Out of Character: CEO Political Ideology, Peer Influence, and Adoption of CSR Executive Position by Fortune 500 Firms

Abhinav Gupta*
Department of Management & Organization
Foster School of Business
University of Washington
589 Paccar Hall
Seattle, WA 98195
abhinavg@uw.edu
https://orcid.org/0000-0003-3823-7890

Anna Fung
Department of Management
Kogod School of Business
American University
Washington DC, WA 98195
afung@american.edu
https://orcid.org/0000-0002-0408-5780

Chad Murphy
College of Business
Oregon State University
Austin Hall 372
2751 SW Jefferson Way
Corvallis, OR 97331
chad.murphy@oregonstate.edu

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CEO Political Ideology and CSR Executive Position

*Corresponding author
RESEARCH SUMMARY

We consider the link between firms’ decisions to adopt a CSR executive position and the political ideology of prior adopter CEOs. We theorize that firms are more likely to adopt a CSR executive position when it has been previously adopted by conservative-leaning CEOs at other firms, as opposed to liberal-leaning CEOs. This effect is due, we argue, to the increased perceptual salience and situational attributions associated with ideologically incongruent actions (i.e., actions that appear inconsistent with known political values). We further posit that these effects are stronger when the observing firms experience increased salience of CSR issues due to shareholder pressure and institutional equivalence between the referent and the observing firms. We find support for these ideas in a longitudinal sample of Fortune 500 companies.

MANAGERIAL SUMMARY

How do CEOs’ values affect industry-wide appointments of senior executives in charge of Corporate Social Responsibility (CSR)? Prior research suggests that liberal political beliefs of CEOs predict their CSR commitments. Our study explores how the political beliefs of CEOs—in this case, CEOs who have created a new CSR executive position in their companies—influence the likelihood that peer CEOs will imitate their decisions. Specifically, we find that when conservative CEOs adopt a CSR executive position, other companies are more likely to follow than when liberal-leaning CEOs do so. These effects are even stronger when companies are experiencing CSR-related pressure from shareholders and when they belong to the same industry and community as the firms of the CEOs they are observing.
Organizational life is rife with uncertainty as decision-makers struggle to predict the outcomes of potential strategic decisions. A substantial body of research in organizational theory suggests that one way decision-makers may reduce this uncertainty is by imitating prior decisions of other firms facing a similar task environment, such as those in the same industry (Cyert and March, 1963; Strang and Soule, 1998; Haunschild and Miner, 1997; Greve, 2005). Indeed, a strategic decision that sets a precedent at an industry-peer (or “referent”) firm helps executives at the observing (or “focal”) firm justify their own decision, providing prima facie evidence or social proof regarding the technical (e.g., financial performance) and social (e.g., legitimacy) merits of that action (Rao, Greve, and Davis, 2001). Of course, the usefulness of any such benchmark varies significantly, given that certain referent firm decisions will be considered more worthy of emulation than others. Research suggests, moreover, that referent firm characteristics influence these assessments, shaping the salience and perceived underlying merits of the referent firm’s decisions and thereby affecting the likelihood that those decisions will be emulated. For example, larger, more prestigious, and higher-performing firms are imitated at higher rates than smaller, less prestigious, and poorly performing firms (DiMaggio and Powell, 1993; Davis, 1991). In this way, prior research has provided important insights regarding the link between the observable characteristics of a referent firm and subsequent inter-organizational imitation by observing firms.

Curiously, however, prior inter-organizational imitation research has largely overlooked how the characteristics of the decision-makers in these referent firms—i.e., the CEOs who are...
highly visible to observers—might influence the likelihood that their firms' decisions will be emulated (for an exception, see Gupta and Misangyi, 2018). This relative lack of attention to executive characteristics is problematic, particularly when viewed through the lens of upper echelons theory, which suggests that CEO personal characteristics, such as demographic attributes, occupational background, personality, and values, fundamentally influence firms’ decisions (Hambrick and Mason, 1984; Finkelstein et al., 2009; Westphal and Zajac, 1995; Barker and Mueller, 2002; Nadkarni and Herrmann, 2010). Recent research indicates, in particular, that CEO political ideology is an especially influential CEO characteristic (Chin, Hambrick, and Trevino, 2013). Indeed, not only does ideology directly predict important strategic decisions such as engagement in corporate social responsibility (CSR), but it also has second-order effects on external stakeholders who attend to this CEO characteristic and act “according to their readings of executives’ inclinations” (Briscoe, Chin, and Hambrick, 2014: 1788; Hill, et al., 2019)^1. For researchers of inter-organizational imitation, the possibility of second-order effects of CEO political ideology raises intriguing questions, namely, does the political ideology of a referent CEO influence the likelihood that a focal CEO will emulate the former’s decision-making? If so, how?

