

Online Appendix to “Why Do Corporations Engage in Moral Policy Activism?”

Cory Maks-Solomon
Josiah Mark Drewry

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A Corporate Activism Data

Selection of Corporations

Since we assume that larger corporations will have more influence in public policy than smaller corporations, we narrow our focus to the largest 500 corporations (by revenue) for all corporate fiscal years 2012 to 2016.¹ In selecting our population of corporations, we rely upon the Standard & Poor’s Compustat database. We only include corporations headquartered in the U.S. that are traded on a major stock exchange.² We then drop any company that was never in the S&P 1500. This leaves us with 553 corporations that were among the largest 500 corporations for at least one year between 2012 and 2016. We then merge this list with quarterly financial records from the first quarter of 2011 through the fourth quarter of 2017 (also using the Compustat database).³

Selection of Issues

In this study, our focus is on the policy domain of LGBT rights. This issue area may be unique because of the speed at which LGBT rights were advanced in the U.S.; however, this allows us the opportunity to study corporate activism throughout the life-cycle of an issue—a policy’s transition from unpopular proposed idea to popular enacted policy.

We can divide LGBT rights into two specific issues: same-sex marriage and LGBT non-discrimination policies. Public opinion of these two issues are closely related. For example, an April 2015 IPSOS/Reuters poll found that just over half of Americans supported same-sex marriage and just over half of Americans also supported protections for LGBT individuals against discrimination in employment and public accommodations (Breitman 2015). (In 2018, support for same-sex marriage is a few points higher, with two-thirds of Americans now supporting it.)⁴ We now present a brief description of each issue.

Same-sex marriage. Same-sex marriage is one of the best examples of moral policy, since, alongside abortion, it represents the pinnacle of the culture war (Smith 2002). Decades before its legalization, same-sex marriage was on the national agenda in the 1970s and 1990s. The first U.S. state to legalize same-sex marriage was Massachusetts, which did so by way of a state supreme court ruling in 2003. Massachusetts began issuing marriage licenses to same-sex couples in 2004. From 2004 to 2009, six states plus the District of Columbia legalized same-sex marriage by their judiciary or legislature, but two of these states later overturned legalization with a voter referendum. By January 2011, at the beginning of our

1. Compustat Industrial [Annual Data]. (2012-2016). Available: Standard & Poor’s/Compustat [March 14, 2018]. Retrieved from Wharton Research Data Service.

2. Therefore, we only include publicly-traded corporations in our population. There are too few private companies—not traded on a major exchange—within the Fortune 500, so we restrict the population to public companies. Ideally, we would be able to test the effect of being publicly-traded (vs. privately-owned) on the likelihood of taking public stances on LGBT rights but we are unable to do so because there are too few large corporations that are also private.

3. Compustat Industrial [Quarterly Data]. (2011-2017). Available: Standard & Poor’s/Compustat [July 13, 2018]. Retrieved from Wharton Research Data Service.

4. See Gallup poll results at: <https://news.gallup.com/poll/117328/marriage.aspx> (Accessed 08/22/2018).

time series, same-sex marriage was legal in five states and legalization efforts and court battles were underway in others. Before the *Obergefell* ruling, thirty-five states and the District of Columbia allowed same-sex couples to marry. Then, on June 26, 2015, the Supreme Court issued its ruling, legalizing same-sex marriage nationwide.⁵

LGBT non-discrimination protections. The Civil Rights Act of 1964 prohibits discrimination in employment and public accommodations on the basis of race/ethnicity, national origin, religion, and sex. Yet sexual orientation and gender identity receive no such federal protection. The Equality Act of 2015 (and the subsequent Equality Act of 2017) sought to expand Civil Rights Act protections to LGBT individuals. While there were national efforts for anti-discrimination protections for the LGBT community, there were simultaneous state-level legislative efforts to explicitly allow discrimination in public accommodations by for-profit corporations if religious beliefs were the justification for such discrimination (McCoy 2015). While these state Religious Freedom Restoration Acts (RFRA) were not explicitly designed to allow discrimination of LGBT individuals (or minority religious groups), enabling such discrimination was arguably the intent of such legislation. The Arizona legislature passed an RFRA in 2014 but it was vetoed by Governor Jan Brewer (Shoichet and Abdullah 2014). An Indiana RFRA passed in 2015 but was later amended to not protect discrimination on the basis of sexual orientation (Cook and Eason 2015). In 2016, other states passed RFRA legislation.

Even more extreme are the “transgender bathroom bills,” the first of which became law in North Carolina in March 2016. The North Carolina law (“HB-2”) rescinded local LGBT non-discrimination ordinances and barred transgender individuals from using the bathroom in accordance with their gender identity (Kopan and Scott 2016). Other states proposed similar legislation. Transgender rights in education also saw some advancement (and then regression) in 2016 and 2017. In May 2016, the Obama Department of Education issued a Dear Colleague letter recommending to school districts that they ensure that transgender students are in safe spaces free of harassment and allow transgender students to use school facilities in accordance with their gender identity. As a result of this guidance, the Supreme Court was set to hear the case *G. G. v. Gloucester County School Board*, a case involving facilities accommodation for a transgender student in Virginia. However, the Trump administration Department of Education has reversed this guidance, and the Supreme Court has therefore vacated the case (Emma 2017). Any of the legislative or executive actions discussed in these two paragraphs were included in our search for instances of corporate activism on LGBT non-discrimination protections.

Types of Public Statements

For each of the 553 corporations in our sample, we searched for all public statements of LGBT rights activism that were made by corporations (or their leaders on behalf of corporations) between January 2011 and December 2017. In gathering evidence of advocacy for (or against) LGBT rights, we searched for five types of public statements: Supreme Court briefs, press releases, tweets, open letters, and interviews or speeches. We turn now to describing each

5. This timeline is adapted from a June 2015 *USA Today* online article: <https://www.usatoday.com/story/news/politics/2015/06/24/same-sex-marriage-timeline/29173703/>. (Accessed 03/30/2018)

form of activism.

Supreme Court Briefs. When a case is under consideration at the Supreme Court, interested parties have the opportunity to submit *amicus curie* (friend of the court) briefs, where they can present arguments in support of the petitioner, respondent, or neither party. Five SCOTUS cases related to LGBT rights during our time series: *Hollingsworth v. Perry*, a case involving the constitutionality of California’s same-sex marriage ban; *U.S. v. Windsor*, where DOMA was overturned; *Obergefell v. Hodges*, where same-sex marriage was legalized nationwide; *Masterpiece Cakeshop v. Colorado Civil Rights Commission*, where a baker was sanctioned by Colorado for not baking a wedding cake for a same-sex couple; and *Gloucester County School Board v. G. G.*, where a transgender student was not allowed to use the men’s restroom in accordance with his gender identity. In each of these five cases, many large corporations were *amici* on briefs submitted in support of LGBT rights before the Supreme Court. If a corporation is listed as an *amici* on any these briefs, they are included in our database. While evidence is mixed as to whether *amicus* briefs can sway justices’ opinions (e.g., Collins 2004; Box-Steffensmeier, Christenson, and Hitt 2013), we consider briefs a form of activism because they represent the corporation taking a clear policy stance on an issue and news outlets will typically publish lists of corporations that sign on to these briefs. When preparing a brief for submission to the Supreme Court, law firms will reach out to large corporations across the country to see if they would be interested in signing on to the brief. However, sometimes companies reach out to firms to try to ensure that their company’s name will appear on the brief. Reportedly, when the law firm Morgan Lewis was preparing a brief in the *Obergefell v. Hodges* case, many companies actually reached out to the firm to make sure that they could sign on to the brief (Cadei 2015).

Tweets. Twitter is a free service where companies (or anyone else) can publish public messages; thus, operating a Twitter account is nearly costless to a corporation that has a marketing department or dedicated social media team. Eighty-four percent of the corporations in our population had an official Twitter account. Twitter can act as an alternative method of issuing press releases. Examples of LGBT rights activism on Twitter include Prudential Financial’s June 26, 2015 tweet, “We celebrate today’s #SCOTUS decision to bring marriage equality nationwide. <http://bit.ly/1Hkpf8H> #LoveWins,” and CVS Health’s March 10, 2016 tweet, “We support the Equality Act so everyone, including LGBT people, can live free from discrimination #EqualityForward.”

