should be more heterogeneous for market leaders (vs. smaller non-leaders).

Second, investors may perceive CSA as a niche type of firm behavior that is incompatible with market leaders' generalist positioning in the marketplace. Firms become dominant in a given industry by appealing to the "largest consumer resource bases of the mass market" (Carroll and Swaminathan 2000, 717). By building a universal brand image, such firms target a wide array of assorted segments. CSA, on the other hand, has been characterized as a specialized tactic that attracts a more precise group of belief-driven customers and alienates other segments (Bhagwat et al. 2020; Hydock, Peharia, and Blair 2020; Vredenberg et al. 2020). In turn, CSA may attenuate market leaders' broad appeal and threaten their existing brand equity. Conversely, CSA can represent a promising opportunity for non-leading firms, as a concentration of high-share firms within a given industry invites smaller specialist firms to target heretofore uncaptured segments (Carroll and Swaminathan 2000; Greve 2008). Smaller non-leading firms may use CSA to attract like-minded stakeholders and carve a niche position with a unique set of values (Hydock, Peharia, and Blair 2020). For these reasons, we hypothesize the following:

> **H_1**: Investors will react more negatively to CSA from firms that are more (vs. less) dominant in their particular market.

The Moderating Effect of Institutional Legitimization

We propose that investors respond more negatively to the CSA of more dominant firms in the market because it has greater potential to drive stakeholder misalignment and reduce existing brand equity. However, this may not always be the case. The underlying sociopolitical issues championed by firms through their CSA "exist at the intersection of politics and culture" (Bhagwat et al. 2020, 2) and, thus, have the capacity to evolve over time. Notably, these rich dynamics are shaped by powerful institutions (e.g., governments, legal systems, markets) that both enforce and induce the social rules and expectations to which firms are incentivized to conform (Scott and Meyer 1983). According to Grewal and Dharwadkar (2002, 85), such institutions "simultaneously empower and constrain—they provide organizations with avenues for pursuing activities consistent with predefined patterns." In turn, it is possible for the institutional environment to provide firms with implicit authorization to pursue activism—so long as the particular stance being taken aligns with what is deemed normatively appropriate.

Critical to this logic, institutions can grant legitimacy—widespread social recognition and empowerment—to various sociopolitical positions (Darund, Hawn, and Ioannou 2019; Eilert and Nappier Cherup 2020) through a number of discrete institutional efforts (e.g., public policy, regulatory processes, collective action, etc.; Grewal and Dharwadkar; Kelman 1987). Such legitimacy imbues actions and behaviors (e.g., supporting racial justice, immigration reform, etc.) with normative approval and, therefore, increases the acceptability associated with performing them (Cialdini, Reno, and Kallgren 1990; Eilert and Nappier Cherup 2020; Suchman 1995). In turn, the legitimacy afforded to a given partisan issue should represent an important moderator of the effect of market leader CSA on firm value. We argue that investor response to market leaders' CSA depends on the degree to which the firm's stance has been legitimized.

The effects of legitimacy are nuanced, however. From an institutional theoretical lens (Eilert and Nappier Cherup 2020), there are two broad, complementary types of issue legitimization: top-down (i.e., issue legitimacy flows downward from the system to the individual) and bottom-up (i.e., issue legitimacy flows upward from the individual to the system). While both legitimization processes involve an expansion of social empowerment to a given sociopolitical position, we propose that they have opposing effects on investor response to market leader CSA. We detail our reasoning in the following sections.

Top-Down Legitimization

Top-down legitimization involves a diffusion of issue recognition and empowerment that flows downward from powerful entities (e.g., governments, legal bodies) to individual marketplace groups and actors (Eilert and Nappier Cherup 2020). Such legitimization is most often discussed in the context of legislative and judicial change, as the enactment and interpretation of law in a democratic society (i.e., rule by the people) tends to be perceived as a reflection of "majority opinion" on a given matter (Allison and Messick 1988; Carroll and Shabana 2010; Ofosu et al. 2019).

