Ideological Firms as Issue Entrepreneurs: Evidence from Corporate Giving to Contentious Issues

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Abstract:

This paper investigates how corporate advocacy engagement can produce unexpected consequences by triggering mobilization from opposing ideological interests. Recent research on corporate political ideologies suggests that ideological firms—firms whose organizational members are ideologically engaged—are the main and early participants in advocacy issues of contentious nature. However, what remains underexplored is whether and how the actions of ideological firms affect other firms in the population, especially the possibility that actions of ideological firms can lead to ideological opposition from their competitors, which can strategically differentiate themselves with their own issue position and gain competitive advantage. Using uniquely detailed records of U.S. corporate foundations' philanthropic giving to 4,021 advocacy nonprofits from 2003 to 2015, we find strong evidence that ideological firms' giving encourages a stronger response of giving from their ideological opponents than from their ideological allies. We also find that such asymmetry in the response between ideological opponents and allies is moderated by firm-level, issue-level and market-level contingencies, such that the asymmetry is stronger among firms with homogeneous ideological preferences, in issues that involve higher contention, and when firms face strong labor market competition. These results advance our understanding on the dynamics of ideological competition at play in the market of advocacy giving, and suggest that, without accounting for the structure of ideological competition, ideological firms' advocacy actions may backfire, leading to increased conflict and polarization.

Keywords:

Corporate advocacy giving, Political ideologies, Strategic differentiation, Counter-movements

INTRODUCTION

Corporate activism has recently been on the rise, with firms taking stances on advocacy issues of a contentious nature, such as global warming, immigration, abortion rights, gun control, and LGBTQ rights (Chatterji and Toffel, 2019; Hambrick and Wowak, 2021). For instance, in a 2019 full-page *New York Times* ad, almost 200 CEOs signed a letter that opposed state abortion bans Firms are also collaborating with advocacy groups specialized in framing civic discourse (Walker, 2014; McDonnell, 2016), as shown in the case of Patagonia's 2018 donation of $10 million to grassroots nonprofits fighting climate change. This trend has garnered increasing attention from scholars, with studies starting to examine why many firms take stances on hot-button issues even though the contention surrounding such issues has long been understood to make firms stay away (McDonnell, 2016; Chatterji and Toffel, 2019; Burbano, 2021). According to a growing body of literature on corporate political ideologies (Chin, Hambrick, and Treviño, 2013; Gupta, Briscoe, and Hambrick, 2017; Carnahan and Greenwood, 2018; McDonnell and Cobb, 2020), these instances of corporate activism reflect the ideological preferences of the firm's employees. Firms whose employees hold a strong ideology (i.e., strongly conservative or liberal) have strategic incentives to engage in ideologically charged issues that their employees care about, as doing so promotes greater employee loyalty and commitment and thus boosts their competitive advantage (Bode, Singh, and Rogan, 2015; Burbano, 2016; Carnahan, Kryscynski, and Olson, 2017; Flammer and Luo, 2017; Carnahan, Kryscynski and Olson, 2017), even when external norms around such actions have yet to emerge.[1]

In comparison, there has been relatively limited attention paid to the consequences of corporate activism by ideological firms—in particular, to the implications of an ideological firm's actions on the broader field, including the issue-related behaviors of its competitors. While existing accounts of how firms influence

[1] This is, of course, not to suggest that the preferences of other stakeholders do not matter, though on pages 13 and 16 we discuss why we expect that employees' preferences may play an especially important role in understanding corporate activism, compared with the preferences of external stakeholders such as consumers. We also empirically examine this assumption, showing that our finding is contingent upon the importance of employees for firm performance. Also, our focus on strategic drivers of corporate activism is not to suggest that increasing profits is the only, or even primary, reason firms engage in activism. We fully acknowledge that corporate activism may be driven by a range of considerations other than profit maximization, such as institutional norms and pressures among elites (Chuang, Church, and Ophir, 2011; Marquis and Lee, 2013; Marquis and Tilcsik, 2016) or the intrinsic motivation and interest of managers (Chin et al., 2013; Gupta et al., 2017). Our interest in this study is simply to understand that to the extent that firms' issue response is motivated by considerations of competitive advantage, especially in labor market competition, which firms will have the strongest incentive to respond.

others' social actions tend to emphasize homogeneity and isomorphism by showing how unitary practices spread in the field (Marquis, Glynn, and Davis, 2007; Briscoe and Safford, 2008; Briscoe, Gupta, and Anner, 2015; Marquis and Tilcsik, 2016), the ideologically contentious nature of advocacy issues, which differ from traditional service issues that elicit broad agreement among stakeholders by focusing on provisioning social goods to those in need (e.g., food and shelter), may lead to a different scenario. Indeed, a recent paper (Mohliver, Crilly, and Kaul, 2021) suggests the possibility that the competitors of an initiating ideological firm may indeed respond to its activism by joining in the debate around the given issue, but often by opposing its issue stand. In fact, scholars suggest, the dominant strategic response is to oppose an initiating firm's issue position rather than to join it in its issue stand, as it allows the responding firm to differentiate itself from the competition and maximize competitive advantage (Mohliver et al., 2021; Mohliver and Hawn, 2021).

Despite the logical and intuitive nature of this claim, however, much remains to be known about the dynamics of issue-based counter-positioning. First, we have little empirical evidence as to whether firms actually engage in these dynamics of issue-based competition in the first place. Most initial papers on this understudied phenomenon of corporate activism have taken the form of small-group experimental studies (Chatterji and Toffel, 2019; Burbano, 2021) or mathematical or verbal theoretical models (Melloni, Patacconi, and Vikander, 2019; Hambrick and Wowak, 2021; Mohliver et al., 2021). Thus, real-world evidence on how firms may compete around advocacy issues remain largely anecdotal. Although a few recent papers do show that firms increasingly lie on the opposite ends of the performance spectrum of support for LGBTQ rights (Mohliver et al., 2021) and investors respond positively to such extreme positioning (Mohliver and Hawn, 2021), up to now researchers have yet to study if such snapshots of bimodal distribution in firm performance can be generalized to the entire universe of advocacy issues, and more important, if it is indeed the consequence of competitive interaction between firms. Second, while this emerging work establishes that a firm's activism may be disproportionately met with counter-activism from its competitors, it remains unclear *which* firms in the population will be driving such a backlash. This omission matters, as the central premise of competitive strategy scholarship is that firms are not equally positioned to capture a market opportunity, given their heterogeneity in required resources and capabilities (Barney, 1991). This intuition is also consistent with the empirical observation that corporate activism is growing, yet remains a relatively rare form of nonmarket strategy, with many firms choosing to stay on the sidelines of advocacy issues even after their competitors have taken a stand (Irrera, DiNapoli, and Moise, 2020). Addressing these gaps will not only further our theoretical and empirical understanding of issue-based competition—the relatively novel idea recently introduced to strategy scholarship that firms can compete by espousing different positions on divisive issues—but may also have important social implications. The media often celebrates the growing trend of corporate activism as a catalyst for broader change around an issue (Aiello, 2017; Bersin, 2018), whereas evidence we will present on the dynamics of issue counter-positioning suggests that ideological firms' actions to promote a cause may create an opening for opposing voices among their competitors and thus further increase conflict and polarization.

In this paper, to answer the question of which firms are uniquely positioned to take advantage of the opportunity of issue counter-positioning, we bring our attention to the across-firm ideological heterogeneity that exists in the population of competitors: i.e., how competitors can vary in the ideological preferences of their own employees. Our expectation is that only the ideological opponents of the initiating firm (i.e., competitors whose workforces hold opposing ideological preferences) are uniquely positioned to oppose its issue stand, whereas its ideological allies (i.e., competitors whose employees hold similar preferences) have little to gain from such a move. This asymmetry builds on the strategic need of a fit between a firm's external issue position and its workforce's internal ideological preferences (Bundy, Vogel, and Zachary, 2018), such that the firm can strategically benefit only from taking a stand closely aligned with its employees' preferences. While counter-activism by an ideological opponent will be appreciated by its employees who disagree with the initiating firm's stand, the same move by an ideological ally will backfire, with employees penalizing the firm for undermining the issue stand they support. Such fit can also be used by stakeholders as a filter to judge the authenticity of the firm's response (Hawn and Ioannou, 2016): stakeholders may favorably view an ideological opponent's counter-activism as, at least in part, a sincere expression of its organizational members' intrinsic interest in the issue, whereas an ideological ally's counter-activism will evoke a strong sense of hypocrisy. These arguments suggest that the dynamics of issue-based competition may be shaped by the ideological heterogeneity across the competitors' workforces, with an initiating firm's activism followed by counter-activism from a select group of its competitors who lie on the opposite end of the ideological spectrum.

Empirically, we test this posited asymmetry in the response from ideological opponents vs. ideological allies by building a novel dataset of corporate advocacy giving (i.e., corporate philanthropic giving to 501c3 advocacy nonprofits via their affiliated foundations) and using it as a channel to systematically track firms' activism engagement. As corporate foundations are legally required to report details on their annual donation activities, this rich dataset allows us to track firms' engagement in advocacy issues across the entire issue universe with minimum selection bias, based on which we can test how a firm's choice of advocacy giving responds to its competitors' choice of giving to the same issue. Using over 22,812 records of advocacy grants from 441 corporations made to 4,021 501(c)3 advocacy groups across multiple issues, comprising about $1 billion in donations, we find strong evidence that ideological firms' giving encourages a stronger response of giving from their ideological opponents than from their ideological allies to the issue area of their choice. This finding of asymmetry is highly consistent, surviving our most stringent specifications with firm-issue pair fixed effects, issue-level time trends, and a battery of robustness checks. We further explore several firm-level, issue-level, and market-level contingencies that moderate this pattern of asymmetry, finding that the selective counter-response from ideological opponents is stronger for firms with homogeneous preferences, for advocacy issues that are more contentious, and for firms that face stronger labor market competition. These results not only offer further guidance in understanding *who* will likely drive the ideological opposition, *where*, and *when*, but also clarify and validate our main theoretical mechanisms that drive the observed finding of asymmetry. Finally, in the supplementary analyses, we also confirm the pattern of ideological clustering in firms' grant recipient choices, finding that firms with different ideologies do fund different nonprofits within each issue.

Our study makes several contributions to the literature. First, this study contributes to a burgeoning literature on corporate activism by furthering our understanding of the underexplored dynamics of issue-based competition (Chatterji and Toffel, 2019; Burbano, 2021; Hambrick and Wowak, 2021; Mohliver et al., 2021; Mohliver and Hawn, 2021). Specifically, by highlighting the importance of strategic fit between a firm's position and the internal preferences of its membership, we provide a theoretical and empirical answer to the open question of which competitors are likely to oppose an initiating firm's activism with their own position. Second, by moving beyond the extant focus in the literature on the direct effect of a focal firm's ideology on its own social actions to consideration of its competitive implications, our work extends extant understanding of the role of corporate political ideology (Chin et al., 2013; Gupta et al., 2017; Carnahan and Greenwood, 2018; McDonnell and Cobb, 2020). This paper highlights how the across-firm heterogeneity in the ideological preferences of firms' employees can be leveraged as a source of issue-based differentiation between firms for their labor market advantage. Third, our study extends social movement scholarship, which tends to locate the source of contention around corporate social practices as coming from the outside: notably, contention between social movement groups, often called "extra-institutional entrepreneurs" for this very reason (McCarthy and Zald, 1977; King and Soule, 2007; Hiatt, Sine, and Tolbert, 2009; King and Pearce, 2010). This paper broadens our understanding of the role of for-profit corporate actors around sociopolitical issues by showing that some firms may play a proactive role to promote their employees' unique interests, and that contention between different ideological interests may arise within the population of firms themselves. Finally, our finding on the stronger response from ideological opponents contributes to a small but growing body of work that questions the impact of firms' social initiatives on society (Margolis and Walsh, 2003; Luo, Kaul, and Seo, 2018; Ballesteros and Gatignon, 2019; McGahan and Pongeluppe, 2020), by suggesting that corporate activism may fail to serve as a catalyst for social change, with firms exploiting growing ideological contention around advocacy issues as a novel source of their strategic differentiation.

LITERATURE REVIEW AND THEORETICAL DEVELOPMENT

While the conventional wisdom holds that firms are better off staying under the radar around sociopolitical issues of contentious nature to avoid alienating different-minded stakeholders, recent years have shown a growing recognition of the strategic value of corporate activism. Linking scholarship on strategic corporate social responsibility (CSR) that recognizes firms' voluntary social engagement as a source of competitive advantage (Henisz et al., 2014; Dorobantu et al., 2017; Kaul and Luo, 2018), scholars suggest that, especially with growing political and ideological divisions within the American public, taking a stand on these hot-button issues allows firms to differentiate themselves to key stakeholders who agree with the stand and boosts their competitive position. Specifically, the idea is that a firm taking a stand on sociopolitical issues will shape stakeholders' perceptions that the firm shares aligned values and in turn increase their willingness to support the firm, which translates into a variety of strategic benefits such as higher willingness to pay from consumers or stronger motivation from employees (McKean and King, 2019; Melloni et al., 2019; Hambrick and Wowak, 2021).