Press releases. Corporations issue press releases on their websites or contract with a PR firm such as Cision’s PR Newswire or Berkshire Hathaway’s Business Wire. Like a tweet, this method of communication is available to any corporation, although the cost will be higher if a corporation is using a press release agency to issue their statement. We include press releases made available through press release agencies and those covered by the media in our search for activist statements. As an example, on March 17, 2016, Salesforce.com issued a press release in support of LGBT non-discrimination protections.⁶

6. The press release text read: “Salesforce is calling on Governor Deal to veto HB 757 because the legislation creates an environment of discrimination and makes the state of Georgia seem unwelcoming to same-sex couples and the LGBTQ community. We were encouraged by Governor Deal’s recent comments that he would veto any bill that allows the perception of discrimination and we are now calling on him to stand by his comments and move quickly to veto HB 757. If HB 757 is not vetoed and instead becomes law, Salesforce will have to reduce investments in Georgia, including moving the Salesforce Connections

Open letters and other joint activism. Businesses and their executives, often in conjunction with other stakeholder groups, will occasionally issue joint statements in the form of open letters to elected officials. These open letters are usually covered by business or national news media. We also include similar forms of activism, like business coalitions and op-eds, in this category. For example, the Human Rights Campaign announced a coalition of 60 large corporations in support of the Equality Act in March of 2016. Most of these 60 corporations met the criteria to be included in our sample of firms.

Interviews and speeches by corporate executives. Finally, sometimes when corporate executives are asked to give speeches or interviews, they use these opportunities to make statements on matters of public policy and on behalf of their company.⁷ These events and interviews may then be covered by national news media and business press. Examples include interviews with the CEO of American Airlines on June 26, 2015 and the CEO of Sprint on July 9, 2015 supporting the same-sex marriage SCOTUS ruling. When interviewed, American Airlines CEO Doug Parker said “This is a historic moment for our country and for many of American’s employees...Today’s decision reaffirms the commitment of companies like American that recognize equality is good for business and society as a whole,” and Sprint CEO Marcelo Claure said “At Sprint we believe strongly that no one should be discriminated against because of whom they want to marry.”

Search Parameters

When searching for tweets, we used the Advanced Search function on Twitter (<https://twitter.com/search-advanced>) to search for certain keywords in official corporate Twitter accounts from January 2011 to December 2017. The following keywords were used in our search: marriage, #LoveWins, LGBT, transgender, religious, bathroom, accommodation, discrimination. If corporations had a separate public policy or public affairs Twitter account, we also searched that account for these keywords. We did not include CEO Twitter accounts in our search for activism. After a preliminary investigation into activism via a CEO’s Twitter account among the Fortune 50, we found minimal evidence that CEOs engage in activism, speaking on behalf of their company, while using Twitter. Notably, the overwhelming majority of Fortune 50 CEOs have no Twitter account of their own. However, CEO tweets are included in our database if we uncovered them during our search of business news. If a corporation tweeted about the same subject within five days of one another, we did not count that as another instance of activism. Tweets more than five days apart from one another were considered separate instances of activism. If the corporation was a holding company, we used the Twitter accounts of the brands most closely associated with the name of the corporation. For example, United Airlines is owned by United Continental Holdings (formerly UAL Corporation), so we associate all of United Airlines’ activism with United Continental Holdings.

Our other major data collection efforts consisted primarily of searching Dow Jones’ *Factiva* service, a commercial aggregator of national and international news sources, with a special focus on the business press. *Factiva* includes all major American national news-

conference to a state that provides a more welcoming environment for the LGBTQ community.”

7. We only include activism by the CEO if they are specifically speaking out on behalf of their company.

papers (e.g., *The New York Times* and *The Wall Street Journal*), as well as local or regional business publications (e.g., the *Puget Sound Business Journal*). The same keywords that were used to search Twitter were used to search *Factiva*. Supreme Court briefs were accessed through scotusblog.com or the American Bar Association’s website (https://www.americanbar.org/groups/public_education/publications/preview_home.html).

The statement-level dataset, which provides a source or link for each of the pro-LGBT statements that we identify, is available from the authors upon request.

B Additional Analysis Tables

B.1 Correlations

Table B.1: Correlation Matrix.

VARIABLE	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
(1) Activism (standardized)	1.00																
(2) Employee group (2Q lag)	0.16	1.00															
(3) Employee education	0.11	0.22	1.00														
(4) LGBT HR policies	0.17	0.81	0.26	1.00													
(5) Firm diversity index	0.12	0.50	0.09	0.49	1.00												
(6) Recognizable company	0.17	0.26	0.02	0.25	0.29	1.00											
(7) Business-to-Consumer	0.00	0.04	-0.42	0.06	-0.02	0.13	1.00										
(8) Pride parade sponsor	0.16	0.25	0.09	0.26	0.25	0.40	0.10	1.00									
(9) Assets	0.15	0.39	0.34	0.37	0.48	0.40	-0.27	0.27	1.00								
(10) Corporate PAC ideology	0.06	0.10	0.21	0.12	0.01	0.03	-0.06	0.13	0.11	1.00							
(11) Industry regulation	-0.02	0.05	-0.15	0.02	0.11	0.02	0.07	-0.08	0.04	-0.10	1.00						
(12) Local LGBT rights attitudes	0.10	0.26	0.32	0.29	0.13	0.06	-0.03	0.12	0.08	0.24	-0.12	1.00					
(13) News coverage (change)	0.08	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	1.00				
(14) News coverage (lag)	-0.03	0.03	0.00	0.00	0.00	0.02	0.00	0.00	0.03	0.00	0.02	0.00	-0.62	1.00			
(15) Marriage approval (change)	0.05	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.01	0.00	0.28	-0.28	1.00		
(16) Marriage approval (lag)	0.06	0.08	0.00	0.00	0.00	0.06	0.00	0.00	0.07	0.00	0.05	0.00	-0.01	0.47	-0.03	1.00	
(17) Time trend	0.06	0.08	0.00	0.00	0.00	0.05	0.00	0.00	0.07	0.00	0.06	0.00	0.00	0.44	0.09	0.97	1.00

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B.2 Alternative Specifications

This section presents the results of 11 robustness checks, where we operationalize variables in different ways from Models 1 and 2. All results presented in this section are comparable to the major results presented in the main body of the analysis: the LGBT \times education interaction term, the recognizable company variable, and the pride parade variables are always statistically significant.

Table B.2 presents two robustness checks that use alternative specifications of the HRC variables. Instead of a two-quarter lag, Model 3 presents the results of a model without any lag in the LGBT ERG or LGBT HR policies variables. Model 4 presents the results of a model where unofficial CEI scores are excluded from the analysis. We include this robustness check to ensure that our results aren’t driven by uncertainty in the unofficial ratings of corporations. Results remains substantively similar.

Table B.3 presents three robustness checks using different measures of employee bargaining power. Model 5 uses a measure of employee education (the percentage of employees with a bachelor’s degree) that includes managers in its definition. Model 6 instead uses a 5-point ordinal measure of employee education but managers are excluded.⁸ Using survey weights, we estimate the average level of education (on the ordinal scale) at the Census sub-industry level, like we did with the percentage of employees with a bachelor’s degree. Thus, using both alternative definitions of employee education, we still see a statistically significant interaction term and statistically significant marginal effects of having an LGBT ERG corporate activism (at high levels of employee education).

Model 7 estimates uses hourly wages (log) instead of education as a proxy for employee bargaining power. However, non-management employee hourly wages do not seem to be a strong moderator of the effect of having an LGBT employee group. In Model 7, the interaction term is statistically significant only at the 0.10 level and the marginal effect of having an LGBT ERG on corporate activism is only statistically significant (at the 0.10 level) when hourly wage is at its maximum. Even then, the effect size is small. Given these results, income does not seem to have the same strength in moderating the effect on LGBT ERGs as does education on corporate activism.

Table B.4 explores two robustness checks using alternate measures of the Business-to-Consumer variable. In Model 8, we create our own categorization of Business-to-Consumer (B2C) companies using NAICS and GICS industry classification codes as guidance. No measure of B2C is perfect. The measure that we use in our main analyses only includes companies involved in manufacturing products. Therefore, it excludes some finance and technology companies that we would typically consider to be “consumer-oriented” in the fact that their revenue primarily comes from consumers, not other businesses or the government. After categorizing companies as B2C based upon their sub-industry, we examined the list of companies to see whether some should be considered B2C but weren’t (or vice-versa). If a company had one business segment that was consumer-oriented, then we considered them to be B2C. Using this modified measure, 43% of companies are considered B2C—as opposed to the 27% for the B2C measure we use in the body of our paper. Even so, in Model 8, the coefficient on B2C is statistically insignificant.