To answer these questions, we integrate prior research to argue that 1) CEO political ideologies do indeed influence the imitation decisions of other CEOs in the same industry; and 2) the likelihood that an observing (i.e., “focal”) CEO will imitate the decision of a peer (i.e.,

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^1 For example, a firm’s LGBTQ employees are more likely to form an advocacy group when they perceive the CEO to hold liberal beliefs and thus likely be more sympathetic to their goals (Briscoe et al., 2014).
“referent”) CEO depends on the perceived degree of incongruence between the referent CEO’s political ideology and the decision under question: the more extreme the incongruence, the more likely the emulation. This dynamic exists, we theorize, because the perceived degree of incongruence determines both 1) how salient the referent CEO’s decision is to observing CEOs (Hamilton and Fallot, 1974; Dahlen et al., 2008) and 2) whether the motivations underlying the decision are likely to be attributed to situational versus dispositional factors (Kelley, 1973; Crocker, Hannah, and Weber, 1983; Srull and Wyer, 1989).

We empirically test these ideas in the context of CEOs’ strategic decisions to adopt a CSR executive position, defined as the position whose occupant has the “primary responsibility for corporate sustainability or issues related to corporate social performance” (Fu, Tang, and Chen, 2019: 2), a practice that has become prevalent in corporate America during the last decade. We suggest that, all else equal, an observing CEO will view a conservative (liberal) referent CEO’s decision to adopt a CSR executive position as incongruent (congruent) with the latter’s political beliefs, and that such incongruence (congruence) will be more (less) influential on the observing CEO. We further argue that this effect is amplified when CSR issues are more salient: such as when shareholders directly pressure the observing (i.e., focal) firm to enhance its CSR engagements, or when the referent CEO is interpersonally salient to the focal CEO because of institutional equivalence between their firms.

Our study makes multiple contributions to management research at the intersection of inter-organizational imitation and upper echelons. First, we extend research on inter-
organizational imitation by introducing CEO political ideologies as an important factor in the imitation process and by spotlighting the key role played by perceived incongruence between a referent CEO’s ideology and their firm’s strategic actions. Second, our study documents a novel second-order effect of CEO ideologies, thereby contributing to new, emergent perspectives on executive values and upper echelons. Third, we contribute to CSR research by documenting the emergence of the CSR executive position in corporate America and investigating factors that predict its likelihood of adoption and subsequent diffusion within industries. Finally, our analyses offer a glimpse into the microfoundations of our theory, opening up new pathways for thinking about how CEO ideology may affect inter-organizational processes and outcomes.

THEORY AND HYPOTHESES
We begin our theorizing by reviewing prior research on the antecedents of CSR and by establishing the baseline linkage between CEO ideology and CSR. We then build on these arguments to theorize how referent CEO ideology shapes whether observing firms imitate a referent firm’s adoption of an executive CSR position. As we will describe, our prediction regarding a second-order effect of CEO ideology builds upon research on attributional processes, suggesting that social actors operate based on their internalized understanding of first-order causal relationships (e.g., the notion that CEO decisions are driven by their values) which inform their own decision-making in turn.

The Emergence of a CSR Executive Position
Corporate social responsibility refers to prosocial firm actions that are “beyond the direct financial interests of the firm and that which is required by law” (McWilliams and Siegel, 2001: 117). CSR is thus often used as shorthand to describe a range of firm activities intended to benefit employees, consumers, the environment, and society in general (Waddock, 2004). Given that firms face considerable pressure to reduce the negative impact of their practices, CSR advocates have long called for firms to raise their commitment to CSR by appointing a CSR executive (Donaldson and Preston, 1995; Werther and Chandler, 2010; Fu et al., 2019).

Although rare until the early 2000s, the CSR executive position had been adopted by almost a third of Fortune 500 companies by 2012 (Kiron et al., 2012). As indicated by titles such as “Chief Sustainability Officer,” “Senior Vice President of CSR and Ethics,” or “Executive Vice President of Green Initiatives,” the position is rising in importance in many firms; many CSR executives have a direct voice in their firms’ strategic decision-making. Although the exact role of the CSR executive may vary across firms, these executives are generally responsible for “functions such as non-financial reporting, environmental and non-financial ‘due diligence,’ the relationship with global and local NGOs, and the attention of collectives in risk of exclusion” (Unruh, 2015: 1). CSR executives often spearhead sustainability campaigns and assume responsibility for the firm’s actions (or lack thereof) with regards to key CSR initiatives. Such initiatives may include promoting ethical labor practices (Bartley and Child, 2014), furthering