Some studies have also investigated the consequences of corporate activism (Chatterji & Toffel, 2019; Burbano, 2021). Of particular importance for our study is a small yet emerging line of s scholarship that questions the competitive consequences of corporate activism—that is, how competitors respond to an initiating firm's activism (Mohliver et al., 2021). An answer to this question matters given that how a firm's activism impacts both it and society critically depends on how other firms react to such activism (Hunt, Benford, and Snow, 1994; Briscoe and Safford, 2008; Briscoe et al., 2015). In particular, it remains unclear whether a firm can encourage the participation of others and create broader issue support, as is often assumed in the media accounts that celebrate corporate activism as a catalyst for social change (Aiello, 2017; Bersin, 2018). Existing scholarly accounts of the diffusion and institutionalization of CSR practices suggest that such spillover effects may arise. Firms often give to social issues that other firms have given to, showing a high similarity in the portfolio of giving across competitors in the same industry (Useem and Kutner, 1986; Raffaelli and Glynn, 2014). This pattern of homogeneity, extant studies suggest, arises from the uncertainty that many firms face in deciding where to give (Marquis et al., 2007; Marquis and Tilcsik, 2016). In the face of this uncertainty, firms often follow the pattern of their competitors' giving, as such giving may signal stakeholder interest in a particular social issue and suggest market opportunities (Yue, Rao, and Ingram, 2013; Briscoe et al., 2015). A firm's activism may also create an endogenous market opportunity for its competitors by creating an audience that expects other firms to speak up as well, thus creating rare windows of sociopolitical openness for institutional change (Cress and Snow, 2000; Meyer, 2004). In so doing, firms can essentially act as issue entrepreneurs—a role traditionally assumed to be that of extra-institutional actors such as social movement organizations (King and Soule, 2007)—that create and amplify the salience of an issue their organizational members care about (McCarthy and Zald, 1977). These arguments suggest that an ideological firm's activism may indeed encourage activism from its competitors by creating strategic incentives for them to contribute to the issue with additional support.

However, a small body of nascent scholarship suggests that this simple extension of extant accounts of CSR diffusion may fail to hold in the case of corporate activism (Mohliver et al., 2021; Mohliver and Hawn, 2021). The first point of departure that builds on the insight from broader movement and diffusion literature is a greater need to consider variation in the way that competitors may react to an initiating firm's action (Goodrick and Salancik, 1996; Ansari, Fiss, and Zajac, 2010). While some followers may expand issue support by advocating for the issue position of the initiating firm, others may choose to promote different or even opposing positions. This latter response is especially likely when not everyone agrees with the initiating firm's issue stance, creating market opportunities for such a backlash, as would be the case for corporate activism around a contentious advocacy issue. Unlike traditional service issues whose need elicits broad agreement among most stakeholders (e.g., providing food and shelter to people in need), which have been the focus of most CSR studies, broader movement scholarship by sociologists highlights stakeholder heterogeneity around many advocacy issues, which a substantial number of people take a stance both for and against, depending on their ideological leanings (Skitka and Tetlock, 1993; Jost, 2006): conservatives and liberals often fundamentally disagree about the correct stance on issues such as LGBTQ rights, immigration, abortion rights, etc. On these issues, an initiating firm's activism is unlikely to garner universal support and emerge as a dominant standard. Rather, it may open the door not just to additional issue support, but also to countermobilization from opposing ideological interests (Useem, 1980; McCarthy and Wolfson, 1992; Meyer and Staggenborg, 1996). In the face of such stakeholder heterogeneity, competitors of an initiating firm face strategic choices on how to respond to its activism should they choose to respond: they can either join the initiating firm in its stand or take a stand for the opposing position.

The second point of departure advanced by recent strategy scholarship is a potential asymmetry in the two types of competitor responses to an initiating firm's activism. Specifically, scholars argue that an initiating firm's activism may create disproportionately bigger strategic incentives for its competitors to oppose its activism rather than to support it (Mohliver et al., 2021). As posited by the classical theory of competitive differentiation (Porter, 1997; Baum and Haveman, 1997; Zhao et al., 2017), this claim rests on the logic that a responding firm's strategic gain and competitive advantage from its response will be maximized when it can differentiate itself from the initiating firm's stance. Opposing an initiating firm's issue stand is one way to achieve such differentiation-based comparative advantage, as the firm can sufficiently distance itself from the competition and appeal to stakeholders who are alienated by the initiating firm's activism. In contrast, firms face relatively limited scope for strategic differentiation should they choose to stay close in their issue stand to the initiating firm's, given the similarity in their positions. Since they are not the first to take a stand on the issue, these conforming actions may be seen as less novel and unique, which can limit strategic rewards from such actions. Building on this logic, using a formal modeling approach, Mohliver et al. (2021) show that the dominant strategic choice for a firm around highly contested advocacy issues is to take an opposing stand from the initiating competitor's, which maximizes the responding firm's differentiation and competitive advantage.

Which firms will engage in issue-based competition?

While this nascent scholarship offers conceptual foundations for the potential of counter-activism from competitors, however, researchers are only beginning to develop an understanding of this novel mode of issue-based competition, including *which* firms are likely to drive such a response. Given that the lone study on this issue (Mohliver et al., 2021) paid little attention to the implications of firm heterogeneity, this remains as a gap in the literature. Yet, the central premise of strategy research suggests that not every firm will be equally positioned to capture the market opportunity a competitor's activism presents, as only select firms will be equipped with the necessary resources and capabilities to do so (Barney, 1991). This intuition is also consistent with the empirical observation that corporate activism is growing, yet remains a relatively rare nonmarket strategy, with many firms choosing to stay silent on contentious issues, even when their competitors take a stand (McDonnell, 2016; Irrera et al., 2020). The question of interest thus becomes which firms are uniquely positioned to take advantage of the opportunity of issue counter-positioning that arises from their competitor's activism.

To answer this question, we bring attention to the across-firm heterogeneity in the ideological disposition of competitors' workforces, who comprise one of the key stakeholders that can shape whether and how these competitors will respond to the initiating firm's activism. An impressive body of recent research on corporate political ideology shows that firms often develop strong internal ideological preferences among their membership, allowing themselves to be positioned on a conservatism-liberalism continuum in the U.S. context (Chin et al., 2013; Briscoe et al., 2014; Gupta et al., 2017; Carnahan and Greenwood, 2018; Gupta and Briscoe, 2020). Such distinctive ideological leanings at the firm level are the consequence of an organic sorting process whereby individuals are attracted to firms whose employees exhibit similar preferences to their own and leave for alternative workplaces that provide better person–organization fit (Schneider, 1987; Bermiss and McDonald, 2018). Notably, this organic sorting process may not just mean a growing homogeneity within a firm's workforce, as highlighted by existing scholarship, but may also lead to a significant across-firm heterogeneity across different firms' workforces, with "red" and "blue" firms co-existing in the population of competitors. This means that the population of potential followers may vary significantly in the ideological preferences of their workforces, such that it often includes not just firms whose employees hold similar ideological preferences to those of the initiating firm (i.e., ideological allies), but also those whose employees hold different and even opposing preferences (i.e., ideological opponents). After all, research increasingly suggests that the ideologically charged nature of advocacy issues makes firms at both ends of the ideological spectrum viable and willing participants in the public discourse around those issues (Hambrick and Wowak, 2021; McDonnell and Darnell, 2021). Importantly, this heterogeneity in the ideological disposition of competitors' workforces may lead to an asymmetric pattern of response between these two groups of ideological opponents and allies because of a strategic need to tailor a firm's external issue position to the internal preferences of its employees (Bundy et al., 2018).

On the one hand, for ideological opponents, we can expect that issue counter-positioning is a great strategic opportunity to create value for their key stakeholders and differentiate themselves from the competition, as this counter-positioning is closely aligned with their employees' ideological preferences. Employees of ideological opponents are likely to respond negatively to the activism of initiating firms that do not share their issue position—even when they do not work for those firms—since activism by ideologically different-minded actors with competing issue positions may undermine employees' own issue position, thus raising the costs of inaction and representing a threat. Such perceptions of a threat may then convert to employees' increased demand for counter-activism by a firm that shares their stance, an idea consistent with research showing that a threat by opposing ideological interests is known as one of the main triggers for the rise of movement-countermovement dynamics (Useem, 1980; McCarthy and Wolfson, 1992; Meyer and Staggenborg, 1996). Engaging in counter-activism makes the firm more attractive and differentiated to its employees since they are happy to know that the firm—unlike its competitor—shares their personal values and has helped to undermine the issue-related efforts of the initiating firm that they see as undesirable. In this way, issue counter-positioning can create value and competitive advantage for ideological opponents as a strategic choice closely aligned with their key stakeholders' ideological preferences. This close alignment may also help ideological opponents to credibly communicate the sincerity of their counter-position, further boosting strategic benefits from such action (Hawn and Ioannou, 2016). Scholars suggest that for-profit firms, unlike non-profit entities such as activist groups, do not traditionally participate in activism and thus lack in public trust and moral authenticity (Selznick, 1949; Walker and Rea, 2014). Thus, stakeholders are known to be especially wary of potential economic, political, or other ulterior motives that may drive corporate activism, limiting its strategic benefits (Yue, 2015; Werner, 2017). Yet, ideological opponents may be able to alleviate such authenticity-related concerns of stakeholders. This is because in the face of uncertainty about the nature of the firm's motive, stakeholders may try to judge the sincerity of its action by evaluating the fit between its external issue position and its workforce's internal preferences (Moulard, Raggio, and Folse, 2016; Joo, Miller, and Fink, 2019), with existing evidence suggesting that the ideological inclinations of firm members are often visible to other actors, such as activist groups, and used as information to shape their actions (Briscoe et al., 2014). As an ideological opponent's counteraction against the competition is strongly supported by its broad organizational membership, stakeholders may be inclined to favorably view such choice as, at least in part, an internally driven, sincere expression of its issue-related views based on organizational values (Cuypers, Koh, and Wang, 2016).

In contrast, ideological allies do not stand to gain from opposing an initiating firm's issue position. In the eyes of ideological allies' employees, an initiating firm's activism will be seen as an action to be emulated rather than undermined, as its issue position is closely aligned with their own preferences. Thus, taking an opposing position is not a strategically feasible option for these ideological allies, as it means going directly against what all or most of its employees want. Their effort to differentiate themselves from the initiating firm by opposing its issue position will not create value for them, as it won't be appreciated by their employees and results in little strategic gain. Ideological allies will also incur significant strategic costs from issue counter-positioning, which is a choice misaligned with what their employees want. Employees who perceive such misalignment between their values and those of their employer may experience lower job satisfaction and organizational identification, and punish the firm for undermining a stand that they support by showing lower motivation and productivity, or leaving altogether (Bermiss and McDonald, 2018; Burbano, 2021). Moreover, perceived misfit between the firm's issue position and its internal members' preferences may evoke a strong sense of hypocrisy and lead stakeholders to believe that the firm's positioning is merely an externally driven, opportunistic attempt to differentiate itself from the competition, which neglects the genuine issue-related concerns of its own members. According to recent evidence, stakeholders discredit or even penalize activism seen as hypocritical and primarily driven by extrinsic, profit-maximizing motives (Korschun et al., 2019; Li and Soule, 2021). Thus, contrary to the case of ideological opponents, issue counter-positioning is not a strategically valid option for ideological allies: they have little to gain, and much to lose.

Overall, taking a different stand from the initiating competitor is a strategic opportunity uniquely available to firms whose workforces hold opposing ideological stances: a firm can expect strategic benefits by advocating against the issue position of its competitor only when the counter-position it chooses to take is closely aligned with the organizational values it holds internally. Importantly, these arguments suggest that all else being equal, the initial action of an ideological firm can create a disproportionately larger economic incentive for subsequent action by its ideological opponents than for action by its ideological allies, as ideological opponents stand to benefit from opposing the initiating firm's issue stand, whereas ideological allies have little to gain from such a move. Of course, this is not to suggest that ideological allies have no strategic responses to choose from. For example, ideological allies can choose to lend additional support for the same issue position previously advocated by their competitors. However, as argued in Mohliver et al. (2021), the expected strategic benefits from this move are likely to be limited, as it does not differentiate them from the competition. Since they are not the first one to take a given position on the issue, many of their employees will also likely see its action as less novel and even take it for granted, showing limited willingness to reward the firm's action.[2] Thus, we expect that an ideological firm's giving would invite a stronger reaction from its ideological opponents than from its ideological allies.

