The Rise of Digital Activism and its Strategic Implications

by

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Dedication

To Gloria, Mateo, and Blanca,

whom I love with all my heart.

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Abstract

The diffusion of social media has fundamentally changed the way social movements pressure corporations. For decades, marginalized actors relied on social movement organizations that proficiently engaged in private negotiations with corporate elites and coordinated long-lasting campaigns to force corporations to comply with their demands. Today, social media platforms make it easy for any individual to share information on questionable business practices and call for hostile actions against firms, making social movement organizations less necessary for marginalized groups to express their discontent. But how will this new and dominant form of digital activism through social media platforms differentially impact corporations and their strategic responses?

In this dissertation, I provide a comprehensive answer to this broad research question through three separate but complementary studies. In the first study, I posit that the democratization of digital activism has made corporations more susceptible to the voice of distant stakeholders, but at the same time, I argue that the lack of coordination in formal organizations has made this type of activism more superficial and short-lived. To shed light on the evolution from traditional to digital activism against firms, I explore the context of consumer boycotts in the United States between 1968 and 2020, and I develop a conceptual model to propose how these forms of activism will differentially operate against companies and impact their performance, resources, and strategies.

In the second study, I investigate the factors driving the emergence of social media activist campaigns as well as their ability to threaten the financial performance of targeted firms. First, I suggest that corporate issues with stronger ideological connotations will lead to larger activist campaigns. Second, I propose that activist campaigns with more numerous interactions between platform users will have a stronger negative impact on the stock market valuation of targeted corporations. My empirical analysis of consumer boycotts on Twitter against S&P 100 corporations between March 2006 and June 2022 supports these predictions.

In the third study, I examine an unexplored organizational effect of activist pressures: the ideological polarization of targeted corporations. I propose that activist campaigns promoting specific values and beliefs and pushing for the reform of corporate practices will reshape the ideological composition of targeted corporations triggering an ideological divide in them. To do so, I introduce the construct of ideological polarization within a focal corporation, and I argue that social movement pressures will increase the ideological polarization of targeted firms by intensifying the ideological engagement and political activism of their members. I find support for these arguments in the sample of consumer boycotts on Twitter against S&P 100 corporations in combination with data on employee campaign contributions between January 2015 and May 2022.

By studying the rise of digital activism and its strategic implications for firms, this dissertation contributes to three different academic fields. First, the studies contribute to strategic management and nonmarket strategy work on how stakeholders shape the performance, resources, and strategies of firms. Second, this investigation extends sociological work on the emergence of social movements and their interaction with business organizations. Third, this

dissertation adds to political science research on the political participation of citizens through online platforms as well as the political engagement of corporations and their members.

Chapter 1 Introduction

Social movements have targeted business organizations for decades in their efforts to promote change around social issues such as racial discrimination, gender equality, or environmental sustainability (Dyke, Soule, and Taylor, 2004; Davis, McAdam, Richard, Mayer, and Zald, 2005). Before the turn of the century, marginalized actors relied on the creation of formal organizations, such as the National Organization for Women (NOW) or the National Association for the Advancement of Colored People (NAACP), to align the political interests of heterogeneous social groups and to coordinate contentious actions against firms (McCarthy and Zald, 1977; Cress and Snow, 1996; Minkoff, 1997; Snow, Soule, and Kriesi, 2004). These social movement organizations (SMOs) conducted research on harmful corporate practices, strategically targeted visible and vulnerable corporations, engaged in private negotiations with corporate elites, and initiated consumer boycotts or protests if corporations failed to comply with their demands (Stuart, 1982; Porta and Diani, 2006; Wang and Soule, 2012, 2016). The contentious campaigns by SMOs were often successful, with studies showing that they frequently eroded the financial valuation and social reputation of targeted corporations (King and Soule, 2007; King, 2011; McDonnell and Werner, 2016) and triggered corporate responses including public concessions or even disinvestments from illegitimate markets (King, 2008; Weber, Rao, and Thomas, 2009).

However, I argue that the diffusion of social media platforms (SMPs) has given rise to a new form of digital activism against corporations that is crowding out this type of traditional activism and rendering it obsolete (Anderson, Toor, Olmstead, Rainie, and Smith, 2018; Jost,

Barberá, Bonneau, Langer, Metzger, Nagler, Sterling, and Tucker, 2018). Today, social media platforms allow any individual to access information on current events, to express their views on corporate policies or practices, and to initiate or support ongoing efforts to pressure corporations (Shearer and Mitchell, 2021; Gottfied, 2024). On the one hand, I suggest that this democratization of activism has made companies more susceptible to the voice of consumers and other stakeholders, who have often provoked broad and explosive campaigns that gained the attention of business leaders. For example, in April 2017, a video of a passenger being dragged off a United Airlines flight quickly became viral on social media and sparked a boycott against the company (Aratani and Selk, 2017), while attention online to the way that two black men were treated at a Starbucks coffeeshop in April 2018 in Philadelphia led to a prompt apology from the company's CEO expressing the corporation's commitment "against discrimination and racial profiling" (McCleary and Vera, 2018).

On the other hand, I argue that the organization and mobilization of activist individuals through SMPs has also made this form of activism more impulsive, superficial, and short-lived. For example, a controversial statement by a CEO is likely to trigger thousands of angry boycott calls on social media in a matter of seconds, but these boycott calls are rarely, if ever, accompanied by concrete demands or backed by a long-term strategy of contention and private negotiation (Ellis, 2013). Similarly, social media activists called for boycotts of dozens of corporations donating to Republican politicians opposing the U.S. electoral certification in January 2022, but companies resumed their political donations soon after the social scrutiny disappeared (MacGillis and Hernandez, 2022). Other activists expressed their outrage and asked for the boycott of Goya Foods when its CEO publicly supported President Donald Trump in July

2020, an initiative that not only did not threaten the firm but gave it free publicity and bolstered its sales (Park, 2020).

Strategic management scholars have extensively addressed how the traditional activism of social movement organizations affected corporations, but how will this new and dominant form of digital activism through social media platforms differentially impact the performance, resources, and strategies of firms? The purpose of this dissertation is to provide a comprehensive answer to this broad research question through three separate but complementary studies. The first study of the dissertation (Chapter 2) is a theoretical investigation in which I explain the unique characteristics of digital activism on SMPs as compared to the traditional activism of SMOs. Then, in the second study (Chapter 3), I focus on a strategic effect of digital activism by investigating and measuring the degree to which social media campaigns with varying levels of organization can reduce the stock market valuation of targeted corporations. Lastly, in the third study (Chapter 4), I theorize and empirically test an underexplored organizational outcome of digital activism: the ideological polarization inside corporations targeted by online activist groups. As further developed below, the combination of these studies not only explains the reasons behind the rise of digital activism, but it also reveals its strategic and organizational effects on targeted firms.

The first study (Chapter 2) provides a theoretical framework to understand (i) the factors driving the transition from traditional to digital activism against firms; (ii) the effects of this evolution on the mechanisms through which social movements affect corporations; and (iii) the strategic implications that this new type of activism will have for targeted firms. To do so, I conducted an empirical exploration of the context of consumer boycotts, which have been considered one of the most important tactics at the disposal of social movements to gain

influence over firms (King, 2008). Following the common practice of using newspaper articles to identify instances of activism (Earl, Martin, McCarthy, and Soule, 2004), I collected and studied a sample of 483 boycott events (composed of 619 event-target dyads) taking place in the United States between 1968 and 2020. My analysis of the evolution of consumer boycotts over the years helped me to differentiate three main patterns explaining the transition from traditional to digital activism against firms. First, the data showed that consumer boycotts have a long history dating back at least to the late 1960s, and that up to the 2000s the vast majority of those campaigns were backed by SMOs. Second, the data revealed how the broad adoption of social media applications by the end of the 2000s triggered the proliferation of boycott calls against corporations that were no longer coordinated by SMOs but expressed directly through SMPs. Third, the analysis exposed that the recent emergence of boycotts on SMPs was accompanied by the decline of boycotts orchestrated by SMOs to the point of relegating this traditional form of activism.

Based on this empirical investigation and my literature review of social movements, nonmarket strategy, and information technologies, I developed a conceptual model to explain the fundamental differences between traditional and digital activism and their differential impacts on the strategies of firms. First, the model explains how the activism of social media users conforms to long-standing definitions of social movements (Snow et al., 2004), but it considers how the choice of SMPs as a new "mobilizing structure" to pressure institutions has redefined the "repertoire of contention" available to digital activists (Tilly, 1977; McAdam, McCarthy, and Zald, 1996). Second, the model proposes a comprehensive list of mechanisms through which traditional and digital activists differentially operate towards corporations. I illustrate these mechanisms using the context of consumer boycotts as a paradigmatic case. Third, I conclude the development of this model with propositions on how digital activism, compared to traditional

activism, will impact the financial performance, social reputation, and human capital of firms, as well as how digital activism will trigger different reactions from targeted companies including practical concessions, verbal responses, and reforms of public relations.

The second study (Chapter 3) centers on the emergence of activist campaigns on social media and their ability to threaten the financial performance of targeted firms. First, I examine what type of online criticism over corporate behaviors will be more likely to escalate into larger contentious activist campaigns. Based on social movement theories as well as the literature on corporate social responsibility (Margolis and Walsh, 2003) and political ideologies inside digital platforms (Barberá, 2015), I suggest that corporate behaviors with stronger ideological connotations rather than related to more substantial social or environmental issues will escalate into larger activist campaigns on social media. I propose that this will happen because social media users will react to corporate events based on group identities most salient on the digital platform such as their ideological affiliations. Second, the study investigates the features that online activist campaigns will require to pose a meaningful threat to the financial performance of targeted firms. In this regard, I argue that the intensity of activist campaigns on social media will make them have a significant negative impact on targeted corporations as reflected in their stock market performance (King and Soule, 2007; King, 2011). Nevertheless, given the spontaneous and decentralized nature of social media campaigns, I suggest that this effect will exist only to the extent that investors perceive a strong degree of commitment and coordination in activist users, as reflected by the intensity of their social interactions on the platform.

I tested these predictions in the context of social media boycotts on Twitter against S&P 100 corporations between 2006 and 2022. I collected a sample of 3.75 million messages (i.e., "tweets") from 1.4 million platform users referring to the boycott of S&P 100 corporations, and I

used language analysis techniques to measure the degree to which digital activists discussed social issues and referred to their ideological connotations. Regression analyses of hourly Twitter activity showed that boycott campaigns with stronger ideological connotations escalated more than those more strongly focusing on social or environmental business dimensions, supporting my first theoretical predictions. In addition, I combined this novel dataset with stock market data from the Center of Research in Security Prices (CRSP) to capture the daily cumulative abnormal return (CAR) and share trading volume of focal firms. The regression results showed that boycott campaigns had a generally negative effect on the abnormal returns of targeted corporations and a positive effect on their trading volume, but most importantly, the results showed that those effects were strongly magnified by the degree of interaction between social media activists.

The third study (Chapter 4) focuses on the organizational effects of social media activist campaigns by looking at a particular outcome: the internal ideological polarization of targeted firms. Practitioners and scholars have highlighted how ideological polarization is on the rise in modern societies (Moody and Mucha, 2013; Pew Research, 2014, 2022; Jurkowitz, Mitchell, Shearer, and Walker, 2020; Neal, 2020), as well as how ideological tensions are spilling into business organizations and impacting their performance (Knight, 2020; Taylor, 2022; Telford, 2022). Recent studies have revealed that the ideological identification of employees is likely to hamper the trust and cooperation between employees of opposing ideological groups and to harm their productivity (Burbano, 2021; Dimant, 2023). Moreover, research has shown how board members, executives, and employees may decide to leave their jobs because of an ideological misalignment with their corporation (Bermiss and McDonald, 2018; McDonnell and Cobb, 2020; Busenbark, Bundy, and Chin, 2022). Prior work largely assumed that the ideological tensions

inside firms were just the reflection of the ideological conflicts in society, but in this investigation, I suggest that the pressures from social movements and their strong ideological nature should intensify the ideological polarization in their targeted corporations (Wilson, 1973; King and Pearce, 2010).

Therefore, in this study, I first address whether pressures from social movements strengthen or reshape the ideological engagement and political activism of employees and executives from targeted corporations, and second, to what extent such changes in the ideological composition of corporations may foster an ideological divide within them. To do so, I introduce the construct of ideological polarization within a focal corporation, which I define as the clustering of members in a corporation in two different and opposite ideological positions. Based on this characterization, I argue that the pressure from a social movement increases the ideological polarization within its targeted corporation, as the pressure will make contentious social issues more salient to corporate members and increase their perceived implication and responsibility to advance their own beliefs and stances. In addition, I suggest that this effect will be moderated by the share of employees ideologically aligned with the social movement, who may find in the activist pressure either a threat to their wellbeing or a source of external public support to their values and beliefs. These hypotheses are tested empirically in the same dataset of consumer boycotts on Twitter against S&P 100 corporations and data on employee campaign contributions from January 2015 to May 2022. Taken together, the theory and results suggest that social media activist campaigns have significant and substantive effects on the ideological polarization of targeted corporations.

By investigating the emergence of digital activism and its strategic implications for firms, this dissertation contributes to three main academic fields. First, my three studies contribute to

the literature of strategic management and nonmarket strategy interested in how the actions of stakeholders may shape the performance, resources, and strategies of firms (Mitchell, Agle, and Wood, 1997; Henisz, Dorobantu, and Nartey, 2014; Ahuja, Capron, Lenox, and Yao, 2018). In particular, in Study 1, I extend prior understandings of the effects that social movement pressures may have on corporations (King and Soule, 2007; King, 2008, 2011; McDonnell and King, 2013; McDonnell and Cobb, 2020) by providing insight on the unique characteristics of digital activism through social media platforms, its effects on the performance and resources of firms, and how targeted corporations may subsequently respond. In addition, Study 2 adds to this research stream by showing that activist campaigns in the digital arena negatively affect the stock market valuation of corporations (King and Soule, 2007; King, 2011), but only to the extent that participating social media users take an active role and interact with each other. Meanwhile, by examining the effect of social media activist campaigns on the ideological polarization of corporations, Study 3 not only contributes to the study of the outcomes of activism (Davis, Morrill, Rao, and Soule, 2008; Briscoe and Gupta, 2016) but also to emergent literature in strategic management on the impact of ideological conflicts on strategic processes and outcomes (Burbano, 2021; Benton, Cobb, and Werner, 2022; Dimant, 2023).

Second, this dissertation contributes to extensive sociological literature on the emergence and organization of social movements (McCarthy and Zald, 1977; Minkoff, 1997; Porta and Diani, 2006). Specifically, in Study 1, I extend the foundational work on collective action that highlighted the role of social movement organizations as the conventional mobilizing structure to challenge public and private institutions (McCarthy and Zald, 1977; McAdam et al., 1996) by positing how social media platforms may have displaced formal organizations from such essential role. Moreover, all dissertation studies make a contribution to organizational theories on

the interaction between social movements and business organizations (Davis et al., 2005; King and Pearce, 2010; Briscoe and Gupta, 2016). In particular, Study 2 adds to this body of research by pointing to the ideological connotations of corporate issues as a central driver of the magnitude of activist campaigns, even to the detriment of their emphasis on social or environmental issues. In addition, Study 3 brings new insights to academic work on how social activism may permeate business organizations (Zald and Berger, 1978; Davis et al., 2008; Briscoe and Gupta, 2016) by explaining how activist campaigns condemning business policies or practices may inadvertently polarize or radicalize targeted corporations.

Finally, this dissertation also contributes to two streams of the political science literature. On the one hand, political scientists have paid great attention to the political participation of citizens through digital platforms, with studies addressing the effect of social media interactions on the ideological polarization of society (Osmundsen, Bor, Vahlstrup, Bechmann, and Petersen, 2021) or the development of identitarian sentiments in the digital arena (Flores, 2017; Siegel and Badaan, 2020). Study 2 adds to this body of research by showing how the ideological affiliations and the political engagement of citizens not only affect their mobilization towards public institutions but also their activism towards private organizations with significant effects on their performance. On the other hand, other studies in political science have also focused on the political participation of corporations and their members, paying special attention to the impact of corporate political activities in the profitability of firms and their potential effects on democratic processes and outcomes (Ansolabehere, de Figueiredo, and Snyder, 2003; Bonica, 2016; Stuckatz, 2021). Scholars showed, for example, that executives and employees may contribute to political causes motivated by their ideologies (Francia, Green, Herrnson, Powell, and Wilcox, 2003). In Study 3, I expand this body of inquiry by showing how the political

participation of corporate members might not be isolated from the pressures that social movements exert on their organizations.

Chapter 2 From Traditional to Digital Activism against Corporations

2.1 Introduction

Social movements have targeted business organizations for decades in their efforts to promote change around social issues such as racial discrimination, gender equality, or environmental sustainability (Dyke et al., 2004; Davis et al., 2005). Nevertheless, the activism of social movements against corporations has changed dramatically in recent years with the advent and diffusion of social media. Before the turn of the century, marginalized actors relied on the creation of formal organizations, such as the National Organization for Women (NOW) or People for the Ethical Treatment of Animals (PETA), to align the political interests of heterogeneous social groups and to coordinate contentious actions against firms (McCarthy and Zald, 1977; Cress and Snow, 1996). These social movement organizations (SMOs) conducted research on harmful corporate practices, engaged in private negotiations with corporate elites, and initiated protests and boycott campaigns if corporations failed to comply with their demands (Stuart, 1982; Wang and Soule, 2012, 2016).

However, I propose that the diffusion of social media has given rise to a new form of digital activism that is crowding out this type of traditional activism and rendering it obsolete. Today, social media platforms (SMPs) make it possible for any individual to share information on questionable business practices and to call for hostile actions against companies (Anderson et al., 2018), making social movement organizations less necessary for marginalized groups to express their grievances and demands. For instance, campaigns initiated on Twitter under the

hashtags #BoycottNRA or #StopHateForProfit rapidly diffused beyond the digital arena and forced corporate leaders to review business practices and take public stances (Wong, 2018). This democratization of activism is making corporations more susceptible to the voice of distant stakeholders, but at the same time, I suggest that the lack of coordination in formal organizations is making this form of activism more superficial and short-lived. For example, a controversial statement from a CEO is likely to trigger thousands of angry boycott calls on social media in a matter of seconds, but these boycott calls are rarely, if ever, accompanied by concrete demands or backed by a long-term strategy of contention and private negotiation (Ellis, 2013).

To study the evolution of social movements and their activism against corporations, I explored the context of consumer boycotts, which have been considered one of the most important tactics for social movements to gain influence over firms (King, 2008). Following the common practice of analyzing newspaper articles to identify instances of activism (Earl et al., 2004), I collected and studied a sample of 483 boycott events (composed of 619 event-target dyads) taking place in the United States between 1968 and 2020. The analysis of the evolution of consumer boycotts over the years served me to establish three main trends. First, that consumer boycotts have a long history dating back at least to the late 1960s, and that up to the 2000s, the vast majority of those campaigns were backed by SMOs. Second, that the broad adoption of social media applications by the end of the 2000s triggered the proliferation of boycott calls against corporations that were no longer coordinated by SMOs but expressed directly through SMPs. Third, that the recent emergence of boycotts on SMPs has been accompanied by the decline of boycotts orchestrated by SMOs to the point of relegating this traditional form of activism.

Strategic management scholars extensively addressed how traditional activism through social movement organizations affected corporations (King and Soule, 2007; King, 2011; McDonnell and Werner, 2016; McDonnell and Cobb, 2020), but how will this new and dominant form of digital activism through social media differentially impact the strategies and resources of firms? To answer this question, I develop a conceptual model grounded on the literatures of social movements, nonmarket strategy, and information technologies. First, I suggest that the activism of social media users conforms to long-standing definitions of social movements (Snow et al., 2004), but I argue how their choice of SMPs as their "mobilizing structure" has redefined their "repertoire of contention" against corporations (Tilly, 1977; McAdam et al., 1996). Second, I posit a comprehensive list of mechanisms through which traditional and digital activists differentially operate towards corporations. I illustrate these mechanisms using the context of consumer boycotts as a paradigmatic case. Third, I develop propositions on how digital activism, compared to traditional activism, will impact the financial performance, social reputation, and human capital of firms, as well as how digital activism will trigger different reactions from targeted companies including practical concessions, verbal responses, and reforms of public relations.

By addressing the novel implications that digital activism will have on corporations, this chapter makes two main theoretical contributions. First, the study contributes to literature in strategic management and nonmarket strategy considering how stakeholders shape firm performance, resources, and strategies (Mitchell et al., 1997; Henisz et al., 2014; Ahuja et al., 2018). In particular, the study extends prior understandings of the effects that traditional social movement pressures had on corporations (King and Soule, 2007; King, 2008, 2011; McDonnell and Cobb, 2020), as well as the tactics and strategies that firms had at their disposal to protect

themselves against the claims and actions of activist groups (Elsbach, 1994; King, 2008; McDonnell and King, 2013). Second, this research contributes to sociological literature on the emergence of social movements and the use of formal organizations or social networks as mobilizing structures to challenge public and private institutions (McCarthy and Zald, 1977; Minkoff, 1997; Porta and Diani, 2006). Furthermore, the consideration of the effects of digital activism on corporations also extends prior academic work on the interaction between social movements and business organizations (Davis et al., 2005; King and Pearce, 2010; Briscoe and Gupta, 2016).

2.2 Social Movements and Their Activism Towards Corporations

Corporations have long been the target of social movements pushing for change around social issues such as labor rights, racial discrimination, gender equality, religious freedom, gun rights, health protection, or environmental sustainability (Dyke et al., 2004; Snow et al., 2004; Davis et al., 2005; King and Pearce, 2010). As characterized by sociologists and organizational scholars, social movements emerge when heterogeneous individuals and communities suffering from some common injustice find a way to organize and act to reform dominant economic, social, or political institutions (Tilly, 1977). For decades, social actors at the outskirts of mainstream institutions needed to create formal organizations to share their grievances, to develop a shared understanding of the root causes of their discontent, and to develop action plans to challenge or defend certain social structures (Wilson, 1973). These social movement organizations played a central role as the vehicle through which marginalized individuals gathered valuable resources, developed strategies of contention against public or private organizations, and repeatedly reassessed the efficiency and effectiveness of their efforts (McCarthy and Zald, 1977; Cress and Snow, 1996; Davis and McAdam, 2000).

Although originally targeting public institutions, social movement organizations frequently observed and decided to challenge the activities of private corporations (Dyke et al., 2004). On the one hand, activist organizations mobilized to bring attention to certain practices, policies, or partnerships in business organizations (King, 2008), framing and publicizing them as harmful, illegal, or immoral (Benford and Snow, 2000). On the other hand, social movement organizations also carried out contentious actions to undermine the performance and reputation of targeted firms and, in this manner, force them to reform their policies or practices (King and Pearce, 2010). SMOs initiated and coordinated multiple tactics against firms, including protests to disrupt their operations, consumer boycotts to reduce their revenue, divestment campaigns to increase their cost of capital, or labor strikes to alienate their employees (Soule, 1997; King and Soule, 2007; King, 2008; Wang and Soule, 2012, 2016). Moreover, these efforts by activist organizations aimed at attracting as much attention from media outlets as possible, as this was the most efficient pathway for activists to gain the support of neighboring social actors (McCarthy and Zald, 1977).

The campaigns coordinated by SMOs often had profound effects on targeted firms. For example, social movement pressures could reduce the stock market valuation of traded corporations (King and Soule, 2007; King, 2011), erode their social reputation (McDonnell and King, 2013), motivate the departure of their members (McDonnell and Cobb, 2020), or reduce their ability to influence policymakers (McDonnell and Werner, 2016). Under this threat, corporations were often forced to respond in multiple ways to protect their interests. For example, targeted firms often verbally responded to the claims of activist groups (Elsbach, 1994; Lamin and Zaheer, 2012), made public concessions to their demands (King, 2008), or even

shifted entire investments to move away from controversial technologies or illegitimate markets (Weber et al., 2009).

Social movement organizations were the predominant "mobilizing structure" through which activist individuals scrutinized and pressured corporations (McAdam et al., 1996), but today, social media platforms may have displaced SMOs and adopted this fundamental role. Recent studies have exposed the broad adoption of social media and its regular use by citizens to stay up to date on current events. For example, surveys have shown that most Americans use some type of social media platform, with YouTube, Facebook, Instagram, Pinterest, and TikTok leading the charts of platforms used by a larger share of adult citizens (Gottfied, 2024). In addition, other studies have documented that more than half of adults get news through these digital platforms, with some social media sites including Twitter, Facebook, and Reddit being most intensely used for that particular purpose and especially by younger audiences (Shearer and Mitchell, 2021).

But most importantly, recent reports have illustrated how social media has become not only a source of news and information but also a channel of ideological expression, political engagement, and social movement activism (Anderson et al., 2018). For instance, the Pew Research Center recently found that around half of American adults engaged "in some form of political or social-minded activity on social media" in 2023. More specifically, 34% of survey respondents declared that they had "taken part in a group that shares an interest in an issue or cause," 26% had "encouraged others to take action on issues that are important to them," 14% had "looked for information about rallies or protests happening in their area," 14% had "changed their profile picture to show their support for a cause or issues," and 12% had "used hashtags

related to a political or social issue" (12%) (Bestvater, Gelles-Watnick, Odabas, Anderson, and Smith, 2023).

2.3 The Context of Consumer Boycotts in the United States

To study whether social media platforms have replaced social movement organizations as the primary structure through which social movements monitor and pressure corporations, I explore the context of consumer boycotts in the United States between 1970 and 2020. Consumer boycotts have been regarded as one of the most important extra-institutional tactics that social movements have at their disposal "to gain influence over corporations" (King, 2008), especially when other tactics are not available or are proven to be less effective (Friedman, 1999; Luders, 2006). More specifically, consumer boycotts are calls by activist groups not to buy the products or services from a certain corporation given its involvement in some immoral or socially harmful practice, and they are often used as leverage to force the corporation to reform its business activity (McDonnell and King, 2013).

Prior research showed that consumer boycotts by social movement organizations generally failed to reduce the revenue of targeted corporations in a significant manner (Vogel, 2005), but nevertheless, other studies proved that consumer boycotts by SMOs often had a substantial negative effect on the stock market valuation of targeted firms, and especially when activists attracted more attention from the media (King, 2011). As a result, scholars suggested that consumer boycotts influenced their corporate targets by threatening their social image and reputation (King, 2008; McDonnell and King, 2013). Moreover, the literature showed that consumer boycotts launched and coordinated by SMOs undermined targeted corporations in multiple other ways. For example, scholars showed that they increased the likelihood of departure of board members from targeted firms (McDonnell and Cobb, 2020), reduced the

willingness of regulators to associate with boycotted corporations (McDonnell and Werner, 2016), and even forced companies to reform their organizational structure (McDonnell, King, and Soule, 2015) and make public concessions to the demands of activists (King, 2008).

2.3.1 Procedure of Data Collection

Following the established methodology in the field (Earl et al., 2004), I constructed a dataset of consumer boycotts through the search and analysis of newspaper articles talking about contentious tactics by social movements towards corporations (King and Soule, 2007; McDonnell and King, 2013). I used Factiva to search all articles published in six major newspapers in the United States (i.e., *New York Times*, *Washington Post*, *Wall Street Journal*, *Chicago Tribune*, *USA Today*, and *LA Times*) that contained some form of the word "boycott" (King and Soule, 2007; McDonnell and King, 2013). This process yielded 65,226 articles between January 1969 and January 2020. From this initial search, I selected articles about consumer boycotts taking place in the United States, targeted towards identifiable companies, and called over identifiable issues, motives, or demands.

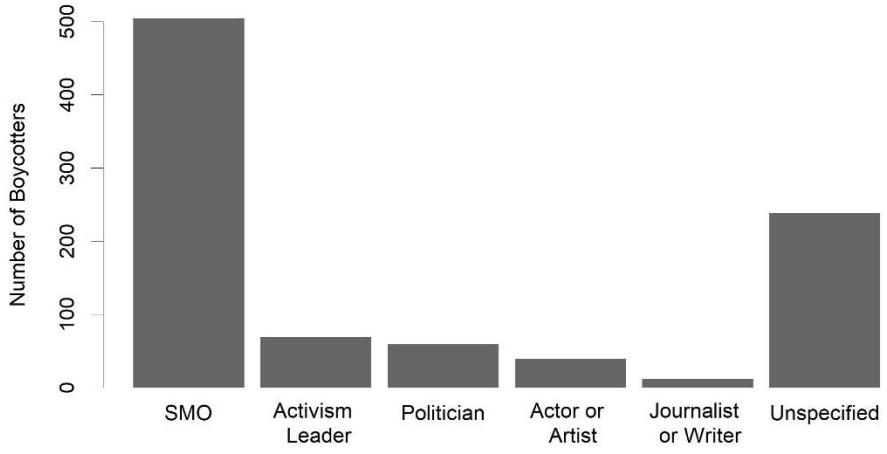
I analyzed the newspaper articles to code each boycott event and generate a list of variables, including the start and end of the boycott, the identity of boycotters, the issues motivating the boycott campaign, and any specific demand from boycotters. In addition, I coded for whether boycotts in media articles were voiced through early internet-based channels (e.g., blogs or websites) or social media platforms (e.g., Twitter, Facebook, Instagram). Moreover, I accounted for the presence of other activist tactics including physical protests, legal actions, and labor strikes, as well as for whether each targeted corporation communicated some form of apology or made some practical concession. Additionally, I classified boycott events by

developing categories and subcategories in an iterative manner for the type of actors calling for the boycott and the type of social issues contended by activists.

2.3.2 Evolution of Consumer Boycotts

The data collection yielded a dataset of 483 boycott events (formed by 619 event-target dyads) taking place in the United States between 1968 and 2020. As illustrated in Figure 2.1, the boycotts in the sample were mostly called by formal social movement organizations, such as the National Association for the Advancement of Colored People (NAACP), the People for the Ethical Treatment of Animals (PETA), the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), or the Southern Baptist Convention (SBC). Some other boycotts were called by single activism leaders (e.g., Rev Jesse Jackson), celebrities such as artists or actors (e.g., Alyssa Milano), or politicians (e.g., Senator Ted Cruz), while in other instances the newspaper articles did not specify a particular boycotter (e.g., articles referring to "consumers," "Internet users," "pet lovers," or "social media users").

Figure 2.1: Type of actors calling for consumer boycotts



In addition, consumer boycotts were called over a variety of social issues. As shown in Figure 2.2, over half of the boycotts in the sample were called over labor conditions at corporations (e.g., the company's decision to lay off employees), the political involvement of the corporation (e.g., the speech from corporate leaders in support or against government actions or political causes), or different forms of racial and gender discrimination (e.g., situations of violence against customers from racial minorities). The remaining consumer boycotts were motivated by issues such as sexuality (e.g., discrimination towards homosexuality, or the use of sexualized content in marketing campaigns), market decisions (e.g., raising of prices, or the modification of product features), violence in corporate practices (e.g., decisions on gun policy), the environmental impact of corporate activities (e.g., the deforestation of vulnerable regions), religion (e.g., the distribution of novels or movies offensive to religious communities), digital technology (e.g., the sharing of consumer data), or health concerns (e.g., corporate policies on smoking or drugs, or the development of potentially harmful consumer products).