Over the course of U.S. history, the marketplace has changed its practices in accordance with top-down legal decisions, as these ostensibly "represent the values and preferences of a majority of the population" (Ofosu et al. 2019, 8846). Civil rights legislation of the 1950s and 1960s, for example, fundamentally changed the legal and market value given to racial identity (Clarke 2015; Eilert and Nappier Cherup 2020). This resulted in a gradual increase in the representation and occupational status of Black models and actors in American advertising over

subsequent decades (Bristor, Lee, and Hunt 1995; Kassarjian 1969). In more recent years, the U.S. Supreme Court's decision to federally legalize same-sex marriage resulted in a nationwide decrease in anti-gay biases (Ofosu et al. 2019) and a rise in corporate backing for LGBTQIA issues and events (e.g., Pride parades; Flores and Barclay 2016; Tankard and Paluck 2017). As evidenced by these historical examples, the law provides a regulatory framework by which sociopolitical issues are seen, understood, and represented in the marketplace (Carroll and Shabana 2010; Eilert and Nappier Cherup 2020).

Further, legal decisions may cause individuals to update their positions on various issues, in part because such verdicts drive attitudinal alignment by signaling important consensus information (Ofosu et al. 2019; Tankard and Paluck 2017). Indeed, individuals have been shown to conform their expressed beliefs to the normative standards set by the broader environment (Ofosu et al. 2019; Stangor, Sechrist, and Jost 2001; Tankard and Paluck 2017). For example, some scholars have partly attributed Americans' increased support for mixed-race relationships to the legalization of interracial marriage by the U.S. Supreme Court in 1967 (Marshall 1987; Schacter 2009). In turn, we contend that investors view sweeping legal decisions as legitimizing catalysts that shape future stakeholder alignment around a given CSA issue. This reduces the potential for future attitudinal inconsistencies between stakeholders and, in turn, the risk associated with a firm's CSA that accords with the underlying issue's institutional standing. For these reasons, we hypothesize:

> **H_2**: Top-down legitimization of a given sociopolitical issue moderates investors' reactions to market leader CSA, such that investors' reactions are less unfavorable when the market leader's CSA stance has received legal and/or legislative backing.

Bottom-Up Legitimization

Bottom-up legitimization involves a diffusion of issue recognition and empowerment that flows upward from individual groups and actors to society (Eilert and Nappier Cherup 2020). Unlike the systemic ripple effect of top-down decisions on a given issue's standing, the impact of bottom-up legitimization is more gradual and depends largely on the coordinated efforts of multiple stakeholder groups (e.g., firms, consumers, etc.; Den Hond and De Bakker 2007; Eilert and Nappier Cherup 2020). Prominent action from these groups draws attention to a given issue and, thus, normalizes and mainstreamizes its presence in the marketplace over time (Eilert and Nappier Cherup 2020).

In practice, firms have adopted internal- and external-facing strategies for championing particular issues. This has been observed in the increasing prevalence of racial justice messaging in brands' promotional strategy (Ad Age Staff 2021; Menon and Kiesler 2020), as well as many organizations' stated opposition to voting access restrictions (e.g., Major League Baseball, Coca-Cola, Delta Airlines, etc.; Corasaniti 2021). Firms' CSA in certain domains may further pressure competitors to adopt similar stances (i.e., the "Red Queen" effect; Bertels and Peloza 2008; Eilert and Nappier Cherup 2020). For instance, some companies' public health advocacy for mask-wearing and social distancing during the Covid-19 pandemic pressured others to match such efforts (Armano 2020; Balis 2020).

In turn, CSA positions gain bottom-up legitimacy from widespread support in the marketplace (Bartels and Peloza 2008; Eilert and Nappier Cherup 2020). However, this embrace can negatively affect individual firms by inviting increased scrutiny from various stakeholders.

This is due, in part, to the perceived incongruity between a firm's sociopolitical involvement and the implicit profit motive (Sobande 2019; Vredenberg et al. 2020). Such dissonance is especially apparent for market leaders with "unclear or indeterminate records of social cause practices" (Vredenberg et al. 2020, 445). Further, when multiple firms have already taken the mantle of a particular cause, many constituents become wary of the purity of intention behind a late adopter's CSA. Recent work by Silver, Kelly, and Small (2021), for instance, demonstrates that consumers ascribe selfish underlying motives to "prosocial follower" brands—i.e., those perceived to have copied the cause-related initiatives of others. This dynamic creates a tumultuous environment for follow-on market leaders whose alignment with a market-backed CSA stance can be seen as both an imitative and unnecessary allocation of firm resources.