Hypothesis 1. Firms give more to an advocacy issue area when it is supported by its ideological opponents than when it is supported by its ideological allies.

Moderating Conditions

The discussion above not only predicts that ideological opponents of an initiating firm can expect greater economic benefits from their subsequent issue counter-positioning than ideological allies can from any subsequent support of the initiator's stance, so that the response from ideological opponents will generally dominate the response from ideological allies, but it also suggests that the strength of this asymmetry will vary with the relative strength of the underlying drivers. We therefore consider key firm-level, issue-level, and market-level contingencies that we expect to moderate the posited asymmetry in the response from ideological opponents vs. allies, based on our main logic.

First, we expect ideological homogeneity to serve as the key firm-level contingency. Specifically, the more homogeneous an ideological opponent is in its employees' ideological preferences, the stronger its response to the initiator's stance will be. As noted, the literature on corporate political ideology shows how firms often develop a distinctive ideological preference in their workforce, with employees being drawn to firms whose employees have similar moral and ideological preferences to themselves (Gupta et al., 2017;

[2] Another option is to vertically differentiate themselves by doing "more" in advocating for the same issue position—for example, by donating more money to advocacy nonprofits that promote such a position. But yet again, the net gains from this approach are limited, not only because it requires spending more money (which ideological opponents do not have to do—they can simply take a different position, potentially by matching the dollar spending), but also because growing evidence suggests that stakeholders are insensitive to the scale of public goods provisioned by firms, concerned primarily with whether an issue of their interest gets support rather than how much support it gets, often because they are not the direct beneficiaries of such support (Singh, Teng, and Netessine, 2019; Seo, Luo, and Kaul, 2021).

Bermiss and McDonald, 2018; Gupta and Briscoe, 2019; Bermiss and McDonald, 2018; McDonnell and Cobb, 2020). This suggests that firms tend to face relatively homogeneous preferences among their workforces[3] compared with the ideological preferences among other stakeholders such as consumers, who are more likely to be characterized by a high level of heterogeneity. However, this assumption may not always hold, as not all firms face skewed member profiles. Indeed, Gupta et al. (2017) document the existence of many "purple" firms whose employees are split in their ideological preferences, with some employees leaning blue and others red. Importantly, this within-firm ideological diversity will limit the strategic benefits that ideological opponents can expect from their counter-positioning. With higher ideological disagreement among the workforce, firms can expect rewards from only the portion of their employees who support their position, and will also even face penalties from the other portion of employees who disagree with their position (Burbano, 2021). Also, in such ideologically heterogeneous firms, no clear internal consensus as to which issue stand to pick is likely to emerge, no consensus to which employees can attribute the firm's counter-activism and thus favorably judge its authenticity. This may prevent "purple" ideological opponents from effectively signaling the authenticity of their issue counter-positioning. Thus, the higher the average ideological heterogeneity among an ideological opponent's workforce, the lower the strategic benefits it can expect from its employees in return for opposing the initiating firm's issue stand, which will weaken the posited dynamics of asymmetry from ideological opponents vs. allies.

Hypothesis 2. The asymmetry in the response of ideological allies and opponents is stronger the more ideologically homogeneous the firms are.

Second, we consider contention around advocacy issues as the key issue-level contingency that moderates the asymmetry in the response from ideological opponents vs. allies. Underlying our main logic behind such asymmetry is the ideologically contentious nature of advocacy issues, based on which we expect that initiating firms' activism creates market opportunities for backlash from ideological opponents. While

[3] In fact, this unique clustering of similar-minded individuals within the organization via this organic sorting process is why we consider employees' ideological preferences as a key driver of corporate activism. This is not to suggest that the dynamics of ideological clustering may arise among other types of stakeholders, such as consumers. Smaller, specialized firms such as Patagonia may indeed pursue an explicit differentiation strategy based on their ideological positions on salient divisive issues to appeal to niche customer segments (Giarratana and Fosfuri, 2007; Barroso and Giarratana, 2013). The point is that the dynamics of ideological clustering may arise organically among the group of employees even without an explicit positioning strategy.

any advocacy issues involve contention by default—otherwise, there would exist no need for advocacy in the first place—advocacy issues do vary in how much contention they involve, with distinctive distributions of stakeholder attitudes around different issues creating varying opportunity structures for opposition (Meyer, 1993; Baldassari and Bearman, 2007; Meyer and Hollerer, 2010). Where the movement-countermovement dynamics have been historically documented in the broader movement literature (Durham, 2000; 2007; Lo, 1982; Blee and Creasap, 2010), issues such as racial equity, abortion, and LGBTQ rights have involved the fiercest contestation. On these issues, struggle with alternative perspectives may even be seen by people with strong ideologies as their reason for being (Selznick, 1960; Barnett and Woywode, 2004). Stakeholders may not only be willing to take the time and effort to closely monitor actions of corporate actors in these highly contested issues, but they may also greatly appreciate and put a high price on the counteraction of a firm that promotes their position over another firm's activist stance, boosting the expected economic rewards from such action. In comparison, many other advocacy issues (e.g., senior rights, school vouchers) involve relatively limited levels of contention because they are recognized by a relatively smaller portion of the population as a cause for concern, and also because contention around the issues does not neatly follow the usual liberal–conservative ideological fault lines. Fewer stakeholders will notice the initiating firm's stand on those issues in the first place, limiting the expected rewards for counter-positioning. Also, any stakeholders who do notice the stand will take less offense from it, and may thus be relatively indifferent to any competitor firm's effort to undermine it, because issue positions around these issues are less ideologically polarized. Therefore, a stronger response from ideological opponents will be disproportionately concentrated in advocacy issues with higher contention.

Hypothesis 3. The asymmetry in the response of ideological allies and opponents is stronger the more contentious the advocacy issue is.

Third, we expect the moderating effect of labor market competition on the posited asymmetry in the response between ideological opponents and allies. According to our arguments, subsequent issue investment following an initiating firm's activism presents an opportunity for strategic differentiation for firms that are its ideological opponents, which can distance themselves from the original supporter by using their own issue positions. Importantly, this opportunity for additional differentiation holds greater value for firms that face stronger market competition. Specifically, while prior work has long focused on the effect of product market competition on firms' social engagement (Fernandez-Kranz and Santalo, 2010; Flammer, 2015; Mohliver et al., 2021), in this paper, we highlight the role of labor market competition, expecting that such competition will make firms pay more attention to their employees' ideological preferences and shape the nature of social actions and issue positions accordingly. After all, compared with external stakeholders, employees can be particularly sensitive to whether the firm's activism and its issue position are aligned with their values, as they tend to develop greater identification with the firm, with their identity often at stake in the firm's actions and reputation (Ashforth and Mael, 1989; Dutton and Dukerich, 1991). As organizational insiders who work within firm boundaries, employees are also more likely to pay greater attention to and stay informed of their firm's actions (Pandit, Jacqueminet, and Bode, 2021), suggesting the role that employees play as key stakeholders shaping the firm's issue-related behaviors. Of course, this need to account for employee preferences will vary by firm, with firms that face "talent wars" (Coff, 1997; Gardner, 2005; Somaya and Williamson, 2008; Tan and Rider, 2017) having greater strategic incentives to differentiate themselves in the labor pool by promoting and defending their employees' preferred stand against the competition's. For this reason, we can expect that ideological opponents facing stronger labor market competition will more likely oppose a competitor's issue stand, so that they can leverage ideological contention around advocacy issues and their employees' disutility from an initiating firm's activism as a novel source of their strategic differentiation. Thus, the stronger the labor competition among firms, the stronger the likelihood that there will be a strong response from ideological opponents, which would amplify the pattern of asymmetry in the response from ideological allies and opponents to a competitor's issue activism.

Hypothesis 4. The asymmetry in the response of ideological allies and opponents is stronger when the labor market competition is stronger.

EMPIRICS

Finding large-scale data that allow systematic tracking of multiple firms' advocacy engagement across the entire issue universe is not easy. For this reason, most initial attempts to understand the phenomenon of corporate activism have taken the approach of small-group experimental studies (Chatterji and Toffel, 2019; Korschun et al., 2019; Burbano, 2021) and mathematical or verbal theoretical models (Mohliver et al., 2021; Hambrick and Wowak, 2021), which leaves it unclear if and how real-world firms actually compete around advocacy issues in the first place. Recent papers have alternatively used few available archival records of firms' performance around advocacy issues but the availability of such records limited the coverage of these studies typically to a single or a few issues (Mohliver et al., 2020; Mohliver and Hawn, 2020). Others broadened the issue coverage based on media report-based sampling (e.g., media articles, press release) to track corporate advocacy engagement across multiple issues (McKean and King, 2019), but this approach may suffer from selection biases (Earl et al., 2004). For one, cases of corporate activism that firms choose to heavily advertise are more likely to be captured in the media search and thus overrepresented in the sample, whereas other cases that do not get advertised—potentially because such activity is more geared towards meeting the demands of internal stakeholders such as employees—are underrepresented. Few success cases of corporate activism that scale up and attract enough media and public attention may also be overrepresented in this sample, while many other cases that fail to do so may be underrepresented.

We test our theoretical arguments by building a novel dataset which allows progress on these empirical issues. Specifically, we build a database of corporate advocacy giving: that is, firms' support of 501c3 advocacy nonprofits via philanthropic donations. In the nonmarket literature, corporate philanthropy has primarily been conceptualized as the voluntary mechanism of corporate wealth redistribution—the way in which firms give back to society—by funding so-called service nonprofits (e.g., soup kitchen, homeless shelter) that provision social goods and services (e.g., food and shelter) to those in need. However, the population of recipients of corporate giving include not only service nonprofits, but also advocacy nonprofits such as activist groups and think tanks. Importantly, this suggests that corporate giving to advocacy nonprofits can be used as a novel channel to systematically track firms' advocacy issue engagement at a large scale. The main advantage using the donation records of corporations—especially, donation of corporate foundations—lies in its comprehensiveness (Luo et al., 2018): corporate foundations are legally required to file detailed information in their grant records annually via IRS Form 990s. This data is compiled from

Foundation Center, whose Foundation Directory Online database provides the single most comprehensive coverage on U.S. based philanthropic foundations and their grants. We identify corporate foundations affiliated to U.S. public firms in this database and collect their grant records from 2003 to 2015.

Of course, the key challenge for this study's interest is identifying the sub-sample of corporate advocacy giving out of over 1 Mil individual records of entire corporate foundation giving made during this period, by tracking which grants specifically go to advocacy nonprofits. This requires collecting information on not just corporate grantmakers (which most previous studies on corporate giving focus on), but also a uniquely detailed information on the nonprofit recipients of corporate giving: most importantly, a nonprofit's primary organizational function, based on which we can break down giving to advocacy vs. service nonprofits at an individual grant level. Following the previous studies (McCarthy and Zald, 1977; Minkoff and Agnone, 2010; Suárez, 2012), we operationalize a given grant as advocacy giving if it goes to nonprofit whose primary purpose is advocacy as defined by National Taxonomy of Exempt Entities Core Codes (NTEE-CC; a standard classification system in nonprofit sector similar to SIC in for-profit sector)[4]. To this end, we hand-collect a unique organizational identifier (EIN) on the 48,325 recipients of entire corporate foundation giving from 2003 to 2015, and then match this recipient list based on EIN to the second main database of this study: Exempt Organizations Business Master File Extract, which is a master file providing granular organizational characteristics on over 1 Mil U.S. tax-exempt nonprofits. This matching process allows us to identify 22,812 records of corporate advocacy grant made to 4,021 advocacy nonprofits across 22 different issue areas from 2003 to 2015, which amount to around one billion dollars. Using this data, we can track not only a variation in multiple firms' advocacy engagement over time, but also a variation in their engagement across the entire issue universe, while minimizing the bias of sample selection by capturing the comprehensive records of corporate giving that flows into advocacy nonprofits.

In addition to the data on corporate advocacy giving, this paper's inquiry also requires the dataset on firms' ideological characteristics. We follow the approach of identifying organizational ideologies of firms

[4] This mostly includes R (Civil Rights, Social Action, Advocacy) in NTEE major code, or 01 (alliances & advocacy) and 05 (public policy analysis) in NTEE subcode. Details of categorization scheme reported in Appendix Table 1. Distribution of corporate advocacy giving across these issue areas in our dataset is shown in Appendix Figure 1.

based on campaign contributions of individuals within a firm, whose empirical validity has been demonstrated in a considerable body of literature (Gupta et al., 2017; Bermiss and McDonald, 2018; Carnahan and Greenwood, 2018; McDonnell and Cobb, 2020). The data on individuals' campaign contributions come from Bonica's 2013 DIME database. We collect political contributions of all individuals that report their main employer as a given firm in our sample to calculate the firm-level ideological attributes. Finally, for additional firm-level financial and operational information, we draw on Compustat, KLD Research & Analytics, Lobbyview.org (Kim, 2018), and Labor Force statistics from the Current Population Survey, which provide.