8. 1 = no high school diploma; 2 = high school diploma; 3 = some college but no bachelor’s; 4 = bachelor’s degree; and 5 = graduate school.

Model 9 replaces the Business-to-Consumer dummy variable with the advertising-to-assets ratio, a measure of the relative size of a company’s advertising budget. Werner (2012) finds that the ad-to-sales ratio is a significant predictor of sexual orientation non-discrimination policy adoption. Similar to why we would expect consumer-oriented businesses to be more active on LGBT rights, we also would expect companies with a higher advertising-to-assets ratio to be more active on LGBT rights, as a part of an overall marketing strategy to court customers. We use ad-to-assets instead of ad-to-sales because assets are more stable over time. (We use annual Compustat data and divide the log of dollars spent on advertising by the log value of assets.) This model omits many companies that do not report advertising data to the SEC—and advertising data are therefore missing from the Compustat database. Because of this, Model 9 is estimating the effect of spending more on advertising (among companies that already engage in substantial advertising). In this model, the ad-to-assets ratio is statistically insignificant. Results remain the same if we use the ad-to-sales ratio instead of ad-to-assets ratio.

Table B.5 replaces the corporate PAC ideology variable with two alternative measures of corporate ideology. In Model 10, instead of the ordinal scale that we use in the main analyses, we simply use the corporation’s CF score. The advantage of the ordinal scale is that we do not have to drop companies from our analyses that do not have active corporate PACs. The disadvantage of using the CF scores is that we are using less than half of our sample in this model (because not every company has a PAC). We obtain CF scores from Bonica’s (2014) DIME database, which is the same source that we use to generate our ordinal measure. Higher values on CF scores mean that the corporation is more conservative. As Table B.5 shows, we find that the corporate PAC’s CF scores is not a statistically significant predictor of corporate activism.

Model 11 replaces the corporate PAC liberalism variable with a measure of the ideology of the CEO and board of directors. Using replication data from Bonica’s (2016) analysis of the ideology of Fortune 500 executives, we generate a variable that is the average CF score of the CEO and board of directors. Like the PAC ideology variable, the average CF score of the CEO and board of directors is not statistically significant. This means that even the liberal/conservative ideology of corporate executives does not predict corporate activism on LGBT rights.

Finally, Table B.6 presents the results of two robustness checks at the company-level, where there is one observation per company. Model 12 is a logit model, where the dependent variable takes the value of one if a company made any pro-LGBT public statements and the value of zero if a company never made a pro-LGBT public statement. Model 13 is a negative binomial model, where the dependent variable is the number of public statements that the corporation made in support of LGBT rights from 2011 to 2017.⁹ Since these are company-level analyses, we omit the national context variables and take the average of any company-specific time-varying covariates. Because of this, there is no lag in the HRC variables. In other words, we take the cluster (company) average of the LGBT ERG and LGBT HR policies variables without the two quarter lag that we use in the time series cross sectional models. Additionally, for the recognizable company variable, we instead create a

9. Note that the alpha parameter (α) is statistically significant; therefore, a negative binomial model is preferable to a Poisson model given our dataset.

dichotomous measure of whether (1) or not (0) the company was ever in the Harris Poll’s list of the most recognizable companies between 2011 and 2017. We do not take the company-level average of this variable.

The marginal effects of Model 12 predict that a company without an LGBT ERG will have roughly a 0.35 probability of making a pro-LGBT public stance—all else equal. A company with an LGBT ERG and low employee education (20% with bachelor’s degrees) will also have a roughly 0.35 probability of being active on LGBT rights. However, for a company with an LGBT ERG and high employee education (70% of employees with a bachelor’s degree), there is a predicted probability of activism of 0.62—all else equal. We see a similar pattern in the marginal effects of the negative binomial model (Model 13). Companies without an LGBT ERG and companies that have an ERG but have a low-education workforce are predicted to make less than one activist statement. However, companies with an LGBT ERG and an educated workforce are predicted to make 2.5 public statements in support of LGBT rights. Interestingly, in the results of Model 12, we see that Business-to-Consumer companies are more likely to make an activist statement in support of LGBT rights. On the other hand, the B2C variable is still statistically insignificant in Model 13.

Table B.2: Alternative specifications of HRC variables (multilevel models).

<i>Variable</i>	<i>Range</i>	(3) No lag			(4) No unofficial		
		<i>Coef</i>	<i>SE</i>	<i>P-val</i>	<i>Coef</i>	<i>SE</i>	<i>P-val</i>
Internal pressure							
LGBT employee group	[0, 1]	-0.301	0.074	0.000	-0.248	0.128	0.051
Employee education	[0.1, 0.8]	-0.035	0.153	0.818	0.075	0.318	0.813
LGBT group × education		0.893	0.169	0.000	0.794	0.323	0.014
LGBT HR policies	[-2.1, 1.3]	0.080	0.022	0.000	0.102	0.038	0.007
Firm diversity index	[-0.8, 2.0]	0.010	0.026	0.702	0.017	0.035	0.639
Economic interest							
Recognizable company	[0, 1]	0.347	0.047	0.000	0.378	0.061	0.000
Business-to-Consumer	[0, 1]	0.045	0.041	0.272	0.063	0.063	0.318
Pride parade sponsor	[0, 1]	0.264	0.054	0.000	0.245	0.067	0.000
Assets (log)	[11.7, 21.7]	0.016	0.014	0.240	0.019	0.019	0.315
Political strategy							
Corporate PAC liberalism	[-1, 1]	0.018	0.021	0.391	0.019	0.029	0.513
Industry regulation index	[5.3, 12.3]	-0.018	0.010	0.067	-0.029	0.014	0.039
Social context							
Local LGBT rights attitudes	[0.5, 0.8]	0.502	0.244	0.040	0.732	0.360	0.042
National opinion (change)	[-1.4, 2.1]	0.098	0.015	0.000	0.143	0.022	0.000
National opinion (lag)	[-1.8, 2.2]	0.004	0.017	0.820	0.011	0.025	0.645
News coverage (change)	[-2.8, 1.4]	0.042	0.013	0.001	0.066	0.019	0.001
News coverage (lag)	[-1.5, 1.8]	0.095	0.051	0.062	0.130	0.076	0.089
Time trend	[1, 28]	-0.004	0.006	0.468	-0.006	0.009	0.508
Constant		-0.442	0.308	0.152	-0.607	0.445	0.172
Wald χ^2		540.30			356.98		
Prob. (χ^2)		0.000			0.000		
Observations		10,053			6,830		
Clusters (companies)		407			291		
Average observations per company		24.7			23.5		

Table B.3: Alternative specifications of bargaining power variable (multilevel models).