Further, from a branding theory perspective, firms seek to build equity through a variety of unique cognitive associations (Collins and Luftus 1975; Keller 1993; Keller, Sternthal, and Tybout 2002; Vredenberg 2020). Thus, it behooves companies to generate points of difference (e.g., product, price) that set them apart from competitors. Notably, CSA has been discussed in recent work as a tool with potential value for driving brand distinctiveness (Kotler and Sarkar 2017; Vredenberg et al. 2020). Yet, as a given CSA stance becomes increasingly espoused as a corporate standard, its relative contribution to a firm's unique brand image may diminish (i.e., bandwagons are homogenizing). Rather than separate the firm from its competition, we contend that CSA for a market-backed sociopolitical issue makes market leaders appear less unique. For these reasons, we hypothesize:

H_3: Bottom-up legitimization of a given sociopolitical issue moderates investors' reactions to market leader CSA, such that investors' reactions are more unfavorable when the market leader's CSA stance has received prevalent marketplace backing.

In the following section, we introduce the context chosen for empirical investigation, analyze and test our hypotheses, and provide empirical evidence.

Research Context

In the current research, we use firms' CSA for the LGBTQIA (Lesbian, Gay, Bisexual, Transgender, Queer+) community as a contextual area for testing our hypotheses. LGBTQIA advocacy is a suitable domain for analysis because it has received both top-down legitimacy (i.e., via the legal system) and bottom-up legitimacy (i.e., via the marketplace) in recent years.

In particular, LGBTQIA advocacy received an explicit and documentable increase in top-down legitimization on June 26, 2015 when the U.S. Supreme Court federally recognized the legal status of same-sex couples' right to marry (i.e., in *Obergefell v. Hodges*). Not only did this ruling affect the authorized protections and privileges granted to gay persons, but it also reduced the pervasiveness of explicit and implicit homophobic biases in the U.S. (Ofosu et al. 2019). Further, many individual states legalized gay marriage months or years prior to the U.S. Supreme Court's 2015 verdict (e.g., Massachusetts' Supreme Judicial Court legalized gay marriage on May 17, 2004, in *Goodridge v. Department of Public Health*). Due to the staggered rollout of gay marriage legalization between states, we can chart the impact of top-down legitimization of LGBTQIA advocacy at both the federal and state level by examining the legal status of same-sex

marriage in the activist firm's headquartered state at time of CSA. Note that many other polarizing social issues (e.g., racial justice, gender equality, etc.) lack such discrete points in time at which variations in top-down legitimacy can be observed by state.

As for bottom-up legitimacy, LGBTQIA advocacy has received a noticeably sharp increase in marketplace backing over time. From rainbow-stuffed Oreos to Google-sponsored virtual LGBTQIA Pride parade showcases, it has become increasingly ubiquitous for firms to signal and vocalize support for the LGBTQIA community (Graham and Lucas 2021; Shortall 2019). Some critics have even referred to such firm behavior as "pink-washing" (i.e., a vehicle for firms to signal progressive values through symbolic commodification and, thus, attract belief-driven consumers; Abad-Santos 2018; Schulman 2011). In turn, the frequency with which firms have engaged in CSA for LGBTQIA issues provides a sample size large enough to draw meaningful statistical inferences about its effect on firm value.

Methods

We test our hypotheses with a dataset of 315 events conducted by 132 firms across 33 industries over a 15-year timespan (i.e., 2005–2019). This range provides a window of 10 years prior to U.S. legalization of same-sex marriage and five years after. In what follows, we specify our data collection procedure, measurements, and variables of interest.

Data Collection

In the current research, an event is defined as a publicly available announcement of statements or actions by firms pertaining to LGBTQIA advocacy. We gathered this sample of events using primary press releases and news articles found on Capital IQ, Factiva, Lexis-Nexis, Google, and company websites. Importantly, we identified the initial instance of each event; multiple sources were investigated to determine when, for instance, Facebook first announced the release of its temporary rainbow reaction in celebration of LGBTQIA Pride Month. Keyword searches for events included general terms such as "LGBTQ" and "Pride" and specific issues such as "HB 1523." We ultimately obtained 312 events from January 1, 2005 to June 30, 2019 involving 146 publicly held U.S. firms.