Figure 2.2: Type of social issues motivating consumer boycotts

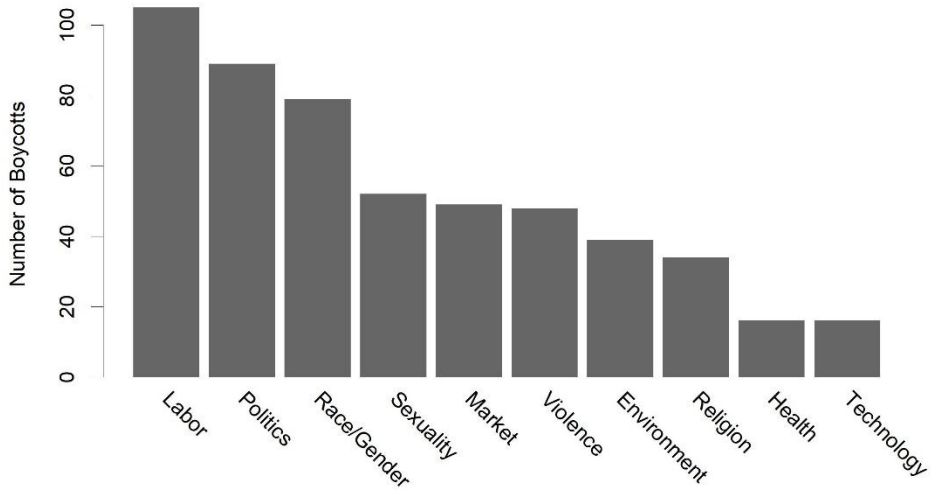


Figure 2.3: Number of boycotts sponsored by SMOs and/or called on SMPs

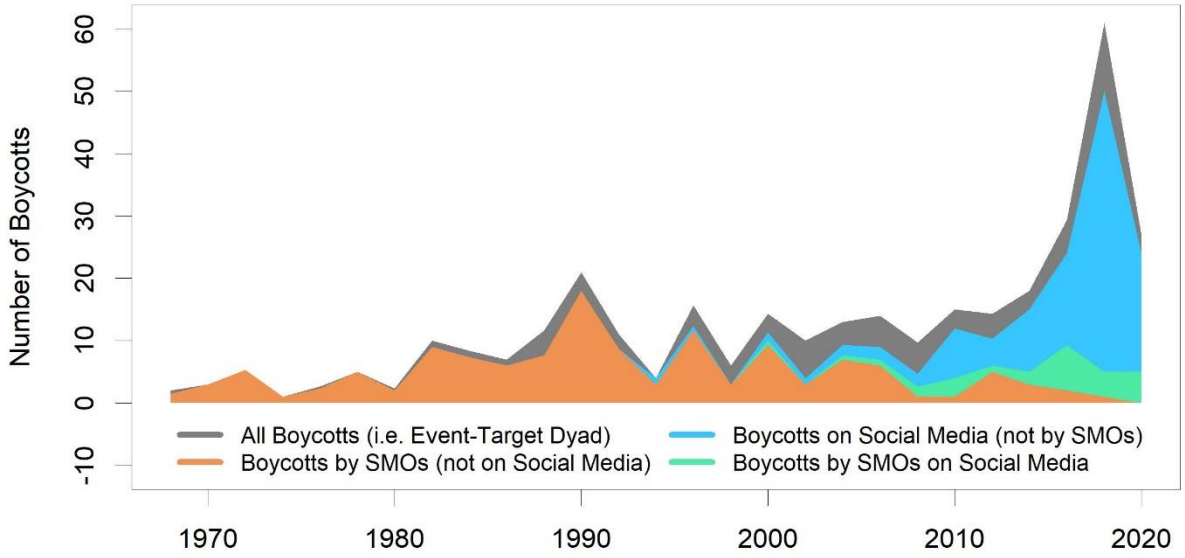
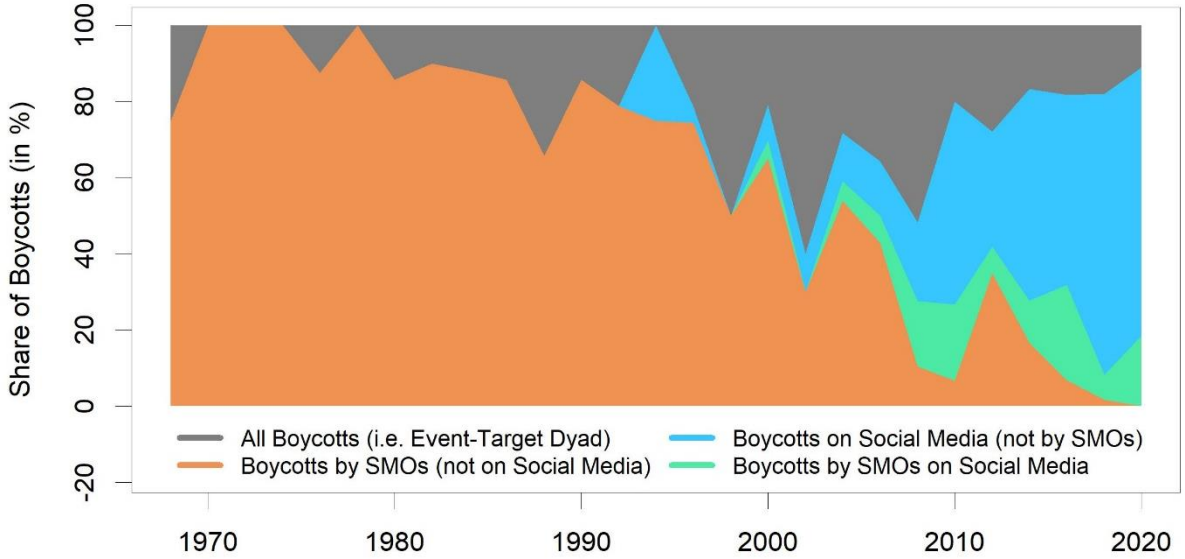


Figure 2.4: Share of boycotts sponsored by SMOs and/or called on SMPs



But above prior considerations, the evolution of consumer boycotts over time was suggestive of the effect that the diffusion of social media platforms may have had on the way social movements organize and pressure corporations. Figure 2.3 and Figure 2.4 show the time trend of consumer boycotts that were organized by some social movement organization (orange

area), that were called over some type of social media channel (blue area), or that reunited both of these characteristics (green area). The figures display three main patterns. First, the trends in the graphs show that consumer boycotts have a long history dating back at least to the late 1960s, and that up to the 2000s, the vast majority of these campaigns were backed by SMOs. Second, the graphs expose how the broad adoption of SMPs by the end of the 2000s triggered the proliferation of boycott calls against corporations that were no longer coordinated by formal organizations but expressed directly by social media users on digital platforms. Third, the figures display how the prevalence of boycotts on SMPs was accompanied by the decline of boycotts orchestrated by SMOs, with a small number of boycotts simultaneously being called by some SMO through some type of SMP. In the coming sections, I consider these patterns, the type of consumer boycotts associated to them, and I illustrate their characteristics through paradigmatic cases.

2.3.3 Consumer Boycotts by Social Movement Organizations

As reported in newspaper articles, consumer boycotts called by social movement organizations were generally integrated into more comprehensive strategies of contention by SMOs against particular corporations. Sometimes SMOs initiated campaigns against firms as a reaction to their public actions or statements, but journalists frequently reported how SMOs mobilized towards firms based on the private research that SMOs had conducted on the practices of firms and their social or environmental impact. Activist organizations regularly denounced the practices of corporations calling them unjust, inhumane, or immoral, and they strongly pursued the attention of media outlets and journalists to echo their message as widely as possible. But beyond just condemning the action of companies, newspaper articles frequently reported how SMOs selected their corporate targets not only based on their negative social impact but also

based on their likelihood to concede to their demands. Moreover, reporters elaborated on how SMOs engaged in private conversations with corporate elites to express their demands, and how they threatened corporate leaders with consumer boycotts to gain leverage in negotiations. If agreements were not reached, the boycott campaigns by SMOs could vary in terms of their intensity and duration, with some campaigns lasting for months and even years, and reports evidenced how SMOs often reassessed the effectiveness of their actions and decided to couple consumer boycotts with other tactics such as labor strikes or physical protests.

The campaign that Operation PUSH launched against Coca-Cola in July of 1981 illustrates this type of activist campaigns. Operation PUSH was a Chicago-based black activist organization led by the Reverend Jesse Jackson, which publicly denounced that Coca-Cola was not doing enough to support black businessmen around the United States (WSJ, 1981b). Operation PUSH had privately voiced a list of demands to leaders of the corporation, but after negotiations had failed, the civil rights group decided to call a boycott against the firm (WSJ, 1981b). Coca-Cola expressed "dismay" over such accusations, and it publicly argued that its "use of minority advertising agencies and media, as well as suppliers" was "well above the average for the U.S. industry" (WSJ, 1981b). Forty days later, Operation PUSH ended its boycott of Coca-Cola after the company's president, Donald Keough, announced a "moral covenant" with the activist organization at a joint press conference (NYT, 1981b; WSJ, 1981a; Johnson, 1990). Under the agreement, the company pledged to (i) promote black-owned bottlers; (ii) increase purchasing from minority businesses; (iii) increase black representation on the board, management, and workforce; (iv) appoint black-owned distributors; and (v) expand business deals with black advertisers and black banks (WSJ, 1981a).

At the organization's 11th annual convention in July 1982, Rev. Jesse Jackson reflected on the agreement with Coca-Cola, and he vowed to continue the "pursuit of similar agreements with other major companies" to keep "renegotiating black America's economic relationship with corporate America" (Stuart, 1982). The activist leader argued that the "Coke plan" was "the model" to be followed (Stuart, 1982). "We can use our dollar to negotiate for justice in the private sector just as we have done in the public sector," he stated in support of the use of consumer boycotts (Stuart, 1982). "But our goal is to be trading partners, not civil warriors," and in this manner achieve "concrete results," he further added when reflecting on the effectiveness of such campaigns (Stuart, 1982). As reported by journalists, the narrow approach by Operation PUSH represented "a significant change from its past practice of taking many issues under its umbrella only to find itself unable to attack them with equal vigor at the same time" (Stuart, 1982). Moreover, Jesse Jackson explained how the deal with Coca-Cola led the activist organization to "become a little more institutionalized" (Stuart, 1982). For example, he suggested that "the usual cadre of ministers going to a discussion table" had been expanded "to include accountants and lawyers" (Stuart, 1982).

After the deal with Coca-Cola, Operation PUSH started to shift its attention towards other companies lacking "adequate affirmative action policies" (NYT, 1981a). For instance, the activist organization "sent questionnaires and letters to the Royal Crown Company, the Seven-Up Company and Pepsico Inc. asking for meetings to review the companies' equal employment opportunity programs" (NYT, 1981a). In addition, the civil rights organization threatened other companies with consumer boycotts, and it reached agreements with Seven-Up, Kentucky Fried Chicken, and Anheuser-Busch (Stuart, 1982; Williams, 1985; Johnson, 1990). Years later, in August 1990, Operation PUSH also accused Nike of not doing enough for blacks, contending

that black customers contributed close to 30% of the company's $2.4 billion annual revenue (Johnson, 1990). Nike rejected the demands from Operation PUSH, what made the activist organization couple a nationwide boycott campaign against the firm with information campaigns and a series of demonstrations around the company's headquarters (Johnson, 1990; Wynter, 1990).

2.3.4 Consumer Boycotts on Social Media Platforms

As Figure 2.3 and Figure 2.4 show, activist campaigns against corporations emerged in the digital arena in the mid-1990s, this is, as early as when internet-based platforms were available to regular consumers and citizens. For example, a group of Native Americans and environmentalists already posted a call to boycott Walmart and Lowe's on their websites in August 1997 to prevent those companies from building on ancient stone graves (Yellin, 1997). Similarly, consumers created the website "www.boycotdelta.com" in March 2003 when Delta Air Lines volunteered to test a novel "computer-based airline passenger screening" (Sharkey, 2003). Furthermore, the social media platforms Facebook and Twitter were launched in February 2004 and March 2006 respectively, and already in August 2009 consumers used these SMPs to call for the boycott of Whole Foods after its chief executive, John Mackey, advocated for "healthcare savings accounts" and suggested that healthcare was not an "intrinsic right" (Mui, 2009).

Since that time, society has witnessed the proliferation of social movement campaigns on SMPs, such as tens of social media boycotts every year, as illustrated in Figure 2.3. Consumer boycotts that emerged on SMPs displayed a small number of commonalities and a large number of differences with consumer boycotts called by SMOs. In both cases, boycott calls were coupled with the condemnation of certain corporations and the denouncement of some of their practices,

policies, or partnerships. However, newspaper articles described consumer boycotts on social media more as collective, spontaneous, and decentralized reactions than as purposeful and strategic means to achieve effective social change. In general terms, consumer boycotts on social media were triggered by recent public events or controversies surrounding one or several corporations, and digital activists often called for the boycott of all affected corporations in an indiscriminate manner. Moreover, journalists covering these campaigns often reported the endorsement or condemnation by prominent social figures like politicians or celebrities, but nevertheless, articles never documented the presence or emergence of activist leaders with whom corporations could negotiate and compromise to settle their disputes. In addition, consumer boycotts on SMPs attracted much attention from media outlets, but these campaigns were rarely reported to endure beyond a few days or trigger other activist tactics.

The campaign that emerged on Twitter under the hashtag #BoycottNRA illustrates the most prominent features of consumer boycotts called on social media. On February 14, 2018, a 19-year-old opened fire on students and staff at the Marjory Stoneman Douglas High School in Parkland, Florida, killing seventeen people and injuring another seventeen (Fuhrmans, 2018). News of the event rapidly traveled through social media, and messages expressing grief and anger grew on the digital platforms, as well as online comments putting the blame for the incident on public institutions and private organizations (Wong, 2018). In a matter of hours, some posts under the hashtag #MassActionToStopMassMurder called for civil protests by staying home from work and school. Other posts accused the National Rifle Association (NRA) of facilitating this incident by blocking gun control measures through political lobbying and donations.

The push against the NRA soon gained strength to the point that social media users started to elaborate lists of corporations having business deals with the association. Both unknown users and celebrities like Alyssa Milano followed by calling for consumer boycott of these firms (Selk, 2018; Wong, 2018). Between February 22 and March 3, the #BoycottNRA campaign called for the boycott of more than twenty different companies, including Amazon, Apple, FedEx, Hertz, Visa, Avis, MetLife, and Enterprise (Fuhrmans, 2018; Selk, 2018). The activist pressure forced some companies, including Delta Air Lines, Hertz, and MetLife, to sever ties with the gun rights advocacy group, while other firms like FedEx resisted and maintained their discount and loyalty programs for NRA members (Fortin, 2018).

2.3.5 Consumer Boycotts by SMOs and on SMPs

The creation and diffusion of social media platforms by the end of the 2000s sparked the proliferation of consumer boycotts, but as Figure 2.3 and Figure 2.4 illustrate, that also marked the decline of consumer boycotts organized by social movement organizations, both in absolute and in relative terms. However, my dataset also revealed a few instances when consumer boycotts were both launched by SMOs and propagated through SMPs or some other digital means. Sometimes, the SMOs that took digital platforms to mobilize the public against a particular corporation were SMOs with a long activist history that started well before the birth of the Internet. For example, the American Family Association (AFA), a conservative nonprofit organization founded in 1977, sponsored an online petition in April 2016 to boycott Target over its decision to allow individuals to use the bathrooms and fitting rooms that corresponded to their "gender identities" (Andrews, 2016). Similarly, the NAACP, the civil rights organization founded in 1909, launched a campaign on Twitter under the hashtag #LogOutFacebook in

December 2018 to punish the platform for allowing the spread of misinformation targeted at African-Americans before the United States presidential election (Campbell, 2018; Volz, 2018).

On even rarer occasions, activists decided to create a formal organization and use social media to spread their condemnation of certain corporations. That was the case of Shannon Coulter and her decision to launch the #GrabYourWallet campaign on Twitter and to found a nonprofit organization under the same name (Hyland, 2016; GrabYourWallet, 2024). In October 2016, just a month before the U.S. presidential elections, a recording was released to the public where the then candidate Donald Trump talked about "grabbing" women by their genitals (McKinley, 2024). That sparked the anger of social media users, who condemned Trump's words and his candidacy. Among them was Shannon Coulter, a technology and marketing specialist, who initiated the #GrabYourWallet hashtag on Twitter to call consumers to boycott Ivanka Trump's clothing line as well as the stores carrying it, including Amazon, Lord & Taylor, Macy's, Marshalls, Nordstrom, and Zappos (Hyland, 2016). Some retailers like Nordstrom and Neiman Marcus eventually stopped selling Trump-related products as a result (Phillips, 2017).

The social media boycott campaign continued growing, with Shannon Coulter and other activists building a public spreadsheet listing other firms with relationships to Donald Trump (Feldman, 2016). Three years later, Shannon Coulter founded GrabYourWallet as a registered nonprofit organization. In its own words, "we have evolved into a more centralized resource for the flexing of individual economic power in ways that promote dignity and respect" (GrabYourWallet, 2024). Until today, the organization shares information on corporate practices related to social issues, provides resources for workers, advocates for public policies, receives donations, reports its finances, and is monitored by a board of directors (Stewart, 2018; GrabYourWallet, 2024; ProPublica, 2024). The case of GrabYourWallet and its consumer

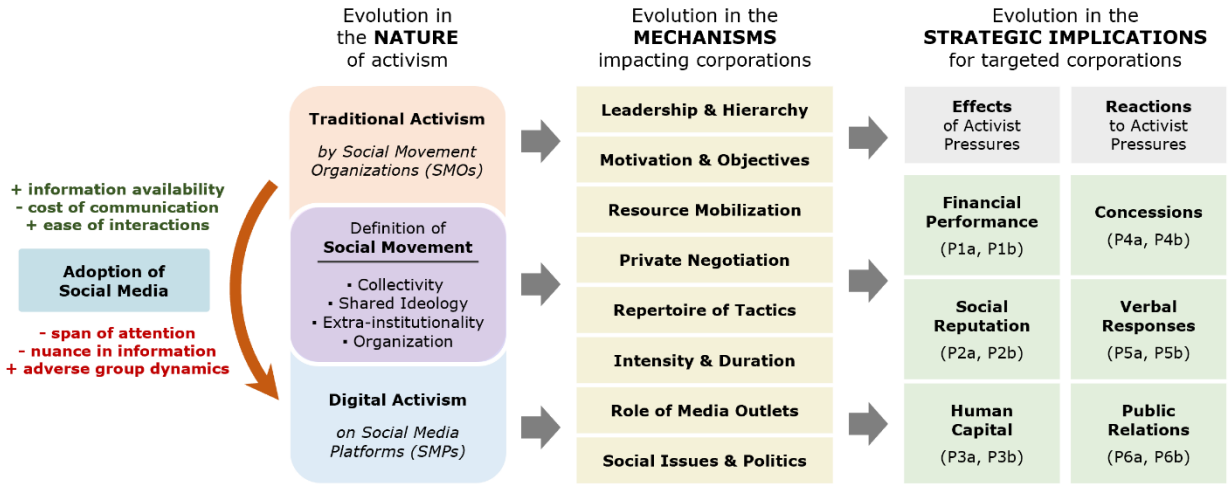
boycotts on social media was unique in the dataset I collected, and it accounted for more than 30% of the consumer boycotts sponsored by SMOs and carried out through SMPs in Figure 2.3 and Figure 2.4 (in green).

2.4 Theory Development

As evidenced by the evolution of consumer boycotts, the emergence of social media platforms has revolutionized how social movements pressure corporations, but how will this new and dominant form of digital activism differentially impact the resources and strategies of firms compared to traditional forms of activism? To answer this question, I develop a conceptual model grounded on the literatures of social movements, nonmarket strategy, and information technologies, as well as supported by additional analyses of the context of consumer boycotts in the United States.

As illustrated in Figure 2.5, this model addresses three fundamental dimensions of the social movement activism towards corporations. First, the model explains how the adoption of social media as a mobilizing structure has redefined the constitutive elements of social movements and created an essentially different form of activism towards corporations. Second, I elaborate on how digital activism and traditional activism differentially operate towards corporations through a list of mechanisms. Third, the model suggests the strategic implications that the shift from traditional to digital activism will have on corporations targeted by social movements. I argue how digital activism, compared to traditional activism, will impact the performance and resources of targeted firms, and I suggest how targeted companies will be more likely to shift their tactics and strategies in response.

Figure 2.5: Conceptual model on the evolution from traditional to digital activism



2.4.1 Evolution in the Nature of Activism

After a comprehensive and integrative review, Snow, Soule, and Kriesi (2004: 11) conceptualized social movements as "collectivities acting with some degree of organization and continuity outside of institutional or organizational channels for the purpose of challenging or defending extant authority, whether it is institutionally or culturally based, in the group, organization, society, culture, or world order of which they are a part." In this way, the authors pointed to four constitutive elements of social movements.

First, a social movement is a (i) "collectivity," meaning not just a group of individuals possessing some common traits or experiencing some common grievance, but a group of individuals that, to some extent, are interconnected and are able to recognize each other through a shared identity (Tilly, 1977; Davis and Thompson, 1994; Bernstein, 1997; Benford and Snow, 2000). Second, a social movement is grounded on an (ii) "ideology," this is, a "set of beliefs about how the social world operates, including ideas about what outcomes are desirable and how they can best be achieved" (Simons and Ingram, 1997). As such, ideology informs "collective

processes of interpretation" (Davis and McAdam, 2000), and it infuses a social movement with the purpose to reform some economic, social, or political structure (Wilson, 1973; McCarthy and Zald, 1977; Snow and Benford, 1988). Third, a social movement is characterized by its (iii) "extra-institutionality," or the extent to which the grievances of the collective are unattended by dominant institutions and can only be defended outside institutional means (Cress and Snow, 1996; King and Soule, 2007). Fourth, a social movement requires (iv) "organization," this is, some social structure to enable the coordination of contentious actions against a public institution or private organization (McAdam et al., 1996; Davis and McAdam, 2000). This "mobilizing structure" might be a formal organization like an SMO (McCarthy and Zald, 1977; Minkoff, 1997), but it may also just be any type of network of interaction (Porta and Diani, 2006).

Under this conceptualization, I propose that SMPs have primarily reshaped this last element of "organization" by becoming a new "mobilizing structure" at the disposal of social movements. Online platforms have drastically increased the availability of information and reduced the cost of communication for all members of society. Furthermore, the design of social media applications has made the access to information and interpersonal communication simple, convenient, and fast, to the point that SMPs today are central to how citizens learn about news and interact with each other (Shearer and Mitchell, 2021; Gottfied, 2024). As a result, SMPs have also become a mainstream channel for ideological expression, political engagement, and social activism (Anderson et al., 2018; Bestvater et al., 2023). For example, the use of social media has been shown to reflect ideological preferences (Brady, Wills, Jost, Tucker, and Van Bavel, 2017), match the political affiliation and support of citizens (Beauchamp, 2017; Mosleh, Martel, Eckles, and Rand, 2021), and facilitate protests towards economic and political bodies (Pierskalla and Hollenbach, 2013; Kavada, 2015; Jost et al., 2018).

While in the past SMOs were the primary vehicle through which marginalized actors gathered and coordinated contentious actions (McCarthy and Zald, 1977; Cress and Snow, 1996), I suggest that the information and communication advantages of SMPs have led activists to forsake SMOs to share their grievances and mobilize. The evolution of consumer boycotts presented in the empirical portion of this study would be consistent with this explanation. As illustrated in Figure 2.3 and Figure 2.4, the advent of the Internet and the beginning of social media led simultaneously to the proliferation of consumer boycotts expressed on SMPs (blue area in the figure) and to the decline of consumer boycotts sponsored by identifiable SMOs (orange area in the figure). Consequently, SMPs have generally become a "substitute" for SMOs for social movements pursuing social change in corporations, but it is noteworthy, however, how few activists treated SMPs as a "complement" rather than as a substitute for SMOs by employing both mobilizing structures (as exemplified in the case of GrabYourWallet and represented in the green areas of the figures).

Social media has become a mainstream vehicle for activism, but not every aspect of social media has positive social implications. How social media platforms are designed has profound implications on how users learn and interact (Twenge, Haidt, Lozano, and Cummins, 2022). First, just the breadth of information and interactions provided by social media has been proven to have a list of negative behavioral effects, such as fatigue, decrease in attention, or negative emotions (Bright, Kleiser, and Grau, 2015; Andreassen, Billieux, Griffiths, Kuss, Demetrovics, Mazzoni, and Pallesen, 2016; Arness and Ollis, 2023). Second, the expanded access to social media has also led to the intentional or unintentional spread of partial, misleading, or bluntly false information (Osmundsen et al., 2021). Third, the purposeful design of social media applications has been shown to trigger a variety of adverse group-based

dynamics, which may bias the information to which individuals are exposed (Mosleh et al., 2021) or the extent to which their messages are diffused (Goel, Anderson, Hofman, and Watts, 2016).

Social media platforms are pre-established structures that affect how individuals learn and interact, and therefore, they also shape how activist individuals perceive the social world, how they relate to others holding sympathetic or antagonistic views, and how they choose to pressure institutions to change. Consequently, the adoption of SMPs has reshaped not only the "organization" of social movements but also their other constitutive elements. First, social media has changed the "collectivity" of social movements, for example, by connecting distant actors, but also by aggregating them based on dynamics such as homophily or partisanship (Barberá, 2015; Macskassy and Michelson, 2021). Second, social media has impacted the "ideology" of social movements, for instance, by consolidating the values and beliefs of distant social groups into broader political ideologies, but also by intensifying the polarization between ideologically misaligned audiences (Schoenmueller, Netzer, and Stahl, 2023). Third, social media has affected the "extra-institutionality" of social movements, such as by approaching the voice of marginalized groups to powerful institutions, but also by allowing those same institutions to exercise control over SMPs and suppress the diffusion of information or the expression of certain ideas (Engesser, Ernst, Esser, and Buchel, 2017; Hobbs and Roberts, 2018; Pan and Siegel, 2020).

2.4.2 Evolution in the Mechanisms Impacting Corporations

As characterized in their original definition, social movements operating on social media today are the confluence of collectivity, ideology, extra-institutionality, and organization (Snow et al., 2004). However, the adoption of SMPs as their mobilizing structure should have important

consequences on how they may target and pressure private organizations. In other words, the choice of a "mobilizing structure" not only affects how social movements organize, but it also shapes their "repertoire of contention," this is, the set of contentious actions that are available to them (Tilly, 1977). Consequently, I propose that the activism of social movements through SMPs constitutes a form of "digital activism" that is fundamentally different from the "traditional activism" historically carried out by SMOs. In this section, I develop a comprehensive list of mechanisms by which traditional and digital activism differentially impact targeted corporations, using the context of consumer boycotts as an illustration.

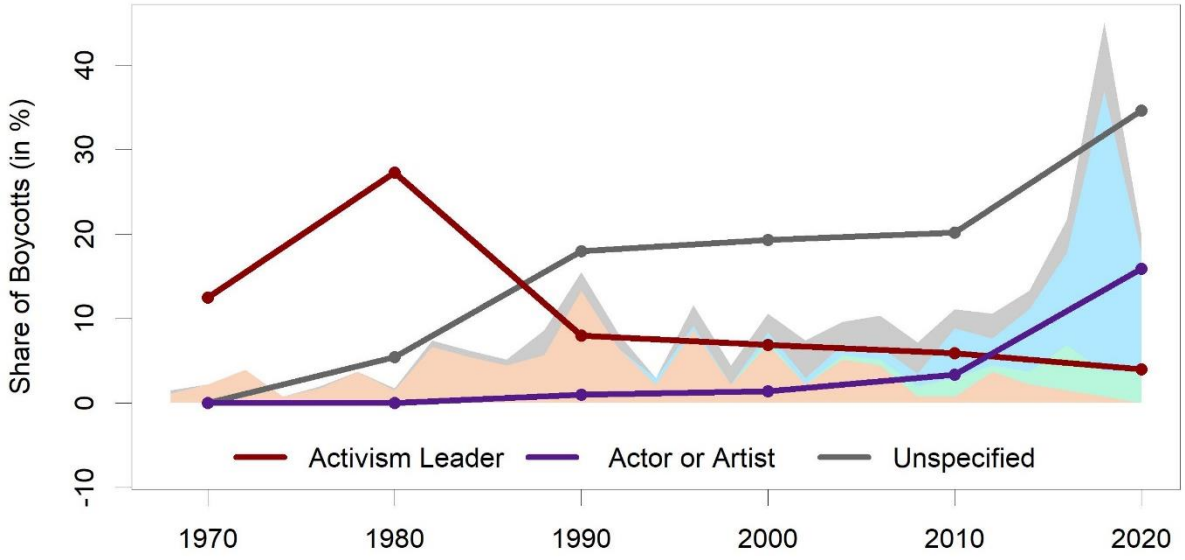
2.4.2.1 Leadership and Hierarchy

The most important difference between traditional activism by SMOs and digital activism through SMPs resides in how opinions are aggregated and how decisions are made. As illustrated in the case of Operation PUSH, social movement organizations generally had prominent activist leaders at their top, who had knowledge about the social issue being addressed and experience in dealing with public institutions or private corporations. In addition, SMOs provided a hierarchy to activist individuals, assigning specific roles to those working at the organization as well as participation channels to those that wanted to have a say in how the organization should operate (Cress and Snow, 1996). Therefore, traditional activism resulted from a centralized process of deliberate decisions by SMOs, their leaders, and their members (Wang and Soule, 2012).

In contrast to the hierarchy of SMOs, activist individuals may express their opinions directly in the marketplace of SMPs, but the extent to which their messages are diffused is contingent on the size and structure of their social network (Goel et al., 2016). For example, prominent figures like actors or politicians may have a higher capacity to influence the development of social media campaigns, as illustrated in the case of #BoycottNRA with actress

Alyssa Milano. Therefore, digital activism today results from a decentralized process, often lacking clear leaders or representative figures. The evolving influence of activist leaders and celebrities is further illustrated in the context of consumer boycotts. As Figure 2.6 shows, consumer boycotts before social media often had a stronger presence of activist leaders, while the emergence of SMPs coincided with more consumer boycotts being called by celebrities or just by unidentifiable groups of people (e.g., "consumers," "gun advocates," or "pet lovers").

Figure 2.6: Share of boycotts supported by different types of boycotters

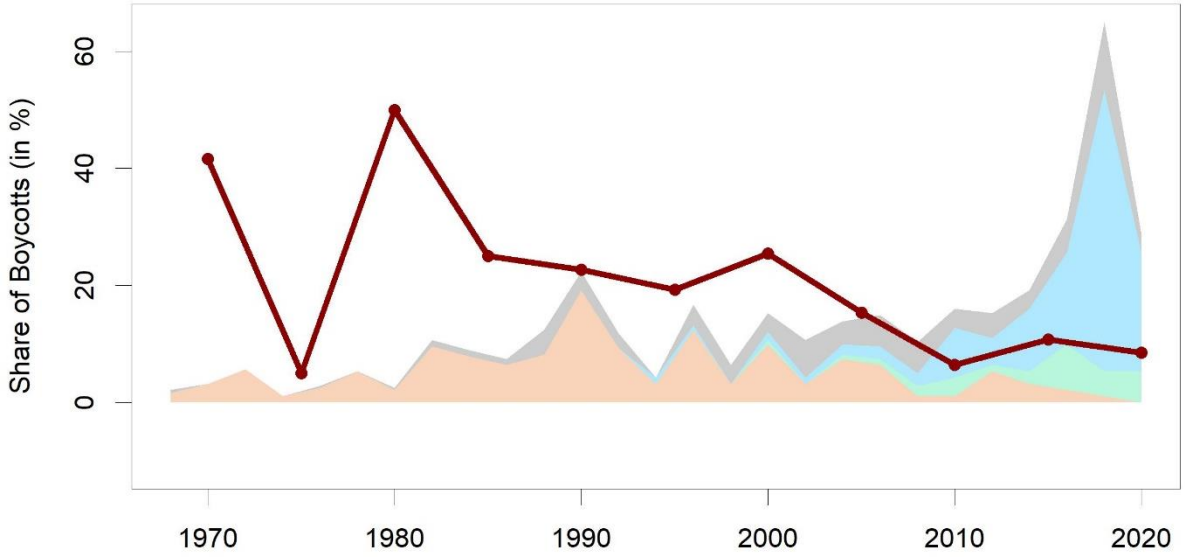


2.4.2.2 Motivation and Objectives

Other important differences between traditional and digital activism are the type of information or events that motivated their campaigns and the ultimate objectives that they wanted to achieve. On the one hand, SMOs often conducted research on the practices of corporations and frequently called to act against specific products, brands, or locations. For example, PETA called to boycott Colgate in March 1998 after an "undercover investigator for the animal rights group" confirmed that the company was testing its products on animals through

a third-party (Kolata, 1998). In addition, SMOs generally had certain goals they wanted to achieve with their campaigns that derived from their mission to advance specific social issues (Minkoff, 1997). Moreover, those goals were manifested in clear demands to targeted firms, as the case of Operation PUSH exemplifies.