<i>Variable</i>	<i>Range</i>	(5) With managers			(6) Ordinal			(7) Wages		
		<i>Coef</i>	<i>SE</i>	<i>P-val</i>	<i>Coef</i>	<i>SE</i>	<i>P-val</i>	<i>Coef</i>	<i>SE</i>	<i>P-val</i>
Internal pressure										
LGBT employee group	[0, 1]	-1.055	0.211	0.000	-0.333	0.080	0.000	-0.791	0.437	0.070
Employee education (with managers)	[0.1, 0.8]	-0.012	0.060	0.841	–	–	–	–	–	–
Employee education (ordinal)	[1.9, 4.0]	–	–	–	-0.030	0.156	0.847	–	–	–
Employee hourly wage (log)	[2.1, 3.1]	–	–	–	–	–	–	0.083	0.141	0.559
LGBT group × education/wage		0.358	0.068	0.000	0.950	0.172	0.000	0.291	0.155	0.060
LGBT HR policies	[-2.1, 1.3]	0.075	0.023	0.001	0.073	0.023	0.001	0.088	0.023	0.000
Firm diversity index	[-0.8, 2.0]	0.009	0.027	0.727	0.005	0.026	0.841	-0.004	0.028	0.880
Economic interest										
Recognizable company	[0, 1]	0.349	0.048	0.000	0.352	0.048	0.000	0.340	0.050	0.000
Business-to-Consumer	[0, 1]	0.042	0.043	0.333	0.045	0.043	0.290	0.026	0.049	0.598
Pride parade sponsor	[0, 1]	0.270	0.055	0.000	0.277	0.055	0.000	0.294	0.059	0.000
Assets (log)	[11.7, 21.7]	0.012	0.014	0.386	0.012	0.014	0.389	0.024	0.015	0.102
Political strategy										
Corporate PAC liberalism	[-1, 1]	0.013	0.022	0.565	0.018	0.022	0.401	0.024	0.023	0.289
Industry regulation index	[5.3, 12.3]	-0.019	0.010	0.065	-0.019	0.010	0.054	-0.024	0.011	0.022
Social context										
Local LGBT rights attitudes	[0.5, 0.8]	0.603	0.250	0.016	0.500	0.251	0.046	0.914	0.255	0.000
National opinion (change)	[-1.4, 2.1]	0.097	0.015	0.000	0.097	0.015	0.000	0.097	0.015	0.000
National opinion (lag)	[-1.8, 2.2]	0.003	0.017	0.858	0.003	0.017	0.851	0.003	0.017	0.878
News coverage (change)	[-2.8, 1.4]	0.043	0.013	0.001	0.043	0.013	0.001	0.043	0.013	0.001
News coverage (lag)	[-1.5, 1.8]	0.093	0.051	0.071	0.092	0.051	0.072	0.093	0.051	0.071
Time trend	[1, 28]	-0.004	0.006	0.493	-0.004	0.006	0.489	-0.004	0.006	0.501
Constant		-0.422	0.346	0.223	-0.375	0.315	0.233	-1.006	0.498	0.043
Wald χ^2		515.76			531.98			445.91		
Prob.(χ^2)		0.000			0.000			0.000		
Observations		9,939			9,939			9,939		
Clusters (companies)		406			406			406		
Average observations per company		24.5			24.5			24.5		

Table B.4: Alternative specifications of B2C variable (multilevel models).

<i>Variable</i>	<i>Range</i>	(8) Alt. B2C dummy			(9) Ad-to-assets		
		<i>Coef</i>	<i>SE</i>	<i>P-val</i>	<i>Coef</i>	<i>SE</i>	<i>P-val</i>
Internal pressure							
LGBT employee group	[0, 1]	-0.298	0.075	0.000	-0.368	0.137	0.007
Employee education	[0.1, 0.8]	-0.078	0.147	0.593	-0.210	0.331	0.527
LGBT group × education		0.944	0.171	0.000	1.248	0.350	0.000
LGBT HR policies	[-2.1, 1.3]	0.073	0.023	0.001	0.084	0.043	0.052
Firm diversity index	[-0.8, 2.0]	0.009	0.026	0.723	0.010	0.046	0.823
Economic interest							
Recognizable company	[0, 1]	0.352	0.048	0.000	0.293	0.072	0.000
Business-to-Consumer (alt.)	[0, 1]	0.024	0.033	0.469	–	–	–
Advertising-to-assets ratio	[0, 0.9]	–	–	–	0.360	0.367	0.327
Pride parade sponsor	[0, 1]	0.272	0.055	0.000	0.304	0.079	0.000
Assets (log)	[11.7, 21.7]	0.009	0.013	0.477	0.008	0.025	0.753
Political strategy							
Corporate PAC liberalism	[-1, 1]	0.016	0.022	0.450	0.033	0.044	0.446
Industry regulation index	[5.3, 12.3]	-0.018	0.010	0.075	-0.018	0.019	0.328
Social context							
Local LGBT rights attitudes	[0.5, 0.8]	0.529	0.249	0.034	0.822	0.480	0.087
National opinion (change)	[-1.4, 2.1]	0.097	0.015	0.000	0.147	0.028	0.000
National opinion (lag)	[-1.8, 2.2]	0.003	0.017	0.849	-0.011	0.032	0.736
News coverage (change)	[-2.8, 1.4]	0.043	0.013	0.001	0.056	0.024	0.021
News coverage (lag)	[-1.5, 1.8]	0.093	0.051	0.071	0.129	0.096	0.178
Time trend	[1, 28]	-0.004	0.006	0.484	-0.002	0.012	0.852
Constant		-0.344	0.302	0.253	-0.743	0.645	0.249
Wald χ^2		531.19			292.11		
Prob.(χ^2)		0.000			0.000		
Observations		9,939			4,560		
Clusters (companies)		406			190		
Average observations per company		24.5			24.0		

Table B.5: Alternative specifications of corporate ideology (multilevel models).

<i>Variable</i>	<i>Range</i>	(10) PAC CF score			(11) Exec. Ideology		
		<i>Coef</i>	<i>SE</i>	<i>P-val</i>	<i>Coef</i>	<i>SE</i>	<i>P-val</i>
Internal pressure							
LGBT employee group	[0, 1]	-0.311	0.114	0.006	-0.237	0.079	0.003
Employee education	[0.1, 0.8]	0.042	0.261	0.873	-0.068	0.163	0.675
LGBT group × education		0.905	0.279	0.001	0.899	0.181	0.000
LGBT HR policies	[-2.1, 1.3]	0.116	0.034	0.001	0.057	0.026	0.026
Firm diversity index	[-0.8, 2.0]	-0.004	0.036	0.908	-0.034	0.027	0.210
Economic interest							
Recognizable company	[0, 1]	0.327	0.062	0.000	0.402	0.047	0.000
Business-to-Consumer	[0, 1]	0.068	0.066	0.298	0.051	0.044	0.251
Pride parade sponsor	[0, 1]	0.165	0.071	0.020	0.184	0.053	0.001
Assets (log)	[11.7, 21.7]	-0.003	0.021	0.881	0.021	0.015	0.151
Political strategy							
Corporate PAC CF score	[-0.6, 1.2]	-0.072	0.088	0.410	–	–	–
CEO + board avg. CF score	[-1.4, 1.1]	–	–	–	-0.068	0.040	0.084
Industry regulation index	[5.3, 12.3]	-0.013	0.014	0.373	-0.027	0.010	0.010
Social context							
Local LGBT rights attitudes	[0.5, 0.8]	0.667	0.373	0.074	0.596	0.254	0.019
National opinion (change)	[-1.4, 2.1]	0.112	0.022	0.000	0.092	0.016	0.000
National opinion (lag)	[-1.8, 2.2]	0.006	0.025	0.809	-0.001	0.019	0.968
News coverage (change)	[-2.8, 1.4]	0.055	0.019	0.004	0.043	0.014	0.002
News coverage (lag)	[-1.5, 1.8]	0.120	0.074	0.105	0.095	0.055	0.084
Time trend	[1, 28]	-0.007	0.009	0.423	-0.004	0.007	0.529
Constant		-0.201	0.455	0.659	-0.501	0.339	0.139
Wald χ^2		272.92			523.21		
Prob.(χ^2)		0.000			0.000		
Observations		5,327			8,315		
Clusters (companies)		205			308		
Average observations per company		26.0			27.0		

Table B.6: Company-level models.

<i>Variable</i>	<i>Range</i>	(12) Logit			(13) Neg. Binomial		
		<i>Coef</i>	<i>SE</i>	<i>P-val</i>	<i>Coef</i>	<i>SE</i>	<i>P-val</i>
Internal pressure							
LGBT employee group (average)	[0, 1]	-1.128	0.889	0.204	-0.637	0.652	0.328
Employee education	[0.1, 0.8]	-0.758	1.869	0.685	-1.407	1.583	0.374
LGBT group \times education		4.464	2.130	0.036	3.409	1.607	0.034
LGBT HR policies (average)	[-2.1, 1.0]	1.263	0.293	0.000	1.314	0.210	0.000
Firm diversity index	[-0.8, 2.0]	0.146	0.239	0.541	0.066	0.099	0.508
Economic interest							
Recognizable company	[0, 1]	1.112	0.457	0.015	0.711	0.161	0.000
Business-to-Consumer	[0, 1]	0.880	0.393	0.025	0.231	0.187	0.217
Pride parade sponsor	[0, 1]	1.315	0.658	0.046	0.412	0.165	0.013
Assets (log)	[13.8, 21.6]	0.064	0.136	0.637	0.005	0.053	0.921
Political strategy							
Corporate PAC liberalism	[-1, 1]	0.030	0.194	0.876	0.113	0.086	0.188
Industry regulation index	[5.4, 12.2]	-0.122	0.091	0.177	-0.043	0.040	0.280
Social context							
Local LGBT rights attitudes	[0.5, 0.8]	1.753	2.293	0.445	1.124	1.097	0.306
Constant		-2.236	2.899	0.440	-1.332	1.306	0.308
α		–	–	–	0.335	0.085	0.000
LR χ^2			213.46			328.25	
Prob.(χ^2)			0.000			0.000	
Observations			407			407	

C Working with CEI Data

As discussed in the body of this paper, since 2002, the Human Rights Campaign has issued an annual report, titled the Corporate Equality Index, that ranks large corporations and law firms based upon how LGBT-friendly they are in their internal policies and entrepreneurial endeavors. Staff at the HRC send multiple requests to participate in the CEI by email to the company’s CEOs, Chief Diversity Officers, and/or the head of Human Resources. When corporations do not respond to the survey, the HRC will often issue an “unofficial” rating based upon publicly-available information and any information submitted to the HRC by the company’s employees. On HRC’s website, they encourage employees to submit information about their employer that can be used to construct unofficial ratings.¹⁰ When we reached out to the CEI team at HRC by email, they informed us that, “most” information used in the construction of unofficial ratings comes from staff research of publicly-available information—as opposed to information from employees.