2 Although the consequences of appointing a CSR executive lie outside the scope of our theory, in supplementary analyses, we explore the effects of adoption of CSR executive position on firm’s subsequent CSR performance to establish the substantive importance of firms’ adoption of such structures.
the interests of women, minorities, and/or LGBTQ employees (Raeburn, 2004; Kaley, Dobbin, and Kelley, 2006), mitigating the environmental impact of firm practices such as waste disposal or resource mining (Lounsbury, 2001), and managing the firm’s philanthropic commitments (Zhang and Luo, 2013). In a primary survey, Miller and Serafeim (2014) found that CSR executives were most likely to have expertise in environment, operations, and law, while a relative minority had a background in marketing, communications, and public policy. The vast majority of the surveyed respondents (74%) were internally promoted with an average within-firm tenure of 13 years. Overall, a CSR executive “can serve as an attention carrier for all issues related to corporate social performance” (Fu et al., 2019). Thus, CEOs must decide whether to create a distinct CSR executive position in their own firm and thereby include CSR issues in firms’ strategic deliberations. The decision to adopt a CSR executive position tends to be fraught with uncertainty as the rational (de)merits of adoption remain far from clear (McDonnell et al., 2015). Although research on the adoption of this specific type of CSR initiative is lacking, we draw from the broader CSR literature to understand the antecedents of CSR initiatives, and to propose a baseline expectation for which types of CEOs, ideologically-speaking, are most likely to create a CSR executive position.

The dominant perspective on CSR suggests that CSR is an inherently “instrumental” activity: Companies do CSR for long-term financial and social benefits and to minimize costs. For example, firms may use CSR to improve their reputation (Barnett and Pollock, 2012), create marketing advantage (Flammer, 2015), preemptively avoid potential stakeholder backlash.
(Zhang and Luo 2013, Marquis, Glynn and Davis, 2007), avoid targeting by activist groups (Baron, Neale, and Rao, 2016), improve employee retention (Carnahan, Kryscynski, and Olson, 2016), or to obviate the need for costly government regulation (Aaronson and Reeves, 2002). In addition, firms may experience considerable legitimacy pressures to adopt CSR if they are seen as falling behind emergent norms in their institutional environment (Marquis and Tilscik, 2016). In this regard, a firm’s adoption of CSR and imitation of other firms’ CSR initiatives can be partly viewed as an effort to retain and gain social legitimacy in the eyes of key stakeholders (DiMaggio and Powell, 1983; Suchman 1995).

The second and relatively nascent perspective on why companies engage in CSR looks to leaders’ personal preferences. From this perspective, companies participate in CSR because the CEO is ideologically predisposed to doing so and is willing to commit the firm’s attention and resources to it (Chin et al., 2013; Di Giuli and Kostovetsky, 2014). Studies have shown that CEO political ideology indeed influences the likelihood of CSR activity: liberal CEOs, as compared to their conservative counterparts, are more likely to believe that CSR confers benefits to the firm (Chin et al., 2013). In contrast, conservative CEOs are more likely to see CSR as a form of unofficial, underhanded taxation of a firm’s owners (Tetlock, 2000). Therefore, our baseline expectation is that CEO liberalism (conservatism) will increase (decrease) the likelihood and speed of a firm’s adoption of a CSR executive position.3

3 It is worth noting that this expectation does not imply that CEO ideology will completely explain all firms’ adoption of CSR, but rather that political ideology serves as a partial but predictively important explanation for a CEO makes decisions to enhance firm performance. This logic leaves room for other contextual factors to affect firms’ CSR engagement, as well as the possibility that at any given point of time, some liberal CEOs may resist
Observability of Industry-Peer CEOs’ Ideology and CSR actions

A key premise of our study is that CEO ideologies can have second-order effects: an observing CEO may use a referent CEO’s ideology to make inferences about the latter’s motivations and the potential benefits of emulation. This idea is consistent with research on leadership attributions suggesting that outsiders make sense of organizational actions by oversimplifying their causal impetuses and by viewing them as a product of CEOs’ volition (Meindl, Ehrlich, and Dukerich, 1985; Khurana, 2002). Given the prominent role CEOs occupy in society, their political ideologies are closely observed by many external audiences, who use them as social cues to interpret firms’ actions and agendas (Chatterji and Toffel, 2016). In this way, external audiences often act as “armchair social scientists,” using information about the CEO’s political leanings to make sense of the CEO’s decisions (Briscoe, et al., 2014). Anecdotal evidence bears out this idea: the liberal views of Tim Cook, Apple’s CEO, are often used to explain Apple’s decisions to engage in progressive practices (Chang, 2015), just as outsiders’ sensemaking of Chick-Fil-A’s opposition to LGBTQ issues is directly influenced by their awareness of the conservative views of its CEO, Dan Cathy (McWhirter, 2012). Although in recent years CEOs have shown an increased proclivity to speak up on sociopolitical issues (Hambrick and Wowak, 2019), their political ideologies have scarcely ever been secret: in 2003, for example, Bill Gates, then CEO of Microsoft, drew attention to his liberal views when he made a philanthropic contribution to cure diseases prevalent in underdeveloped countries (Butler, 2003), and in 2005,
Jeff Immelt sided with climate advocates in launching a company-wide clean energy initiative at General Electric (Business wire, 2005). In addition, Warren Buffett and Howard Schultz, CEOs of Berkshire Hathaway and Starbucks respectively, have penned opinion articles in the New York Times advocating for progressive corporate reforms (Buffett, 2012; Schultz, 2015), while Jack Welch, CEOs of General Electric, has spoken out in favor of conservative causes (Larson, 2015). Moreover, the political contributions of CEOs are publicly reported by Crowdpac, further elevating the visibility of their ideologies and subjecting them to public scrutiny.⁴ Even for lower-profile CEOs, we expect that their ideologies are accessible to observers, given the research suggesting that individuals are quite adept at intuiting others’ political beliefs using a combination of linguistic cues, positions on public policy, religion, and consumption preferences (Jost et al., 2008; Motyl et al., 2014).