Dependent Variable

As our primary dependent variable, we examine abnormal stock returns in response to firms' LGBTQIA CSA, estimated at the initial time investors received information about the firm's actions (Bhagwat et al. 2020; Sorescu, Warren, and Ertekin 2017). Our stock market data come from the Center for Research in Security Prices; we use this data to estimate the abnormal stock returns of the firm on the day the CSA event was first publicized:

$$(1) \qquad AR_{it} = R_{it} - E(R_{it}),$$

where and AR_{it} is the abnormal return, R_{it} is the daily return, and $E(R_{it})$ is the expected return of the stock for firm *i* on day *t* (i.e., estimated using the Fama–French–Carhart model; Carhart 1997; Fama and French 1993). Due to the possibility of information leakage around each instance of firms' LGBTQIA CSA, we compute cumulative abnormal returns (CAR) for several

windows around the day of the event and choose the most significant window for our analysis (Geyskens, Gielens, and Dekimpe 2002).

Independent Variable

We use firms' average market share in their respective industry as a proxy for relative market dominance. Notably, market share is in line with our theoretical arguments and has been often used in prior research to describe a firm's reach to consumers and dominance relative to competitors (e.g., Bhattacharya, Morgan, and Rego 2021; Edeling and Himme 2018; Mishra, Vakratsas, and Krasnikov 2018). We calculate average market share as the ratio of a firm's average sales in the two years prior to the CSA event divided by the total average sales of its industry (i.e., with a common three-digit SIC code).

Moderators

Top-Down Legitimacy. We use the legal status of same-sex marriage to represent the top-down legitimacy of LGBTQIA advocacy and capture it using two dummy variables. The first expresses legalization at the federal level (Marriage_Legal_Fed); CSA events that took place on or after June 26, 2015 (i.e., the date the *Obergefell v. Hodges* verdict was decided) were coded as 1, while those that took place before this date were coded as 0. The second captures legalization at the state level (Marriage_Legal_State); CSA events that took place on or after the date at which gay marriage was legalized in the activist firm's headquartered state were coded as 1, while those that took place before this date were coded as 0.

Bottom-Up Legitimacy. As a proxy for bottom-up legitimacy, we estimate the prevalence of LGBTQIA CSA in a focal firm's industry. To do this, we capture the total number of LGBTQIA CSA events conducted by a firm's competitors six months prior to the focal firm's activism. We evaluate the robustness of our results using one-year and three-month windows.

Control Variables

We collected a number of control variables at the firm and event level. Firm-specific factors were collected using COMPUSTAT and included primary operating market (i.e., B2B, B2C), return on invested capital, firm size, industry, firm leverage, advertising expenditure, research and development expenditure, Tobin's q, CEO's age and gender, diversity of the board of directors, and political ideology of firm's legislature. Event-level variables included regional specificity (i.e., international, national, state, city), communication channel (i.e., news article, public relations press release, other), and announcement source (i.e., firm, CEO), and form of support (i.e., statement, action).

Model Specification

CSA does not occur randomly. There are observable and unobservable factors that may influence a firm's propensity to engage in such behavior. While short-term cumulative abnormal returns (CARs) can operate as appropriate proxies for investors' reaction to firms' LGBTQIA

CSA, determinants of activism can simultaneously affect investors' reactions and introduce endogeneity due to selection biases and other underlying factors.

We, thus, employ two approaches to address this issue: (1) propensity score matching to determine the average treatment effect of LGBTQIA CSA and (2) Heckman's (1979) two-stage selection model, which addresses any unobserved factors that may have compelled treated firms to engage in LGBTQIA CSA. In the first stage, we run a probit model in which the focal dependent variable is a firm's decision to engage in CSA (*Activist* = 1: the firm engaged in CSA at year *T*, *Activist* = 0: otherwise) for each year represented in the panel dataset. We follow the standard practices and for each year include the average number of LGBTQIA CSA events in the firm's primary and secondary industries (Industry_CSA), as well as those in the state in which the firm's headquarter is located (State_CSA; Bhagwat et al. 2020; Germann, Ebbes, and Grewal 2015). We additionally include variables indicating the financial status of the firm prior to the event, namely, firm assets, leverage, advertising and R&D expenditures, sales, operating cash-flow, ROA, Tobin's q, year, and firms' two-digit industry classifications.