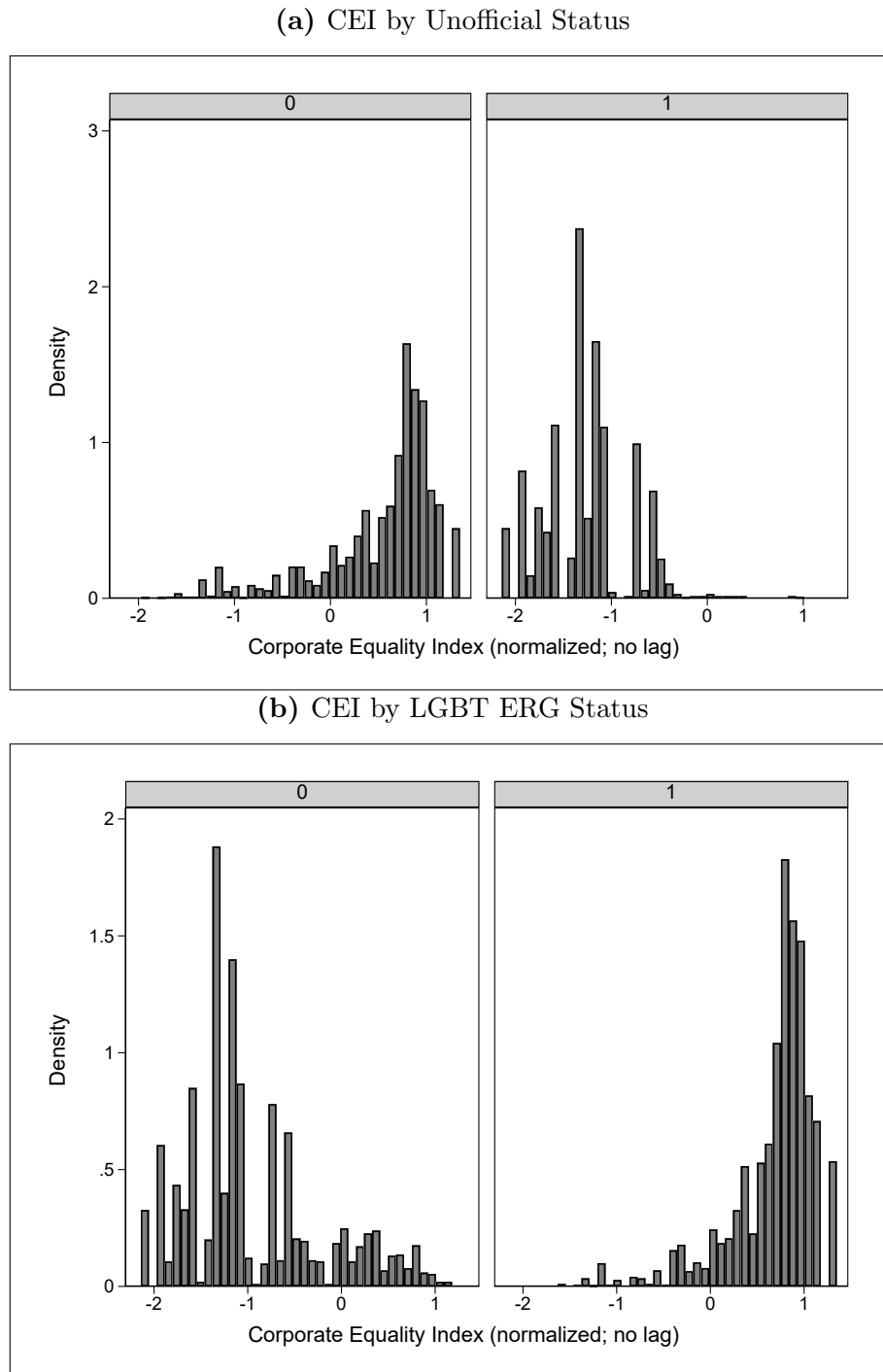
The Corporate Equality Index rates each company on a score out of 100 possible points. The CEI has six criteria but how these criteria are defined slightly varies each survey year. Generally, the six criteria are: non-discrimination policies for sexual orientation and gender identity, equality in fringe benefits, diversity training, LGBT employee groups, engagement with the LGBT community, and anti-LGBT blemishes. The first three criteria, nondiscrimination policies, equality in fringe benefits, and diversity training, are internal human resources policies that any company can adopt without taking a public stand in support of LGBT rights. The fourth criterion (LGBT employee groups) requires employee interest. In some years, the fifth criterion, “engagement with the LGBT community,” is defined so that companies can receive credit for being outspoken in support for LGBT rights. For the final criterion (anti-LGBT blemishes), companies have points subtracted from their final score if they were involved in an anti-LGBT scandal. For example, in the 2017 CEI, HRC subtracted points from Bank of America’s CEI score because they were involved in a partial repeal of HB2, the anti-LGBT North Carolina law. Because the law was not fully repealed, the Human Rights Campaign subtracted points from Bank of America’s score for its involvement in the partial-repeal of HB2. In our measure of LGBT HR policies, we only want to include criteria that directly relate to internal (not external) treatment of LGBT individuals. Because of this, we only include the first three criteria. To construct our model, we obtain each corporation’s CEI score and subtract out the value of LGBT ERGs, engagement with the LGBT community, and anti-LGBT blemishes. Then, we standardize this measure in each year so that scores are comparable from year-to-year.

Figure C.1 presents histograms of modified CEI scores (our standardized LGBT HR policies variable) by unofficial status in panel A and the presence of an LGBT ERG in panel B. Corporations that received unofficial CEI ratings vary in their CEI score but unsurprisingly, they typically score much lower than companies with official CEI scores. Companies appear to not respond to the CEI survey if they would receive a low official score. Because HRC issues unofficial ratings, the threat of selection bias is minimized. Since there is variation in the unofficial ratings that companies receive, HRC staff seem to thoroughly search all publicly-

10. An email address for contacting staff responsible for the CEI and directions for how to submit information about a corporation can be found here: <http://www.hrc.org/resources/corporate-equality-index-what-businesses-are-rated-and-how-to-participate> (Accessed 09/17/2018).

available information before issuing an unofficial rating. Six companies were recorded as having an LGBT ERG that also had an unofficial CEI score. Therefore, HRC staff are able to locate the existence of some ERGs even when they have to search public information to do so. When viewing the distribution of the LGBT HR policies variable by ERG status (Figure C.1 panel B), we see that companies without ERGs score lower on the CEI, but there is variation in the CEI scores of both companies with and without ERGs. If we regress the LGBT HR policies variable onto the ERG dummy variable, the R^2 is 0.66. Some—but certainly not all—of the variation in a company’s LGBT HR policies can be explained by the presence of an ERG.

Figure C.1: Modified Corporate Equality Index (LGBT HR policies) by unofficial and LGBT ERG status.



In panel A, “unofficial” means that the HRC did not give an official rating to the company but still gave a rating based upon their own research and information provided to them by employees. Unofficial ratings (1) are on the right side of the panel A. Official ratings (0) are on the left side of the panel A.

D Corporate Sponsorship of LGBT Pride Parades

This appendix details the methodology used to construct the LGBT pride parade sponsorship variable. The variable is a dichotomous measure of whether the company ever sponsored an LGBT pride parade for the five largest pride events between 2011 to 2017. We argue that sponsoring one of the largest pride parades is one way a company can make a genuine effort to reach out to the LGBT community and promote a positive brand among the community. Sponsoring a smaller pride parade should not allow companies to win over as many LGBT consumers as sponsoring a larger parade. Larger pride parades necessarily receive more attention from the media and so these parades would be the best way to signal to LGBT consumers that the company has an inclusive brand.