Our final sample frame is 158,400 firm-issue-year observations based on giving records of U.S. public firms via corporate foundations. In this dataset, for each firm-issue pair, We can observe if a firm gave to the issue in a given year, and also if its industry competitors gave to the same issue in the previous year, across the entire issue universe. According to this data, 32% of the firms in the sample never give to advocacy giving, whereas 68% give at least once to advocacy issues during our study period. To minimize concerns on selection bias, our sample includes observations for those firms that never give, whose advocacy giving in each issue is always coded as zero, though results using the sub-sample of advocacy givers that do give at least once during our study period are highly consistent. Even among the population of advocacy givers, advocacy giving is not common. On average, only 16% of firms give consistently throughout our analysis period, with the average likelihood of firms donating to any advocacy issues each year being 27%. At the firm-issue level, the average yearly contribution to a given advocacy issue is $4,891, though zeros represent 95 percent of all firm-issue combinations. These patterns are consistent with our extant understanding that firms' engagement in contentious advocacy issues remains rare (McDonnell, 2016).

Variables

Dependent variable. Dependent variable (DV) of this study is the *Choice of Advocacy Giving*, which is measured as a dummy variable indicating whether a focal firm made donation to an issue in each year. This measure proxies for a firm's yearly decision to engage in each "market" of advocacy issue. It builds on the understanding each advocacy issue (e.g., environment, health, education, civil rights) can be understood as a market different from others that involve its own stakeholder base (e.g., customers, employees, and activists that care about the issue) and its own set of participants (e.g., advocacy nonprofits and grantmakers, including firms). Accordingly, market condition and opportunities of social action vary significantly across issue areas, over time (Meyer, 2004). The classification of causes follows, again, NTEE-CC system. Thus, according to our data construction, in each year, a firm is assumed to make decisions on whether it would contribute to each one of 22 issues, which would be reflected in the variation observed in this DV. While the decision to use a dummy variable as our main outcome is based on a high occurrence of no annual donation in each issue as described above, in the robustness check, we confirm that our findings are highly consistent using the logged amount of a firm's advocacy giving as an alternative DV.

Independent variables. To create main regressors of this study, we first start by creating the baseline variable of *Giving by Industry Competitors,* which measures whether a focal firm's competitors in the same industry (NAICS 2 digit) made donation to an issue in a given year, consistent with how advocacy giving of a focal firm (DV) is measured. And we then break down this variable into two components based on the ideological position of givers: *Giving by Ideological Allies* and *Giving by Ideological Opponents*. To this end, we measure an ideological position of each firm, by calculating the average ideological score of the firm's individual employees that made campaign contributions during our study period, with each individual's ideological scores weighted by the frequency of their contributions. Ideological scores of each firms' individuals used to calculate this measure are derived from the common-space CFScore in DIME data (Bonica, 2013). Using the intuition that individuals with similar ideologies donate to similar political candidates, Bonica's CFScore places individuals' ideology on a scale of –2 (highly liberal) to +2 (highly conservative) based on their political contribution patterns. Consistent with the extant understanding that individual campaign contributions are primarily a type of consumption good whereby ideological individuals express their intrinsic preferences on political and social issues (Ansolabehere, De Figueiredo and Snyder, 2003, Bonica, 2016), the majority of employee contributors in our sample exhibit a pattern of partisan giving as shown in the bimodal distribution of Appendix Figure 2, with most employees showing highly liberal or highly conservative tendencies in their giving. Corporate ideological position, which is calculated by aggregating these individuals' positions at the firm-level, ranges across the entire ideological spectrum, shown in Appendix Figure 3. Firms whose ideological position takes positive values are categorized as conservative firms (i.e., red firms), and firms with negative values as liberal firms (i.e., blue firms). Based on this categorization, *Giving by Ideological Allies* is defined as other blue industry competitors' advocacy giving for a focal blue firm, and other red industry competitors' giving for a focal red firm. *Giving by Ideological Opponents* is defined as red competitors' giving for a focal blue firm vs. blue competitors' giving for a focal red firm.

Control variables. First, we control for the dummy variable of *Giving by Other Firms*, which indicates if firms outside the boundary of a focal firm's industry gave to a given issue in a given year. This serves as an empirical counterpart compared to which we can evaluate the effect of industry competitors' advocacy giving decisions on a focal firm's giving. Second, we control for firm-level financial and operational attributes. They include a firm's *R&D-to-Sales Ratio, Advertising-to-Sales Ratio,* and *Capex-to-Sales Ratio*, measured by its expenditure in each area scaled by total sales, all of which have been shown to affect the firm's giving in previous studies (Surroca, Tribó and Waddock, 2010; Zhao and Murrell, 2016). We also control for a firm's *Lobbying-to-Sales Ratio*, to account for the extent to which its advocacy giving is politically motivated and used as a complementary tactic for lobbying (Wang and Qian, 2011; Werner, 2017; Bertrand et al., 2020). Additional controls include a firm's *Size,* which is a logged measure of its total assets, and its financial performance, measured by return on assets (*ROA*). We include the index of *CSR rating* to control for the potential role of firms' other areas of social engagement on their advocacy giving decisions, which is measured as the firm's net KLD score (Mattingly and Berman, 2006). We also control for *Female Board Ratio*, calculated by the number of a firm's female board members scaled by its total board size, given the prior evidence that documents its link to firms' social actions (Marquis and Lee, 2013). The third set of controls is to account for the potential influence of external market conditions on firms' advocacy giving. Specifically, we account for the competitive intensity in the firm's main market (Flammer, 2015) by including the ratio of *Market Concentration*, measured by the Herfindahl index of market share distribution across firms in the same NAICS 2-digit code as the focal firm. Considering previous studies that highlight the importance of a firm's geographic community in its CSR and philanthropic practices (Marquis et al., 2007), we also include the size of *Headquarter Population* (in millions) and the *Headquarter Poverty Ratio* in the firm's headquartered state.

Table 1 reports summary statistics and correlations of variables. While the measures of *Giving by Ideological Allies* and *Giving by Ideological Opponents* show a relatively high correlation with each other (27%), in all specifications, mean VIF and individual VIF for any of the variables does not exceed 2, which is below the threshold that may signal a multicollinearity issue (Greene, 2012). Our main analyses thus use raw measures of each variables, though we find that the findings are consistent with the use of orthogonalized measures of two main variables and also in the specifications that separately estimate the effect of each variables.

Insert Table 1 about here

Methodology

We estimate the following regression that examines the relationship between a focal firm's giving and its ideological opponents' and allies' giving in the previous year.

$$Giving\ by\ a\ focal\ firm_{ijt+1}$$
$$= f\left(Giving\ by\ ideological\ opponents_{ijt}, Giving\ by\ ideological\ allies_{ijt}, controls_{it}, FE_{ij}, FE_{jt}\right)$$

where $Giving\ by\ a\ focal\ firm_{ijt+1}$ is the dummy variable of advocacy giving by firm i in issue j at year $t+1$, $Giving\ by\ ideological\ opponents_{ijt}$ is the dummy variable of advocacy giving made by firm i's ideological opponents in issue j at year t, and $Giving\ by\ ideological\ allies_{ijt}$ is the dummy variable of advocacy giving made by firm i's ideological allies in issue j at year t. In addition, I include a vector of time-varying firm and industry level characteristics $controls_{it}$ at year t. We further control for year, issue and firm fixed effects in all specifications.

Our granular data structure allows us to employ the demanding set of fixed effects, which include firm-issue pair fixed effects FE_{ij} and issue-year level fixed effects FE_{jt}. This allows us to mitigate confounding influences of omitted variables that may cause behaviors of competitor A and B to vary in the same direction, which is one of the most salient concerns in any empirical analysis that link different firms' behaviors to identify interdependencies (Manski, 1993). For one, unobserved industry-issue specific factors may create strategic incentives for firms in the same industry to co-invest in a given issue than others (e.g., oil firms giving to environmental issue). Or, within a given industry, there may exist a sub-group of firms with shared organizational capabilities and resources, which make them pay more attention to a set of issues than others. Firm-issue fixed effects FE_{ij} mitigate these concerns by controlling for all time-invariant firm-issue specific heterogeneity, with industry-issue specific influences also captured in these effects. We also include issue-level time trends FE_{jt} to deal with potential common shock of time-varying nature that may confound our results. These shocks can be exogenous events that raise saliency of an issue over others (e.g., recent Supreme Court ruling on LGBTQ discrimination in the workplace), leading different firms to simultaneously increase their spending on the issue. With issue-year specific fixed effects further added, our analyses mitigate these concerns about omitted variables by absorbing not only all time-invariant firm-issue specific heterogeneity and but also all issue-specific time trends.

We use a linear probability model in our main models reported below, though results are robust to a variety of other specifications including fixed effects logit or standard OLS regressions using the logged amount of giving by a focal firm and its ideological opponents and allies as alternative dependent and independent variables, respectively. All regressions cluster standard errors at the firm-issue pair level.

RESULTS

We present the results of our main analysis in Table 2, controlling for increasingly more demanding sets of fixed effects. Our focus is on the effects of *Giving by Ideological Opponents* and *Giving by Ideological Allies*, specifically, if the former is significantly bigger and stronger in its effect than the latter. In M1, we start with a between-firm estimation that only controls for issue and year fixed effects but not for firm fixed effects, which shows that both variables of giving by ideological allies and ideological opponents have a strong and positive effect on the focal firm's giving. Yet, this baseline result does not account for potential confounding effects of unobserved firm and issue heterogeneity discussed above. Thus, we add firm fixed effects in M2, or firm-issue pair fixed effects in M3, which mitigates these concerns by controlling for all time-invariant firm-issue specific heterogeneity. M2 shows that *Giving by Ideological Opponents* (β=0.0137, p=0.0000) stays highly significant and positive, whereas *Giving by Ideological Allies* (β=-0.0007, p=0.7088) completely loses its significance. A t-test strongly confirms the significant difference between the two coefficients (p=0.0001). M3 that controls for firm-issue pair level fixed effects reports the same pattern of results: the effect of *Giving by Ideological Opponents* (β=0.0055, p=0.0001) is significantly bigger and stronger than that of *Giving by Ideological Allies* (β=0.0003, p=0.7595), which stays insignificant. Finally, to address remaining concerns about the confounding effects of common shocks of time-varying nature, we further add issue-year fixed effects and re-run the analysis. The same pattern of asymmetry is found even in this taxing specification (default structure). *Giving by Ideological Opponents* stays highly significant and positive (β=0.0046, p=0.0014), while *Giving by Ideological Allies* stays insignificant and even turns negative in this model (β=-0.0005, p=0.6714), with a t-test conforming the statistical difference between two coefficients (p=0.0032). These findings thus confirm the posited asymmetry in the pattern of response to ideological opponents' giving *vs.* allies' giving and thus lend strong initial support for Hypothesis 1, showing that a firm reacts more strongly to giving by its ideological opponents that compete in the same industry, compared to giving by its ideological allies. According to M4, when a focal firm's ideological opponents give to an issue, the probability of its own giving to the same issue increases by 0.5% in the following year, which corresponds to a 11% increase over its baseline giving probability of 4%.

Insert Tables 2 and 3 about here

Robustness Check

So far, our main findings lend support for the posited asymmetry in the spillover effects of giving by a firm's ideological opponents and allies. Even though the main specification in our analyses uses a demanding set of firm-issue fixed effects and issue time trends to mitigate this concern, which is possible due to the uniquely granular level of analysis structure of our paper, one may still be concerned about potential geography-specific issue time trends, which general issue-level trends may fail to capture. For example, the effect of some external shocks that may amplify salience of certain issues may be geographically bounded (e.g., mass shooting, oil spill). To address this concern, M5 replaces main variables of giving by ideological opponents and allies with giving made by each group of firms that are *headquartered in different states* to a focal firm. The intuition for this analysis is, compared to giving by ideological firms that are in the same area to a focal firm, a variation in giving by industry competitors' located in different areas would be less subject to the possibility of common geography-specific shock that may confound the results. We find consistent results, with a t-test still conforming the statistical difference between two coefficients (p=0.0025).

Another main issue in our analysis is reverse causality—the direction of the influence from an ideological firm to others in the industry can flow in the opposite way—as well as autocorrelation concerns. While our main specification uses a lagged structure to alleviate this concern, a possibility of potential autocorrelation may remain. In M6, we thus re-estimate our results using a dynamic panel model (Arellano and Bover, 1995; Blundell and Bond, 1998) and find the consistent results. *Giving by Ideological Allies* is insignificant, whereas *Giving by Ideological Opponents* is highly significant and positive (β=0.0081, p=0.0000), with a strong statistical difference between the two coefficients (p=0.0003)[5].