Furthermore, compared to the general public, CEOs within an industry likely have even greater access to and understanding of each other’s political leanings, in addition to more interest in one another’s behaviors. This is highly relevant for our theorizing, as CSR issues are particularly likely to be benchmarked among firms within an industry, compared to firms situated across industry boundaries: manufacturing firms, for instance, are more likely to face CSR issues regarding labor rights and global supply chains than energy production firms, which frequently receive criticism for their environmental footprint. In the context of deciding to adopt a CSR executive position, then, observing CEOs are likely to pay attention to industry-peers’

⁴ For example, in 2014, Mozilla ex-CEO Brendan Eich resigned after public outcry over his donation to California’s Proposition 8, a ballot proposition initiated by opponents of same-sex marriage (Barr, 2014).
decision-making to reduce uncertainty about the merits of engaging in CSR (Raffaelli and Glynn, 2014; Bertels and Peloza, 2008).

**Referent CEO Ideology and the Focal Firm’s Adoption of a CSR Executive Position**

As noted in the introduction, our arguments rely on the notion of perceived incongruence between a referent CEO’s political ideology and their decision to adopt a CSR executive position. Specifically, given that political liberalism is aligned with the values underlying CSR initiatives, and political conservatism is largely misaligned (Tetlock, 2000; Chin et al., 2013), we expect that an observing CEO will perceive a liberal-leaning referent CEO’s adoption of a CSR executive position as fully congruent with the latter’s ideology and therefore unsurprising. Thus, we suggest, this adoption decision will not be very salient to the observing CEO. In contrast, an observing CEO is likely to perceive a conservative-leaning referent CEO’s adoption of a CSR executive position as *incongruent* with the latter’s ideology, and this adoption decision is therefore likely to be highly salient and thought-provoking to the observing CEO.

This line of reasoning is consistent with decades of research showing that individuals make sense of the world around them by relying on simplified cognitive frameworks shaped by prior experience and expectations (Weick, 1979), and they can easily process incoming information to the extent that it aligns with these frameworks—so easily, in fact, that it may evade conscious awareness altogether (Misra and Beatty, 1990). However, when individuals encounter information that is *incongruent* with expectations, such information short-circuits typical routine processing and induces deep cognitive engagement (Hastie and Kumar, 1979;
Srull, 1981; Goodstein 1993; Kahneman, Slovic, and Tversky, 1982). Moreover, in such cases, individuals actively try to resolve the incongruence and square it with their prior sense of reality by searching for possible causes of it (Hastie, 1984; Meyers-Levy and Tybout 1989, Stangor and McMillan 1992). Attributional theory posits, in particular, that when the incoming information is an observed behavior, individuals make either dispositional attributions, in which the behavior is believed to have been caused by individual-level factors such as traits, values, or preferences; or situational attributions, in which the behavior is believed to have been caused by situational factors, such as performance pressure or social expectations (Heider, 1958; Kelley, 1973; Trope, 1986). In cases of incongruent behavior, research suggests that observers are much more likely to make situational attributions (Crocker et al., 1983) and congruent behavior is likely to trigger dispositional attributions.