We ran the probit model for firm *i* in year *T*:

(3) $Pr_{iT}(Activism = 1|\text{Covariates}, \varsigma_{iT}) = \Phi(X\beta)$,

where X is a vector of covariates as follows:

$$X\beta = \beta_0 + \beta_1 Avg\_Industry\_CSA_{iT} + \beta_2\ Avg\_State\_CSA_{iT} + \beta_3 Size_T + \beta_4 ROA_{iT} + \beta_5 Opt\_Cash\_Flow_{iT} + \beta_6 Advertising_{iT} + \beta_7 R\&D_{iT} + \beta_8 Leverage_{iT} + \beta_9 Sales_{iT} + \beta_{10} Tobin_{iT} + +\sum \beta_{kit} Industry_{kiT} + \sum \beta_{mit} Year\_Dummy_{miT} + \sigma_{iT}.$$

We ran Equation (3) on all firms available on Compustat during the current study's 15-year timespan; this provided a sample of 60,508 firm-year data points. The result of the first-stage selection model is provided in table 1. These results confirm previous research and indicate

that firms are more likely to engage in activism if they are located in states with prevalent activist activity ($\beta_1 = .12$, $p < .001$) or belong to industries composed of more activist competitors ($\beta_2 = .56$, $p < .001$). Additionally, larger firms ($\beta_3 = 1.41$, $p < .001$) and firms with lower leverage ($\beta_8 = -2.02$, $p = .012$) and higher firm value ($\beta_{10} = .001$, $p = .039$) are more likely to engage in LGBTQIA CSA.

Table 1

First-Stage Selection Process Results

	β	SE
Avg_State_CSA	.12***	.01
Avg_Industry_CSA	.56***	.10
Firm_Size	1.41***	.12
ROA	.05***	.02
Opt_Cash_Flow	-7.20e-07	.00002
Advertising	.0002	.0001
R&D	6.32e-06	.00005
Leverage	-2.02**	.81
Sales	3.78e-07	3.89e-06
Tobin	.001**	.0003

Note: * $p < .10$, ** $p < .05$, *** $p < .01$

We next extracted the estimated probability of engaging in CSA from Equation (3) in a propensity score matching process (nearest neighbor with replacement). We generated synthetic matches for activist firms within a given industry to their closest non-activist competitors and estimated the average treatment effect of CSA and the moderating effect of market position. This process yielded 261 counterfactual matches for 301 LGBTQIA CSA events, from 147 firms in 31 two-digit SIC code industries. The percentage of reduction in bias (PRB) was 69.80%.

We calculated the average treatment effect of engaging in LGBTQIA activism as follows:

(4) $ATE\_CAR\_Activism_{it} = CAR\_Activist\_Firm_{it} - CAR\_Matched\_Non\text{-}Activist\_Firm_{it}$

Our results indicate that firms engaged in LGBTQIA CSA received a .43% decrease in abnormal returns relative to their non-activist counterparts ($p = .002$).

Next, to test our hypotheses, we regressed abnormal returns of firms in the event window for both activist firms and their non-activist counterparts. We then chart the effect of market share on investors' reaction to activist versus non-activist firms:

(5) $$CAR_{it} = \alpha_0 + \alpha_1 Activist_{it} + \alpha_2 Avg\_Market\_Share_{it} + \alpha_3 Activist_{it} \times Avg\_Market\_Share_{it} + \alpha_4 Size_{it} + \alpha_5 ROA_{it} + \alpha_6 OptCashFlow_{it} + \alpha_7 Advertising_{it} + \alpha_8 R\&D_{it} + \alpha_9 Leverage_{it} + \alpha_{10} Sales_{it} + \alpha_{11} Tobin_{it} + \alpha_{12} Board\_Age\_Diversity + \alpha_{13} Board\_Nationality\_Diversity + \alpha_{14} Board\_Gender\_Diversity + \alpha_{15} State\_Political\_Ideology + \sum \alpha_{kit} Industry_{kit} + + \sum \alpha_{mit} Year\_Dummy_{mit} + \varepsilon_{it}.$$

Including non-activist synthetic matches in this model allowed us to capture the effect of market share on activism while controlling for selection bias. However, because non-activist firms have not engaged in CSA at the time of each event, we cannot introduce CSA-specific factors to the model. To overcome this obstacle, we utilize the Heckman correction method (Heckman 1979). Specifically, we used the residuals from the probit model in Equation (3) to calculate an inverse Mills ratio (IMR), which includes the unobserved factors that may affect a firm's propensity to engage in LGBTQIA CSA. We include the estimated IMR in the main analysis on activist firms to account for these unobserved factors:

(6) $$CAR_{it} = \lambda_0 + \lambda_1 Avg\_Market\_Share_{it} + \lambda_2 CSA\_Specificity_{it} + \lambda_3 CSA\_Messenger_{it} + \lambda_4 CSA\_Channel_{it} + \lambda_5 CSA\_Form_{it} + \lambda_6 Past\_CSA_{it} + \lambda_7 CEO\_Age_{it} + \lambda_8 CEO\_Gender_{it} + \lambda_9 CEO\_Age_{it} + \lambda_2 Size_{it} + \lambda_{10} ROA_{it} + \lambda_{11} OptCashFlow_{it} + \lambda_{12} Advertising_{it} + \lambda_{13} R\&D_{it} + \lambda_{14} Leverage_{it} + \lambda_{15} Sales_{it} + \lambda_{16} Tobin_{it} + \lambda_{17} Board\_Age\_Diversity_{it} + \lambda_{18} Board\_Nationality\_Diversity_{it} + \lambda_{19} Board\_Gender\_Diversity_{it} +$$

$\lambda_{20}State\_Political\_Ideology_{it} + \sum \lambda_{kit}Industry_{kit} + \sum \lambda_{mit}Year\_Dummy_{mit} + \varepsilon'_{it}$.

Further, we test H_2 and H_3 by adding to the model interaction terms for top-down and bottom-up legitimacy in Equation (6):

(7) $CAR_{it} = \Upsilon_0 + \Upsilon_1 Avg\_Market\_Share_{it} + \Upsilon_2 TopDown\_Legitimacy_{it} + \Upsilon_3 TopDown\_Legitimacy_{it} \times Avg\_Market\_Share_{it} + \Upsilon_4 BottomUp\_Legitimacy_{it} + \Upsilon_5 BottomUp\_Legitimacy_{it} \times Avg\_Market\_Share_{it} + \Upsilon W + \varepsilon''_{it}$.

where *i* and *t* respectively indicate the firm and the date, and ε, ε', and ε" compose the idiosyncratic errors clustered by time and firm. *W* is the matrix of control variables identical to the ones included in Equation (6). We statistically investigate the significance of coefficients λ_1, Υ_3 and Υ_4 to test H_1, H_2 and H_3, respectively.

Results

Table 2 provides the results for Equation (5). The coefficient for the interaction between CSA and Avg_Market_Share is negative and significant (α_3 = -.014, p = .017), indicating that investor response to LGBTQIA CSA becomes more unfavorable as firms' market share increases. Our findings suggest that investors neither punish nor reward low-performing firms for their LGBTQIA CSA. However, on average, investors penalize high-performing firms for engaging in similar behavior.

Table 2

Interactive Effect of CSA and Market Share on Abnormal Returns

	α	SE
Avg_Market_Share	.004	.005

Table 2 (continued)

Interactive Effect of CSA and Market Share on Abnormal Returns

	α	SE
Activist × Avg_Market_Share	-.01**	.006
Size	.00001	.00003
ROA	.01	.01
Operating_Cash_Flow	4.66e-08	1.07e-07
Advertising	3.70e-07	7.23e-07
R&D	-2.65e-07	2.64e-07
Leverage	.005	.006
Sales	-.004	.008
Tobin	-.0004	.0008
Board_Age_Diversity	-.00003	.0006
Board_National_Diversity	-.005	.005
Gender_Ratio	-.02***	.009
State_Political_Ideology	.007	.002

Note: * $p < .10$, ** $p < .05$, *** $p < .01$

Table 3 provides the results for Equations (6) and (7). The coefficient for *Avg_Market_Share* is negative and significant ($\lambda_1 = -.012$, $p < .05$) which confirms the findings of Equation (5). The results for Equation (7) shows a positive and significant moderation effect of *Top_Down_Legitimacy* ($\Upsilon_3 = .025$, $p = .004$), indicating that investors' reaction to market leaders' LGBTQIA CSA became more favorable (or, more clearly, less unfavorable) after the U.S. Supreme Court's decision to federally legalize gay marriage. Additionally, we observe a negative and significant interactive effect of *Avg_Market_Share* and *Bottom_Up_Legitimacy* ($\Upsilon_4 = -.023$, $p = .001$). This result indicates that investors' reaction to market leaders' LGBTQIA CSA became more unfavorable as more frequent CSA was conducted by the firm's competitors six months prior to the focal event. Overall, these findings support H_3 and H_4. The results of Equations (6) and (7) also confirm previous research that CSA in the form of an action (vs. a statement) receives a more negative reaction (Υs = -.0063 and -.0058, ps < .035). Furthermore,

investors are more accepting of LGBTQIA CSA when there is greater gender diversity on the board of directors (ϒs = .028 and .025, *p*s < .05).