Figure 2.7: Share of boycotts with identifiable demands



On the other hand, digital activism on SMPs generally emerges as a reaction to public events or information "going viral," this is, spreading fast and wide (Goel et al., 2016). In the context of consumer boycotts, such information generally related to the public behaviors of a focal firm (e.g., customer experiences, or public statements from corporate elites), and on no occasion was this information purposefully collected and released by any activist organization. For example, a video of a passenger being dragged off a United Airlines flight quickly sparked a boycott against the company in April 2017 (Aratani and Selk, 2017), while the way that two black men were treated at a Starbucks coffeeshop in Philadelphia triggered much outrage against the company on social media in April 2018 (McCleary and Vera, 2018). Similarly, the pressures

from digital activists are rarely accompanied with concrete demands. Instead, activist campaigns on social media often are an emotional expression of pure condemnation of firms and their practices with only vague social aspirations. This is further represented for the context of consumer boycotts in Figure 2.7, which shows how the proportion of consumer boycotts in which activists manifested specific demands experience a big decay in the years 2000s and onwards.

2.4.2.3 Resource Mobilization and Target Selection

SMOs were the instrument through which social movements gathered, managed, and deployed valuable resources to advance their social causes (McCarthy and Zald, 1977). As apparent in the pressure of Operation PUSH against Coca-Cola, SMOs were highly strategic in launching and sustaining campaigns with a higher likelihood of achieving social progress. On occasions, SMOs even formed coalitions to pool resources and maximize their return, they selected the optimal timing to engage in specific tactics, and they frequently reassessed their strategies (Wang and Soule, 2012). Such strategizing of resources also led SMOs to restrict their efforts to one or a few corporate targets, which in the event of conceding to the demands of the SMO, could serve as a warning to other companies in the field.

Meanwhile, digital campaigns on SMPs did not display any form of assessment or strategic use of resources. Given the ease of communication through social media, platform users on occasions targeted tens of companies simultaneously instead of focusing their efforts on a small pool of targets, as illustrated in the case of the #BoycottNRA campaign. The targeting of multiple corporations often happened not due to the illegitimacy of their own actions, but to some recent negative behavior from a shared partner (e.g., client, government, or nonprofit). In this regard, Figure 2.8 shows the evolution of both direct boycotts (i.e., those motivated by some

illegitimate action from the boycotted firm) and indirect boycotts (i.e., those motivated by the illegitimate action of a business partner). Figure 2.9 shows how most consumer boycotts in the dataset targeted just one to three corporations, but also how the emergence of social media allowed some campaigns to pressure more than ten companies at a time.

Figure 2.8: Share of boycotts targeted in a direct or indirect manner

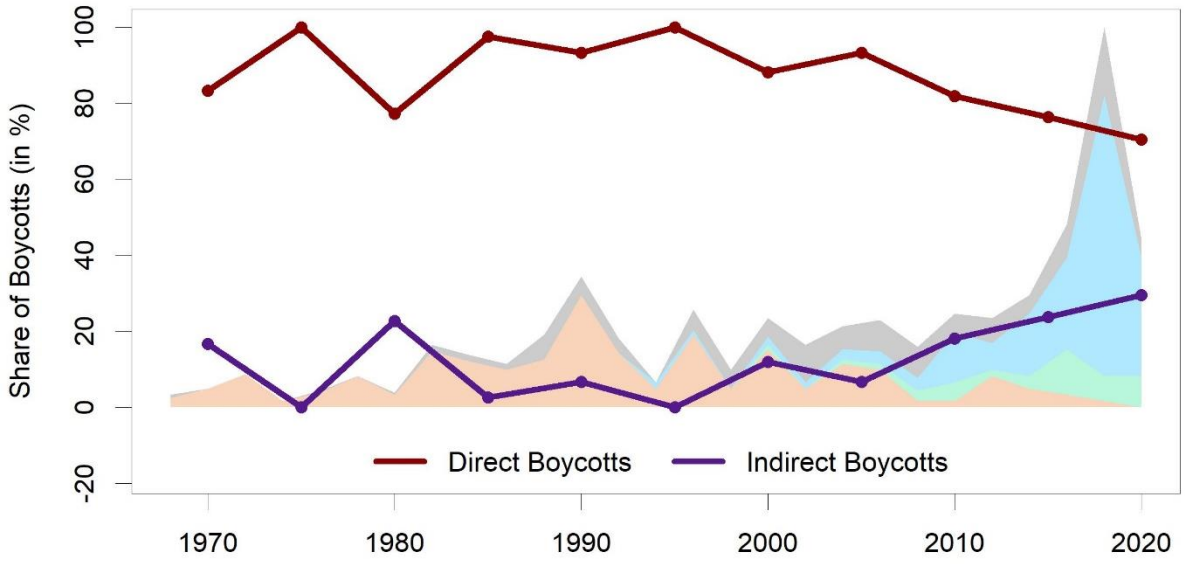
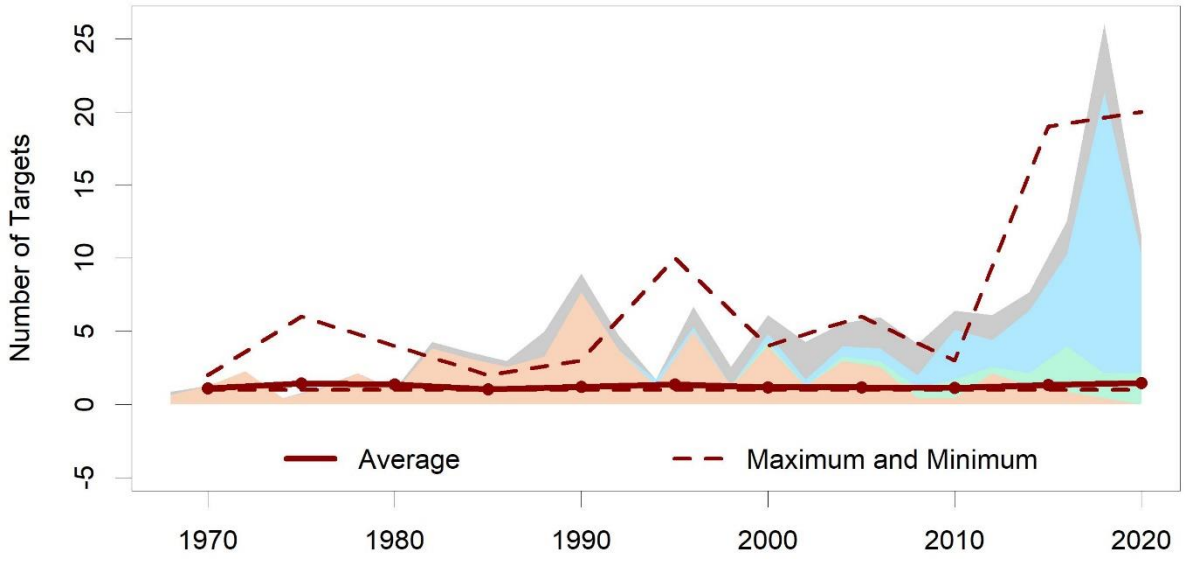


Figure 2.9: Number of corporate targets per boycott event



2.4.2.4 Private Negotiation

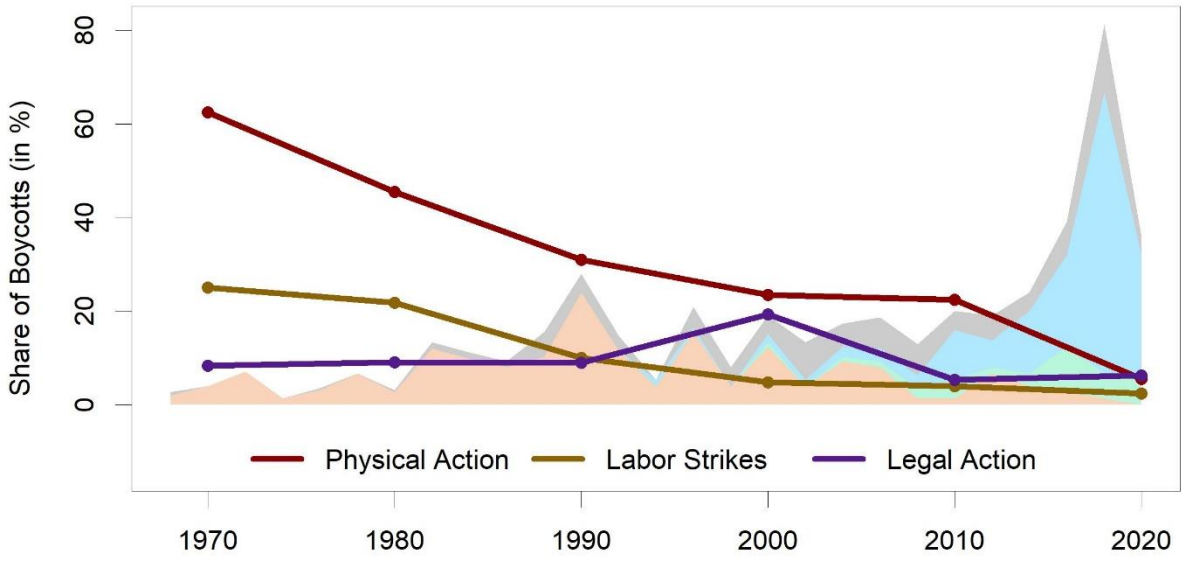
A fundamental difference between traditional activism by SMOs and digital activism through SMPs is the degree to which activists engaged in private negotiations with their corporate targets (Odziemkowska, 2022). In my investigation of consumer boycotts, it became a recurrent theme that activist leaders had conversations with executives or corporate boards even before the launch of contentious actions, and newspaper articles reflected that the possibility of consumer boycotts or protests was used as leverage to make corporate leaders negotiate and concede. As the case of Operation PUSH illustrates, these negotiations often allowed SMOs to gain information about their targets and to make demands that, while making progress on their issues of interest, were feasible for the corporation to accept. However, the lack of leadership in digital campaigns would make it difficult, if not impossible, for corporations to engage in private negotiations with activists that could result in both the protection of corporate interests as well as meaningful social progress. In the context of consumer boycotts, on no occasion was any digital activist leader reported to emerge and engage in private conversations with leaders at targeted corporations.

2.4.2.5 Repertoire of Tactics

The mobilization of digital activists through SMPs, as compared to the traditional activism by SMOs, resulted in a complete reduction in the "repertoire of tactics" employed by social movements (Tilly, 1977). In their actions towards public institutions and private corporations, SMOs traditionally used a variety of methods to pressure their targets, including physical protests, marches, on-site performances, strikes, disinvestment campaigns, and/or consumer boycotts (Wang and Soule, 2012). Moreover, the coalescence of SMOs often promoted the mutual learning of activists and the spread of tactics (Wang and Soule, 2012,

2016). In addition, the use of multiple methods of contention was particularly important for traditional activists to gain the attention of media outlets and to propagate their views and demands (King and Soule, 2007; King, 2011). Figure 2.10 shows how consumer boycotts before the era of social media were often coupled with other tactics, including different forms of physical action (e.g., protests at corporate headquarters), labor strikes, and legal actions (e.g., lawsuits against corporate targets).

Figure 2.10: Share of boycotts coupled with additional tactics



Nevertheless, the condemnation of corporations by social media users was rarely accompanied by calls to engage in other tactics such as physical, labor, or legal actions, as Figure 2.10 illustrates in the context of consumer boycotts. This has not been what scholars have observed, however, for other contexts of activism in the digital arena. For example, the campaign on Twitter under the hashtag #BlackLivesMatter in response to the death of George Floyd in May 2020 was paired with calls to engage in street protests (Anderson, Barthel, Perrin, and Vogels, 2020), and the use of social media was associated with intensified street protests in the

context of the Arab Spring in the early 2010s (Steinert-Threlkeld, Mocanu, Vespignani, and Fowler, 2015). As a result, the reduction in the repertoire of social media activists could have happened strictly in the context of consumers acting towards corporations, where the use of other tactics may have been more costly or less effective.

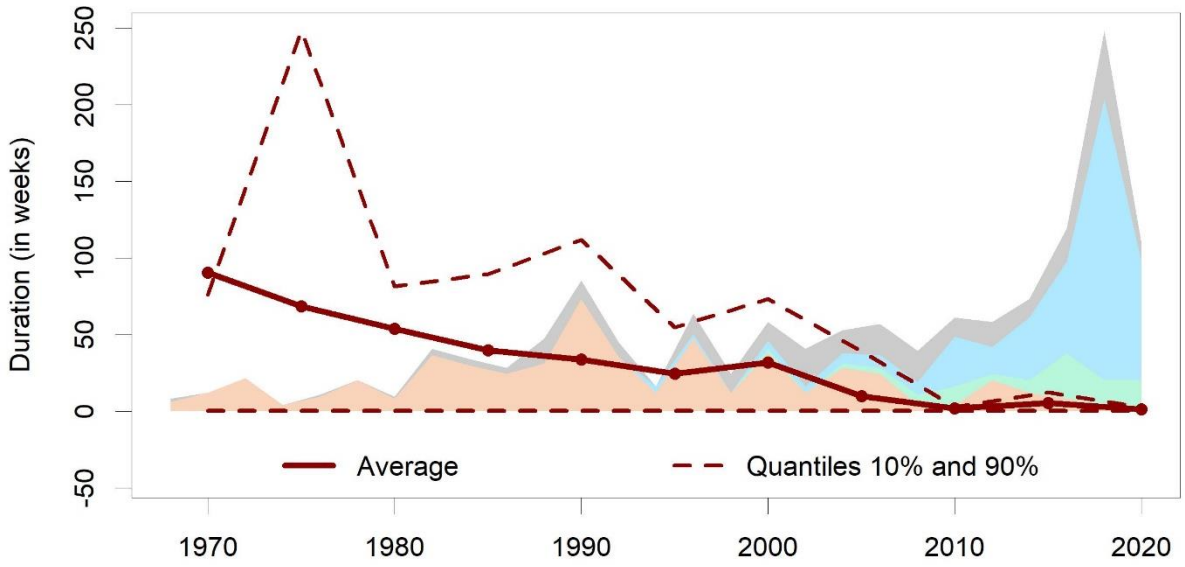
2.4.2.6 Intensity and Duration

Traditional and digital activist campaigns considerably diverged in terms of their intensity and duration. On the one hand, SMOs had to exert big efforts to diffuse their condemnation and make the public aware of ongoing contentious tactics such as consumer boycotts or labor strikes. However, SMOs often sustained their campaigns against corporations for long periods of time, including months and even years. For example, a coalition of activist organizations held a boycott campaign against Nestlé for more than six years over its promotions of infant formula in underdeveloped countries (Hilts, 1984). Similarly, the AFL-CIO sustained a consumer boycott against Coors for seven years as part of a labor dispute (Tasini, 1988).

By contrast, social media campaigns quickly spread on digital platforms and even reached the general public through mainstream media outlets. Moreover, the saliency of digital campaigns was not only magnified by the engagement of online supporters, but also by the participation of detractors who criticized and challenged the campaign. For instance, the public support that the CEO of Goya Foods expressed for President Donald Trump in July 2020 motivated some social media users like U.S. Representative Alexandria-Ocasio Cortez to suggest the boycott of the company, but the prominence of the controversy grew when other platform users called to "buycott" the firm instead (Park, 2020). Digital campaigns gained much attention from the public, yet this attention quickly faded away in a matter of days. This became apparent in the exploration of consumer boycotts. Figure 2.11 shows the average duration of consumer

boycotts, measured as the time between the publication dates of the first and the last articles talking about a focal boycott. As illustrated in the figure, the duration of consumer boycotts decreased over the decades, but it was at the time of the diffusion of social media when it substantially decayed to a small number of days.

Figure 2.11: Duration of consumer boycotts



2.4.2.7 Role of Media Outlets

A notable element distinguishing traditional and digital activist campaigns is the role conventional media outlets played in their diffusion. Research on the activism of SMOs highlighted that social movements frequently pursued the attention of journalists and mainstream media outlets to magnify the financial and reputational effects of their campaigns (King and Soule, 2007; King, 2011). However, studies have shown that social media platforms have become the main source of information for a large share of the population and even a larger portion of young adults (Shearer and Mitchell, 2021; Gottfied, 2024). As a result, digital activists

operating through SMPs have become less reliant on the coverage of media outlets to propagate their claims, as just the endorsement or opposition from celebrities or politicians could have the same amplifying effects. In some way, mainstream media outlets may no longer operate as gatekeepers of activism, and they may have become just another (although still influential) user in the realm of social media.

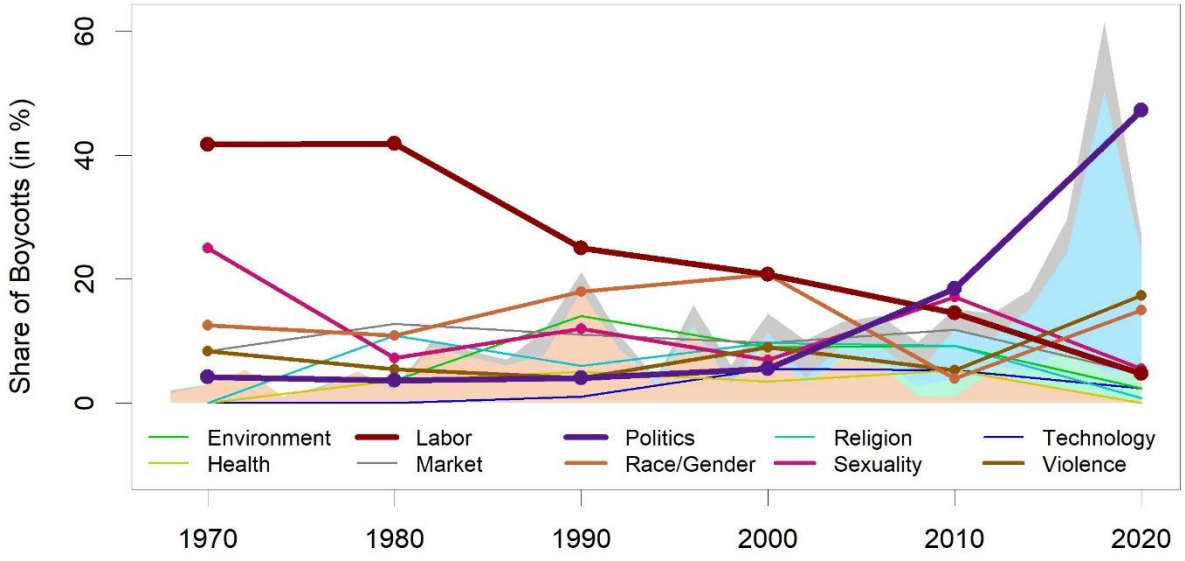
2.4.2.8 Social Issues and Political Ideology

The activism of social movements in the traditional era of SMOs and the digital era of SMPs has been characterized by a different emphasis on certain social issues. This evolution is represented in Figure 2.12, which shows the proportion of boycotts that dealt with each type of social issue over the sample period. The figure suggests that some social or moral issues (e.g., race, violence, environment, sexuality, or religion) have been present over the years. In addition, the figure shows a constant decline of the issue of "labor" with no meaningful inflection by the time of the advent of social media. However, the graph shows a considerable uptick on the issue of "politics" throughout the emergence and diffusion of social media. This suggests that social movements in the digital arena may be more strongly concerned with partisan politics than specific social or moral issues, a hypothesis that would be highly consistent with political science research on how social media has intensified the ideological and political polarization of society (Barberá, 2015; Mosleh et al., 2021).

The attention to certain social issues and the discussion of their associated ideological interpretations have long been present in social movements and their activist pressures (Wilson, 1973; McDonnell and Cobb, 2020). However, research has shown that the social dynamics natural to SMPs have intensified the effect that ideological and political identities have on the behaviors of users (Mosleh et al., 2021; Osmundsen et al., 2021). For example, the political

ideology of platform users helps predict their construction of and engagement in social networks (Barberá, 2015; Mosleh et al., 2021), their sharing of information (Jost et al., 2018; Osmundsen et al., 2021), or even consumer behaviors like brand affiliation or actual product purchases (Schoenmueller et al., 2023). As a result, partisan politics has become pervasive across SMPs, and therefore, it may have served as the motivation for a variety of social media campaigns against corporations.

Figure 2.12: Share of boycotts motivated by each type of social issue



2.4.3 Evolution in the Strategic Implications for Firms

Digital activism and traditional activism are two different but related phenomena. Both constitute a collectivity mobilizing against a corporation as driven by an ideology and with a particular social or political intent. However, they represent fundamentally different types of pressure against a corporation. On the one hand, I define traditional activism by SMOs as "deliberate, centralized, and enduring campaigns against corporations often backed by private

negotiation and multiple tactics to advance some social issues." On the other hand, I characterize digital activism on SMPs as "reactive, decentralized, and fleeting initiatives against corporations rarely coupled with private interactions or multiple tactics to achieve political gains." Given their diverging characteristics, these social movement pressures should have different implications for the strategy of firms. In this section, I propose how digital activism will impact the performance and resources of targeted firms compared to traditional activism, and I argue how companies will be more likely to shift their strategies in response.

2.4.3.1 Effect of Digital Activism on Firm Performance and Resources

Nonmarket strategy scholars have paid primary attention to how stakeholder relations influence the financial performance of companies (Ahuja et al., 2018). Several studies have shown the positive effects that the proactive engagement of firms with internal and external stakeholders may have on firms. For example, Flammer (2015) showed that the adoption of CSR proposals improved the financial performance of companies, while Henisz, Dorobantu, and Nartey (2014) demonstrated that the degree to which companies engaged in cooperation or conflict with relevant stakeholders affected the valuation of those firms. Meanwhile, other studies focused on the negative effects that contentious actions from stakeholders had on the performance of firms. Most specifically, King and Soule (2007) showed that physical protests from activist groups had a negative effect on the abnormal returns of targeted corporations, while King (2011) evidenced that consumer boycotts before social media also had such significant negative effect on the financial valuation of corporations.

Based on the characteristics of traditional and digital activism, I suggest that social movement campaigns emerging on SMPs will have a weaker negative effect on the financial performance of targeted firms than those orchestrated by SMOs. First, although digital

campaigns might be highly salient and attract the attention of multiple stakeholders like consumers, partners, investors, and regulators, they should fade away more quickly and only pose a short-term threat or damage to focal firms. Second, digital campaigns should be less likely to trigger other damaging actions such as physical protests or labor strikes that could disrupt the operations of targeted firms. Third, digital campaigns against a firm could also trigger the mobilization of social media users in favor of the firm's practices, partnerships, or political leanings, therefore countering the action of digital activists. It is important to note, however, that if the campaign taking place on an SMP was also backed by the vision and strategy of an SMO, these mechanisms would likely change. In this case, the SMO could sustain the campaign for longer periods of time, organize other contentious tactics against the firm, or incite the participation of allied users while trying to discourage the participation of users opposing the campaign.

> *Proposition 1a. Activist campaigns on SMPs will have a weaker negative effect on the financial performance of targeted firms than activist campaigns supported by SMOs.*

> *Proposition 1b. Activist campaigns on SMPs and supported by SMOs will have a stronger negative effect on the financial performance of targeted firms than activist campaigns just supported by SMOs or just emerging on SMPs.*

The social reputation of a corporation, or the degree to which it is esteemed and regarded by its stakeholders, is central to its performance and survival (Roberts and Dowling, 2002). For example, prior studies found that the reputation of firms shaped their ability to create

partnerships with other organizations (Jensen and Roy, 2008), promoted their survival in contexts with underdeveloped institutions (Gao, Zuzul, Jones, and Khanna, 2017), gained them access to policy-making processes (Werner, 2015), or even affected their likelihood of experiencing favorable outcomes in legal disputes (McDonnell and King, 2018). In addition, recent studies theorized how mainstream media outlets and social media platforms shape the reputation of firms (Etter, Ravasi, and Colleoni, 2019), with some showing that corporations are likely to respond to social media users to protect their online reputation (Karunakaran, Orlikowski, and Scott, 2022). Meanwhile, students of social movements paid most attention to how activist campaigns by SMOs effectively threatened this reputation, triggering corporate concessions and pro-social communications (King, 2008; McDonnell and King, 2013).

Given the role of social issues and political ideology in traditional and digital campaigns, I propose that activist campaigns emerging on SMPs should have a weaker negative effect on the social reputation of targeted firms. Traditional activism carried out by SMOs paid most attention to social or moral issues, including race, labor rights, religion, or the environment. Additionally, instead of framing those as political, SMOs made substantial efforts to convince the general public that the actions of targeted firms were harmful or immoral (Benford and Snow, 2000). By contrast, the dynamics on social media platforms have intensified the ideological identification of users, the polarization of their beliefs, and the discussion of social issues as part of partisan politics (Barberá, 2015; Osmundsen et al., 2021). As a result, digital activism on SMPs has increasingly focused on political conflicts and condemned the actions of corporations more frequently based on their political leanings than on their negative social impact. This asymmetry should have reduced the ability of digital activists to affect the overall social reputation of targeted corporations, but at the same time, exacerbated their impact on the perceived political

leaning of those firms, this is, the degree to which firms are perceived as supportive of or contrary to specific political ideologies.

Proposition 2a. Activist campaigns on SMPs will have a weaker negative effect on the social reputation of targeted firms than activist campaigns supported by SMOs.

Proposition 2b. Activist campaigns on SMPs will have a stronger positive effect on the perceived political leaning of targeted firms than activist campaigns supported by SMOs.

Beyond the external dimensions of financial performance and social reputation, the way corporations relate to their environment can also have profound effects on their internal workings as organizations and on their human capital. For instance, studies have shown that the social performance of corporations has positive implications for the attraction, retention, and motivation of employees (Burbano, 2016; Carnahan, Kryscynski, and Olson, 2017; Flammer and Luo, 2017), while the engagement of employers in contested social issues may have detrimental effects (Burbano, 2021). Similarly, other studies have focused on the role that political ideology plays in motivating employees to stay or leave their organization (Swigart, Anantharaman, Williamson, and Grandey, 2020). For example, studies have found that ideological differences in an organization may have adverse effects on the trust and cooperation between employees (Dimant, 2023), or even trigger the departure of employees, executives, and board members (Bermiss and McDonald, 2018; McDonnell and Cobb, 2020; Busenbark et al., 2022).

Social movement and organizational scholars have explored how the ideas and campaigns of activists may penetrate targeted corporations, on the one hand, triggering the

mobilization of their employees, and on the other, increasing the ideological tensions inside the firm (Zald and Berger, 1978). For example, Rheinhardt, Briscoe and Joshi (2023) studied how social movements motivated employees in certain organizations to use their workplace as a platform to voice their support for social causes. Meanwhile, McDonnell and Cobb (2020) highlighted the ideological tensions that firms could experience when pressured by a social movement, and they showed that such tensions could even motivate corporate members to leave their firm. Based on the broad reach of activist campaigns on social media and their emphasis on ideology and politics, I suggest that digital activism through SMPs should have a stronger effect on the mobilization of employees and the ideological tensions inside targeted corporations. First, the wide diffusion of digital campaigns should make employees more aware of the issues voiced by activists, and the decentralized nature of digital campaigns and the ability of employees to participate on SMPs should further facilitate their mobilization. Second, the emphasis of digital campaigns on the ideological connotations and the political implications of contested social issues should not only incentivize the involvement of employees ideologically aligned with the movement but also those ideologically opposed, therefore triggering stronger ideological divergences or tensions within targeted corporations.

> *Proposition 3a. Activist campaigns on SMPs will have a stronger positive effect on the mobilization of employees inside targeted firms than activist campaigns supported by SMOs.*

> *Proposition 3b. Activist campaigns on SMPs will have a stronger positive effect on the ideological tensions inside targeted firms than activist campaigns supported by SMOs.*

2.4.3.2 Firm Strategic Reactions to Digital Activism

When threatened by the contentious actions of activists, targeted firms may engage in different tactics or strategies to protect their financial performance, social reputation, and human capital. First, corporations may choose to make public concessions to the demands from activist groups, both to appease their contentious tactics and to manage the negative impressions from other stakeholder groups (King, 2008). Most specifically, King (2008) showed that consumer boycotts by SMOs were more likely to force corporations to concede when they attracted more media attention and targeted corporations were more vulnerable from a performance and reputation standpoint. Second, targeted companies may engage in different forms of verbal communication. For instance, corporations may choose to publicly address the claims of activists to deny their accusations, to acknowledge and justify their actions, or to apologize for their misbehavior (Elsbach and Sutton, 1992; Elsbach, 1994; Lamin and Zaheer, 2012). Third, corporations may even shift entire investments, moving away from controversial technologies or illegitimate markets and towards socially favorable ventures or business models (Weber et al., 2009; Pacheco and Dean, 2015; Lee, Ramus, and Vaccaro, 2018). For example, Weber, Rao, and Thomas (2009) studied how "the anti-genetic movement in Germany in the 1980s" refrained pharmaceutical firms from certain commercialization decisions.

Just as digital and traditional activism impact the performance and resources of firms in a different manner, I suggest how they should also trigger different tactical and strategic responses from firms. The traditional activism carried out by SMOs was characterized by the research of corporate practices, the communication of specific demands, the engagement with corporate leaders in private conversations, and the persistence of activists over long periods of time. As a result, firms had specific business decisions to consider, they could negotiate with activist

leaders, and they might reach compromises that did not harm their performance while making progress on the issues championed by SMOs. In addition, the scrutiny of SMOs would have made it difficult for targeted firms to promise substantive changes to their business without eventually following through.

By contrast, digital activism emerges on SMPs as the result of a decentralized process involving a heterogeneity of platform users and lacking clear representative figures, making it more difficult for targeted firms to negotiate or just choose a course of action that appeased a majority of online activists. Digital campaigns generally involve the condemnation of firms without a list of specific demands that the company should satisfy, and on most occasions, the action from online activists fades away in a matter of hours or days. Therefore, I propose that targeted firms should be less likely to make costly long-term changes to their business activities to protect themselves. However, if the digital campaign was also backed by the scrutiny and leadership of an SMO, I suggest that firms would be more likely to make substantive concessions given the broad reach of social media campaigns and the possibility to negotiate specific business reforms with the SMO.