We argue, then, that when a liberal CEO engages in a CSR initiative—a congruent behavior—observers are likely to make dispositional attributions, explaining the CEO’s decision in terms of personal preferences toward progressive organizational practices (Chin et al., 2013). On the other hand, when conservative CEOs engage in CSR—an incongruent behavior—observers are likely to resolve this inconsistency by making situational attributions, assuming that the CEO’s decision is driven by situational factors such as instrumentality (e.g., to enhance firm performance), which research has shown makes observers more likely to emulate that decision (Strang and Still, 2004; Briscoe and Safford, 2008). This argument is consistent with the logic propounded by institutional theorists: as a new practice in an organizational field gains...
legitimacy, it becomes attractive to observing organizations that seek to enhance their own legitimacy—an instrumental benefit—by adopting it to convey compliance with institutional norms (DiMaggio and Powell; 1983; Kennedy and Fiss, 2009). In sum, then, when a conservative CEO adopts a CSR executive position, observing CEOs are likely to make situational attributions and infer that the decision was driven by a careful analysis of its instrumental benefits—both strategic (i.e., performance-oriented) and symbolic (i.e., legitimacy-oriented) in nature. These observing CEOs will therefore perceive the practice as offering various pragmatic benefits and will thus be more likely to follow suit. Accordingly:

**Hypothesis 1.** Within the same industry, conservatism of referent CEOs who have adopted a CSR executive position will amplify the influence of their adoption on the observing firm’s likelihood and speed of adoption.

**Moderating Effects of Issue Salience and Institutional Equivalence**

Thus far, we have focused on the effect of referent CEOs’ political ideology on the subsequent adoption of a CSR executive position by observing CEOs. However, observing firms may vary in the extent to which they search for and attend to cues about the benefits of CSR practices. Given that creating a CSR executive position involves non-trivial resource commitment and internal reorganization, we expect that observing CEOs’ receptivity to referent CEOs’ ideologically-informed decisions will depend in part on contextual factors. As a preliminary step toward delineating the conditions that may shape observing firms’ likelihood of utilizing referent CEOs’ ideology in their imitation decision, we consider two moderating factors: 1) salience of
CSR issues for the observing CEO; and 2) institutional equivalence between the referent and the focal firm.

**Issue salience.** Uncertainty about the merits of a given decision amplifies the appeal of inter-organizational imitation for decision-makers, who seek to approximate benefits of enacting a decision by referring to industry peers’ attributes and behaviors (Kennedy and Fiss, 2009). The existence of uncertainty about a new practice, however, presupposes a degree of awareness in the minds of decision-makers of its potential costs and benefits with respect to the larger issue that it purports to address (Strang and Still, 2004). It stands to reason, for instance, that decision-makers who are aware of quality problems in their organization would be more attuned to contemplating adoption of Total Quality Management (TQM) or to emulating selective peer firms’ adoption of TQM (Westphal, Gulati, and Shortell, 1997). Research on managerial cognition has long held that executives’ attention tends to be limited in scope and subject to systematic heuristics (Simon and Barnard, 1947; Weick, 1979; Ocasio, 1997). Given that organizations lie at the intersection of various issue areas and stakeholder expectations (Greenwood et al., 2010), most issues and their advocates can be envisioned as competing for decision-makers’ attention, which naturally flows towards areas that are directly emphasized by structural and cultural forces, such as incentive structures and dominant organizing schemas (e.g., shareholder value, market logic) (Sanders and Hambrick, 2007; Thornton and Ocasio, 1999). CEOs of public corporations in the United States, for instance, tend to prioritize issues linked to stock price, an approach aligned with their fiduciary duties.
However, other issues may also rise in salience for organizational decision-makers if they are highlighted by key stakeholders (Bundy, Shropshire, and Buchholtz, 2013; Briscoe, Gupta, and Anner, 2015). As firms’ legitimate owners, shareholders wield considerable influence over managerial attention and decision-making. Shareholders who seek to drive changes in organizational practices by filing shareholder proposals can mount considerable pressures on decision-makers to enact remedial changes in organizational practices (Bundy et al., 2013). Given that shareholders often use proxy proposals to communicate their desire for the firm to be more socially responsible (Vasi and King, 2012), such pressures should raise the salience of CSR issues inside the company and instigate a search for potential solutions.\(^5\)

We argue that heightened salience around CSR issues due to shareholder pressures will amplify firms’ likelihood of searching for social proof of the practice’s worth. This increased salience of CSR issues will, in turn, increase an observing firm’s reliance on referent CEOs’ actions and ideological preferences to make important organizational decisions: observing firms will look for precedents in their environment and, in the process, pay particular attention to instances of practice adoption (in this case, adoptions by conservative-leaning CEOs) that clearly convey the practice's strategic merits and/or legitimacy-conferring benefits. Conversely, firms lacking direct shareholder pressure to engage in CSR will have a lower need to search for external exemplars and will instead be driven by internal routines and procedures. Thus, the

\(^5\) It is plausible that shareholder proxy proposals may have a main effect on the focal firm’s likelihood of adoption of CSR executive position; we control for such potential effects in our analyses while simultaneously maintaining the focus of our theory and hypothesis on imitation-amplifying effects of shareholder proposals.
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relevance of referent CEOs’ conservatism to the adoption of a CSR executive position by the focal firm will be greater when the focal firm experiences increased CSR issue salience due to shareholder criticism. Accordingly:

**Hypothesis 2.** Shareholders’ CSR-oriented proxy proposals will increase a firm’s susceptibility to contagion-enhancing effects of industry-referent CEOs’ conservatism.