To construct this variable, we located three lists of the largest pride events and identified five pride parades that overlapped between two of the three lists. The five cities—New York, San Francisco, Chicago, Houston, and Minneapolis—host pride parades with attendance ranging from 250,000 people to more than 2 million people. Each of our sources and its list of the largest pride parades in U.S. cities is located below. For each city, we located a list of sponsors by searching the pride parade’s website, using archive.org (“The WayBack Machine”) to identify sponsors for each year possible between 2011 and 2017.

MSN.com: “The World’s Biggest Pride Parades” (2018)

- Link: <https://www.msn.com/en-us/lifestyle/smart-living/the-worlds-biggest-pride-parades/ss-AAyihuY#image=1>
 - List of the 22 largest pride parades across the world
1. New York
 2. San Francisco
 3. Chicago
 4. Columbus
 5. Houston
 6. Los Angeles
 7. Minneapolis
 8. Denver, Colorado

Business Insider: “The 8 biggest gay pride celebrations in the world” (2016)

- Business Insider link: <https://www.businessinsider.com/worlds-biggest-pride-celebrations-2015-6>
 - Updated link to the article they cite, from Fodors Travel agency: <https://www.fodors.com/news/photos/worlds-biggest-pride-celebrations>
 - List of 16 largest pride parades in the world
1. New York
 2. San Francisco
 3. Chicago

Redfin: “The 10 Most Popular U.S. Pride Parades, According to Google Trends” (2016)

- Link: <https://www.redfin.com/blog/2016/06/most-popular-u-s-pride-parades.html>
 - Redfin (a real estate company) published a list of the 10 most popular pride parades, which they identify using Google Trends data
1. San Francisco
 2. Chicago
 3. Seattle
 4. New York
 5. Minneapolis
 6. San Diego
 7. Boston
 8. Washington, D.C.
 9. Houston
 10. Portland

Pride websites used to construct our variables

Since pride parades take place in June, archived websites were accessed through archive.org for the months of May, June, or July whenever possible.

- New York: <https://www.nycpride.org/>
- San Francisco: <http://www.sfpride.org/> (sponsor info missing for 2011)
- Chicago: <https://www.chicagoevents.com/> (sponsor info missing for 2016)
- Minneapolis: <https://tcpride.org/> (sponsor info missing for 2017)
- Houston: <https://pridehouston.org/>

Further reading on corporate presence/sponsorship of pride parades

1. Passy, Jacob. 2017. “Why LGBT Pride Festivals Have Become Increasingly Corporate.” *MarketWatch*. June 25, 2017. <https://www.marketwatch.com/story/why-lgbt-pride-festivals-have-become-increasingly-corporate-2017-06-23>.

Corporate logos are a standard part of the pride parade experience. Corporations that sponsor will usually have a corporate float in the parade. Corporations usually sponsor more than one pride parade. Sometimes companies with poor records of supporting LGBT employees are rejected from being sponsors.

2. Sola, Katie. 2016. “T-Mobile, Walmart Lead \$1.7 Million Corporate Sponsorship Of NYC Pride.” *Forbes*. June 24, 2016. <https://www.forbes.com/sites/katiesola/2016/06/24/t-mobile-walmart-lead-1-7-million-corporate-sponsorship-of-nyc-pride/>.

Sponsoring (NYC) Pride is expensive, representing a costly investment that firms can make to signify support for the LGBT community.

3. McCombs, Brady. 2014. "Sponsorship of Gay Pride Parades on the Rise." *USA TODAY*. June 28, 2014. <https://www.usatoday.com/story/money/business/2014/06/28/gay-pride-parades-sponsors/11450345/>.

LGBT employee groups often participate in the parade. Companies participate in pride parades to reach out to LGBT consumers and potential employees.

E Endogeneity and Selection

Both endogeneity and selection bias are a threat to our main analytic strategy. Although no solution can allow us to fully causally identify the effect of LGBT employee groups without random variation, in this appendix, we attempt to mitigate the concern of both endogeneity and selection bias with two different analyses.

There may be some omitted variable that correlates with both the presence of LGBT ERGs and the likelihood of activism on LGBT issues. Companies that have LGBT ERGs may be systematically different from those that do not in some way that might explain why they are active on LGBT rights. For example, a company with more liberal employees may be more likely to form an LGBT ERG and they should also be more likely to publicly announce their support for same-sex marriage. In addition to this problem of endogeneity, there may also be selection bias in the Corporate Equality Index. Companies that would receive low scores on the Corporate Equality Index may refuse to respond to the survey. The fact that HRC issues unofficial ratings makes selection less of a concern; however, there still might be some selection bias regarding the availability of information that the HRC needs to issue an unofficial rating.

The first strategy to minimize endogeneity is simply a replication of Model 2 (a random intercept model) but with a different specification of the LGBT ERG variable. When asked whether companies have an LGBT ERG, companies can respond that they (1) do not have one, (2) would like to have one but there was no employee interest, or (3) do have one. In all analyses thus far, we have treated the first and second groups as one and the same—they both don’t have LGBT ERGs. In this robustness check, we restrict our sample to only compare companies in the second and third groups because the only difference between the two should be employee interest in joining an LGBT ERG (if we assume that companies are responding honestly). In this alternative specification, the LGBT ERG variable takes a value of one if the company had an LGBT ERG and zero if the company said that they would have an LGBT ERG if there was enough employee interest. There are only 280 companies in this model; for the ERG variable, 89% of observations are 1 (have ERG) and 11% of observations are 0 (want but don’t have).

We find a statistically significant effect of having an LGBT ERG on corporate activism at high levels of employee education in this model. The marginal effect of the LGBT ERG variable is statistically significant at the 0.10 level ($p\text{-val} < 0.06$) when more than half of employees have a bachelor’s degree.

Our second strategy for minimizing endogeneity is a two-stage procedure. Similar to Models 12 and 13, this analysis is at the company-level, so we use averages of any company-specific time-varying covariates and omit the national context variables. In the first stage, we predict the presence of LGBT ERGs and generate the residuals from this regression. This allows us to obtain a measure of LGBT ERGs that is purged of its association with omitted variables that may predict the presence of LGBT ERGs. Then, to account for the fact that some companies might be more likely to have ratings in the CEI than are others, we use these residuals in a Heckman selection model that uses most of the same variables as Models 1 and 2 (plus additional variables to predict selection).

For the first stage, we use Multilevel Regression with Post-stratification (MRP) to create a measure of industry-level support for same-sex marriage and industry-level interest in

politics. In addition to these MRP variables, we also add variables for employee education, the local LGBT rights attitudes index, the log number of employees, the industry-specific unemployment rate, and the local population identifying as LGBT. The industry-specific unemployment rate is generated with IPUMS data in the same way that the employee education variable is. The local LGBT population is a measure of the percentage of employees in the city where the company is headquartered that identified as lesbian, gay, bisexual, or transgender according to Gallup.¹¹ We only include variables in the first stage model that could not be effected by LGBT ERGs; therefore, we do not include the LGBT HR policies or diversity index variables because LGBT ERGs can have an influence on these internal policies.

To estimate MRP models of same-sex marriage support and interest in politics, individual-level survey data come from the Cooperative Congressional Election Study (CCES) from 2012, 2014, and 2016.¹² Specifically, we generate industry-level MRP estimates of the percentage of employees that (1) said that they supported same-sex marriage and (2) said that they follow public affairs “Most of the time” as opposed to sometimes, every now and then, or not at all. CCES asks respondents which industry they are in, roughly corresponding with the NAICS economic sectors. There are 148,961 respondents in our combined CCES dataset. The number of respondents per sector ranges from 415 to 22,528.