> *Proposition 4a. Firms targeted by activist campaigns on SMPs will be less likely to make substantive concessions to activists than firms targeted by activist campaigns supported by SMOs.*

> *Proposition 4b. Firms targeted by activist campaigns on SMPs and supported by SMOs will be more likely to make substantive concessions to activists than firms targeted by campaigns only supported by SMOs or campaigns just emerging on SMPs.*

Faced not only with the contentious actions of activists but also with their public accusations of harm, inappropriateness or immorality, firms may also be compelled to respond verbally to such negative claims to manage the impressions of customers, investors, and partners (Elsbach and Sutton, 1992; Elsbach, 1994; Suddaby and Greenwood, 2005; Lamin and Zaheer, 2012). According to theories on organizational rhetoric and institutional theory, social actors are required to justify their actions whenever those have been regarded as inappropriate by their stakeholders (Scott and Lyman, 1968; DiMaggio and Powell, 1983; Suchman, 1995; Scott, 2001). In particular, scholars argued that if a firm is able to build a public response grounded on commonly shared values and beliefs, it should regain the support of those stakeholders and benefit again from their collaboration (Scott and Lyman, 1968). For instance, Elsbach (1994) showed how firms in the California cattle industry improved the perceptions of different firm stakeholders through different forms of "denials" and "acknowledgments" after industry controversies. Similarly, Lamin and Zaheer (2012) studied how firms responded with specific rhetorical devices to regain the support of both the general public and the investment community after allegations of using international sweatshops.

Companies facing digital campaigns on SMPs could also engage in verbal communications to influence the perceptions of stakeholders, and I argue that, given the characteristics of digital activism, this would be an effective response. As previously argued, digital activism is the outcome of a decentralized process involving social media users of heterogeneous preferences and values. While making practical concessions would likely gain the support of some activists but spark stronger opposition from others, the communication of strategically ambiguous messages could help companies persuade activists of different

ideological leanings (Eisenberg, 1984; Lee and Pinker, 2010). In addition, given that activism on SMPs is generally related to instantaneous and emotional condemnations of corporations, public communications would serve as a rapid tactic capable of matching the emotional tone of the activist campaign and its care for certain social or political issues. Furthermore, based on prior arguments suggesting that corporations would be less likely to make substantive concessions to social media activists, I posit that firms targeted by digital campaigns would be more likely to decouple their verbal messages from their practical actions (Fiss and Zajac, 2006; Crilly, Zollo, and Hansen, 2012). For example, targeted companies could issue public communications expressing their concern or support for the social causes voiced by online activists while not announcing changes to company practices affecting those social issues.

Proposition 5a. Firms targeted by activist campaigns on SMPs will be more likely to engage in verbal communications than firms targeted by activist campaigns supported by SMOs.

Proposition 5b. Firms targeted by activist campaigns on SMPs will be more likely to decouple their verbal communications from their actions than firms targeted by activist campaigns supported by SMOs.

While traditional activism by SMOs often investigated the private behaviors of corporations, digital activism on SMPs has been generally motivated by the broad diffusion and saliency of public information related to the firm (e.g., public statements from executives, customer experiences with products or services, or advertised partnerships). Therefore, I propose

that the emergence of social media should have made corporations more worried, first, about their public image and that of their business partners (Jensen, 2006), and second, about the possibility of sensitive private information being leaked to the public (Werner, 2017; Jia, Markus, and Werner, 2023). Companies could consider their partnerships and investments to be uncontroversial, but their sudden condemnation by social media activists should trigger their reexamination by corporate leaders. For example, the empirical exploration in this study showed that social media boycott campaigns were often motivated not by some objectionable behavior from a focal corporation, but by some controversial action from one of its business partners. As a result, I argue that companies targeted by digital activists on SMPs will reduce their exposure to public controversies by redefining their public relationships and controversial investments even more than companies pressured by SMOs.

> *Proposition 6a. Firms targeted by activist campaigns on SMPs will be more likely to redefine their partnerships than firms targeted by activist campaigns supported by SMOs.*

> *Proposition 6b. Firms targeted by activist campaigns on SMPs will be more likely to conceal controversial investments than firms targeted by activist campaigns supported by SMOs.*

2.5 Discussion

2.5.1 Practical Implications

In this chapter, I argue that the democratization of social media has given rise to a new and dominant form of digital activism with novel strategic implications for firms. Social media platforms have expanded the ability of stakeholders to monitor public information about firms

and to initiate or support contentious actions against corporations engaged in controversial activities. As a result, firms have increasingly become the target of explosive digital campaigns characterized by being reactive, decentralized, fleeting, rarely coupled with private interactions or multiple tactics, and often about political issues. This form of digital activism has become so prevalent that it has also replaced the type of activism traditionally carried out by social movement organizations, which involved deliberate, centralized, and enduring campaigns often backed by private negotiations and multiple tactics to advance social issues. Therefore, I suggest that digital activism through SMPs, compared to the traditional activism by SMOs, could be characterized as increasingly "cheap": first, cheap in the sense of being "inexpensive," given the low cost of calling or supporting social media campaigns, and second, cheap in the sense of being "of poor quality," given the lack of proficiency and strategy behind this online form of activism.

Furthermore, I consider the implications that this transition from traditional to digital activism will have on the performance, resources, and strategies of firms. Based on the spontaneous, decentralized, and fleeing nature of social media campaigns, I argue that digital activism on SMPs will have weaker negative effects on the financial performance and social reputation of targeted corporations compared to traditional activism by SMOs. Nevertheless, based on the focus of social media campaigns on partisan politics over specific social issues, I also posit that digital activism on SMPs will have stronger positive effects on the perceived political leaning, employee mobilization, and ideological tensions at targeted corporations compared to traditional activism by SMOs. Given these financial, reputational, and organizational effects, I suggest that firms targeted by digital activist campaigns will be less likely to make substantial reforms to their activities but more likely to repair their public image

by engaging in verbal communications, reexamining their public partnerships, and concealing controversial investments. In short, faced with an increasingly "cheap" form of activism, corporations may find it most effective to engage in "cheap" responses as well.

An important caveat to these implications, however, resides in the rare occasions when an activist campaign against a corporation reunited both the coordination by an SMO and the mobilization through some SMP. I suggest that such campaigns would effectively combine the reach and intensity of digital activism and the strategy and persistence of traditional activism, therefore posing a stronger threat to the financial performance and social reputation of targeted corporations and requiring from them more substantive business reforms. This would be an important implication for firms, but also even for social movements pursuing effective social change in business organizations. In the words of McAdam (1982: 54), for any movement "to survive, insurgents must be able to create a more enduring organizational structure to sustain insurgency," and "efforts to do so usually entail the creation of formally constituted organizations to assume the centralized direction of the movement previously exercised by informal groups."

2.5.2 Theoretical Contributions

By exploring the novel features of digital activism and theorizing its strategic implications for firms, this chapter contributes to two main bodies of research. First, this research contributes to strategic management and nonmarket strategy literature investigating how the activity of stakeholders may impact the performance, resources, and strategies of firms (Mitchell et al., 1997; Henisz et al., 2014; Flammer, 2015; Ahuja et al., 2018). On the one hand, the study adds to prior work on the effects that social movement pressures may have on corporations (King and Soule, 2007; King, 2008, 2011; McDonnell and Cobb, 2020). In particular, I suggest that

activist campaigns on SMPs will have a weaker effect on the financial performance and social reputation of targeted firms but a stronger impact on their human capital, as compared to activist campaigns just orchestrated by SMOs. On the other hand, this study also elaborates on the tactics and strategies that firms may have at their disposal to protect themselves from the action of social movements (Elsbach, 1994; King, 2008; Lamin and Zaheer, 2012; McDonnell and King, 2013; McDonnell et al., 2015). More precisely, I propose that firms facing the pressure from social media activists will be more likely to use rhetorical devices and impression management techniques decoupled from substantial business reforms than firms targeted by SMOs.

Second, this research expands sociological theory on social movements, collective action, and organizations by explaining the novel characteristics of activism against corporations emerging on digital platforms (Snow et al., 2004). The study revisits foundational work on the emergence of social movements and the fundamental role of SMOs as mobilizing structures to challenge public and private institutions (Wilson, 1973; McCarthy and Zald, 1977; Tilly, 1977; Minkoff, 1997). However, this chapter extends prior understandings by positing that SMPs have replaced SMOs as the primary vehicle through which individuals express their grievances and coordinate contentious actions against firms, and I provide the empirical exploration of the context of consumer boycotts as an exemplary manifestation of this phenomenon. Moreover, this research adds to academic work on the interaction between business organizations and social movements (Davis et al., 2005; Davis et al., 2008; King and Pearce, 2010; Briscoe and Gupta, 2016). In particular, the study theorizes that social media applications have become a dominant infrastructure through which activists and corporations interact with important implications for the performance and legitimacy of firms.

2.5.3 Generalizability and Limitations

The empirical exploration and the theoretical arguments developed in this chapter are grounded on a set of assumptions and boundary conditions that should be carefully considered. First, this research focused on how the emergence of social media has transformed a particular type of activism: the (i) "direct" and (ii) "contentious" activism (iii) "against corporations" (iv) by their "external stakeholders" (e.g., consumers, or local communities). In contrast, there could be other forms of "indirect" activism influencing corporations that could have been revolutionized by the diffusion of social media. For example, consumers could launch digital campaigns to compel policymakers to reform laws regulating the practices of corporations. Similarly, communities could mobilize online to persuade shareholders into intensifying investments in corporations advancing some social issues while divesting from companies with more negative social impacts. In addition, this study suggests that the availability of social media applications has led consumers to express their frustration with companies through online campaigns rather than through physical protests or advocacy groups. Nevertheless, the theory would not imply that "internal stakeholders" (e.g., employees or investors) would also forgo physical interventions or private negotiations. Similarly, the arguments should be extrapolated cautiously to activism against "public institutions," which have often been coordinated on social media but also backed by street protests (Pierskalla and Hollenbach, 2013; Taylor, 2021).

Second, while this chapter has extensively argued for a particular explanation as to why digital activism on SMPs has supplanted the traditional activism of SMOs, there could be other plausible explanations for this decades-long evolution. For example, the decay of activism by SMOs against firms could be explained by a confluence of "push factors" (i.e., some internal dynamics motivating SMOs to stop their contentious activism against firms) and "pull factors"

(i.e., some external dynamics attracting SMOs towards other types of social activism or against other targets). This study suggested a particular "push factor" by arguing that the information and communication advantages of social media have incentivized consumers and the general public to mobilize directly through SMPs instead of creating and directing SMOs to pressure corporations, therefore crowding out the traditional activism of SMOs. In contrast, a "pull factor" could have been that SMOs had seen a stronger potential in shifting their activism from firms towards governments, policymakers, or other public institutions. For instance, studies have shown how activism online has been correlated with physical protests against governments or other public authorities and how some activist organizations such as Black Lives Matter played a major role in such mobilization (Jost et al., 2018; Anderson et al., 2020). Alternatively, it could have been possible that the social progress of corporations since the 2000s, either through self-regulation or tighter government policies, made the scrutiny and persistence of SMOs unnecessary and triggered the demise of their activism. In short, there could be a confluence of social dynamics explaining this phenomenon, although this study advocated for a specific one.

Third, the data and empirical exploration of the context of consumer boycotts should be interpreted with caution. The use of newspaper data to identify instances of activism has been considered problematic for introducing both selection and description biases into researchers' inferences (Earl et al., 2004). For example, there could be an issue of endogeneity if the diffusion of social media would have changed not only the nature of activism against corporations but also the incentives of journalists to report different types of activist campaigns. Despite its limitations, I chose to follow prior studies and used this data source precisely to show how activism against firms changed with social media even considering the same types of data broadly used in the field. In addition, the purpose of this empirical exploration was to serve as a

motivation for the theoretical development in the study rather than to validate concrete hypotheses. Study 2 and Study 3 elaborate and test more specific hypotheses, and for those studies, I collected a new dataset less vulnerable to the natural biases of newspaper articles.

2.5.4 Research Opportunities

This chapter points to multiple opportunities for future research. On the one hand, subsequent studies could pursue the empirical validation of the arguments and propositions presented in this chapter. For instance, qualitative research could document cases showing traditional SMOs reducing their contentious activity against firms given the rise of digital campaigns, or instances where corporate leaders followed different decision processes to confront campaigns on SMPs or campaigns by SMOs. Similarly, quantitative studies could test the listed propositions about the effects of digital activism and its consequences on firm strategy, further theorizing their boundary conditions or underlying mechanisms. On the other hand, future research could also expand the study of the phenomenon of digital activism. Society has only witnessed its inception, and nevertheless, it will likely evolve with the adoption of artificial intelligence, the rise of privacy concerns, or the enactment of regulations against misinformation or hate speech. Consequently, researchers could develop new theories to explain the evolution and effects of activism in the digital era. Moreover, the study of digital activism provides multiple opportunities for empirical advancements. Digital activists interact on public and private platforms that, under certain conditions, might store and share such data (e.g., through application programming interfaces, or APIs). Therefore, future studies could use such sources of information to detail the nuances in the ways social movements emerge and mobilize towards business organizations.

Chapter 3 Social Media Boycotts and Stock Market Reactions

3.1 Introduction

Social media has fundamentally changed the way social movements pressure corporations. For decades, marginalized actors created social movement organizations (SMOs) to align their interests, to decide on suitable courses of action to advance certain social issues, and to coordinate contentious tactics against private corporations (McCarthy and Zald, 1977; Dyke et al., 2004; Davis et al., 2005). Social movement organizations like the National Organization for Women (NOW) or the National Association for the Advancement of Colored People (NAACP) strategically targeted visible and vulnerable corporations, they pursued different avenues to publicly condemn their practices as harmful, inappropriate, or immoral (Benford and Snow, 2000), and threatened their performance and legitimacy through disruptive tactics such as protests, boycotts, the mobilization of their employees, or disinvestment campaigns (Wang and Soule, 2012, 2016). The action of activist groups was often successful, with studies showing that their contentious campaigns negatively impacted the financial valuation and social reputation of targeted corporations (King and Soule, 2007; King, 2011; McDonnell and King, 2013; McDonnell and Werner, 2016).

Nevertheless, the broad adoption of social media has revolutionized how social movements organize and act towards public institutions and private organizations (Anderson et al., 2018; Jost et al., 2018). Today, social media platforms (SMPs) allow any individual to access information on current events, to express their views on corporate policies or practices, and to

initiate or support ongoing efforts to pressure corporations (Larson, Nagler, Ronen, and Tucker, 2019). On the one hand, this democratization of activism has made companies more susceptible to the voice of consumers and other stakeholders, who have often provoked broad and explosive campaigns that gained the attention of business leaders. For example, in April 2017, a video of a passenger being dragged off a United Airlines flight quickly went viral on social media and sparked a boycott against the company (Aratani and Selk, 2017), while attention online to the way that two black men were treated at a Starbucks coffeeshop in April 2018 in Philadelphia led to a prompt apology from the company's CEO expressing the corporation's commitment "against discrimination and racial profiling" (McCleary and Vera, 2018).

On the other hand, the immediate collective reaction of activist individuals through social media platforms has also made this new form of activism more impulsive, superficial, and short-lived. For example, social movement organizations in the past concentrated their efforts on a small number of companies, and they sustained their pressures for long periods of time to effectively threaten and reform targeted corporations (NYT, 1981a; Stuart, 1982; Johnson, 1990). By contrast, digital activists have frequently targeted large numbers of corporations simultaneously, with their campaigns yielding questionable results and fading away in a matter of days if not hours. For instance, after some Republican politicians opposed the U.S. electoral certification in January 2022, social media activists called to boycott dozens of their corporate donors, including even non-consumer-oriented firms and defense contractors like Raytheon and Lockheed Martin. Moreover, many of those corporations signaled the pause of their political donations, but they resumed their political giving not long after the social scrutiny disappeared (MacGillis and Hernandez, 2022). Similarly, other activists expressed their outrage and asked to boycott Goya Foods when its CEO publicly supported President Donald Trump in July 2020, an

initiative that not only did not threaten the firm but gave it free publicity and bolstered its sales (Park, 2020).

Corporations are increasingly vulnerable to the scrutiny of social media users, but what type of criticism online over corporate issues, events, or behaviors is more likely to escalate into larger contentious activist campaigns? And once activists have mobilized on social media, what are the characteristics that online campaigns must have to pose a significant threat to their targeted corporations? The purpose of this chapter is to address these two research questions. First, I suggest that corporate behaviors with stronger ideological connotations rather than related to more substantial social or environmental issues will escalate into larger activist campaigns on social media. I propose that this will happen because social media users will be more likely to react to corporate events based on group identities most salient on the digital platform such as their ideological affiliations. Second, I argue that the intensity of activist campaigns on social media will make them have a significant negative impact on targeted corporations as reflected in their stock market performance. Nevertheless, given the spontaneous and decentralized nature of social media campaigns, I suggest that this effect will exist only to the extent that investors perceive a strong degree of commitment and coordination in activist users, as reflected by the intensity of their social interactions on the platform.

Empirically, I test these predictions in the context of social media boycotts on Twitter against S&P 100 corporations between 2006 and 2022. To do so, I collected a sample of 3.75 million messages (i.e., "tweets") from 1.4 million platform users referring to the boycott of S&P 100 corporations, and I used language analysis techniques to measure the degree to which digital activists discussed social issues and referred to their ideological connotations. Regression analyses of hourly Twitter activity shows that boycott campaigns with stronger ideological

connotations escalated more than those more strongly focusing on social or environmental business dimensions, supporting the first theoretical predictions of the study. In addition, I combined this novel dataset with stock market data from the Center of Research in Security Prices (CRSP) to capture the daily cumulative abnormal return (CAR) and share trading volume of focal firms. Regression models showed that boycott campaigns had a generally negative effect on the abnormal returns of targeted corporations and a positive effect on their trading volume, but most importantly, the results showed that those effects were strongly magnified by the degree of interaction between social media activists.

This chapter contributes to three related streams of research. First, the study contributes to literature in strategic management and nonmarket strategy (Henisz et al., 2014; Ahuja et al., 2018; Odziemkowska and Dorobantu, 2021) by showing that activist campaigns in the digital arena negatively affect the stock market valuation of corporations (King and Soule, 2007; King, 2011), but only to the extent that participating social media users take an active role and interact with each other. Second, this study adds to the literature in sociology and organizational theory on the relationships between social movements and business organizations (Davis et al., 2008; King and Pearce, 2010; Briscoe and Gupta, 2016), specifically by pointing to the ideological connotations of corporate issues as a central driver of the magnitude of activist campaigns, even to the detriment of their emphasis on social or environmental issues. Third, this research contributes to conversations in political science on the interplay between social media and the political participation of citizens (Flores, 2017; Barberá, Casas, Nagler, Egan, Bonneau, Jost, and Tucker, 2019; Osmundsen et al., 2021) by exposing how political affiliations shape a form of democratic mobilization that has a substantive impact on private organizations.

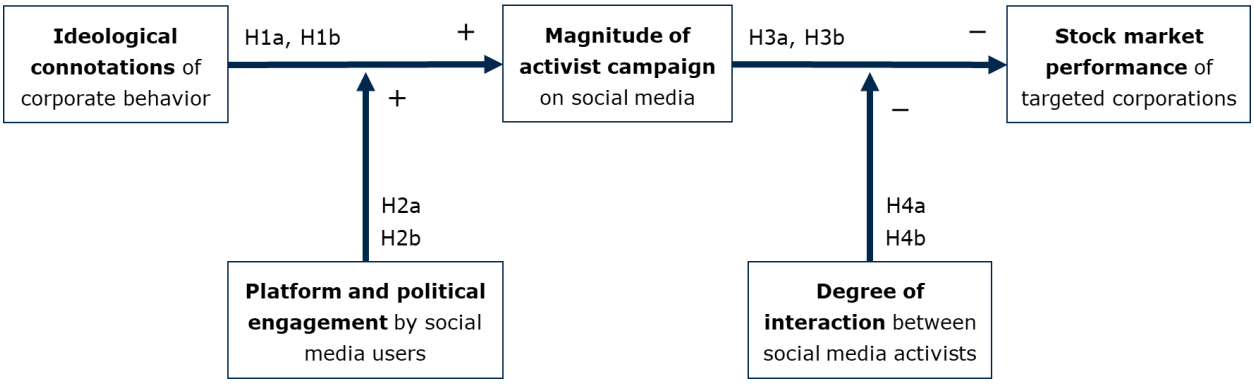
3.2 Theory

Social movements often target business organizations in their efforts to promote or restrain change around social issues such as labor rights, racial discrimination, gender equality, religious freedom, environmental sustainability, or gun rights (Dyke et al., 2004; Davis et al., 2008; King and Pearce, 2010). Nevertheless, the diffusion of communication technologies and social media platforms has revolutionized how social actors learn about, react to, and potentially collaborate with social movements pursuing reforms in corporations (Pierskalla and Hollenbach, 2013; Kavada, 2015; Larson et al., 2019). Before the turn of the century, individuals suffering from some injustice who were unable to improve their conditions through institutional means relied on the creation of social movement organizations to voice their experiences and to craft and pursue contentious campaigns to threaten social institutions and force them to change (Cress and Snow, 1996; Davis and McAdam, 2000). Today, social media platforms have become a predominant vehicle for public expression and collective mobilization available to any individual, therefore blurring the line between a regular member of society and a social movement activist (Pierskalla and Hollenbach, 2013; Kavada, 2015; Anderson et al., 2018). For example, social media allows for the quick and broad diffusion of positive or negative corporate information (Goel et al., 2016; Hewett, Rand, Rust, and Heerde, 2016), the formation of collective identities based on the interaction through social networks (Barberá, 2015; Larson et al., 2019), and the convergence on specific types of pressures against corporations (Karunakaran et al., 2022), all without the need for any formal organization.

Social media activists, just like traditional activists gathered in social movement organizations, regularly focus on specific corporate social issues, framing those as harmful, inappropriate, or immoral based on their values and beliefs (Snow and Benford, 1988; Benford

and Snow, 2000; Zald, 2000). Nevertheless, the broadened participation of individuals in activist campaigns through social media platforms and the social dynamics natural to this new communication channel should have reshaped the types of social issues that are selected and magnified. Moreover, research showed that activist campaigns through social movement organizations were often effective at fostering change in targeted firms (King, 2008), as the contentious tactics of those organizations were able to erode the performance and reputation of firms (King and Soule, 2007; King, 2011; McDonnell and King, 2013; McDonnell and Werner, 2016). However, it is unclear whether pressures on social media should also pose a credible threat to the financial or social capital of corporations, as online criticism could be more likely to fade away over a short period of time or not be followed by substantive behavioral changes, such as the shift in purchasing habits for consumers or the departure of implicated firms for employees.

Figure 3.1: Overview of theory and hypotheses



As outlined in Figure 3.1, in this section I develop theoretical arguments to answer these two research questions. First, I elaborate on what characteristics in the issues presented by social media users will predict the magnitude of their activist campaigns, pointing to the role of the

ideological connotations attached to those issues as well as the ideological affiliations of involved platform users. Second, I consider how social media campaigns will affect the stock market performance of their targeted corporations, arguing that the degree of interaction between social media activists will be central in distinguishing effective and ineffective social media campaigns.

3.2.1 Social Issues and Ideological Connotations

The social and environmental dimensions where corporations can have a negative impact have been the focus not only of governments designing regulations but also of activist groups operating through extra-institutional channels (King and Soule, 2007). Corporations impact society in multiple ways. On the more positive side, their activity satisfies the needs of consumers, brings economic value to suppliers, and provides financial returns to shareholders. On the negative side, however, their activity can also harm the communities and the natural environment where they operate (Coase, 2013; Margolis and Walsh, 2003). For example, manufacturing companies may put the lives of their employees at risk if not providing them with appropriate safety equipment or training, or pharmaceutical companies may deteriorate the health of entire communities if designing and distributing addictive drugs (Meier, 2018). In addition, agricultural firms may aggravate environmental problems such as the deforestation of vulnerable natural regions, while food producers may contribute to the depletion of endangered animal species (Allen, 2021).

For decades, social movements have centered their attention on these corporate social and environmental dimensions based on their ideologies, this is, their sets of values, beliefs, and meanings (Snow and Benford, 1988; Benford and Snow, 2000; Zald, 2000). An ideology is a "set of beliefs about how the social world operates, including ideas about what outcomes are

desirable and how they can best be achieved" (Simons and Ingram, 1997). But beyond just constituting a view of the world, ideology plays a "mobilizing function by connecting immediate social burdens with general ethical principles and thereby stimulating people to action" (Wilson, 1973: 130). Therefore, how activists choose to address some corporate social or environmental issue is tightly connected to the views of the world that they want to promote in society and that is contested by the values and beliefs of other social groups. The ideology of social movements nurtures their framing efforts by diagnosing social issues, by informing a solution, and by forcing a practical course of action (Snow and Benford, 1988). For example, in 2006 the American Family Association pressured Ford to stop advertising in periodicals generally aimed at gay readers (Peters, 2006), while in 2013 LGBT advocates took on social media to call for the boycott of Barilla after its president asserted that he would not include same-sex couples in company commercials (Ellis, 2013). While both activist groups addressed the same social issue, they defended different moral values or ethical principles, they presented competing explanations for its causes and consequences, and they proposed opposing courses of action to targeted firms.

As a result, social movement campaigns against corporations have always communicated, on the one hand, the nuances of some social or environmental problems affecting targeted firms, and on the other, some contested ideological interpretations on why those issues are controversial and how companies should address them. But nevertheless, the weight that these two components have had in the public messages of activist campaigns over the years and across corporate targets has varied widely. On the one hand, some activist campaigns more extensively discussed social problems which were less ideologically contested (e.g., more generally agreed by both liberals and conservatives). For example, Nestlé was pressured for years by a coalition of activist organizations of different ideological leanings to stop its promotions of infant formula in

underdeveloped countries because of its lower reliability, sanitation, and nutritional value compared to natural breastfeeding and its subsequent effects on infant mortality (Hilts, 1984). On the other hand, other activist campaigns had stronger ideological connotations and triggered stronger ideological disputes, even when dealing with social or environmental dimensions that were less central to the activity of the targeted firm and were less thoroughly discussed. For instance, one of the loudest campaigns on social media against an American corporation took place when Nike released an advertisement featuring Colin Kaepernick, a football player who knelt during the national anthem to protest police brutality (Taylor, 2018). In contrast to the case of Nestlé, it was not the direct social or environmental harm of the company's action that motivated the reaction of activists, but rather its symbolism and ideological connotations (NAPO, 2018).

3.2.2 The Escalation of Activist Campaigns

While attention to social issues and their ideological connotations have long been present in social movements and their pressures against corporations, I suggest that the nature of social media as a channel to initiate and escalate activist campaigns has shaped the relevance and effect of each of these two components (Jost et al., 2018). Research on the social dynamics within social media platforms has shown that, among several factors motivating the spread of information and the public expression of opinions and sentiments, identity plays a central role (Siegel and Badaan, 2020; Macskassy and Michelson, 2021). Social identity theory suggests that individuals' membership to social groups and the saliency of those identities shapes their social behavior, with individuals being more likely to display ingroup solidarity and outgroup aversion (Chen and Li, 2009; Costa-Font and Cowell, 2015; Dimant, 2023). In the context of physical social interactions, identities such as race, gender, or religion have received primary attention,

but in the context of virtual interactions, scholars have suggested that the ideological affiliation of individuals is perhaps the most observable, salient, and influential one (Mosleh et al., 2021; Osmundsen et al., 2021). For example, the political ideology of platform users helps predict their elaboration and engagement in social networks inside social media platforms (Barberá, 2015; Mosleh et al., 2021), their reaction and sharing of information (Jost et al., 2018; Osmundsen et al., 2021), or even their consumer behavior from brand affiliation to product purchases (Schoenmueller et al., 2023).

Given the saliency and strength of ideology in social media interactions, I suggest that activist campaigns on social media with stronger ideological connotations will attract more attention and trigger more reactions from platform users (Brady et al., 2017), either from users ideologically aligned with the social movement expressing "ingroup love" or from individuals ideologically misaligned voicing "outgroup hate" (Dimant, 2023). Moreover, the primary role of ideological connotations driving the diffusion of activist campaigns should work to the detriment of the role of platform users' attention to the social or environmental issues affecting the targeted corporation. Social media has been characterized by its effect on short-termism and impulsive behavior (Andreassen et al., 2016) as well as by its reduction in individuals' span and scope of attention (Bright et al., 2015; Arness and Ollis, 2023). If platform users are more likely to react to ideological meanings based on their identities, they should be less able to pay attention, scrutinize, and respond to more complex and nuanced information on social or environmental issues. Therefore, I also propose that platform users will pay less attention and react less intensively to activist campaigns where social issues are more strongly emphasized. For example, some users on Twitter have regularly called for the boycott of Walmart during Black Friday to support workers in their fight for better salaries and benefits (Ciment and Jiang, 2019),

but such initiatives gained only small traction on social media compared to the boycott campaign Walmart received when it released a product line with the message “Impeach 45” against then U.S. President Donald Trump (Killelea, 2018). The arguments presented so far suggest the following two hypotheses:

> *Hypothesis 1a. Activist campaigns on social media with a stronger (weaker) ideological connotation will be of a higher (smaller) magnitude.*

> *Hypothesis 1b. Activist campaigns on social media with a stronger (weaker) emphasis on social or environmental issues will be of a smaller (higher) magnitude.*

Prior arguments suggested that more abundant ideological interpretations and meanings should trigger more user reactions based on their ideological affiliations and lead to larger activist campaigns. If so, the type of platform user engaged in a focal campaign should play a moderating effect on its resulting magnitude. First, users on a social media platform may be more or less engaged in sharing general information or expressing opinions (Butler, Bateman, Gray and Diamant, 2014; Anderson et al., 2018). If activist campaigns gained the attention of users generally more engaged on the digital platform, the ideological connotations of corporate social issues should spread further and wider inside the network, thereby amplifying the activist campaign (Goel et al., 2016). Second, not all users on a social media platform will have an equally strong ideological identity, as different individuals may have different degrees of ideological interest and attachment (Tumasjan, Sprenger, Sandner, and Welpe, 2011; Beauchamp, 2017). As a result, social media users with stronger ideological affiliations should

be more likely to react to the ideological connotations of corporate social issues and escalate a focal activist campaign even further. These arguments lead to the following two moderating hypotheses that serve to further test the main proposed mechanism:

> *Hypothesis 2a. The degree of platform engagement by social media users participating in a focal activist campaign will strengthen the positive relationship between the ideological connotation of the activist campaign and its magnitude.*

> *Hypothesis 2b. The degree of political engagement by social media users participating in a focal activist campaign will strengthen the positive relationship between the ideological connotation of the activist campaign and its magnitude.*

3.2.3 Digital Activism and Stock Market Reactions

Research on the contentious campaigns of social movement organizations has extensively shown that they often had significant negative impacts on the financial, social, human, and political capital of their targeted firms. For example, social movement pressures were observed to reduce the stock market valuation of corporations (King and Soule, 2007; King, 2011), reduce their social reputation (McDonnell and King, 2013), increase the likelihood of departure of their board members (McDonnell and Cobb, 2020), or reduce the willingness of regulators to associate with targeted corporations (McDonnell and Werner, 2016). Nevertheless, the nature of the social interactions on social media platforms should have fundamentally changed the ability of activist campaigns to threaten the performance and legitimacy of targeted corporations.

Some characteristics of activist campaigns on social media would suggest that they should have even a stronger negative impact on targeted corporations. Most importantly, while traditional activists depended on the attention of the media to echo their grievances and add support for their cause (King, 2008), social media today gives any individual the capacity to initiate or directly support ongoing efforts to condemn and coerce corporations (Pierskalla and Hollenbach, 2013; Kavada, 2015; Anderson et al., 2018). This has provoked activist campaigns in the digital arena to escalate as quickly as in a manner of minutes as well as to reach large shares of the population (Goel et al., 2016; Larson et al., 2019). For example, the video of the death of George Floyd in police custody in Minneapolis in May 2020 triggered millions of messages on social media in a matter of hours (e.g., more than 200,000 messages on Twitter mentioning the hashtag #BlackLivesMatter the day after the event), sparking marches and protests in the streets of several cities in the United States (Anderson et al., 2020). Similarly, other activist campaigns on social media targeted at corporations quickly escalated and forced companies to act, such as the campaign on Twitter under the hashtag #BoycottNRA, which motivated companies such as Delta Air Lines, Hertz, and MetLife to cut ties with the National Rifle Association (Fortin, 2018; Wong, 2018).