**Institutional equivalence.** Just as shareholder pressure increases the salience of CSR issues for a focal CEO, amplifying the effect of ideologically-incongruent adoption decisions by a referent CEO, so too does the extent to which the referent CEO and their firm is salient to the focal CEO in the first place. Indeed, we suggest that CEOs who lead institutionally equivalent firms—i.e., those in the same industry and geographic community (Marquis and Tilscik, 2016)—are likely to have not only a greater awareness of each other’s decisions and political values, but also, for that very reason, to be especially attentive to (and puzzled by) their peers’ ideologically-incongruent decisions. Qualitative evidence on CSR suggests that executives of firms that are both industry and community peers tend to “monitor each other obsessively,” given that they face highly similar competitive pressures and uncertainty (Hankins, 2007). Marquis and Tilscik (2016), who formalized the notion of institutional equivalence, empirically showed that such firms are much more likely to benchmark their philanthropic contributions with one another than with firms lacking this equivalence. We build on this core insight to argue that an observing CEO will be even more likely to engage in attributional processes to explain the causes of an
observed incongruity in the decisions of an institutionally equivalent peer, relative to the
decisions of other industry-peer firms lacking such equivalence.

We posit that institutional equivalence not only increases attention and benchmarking,
but that it also means that executives of these firms—particularly their CEOs—are likely to be
more deeply familiar with each other’s values and characteristics than industry-peer executives
situated in distant locales (Reder & Ritter, 1992). Moreover, just as research suggests that
incongruent, expectation-defying behavior is more salient than congruent behavior, it likewise
suggests that people with whom one is interpersonally familiar are more salient—and
expectations regarding their values and characteristics are more deeply entrenched—than people
with whom one is less familiar. Given that behavioral incongruence and institutional equivalence
are two potential avenues of heightened perceptual salience, we suggest that the combination of
the two—i.e., incongruent behavior emanating from an institutionally equivalent source, such as
the adoption of a CSR executive position by a conservative CEO who operates in the same
industry and the same geographic community as an observing CEO—is likely to be even more
salient and therefore even more likely to undermine routine processing and trigger situational
attributions than incongruent behavior emanating from a less salient source. Accordingly:

**Hypothesis 3.** A focal firm will be more susceptible to ideologically incongruent
adoptions of a CSR executive position by industry-referent CEOs located in the same
community as the focal firm than to similar adoptions by industry-referent CEOs in other
locales.

**METHODOLOGY**

**Sample**
We studied the adoption of a CSR executive position by Fortune 500 companies during 2001-2013. These firms were appropriate for our analyses as they are likely to consider each other as social peers, an important pre-condition for our empirical analyses. We chose a comprehensive time frame, which spans the diffusion of the practice of appointing CSR executives throughout corporate America. For analytical clarity, we consider observing firms to be our “focal” firms, as our analyses directly model their decision-making.

We compiled our data from multiple sources. Data on the adoption of CSR executive positions were hand-collected from companies’ annual reports, corporate websites, and corporate directories. Financial data came from the Compustat database by Standard & Poor. Our political ideology measurement was based on political donations made by individual CEOs gathered from the U.S. Federal Election Commission (FEC). We measured shareholder pressure using CSR proxy proposals, which were obtained from the Ethvest Database.

**Dependent Variable**

**CSR executive position adoption.** We compiled an original database on the creation of CSR executive positions among Fortune 500 companies by identifying common phrases associated with executive job titles. Common positions included Corporate Sustainability Officers, Senior Vice President of Diversity and Ethics, and Executive Vice President of Corporate Responsibility Officers. For each of the Fortune 500 companies from 2001, we searched for the most relevant CSR position with the highest rank in the firm. Based on extant research in top management teams (Hambrick, Humphrey, and Gupta, 2015), we only selected positions with
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the title “Vice President” and above (e.g. senior vice president, executive vice president, chief officer), as individuals with these titles are likely to have a direct voice in the firm’s overall strategy. We triangulated CSR position information about each company using a variety of online sources, including executives’ LinkedIn profiles, corporate press releases, alumni associations, and media coverage of corporate actions. Our dependent variable was coded as the year in which the focal firm adopted a CSR position for the first time. Prevalence of CSR executive position among the sampled firms is depicted in Figure 1.