The size of post-stratification cells are estimated using IPUMS data (the same data used to generate our measure of employee education). To ensure consistency across years, we recoded CCES NAICS sectors so that there were 19 unique economic sectors that could also be matched with IPUMS CPS data.¹³ We used survey-weights to estimate the population of employed workers in 54 demographic groups for 19 economic sectors. Three race categories were used (non-Hispanic white, non-Hispanic black, and Hispanic); three age categories were used (18-35, 36-50, and 50+); three education categories were used (high school or less, some college, and college degree); and two gender categories were used (male and female). In total, we have 1,026 post-stratification cells. In our individual-level regression models, we include random effects for race \times gender, age \times education, age, education, NAICS sector, and

11. If companies were not headquartered in a Metropolitan Statistical Area that Gallup polled, then we use state-level data on LGBT identification for that company. City-level Gallup tracking poll data (June 2012 to December 2014) are accessible here: https://news.gallup.com/poll/182051/san-francisco-metro-area-ranks-highest-lgbt-percentage.aspx?utm_source=Social%20Issues&utm_medium=newsfeed&utm_campaign=tiles (Accessed 11/01/2018). State-level Gallup tracking poll data (June 2012 to December 2012) are accessible here: https://news.gallup.com/poll/160517/lgbt-percentage-highest-lowest-north-dakota.aspx?utm_source=LGBT%20state&utm_medium=search&utm_campaign=tiles (Accessed 11/02/2018).

12. Ansolabehere, Stephen; Schaffner, Brian, 2013, “CCES Common Content, 2012”, <https://hdl.handle.net/1902.1/21447>, Harvard Dataverse, V9, UNF:5:Eg5SQysFZaPiXc8tEbmRA== [fileUNF]

Schaffner, Brian; Ansolabehere, Stephen, 2015, “CCES Common Content, 2014”, <https://doi.org/10.7910/DVN/XFXJVY>, Harvard Dataverse, V4, UNF:6:WvvlTX+E+iNrxwbaWNVdg== [fileUNF]

Ansolabehere, Stephen; Schaffner, Brian F., 2017, “CCES Common Content, 2016”, <https://doi.org/10.7910/DVN/GDF6Z0>, Harvard Dataverse, V4, UNF:6:WhR8dNtMzReHC295hA4cg== [fileUNF]

13. Two sectors, 55 (Management of Companies) and 562 (Waste Management), had fewer than 20,000 observations in the IPUMS dataset, so we could not reliably estimate the size of each post-stratification cell. Two companies lacked NAICS codes because they were conglomerates, so same-sex marriage support and interest in politics data are missing in our dataset for those companies. Three companies were in the Waste Management sector (562) and so they are also missing data for MRP-derived variables.

survey year. We add two continuous level-1 predictors: industry-specific family income (of non-managers) and industry-specific unionization (of non-managers).¹⁴ Our MRP model is similar to the one used by Lax and Phillips (2009) in their estimation of state-level public opinion, but we have fewer level-1 predictors because data on religion, for example, is not available at the industry-level.

Our MRP estimates of support for same-sex marriage and interest in politics have face validity. Support for same-sex marriage ranges from 45% of workers in the Agriculture and Mining sectors to 71% in the Arts, Recreation, and Entertainment sector. Interest in politics ranges from 27% in the Accommodations and Food Services sector to 56% in the Real Estate sector and 58% in the Professional Services sector.¹⁵ The below table displays the correlations between the two MRP-generated variables and the other variables in the model predicting the presence of LGBT ERGs. Somewhat surprisingly, the correlation between support for same-sex marriage and LGBT ERGs is 0.19. Therefore, companies in industries with stronger support for same-sex marriage are not more likely to have LGBT ERGs. However, the correlation between industry support for same-sex marriage and employee education is 0.38. Also surprisingly, the correlation between interest in politics and LGBT ERGs is 0.02. Companies in industries with greater interest in politics are not more likely to have LGBT ERGs. However, interest in politics correlates highly with employee education and unemployment. Companies in industries with greater interest in politics are more likely to be educated, and companies in industries with greater interest in politics have lower unemployment rates. (The latter finding makes sense: if someone is unemployed or is worried that they will become unemployed, we wouldn’t expect them to be paying close attention to politics.)

VARIABLES	ERG	Educ.	Attitudes	Employees	Unemploy.	% LGBT	Marriage
Same-sex marriage	0.19	0.38	0.13	0.24	-0.04	0.18	1.00
Interest in politics	0.02	0.52	0.07	-0.37	-0.48	-0.01	-0.04

Examining these bivariate relationships, the presence of an LGBT ERG does not seem to be more likely at companies in industries with greater support for same-sex marriage nor in industries with greater interest in politics. Even in a multiple regression analysis, same-sex marriage support and interest in politics are not significant predictors of the presence of LGBT ERGs. Table E.2 is a linear regression where the dependent variable is the company-level average of the LGBT ERG variable. Since it is the average of a binary indicator, this variable can be interpreted as the percentage of the time between 2011 and 2017 that a company had an LGBT ERG. We find that employee education, local LGBT rights attitudes, and the number of employees that a company has are the strongest predictors of the presence of LGBT ERGs. These results make sense given our description of LGBT ERGs in the body of the paper. Educated employees are more organized—and they probably have more leeway from their employer to be able to organize. LGBT rights attitudes of the locale where

14. Both continuous predictors are estimated using IPUMS data. Including managers in the estimation of income would induce bias from outliers. Including managers in the estimation of unionization would not be valid since managers are not eligible to join unions.

15. In our dataset, the Professional Services sector is mostly composed of information technology services providers like Cerner and Unisys.

the company is headquartered—but not necessarily the industry—can predict the presence of LGBT ERGs. Companies with more employees have more of a critical mass to form LGBT ERGs. Given that the adjusted R^2 is only 0.24, there is a decent amount of variation in the presence of LGBT ERGs that cannot be predicted by these seven variables.

The residuals from the linear regression presented in Table E.2 are therefore a measure of the variance in LGBT ERGs without its association with any of the employee characteristics that predict which companies will have ERGs. Put differently, the residuals only capture the portion of the LGBT ERG variable that cannot be predicted by the seven independent variables in the model. Assuming that we have a valid model of the presence of LGBT ERGs, the residuals are therefore a measure of having employees interested in joining an ERG. We have purged the LGBT ERG variable of its association with structural factors and the only variance left should be whether LGBT employees want to form an employee group. The residuals range from -1.2 to 0.9. Essentially, positive residuals mean that the company has an ERG but the model predicted that it would not; and negative residuals mean that the company didn't have an ERG but the model predicted that it would. A positive association between the ERG residuals and corporate activism means that companies that we wouldn't expect to have LGBT ERGs but do have them are more likely to engage in LGBT rights activism.

The second part of this two-step procedure is a Heckman selection probit model. We perform two Heckman selection models, one using the same variables as Model 1 and one using the same variables as Model 2. Selected observations were rated by the CEI at least once and have non-missing values for the LGBT ERG and LGBT HR policies variables. In the selection equation, we use all of the same variables that we used to predict the presence of an LGBT ERG since we assume that the presence of an LGBT ERG and the likelihood of responding to HRC's CEI survey are both predicted by the same factors. The selection equation, of course, does not include the LGBT ERG residuals or LGBT HR policies variables since they are both missing for un-selected observations. The selection equation also does not include the recognizable company variable because it perfectly predicts selection (the standard error is excessively large when it is included in the model).¹⁶

We utilize Heckman selection probit models, so the outcome equation is a dichotomous variable that takes a value of one if the company ever made a pro-LGBT activist statement and zero if the company never made a pro-LGBT activist statement. Presented in Tables E.3 and E.4, results are roughly similar to those presented in Models 1 and 2. The one exception is that the Business-to-Consumer variable *is* statistically significant in these models. The results from Table E.3 predict that consumer-oriented businesses have a 0.24 higher probability of being active on LGBT rights while the results from Table E.4 predict that consumer-oriented businesses have a 0.17 higher probability of being active on LGBT rights. This difference is substantially meaningful when one-third of corporations were active on LGBT rights.