Given this degree of intensity and diffusion, I suggest that activist campaigns on social media should effectively threaten the financial performance and social reputation of their targeted corporations. For example, activist campaigns of a broad social reach could dissuade more customers from purchasing products from targeted firms, they could motivate other companies to cut business relationships, they could motivate valuable employees to leave affected corporations, they might even trigger physical protests against corporate assets and facilities, and resulting effects could endure over the long term by stigmatizing the firm and

eroding its reputation (Goffman,1963; Jensen, 2006; McDonnell and King, 2013). These negative effects on the financial and social capital of a corporation would be most clearly and rapidly manifested in its stock market valuation (King and Soule, 2007; King, 2011), as investors' uncertainty and pessimism over the firm's ability to generate profit would motivate them to sell more of their shares and at a lower price. The arguments presented above suggest the following two hypotheses:

Hypothesis 3a. Activist campaigns on social media against traded corporations will have a negative effect on the cumulative abnormal return of their stock.

Hypothesis 3b. Activist campaigns on social media against traded corporations will have a positive effect on the trading volume of their stock.

Alternatively, based on the accessibility and easiness of social media, one could argue that a large portion of individuals expressing support to a contentious campaign against a corporation would do so only in a symbolic manner, this is, not following up their reaction with any substantive behavior like changing their purchasing habits. An activist campaign would pose a credible threat to a targeted corporation only if digital activists were likely, first, to persist in their pressure, and second, to engage in social interactions strong enough to generate specific demands and to excite substantive collective actions. Meanwhile, investors could infer the depth of the involvement of platform users by observing their degree of social interaction, this is, the extent to which activist users engaged in conversations with each other (Larson et al., 2019).

First, investors could perceive in those platform users a higher level of care about contested social issues and a stronger willingness to sustain the pressure or to take substantive actions as compared to, for example, platform users simply expressing sympathy or resharing information. Second, investors could see in user conversations a form of coordination and organization, which could lead activists to share sensitive information about the firm, conform specific demands to business leaders or policymakers, or trigger other collective actions such as physical protests, labor strikes, or even activist shareholder proposals. Consequently, the effect that social media activist campaigns would have on the market valuation of corporations would be contingent on this level of interaction between platform users, such that campaigns with stronger user interactions would lead to more negative effects on the valuation of targeted corporations. These arguments lead to the following moderating hypotheses:

Hypothesis 4a. The degree of interaction between social media activists will strengthen the negative effect of activist campaigns on the cumulative abnormal return of the stock of targeted corporations.

Hypothesis 4b. The degree of interaction between social media activists will strengthen the positive effect of activist campaigns on the stock trading volume of targeted corporations.

3.3 Data and Methods

I tested my arguments on the escalation of activist campaigns on social media and their effects on the stock market valuation of targeted firms in the context of social media boycotts,

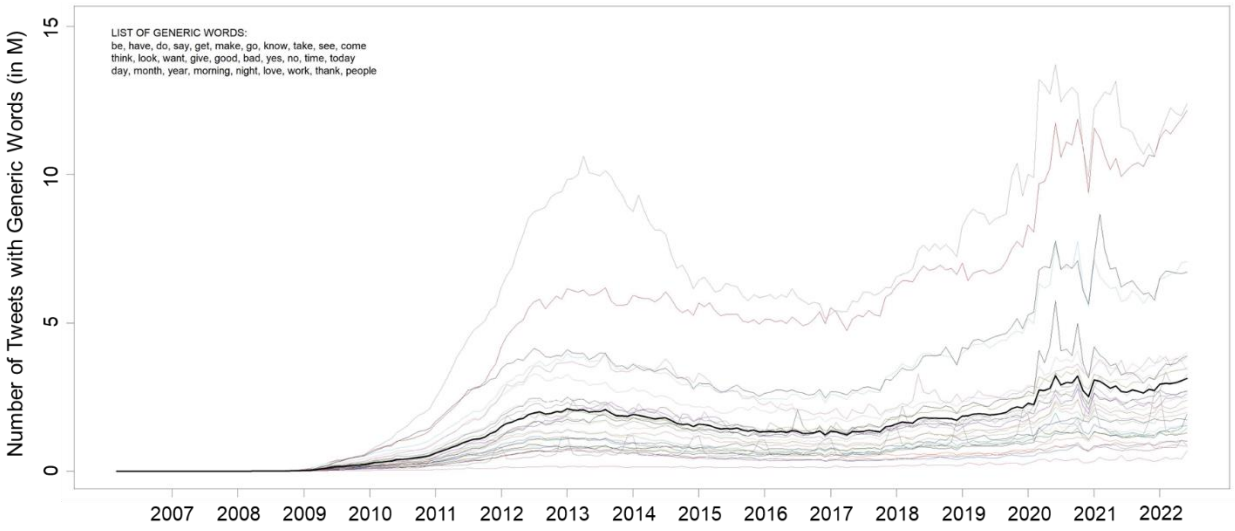
this is, consumer boycotts called and diffused on social media platforms. Consumer boycotts have been one of the most common tactics used by social movements to influence the practices and policies of corporations (King, 2008). Prior research showed that consumer boycotts organized by social movement organizations like the People for the Ethical Treatment of Animals (PETA), or the American Family Association (AFA), could have significant negative impacts on targeted corporations, especially when attracting the attention of media outlets (King, 2008, 2011). For example, such boycotts were observed to reduce the stock market valuation of corporations (King, 2011), to reduce their social reputation (McDonnell and King, 2013), to increase the likelihood of departure of their board members (McDonnell and Cobb, 2020), or to reduce the willingness of regulators to associate with boycotted corporations (McDonnell and Werner, 2016). Nevertheless, the broad adoption of social media platforms has given rise to a new form of consumer boycotts initiated by any platform user and broadly diffused through users' online activity. In fact, social media boycotts have become the predominant form of consumer boycotts, including the major boycott campaigns society has witnessed in recent years such as the boycott of companies associated to the National Rifle Association (Wong, 2018), the #GrabYourWallet campaign calling to boycott corporations associated with Donald Trump (Phillips, 2017), or the long-standing boycott of Budweiser's Bud Light brand over its partnerships with transgender activist Dylan Mulvaney (Holpuch, 2023).

3.3.1 Dataset of Boycott Campaigns on Twitter

To capture the most relevant instances of social media boycotts, I collected a novel dataset from Twitter, one of the most extensively used online platforms to share information and opinions on current events and the most common to engage in activist campaigns towards corporations (Anderson et al., 2018; Shearer and Mitchell, 2021). Figure 3.2 provides an

intuition of the general use of Twitter over time, which was launched in 2006 and gained a mainstream use around 2013 that lasted at least until 2022.

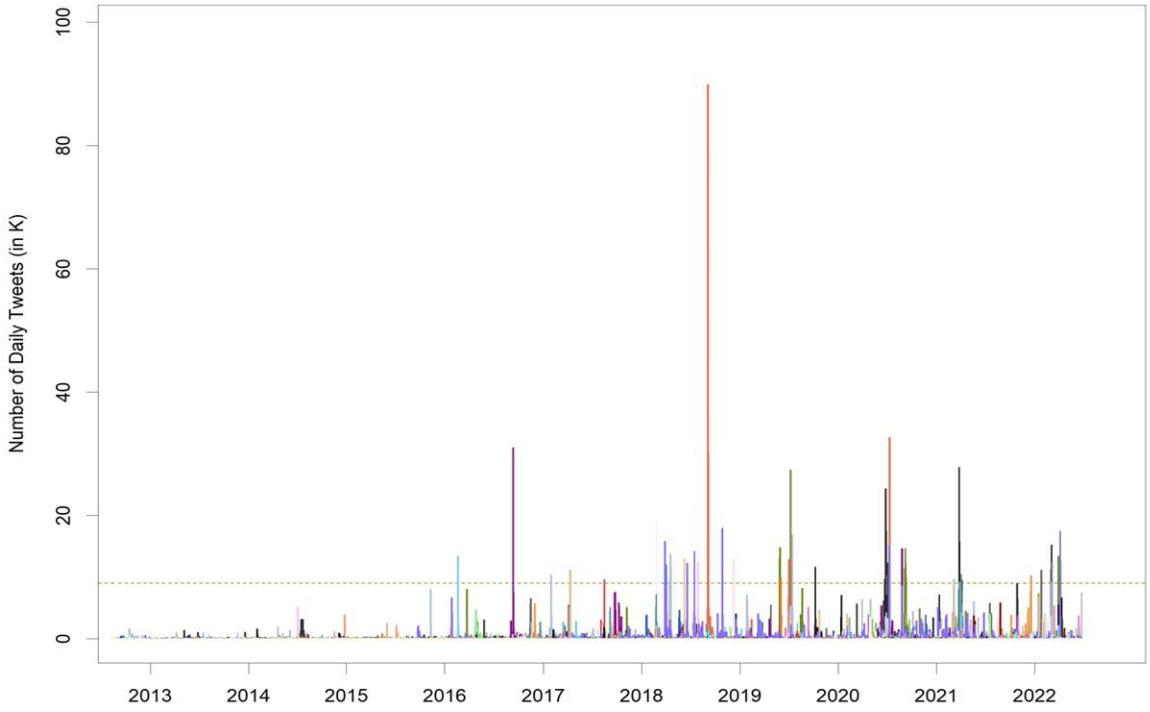
Figure 3.2: Diffusion and stabilized use of Twitter over time



To collect the sample of social media boycotts, I used Twitter's application programming interface (API) to search and download all platform messages (i.e., tweets) that contained some form of the name of a focal S&P 100 corporation as well as the term "boycott," a procedure commonly followed to identify different types of activist interventions in traditional media outlets (Earl et al., 2004; King, 2011). This search mostly generated tweets that effectively called for or discussed the boycott against a focal S&P 100 corporation, but in some other instances, tweets referred to some other boycott event. For example, the combined search of the words "Disney" and "boycott" captured some messages referring to how Disney decided to boycott Georgia over the state's proposed LGBT policies in 2016 (Bendery, 2016). Therefore, to increase the accuracy of the sample and reduce measurement errors, I complemented this initial search with a machine learning algorithm to semi-automatically classify tweets as effectively referring

to boycotts against focal corporations or to some other type of event. First, I hand-coded an initial batch of tweets for each company and each period until the proportion of correctly identified tweets converged. Second, I developed a naïve Bayes classifier that based on the hand-coded samples automatically predicted the condition for the remaining tweets. This procedure generated a rich dataset of approximately 3.75 million tweets (including 634,000 original tweets, 502,000 replies or quotations, and 2.61 million retweets) created by almost 1.4 million unique platform users.

Figure 3.3: Frequency of boycott tweets against S&P 100 corporations



As illustrated in Figure 3.3, corporations in the sample of the S&P 100 were the target of different boycott campaigns (or "spikes") of different magnitudes over time. Moreover, the dataset of Twitter messages provided valuable information on the content of those campaigns and the platform users involved. For example, I recorded variables including the typology of

tweets, their time of publication (recorded at the level of seconds), their diffusion metrics (e.g., retweets, responses, or likes), and the basic characteristics of their authors (e.g., their follower and following counts, or total number of created tweets). Lastly, I also used Twitter's API to collect a dataset of United States politicians and the list of all their followers to measure the political engagement and ideology of platform users as well as the ideology of their boycott campaigns (Barberá, 2015).

3.3.2 Measurement of Social Media Variables

The hypotheses in the study included four types of social media variables. First, I measured the overall "magnitude of boycott campaigns" targeted at S&P 100 corporations simply as the total number of tweets (including original tweets, replies, quotations, and retweets) referring to a consumer boycott against a focal corporation (i.e., "boycott tweets"). Second, I estimated how much social media activists interacted in a specific campaign by decomposing this measure and focusing on the sum of "reply" and "quotation" messages (referred to as "interaction" messages or tweets thereafter). Original tweets are messages created from scratch by users, and although they are observable to that user's followers, they are not instances of active interaction between platform users. Retweets are existing messages that users decide to replicate and diffuse through their network, so they do not constitute instances of active user interaction either. Meanwhile, replies and quotations are messages where platform users react to existing messages by adding some piece of information and building up a conversation with other users. While original tweets reflect some degree of "creation" and retweets purely capture a degree of "propagation" within the campaign, I considered replies and quotations to constitute instances of user "coordination." Therefore, I measured the "degree of interaction" between

social media activists as the ratio of interaction tweets to the total number of boycott tweets in a campaign.

Third, I measured the "attention to social or environmental issues" affecting a focal corporation as well as their "ideological connotations" through the analysis of language used in Twitter messages. Given the pre-established meanings of both language dimensions, I used a word-count or dictionary approach, which allows for the detection of specific topics (i.e., social and environmental issues) as well as psychological or sociological processes underlying the framing of those issues by a speaker (i.e., ideological connotations) (Pennebaker, Mehl, and Niederhoffer, 2003). On the one hand, I measured the extent to which Twitter messages raised or discussed social or environmental issues by applying the dictionary by Pencle and Malaescu (2016) designed to capture topics of corporate social responsibility (CSR) in corporate documents. This dictionary includes four different dimensions: human rights, employees, community, and the environment. On the other hand, I accounted for the degree to which tweets reflected an ideological perspective or interpretation, either liberal or conservative, using the dictionary developed by Laver and Garry (2000) to estimate policy positions in political texts. In initial regression models, I used these two dictionaries in the aggregate treating CSR issues and ideological perspectives as unitary dimensions, but in later models I estimated the influence of each of their dimensions.

Finally, I measured the degree of "platform engagement" by Twitter users participating in a boycott campaign as the total number of tweets they had posted, and I accounted for the degree of "political engagement" of those users as the total number of politicians (i.e., members of the United States House and Senate) they followed on Twitter.

3.3.3 Measurement of Financial Variables

I measured the stock market performance of focal corporations as the "cumulative abnormal return (CAR)" and the "trading volume" of their stock on a given day using the data from the Center for Research in Security Prices (CRSP). Following common practice in financial and accounting research (Sharpe, 1964; MacKinlay, 1997; Flammer, 2013), I computed the CAR of company stocks on a particular date based on the Capital Asset Pricing Model (CAPM) as:

$$CAR_{it} = R_{it} - \hat{R}_{it}$$

where R_{it} corresponds to the stock return for company *i* and day *t*, and $\hat{R}_{it}$ is the estimated return of that stock based on the ordinary least squares regression of the equation:

$$R_{it} = \alpha_i + \beta_i \times R_{mt} + e_{it}$$

where R_{mt} is the return of the equally weighted market portfolio from CRSP for day *t*, and α_i and β_i correspond to the regression parameters based on the last 200 trading days of the focal company i. In addition, I used the data on the trading volume of focal corporations from CRSP and used the natural logarithm of the variable in regression models given its skewed distribution.

3.3.4 Regression Models on Socia Media Activism

To address the first research question, I built a large panel dataset of S&P 100 companies at the hourly level between March 2006 and June 2022. I considered the list of companies in the S&P 100 as of January 2022, including companies with two stock classes only once in the sample (e.g., Alphabet) and excluding the company Twitter as this was the social media platform over which consumer boycotts were promoted. The resulting final sample consisted of 98 companies. Due to the fast emergence and escalation of boycott campaigns on Twitter, I chose a granular time scale to reduce the influence of confounding factors and mitigate endogeneity

concerns. I ran regression models predicting the number of boycott tweets against a company on the number of words related to CSR issues and ideological positions present in those tweets. Given the count nature of the dependent variable and its highly skewed distribution, I estimated negative binomial regressions through maximum likelihood.

I included firm and time (day-level) fixed effects to control for time-invariant firm characteristics as well as time factors affecting all S&P 100 corporations. For example, firms delivering certain products could be more sensitive to certain social and environmental concerns while they could also be a more frequent target of social media pressures. In addition, certain political or social events could intensify ideological conversations on Twitter as well as increase the number of boycott calls on the social media platform. Therefore, the two-way fixed effect specification would serve to rule out most straightforward alternative explanations. In addition, I controlled for the magnitude of the boycott campaign at the prior hour, the average number of followers of platform users participating in the focal campaign, the average number of total words in boycott tweets, and the number of words related to affect and emotion, as those have been widely argued to motivate social media reactions and they could be driving the magnitude of boycott campaigns (Stieglitz and Dang-Xuan, 2013). I accounted for the level of emotion expressed by platform users through the LIWC2015 dictionary created by Pennebaker, Boyd, Jordan, and Blackburn (2015) focusing on its components related to affect (i.e., positive emotion, anxiety, anger, and sadness).

3.3.5 Regression Models on Stock Market Performance

To address the second research question, I built a similar dataset of S&P 100 companies but at the daily level between March 2006 and June 2022. I ran regression models predicting the cumulative abnormal returns and the logarithm of the trading volume of corporations on the

magnitude and typology of boycott tweets. I estimated simple ordinary least squares (OLS) regression given the normal distribution of both dependent variables as well as the resulting error terms. As in prior regression models, I included firm and time (day-level) fixed effects, but I also developed and included event fixed effects.

In several instances, Twitter users called to boycott certain corporations not in a proactive manner but motivated by some public event affecting those firms. Therefore, an alternative explanation of supportive results could be that changes in the stock market performance of targeted corporations might have been driven by the nature of the events motivating the boycott campaigns rather than by the magnitude of the campaigns themselves. To address this concern, I included an event identification variable that had a unique categorical value for all companies that were mentioned in the same Twitter boycott campaign at a specific time. For example, Delta, Coca-Cola, and Home Depot received the same event identification value on March 27, 2021, when a Twitter campaign under the hashtags #votersupression and #democracymustwin called for the boycott of all Georgia-based companies. In short, including this event fixed effect in addition to the firm and time fixed effects would make regression models not only estimate stock market variations for the same firm at different times (i.e., within-firm variation), and between different firms at the same time (i.e., with-time variation), but also stock market variations only between firms affected by the same event (i.e., within-event variation).

3.4 Results

3.4.1 Magnitude of Boycott Campaigns on Twitter

Results of regression models predicting the direct effect of the language used in boycott tweets on the resulting number of boycott tweets against a focal company at a specific hour are shown in Table 3.1. Model 2 captures the direct effect of the presence of words related to CSR

(i.e., social or environmental issues), and the predicted effect of this variable is negative and significant, providing support for Hypothesis 1b. Model 3 captures the direct effect of words related to ideological connotations, and this variable is positive and significant, providing support for Hypothesis 1a. Moreover, in Model 4 these effects are of the same sign, and they stay significant when both effects are included and when the number of words expressing affect or emotion is added as a control. Figure 3.4 shows the absolute and comparative size of the effects of words related to CSR issues, ideology, and emotion, as estimated in Model 4. Boycott tweets generally used fewer words related to ideology than words related to social or environmental issues (this being partially explained by the different lengths of ideology and CSR dictionaries). Nevertheless, the small number of words related to ideology is predictive of larger boycott campaigns, with more than a 10x effect on the magnitude of campaigns for the maximum number of ideology-related words. In comparison, words related to CSR issues are predictive of smaller boycott campaigns, with almost a 0.1x effect on the magnitude of campaigns for the maximum number of CSR-related words.

Given that CSR, ideology, and emotion word dictionaries are built with multiple components, I show the results in Model 5 to disentangle the effect of each of their dimensions. First, the results show that the negative effect of words related to CSR is significantly driven by the negative effect of the "community" and "employees" dimensions, while words related to "human rights" and the "environment" are positive but not significant. Second, the results on the effect of ideological connotations in boycott tweets show that it is mostly words related to conservative interpretations that drive this positive effect, but the effect of words related to liberal connotations is also positive although marginally significant. Lastly, words related to emotion (especially positivity and sadness) have a negative effect on the magnitude of boycott

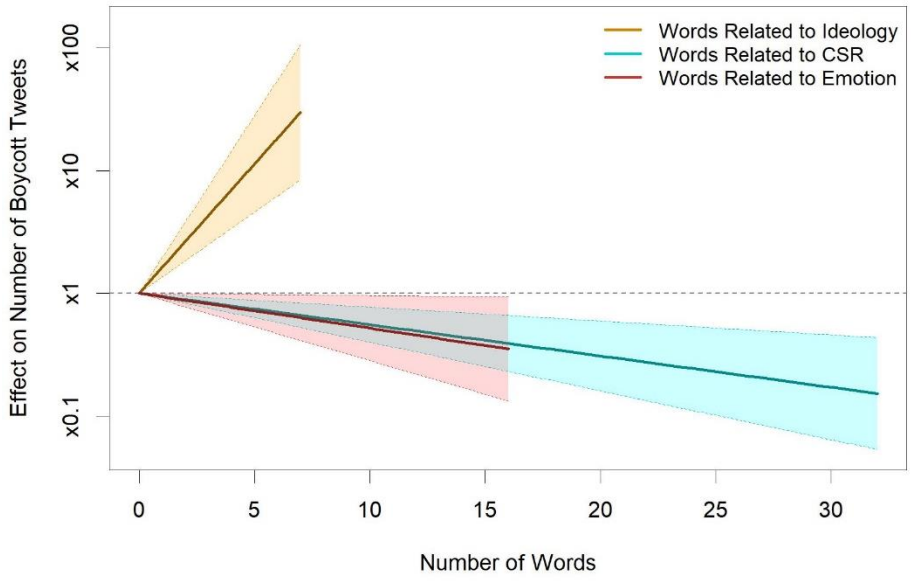
campaigns. This suggests that emotion-related words, despite being present in most boycott campaigns, would not be predictive specifically of campaigns reaching a larger scale.

Table 3.1: Regression models of the number of boycott tweets on language characteristics

	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**
	Neg Bin	Neg Bin	Neg Bin	Neg Bin	Neg Bin
	Number of	*Number of*	*Number of*	*Number of*	*Number of*
Variables	*boycott tweets*	*boycott tweets*	*boycott tweets*	*boycott tweets*	*boycott tweets*
Words about CSR	---	-0.0533**	---	-0.0588***	---
		(0.0173)		(0.0167)	
Human rights	---	---	---	---	0.0553
					(0.0694)
Employees	---	---	---	---	-0.1354*
					(0.0535)
Community	---	---	---	---	-0.1695***
					(0.0448)
Environment	---	---	---	---	0.1259
					(0.1536)
Words about ideology	---	---	0.4021***	0.4854***	---
			(0.1004)	(0.0923)	
Conservatism	---	---	---	---	0.6454***
					(0.1424)
Liberalism	---	---	---	---	0.2234▪
					(0.1214)
Words about emotion	---	---	---	-0.0654*	---
				(0.0311)	
Positivity	---	---	---	---	-0.0955*
					(0.0403)
Anxiety	---	---	---	---	0.0843
					(0.0833)
Anger	---	---	---	---	-0.0042
					(0.0546)
Sadness	---	---	---	---	-0.3360***
					(0.0640)
Total number of words	0.1400***	0.1425***	0.1391***	0.1437***	0.1437***
	(0.0068)	(0.0069)	(0.0069)	(0.0070)	(0.0070)
Prior boycott tweets	0.0032*	0.0032*	0.0032*	0.0032*	0.0032*
	(0.0015)	(0.0015)	(0.0015)	(0.0015)	(0.0015)
Firm FE	YES	YES	YES	YES	YES
Time FE	YES	YES	YES	YES	YES
Clustered SE	Firm-level	Firm-level	Firm-level	Firm-level	Firm-level
N x T	98 x 142,608	98 x 142,608	98 x 142,608	98 x 142,608	98 x 142,608
Observations	12,010,152	12,010,152	12,010,152	12,010,152	12,010,152
Pseudo R^2	0.43466	0.43478	0.43482	0.43502	0.43536

▪ $p < 0.10$ * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$

Figure 3.4: Effects of tweet language on number of boycott tweets



Regression models in Table 3.2 focus on the moderating effect of platform user characteristics on the relationship between the language used in boycott tweets and the resulting total number of boycott tweets. In all models accounting for user characteristics, the main effect of words related to ideology remain positive and significant, in line with Hypothesis 1a, while the main effect of words related to social and environmental issues remain negative and significant, in line with Hypothesis 1b. Model 7 shows the results of the moderating effect of the political engagement by platform users, while Model 8 shows the results of moderating effect of their general platform engagement. In both instances, the interaction effects are positive and significant, providing support for Hypothesis 2b and Hypothesis 2a respectively. Moreover, both effects remain positive when both are included in Model 9, although the interaction between ideology words and platform engagement becomes marginally significant. Figure 3.5 and Figure 3.6 show the moderating effects of the platform engagement and political engagement of users involved in a boycott campaign. The results suggest that whenever a boycott campaign includes

users with a strong participation on the social media platform or users that are more active followers of political actors, the more a boycott campaign will grow whenever the campaign has strong ideological connotations.

Table 3.2: Regression models of the interaction between language and user characteristics

	Model 6	**Model 7**	**Model 8**	**Model 9**
	Neg Bin	Neg Bin	Neg Bin	Neg Bin
	Number of	*Number of*	*Number of*	*Number of*
Variables	*boycott tweets*	*boycott tweets*	*boycott tweets*	*boycott tweets*
Words about CSR	-0.0568***	-0.0566***	-0.0567***	-0.0564***
	(0.0166)	(0.0166)	(0.0165)	(0.0165)
Words about ideology	0.4451***	0.3302**	0.3567***	0.2596*
	(0.0867)	(0.1044)	(0.0918)	(0.1051)
Words about emotion	-0.0507▪	-0.0539▪	-0.0513▪	-0.0543▪
	(0.0289)	(0.0293)	(0.0288)	(0.0292)
User political engagement	0.0010	0.0005	0.0010	0.0005
	(0.0009)	(0.0009)	(0.0009)	(0.0009)
User platform followers	1.01e-5***	1.01e-5***	1.01e-5***	1.01e-5***
	(7.78e-7)	(7.79e-7)	(7.74e-7)	(7.74e-7)
User platform engagement	1.78e-6***	1.78e-6***	1.74e-6***	1.75e-6***
	(2.69e-7)	(2.67e-7)	(2.84e-7)	(2.82e-7)
Words about ideology x User political engagement	---	0.0072*	---	0.0070*
		(0.0034)		(0.0034)
Words about ideology x User platform engagement	---	---	1.24e-6*	1.03e-6▪
			(6.31e-7)	(6.22e-7)
Total number of words	0.1415***	0.1416***	0.1415***	0.1416***
	(0.0068)	(0.0068)	(0.0068)	(0.0068)
Prior boycott tweets	0.0033*	0.0033*	0.0033*	0.0033*
	(0.0015)	(0.0015)	(0.0015)	(0.0015)
Firm FE	YES	YES	YES	YES
Time FE	YES	YES	YES	YES
Clustered SE	Firm-level	Firm-level	Firm-level	Firm-level
N x T	98 x 142,608	98 x 142,608	98 x 142,608	98 x 142,608
Observations	12,010,152	12,010,152	12,010,152	12,010,152
Pseudo R^2	0.43731	0.43736	0.43732	0.43737

▪ $p < 0.10$ * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$

Figure 3.5: Interaction between ideological language and user platform engagement

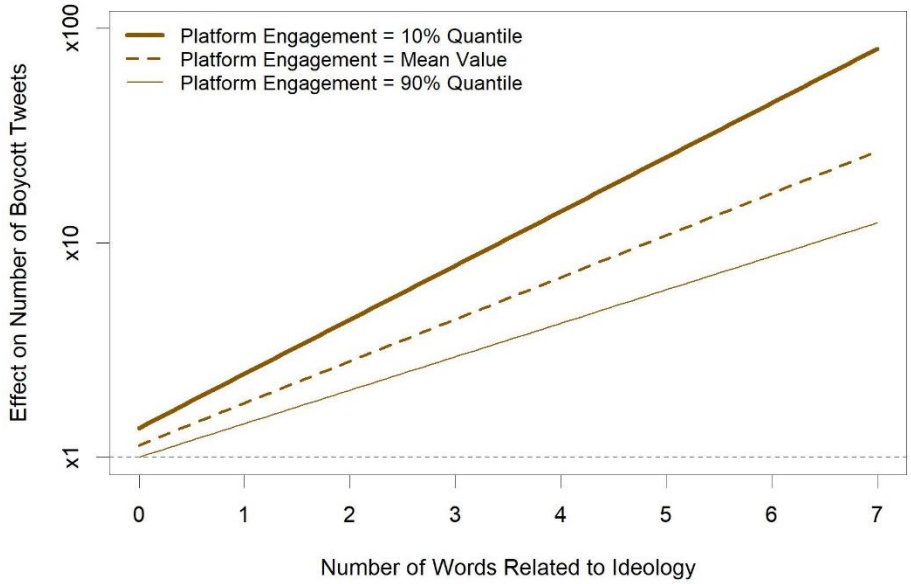
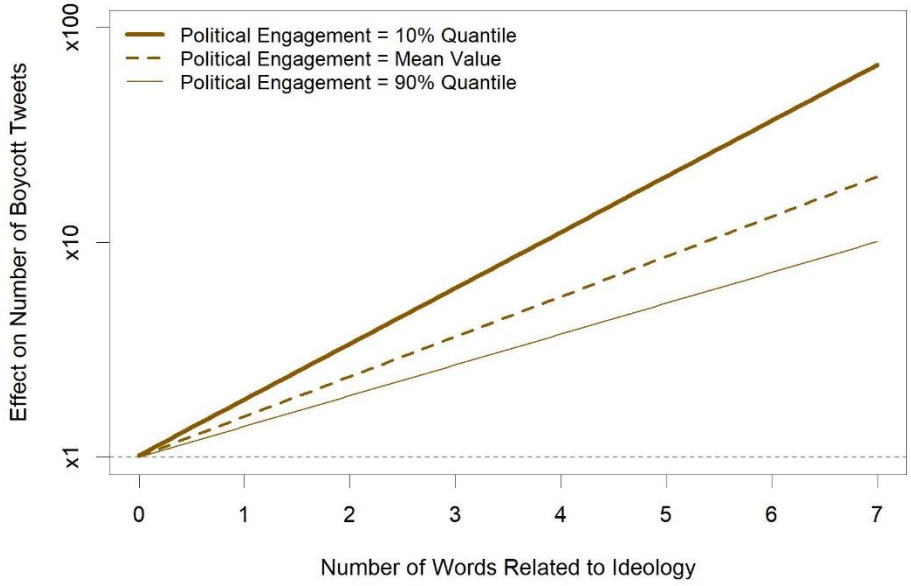


Figure 3.6: Interaction between ideological language and user political engagement



3.4.2 Social Media Boycotts and Stock Market Performance

Table 3.3 and Table 3.4 show the effects that boycott campaigns on Twitter have on the stock market performance of S&P 100 corporations. In particular, Model 11 in Table 3.3 shows

that the number of boycott tweets in a campaign has a negative effect on the cumulative abnormal return of targeted corporations, although this effect is not statistically significant and thus does not provide a strong support for Hypothesis 3a. Nevertheless, Model 12 considers the moderating role of the degree of interaction between platform users participating in boycott campaigns, and results show that this moderating effect is negative and significant, providing support for Hypothesis 4a. Taken together, these results suggest that boycott campaigns on Twitter reduce the stock market valuation of their targeted corporations but only to the extent that platform users interact in their campaigns. This is further reflected in Model 13, which shows that interaction tweets are the ones that have a negative effect on the abnormal return of

Table 3.3: Regression models of cumulative abnormal returns

	Model 10	**Model 11**	**Model 12**	**Model 13**
	OLS	OLS	OLS	OLS
	Cumulative	*Cumulative*	*Cumulative*	*Cumulative*
Variables	*abnormal returns*	*abnormal returns*	*abnormal returns*	*abnormal returns*
Number of boycott tweets	---	-9.76e-6	3.39e-5*	---
		(9.03e-6)	(1.52e-5)	
Interaction ratio	---	---	0.0183	---
			(0.0212)	
Boycott tweets x Interaction ratio	---	---	-0.0009**	---
			(0.0003)	
Number of original tweets	---	---	---	-0.0001
				(0.0002)
Number of interaction tweets	---	---	---	-0.0007*
				(0.0003)
Number of retweets	---	---	---	4.09e-5*
				(1.95e-5)
Firm FE	YES	YES	YES	YES
Time FE	YES	YES	YES	YES
Event FE	YES	YES	YES	YES
Clustered SE	Firm-level	Firm-level	Firm-level	Firm-level
N x T	98 x 5942	98 x 5942	98 x 5942	98 x 5942
Observations	379,160	379,160	379,160	379,160
R^2	0.1008	0.1008	0.10083	0.10083
Within-R^2	---	1.19e-6	2.61e-5	2.62e-5

▪ $p < 0.10$ * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$

corporations, while original tweets have a nonsignificant effect and retweets not only do not reduce abnormal returns, but they mitigate the strong negative effect of interaction tweets.