Table 3

Interactive Effect of Market Share and Issue Legitimacy on Abnormal Returns among Activist Firms

	Without Legitimacy Variables		With Legitimacy Variables	
	α	SE	α	SE
Avg_Market_Share	-.012***	.005	-.003	.01
Top_Down_Legitimacy			.0009	.005
Top_Down_Legitimacy × Avg_Market_Share			.02***	.008
Bottom_Up_Legitimacy			.002***	.007
Bottom_Up_Legitimacy × Avg_Market_Share			-.02***	.007
Firm_Age	.00008	.00005	.00009**	.00004
Specificity	.002	.00003	.002	.002
CSA_Channel				
Online vs. PR news release	.003	.002	.003	.002
Online vs. other	.006	.003	.005	.003
CSA_Form	-.006	.003	-.006	.003
Past_CSA	.0002	.0005	.00001	.0005
CEO_Age	.0002	.002	.0003	.0002
CEO_Gender	.004	.005	.0002	.0005
Operating_Cash_Flow	-1.14e-07	1.34e-07	-9.06e-08	1.31e-07
ROA	-.00003	.0006	-.00003	.0006
Advertising	5.45e-07	8.66e-07	6.04e-07	8.27e-07
R&D	-2.99e-07	3.59e-07	-3.39e-07	2.76e-07
Leverage	.002	.007	.004	.006
Sales	.0008	.002	.001	.001
Tobin	.0002	.001	.0002	.001
Board_Age_Diversity	.00004	.0008	-.0002	.0007
Board_Nationality_Diversity	-.006	.007	-.004	.007
Board_Gender_Diversity	-.028**	.01	-.03**	.01
State_Political_Ideology	.0005	.002	-.0006	.002

Note: * $p < .10$, ** $p < .05$, *** $p < .01$

General Discussion

In the current research, we adopt an institutional perspective for understanding with clarity the role of legitimizing forces on investor response to corporate sociopolitical activism (CSA). We contend that the underlying sociopolitical stances espoused by marketplace actors evolve in their collective reception. Further, because these polarizing issues exist at the intersections of time, politics, and culture (Bhagwat et al. 2020), they are inclined to change in accordance with shifts in legitimacy—i.e., widespread recognition and empowerment—catalyzed by top-down and bottom-up processes.

In turn, the current research provides a number of significant contributions. First, our work contributes to the nascent stream of research on CSA by applying a view of the institution to CSA appraisal. Previous research has documented the consequences of engaging in CSA but overlooked the influence of exogenous legitimacy of various sociopolitical issues being raised within the marketplace (e.g., Bhagwat et al. 2020; Hydock, Paharia, and Blair 2020). This paper is the first to examine the ways in which institutional backing for a given issue—both from legal bodies and within the marketplace—affects investor response to CSA.

Second, we apply perspectives of stakeholder alignment and marketplace positioning to explain how issue legitimization from different sources may have opposite effects on activist market leaders' firm value. Our results demonstrate that, on average, top-down legitimacy (i.e., from the U.S. Supreme Court) has a cohering effect that mitigates investors' negative response to market leaders' CSA. This is because legal decisions in a democratic society are viewed as indicators of "majority opinion" on a given matter and, thus, reduce perceptions of risk associated with a given CSA stance (e.g., supporting gay marriage). Conversely, bottom-up

legitimacy (i.e., from follow-on firms) has a diluting effect that exacerbates investors' negative response to market leaders' CSA. Our theory suggests that market leaders attenuate their position as generalist firms by contributing brand resources to crowded CSA domains (i.e., bandwagons are homogenizing, and market leaders are penalized for reactive implementation of CSA). As a result, we provide a critical framework for managers to apply in strategic consideration of when and how to engage in CSA—particularly for powerful leading firms.

Finally, our work adds critical nuance to extant work addressing market share as a predictor of CSA consequences. Indeed, recent research has uncovered a negative effect of market share on consumer response to CSA (Hydock, Paharia, and Blair 2020). We extend this notion to include additional stakeholders (e.g., employees, legislators) and further demonstrate moderation via key factors impacting a focal issue's broader societal recognition.

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