We also check the stability of our results to alternative specifications and to varying constructions of dependent variable and our main regressors. In M7, we run the fixed effect logit model as an alternative specification, instead of a linear probability model we use throughout our main analyses[6]. In M8, we re-run our default model by replacing the main binary regressors of giving by ideological opponents and allies with the logged amount of their giving (i.e., how much each group gave to an issue). In M9, we further replace our DV with the logged amount of its giving (i.e., how much a focal firm gave to an issue). Finally, in M10, we test robustness of our results using the orthogonalized measures of *Giving by Ideological Opponents* and *Giving by Ideological Allies*, to address the concerns about potential instability of the results that may arise from a high correlation between the two main regressors. In all models, we continue to find that the effect of giving by ideological opponents is consistently bigger and stronger than the giving by ideological allies, and t-tests conform the statistical difference between the two regressors.

Moderating Analyses

These overall results lend strong support for our main Hypothesis 1. Having demonstrated support for our main conjecture, we now turn to consider the effect of several contingent factors.

Firm-level contingency: ideological heterogeneity

First, Hypothesis 2 posits that a firm's response to ideological opponents would be stronger than its response to allies, the more homogeneous its employees' ideological preferences are. A firm whose employees

[5] Sample size reduction in this model is for an additional year lag.
[6] Sample size for this analysis drops to 22,848 as the firm-issue combinations where firms always give or never give cannot be estimated and automatically dropped out of the sample.

think similarly to each other can boost strategic returns from its counteraction not only because it faces lower risks of alienating different-minded employees, but also because its employees evaluate the firm's action more positively by attributing the firm's action to its internal organizational values (rather than potential ulterior motive). To test this argument, in Table 4, we run a split sample analysis (M11a and M11b) based on a median value of within-firm ideological heterogeneity, proxied by a standard deviation of ideological positions among firm employees that made campaign contributions during our study period. While both models show that the effect of *Giving by Ideological Opponents* is significant and positive whereas *Giving by Ideological Allies* is not, the t-test confirms the statistical difference between the two regressors only for firms with low ideological heterogeneity (M11b; p=0.0162), but not for those with high ideological heterogeneity (M11a; p=0.2372). In other words, we find that the pattern of asymmetry is contingent on the level of within-firm ideological heterogeneity, thus finding support for our H2.

We also check how the pattern of asymmetry varies by whether the firm's top executives are ideologically motivated as well (results available upon request), which can also be another important criterion based on which employees judge the ideological coherence within the firm. When the 'entire body politic' of the firm (Gupta et al., 2017; Gupta and Briscoe, 2020)—not just its lower-level employees but also senior executives—seem to be ideologically motivated, employees and other stakeholders may favorably judge the authenticity of its activism by more easily attributing the action to the prevailing ideological values within the firm, and believe that the firm's key decision makers genuinely appreciate the intrinsic merits of taking a stance on the issue that they care about (Crilly and Sloan, 2012; Chin et al., 2013). In comparison, employees may suspect that a firm's activism is top decision makers' instrumental decision to appeal to employees in expectation of extrinsic benefits (e.g., higher employee motivation), when the executives do not seem to share such strong ideological inclinations of lower-level employees. Indeed, we find that the pattern of asymmetry holds only when both top executives and lower-level employees hold strong ideological preferences[7].

Issue-level contingency: the contentiousness of the issue

[7] We run the estimation by splitting the sample into four cases based on the separate measures of ideological intensity among the firm's top executives vs. among its non-executives. Ideological intensity is measured by how much each group of individuals spent on campaign contributions during the study period, which would capture which group is relatively more ideological than the other (Hambrick and Wowak, 2021). Only the first group of firms selectively respond to the previous giving of their ideological opponents.

The second moderator we consider is the issue-level contingency. Hypothesis 3 posits the observed asymmetry in the response to ideological opponents vs. allies to be stronger, the more contentious the issues are. To test this prediction, we re-estimate main analyses by using more granular measures of our DV: a focal firm's advocacy giving to the issues with high contention (M12a) vs. low contention (M12b). We proxy the level of ideological contention in each issue by calculating one minus the Herfindahl index of market share distribution across nonprofits in each primary NTEE issue subcode: the less concentrated the market share distribution across nonprofits in a given issue is, the more competitive the issue is[8]. In M12a, which estimates a focal firm's giving to issues with high contention, giving by ideological opponents is a highly significant and positive predictor (β=0.0024, p=0.0043), whereas giving by ideological allies is insignificant and even negative, with the t-test supporting the statistical difference between the two coefficients (0.0009). In contrast, the asymmetry is no longer supported in M12b (p=0.1137), which estimates a firm's giving to issues with low contention. These results lend support for our H3.

We also check the robustness of this result to alternative proxies of issue contention by analyzing if the asymmetry in the response between ideological opponents vs. allies is disproportionately concentrated in swing states, rather than solidly red or blue states. The intuition behind this analysis is that contentiousness of any given advocacy issue may vary by the nature of external environment: for example, ideological contention around the issue of abortion is stronger in swing states, where stakeholders disagree over how to approach the issue, compared to non-swing states, which have a relatively solid status quo. Such uncertainty makes swing states "sweet spots" for institutional change and contestation (Gamson and Meyer, 1996), where initiating ideological firms' actions have the potential to move the needle and thus present threats to the firms with opposing ideologies. Using state-level House election margins between % of votes for Democrats and Republicans and assigning each grant to swing vs. non-swing states based on its nonprofit recipients' location,

[8] Note that this is parallel to the commonly used approach in strategy scholarship that measure the level of market competition in a given industry by calculating the inverse Herfindahl index of market share distribution across firms in the same industry code. For example, within the issue code of civil rights R, consistent with our common sense, the sub-issues that are ranked higher in terms of this measure of issue competition are abortion and race relations, whereas other sub-issues that are ranked lower include freedom of religion issues or patients' rights.

we find that the asymmetry between the two regressors holds only in swing states, but not in other states where advocacy issues would be less contested (results available upon request).

Market-level contingency: labor market competition

The third and final moderator of our interest is labor market competition. Based on Hypothesis 4, we expect that firms' counteraction to their ideological opponents should be stronger among firms that face stronger labor market competition. We test this conjecture by running a split sample analysis based on the median value of unemployment rate in a focal firm's industry (NAICS 2 digit), which is used as the inverse proxy for the level of labor market competition that the firm faces. The lower the unemployment rate is, the stronger the level of labor market competition. The results support H4. Selective response to ideological opponents arises among the firms that face higher labor market competition (M13a), but not among firms that face lower labor market competition (M13b). This moderating effect of labor market competition is not only consistent with the interpretation of the observed stronger response to ideological opponents as a strategic attempt of firms to differentiate themselves from the competition, but also confirms the role of internal employees as the key stakeholder that drives such selective response.

For comparison, we also test the moderating influence of a firm's consumer sensitivity, which is proxied by its advertising-to-sales spending ratio (results available upon request). Interestingly, we find that the exclusive response to ideological opponents is coming from the group of firms that exhibit lower consumer sensitivity, but not from those with higher consumer sensitivity. This finding suggests that the role of external stakeholders (e.g., consumers) highlighted in prior scholarship is rather limited in the firms' decisions for counter-response to their ideological opponents.

Insert Tables 4 and 5 about here

Supplementary analysis: Recipient choices within each issue area

Lastly, we examine if firms that belong to two different ideological camps tend to support different issue positions within each issue, which is a key assumption in our interpretation of a firm's response to ideological opponents as its competitive attempts of issue counter-positioning. While an ideal test is directly observing issue positions held by advocacy nonprofits that each firm supports, an alternative approach that allows us to test this dynamic using our dataset is to examine if the pattern of ideological clustering arises in firms' recipient choices. Specifically, within each issue, we can observe if ideologically adjacent firms fund similar nonprofits, such that ideological conservative firms fund nonprofits that other conservative firms gave to, and ideological liberal firms fund those that other liberal firms gave to. Empirically, this means that, when it comes to the choices of nonprofit recipients within each issue, we should observe the opposite pattern of asymmetry in the effects of giving by ideological allies vs. opponents on a focal firm's giving, such that the former has a positive and stronger effect on a focal firm's choice of nonprofit recipient than the latter. To examine this, we construct our dataset at a more granular, nonprofit recipient-firm dyad level to observe firms' recipient choices in each issue. The main outcome of interest in this analysis is if a focal firm gives to a nonprofit each year, and the main regressors are if its ideological allies and opponents gave to a given nonprofit in the previous year, respectively. Consistent with our main analyses, we run a linear probability model, with year, firm and recipient fixed effects (issue-specific effects captured in recipient FE).

Results in Table 5 support our expectation. In M14, while both variables are significant and positive, giving by ideological allies (β=0.0645, p=0.0000) is not only stronger but also significantly bigger in its effect size than giving by ideological opponents (β=0.0185, p=0.0957), with a strong statistical difference between the two coefficients (p=0.0002). This difference grows bigger in M15, which uses the logged amount of giving for alternative dependent and independent variables: the marginal significance of giving by ideological opponents completely disappears in this model, whereas giving by ideological allies stays strong and positive. This means that, within each issue, firms are more likely to give to nonprofits that their ideological allies gave to, compared to the nonprofits that their ideological opponents gave to, which demonstrates the posited dynamics of ideological clustering in firms' recipient choices. In M16 and M17, we test the robustness of this finding by estimating the effect of *Ideological Gap* on a focal firm's giving, which we measure as the absolute difference between an average ideological position of corporate donors that gave to the nonprofit in the previous year and a focal firm's position[9]. We find that *Ideological Gap* has a strong and negative effect in both

[9] Note that the construction of this analysis excludes firm-recipient-year observations in which no other firms made a giving to the given recipient in the previous year, significantly reducing N of this model. We also find the same result when we use the weighted

models that use alternative constructions of independent and dependent variables as a dummy and amount of giving. That is, the higher an ideological gap between a focal firm and the nonprofit's previous corporate funders, the less likely the firm is likely to fund the given nonprofit. These results strongly confirm that, when giving to an issue, a firm tend to fund nonprofits whose previous funders are ideologically similar to itself.

CONCLUSION AND DISCUSSION

The results of our empirical analyses strongly support our theoretical arguments about the posited asymmetry in the response to ideological opponents vs. ideological allies. As hypothesized, we find that a firm shows a systematically stronger response to the advocacy giving by its ideological opponents than that by its ideological allies, and this pattern of asymmetry is highly consistent across a variety of econometric specifications, including our most taxing specification that not only control for firm-issue pair fixed effects and issue-level time trends. We also explore the moderating effect of several firm-level, issue-level and market-level contingencies, which not only develop rich understanding of *who* will drive the response of issue counter positioning, *where* and *when*, but also clarify and confirm the role of theoretical mechanisms behind our main result of asymmetry. Our firm-level analyses find that the pattern of asymmetry is stronger for firms whose employees hold homogeneous preferences and among firms whose entire body politics including top executives are ideologically motivated, lending support for our theory that firms stand to gain more from counteraction to their ideological opponents when they can credibly signal the authenticity of such action as an internally driven decision based on shared organizational values. This dynamic is also concentrated around issues with higher contention, consistent with our theory that a stronger response to ideological opponents reflects the firm's efforts to please their employees who are threatened by those opponents' issue stances and thus show higher demand for their own firm's counteraction. Further analyses on market-level contingencies find that the pattern of asymmetry is stronger among firms that face strong labor market competition and thus exhibit high employee sensitivity, but not among those that face high consumer sensitivity, which confirms the importance of employees as a firm's key stakeholder group for advocacy giving decisions as

average ideological score of previous corporate donors to the nonprofit (by amount) to calculate the variable of *Ideological Gap*, and also when we use the two-year window as an alternative time frame to calculate the average ideology of previous donors.

theorized in this paper. Finally, we confirm that firms with different ideologies tend to support different nonprofits when giving to an issue: this is further evidence demonstrating the competitive nature of firms' responses to ideological opponents, such that a firm responds to its ideological opponents by entering the same issue, but by taking a different or even opposing position. Together, the results strongly support our theoretical arguments that ideological firms' advocacy giving creates disproportionately bigger economic incentives for counteraction from their ideological opponents than from their allies, which leads to within-issue competition between firms on the opposite ends of the ideological spectrum.