Independent Variables

**CEO political ideology.** In line with previous research (Chin, Hambrick, and Trevino, 2013; Briscoe, Chin, and Hambrick, 2014; Chin and Semadeni, 2017), we collected political donation data to generate a measure of CEO political ideology. In the US, political ideology aligns strongly with the two major political parties: Democrats tend to be more liberal; Republicans tend to be more conservative. As the political climate has become more polarized in the last few decades, the distinction between the two parties has strengthened (Hetherington 2009). Moreover, unlike donations by corporate PACS, which reflect companies’ attempts to influence policy, individuals tend to donate in line with their political ideologies, motivated by their personal values and beliefs (Ansolabehere, De Figueiredo, and Snyder, 2003). Thus, over time,

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6 To ensure that we captured distinct events of a new role creation, we carefully studied all documents to examine whether CSR responsibilities and title were added to the portfolio of an existing TMT member. We found only one such instance in our data, and our results were robust to the exclusion of that observation.
these donations represent the extent to which individuals identify more strongly as liberal versus conservative.

We collected data from the U.S. FEC, the independent regulatory agency that monitors and compiles campaign finance information. Any individual donation over $200 is recorded and made publicly available, including the donor’s name, state, city, street address, zip code, occupation, employer, amount of gift, date of gift, and name of recipient. Following prior research (Chin et al., 2013; Briscoe et al., 2014), we coded executives’ contribution records for the 10 years prior to their becoming CEOs. This allowed us to view their political donations over the course of several presidencies and congressional elections (and thus more accurately capture donors’ political ideologies over time) while avoiding biases in donation patterns that may arise when individual executives become the CEO. Moreover, these names, occupations, addresses, and employer information were carefully cross verified to avoid false positives.

We created a CEO political conservatism index by computing four indicators: (1) the number of donations to Republicans divided by the number of donations to recipients of both parties; (2) the dollar amount of donations to Republicans divided by the donations to both parties; (3) the number of years the CEO donated to Republicans divided by the number of years the CEO donated to either party; and (4) the number of distinct Republican recipients to which the CEO made donations divided by the total number of distinct recipients of both parties. These four indicators indicate, respectively, one’s behavioral commitment, financial commitment, persistence of commitment, and scope of commitment to a political ideology (Chin et al., 2013).
Because these indicators are measured over a long period, we reduce the risk of assigning ideology based on incidental or token behaviors. Given that these four indicators had similar means and averages, we created a composite measure of CEO political conservatism by computing a simple average of the four indicators (Cronbach’s Alpha = 0.92). Final index scores ranged from zero to one, with higher scores representing conservatism, and lower values representing liberalism. For the minority of CEOs who made zero political contributions, we followed prior research (i.e., Chin et al., 2013; Gupta and Wowak, 2017) in imputing a score of 0.50, essentially treating them as ideological moderates. Our results were robust to the exclusion of these non-donors from the analyses.

As we describe below, we used this measure of CEO conservatism to assess differences in focal CEOs’ innate propensity to adopt a CSR executive position in their organizations. More importantly, we used this data to compute our key independent variable, Peer CEO conservatism-weighted adoptions, which entailed creating a count of prior adoptions in the industry (from the start of the study window until year t-1) where each adoption was first multiplied by prior adopter CEO’s ideological conservatism, and then all the conservatism-weighted adoptions were aggregated at the level of the focal firm-year observation.  

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7 This approach for testing differences in emulation-worthiness of organizational adoption decisions has numerous precedents in prior research on inter-organizational diffusion. For instance, Soule, Swaminathan and Tihanyi (2014) weighted the count of referent firms’ decision to divest from Burma by the revenues of those firms to assess whether firms with high revenues are more likely to be imitated by observing firms than firms with low revenues. Similarly, Briscoe and Safford (2008) weighted the count of domestic partner benefit adoptions by prior history of activism at referent firms to test whether adoptions by activism-prone vs. activism-resistant firms are emulated at different rates by observing firms.
Shareholder CSR proxy proposals. We created a measure of shareholder CSR proxy proposals based on the number of shareholder resolutions urging management to increase their firm’s engagement in CSR issues in a given year. These proposals are widely used by shareholders to bring attention to social issues and to show disapproval of current actions (Goranova and Ryan, 2014; McDonnell, King, and Soule, 2015). As such, firms experience considerable pressure to respond to these proxy proposals, and, on average, increase their CSR activities to avoid future pressures (Vasi and King, 2012; Briscoe and Gupta, 2016). We collected data on shareholder proxy proposals from the Ethvest database. These data were obtained from the Interfaith Council on Corporate Responsibility (ICCR).

Institutional equivalence. Following the approach established by Marquis and Tilscik (2016), we considered firms that were both industry and community (headquartered in the same state) peers as institutionally equivalent. Since we model the imitation to occur among CEOs within an industry, we tested our hypothesis regarding institutional equivalence by separating our primary independent variable into two parts: Peer CEO conservatism-weighted adoptions (same state) and Peer CEO conservatism-weighted adoptions (other state), each of which were coded as the count of prior adoptions among relevant groups of referent CEOs weighted by their ideological conservatism.