Figure 3.7: Effect of boycott tweets on CAR

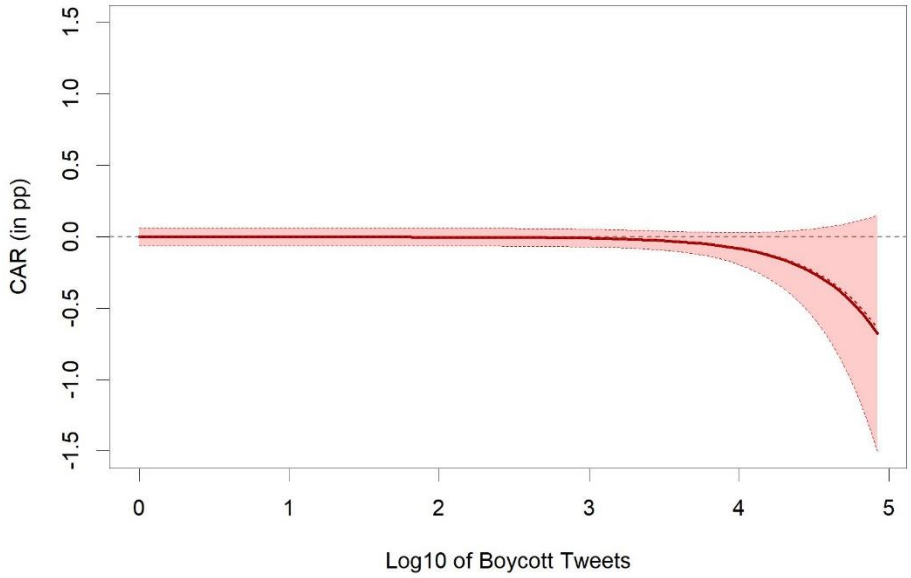
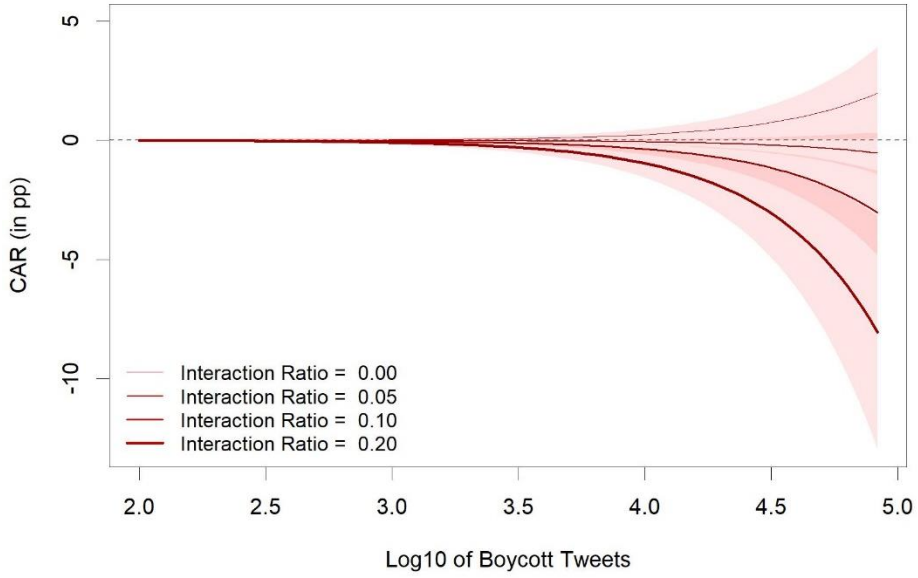


Figure 3.8: Moderating effect of the degree of user interaction on CAR



These effects are illustrated in Figure 3.7 and Figure 3.8. As Figure 3.7 shows, the larger the number of tweets targeting a corporation (note the logged x-axis), the more average cumulative abnormal returns are negatively affected (although the variance in the estimation would make it not significantly different from zero). However, as displayed in Figure 3.8, high levels of user interaction strengthen this negative effect making it statistically significant. For example, the largest boycott campaign in the sample (i.e., 83,000 boycott tweets on one day) would lead to a +1.98 pp increase in abnormal returns for a null proportion of interaction tweets, to a -0.53 pp decrease for a 5% proportion of interaction tweets, and to a -3.04 pp decrease for a 10% proportion of interaction tweets.

Table 3.4 shows the results of analogous regression models considering the logged trading volume of focal corporations as the dependent variable. Model 15 shows that the number of boycott tweets in a campaign has a positive and significant effect on the trading volume of targeted corporations, thus providing support for Hypothesis 3b. Moreover, Model 16 shows that the moderating effect of the degree of interaction between platform users participating in a boycott campaign is also positive and significant, providing support for Hypothesis 4b. These results imply that boycott campaigns on Twitter generally increase investors uncertainty over the valuation of targeted corporations, but especially whenever platform users in the campaign exhibit high levels of interaction. The results in Model 17 corroborate this effect by showing that interaction tweets have a positive and significant effect on firms' trading volume, while original tweets have a positive and nonsignificant effect, and retweets have a negative and nonsignificant effect.

Table 3.4: Regression models of share trading volume

Variables	**Model 14** OLS *Logged trading volume*	**Model 15** OLS *Logged trading volume*	**Model 16** OLS *Logged trading volume*	**Model 17** OLS *Logged trading volume*
Number of boycott tweets	---	1.06e-5***	-2.86e-6	---
		(2.81e-6)	(3.49e-6)	
Interaction ratio	---	---	0.0396	---
			(0.0463)	
Boycott tweets x Interaction ratio	---	---	0.0003**	---
			(0.0001)	
Number of original tweets	---	---	---	7.87e-6
				(5.83e-5)
Number of interaction tweets	---	---	---	0.0003*
				(0.0002)
Number of retweets	---	---	---	-7.11e-6
				(6.75e-6)
Firm FE	YES	YES	YES	YES
Time FE	YES	YES	YES	YES
Event FE	YES	YES	YES	YES
Clustered SE	Firm-level	Firm-level	Firm-level	Firm-level
N x T	98 x 5942	98 x 5942	98 x 5942	98 x 5942
Observations	381,560	381,560	381,560	381,560
R^2	0.76519	0.76521	0.76534	0.76525
Within-R^2	---	6.09e-5	0.0006	0.00023

▪ $p < 0.10$ * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$

The effects of boycott tweets on the trading volume of targeted corporations are illustrated in Figure 3.9 and Figure 3.10. The main effect shows that larger the number of tweets targeting a corporation (note the logged x-axis), the larger will be the number of shares traded on that day (note also the logged y-axis). This effect is stronger when the levels of user interaction are larger. For example, the largest boycott campaign in the sample (i.e., 83,000 boycott tweets on one day) would lead to a -2.41% decrease in trading volume for a null proportion of interaction tweets, to a +10.72% increase for a 5% proportion of interaction tweets, and to a +23.83% increase for a 10% proportion of interaction tweets.

Figure 3.9: Effect of boycott tweets on trading volume

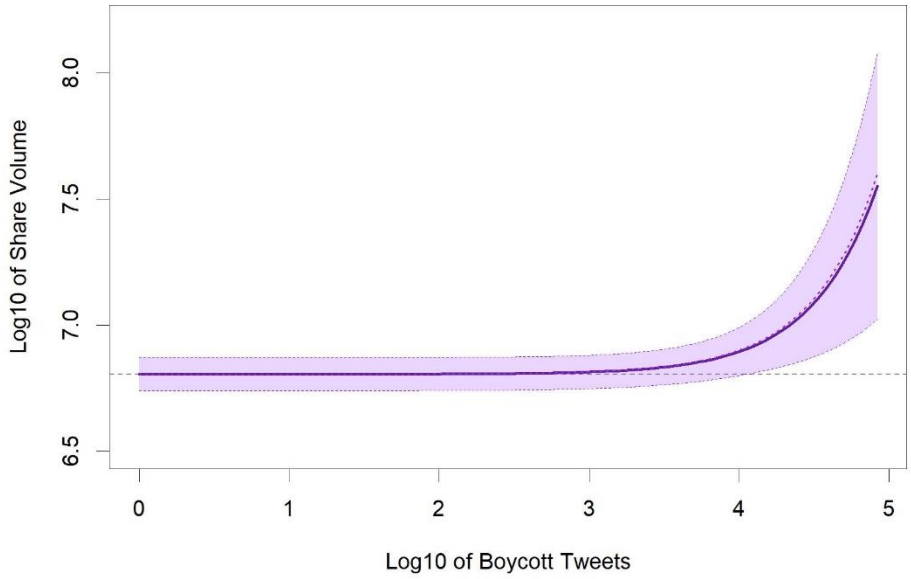
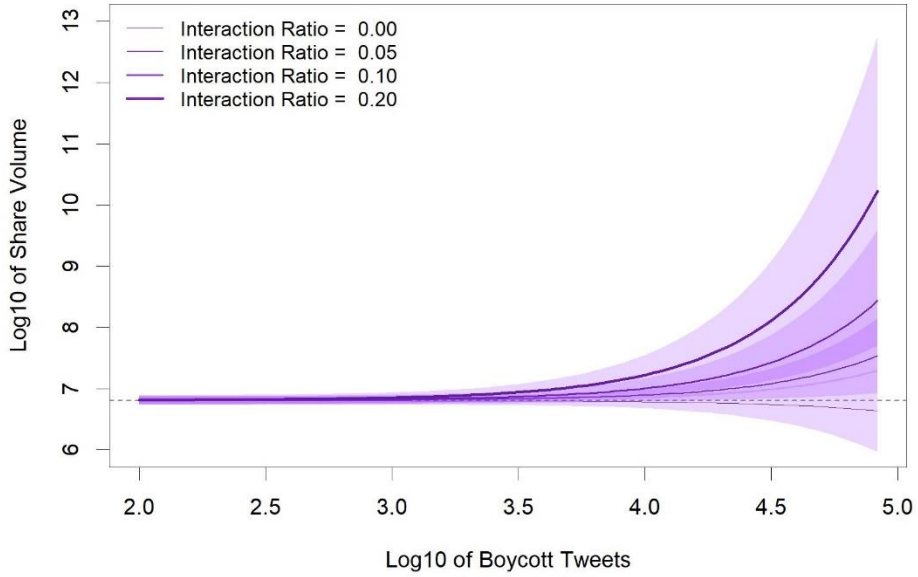


Figure 3.10: Moderating effect of the degree of user interaction on trading volume



3.5 Discussion

The diffusion of social media platforms has democratized activism towards corporations (Anderson et al., 2018). Today, any individual can use a smartphone or computer to access information on current business events, to express views on certain corporate behaviors, and to

initiate or support ongoing pressures against corporations to reform their policies or practices. But what type of corporate issues, events, or behaviors are more likely to turn regular citizens into social media activists? And once social media users have mobilized, what makes their digital campaigns more effective in threatening the performance of their targeted corporations? This chapter addressed these two research questions by suggesting, first, that corporate issues with strong ideological connotations would lead to larger activist campaigns on social media and, second, that activist campaigns with stronger interactions between platform users would have a more detrimental impact on the stock market performance of targeted corporations. The empirical analysis in the context of social media boycotts on Twitter against S&P 100 corporations strongly supported these predictions.

The arguments and results of this study should be interpreted and extrapolated with caution. This research focused on the type of activism generated by the general public and directed towards business organizations, which has taken place predominantly in the digital arena (Taylor, 2018; Wong, 2018; Park, 2020). By contrast, other forms of activism initiated and diffused on social media have been strongly coupled with physical interventions, such as street protests, public performances, or even violent actions (Pierskalla and Hollenbach, 2013; Taylor, 2021; Halasz, Liakos and Holland, 2024). For example, pressures from the general public towards political bodies have often been supported by marches in the street (Kitchener, Silverman and Boorstein, 2024), while disputes between labor groups and corporations have been frequently coupled with labor strikes (Poydock and Sherer, 2024). In addition, this study focused on a form of digital activism that is contentious towards corporations, this is, social media boycotts calling consumers not to buy products from a particular firm. Meanwhile, social

media campaigns could also be born not to condemn misbehaving corporations but to endorse certain firms and products due to their positive impact on society.

Nevertheless, by focusing on the emergence of contentious social media campaigns and their effects on targeted corporations, this chapter contributes to three different streams of research. First, the study contributes to the field of strategic management and research in nonmarket strategy exploring the impact that stakeholder groups can have on the resources and strategies of firms (Mitchell et al., 1997; Henisz et al., 2014; Ahuja et al., 2018; Odziemkowska and Dorobantu, 2021). Furthermore, this chapter adds to recent studies on the interaction between companies and their stakeholders through digital means (Etter et al., 2019; Karunakaran et al., 2022), particularly by showing that activist campaigns on social media platforms negatively affect the stock market valuation of corporations (King and Soule, 2007; King, 2011), but only to the extent that platform users take an active role and interact with each other. In other words, it is not the overall diffusion of activist campaigns what drives investors' reactions, but rather, the degree to which involved activist users engage in more substantive conversations where they may add new information or coordinate contentious actions.

Second, this study connects with the sociological literature on the inception of social movements (Cress and Snow, 1996; Dyke et al., 2004), their relationship with public and private organizations (Davis et al., 2008; King and Pearce, 2010; Briscoe and Gupta, 2016), and the role that ideology plays in those interactions (Wilson, 1973; Snow and Benford, 1988; Benford and Snow, 2000; Zald, 2000). This piece of research shows that the ideological connotations in corporate social issues are a strong predictor of the magnitude of social media activist campaigns, even to the detriment of the emphasis on social or environmental issues affecting a corporation. Moreover, this is further supported by how ideological connotations have an even

stronger effect on the scale of activist campaigns whenever they involve the participation of users that are more politically engaged or active on the social media platform.

Finally, this chapter also adds to political science literature on the political participation of citizens through digital platforms, which studies topics such as the effect of social media interactions on the ideological polarization of society (Osmundsen et al., 2021), the interplay between social media activity and electoral participation (Beauchamp, 2017; Barberá et al., 2019; Petrova, Sen, and Yildirim, 2021), or the development of identitarian sentiments in the digital arena (Flores, 2017; Siegel and Badaan, 2020). In particular, this study suggests that the ideological affiliations and the political engagement of citizens not only affects their mobilization towards public institutions but also their activism towards private organizations. But far from being just a public expression of opinions or sentiments, this chapter shows that this form of democratic participation, whenever it possesses a degree of engagement and coordination, it effectively influences targeted organizations.

Chapter 4 Polarized Corporations in the New Era of Digital Activism

4.1 Introduction

Corporations operate in countries and communities that are increasingly divided along ideological and political lines. For example, surveys show that feelings of antipathy and distrust have grown over the years between liberals and conservatives in the United States, making them less likely to develop personal relationships and to engage in meaningful conversations with each other (Pew Research, 2014, 2022). Moreover, this tear in the fabric of modern societies has been aggravated by the simultaneous polarization of traditional media outlets (Jurkowitz et al., 2020), contributing to the creation of diverging political narratives, as well as an intensified partisanship among political representatives (Moody and Mucha, 2013; Neal, 2020), preventing their compromise on public policies to address major economic and social challenges. Far from being restricted to the public domain, this trend of ideological polarization in society is increasingly penetrating the workplace and affecting business organizations. For instance, studies have explored how board members, executives, and employees may decide to leave their jobs because of an ideological misalignment with their corporation (Bermiss and McDonald, 2018; McDonnell and Cobb, 2020; Busenbark et al., 2022). Likewise, other scholars have shown how strong ideological identification is likely to hamper trust and cooperation between employees of opposing ideological groups and to harm productivity overall (Burbano, 2021; Dimant, 2023).

The ideological polarization in society is rapidly entering the workplace and presenting a new set of challenges to business leaders (Knight, 2020), but scholars have largely overlooked

the extent to which the ideological polarization inside corporations may be intensified by the interaction of those organizations with their social environment. As literature on social movements suggests, corporations are highly susceptible to pressures from multiple stakeholders and activist groups that are strongly driven by alternative ideologies (Wilson, 1973; King and Pearce, 2010; Briscoe and Gupta, 2016). Social movements engage in contentious tactics such as boycotts or protests to force corporations to reform their practices in relation to contested issues such as abortion, racial discrimination, gender equality, transgenderism, or environmental sustainability (Dyke et al., 2004; McDonnell and King, 2013). For example, the liberal campaign #GrabYourWallet initiated on social media in October of 2016 forced corporations including Nordstrom and Neiman Marcus to drop product lines related to then Republican candidate Donald Trump (Phillips, 2017), while the #BoycottNRA campaign of February 2018 intensely pressured companies such as FedEx and Amazon to cut ties with the gun rights advocacy group (Wong, 2018). But rather than just implying a pressure to change peripheral business policies or practices, the hostile actions from activist groups also entail a significant shock to the system of "values, beliefs, and identities" over which targeted corporations are built (King and Pearce, 2010; McDonnell and Cobb, 2020). Hence, corporations can even become the epicenter of major ideological tensions in society, but little is known about how activist pressures of such ideological nature may spill into targeted corporations and trigger their ideological polarization.

The purpose of this chapter is to study, first, whether pressures from social movements strengthen or reshape the ideological engagement and political activism of employees and executives from targeted corporations, and second, to what extent such changes in the ideological composition of corporations may foster within them an ideological divide. To do so, I introduce the construct of ideological polarization within a focal corporation, which I define as

the clustering of members in a corporation in two different and opposite ideological positions. Based on this characterization, I argue that the pressure from a social movement increases the ideological polarization within its targeted corporation, as the pressure will make contentious social issues more salient to corporate members and it will increase their perceived implication and responsibility to advance their own beliefs and stances. In addition, I suggest that this effect will be moderated by the share of employees ideologically aligned with the social movement, which may find in the activist pressure either a threat to their wellbeing or a source of external public support for their values and beliefs. These hypotheses are empirically tested in a dataset of consumer boycotts on Twitter against S&P 100 corporations and data on employee campaign contributions from January 2015 to May 2022. Taken together, the theory and results of the study suggest that social movement pressures have significant and substantive effects on the ideological polarization of targeted corporations.

In this manner, this chapter contributes to three different but related streams of literature. First, this study contributes to the strategy literature exploring the impact of ideology on corporate outcomes as well as how ideological conflicts affect the performance of corporations (Burbano, 2021; Benton et al., 2022; Dimant, 2023) by showing that pressures from social movements may influence the ideological and political engagement of executives and employees and reshape the ideological composition of their corporations. Second, this investigation adds to the social movement literature that has been increasingly interested in how social activism may permeate business organizations (Zald and Berger, 1978; Davis et al., 2008; Briscoe and Gupta, 2016). It does so by explaining how activist campaigns condemning business policies or practices may inadvertently polarize or radicalize targeted corporations. Third, the study contributes to the political science literature focusing on the political activities of corporations

and their members (Ansolabehere et al., 2003; Bonica, 2016; Stuckatz, 2021), exploring how pressures from social movements may motivate the political participation of executives and employees of targeted corporations. Finally, this research addresses ongoing practitioner interest in ideological polarization across the United States and the rest of the world, an ideological polarization that is increasingly affecting the workplace and requiring business leaders to intervene (Knight, 2020; Taylor, 2022; Telford, 2022).

4.2 Theory

4.2.1 The Rise of Ideological Polarization

An ideology has been broadly defined in the literature of organizations and strategic management as a "set of beliefs about how the social world operates, including ideas about what outcomes are desirable and how they can best be achieved" (Simons and Ingram, 1997). But beyond concepts and ideas, ideologies serve as "the vital bridge between attitude and action, between thinking and doing" (Wilson, 1973: 131). Moreover, research in social psychology has shown that individuals' psychological traits may profoundly shape their ideologies (Haidt, 2007; Jost, Federico, and Napier, 2009), and studies in political science have explored how tendencies to interact with actors holding similar values, beliefs, and identities may reinforce those ideologies (Mason, 2015). Therefore, the ideologies of individuals may shape their interpretations of reality, their personal and professional aspirations, their social relations, and the moral boundaries of their behavior.

Ideology is a prevalent force guiding the interpretations and behaviors of individuals, but the practical exercise of ideologies portraying different views of the world and prescribing different rules of action is often the best recipe for conflict (Wilson, 1973). At their strongest, differences over values and beliefs may lead to ideological opposition rather than ideological

diversity, and differences over preferred practical goals and solutions may lead to political confrontation rather than political compromise. At the same time, the conformation of homogeneous ideological and political groups may trigger processes of social identification that may, on the one hand, motivate in-group solidarity and favor cooperation, but on the other, spark out-group aversion and foster isolation or confrontation (Iyengar and Westwood, 2015; Iyengar, Lelkes, Levendusky, Malhotra, and Westwood, 2019; Dimant, 2023). As a result, such ideological differences and social dynamics may force individuals into an increasingly bipolar sociopolitical landscape and pull them to either side of an ideological spectrum, diminishing room for indifference or neutrality (Iyengar and Westwood, 2015; Mason, 2015). This process, commonly referred to as "ideological polarization," is pervasive today, not only in the United States but also across the globe (Pew Research, 2014, 2022; Reiljan, 2020), and not only in the public sphere but also inside private organizations (Knight, 2020; Burbano, 2021; Taylor, 2022; Telford, 2022; Dimant, 2023).

Multiple research studies and surveys show that ideological polarization is on the rise (Pew Research, 2014, 2022). On the one hand, ideological polarization may be driven by the adoption of more extreme positions over certain social issues such as abortion or immigration, a process often referred to as "issue polarization" (Mason, 2015). On the other, ideological polarization may be also driven by the sorting of individuals into partisan or ideological identities, or a process of "partisan identification," which may not lead individuals to hold more extreme positions but to hold their positions and to defend them more vehemently (Mason, 2015). Both processes may then contribute to what has been labeled as "affective polarization," this is, the development of negative feelings and attitudes towards members from opposite ideological groups (Iyengar et al., 2019).

For example, surveys show that feelings of antipathy and distrust have grown over the years between liberals and conservatives in the United States, where a growing share of citizens perceives members in the opposite party to be close-minded, unintelligent, dishonest, and immoral (Pew Research, 2014, 2022). Such aversion is making members of opposing ideologies less likely to develop personal relationships and to engage in meaningful conversations with each other (Pew Research, 2014, 2022). Moreover, this process of ideological polarization has been aggravated by the diffusion of diverging political narratives due to the simultaneous polarization of traditional media outlets (Jurkowitz et al., 2020) and the formation of "echo chambers" through the recommendation algorithms of social media platforms (Levy, 2021). Lastly, instead of being softened through the democratic debate, the ideological polarization in society has been further reinforced by an intensified partisanship among political representatives (Moody and Mucha, 2013; Neal, 2020), preventing their dialogue and compromise on public policies to foster social harmony.

4.2.2 Ideological Polarization Inside the Corporation

"Organizations are infused with ideology," and "ideology fundamentally affects organizational behavior… as it does all other types of human agency" (Simons and Ingram, 1997). Therefore, understanding how corporations pursue their objectives inevitably requires, on the one hand, the consideration of the ideologies of their executives and employees (Swigart et al., 2020), and on the other, the extent to which those ideologies may come into opposition and conflict. Recognizing the primacy of ideology in guiding interpretations and actions, an emergent body of literature in the fields of strategy and organizations has started to explore how strategic processes and outcomes in corporations may be shaped by the ideologies of their members. For example, studies focusing on the upper echelons of corporations have shown that board

members' ideologies may shape governance policies such as executive compensation (Gupta and Wowak, 2017) and that the ideologies of executives may influence corporate practices such as initiatives of corporate social responsibility (Briscoe, Chin, and Hambrick, 2014). Meanwhile, at the base of the corporation, the ideologies of employees have been proven to affect their motivation as well as their attachment and identification with their companies (Burbano, 2021; Wowak, Busenbark, and Hambrick, 2022). Taking the corporation as a whole, recent studies have also shown that the predominant ideology of a corporation may shape its interaction with neighboring social actors, guiding for instance its management of risks (Benton et al., 2022), or its openness to the demands from stakeholders and activist groups (Gupta and Briscoe, 2020).

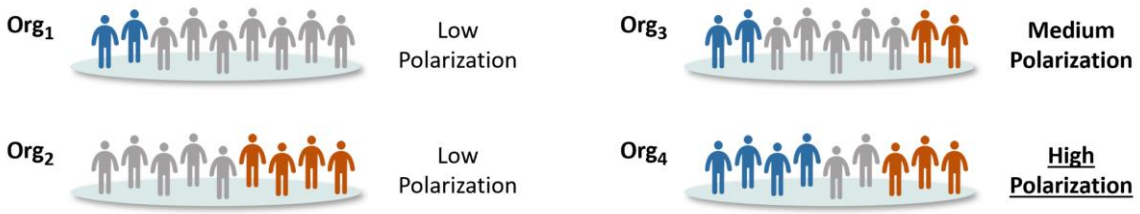
Corporations are a social context where conflicting ideologies and political identities are likely to come in contact with each other; indeed, "exposure to people of dissimilar perspectives" is more likely in the workplace than in "contexts such as the family, the neighborhood, or the voluntary association" (Mutz and Mondak, 2006). Therefore, employees and executives are likely to experience the negative attitudes and behaviors driven by the ideological polarization of their corporation. For example, surveys show that workers in the United States increasingly experience differential treatment because of their political opinions or affiliations, they witness or participate in more arguments over politics, they may have felt ostracized or willing to establish relations only with likeminded peers, and that these social dynamics may have affected their job productivity (APA, 2017; Smith, 2022; Telford, 2022). Similarly, research studies have shown that enhanced partisanship and ideological identification is likely to hamper the cooperation between corporate members of opposing ideological groups. For instance, Dimant (2023) reported that "ingroup-love" and "outgroup-hate" was likely to emerge among employees of opposing political identities, concluding that "polarization has a detrimental impact on trust

and cooperativeness, which ultimately also impacts the productivity and efficacy of managerial decision making." Likewise, Bermiss and McDonald (2018) showed that the "ideological misfit with an organization's prevailing ideology" was a strong predictor of employee departure from the corporation, while Busenbark, Bundy, and Chin (2022) provided evidence that this phenomenon extended to the upper echelons of corporations by finding that "directors prefer to remain on the board if the CEO shares their ideology" while "they consider leaving if the CEO does not."

Moreover, studies have addressed how the negative effects of ideological conflicts are not restricted to horizontal relations between employees or executives and their peers, as they also extend to vertical relations of authority between employees and their employers. For instance, randomized experiments showed that companies are less likely to hire job applicants with minority partisan affiliations than candidates without any partisan affiliation (Gift and Gift, 2015). In addition, studies found how employees request "lower reservation wages when the employer shares their political stance" (McConnell, Margalit, Malhotra, and Levendusky, 2018), but the motivation of those employees is likely to be diminished when their employer decides to take an ideological stance on a socio-political issue with which they disagree (Burbano, 2021). As the growing literature on corporate activism suggests, however, corporate leaders are increasingly penalized for staying silent on socio-political issues and they are pressured to take a stance, even at the risk of alienating stakeholders of opposing ideologies (Wowak et al., 2022). In short, corporations are increasingly affected by ideological tensions, and further research is needed to explain what factors are more likely to boost the ideological polarization of corporations and its negative organizational effects.

In this chapter, I define the "ideological polarization within a corporation" as the clustering of members in a corporation in two different and opposite ideological positions (i.e., the "poles"). This construct is the result of the combination of two different but interrelated dimensions. First, the ideological polarization within a corporation will depend on its degree of "political activism," or the extent to which members in a corporation may subscribe to either of two opposing ideologies. Second, the ideological polarization within a corporation will also depend on its degree of "ideological opposition," or the extent to which those ideologically active members may subscribe mostly to a single ideology or split more evenly between the two opposing ideologies. This analytical decomposition of the definition of ideological polarization is illustrated in Figure 4.1. As the visual representation shows, corporations with only one significant ideological group will have null ideological polarization, as the ideological opposition in the corporation will be non-existent. In contrast, corporations with two significant groups of members supporting opposing ideologies will have a level of ideological polarization that will be higher the larger the share of corporate members falling into either of the two ideological groups.

Figure 4.1: Representation of the construct of ideological polarization within a corporation



This definition relies on the assumption that corporate members may only subscribe to one of two possible ideologies, an assumption that would properly hold only in a societal context of preexisting ideological polarization where only two major and opposing ideological trends

dominated the sociopolitical sphere. As research in political science and surveys show, this is increasingly the case of the United States (Poole and Rosenthal, 1985, 1991; Jost, Nosek, and Gosling, 2008), where electoral voters (Pew Research, 2014), policymakers (Moody and Mucha, 2013; Neal, 2020), and media sources (Jurkowitz et al., 2020) are increasingly split in two ideological streams. In this societal context, the ideology of any particular individual could be effectively placed in an ideological spectrum (e.g., liberalism-neutrality-conservatism) based on his or her degree of adherence to either of the two major ideological trends in society (Poole and Rosenthal, 1985, 1991; Gupta and Wowak, 2017). Then, at an organizational level, the ideological composition of a corporation could be effectively captured by the aggregation of the ideological positions of all corporate members along such ideological spectrum (Gupta, Briscoe, and Hambrick, 2017). For example, it would be possible to measure the predominant ideology in a corporation (Gupta et al., 2017; Gupta and Briscoe, 2020), and more importantly for this study, it would be possible to capture the ideological polarization within a focal corporation.

4.2.3 The Ideological Nature of Social Movement Pressures

Several factors could influence the ideological engagement and political activism of executives and employees and, therefore, contribute to the ideological polarization within their corporation. For example, significant changes in the social fabric of communities (e.g., increases in inequality or crime), evolving economic conditions (e.g., inflation or scarcity), or nascent ideological discourses (e.g., due to increased exposure to media outlets or political campaigns) could motivate individuals to take stances on certain social issues and engage in political initiatives. Nevertheless, the ideological engagement and political activism of executives and employees could also be shaped by their experiences at the workplace as well as the influence that other social actors might have on their corporation. As literature on social movements

suggests, corporations are usual targets of activist campaigns pushing for change in society (Dyke et al., 2004), and those pressures not only have significant material effects on targeted corporations but also meaningful ideological origins and consequences (Wilson, 1973; King and Pearce, 2010; McDonnell and Cobb, 2020).