Our study makes contributions to multiple streams of research. First, this paper contributes to a burgeoning literature on corporate activism (Chatterji and Toffel, 2019; Melloni et al., 2019; McKean and King, 2019; Burbano, 2021; Hambrick and Wowak, 2021) and, in particular, the nascent body of literature that questions its competitive consequences (Mohliver et al., 2021). While this working paper recently introduced the idea that a firm's activism can be disproportionately met from the opposition from its competitors that can differentiate themselves with their own issue position, our understanding on this underexplored dynamics of issue-based competition remains incomplete, with prior work offering neither systematic real-world empirical evidence on whether real-world firms actually compete around advocacy issues in the first place, nor the answer to *which* firms will lead this competitive response of counter-positioning. Empirically, by using corporate advocacy giving as a novel channel to reliably track multiple firm's advocacy engagement across the entire issue universe, this study addresses the gap by being the first paper to our best knowledge that offers systematic empirical evidence on the dynamics of issue-based competition and shows that firms do compete by opposing their competitor's stand on divisive issues for their labor market advantages. Theoretically, our paper develops an answer to the open question of which firms will oppose an initiating firm's issue position by bringing attention to the underexplored role of across-firm ideological heterogeneity in the population of competitors, while also clarifying key contingencies under which we can expect the posited dynamics of asymmetric response from ideological allies. In doing so, our research also leverages and extends insight from the growing body of literature on corporate political ideology (Chin et al., 2013; Gupta et al., 2017; Carnahan and Greenwood, 2018; McDonnell and Cobb, 2020) by moving the perspective outside the boundaries of an organization and bringing the relationship between a firm's ideology and its competitive choices to center stage. Specifically, our argument is that not all firms are equally positioned to take advantage of the opportunity of issue counter-positioning for their strategic benefits, as a firm's competitive issue position in response to their rival is constrained by the ideological preferences of its workforce.

Our research on how advocacy engagement by ideological firms affects the behaviors of other firms in the population also have important societal implications, connecting to an emerging body of work that highlights conditions under which corporate social activities that maximize firms' economic benefits might not benefit broader society (Margolis and Walsh, 2003, Kaul and Luo, 2018; Ballesteros and Gatignon, 2019). On the one hand, an ideological actor's proactive participation in advocacy issues and its cascade effect on other firms can be socially beneficial as it increases the total supply level of corporate action around key socio-political issues from which many firms would have otherwise stayed away. In a sense, initiating ideological actors thus have the potential to act as the critical mass that solve collective action problems in the provision of social goods, as they are willing to pay the initial start-up costs of amplifying salience of an issue and encouraging other firms' participation. On the other hand, an ideological firm's advocacy effort may backfire by inviting ideological opposition from other firms that stand to gain by participating in the issue area with their own positions. Our research is motivated by this theoretical tension, and shows why the latter scenario is likely to prevail in this context of advocacy giving characterized by stakeholder contention, which creates opportunity of strategic differentiation for ideological opponents. As response from ideological opponents dominates the response from ideological allies, not only may an initial action of an ideological firm fail to broaden issue support, but it may also even create damaging effects to the cause that its employees hoped to champion by creating multiple and conflicting opinions around the issue. Indeed, proliferation of conflicting and fragmented views on advocacy issues is known to be the cause of the demise of many change initiatives (Bonardi and Keum, 2005), as it promotes dissension and prevents audiences' opinions from coalescing around a final decision, resulting in gridlock. In doing so, we present a more nuanced and less optimistic take on the role of corporate activism in society, raising important questions about the appropriate limits on powerful business actors' participation in civic discourse and, in the case of advocacy giving specifically, the use of tax-exempt philanthropic giving to those ends.

This paper also brings new insight into the social movement literature, which usually tries to find a source of contention around corporate social practices from the outside: notably, contention between social movement groups, which are often called 'extra-institutional entrepreneurs' for this very reason (McCarthy and Zald, 1977; King and Soule, 2007; Weber, Rao and Thomas, 2009; Hiatt, Sine and Tolbert, 2009; King and Pearce, 2010). In these accounts, firms are portrayed as relatively passive actors around the market of social and environmental issues, and their market-related activities are shown to be affected as a result of (exogenous) competition between these movement groups that attempt changes to the issue priority structure of a society to their own preferences, especially around issues that involve conflict between organizations with opposing ideologies (e.g., rightist vs. leftist movement). Even in few studies do recognize how firms can proactively participate in such contention (Walker, 2014; Walker and Rea, 2014), they focus on the dynamics of competition between firms and other activist groups, where firms are viewed as unitary actors with homogeneous interests fighting to defend the status quo against activists' effort to change the system. Yet, this paper's focus on varying ideological preferences of firms' workforce suggests not only that some firms may play a proactive role of issue entrepreneurs to promote their employees' unique interests to change the system, but also that competition between different ideological interests may arise within the population of firms themselves and even intensify with their profit-maximizing and differentiation motives. In doing so, this paper broadens our understanding of the role of for-profit corporate actors in the market of advocacy issues.

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Table 1. Summary statistics and correlation tables

	Variable	Mean	Std. Dev.	Min	Max
1	Giving by a firm	0.0409217	0.1981095	0	1
2	Giving by a firm to issue with high contention	0.014697	0.1203373	0	1
3	Giving by a firm to issue with low contention	0.0236806	0.1520524	0	1
4	Giving by ideological opponents	0.3967235	0.4892192	0	1
5	Giving by ideological allies	0.5103977	0.4998935	0	1
6	Giving by other industry firms	0.9884028	0.1070645	0	1
7	Firm size	8.197835	2.967189	0	14.93574
8	ROA	0.0405657	0.0831216	-2.283249	1.151702
9	R&D-to-sales ratio	0.0216779	0.0772159	0	3.351114
10	Advertising-to-sales ratio	0.0104335	0.0269239	0	0.3125214
11	Capex-to-sales ratio	0.0544355	0.1015736	0	2.955045
12	Board female ratio	0.092933	0.1025699	0	0.5
13	Lobbying-to-sales ratio	0.0073849	0.021358	0	0.5512173
14	CSR rating	0.4619444	1.961496	-7	13
15	Market concentration	0.0293301	0.0351764	0.0107199	0.2724459
16	Headquarter population	12.87386	9.89735	0.567136	38.68081
17	Headquarter poverty rate	13.17907	2.806991	6.8	25.8

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	1.000																
2	0.591	1.000															
3	0.754	0.236	1.000														
4	0.079	0.063	0.066	1.000													
5	0.104	0.080	0.083	0.272	1.000												
6	0.019	0.013	0.014	0.047	0.062	1.000											
7	0.173	0.102	0.139	0.070	0.063	-0.007	1.000										
8	0.004	0.001	0.002	-0.035	-0.042	0.004	0.069	1.000									
9	0.001	-0.006	0.002	0.022	0.051	0.001	0.038	-0.062	1.000								
10	0.020	0.008	0.018	-0.093	0.009	0.003	0.063	0.127	0.049	1.000							
11	0.005	0.008	-0.001	-0.039	-0.067	0.009	0.137	-0.051	0.249	-0.027	1.000						
12	0.122	0.072	0.103	-0.016	0.011	-0.009	0.354	0.133	0.042	0.115	0.080	1.000					
13	0.023	0.014	0.015	-0.015	-0.001	0.002	0.114	0.025	0.321	0.006	0.223	0.093	1.000				
14	0.104	0.058	0.091	-0.032	0.094	-0.012	0.198	0.097	0.170	0.177	-0.078	0.331	0.085	1.000			
15	0.031	0.019	0.030	-0.246	-0.179	0.008	-0.006	0.053	-0.045	0.084	0.013	0.055	-0.042	-0.013	1.000		
16	0.010	0.006	0.012	-0.063	0.056	-0.002	0.065	0.055	0.180	0.117	0.059	0.041	0.054	0.178	-0.033	1.000	
17	0.025	0.014	0.021	-0.041	-0.030	-0.031	0.117	-0.037	0.000	0.023	0.072	0.008	0.028	0.012	0.037	0.390	1.000

Notes: Number of firm-issue-year observations for all variables is 158,400. Missing values of all variables are recoded as zero.

Table 2. Main analysis

	M1	M2	M3	M4
Giving by ideological opponents	0.0067**	0.0137***	0.0055***	0.0046**
	(0.0053)	(0.0000)	(0.0001)	(0.0014)
Giving by ideological allies	0.0123***	-0.0007	0.0003	-0.0005
	(0.0000)	(0.7088)	(0.7595)	(0.6714)
Giving by other firms	0.0032	0.0040+	0.0034	0.0003
	(0.1937)	(0.0959)	(0.1324)	(0.9419)
Firm size	0.0094***	0.0015***	0.0016***	0.0016***
	(0.0000)	(0.0002)	(0.0000)	(0.0000)
ROA	-0.0466***	-0.0241**	-0.0239***	-0.0241***
	(0.0000)	(0.0061)	(0.0001)	(0.0001)
R&D-to-sales ratio	-0.0398**	-0.0192+	-0.0194**	-0.0198**
	(0.0039)	(0.0520)	(0.0039)	(0.0032)
Advertising-to-sales ratio	-0.0382	-0.1062+	-0.1068**	-0.1071**
	(0.4858)	(0.0903)	(0.0026)	(0.0027)
Capex-to-sales ratio	-0.0214***	0.0081	0.0083	0.0086
	(0.0010)	(0.5659)	(0.3491)	(0.3260)
Board female ratio	0.1042***	0.0192	0.0193+	0.0201*
	(0.0000)	(0.2697)	(0.0583)	(0.0492)
Lobbying-to-sales ratio	0.0658	0.1084	0.1081**	0.1080**
	(0.1011)	(0.1377)	(0.0058)	(0.0060)
CSR rating	0.0066***	-0.0022**	-0.0022***	-0.0022***
	(0.0000)	(0.0045)	(0.0000)	(0.0000)
Market concentration	0.2277***	0.3142+	0.3121***	0.3153***
	(0.0000)	(0.0751)	(0.0001)	(0.0001)
Population in HQ state	-0.0003*	0.0007	0.0007	0.0008
	(0.0486)	(0.6492)	(0.4308)	(0.3776)
Poverty rate in HQ state	0.0014***	0.0010	0.0009*	0.0010*
	(0.0008)	(0.2054)	(0.0329)	(0.0243)
Constant	-0.0748***	-0.0189	-0.0120	-0.0093
	(0.0003)	(0.3601)	(0.3268)	(0.4662)
Year FE	Y	Y	Y	Y
Issue FE	Y	Y		
Firm FE		Y		
Firm-Issue FE			Y	Y
Issue-Year FE				Y
R^2	0.0786	0.2240	0.4751	0.4773
Observations	158400	158400	158400	158400

Notes: Dependent variable is the dummy variable of advocacy giving of a focal firm in an issue each year. Coefficients of OLS panel regressions. Robust standard errors clustered by firm-issue level are used. P-values in parentheses. $^{+}p < 0.10$, $^{*}p < 0.05$, $^{**}p < 0.01$, $^{***}p < 0.001$

Table 3. Robustness analysis

	M5	M6	M7	M8	M9	M10
	Giving in different states	System dynamic panel	Logit	IV as amount	IV and DV as amount	Orthogonalized
Giving by ideological opponents	0.0050^{***}	0.0081^{***}	0.2345^{***}			
	(0.0005)	(0.0000)	(0.0002)			
Giving by ideological allies	-0.0003	0.0001	-0.0106			
	(0.7781)	(0.9694)	(0.8729)			
Giving by other firms	0.0005	0.0107	0.1846			0.0275^{**}
	(0.9168)	(0.1937)	(0.7592)			(0.0022)
Amount of giving by ideological opponents				0.0005^{**}	0.0049^{**}	
				(0.0016)	(0.0014)	
Amount of giving by ideological peers				-0.0000	0.0004	
				(0.9346)	(0.7400)	
Amount of giving by other firms				-0.0005	-0.0050	-0.0050
				(0.3400)	(0.3034)	(0.3034)
Orthogonalized giving by ideological opponents						0.0275^{**}
						(0.0022)
Orthogonalized giving by ideological allies						0.0023
						(0.7400)
Firm size	0.0016^{***}	0.0008	0.1278^{***}	0.0016^{***}	0.0158^{***}	0.0158^{***}
	(0.0000)	(0.1739)	(0.0000)	(0.0000)	(0.0000)	(0.0000)
ROA	-0.0241^{***}	-0.0187^{*}	-1.4083^{***}	-0.0240^{***}	-0.2359^{***}	-0.2359^{***}
	(0.0001)	(0.0168)	(0.0000)	(0.0001)	(0.0000)	(0.0000)
R&D-to-sales ratio	-0.0197^{**}	-0.0102	-1.8742^{*}	-0.0198^{**}	-0.1828^{**}	-0.1828^{**}
	(0.0033)	(0.3797)	(0.0213)	(0.0032)	(0.0034)	(0.0034)
Advertising-to-sales ratio	-0.1070^{**}	-0.0767	-7.7558^{***}	-0.1070^{**}	-1.1334^{**}	-1.1334^{**}
	(0.0027)	(0.2521)	(0.0003)	(0.0027)	(0.0016)	(0.0016)
Capex-to-sales ratio	0.0086	-0.0084	0.6805^{+}	0.0086	0.0849	0.0849
	(0.3281)	(0.5496)	(0.0943)	(0.3287)	(0.3093)	(0.3093)
Board female ratio	0.0201^{*}	-0.0006	0.2674	0.0200^{*}	0.2356^{*}	0.2356^{*}
	(0.0492)	(0.9616)	(0.3957)	(0.0498)	(0.0248)	(0.0248)
Lobbying-to-sales ratio	0.1080^{**}	-0.0220	5.8651^{***}	0.1081^{**}	1.0471^{**}	1.0471^{**}
	(0.0060)	(0.6430)	(0.0001)	(0.0059)	(0.0068)	(0.0068)
CSR rating	-0.0022^{***}	-0.0001	-0.0500^{***}	-0.0022^{***}	-0.0244^{***}	-0.0244^{***}
	(0.0000)	(0.8972)	(0.0001)	(0.0000)	(0.0000)	(0.0000)
Market concentration	0.3148^{***}	0.3217^{*}	14.1007^{***}	0.3146^{***}	3.1925^{***}	3.1925^{***}
	(0.0001)	(0.0297)	(0.0000)	(0.0001)	(0.0001)	(0.0001)
Population in HQ state	0.0008	-0.0013	0.0226	0.0008	0.0049	0.0049
	(0.3784)	(0.1490)	(0.3443)	(0.3689)	(0.5930)	(0.5930)
Poverty rate in HQ state	0.0010^{*}	-0.0003	0.0523^{**}	0.0010^{*}	0.0094^{*}	0.0094^{*}
	(0.0241)	(0.5374)	(0.0012)	(0.0242)	(0.0292)	(0.0292)
L.grant_d		0.1987^{***}				
		(0.0000)				
Constant	-0.0095	0.3802^{***}		-0.0037	0.0116	0.0354
	(0.4518)	(0.0001)		(0.7879)	(0.9342)	(0.7987)
R^2	0.4773			0.4773	0.5225	0.5225
Observations	158400	145200	22848	158400	158400	158400