The key variable of interest, the LGBT ERG \times education interaction term, is statistically significant at the 0.10 level in the results presented in Table E.3 and statistically significant at the 0.05 level in the results presented in Table E.4 (which includes the LGBT HR policies

16. Including the recognizable companies variable in the selection equation does not meaningfully change the results of the outcome equations.

and firm diversity index variables). Marginal effects from the first Heckman model (E.3) predict that companies with low education (20% of employees with bachelor’s degrees) have a 0.28 greater likelihood of being active on LGBT rights when they have an LGBT ERG and companies with high education (70% of employees with bachelor’s degrees) have a 0.49 greater likelihood of being active on LGBT rights when they have an LGBT ERG. Similarly, marginal effects from the second Heckman model (E.4) predict that companies with low education (20% of employees with bachelor’s degrees) have a 0.00 greater likelihood of being active on LGBT rights when they have an LGBT ERG and companies with high education (70% of employees with bachelor’s degrees) have a 0.28 greater likelihood of being active on LGBT rights when they have an LGBT ERG. Interestingly, in these models, there is an un-moderated effect of employee education on corporate activism, meaning that there is an effect of employee education on corporate activism even when there is no LGBT ERG. However, our finding about the effect of LGBT ERGs still holds: companies with LGBT ERGs are more likely to be active on LGBT rights when they are in a highly-educated workforce.¹⁷

17. Importantly, these results still hold if we do not use residuals (and instead use the normal ERG variable) in a Heckman selection model. Therefore, our results are not driven by the fact that we are using residuals instead of the normal measure of LGBT ERGs. One difference, however, is that if we rerun the same model from Table E.3 using the normal ERG variable, we now find a statistically significant un-moderated effect of ERGs on corporate activism and an imprecisely-estimated moderating effect of employee education on corporate activism. (The p-value associated with the interaction term is 0.179.)

Table E.1: Alternate specification of LGBT ERG variable: comparing almost-adopters with adopters of ERGs (multilevel model).

<i>Variable</i>	<i>Range</i>	<i>Coef</i>	<i>SE</i>	<i>P-val</i>
Internal pressure				
LGBT employee group (alt.)	[0, 1]	-0.202	0.167	0.228
Employee education	[0.1, 0.8]	0.088	0.429	0.838
LGBT group × education		0.752	0.433	0.082
LGBT HR policies	[-2.1, 1.3]	0.120	0.045	0.007
Firm diversity index	[-0.8, 2.0]	0.007	0.037	0.845
Economic interest				
Recognizable company	[0, 1]	0.381	0.064	0.000
Business-to-Consumer	[0, 1]	0.054	0.068	0.426
Pride parade sponsor	[0, 1]	0.246	0.071	0.001
Assets (log)	[11.7, 21.7]	0.020	0.020	0.327
Political strategy				
Corporate PAC liberalism	[-1, 1]	0.019	0.031	0.536
Industry regulation index	[5.3, 12.3]	-0.032	0.015	0.031
Social context				
Local LGBT rights attitudes	[0.5, 0.8]	0.792	0.380	0.037
National opinion (change)	[-1.4, 2.1]	0.149	0.023	0.000
National opinion (lag)	[-1.8, 2.2]	0.013	0.027	0.636
News coverage (change)	[-2.8, 1.4]	0.073	0.021	0.000
News coverage (lag)	[-1.5, 1.8]	0.134	0.082	0.101
Time trend	[1, 28]	-0.006	0.010	0.544
Constant		-0.665	0.488	0.173
Wald χ^2			335.77	
Prob. (χ^2)			0.000	
Observations			6,374	
Clusters (companies)			280	
Average observations per company			22.8	

Table E.2: Predicting the presence of LGBT ERGs (company-level average from 2011 to 2017).

<i>Variable</i>	<i>Range</i>	<i>Coef</i>	<i>SE</i>	<i>P-val</i>
Employee education	[0.1, 0.8]	0.515	0.159	0.001
Local LGBT rights attitudes	[0.5, 0.8]	1.323	0.344	0.000
Employees (log)	[5.4, 14.6]	0.158	0.018	0.000
Industry unemployment	[0.0, 0.2]	-0.062	0.961	0.949
Local LGBT population	[0.0, 0.1]	0.137	2.901	0.962
Marriage support (MRP)	[0.4, 0.8]	0.031	0.331	0.925
Interest in politics (MRP)	[0.3, 0.6]	0.363	0.418	0.386
Constant		-2.273	0.393	0.000
Observations			464	
Adjusted R^2			0.240	

Table E.3: Two-step Heckman model using residuals of ERG variable (1).

<i>Variable</i>	<i>Range</i>	Selection			Outcome Probit		
		<i>Coef</i>	<i>SE</i>	<i>P-val</i>	<i>Coef</i>	<i>SE</i>	<i>P-val</i>
Internal pressure							
LGBT employee group	[0, 1]	–	–	–	0.583	0.386	0.131
Employee education	[0.1, 0.8]	-0.808	0.799	0.312	2.165	0.511	0.000
LGBT group × education		–	–	–	1.977	1.028	0.054
Economic interest							
Recognizable company	[0, 1]	–	–	–	0.800	0.220	0.000
Business-to-Consumer	[0, 1]	-0.132	0.237	0.576	0.656	0.202	0.001
Pride parade sponsor	[0, 1]	0.395	0.662	0.551	0.810	0.299	0.007
Assets (log)	[13.8, 21.6]	0.534	0.105	0.000	0.037	0.073	0.610
Political strategy							
Corporate PAC liberalism	[-1, 1]	0.013	0.114	0.908	-0.027	0.101	0.791
Industry regulation index	[5.4, 12.2]	0.000	0.054	0.995	-0.081	0.046	0.082
Social context							
Local LGBT rights attitudes	[0.5, 0.8]	2.524	1.536	0.100	3.029	1.220	0.013
Selection variables							
Employees (log)	[5.4, 14.6]	0.482	0.115	0.000	–	–	–
Industry unemployment	[0.0, 0.2]	-1.872	3.366	0.578	–	–	–
Local LGBT population	[0.0, 0.1]	9.725	15.912	0.541	–	–	–
Marriage support (MRP)	[0.4, 0.8]	2.564	1.746	0.142	–	–	–
Interest in politics (MRP)	[0.3, 0.6]	-0.034	2.274	0.988	–	–	–
Constant		-15.014	2.771	0.000	-3.127	1.601	0.051
Selection parameter: ρ				-0.715 (SE=1.875)			
Prob.(ρ)				0.019			
Wald χ^2				93.23			
Prob.(χ^2)				0.000			
Selected observations				434			
Total observations				500			

Robust standard errors reported. LGBT employee group, assets, industry regulation index, and employees are company-level averages of time-varying variables.

Table E.4: Two-step Heckman model using residuals of ERG variable (2).

<i>Variable</i>	<i>Range</i>	Selection			Outcome Probit		
		<i>Coef</i>	<i>SE</i>	<i>P-val</i>	<i>Coef</i>	<i>SE</i>	<i>P-val</i>
Internal pressure							
LGBT employee group	[0, 1]	–	–	–	-0.522	0.479	0.276
Employee education	[0.1, 0.8]	-0.257	0.890	0.773	1.440	0.572	0.012
LGBT group × education		–	–	–	2.609	1.162	0.025
LGBT HR policies	[-2.1, 1.0]	–	–	–	0.640	0.152	0.000
Firm diversity index	[-0.8, 2.0]	0.364	0.175	0.038	0.048	0.138	0.727
Economic interest							
Recognizable company	[0, 1]	–	–	–	0.712	0.239	0.003
Business-to-Consumer	[0, 1]	0.218	0.264	0.409	0.545	0.226	0.016
Pride parade sponsor	[0, 1]	6.708	0.599	0.000	0.643	0.332	0.053
Assets (log)	[13.8, 21.6]	0.486	0.125	0.000	0.007	0.076	0.924
Political strategy							
Corporate PAC liberalism	[-1, 1]	-0.004	0.148	0.981	-0.008	0.110	0.940
Industry regulation index	[5.4, 12.2]	0.033	0.061	0.589	-0.088	0.050	0.081
Social context							
Local LGBT rights attitudes	[0.5, 0.8]	1.609	1.814	0.375	1.726	1.353	0.202
Selection variables							
Employees (log)	[5.4, 14.6]	0.469	0.139	0.001	–	–	–
Industry unemployment	[0.0, 0.2]	-3.040	4.121	0.461	–	–	–
Local LGBT population	[0.0, 0.1]	5.728	16.934	0.735	–	–	–
Marriage support (MRP)	[0.4, 0.8]	1.791	2.063	0.386	–	–	–
Interest in politics (MRP)	[0.3, 0.6]	0.672	2.682	0.802	–	–	–
Constant		-13.783	3.240	0.000	-1.504	1.632	0.357
Selection parameter: ρ				-0.429 (SE=0.296)			
Prob.(ρ)				0.207			
Wald χ^2				98.33			
Prob.(χ^2)				0.000			
Selected observations				405			
Total observations				460			

Robust standard errors reported. LGBT employee group, LGBT HR policies, assets, industry regulation index, and employees are company-level averages of time-varying variables.

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