Properly defined, a "social movement" refers to any collective acting "with some degree of organization" and partially "outside of institutional channels" (Snow et al., 2004) to challenge or defend some social structure (McCarthy and Zald, 1977). Decades ago, social movements targeted primarily the state and public institutions, but over the years, corporations have become a usual focus of activist campaigns (Dyke et al., 2004; Walker, Martin, and McCarthy, 2008). For instance, corporations have become highly susceptible to pressures from activist groups in the form of boycotts (King, 2008, 2011), protests (King and Soule, 2007), or shareholder activism (Goranova and Ryan, 2014) and over social issues as diverse as labor rights, religion, the environment, immigration, abortion, sexual orientation, and gender-based and race-based discrimination (Dyke et al., 2004; McDonnell and King, 2013). Moreover, scholars have shown that activist pressures have significant and substantive effects on targeted corporations, threatening their financial stability and reputation (King and Soule, 2007; King, 2011; McDonnell and King, 2013) and often forcing them to reform practices, policies, or partnerships (King, 2008).

Social movements and their pressures against corporations are fundamentally driven by alternative values and beliefs about the social world different from those embedded in established social institutions (Wilson, 1973; Zald, 2000; Snow et al., 2004). As Wilson (1973: 130) suggests, social movements are the "mobilization of discontent," and their ideology plays precisely a "mobilizing function by connecting immediate social burdens with general ethical

principles and thereby stimulating people to action." Therefore, pressures from social movements on corporations are not simply demands to reshape some peripheral business practices, but they entail an aggressive push to reform the system of "values, beliefs, and identities" over which targeted corporations are built (King and Pearce, 2010). Although few studies have explored the full extent of the ideological consequences that social movement pressures may have on corporations, some prior work has provided a hint to some of those ideological effects. For instance, Zald and Berger (1978) theorized that social movements may emerge and spread not only in the public sphere but also inside of private organizations, triggering the political mobilization of their members towards the reform of power and resource structures. In addition, McDonnell and Cobb (2020) showed that activist pressures in the form of consumer boycotts provoked the departure of board members from targeted corporations whenever those members were ideologically aligned with the social movement.

4.2.4 Social Movements as Instigators of Ideological Polarization

While prior work has recognized the ideological nature of social movements, and scholars have highlighted the role that ideology plays in the strategy of corporations, little is known about how social movement pressures may reshape the ideological polarization within their targeted corporations. To address this research question, I develop theoretical arguments considering, first, how a social movement pressure will affect the ideological engagement and political activism of executives and employees at a targeted corporation, and second, how these changes will impact the ideological polarization of the focal corporation. The main constructs of the theory and their relationships are outlined in Figure 4.2, while Figure 4.3 provides a visual representation of the hypotheses of the study.

Figure 4.2: Overview of theory and hypotheses

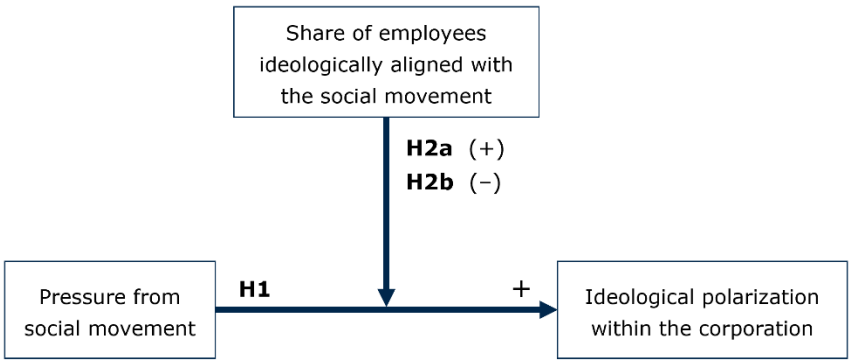
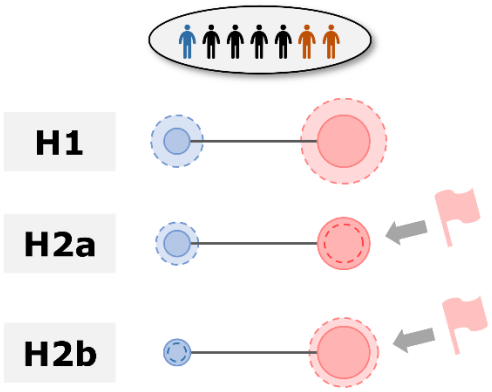


Figure 4.3: Representation of theorized effects on ideological polarization



In their effort to bring change around certain social issues, social movements raise broad awareness about the practices and policies of their targeted corporations, the negative social impact, inappropriateness or immorality of those practices, and the ways in which companies should change their actions (Snow and Benford, 1988; King, 2008; Walker et al., 2008). For instance, social media users may call for the boycott of a corporation sourcing products from sweatshops in developing countries, pro-life groups may organize protests against stores from corporations developing abortion-inducing drugs, or environmental activists may promote shareholder proposals at corporations to halt investments in fossil fuel production. By engaging

in such type of campaigns, I suggest that a social movement will likely increase the ideological engagement and political activism of executives and employees from its targeted corporation.

First, by raising awareness of contested social issues, the pressure from a social movement on a targeted corporation would make those social issues more salient to its executives and employees, motivating them to evaluate the grievances expressed by activist groups. Second, by specifically condemning the practices and policies of the focal corporation, the pressure from the social movement would increase the perceived implication of corporate members in the social issue being contested, triggering a sense of responsibility over the actions of the corporation. Third, by framing the actions of the corporation as immoral and demanding a political course of action, the pressure from the social movement would not only motivate the moral judgement of executives and employees but also awaken their sense of belonging and loyalty to a particular partisan identity (Mason, 2015). Either through a process of reason where corporate members would try to align their beliefs with their actions, or through a process of emotion where corporate members would want to reaffirm their social identities (Swigart et al., 2020), the pressure from the social movement would likely motivate corporate members to strengthen their political engagement and participation. For example, members in targeted corporations could choose to contribute to political campaigns (Francia et al., 2003), voice their sociopolitical beliefs in public (Wowak et al., 2022), or form labor groups to push for the reform of certain corporate policies (Briscoe et al., 2014; Rheinhardt, Briscoe, and Joshi, 2023).

The strengthening of the ideological engagement and political activism of executives and employees would have specific implications for targeted corporations in a societal context of underlying ideological polarization, where only two major and opposing ideological trends or partisan identities dominated the sociopolitical sphere (e.g., liberalism vs. conservatism). In such

societal context, the pressure from a social movement on a targeted corporation would similarly increase the saliency of contested social issues, the sense of responsibility in executives and employees, and their partisan identification. Nevertheless, the subsequent processes of ideological engagement and political activism from corporate members would be translated into a stronger positioning of those individuals on either side of the bipolar ideological spectrum. In other words, the pressure from a social movement would motivate individuals to shift from a stronger ideological indifference or neutrality to, for example, a more liberal or conservative ideology. As represented in the upper part of Figure 4.3, this process would result in the growth of the two major ideological groups in the focal corporation, therefore increasing the ideological polarization within the corporation. These arguments lead to the following hypothesis:

> *Hypothesis 1. The ideological polarization within a corporation will increase after it is targeted by a social movement pressure.*

4.2.5 Ideological Alignment between Corporate Members and the Social Movement

Social movement pressures are characterized not only by their ideological nature (Wilson, 1973; King and Pearce, 2010) but also by their degree of contentiousness and negative impact on targeted corporations (King and Soule, 2007). As prior research has shown, social movement tactics such as protests or consumer boycotts can effectively threaten the financial performance of targeted corporations (King and Soule, 2007; King, 2011), their social reputation (McDonnell and King, 2013), their human capital (McDonnell and Cobb, 2020), and their relationship with stakeholders (McDonnell and Werner, 2016). If corporations are severely impacted by the pressures from social movements, such negative effects should have spillovers

on the executives and employees of targeted corporations and, therefore, affect the ideological engagement and political activism of those individuals. First, the financial impact that activism campaigns have on corporations, for example in the form of reduced stock market valuation (King and Soule, 2007; King, 2011), could affect the compensation of employees, their likelihood of dismissal, or their career prospects within the corporation. Second, the reputational impact that activist pressures have on corporations by framing their activities as harmful or immoral (Snow and Benford, 1988) could spill into the reputation of executives and employees, signaling lower quality or moral integrity to future employers or third parties (McDonnell and Werner, 2016). Third, the ideological nature of social movement pressures and their polarizing effects on the corporation could also affect the prosocial motivation of employees (Burbano, 2021) and their commitment to the organization (Bermiss and McDonald, 2018), or trigger internal conflicts affecting their emotional wellbeing, team collaboration, and their relationship with the corporate elite (Zald and Berger, 1978; Wowak et al., 2022).

Based on this hostility of social movement pressures, the executives and employees of targeted corporations could interpret the action of activist groups as a "threat" to their wellbeing. In this case, I suggest that the pressure would either reduce the support or strengthen the opposition of corporate members to the demands of the social movement. On the one hand, corporate members that initially shared the ideology of the social movement would likely feel "demotivated" by the pressure, and they would likely reduce their political support to their previously ascribed ideology. Moreover, from a social identity perspective, the pressure from ideologically aligned activists would likely be interpreted as lack of in-group solidarity by those corporate members, making them question their partisan identity and discouraging them from further supporting their partisan groups. As an example, a conservative-leaning employee at a

department store chain could see his/her job in danger and his/her conservative identity challenged after a boycott call by a conservative-leaning movement demanding, for instance, bathroom-use policies based on individuals' sex rather than gender identity. In this case, even if the focal employee agreed with the policy proposition of the movement, the hostility of the boycott and its personal consequences would reduce his/her motivation to, for instance, make contributions to conservative causes, voice conservative viewpoints publicly, or participate in conservative advocacy groups.

On the other hand, corporate members that held an ideology already opposed to that of the social movement would likely feel "outraged" by the pressure, and they would likely strengthen their political support to their prior opposing ideology. Moreover, from a social identity perspective, the pressure would likely be interpreted as an out-group threat to their partisan identity, further strengthening their partisan identification and in-group loyalty. In this case, a liberal-leaning employee at the previous department store chain would see his/her job in danger just like a conservative-leaning employee would after a boycott call by the conservative-leaning movement. Nevertheless, the hostility of the boycott would likely reaffirm the liberal-leaning employee in his/her stance over the bathroom-use policy as well as his/her partisan identity, most likely increasing his/her motivation to, for example, donate to liberal causes, voice liberal viewpoints, or join liberal advocacy groups.

This asymmetry in the ideological effects that social movement pressures would have on corporate members based on their ideological alignment with the movement would have important consequences on the resulting ideological polarization at targeted corporations. As represented in the middle part of Figure 4.3, for corporations where the group of members ideologically aligned with the social movement outnumbered the group of ideologically

misaligned members, the pressure from the social movement would have a demotivating effect on the ideological majority and an outraging effect on the ideological minority. In this case, the social movement pressure would balance the two ideological groups and, therefore, it would further ideologically polarize the targeted corporation. As a result of these mechanisms, social movement pressures would generally increase the ideological polarization in targeted corporations (Hypothesis 1), but this effect would be even stronger whenever a larger share of corporate members was initially aligned with the ideology of the social movement. These arguments lead to the following hypothesis:

> *Hypothesis 2a. The higher the share of corporate members ideologically aligned with the social movement, the stronger will be the effect of the social movement pressure on the ideological polarization of the targeted corporation.*

Despite the negative effects that social movement pressures could have on targeted corporations, executives and employees could not only interpret the pressure from activist groups as a threat to their wellbeing but also as a form of external and public support to a set of values and beliefs as well as to a specific political course of action. Studies suggest that employees holding specific values and beliefs and wanting some form of change at their organization are sensitive to the influence of outside activist groups and responsive to the political opportunities that may emerge at their corporation (Briscoe et al., 2014; Rheinhardt et al., 2023). Therefore, executives and employees that shared the same ideology as campaigning activist groups could see in the social movement pressure, first, a public expression of their own grievances and moral concerns regarding the actions of their own organization, and second, an external endorsement of

the changes that those corporate members would implement inside the firm. In contrast to the logic of threat presented above, this logic of external "voice" would suggest that those ideologically aligned members would not be demotivated by the social movement pressure, but rather they would be encouraged to strengthen their ideological engagement and political activism even more. In addition, a social identity perspective would suggest that those individuals would interpret the activist pressure as a form of in-group solidarity and experience an increase in their group identification, leading them to further support their partisan causes. Following this logic, a conservative-leaning employee at the previous department store chain could see in the boycott call by the conservative-leaning movement an expression of his/her views over gender, an endorsement of his/her preferred bathroom-use policies, and a reaffirmation of his/her political identity.

Following such competing logic of external voice, the degree of ideological alignment between the social movement and the targeted corporation would play an opposite moderating effect on the resulting ideological polarization within the targeted corporation. As illustrated in the lower part of Figure 4.3, for corporations where the group of members ideologically aligned with the social movement outnumbered the group of ideologically misaligned members, the pressure from the social movement would serve as an encouragement for the ideological majority relative to the ideological minority. In this case, the social movement pressure would further exacerbate the imbalance between the ideological groups and, therefore, it would "radicalize" rather than polarize the targeted corporation. These arguments suggest the following competing hypothesis:

Hypothesis 2b. The higher the share of corporate members ideologically aligned with the social movement, the weaker will be the effect of the social movement pressure on the ideological polarization of the targeted corporation.

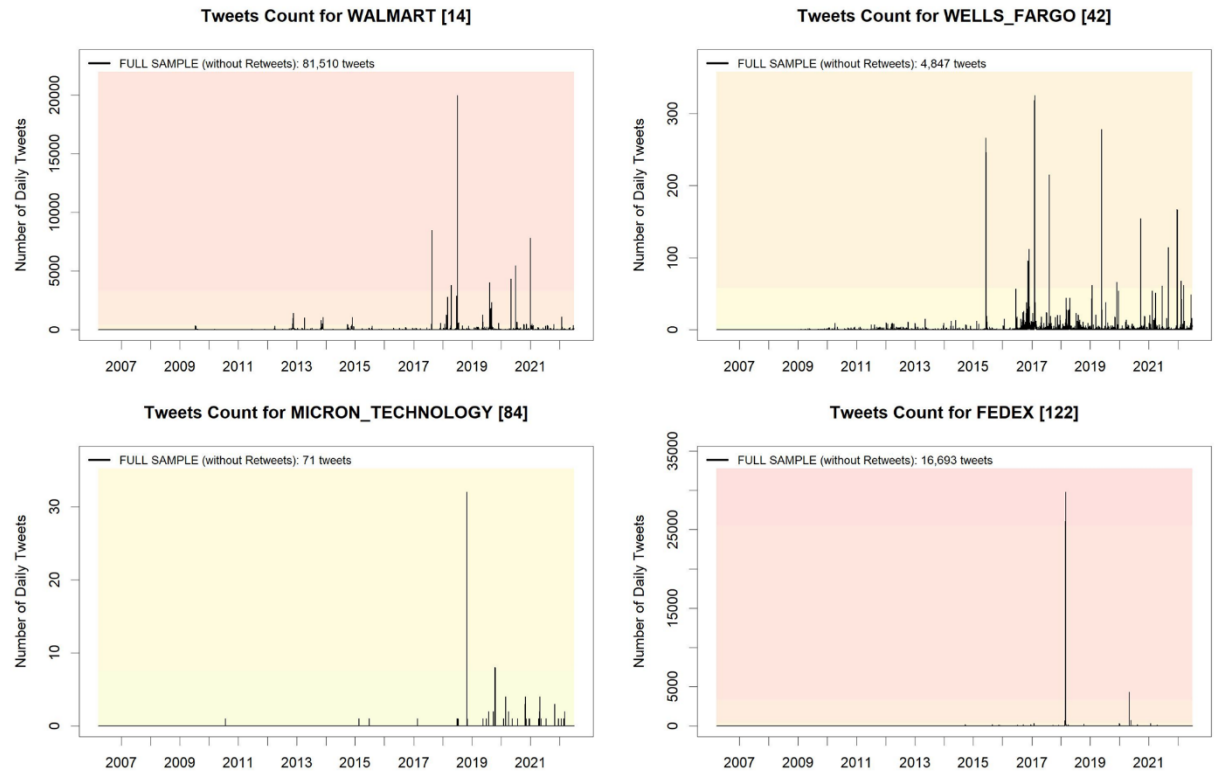
4.3 Data and Methods

4.3.1 Sample of Social Media Boycotts

To test the hypotheses of the study, I used a dataset of consumer boycotts voiced on Twitter against corporations included in the S&P 100 as of January 2022. The final sample consisted of 98 companies because I included firms with two stock classes only once in the sample (e.g., Alphabet) and I excluded Twitter given that this was the social media platform over which boycotts were called. I collected the sample of consumer boycotts against these companies through Twitter's application programming interface (i.e., API) by searching all public platform messages (i.e., "tweets") containing the name of those corporations as well as the word "boycott," in line with prior studies identifying boycott events through keyword searches in newspaper outlets (King, 2011; McDonnell and King, 2013). This search yielded a total of 6.93 million tweets (including 2.16 million original tweets and 4.77 million retweets) between 2006 (when Twitter was launched) and 2022. Most of those tweets effectively referred to consumer boycotts against focal S&P 100 corporations, but in some instances, tweets referred to other type of boycott actions or events. Therefore, I complemented this initial search with the design of a machine learning algorithm to ensure that tweets in the final sample referred to boycotts against focal corporations. This process involved, first, coding an initial batch of tweets for each company and each time period by hand and, second, the use of a Naïve Bayes Classifier to categorize the remaining sample of tweets based on their word content, keyword distances, and

their publication date. The application of this automated procedure on a test sample of tweets suggested that the model correctly classified more than 85% of the tweets in the full sample. As illustrated in Figure 4.4, the entire procedure generated a high-resolution panel dataset of "boycott tweets" against S&P 100 corporations which showed a heterogeneous distribution of boycott events (i.e., "boycott spikes") across time and corporations.

Figure 4.4: Examples of time trend of boycott tweets against four S&P 100 corporations



4.3.2 Sample of Employee Campaign Contributions

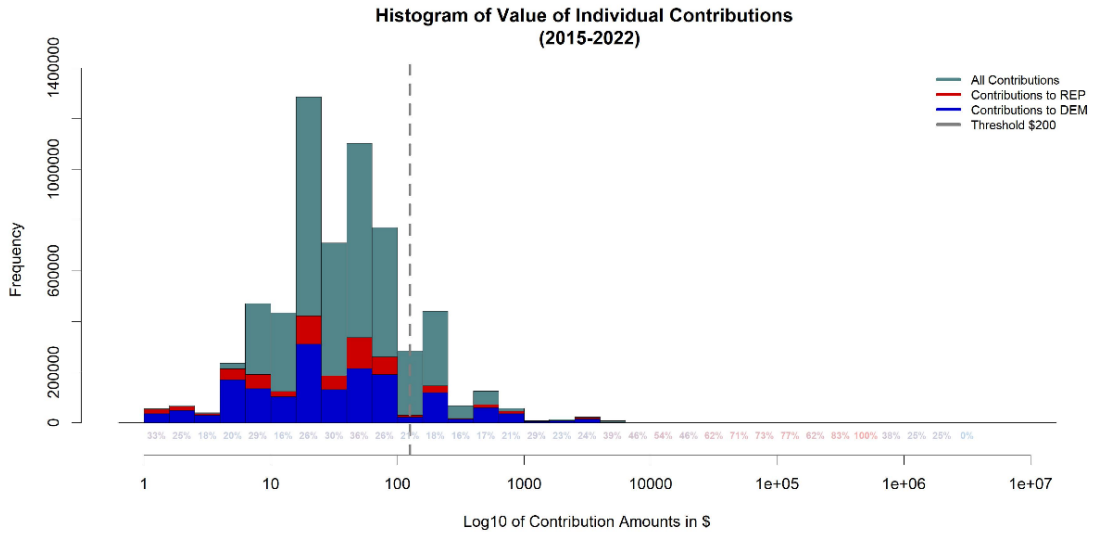
As prior studies have recognized, the ideology of members in an organization is difficult to measure in a nonintrusive and reliable manner. For example, individuals may be reluctant to respond to surveys about their social or political beliefs or bias their answers based on perceived

social expectations or desirability (Gupta et al., 2017). Moreover, the collection of such type of data for a large pool of employees from a large pool of corporations would be highly unpractical. Therefore, I relied on data on political campaign contributions from the Federal Election Commission (FEC) to measure the ideological heterogeneity and political activism of employees in the sample of S&P 100 corporations (Gupta et al., 2017; Gupta and Briscoe, 2020; Gupta, Wowak, and Boeker, 2022). As research in political science shows, individual citizens make campaign contributions strongly driven by their ideologies (Barber, 2016; Bonica, 2016), caring primarily about the "ideologies of the candidates who are elected to office" (Barber, 2016) and often supporting candidates with more extreme ideological positions (Ensley, 2009). Individuals contribute because "they enjoy participating in politics and find satisfaction in supporting their candidate or party of choice" (Barber, 2016) and "to advance their positions on salient issues, such as abortion rights, gun ownership, or environmental protections" (Francia et al., 2003). Therefore, this source of data seemed most convenient to measure the ideology and political activism of members from S&P 100 corporations.

FEC data has limitations that are relevant for this study. For example, not all individuals holding a certain ideology may decide to make political donations, potentially biasing inferences about the predominant ideology in a focal corporation. In addition, the data includes only all individual contributions aggregating to more than $200, and only after 2015 when the FEC expanded its reporting. Although such threshold could bias inferences about the ideological composition of companies in the sample (e.g., discounting the ideologies of lower-income workers contributing less than $200), this represented the best alternative time frame and method to measure the ideology and activism of executives and employees in the sample of firms. Therefore, the combined sample of social media consumer boycotts and subsequent campaign

contributions constituted a company-month panel data expanding from January 2015 to May 2022.

Figure 4.5: Histogram of contributions from members of S&P 100 corporations



In addition, the FEC provides data for all contributions made to political candidates to support their federal electoral campaigns, including data on transaction, contributor, politician, and electoral race characteristics. Conveniently for the purpose of this study, the data on contributions from individuals to political action committees (PACs) includes self-reported information on the employer and occupation of those individual donors. Therefore, I matched those employer values with the names of the S&P 100 companies to identify contributions from employees and executives from each of those corporations. In addition, I coded the partisanship of those contributions, first, based on the registered party affiliation of the PACs receiving the donations (e.g., candidate PACs), and second, based on the consistent ideological bias of non-affiliated PACs (e.g., ideological PACs such as ActBlue). Meanwhile, donations to other PACs (e.g., corporate PACs from S&P 100 companies) were coded as non-partisan. As Figure 4.5

reflects, contributions from employees and executives from S&P 100 companies varied in terms of their amount and their partisanship, with most contributions directed towards non-partisan PACs (e.g., corporate PACs), followed by contributions towards Democrat candidates and towards Republican candidates.

4.3.3 Independent Variables

I measured the first independent variable, the "pressure from a social movement" against a focal corporation, as the logarithm of the monthly number of tweets (including retweets) referring to a consumer boycott against the focal corporation. This variable was lagged one month in the main specification of the model. Then, I measured the second independent variable, the "share of employees ideologically aligned with the social movement," as the product of two other underlying variables: first, the "partisanship of employee contributions," to capture the predominant ideology among members in a focal corporation, and second, the "partisanship of Twitter boycotters," to capture the ideology of activists and their motivations.

The "partisanship of employee contributions" was measured as $\frac{R-D}{R+D}$ where R and D corresponded to the total number of contributions by employees of the focal corporation to Republican and Democrat candidates respectively in the twelve months prior to the focal month. Therefore, this continuous variable ranged from -1 (i.e., all contributions to Democrats) to +1 (i.e., all contributions to Republicans). I relied on prior studies and evidence in my data showing that the ideology of Twitter users is highly correlated with the ideology of the politicians they follow on Twitter (Barberá, 2015) to measure the extent to which Twitter boycotters more strongly aligned with pro-Republican (i.e., conservative) or pro-Democrat (i.e., liberal) values and beliefs (Halberstam and Knight, 2016). Therefore, I measured the "partisanship of Twitter boycotters" by identifying Twitter users supporting the boycott of a focal corporation, collecting

data on the Republican and Democrat politicians that they followed on Twitter, and similarly computing the value $\frac{R-D}{R+D}$ where R and D corresponded, in this case, to the number of Republican and Democrat politicians followed by the focal Twitter user. The average in a given month of the partisanship of Twitter boycotters resulted in a continuous measurement from -1 (i.e., Twitter boycotters only following Democrats) to +1 (i.e., Twitter boycotters only following Republicans). Using the product of these two underlying variables, the measurement of the "share of employees ideologically aligned with the social movement" produced a continuous measure from -1 (i.e., no prior employee contributions aligned with the social movement) to +1 (i.e., all prior employee contributions aligned with the social movement).

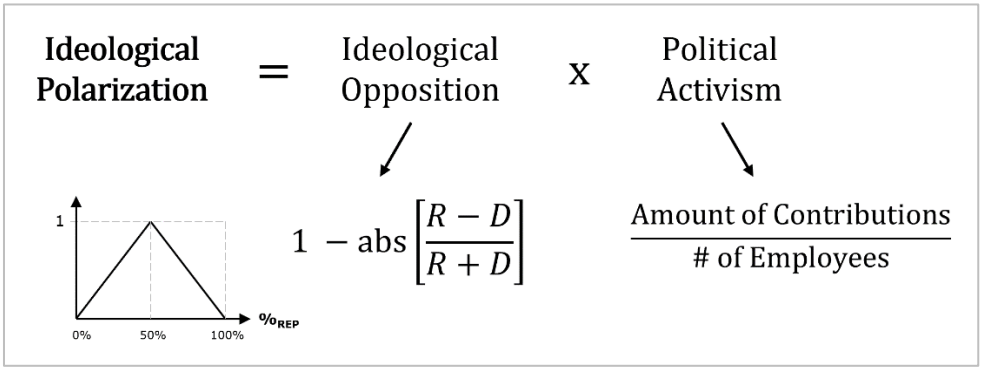
4.3.4 Dependent Variable

The dependent variable of the study is the "ideological polarization" within the targeted corporation, which I defined as the clustering of members in a corporation in two different and opposite ideological positions. As described in the theoretical development of the chapter and illustrated in Figure 4.1, this construct was based on two dimensions: first, the degree of "ideological opposition" within the corporation, or the extent to which ideologically active members subscribed mostly to a single ideology or split between two opposing ideologies, and second, the degree of "political activism" within a corporation, or the extent to which members in a corporation subscribed to either of two opposing ideologies.

First, I measured the construct of "ideological opposition" within a corporation as $1 - abs\left[\frac{R-D}{R+D}\right]$ where R and D corresponded to the total number of contributions by employees of the focal corporation in each month to Republican and Democrat candidates respectively. As represented in Figure 4.6, the measure of the "ideological opposition" in a corporation resulted in

a continuous value ranging from 0 (all employee contributions were towards Democrats or all contributions were towards Republicans) to +1 (50% of contributions went to Democrats and 50% of contributions went to Republicans). Second, I measured the construct of "political activism" within a corporation as the total number of contributions by corporate members in each month to either Democrat or Republican candidates divided by the number (in thousands) of employees in the focal corporation. Finally, the measurement of "ideological polarization" within a corporation was the product of the prior two variables, resulting in a positive continuous variable where 0 represented either a null level of ideological opposition or a null level of political activism, and any positive number represented a combination of positive levels of ideological opposition and political activism within the focal corporation. Given the skewedness of the measurement, I used its logarithm as dependent variable in regressions.

Figure 4.6: Measurement of the construct of ideological polarization within a corporation



4.3.5 Regression Models and Control Variables

The final panel dataset comprised 98 companies and 89 months between January 2015 and May 2022. Table 4.1 provides the summary statistics of the variables in the study. To test the theory, I estimated all regression models using ordinary least squares (OLS) with logarithmic

Table 4.1: Summary statistics and bivariate correlations

Variable	Mean	S.D.	Min	Max	1	2	3
1. Number of contributions (log10)	2.36	0.76	0	4.33			
2. Value of contributions (log10)	4.49	0.69	1.00	7.18	0.85		
3. Ideological opposition	0.40	0.31	0	1.00	0.22	0.20	
4. Ideological polarization (log10)	0.14	0.75	-2.82	2.39	0.65	0.57	0.36
5. Number of boycott tweets (log10)	1.49	1.03	0	5.35	0.06	0.08	-0.02
6. Firm assets	241,379	477,962	3,109	3,743,567	0.19	0.23	0.10
7. Firm revenue	64,967	75,700	3,991	569,962	0.25	0.20	0.15
8. Firm net income	7,468	10,378	-22,355	94,680	0.20	0.23	0.02
9. Firm ideology	-0.53	0.35	-1.00	1.00	-0.01	-0.04	0.38
10. Ideological alignment	0.06	0.29	-1.00	1.00	-0.01	0.02	-0.04
11. Boycott ideology	-0.08	0.36	-1.00	1.00	-0.03	-0.04	-0.04
12. Boycott virality	0.15	0.16	0	0.50	0.19	0.15	0.04
13. User seniority	3.46	3.00	0	13.43	0.20	0.18	0.04
14. User celebrity	0.04	0.49	-2.09	4.87	0.01	0.03	-0.04
15. User political engagement	6.07	16.14	0	332.00	0.08	0.07	0.05
16. Simultaneous boycott targets	1.57	1.78	0	17.00	0.18	0.17	0.10

Variable	4	5	6	7	8	9	10	11	12	13	14	15
5	-0.22											
6	0.03	-0.04										
7	-0.24	0.31	0.21									
8	-0.09	0.18	0.40	0.51								
9	0.22	-0.10	-0.03	0.02	-0.07							
10	-0.08	0.25	-0.09	0.11	0.02	-0.10						
11	0.07	-0.26	0.09	-0.21	-0.04	-0.04	-0.87					
12	-0.15	0.46	0.05	0.26	0.12	-0.12	0.03	-0.12				
13	-0.08	0.12	0.13	0.26	0.17	-0.09	0.05	-0.17	0.54			
14	-0.09	0.40	-0.02	0.10	0.07	-0.06	0.13	-0.09	0.27	0.14		
15	0.02	0.06	0.08	0.09	0.06	1.76e-3	0.04	-0.10	0.17	0.29	-0.01	
16	0.03	-0.04	0.13	0.17	0.17	-0.01	0.03	-0.17	0.37	0.51	-0.03	0.23

transformations of some independent and dependent variables. Specifically, I employed a series of two-way fixed effects models to rule out plausible alternative explanations based on time and time-invariant firm characteristics. In particular, the most relevant factor driving employee contributions is the demand for those contributions from political candidates, which fundamentally depends on the time remaining before the next election, existing majorities in the

U.S. Congress, or how competitive electoral races are in specific regions. In addition, contributions from executives and employees could depend on the industry, location, or social status of their corporation. The inclusion of time and firm fixed effects in the regression models would rule out these alternative explanations for the changes in the volume and partisanship of campaign contributions.

Beyond the two-way fixed effect specification, I added two sets of control variables. First, I included the "assets" of the focal corporation, its "revenue," and its "net income" as obtained from the Compustat database to account for firm size and profitability, given that larger or more profitable firms would likely be able to make more numerous and larger contributions to political candidates. In addition, I measured firm "ideology" as the average partisanship of campaign contributions from employees to political candidates in the twelve months prior (Gupta et al., 2017; Gupta and Briscoe, 2020).