Notes: Dependent variable is the dummy variable of advocacy giving of a focal firm in an issue each year except for M9 that uses the logged amount of advocacy giving as an alternative DV. Coefficients of OLS panel regressions with firm-issue and issue-year fixed effects. Robust standard errors clustered by firm-issue level are used. P-values in parentheses. $^{+}p < 0.10$, $^{*}p < 0.05$, $^{**}p < 0.01$, $^{***}p < 0.001$

Table 4. Moderation analysis

	M11a	M11b	M12a	M12b	M13a	M13b
	Firm-level contingency: Ideological heterogeneity		Issue-level contingency: Contention within the issue		Market-level contingency: Labor market competition	
	High	Low	High	Low	High	Low
Giving by ideological	0.0046*	0.0057*	0.0024**	0.0025*	0.0060**	-0.0008
opponents	(0.0480)	(0.0167)	(0.0043)	(0.0196)	(0.0055)	(0.7409)
Giving by ideological allies	0.0013	-0.0014	-0.0009	0.0004	0.0003	-0.0045*
	(0.5114)	(0.4879)	(0.1558)	(0.6227)	(0.8653)	(0.0287)
Giving by other firms	-0.0044	0.0071	0.0004	0.0003	0.0024	-0.0040
	(0.5948)	(0.1736)	(0.3934)	(0.9490)	(0.7045)	(0.5484)
Firm size	0.0017**	0.0018***	0.0006***	0.0008***	0.0013***	0.0021***
	(0.0032)	(0.0006)	(0.0001)	(0.0000)	(0.0000)	(0.0000)
ROA	-0.0280*	-0.0319**	-0.0055*	-0.0168**	-0.0166^{+}	-0.0303***
	(0.0101)	(0.0043)	(0.0413)	(0.0010)	(0.0920)	(0.0001)
R&D-to-sales ratio	-0.0236^{+}	-0.0196	-0.0053	-0.0179***	0.0011	-0.0049
	(0.0953)	(0.3221)	(0.2028)	(0.0005)	(0.9658)	(0.4820)
Advertising-to-sales ratio	-0.3322**	-0.0099	-0.0252	-0.0479*	-0.0616	-0.1424**
	(0.0023)	(0.8382)	(0.2090)	(0.0456)	(0.2237)	(0.0027)
Capex-to-sales ratio	0.0272	0.0078	-0.0001	0.0100	0.0296**	-0.0328*
	(0.2782)	(0.5460)	(0.9797)	(0.1209)	(0.0088)	(0.0262)
Board female ratio	0.0678***	-0.0019	0.0115^{+}	0.0102	0.0069	0.0353*
	(0.0001)	(0.9055)	(0.0511)	(0.2296)	(0.6253)	(0.0131)
Lobbying-to-sales ratio	0.0117	0.0659	0.0757**	0.0611*	0.1010^{+}	0.2261***
	(0.8497)	(0.1718)	(0.0045)	(0.0264)	(0.0546)	(0.0009)
CSR rating	-0.0038***	-0.0001	-0.0007*	-0.0015***	-0.0027***	-0.0025***
	(0.0000)	(0.9009)	(0.0280)	(0.0001)	(0.0003)	(0.0004)
Market concentration	0.6474***	0.1667	0.1725**	0.1986**	0.3136**	0.2957**
	(0.0000)	(0.1984)	(0.0019)	(0.0018)	(0.0079)	(0.0061)
Population in HQ state	0.0013	-0.0049^{+}	0.0004	0.0003	0.0002	0.0010
	(0.2034)	(0.0764)	(0.5738)	(0.6274)	(0.9317)	(0.2562)
Poverty rate in HQ state	-0.0000	0.0012^{+}	0.0007**	0.0002	0.0013*	-0.0000
	(0.9972)	(0.0590)	(0.0076)	(0.6221)	(0.0305)	(0.9658)
Constant	-0.0062	0.0483	-0.0108	0.0022	-0.0037	-0.0025
	(0.7291)	(0.1668)	(0.1997)	(0.8128)	(0.8776)	(0.8658)
R^2	0.5460	0.5214	0.5010	0.4771	0.5207	0.4685
Observations	72248	72358	158400	158400	91696	66704

Notes: Dependent variable is the dummy variable of advocacy giving of a focal firm in an issue each year except for M12a and M12b that use advocacy giving that goes to issues with high and low contention as alternative DVs, respectively. Coefficients of OLS panel regressions with firm-issue and issue-year fixed effects. Robust standard errors clustered by firm-issue level are used. P-values in parentheses. $^{+}p < 0.10$, $^{*}p < 0.05$, $^{**}p < 0.01$, $^{***}p < 0.001$

Table 5. Supplementary analysis: Recipient choices within each issue area

	M14	M15	M16	M17
	Giving by ideological opponents vs. ideological allies		Effect of ideological gap	
	Dummy of giving	Amount of giving	Dummy of giving	Amount of giving
Giving by ideological opponents	0.0185^{+}	0.0129		
	(0.0957)	(0.2628)		
Giving by ideological allies	0.0645***	0.0652***		
	(0.0000)	(0.0000)		
Ideological gap			-0.0804***	-0.7780***
			(0.0000)	(0.0000)
Giving by industry competitors			-0.0346***	-0.0414***
			(0.0009)	(0.0001)
Giving by other firms	0.0528***	0.0536***	-0.0674***	-0.0801***
	(0.0000)	(0.0000)	(0.0000)	(0.0000)
Firm size	0.0640***	0.6593***	0.0634***	0.6439***
	(0.0000)	(0.0000)	(0.0001)	(0.0000)
ROA	-0.1677***	-1.4985***	-0.1214	-1.0562
	(0.0000)	(0.0001)	(0.1547)	(0.1645)
R&D-to-sales ratio	-0.3984***	-3.3007***	-0.4847*	-4.0804^{+}
	(0.0000)	(0.0000)	(0.0430)	(0.0979)
Advertising-to-sales ratio	-0.4069*	-4.4238*	-1.2689**	-12.5840*
	(0.0375)	(0.0236)	(0.0089)	(0.0116)
Capex-to-sales ratio	0.1580***	1.4910***	0.2999**	2.6558*
	(0.0008)	(0.0007)	(0.0074)	(0.0114)
Board female ratio	0.0560*	0.6198*	0.1230^{+}	1.4317*
	(0.0332)	(0.0151)	(0.0600)	(0.0266)
Lobbying-to-sales ratio	0.8519***	7.8635***	1.0488**	9.9274*
	(0.0000)	(0.0000)	(0.0097)	(0.0135)
CSR rating	-0.0019^{+}	-0.0187^{+}	0.0005	0.0031
	(0.0900)	(0.0814)	(0.8563)	(0.9039)
Market concentration	2.3586***	20.8401***	2.1208**	17.8184**
	(0.0000)	(0.0000)	(0.0016)	(0.0069)
Headquarter population	0.0016	-0.0073	0.0038	0.0256
	(0.6266)	(0.8269)	(0.4556)	(0.6005)
Headquarter poverty rate	0.0097***	0.0848***	0.0145***	0.1341***
	(0.0000)	(0.0000)	(0.0000)	(0.0001)
Constant	-0.9029***	-8.1863***	-1.1752***	-10.7310***
	(0.0000)	(0.0000)	(0.0000)	(0.0000)
Year FE	Y	Y	Y	Y
Firm FE	Y	Y	Y	Y
Recipient FE (& Issue FE)	Y	Y	Y	Y
R^2	0.0994	0.1077	0.2003	0.2041
Observations	84766	84766	18984	18984

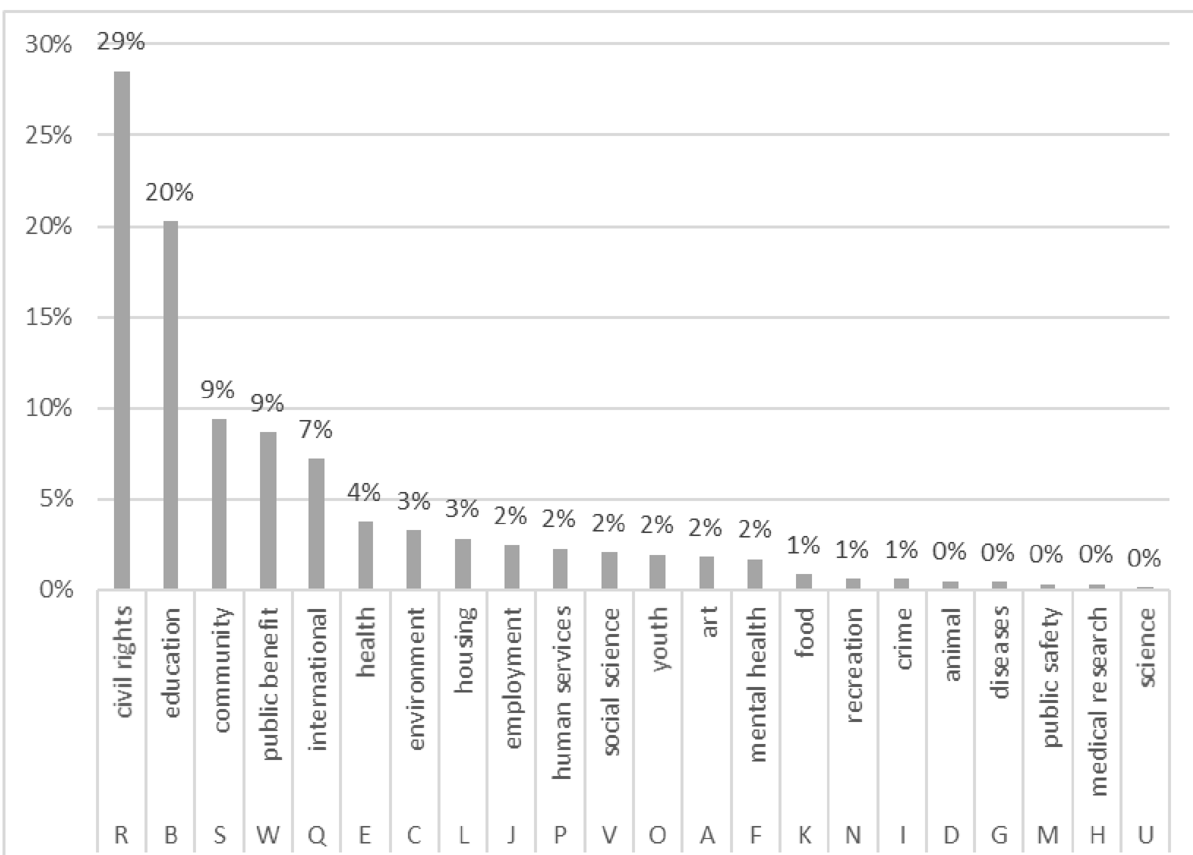
Notes: Dependent variable is the dummy variable of advocacy giving of a focal firm in a given nonprofit each year in M14 and M16, and the logged amount of advocacy giving of a focal firm in a given nonprofit each year in M15 and M17. Coefficients of OLS panel regressions. Robust standard errors clustered by firm-recipient dyad level are used. P-values in parentheses. $^{+}p < 0.10$, $^{*}p < 0.05$, $^{**}p < 0.01$, $^{***}p < 0.001$

Appendix Table 1. List of full NTEE Code categorized as advocacy

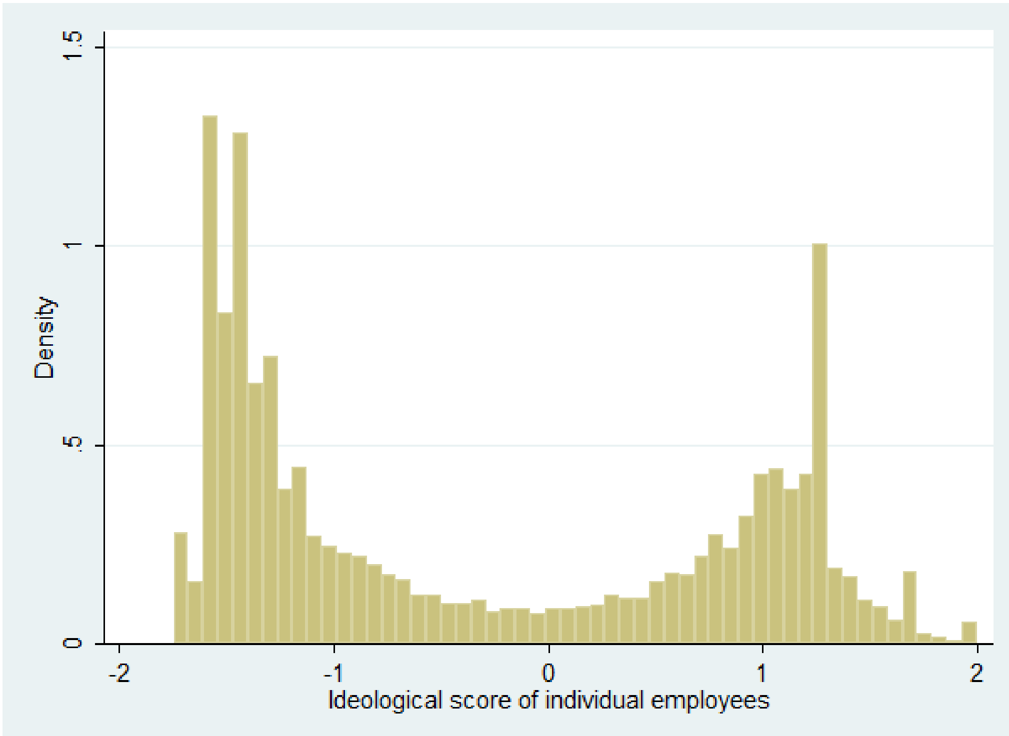
NTEE MAJOR CODE AND DESCRIPTION		CODE	CODE DESCRIPTION
A.	Arts, Culture, and Humanities	A01	Alliances & Advocacy
		A05	Research Institutes & Public Policy Analysis
B.	Education	B01	Alliances & Advocacy
		B05	Research Institutes & Public Policy Analysis
C.	Environment	C01	Alliances & Advocacy
		C05	Research Institutes & Public Policy Analysis
D.	Animal-Related	D01	Alliances & Advocacy
		D05	Research Institutes & Public Policy Analysis
E.	Health	E01	Alliances & Advocacy
		E05	Research Institutes & Public Policy Analysis
F.	Mental Health, Crisis Intervention	F01	Alliances & Advocacy
		F05	Research Institutes & Public Policy Analysis
G.	Diseases, Disorders, Medical Disciplines	G01	Alliances & Advocacy
		G05	Research Institutes & Public Policy Analysis
H.	Medical Research	H01	Alliances & Advocacy
		H05	Research Institutes & Public Policy Analysis
I.	Crime, Legal Related	I01	Alliances & Advocacy
		I05	Research Institutes & Public Policy Analysis
J.	Employment, Job Related	J01	Alliances & Advocacy
		J05	Research Institutes & Public Policy Analysis
K.	Food, Agriculture, and Nutrition	K01	Alliances & Advocacy
		K05	Research Institutes & Public Policy Analysis
L.	Housing, Shelter	L01	Alliances & Advocacy
		L05	Research Institutes & Public Policy Analysis
M.	Public Safety	M01	Alliances & Advocacy
		M05	Research Institutes & Public Policy Analysis
N.	Recreation, Sports, Leisure, Athletics	N01	Alliances & Advocacy
		N05	Research Institutes & Public Policy Analysis
O.	Youth Development	O01	Alliances & Advocacy
		O05	Research Institutes & Public Policy Analysis
P.	Human Services - Multipurpose and Other	P01	Alliances & Advocacy
		P05	Research Institutes & Public Policy Analysis
Q.	International, Foreign Affairs, National Security	Q01	Alliances & Advocacy
		Q05	Research Institutes & Public Policy Analysis
R.	Civil Rights, Social Action, Advocacy	R01	Alliances & Advocacy
		R02	Management & Technical Assistance
		R03	Professional Societies & Associations
		R05	Research Institutes & Public Policy Analysis
		R11	Single Organization Support
		R12	Fund Raising & Fund Distribution
		R19	Support N.E.C.
		R20	Civil Rights
		R21	Immigrants' Rights
		R22	Minority Rights
		R23	Disabled Persons Rights
		R24	Womens Rights
		R25	Seniors Rights
		R26	Lesbian & Gay Rights
		R27	Patients' Rights
		R28	Children's Rights
		R29	Employee & Workers' Rights
		R30	Intergroup & Race Relations
		R40	Voter Education & Registration

		R60	Civil Liberties
		R61	Reproductive Rights
		R62	Right to Life
		R63	Censorship, Freedom of Speech & Press
		R65	Freedom of Religion Issues
		R67	Right to Die & Euthanasia
		R99	Civil Rights, Social Action & Advocacy N.E.C
S.	Community Improvement, Capacity Building	S01	Alliances & Advocacy
		S05	Research Institutes & Public Policy Analysis
		S21	Community Coalitions
		S22	Neighborhood & Block Associations
U.	Science and Technology	U01	Alliances & Advocacy
		U05	Research Institutes & Public Policy Analysis
V.	Social Science Research Institutes, Services	V01	Alliances & Advocacy
		V05	Research Institutes & Public Policy Analysis
W.	Public, Society Benefit	W01	Alliances & Advocacy
		W05	Research Institutes & Public Policy Analysis
		W20	Government & Public Administration
		W22	Public Finance, Taxation & Monetary Policy
		W24	Citizen Participation
		W70	Leadership Development
		W90	Consumer Protection

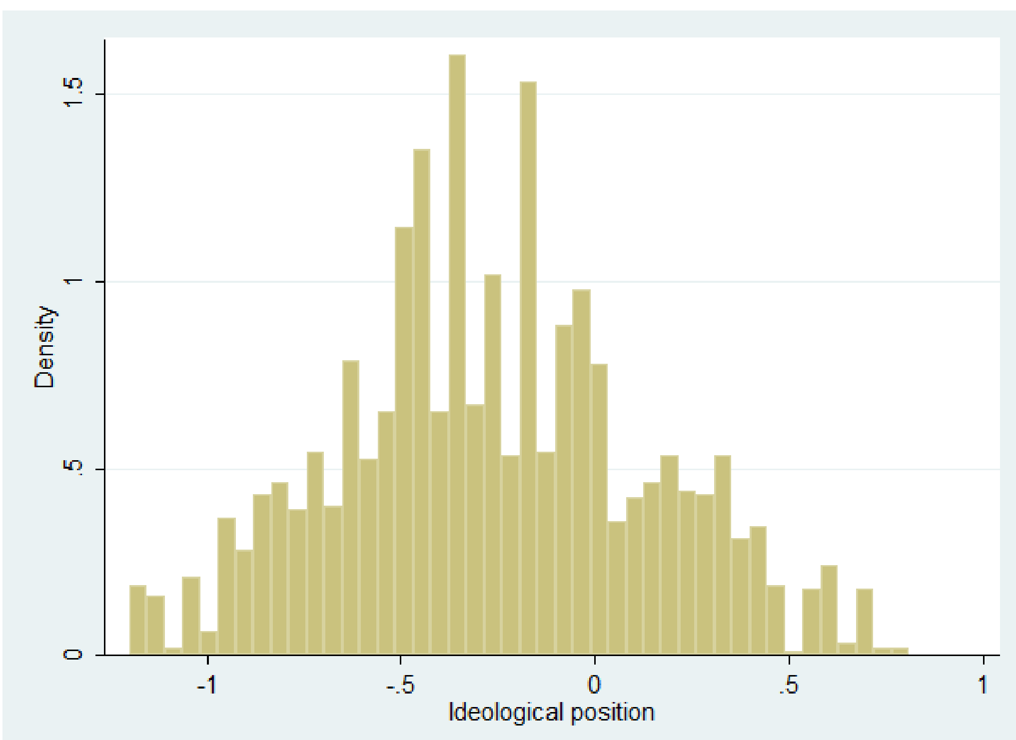
Appendix Figure 1. Distribution of corporate advocacy giving across cause areas



Appendix Figure 2. Individual employee-level distribution of ideological positions



Appendix Figure 3. Firm-level distribution of ideological positions



Appendix Table 2. Top 50 Recipients of corporate advocacy giving

Name	Location	Cause	Grantamount
National Council of La Raza	Washington, DC	R	$42,445,541
Friends of the World Food Program	Washington, DC	Q	$21,928,140
World Resources Institute	Washington, DC	Q	$17,145,630
Donald Danforth Plant Science Center	Saint Louis, MO	K	$16,531,268
NAACP	Baltimore, MD	R	$14,747,320
Center for Leadership Innovation	Ellicott City, MD	R	$9,615,425
Microfinance Opportunities	Washington, DC	J	$7,414,081
Achieve, Inc.	Washington, DC	B	$6,720,890
National Action Council for Minorities in Engineering	White Plains, NY	R	$5,537,225
International Center for Research on Women	Washington, DC	Q	$5,307,740
American Enterprise Institute for Public Policy Research	Washington, DC	V	$5,090,500
Aspen Institute	Washington, DC	W	$5,087,640
InSTEDD	Palo Alto, CA	M	$5,000,000
Childrens Defense Fund	Washington, DC	R	$4,857,000
Natural Resources Defense Council	New York, NY	C	$4,807,568
Congressional Black Caucus Foundation	Washington, DC	R	$4,750,510
Education Development Center	Newton, MA	B	$4,406,852
Mecklenburg Citizens for Public Education	Charlotte, NC	B	$4,331,000
Center for Economic Progress	Chicago, IL	S	$4,243,650
Institute for Higher Education Policy	Washington, DC	B	$4,196,607
Citizenship Education Fund	Chicago, IL	R	$3,920,250
National Alliance on Mental Illness	Arlington, VA	F	$3,849,000
Keystone Center	Keystone, CO	C	$3,665,810
Stamford Public Education Foundation	Stamford, CT	B	$3,647,500
Jobs for the Future	Boston, MA	J	$3,625,000
Task Force for Global Health	Decatur, GA	P	$3,557,184
New Jersey Citizen Action Education Fund	Newark, NJ	W	$3,447,500
National Governors Association Center for Best Practices	Washington, DC	W	$3,132,017
Public Education Network	Washington, DC	B	$3,086,500
RAND Corporation	Santa Monica, CA	V	$2,954,493
Child Welfare League of America	Washington, DC	R	$2,818,914
NAACP Legal Defense and Educational Fund	New York, NY	R	$2,744,375
Advertising Council	New York, NY	W	$2,463,118
Education Fund	North Miami, FL	B	$2,381,500
Congressional Hispanic Caucus Institute	Washington, DC	R	$2,366,000
Horatio Alger Association of Distinguished Americans	Alexandria, VA	W	$2,298,251
LULAC National Educational Service Centers	Washington, DC	R	$2,285,750
DonorsChoose.org	New York, NY	B	$2,199,703
National Center on Addiction and Substance Abuse	New York, NY	F	$2,146,465
Los Angeles Education Partnership	Los Angeles, CA	B	$2,057,438
Council for Educational Change	Weston, FL	B	$2,010,000
National Organization on Disability	Washington, DC	R	$1,984,000
Research Foundation for Mental Hygiene	Albany, NY	F	$1,948,675
Mexican American Legal Defense and Educational Fund	Los Angeles, CA	R	$1,938,250
Jane Goodall Institute	Arlington, VA	D	$1,933,082
Americas Promise - The Alliance for Youth	Washington, DC	O	$1,911,000
Social Compact	Washington, DC	R	$1,895,000
Achieve Minneapolis	Minneapolis, MN	B	$1,891,472
Lorraine Monroe Leadership Institute	New York, NY	W	$1,853,340
Institute for Healthcare Improvement	Cambridge, MA	E	$1,840,000