Second, I included a series of variables to account for the characteristics of each social media boycott being targeted against each focal corporation: "boycott ideology," measured as the average partisanship of Twitter boycotters captured by the proportion of Republican and Democrat politicians they followed on the social platform (Barberá, 2015; Halberstam and Knight, 2016); Twitter "user political engagement," measured as the average total number of politicians Twitter boycotters followed on the platform; "boycott virality," measured as the Gini coefficient of the number of retweets that each "boycott tweet" received in a focal month; Twitter "user seniority," measured as the average number of years Twitter users commenting on the focal boycott had been on the social media platform; Twitter "user celebrity," measured as the average number of followers had by Twitter users commenting on the focal boycott; "simultaneous boycott targets," measured as the number of S&P 100 corporations that were

simultaneously targeted by the focal social media boycott; and a set of ten "social issue categories," which measured the extent to which a focal social media boycott was about one or more social topics under discussion by Twitter boycotters (e.g., voting rights, gun rights, patriotism, or racial discrimination) as identified by a topic modeling algorithm (i.e., Latent Dirichlet Allocation). Including this set of control variables helped ensure that variations in the magnitude of the boycott campaign (as captured by the number of "boycott tweets") drove changes in the volume and partisanship of campaign contributions rather than by idiosyncratic boycott features.

4.4 Results

4.4.1 Number and Value of Campaign Contributions

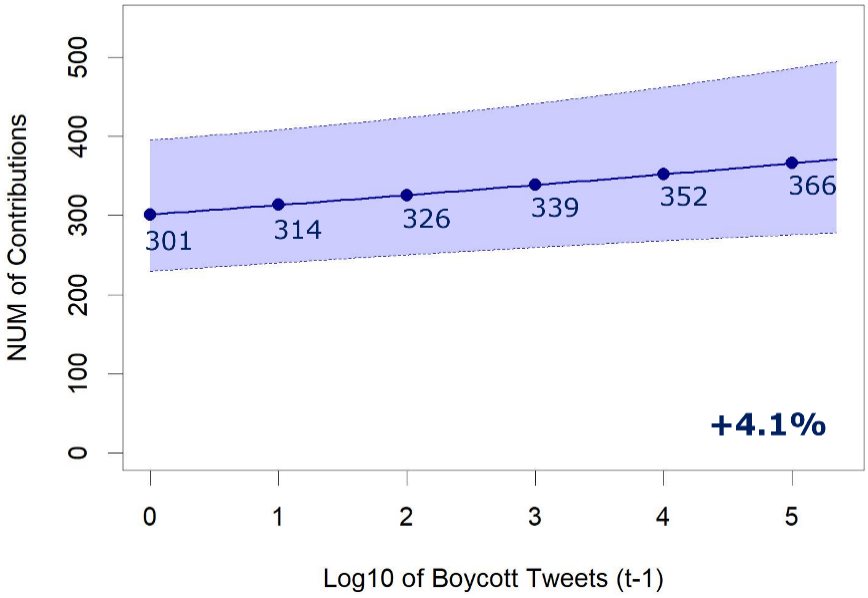
The first set of arguments in the theoretical development of this study suggested that the pressure from a social movement would increase the ideological engagement and political activism of executives and employees from targeted corporations. As shown in Table 4.2, the regressions of the number and value of contributions on the number of boycott tweets in the month prior empirically support this prediction. Both coefficients are positive and statistically significant. As plotted in Figure 4.7, the number and value of campaign contributions from executives and employees increase by 4.1% and 5.4% respectively for every ten-fold increase in the number of boycott tweets against their corporation (i.e., increases of 22.3% and 30.1% for the highest boycott campaign of 100,000 tweets in a month). These results suggests that the political activism from executives and employees increases after their corporation is targeted by a social movement pressure, and as illustrated in Figure 4.6, this would contribute to the ideological polarization of the corporation and provide an initial support for Hypothesis 1.

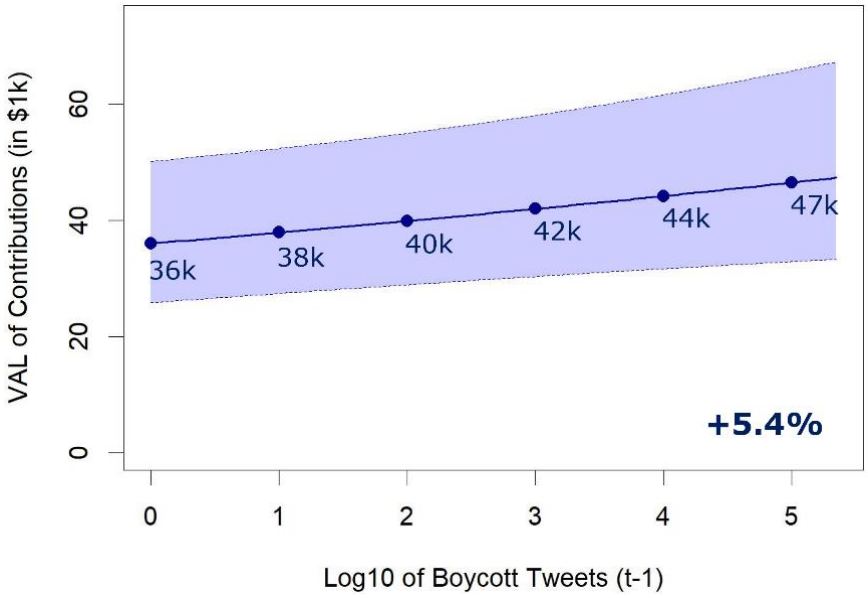
Table 4.2: Regression models of the number and value of contributions

Variables	**Model 1** OLS *Logged number of contributions*	**Model 2** OLS *Logged number of contributions*	**Model 3** OLS *Logged value of contributions*	**Model 4** OLS *Logged value of contributions*
Logged number	---	1.69e-02 *	---	2.22e-02 *
of boycott tweets		(7.65e-03)		(9.35e-03)
Firm assets	-2.38e-07 ***	-2.35e-07 ***	-1.82e-07 ***	-1.84e-07 ***
	(4.37e-08)	(4.36e-08)	(5.33e-08)	(5.33e-08)
Firm revenue	2.61e-06 ***	2.59e-06 ***	2.15e-06 ***	2.13e-06 ***
	(2.12e-07)	(2.12e-07)	(2.59e-07)	(2.59e-07)
Firm net income	-3.09e-06 ***	-3.10e-06 ***	-7.26e-07	-7.40e-07
	(7.10e-07)	(7.10e-07)	(8.68e-07)	(8.68e-07)
Firm ideology	9.02e-02 ***	9.12e-02 ***	7.95e-02 **	8.09e-02 **
	(2.04e-02)	(2.04e-02)	(2.49e-02)	(2.49e-02)
Ideological	5.50e-03	5.56e-03	4.87e-03	4.99e-03
alignment	(3.39e-02)	(3.38e-02)	(4.14e-02)	(4.14e-02)
Boycott ideology	1.41e-02	1.98e-02	3.93e-02	4.67e-02
	(2.27e-02)	(2.29e-02)	(2.78e-02)	(2.80e-02)
Boycott virality	1.46e-02	1.69e-02	2.92e-02	-1.22e-02 ▪
	(3.68e-02)	(3.94-02)	(4.94-02)	(4.82-02)
User seniority	-2.68e-03	-2.60e-03	-5.42e-03 **	-5.32e-03 *
	(1.70e-03)	(1.70e-03)	(2.08e-03)	(2.07e-03)
User celebrity	2.10e-02 **	1.63e-02 *	1.22e-02	5.88e-03
	(7.06e-03)	(7.38e-03)	(8.63e-03)	(9.02e-03)
User political	4.28e-05	4.46e-06	-2.62e-04	-3.13e-04
engagement	(1.93e-04)	(1.93e-04)	(2.36e-04)	(2.37e-04)
Simultaneous	5.95e-04	4.52e-04	-9.66e-06	-1.98e-04
boycott targets	(2.40e-03)	(2.40e-03)	(2.93e-03)	(2.93e-03)
Issue categories	YES	YES	YES	YES
Firm FE	YES	YES	YES	YES
Time FE	YES	YES	YES	YES
N x T	98 x 89	98 x 89	98 x 89	98 x 89
Deg Freedom	4697	4696	4696	4695
R-squared	0.888	0.889	0.801	0.801

▪ $p < 0.10$ * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$

Figure 4.7: Predicted effects of boycott tweets on the number and value of contributions





4.4.2 Partisanship of Campaign Contributions

The second set of arguments in the theory presented two competing logics by which corporate members ideologically aligned with the social movement pressure would increase their

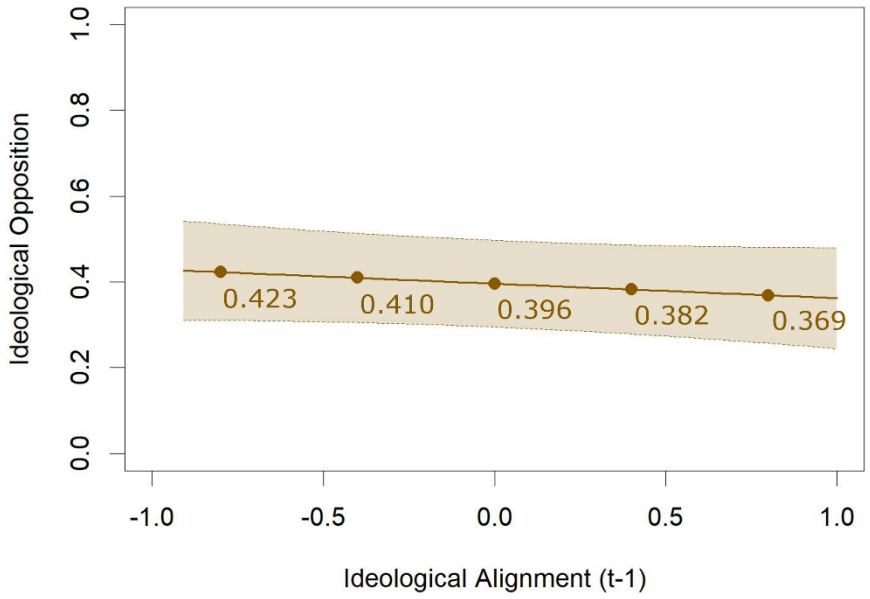
political participation more or less than ideologically misaligned members (see Figure 4.3). The first was a logic of threat by which the action of activist groups would demotivate ideologically aligned members. In this case, corporations receiving the pressure from a social movement that was ideologically aligned with a majority of corporate members would experience a reduction in the political activism of the ideological majority compared to that of the ideological minority, therefore increasing the degree of ideological opposition inside the corporation. The second was a logic of voice by which the action of activist groups would encourage ideologically aligned members. In this case, corporations receiving a pressure from a social movement that was ideologically aligned with a majority of corporate members would experience an increase in the political activism of the ideological majority compared to that of the ideological minority, therefore reducing the degree of ideological opposition inside the corporation. As shown in Table 4.3, the regression of the degree of ideological opposition inside the focal corporation on the degree of ideological alignment between social movement pressure and corporation does not provide strong support to either of these two competing predictions. More precisely, the coefficient of interest is negative, in line with arguments leading to Hypothesis 2b, but it is not statistically significant. As Figure 4.8 reflects, an increase in the degree of ideological alignment between the social movement pressure and the corporation moderately reduces the degree of ideological opposition inside the corporation.

Table 4.3: Regression models of the partisanship of contributions

Variables	**Model 5** OLS *Ideological opposition*	**Model 6** OLS *Ideological opposition*	**Model 7** OLS *Ideological opposition*
Ideological alignment	---	---	-3.37e-02
			(3.11e-02)
Boycott ideology	---	2.83e-02 *	1.05e-02
		(1.30e-02)	(2.09e-02)
Firm ideology	---	1.96e-01 ***	1.92e-01 ***
		(1.83e-02)	(1.86e-02)
Logged number	1.09e-02 ▪	1.83e-02 **	1.83e-02 **
of boycott tweets	(6.57e-03)	(6.82e-03)	(6.82e-03)
Firm assets	5.95e-08	1.34e-07 ***	1.34e-07 ***
	(3.78e-08)	(3.86e-08)	(3.86e-08)
Firm revenue	5.74e-07 **	3.37e-07 ▪	3.31e-07 ▪
	(1.77e-07)	(1.88e-07)	(1.88e-07)
Firm net income	-2.71e-06 ***	-1.84e-06 **	-1.83e-06 **
	(6.27e-07)	(6.28e-07)	(6.28e-07)
Boycott virality	-2.41e-02	-3.10e-02	-3.27e-02
	(3.43e-02)	(3.50-02)	(3.50-02)
User seniority	1.57e-04	4.90e-04	4.99e-04
	(1.55e-03)	(1.52e-03)	(1.52e-03)
User celebrity	-7.04e-03	-5.39e-03	-5.07e-03
	(6.34e-03)	(6.55e-03)	(6.55e-03)
User political	3.28e-05	4.95e-05	4.83e-05
engagement	(1.83e-04)	(1.76e-04)	(1.76e-04)
Simultaneous	5.01e-03 *	5.34e-03 *	5.26e-03 *
boycott targets	(2.18e-03)	(2.13e-03)	(2.13e-03)
Issue categories	YES	YES	YES
Firm FE	YES	YES	YES
Time FE	YES	YES	YES
N x T	98 x 89	98 x 89	98 x 89
Deg Freedom	5208	4637	4636
R-squared	0.486	0.510	0.510

▪ $p < 0.10$ * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$

Figure 4.8: Predicted effects of boycott-firm ideological alignment on firm ideological opposition



4.4.3 Ideological Polarization within Targeted Corporations

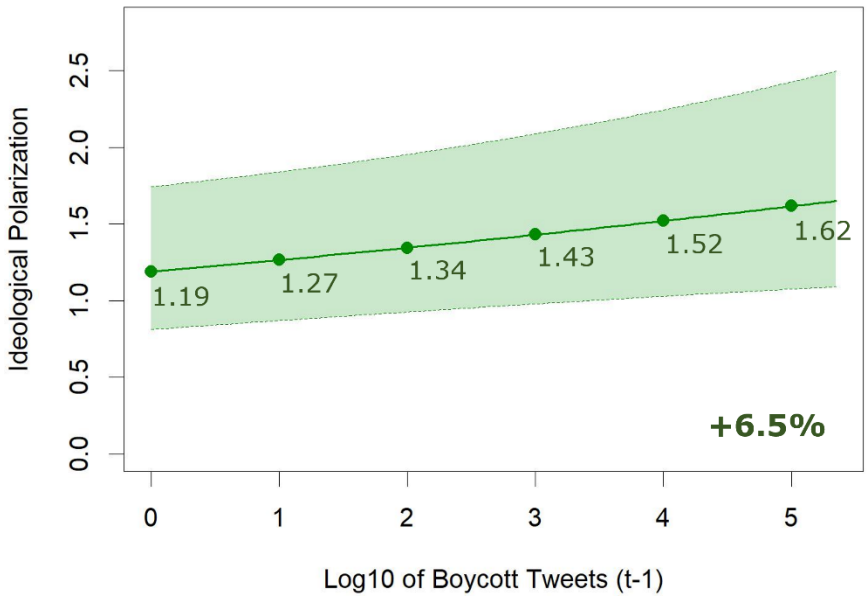
Focusing now on the formal hypotheses of the study and the theoretical construct of ideological polarization, Hypothesis 1 suggested that the pressure from a social movement would increase the ideological polarization in a targeted corporation by virtue of strengthening the ideological engagement and political activism of its members. In line with the empirical findings in Table 4.2 showing a significant increase in employee campaign contributions, Table 4.4 shows positive and significant effects of the number of boycott tweets on the subsequent ideological polarization of a targeted corporation, supporting Hypothesis 1. As Figure 4.9 indicates, this effect corresponds to a 6.5% increase in the measurement of ideological polarization for every ten-fold increase in the number of boycott tweets against a focal corporation (i.e., an increase of 37% for the highest boycott campaign of 100,000 tweets in a month).

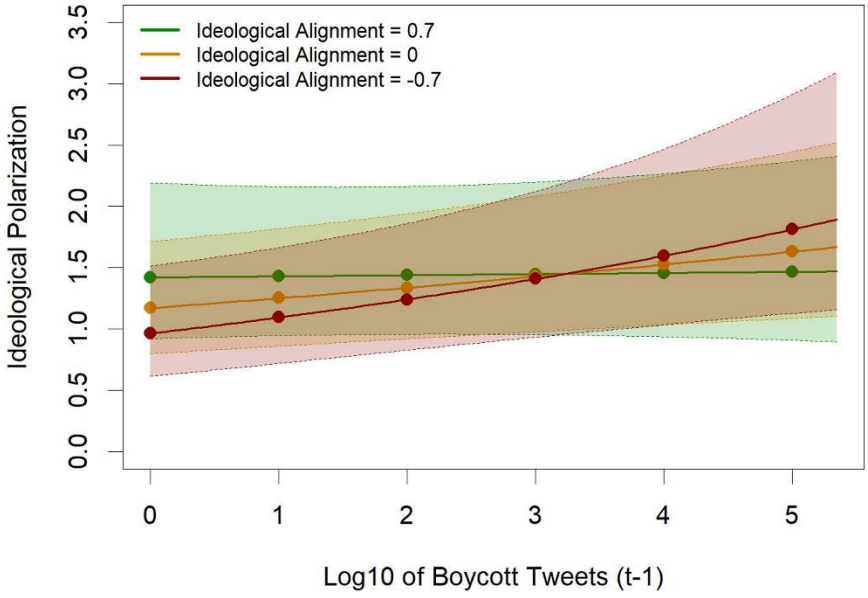
Table 4.4: Regression models of the ideological polarization within corporations

Variables	**Model 8** OLS *Logged ideological polarization*	**Model 9** OLS *Logged ideological polarization*	**Model 10** OLS *Logged ideological polarization*
Logged number of	---	2.68e-02 *	2.88e-02 **
boycott tweets		(1.08e-02)	(1.09e-02)
Ideological	3.84e-02	3.68e-02	1.20e-01 ▪
alignment	(5.08e-02)	(5.08e-02)	(7.07e-02)
Log num boycott tweets	---	---	-3.72e-02 ▪
x ideological alignment			(2.19e-02)
Firm assets	-1.19e-07 *	-1.22e-07 *	-1.23e-07 *
	(5.77e-08)	(5.77e-08)	(5.77e-08)
Firm revenue	1.15e-06 ***	1.12e-06 ***	1.17e-06 ***
	(2.84e-07)	(2.84e-07)	(2.86e-07)
Firm net income	-3.65e-06 ***	-3.68e-06 ***	-3.75e-06 ***
	(9.45e-07)	(9.44e-07)	(9.45e-07)
Firm ideology	3.61e-01 ***	3.61e-01 ***	3.61e-01 ***
	(3.24e-02)	(3.24e-02)	(3.24e-02)
Boycott ideology	3.45e-02	4.23e-02	4.47e-02
	(3.30e-02)	(3.31e-02)	(3.32e-02)
Boycott virality	2.66e-02	-2.38e-02	-2.06e-02
	(5.11e-02)	(5.50e-02)	(5.50e-02)
User seniority	-6.65e-04	-5.41e-04	-6.02e-04
	(2.41e-03)	(2.41e-03)	(2.40e-03)
User celebrity	8.91e-03	1.46e-03	2.52e-03
	(9.70e-03)	(1.02e-02)	(1.02e-02)
User political	1.18e-04	5.39e-05	7.23e-05
engagement	(2.61e-04)	(2.62e-04)	(2.62e-04)
Simultaneous	5.44e-03 ▪	5.13e-03	5.38e-03
boycott targets	(3.29e-03)	(3.29e-03)	(3.29e-03)
Issue categories	YES	YES	YES
Firm FE	YES	YES	YES
Time FE	YES	YES	YES
N x T	98 x 89	98 x 89	98 x 89
Deg Freedom	3945	3944	3943
R-squared	0.826	0.826	0.826

▪ $p < 0.10$ * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$

Figure 4.9: Predicted effects of boycott tweets on ideological polarization

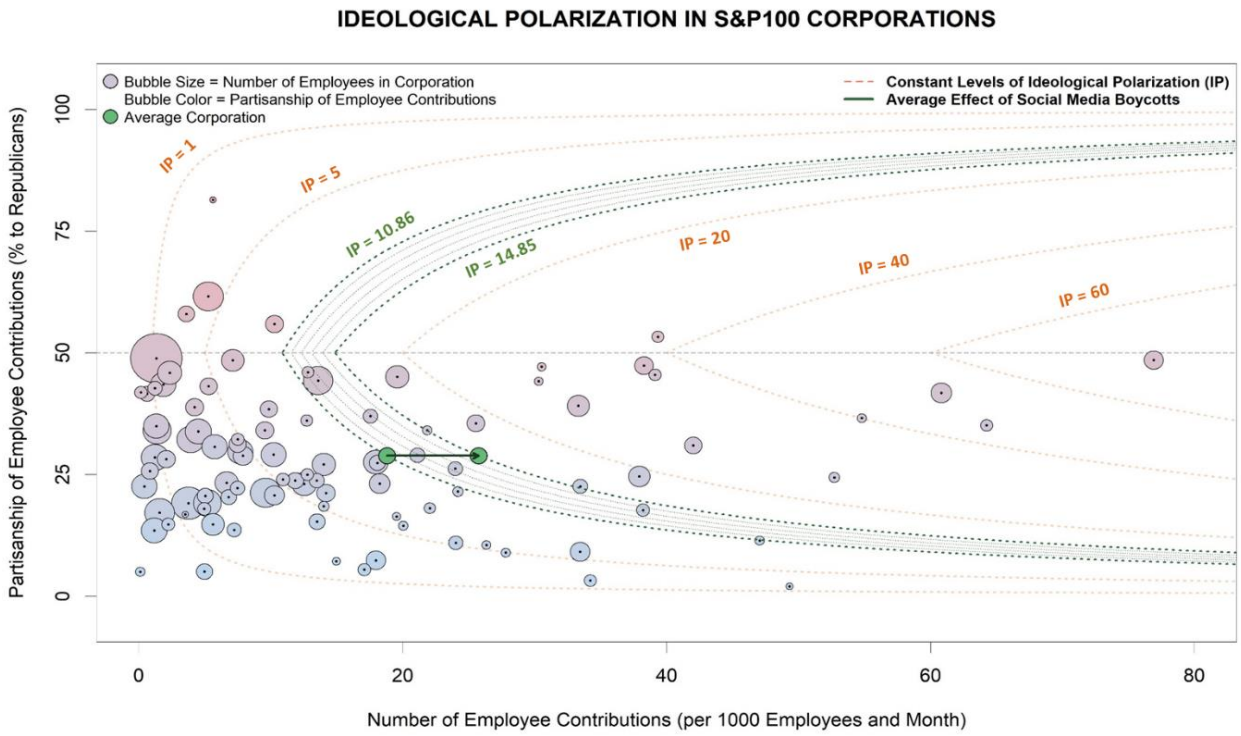




Results in Table 4.3 did not show a significant effect of the degree of ideological alignment on the resulting ideological opposition inside the focal corporation. Nevertheless, the effect of the interaction between the number of boycott tweets and the degree of ideological alignment on the resulting ideological polarization of the focal corporation is negative and

marginally significant in Table 4.4. As illustrated in Figure 4.9, the degree of ideological alignment within a corporation weakens the main effect of the number of boycott tweets on ideological polarization. This result provides stronger support for Hypothesis 2b than for Hypothesis 2a, suggesting that executives and employees at targeted corporations interpret social movement pressures more as a form of support for their values and beliefs than as a form of threat to their material well-being.

Figure 4.10: Effect of social media boycotts on ideological polarization



Overall, the results from the study suggest that social movement pressures have significant and substantive effects on the ideological polarization of their targeted corporations by, first, raising the degree of political activism among their executives and employees, and second, by reshaping the ideological composition of the corporation. Figure 4.10 provides a more

tangible illustration of these significant and substantive effects. In the figure, each "bubble" represents an S&P 100 corporation, and each corporation may be characterized by its number of employees (i.e., bubble size), its predominant ideology (i.e., vertical axis), and its degree of activism (i.e., horizontal axis). Based on the definition and measurement of ideological polarization provided in this study, corporations (i) closer to a 50%-50% split in contributions to Democrats-Republicans and (ii) with a higher number of contributions per employee would be more ideologically polarized. As illustrated in color green, the pressure from a social movement tends to increase the ideological polarization of targeted corporations, mainly by increasing their number of contributions per employee (i.e., moving an average corporation from an ideological polarization of 10.86 to an ideological polarization of 14.85), and secondly, by shifting their partisanship depending on the degree of ideological alignment between the corporation and the social movement.

4.5 Discussion

This chapter focused on how pressures from social movements intensify the ideological engagement and political activism of executives and employees from targeted corporations and contribute to the ideological polarization within those organizations. However, social movements could influence the ideological polarization inside corporations not only through direct pressures but also through indirect processes of institutional change and legitimation. For instance, members at a corporation could increase their appreciation for gender equality not only motivated by boycott calls from feminist groups but also inspired by public discourses in politics or in the media about the prevalence or significance of gender discrimination. In addition, pressures from social movements could not only affect the ideological polarization inside corporations in the short-term, but also foster the ideological polarization across firms in the

long-term. For example, the rise in the ideological polarization inside corporations could motivate members in the ideological minority to leave, increasing the ideological homogeneity inside the company and fostering the long-term sorting of corporations along political lines.

Nevertheless, by focusing on the effect that direct activist pressures can have on the internal ideological polarization of targeted corporations, this study makes important contributions to the academic literature. First, the chapter contributes in two different ways to the literature in strategic management studying how strategic decisions and processes in corporations are shaped by the values and beliefs of executives and employees (Gupta and Wowak, 2017; Benton et al., 2022; Wowak et al., 2022) and how ideological conflicts impact organizations and the behavior and performance of their members (Bermiss and McDonald, 2018; Burbano, 2021; Dimant, 2023). On the one hand, this research presents an important path through which forces beyond the boundaries of corporations may shape the ideological engagement and political activism of their members, that is, the pressure from activists on social media promoting their values and beliefs over controversial issues such as abortion, racial discrimination, or immigration. On the other hand, the study expands current research on the predominant ideology of corporations based on the average ideology of their members (Gupta et al., 2017; Gupta and Briscoe, 2020) to introduce the construct of ideological polarization within a focal corporation, capturing the degrees of ideological opposition and political activism inside an organization. For example, firms could be "blue," "purple," or "red" based on whether their predominant ideology more strongly aligned with a liberal or conservative ideology (Gupta et al., 2017), but a "purple" corporation with a small number of liberal and conservative members would fundamentally differ from a "purple" corporation where half of its members were liberal and half of its members were conservative. This investigation shows, precisely, that pressures from social

movements would have a substantive ideological effect on targeted corporations by increasing their polarization despite not significantly changing their predominant ideology.

Second, this chapter also contributes to literature in sociology and organizational theory studying the interaction between social movements and business organizations, which has paid increasing attention to how activism may spill from the outside to the inside of corporations, or conversely, originate in corporations and diffuse beyond their boundaries (Zald and Berger, 1978; Davis et al., 2008; McDonnell et al., 2015; Briscoe and Gupta, 2016). This study shows that social media campaigns condemning and calling for the boycott of certain corporations may inadvertently intensify the ideological engagement and political activism of their executives and employees. Interestingly, the results also suggest that activists would likely gain some returns from their contentious campaign even if the upper echelons of the targeted corporation failed to comply with their demands, as corporate members ideologically aligned with activists would increase their ideological and political participation even more than corporate members that were ideologically misaligned. In short, this study contributes to existing literature by pointing to a mechanism through which activism may permeate corporations and bring them closer to the views and demands of activist groups (McDonnell et al., 2015; McDonnell and Cobb, 2020).

Third, the chapter contributes to the literature in political science and nonmarket strategy exploring the political activities of corporations, their effectiveness in generating private economic benefits, and their potential effects on democratic processes and outcomes (Ansolabehere et al., 2003; Werner, 2017). In particular, this study expands current research on the reasons why corporations and their members make monetary contributions to political campaigns and how the workplace shapes those contributions (Stuckatz, 2021). For example, scholars have shown that executives and employees contribute motivated by their personal

ideologies and “to advance their positions on salient issues, such as abortion rights, gun ownership, or environmental protections” (Francia et al., 2003). Nevertheless, this research suggests that the political participation from executives and employees may not be isolated from the experiences of those individuals inside their corporations, as the study shows that pressures from activist groups against corporations have a significant and substantive positive effect on the campaign contributions from their members, and specially from those members who are more ideologically aligned with the social movement targeting the corporation.

Finally, this chapter speaks to ongoing practitioner interest in the antecedents and consequences of the ideological polarization of society. In the case of the United States, surveys suggest that voters are increasingly divided along ideological and political lines, with liberals and conservatives having stronger feelings of antipathy and distrust against each other (Pew Research, 2014, 2022). In this context, the ideological polarization within corporations is increasingly harming the collaboration between executives and employees of different ideologies and more frequently leading to interpersonal conflicts (APA, 2017; Smith, 2022; Taylor, 2022; Telford, 2022). As this study shows, social movement reinforce these dynamics through public accusations and contentious tactics such as consumer boycotts. As a result, business leaders are increasingly presented with the challenge of managing more divided organizations. Some corporate leaders are choosing to take sides on contested social issues (Wowak et al., 2022) while others are disincentivizing or prohibiting conversations around politics in the workplace (Kessler, 2021), but further research would have to shed light on how business leaders should act not only to protect the economic benefits of their corporations but also to foster more healthy and united organizations.

Chapter 5 Conclusion

Social media has fundamentally changed the way social movements pressure corporations. For decades, marginalized actors created social movement organizations to align their interests, to decide on suitable courses of action to advance certain social issues, and to coordinate contentious tactics against private corporations. Today, social media platforms make it easy for any individual to share information on questionable business practices and call for hostile actions against firms, making social movement organizations less necessary for marginalized groups to express their discontent. In this dissertation, I suggested that this democratization of activism has made companies more susceptible to the voice of consumers and other stakeholders, but I posited that the immediate collective reaction of activist individuals through social media platforms has also made this form of activism more impulsive, superficial, and short-lived.

This dissertation set out to understand the rise of digital activism and its novel strategic implications through three complementary studies. The first study of the dissertation (Chapter 2) was a theoretical effort to explain the unique characteristics of digital activism on SMPs as compared to the traditional activism of SMOs. In this investigation, I explored the context of consumer boycotts in the United States between 1968 and 2020, and I developed a conceptual model to explain how traditional and digital activism operate through distinctive mechanisms and have different effects on the performance, resources, and strategies of firms. The second study (Chapter 3) focused on the emergence of activist campaigns on social media and their

ability to threaten the financial performance of targeted firms. In particular, I showed how corporate behaviors with stronger ideological connotations escalate into larger activist campaigns on social media, and I demonstrated that social media campaigns with higher levels of coordination have a stronger negative impact on the stock market valuation of targeted firms. The third study (Chapter 4) researched an organizational effect of social media activist campaigns, this is, the ideological polarization inside targeted corporations. This research argued and evidenced how pressures from social movements strengthen the ideological engagement and political activism of members in their targeted corporations, therefore fostering in them an ideological divide.

Taken together, the three studies provided a comprehensive picture of the evolution of activism against corporations with the advent of social media and its strategic and organizational effects. In this manner, this dissertation contributes to different streams of literature in strategic management, sociology, and political science. First, the studies in the dissertation contribute to the literature of nonmarket strategy, which as paid primary attention to how the actions of stakeholders may shape the performance, resources, and strategies of firms. Second, the dissertation adds to extensive sociological literature on the emergence and coordination of social movements, as well as to organizational theory on the interaction between social movements and business organizations. Finally, this dissertation also brings new insights into political science research studying, on the one hand, the political participation of citizens through digital platforms, and on the other, the involvement of corporations and their members in political processes.

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