Control Variables

We controlled for a variety of factors that might influence the imitation process under study. In addition, we wanted to avoid model overspecification, which can increase the risk of Type II
errors in a heterogeneous diffusion model (Greve, Strang, and Tuma, 1995). We thus selected a set of parsimonious control variables that, unless otherwise noted, were lagged by one year.

We controlled for factors at the firm level that may affect the focal firm’s likelihood of adopting a CSR position. We included controls for Firm size using logged net sales (in billions of dollars) and recent performance, measured as Return on assets and Total shareholder returns. We measure Firm prestige as a dichotomous variable capturing whether the firm was ranked each year in Fortune’s “Best Places to Work.” Firm age was computed as the number of years since the firm first appeared in CRSP. To account for differences due to firms’ ownership structure, we added CEO shareholdings, the percent of company shares owned by the CEO. To account for the influence of the board of directors’ ideology, we controlled for Board conservatism using the same multi-item index of aggregate ideology for all non-CEO board members as established by Gupta and Wowak (2017). To account for factors that may internally drive a firm’s adoption of a CSR executive position, we controlled for firms’ CSR performance, measured through the widely-used composite measure of ESG ratings obtained from MSCI/KLD database. Furthermore, to control for the possibility that a focal firm’s adoption is influenced by a baseline tendency to imitate other firms in the industry and director network, we added time-varying measures of Prior adoptions among board interlocked firms and Prior adoptions among industry peer firms to the contagiousness vector. Lastly, to control for macro-environmental factors, we added fixed effects for 4-digit-GICS industries.

Estimation and Endogeneity Correction
We use the heterogeneous diffusion model to examine the adoption and imitation of the CSR executive position (Strang and Tuma, 1993; Greve, Strang, and Tuma, 1995). This modeling technique is suitable for examining the factors that influence the likelihood of CEOs creating a CSR executive position and subsequent imitation by other Fortune 500 companies’ CEOs. This class of event history models has been widely used by researchers to model inter-organizational imitation processes (Davis and Greve, 1997; Schneiberg and Clemens, 2006; Briscoe and Safford, 2008). One useful feature of the model is that it allows the same characteristics to be entered as independent variables in multiple vectors. In our models, we examined how political ideology affects the focal organization’s likelihood of adoption—and also how ideologies in association with prior adoption affected the contagious influence of those prior adopters.

As depicted below, these models have four vectors: propensity, contagiousness, susceptibility, and social proximity (Greve, Strang, and Tuma, 1995; Soule, Swaminathan, and Tihanyi, 2014). The propensity vector consists of variables that might affect a firm’s intrinsic propensity to create a CSR position. For example, entering firm performance in this vector allows us to test whether firms with high performance are more likely to adopt a practice than poorly performing firms. The contagiousness vector includes variables for the referent firms that may affect the contagious influence of referent firms’ adoption decision on focal CEOs’ decision to adopt. For example, when we enter the CEO conservatism variable in the contagiousness vector (labeled as Peer CEO conservatism-weighted adoptions), it tests whether prior adoptions weighted (i.e., multiplied and then aggregated at the firm-year level) by the conservatism of
those adopter CEOs affects the focal firm’s hazard of adoption above and beyond the main effects of focal CEOs’ ideology and a baseline count of prior adoptions among referent firms (i.e., baseline imitation). The susceptibility vector models variables that affect the focal CEO’s receptivity to a referent firm’s adoption of a CSR position. For instance, the interaction of CEO conservatism-weighted prior adoptions × Shareholder CSR proxy proposals, when entered in the susceptibility vector, allows us to test as to whether the effect of referent CEOs’ ideology-linked adoption decisions on the focal firm varies based on the degree of shareholder pressure to increase CSR engagement. As such, the contagiousness and susceptibility vectors are instrumental for testing our hypotheses about the influence of referent CEO ideology and differences in focal firms’ susceptibility. Finally, social proximity represents the conduits that connect the focal firm to its referent firms, describing the pathways through which CSR adoption might diffuse to other firms.8 Given that industries are highly relevant reference points for firms’ imitation decisions (Raffaelli and Glynn, 2014; Gupta et al., 2017), for each focal firm, we specified referent firms in the same 4-digit-GICS industry as the relevant reference group in the social proximity vector.9

\[ r_n(t) = \exp(\alpha'X_n) + \exp(\beta'V_n) \sum_{s \in S(t)} \exp(\gamma'W_s + \delta'Z_{is}) \]

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8 In line with prior usage of the social proximity vector (Briscoe et al., 2015), we restricted the modeling of imitation process to socially proximate actors (i.e., common industry membership), thereby obviating the need to separately compute a coefficient for the social proximity vector.

9 Our results were robust to using 2-digit-SIC codes as an alternative conceptualization of industry membership.
Next, we sought to assess endogeneity concerns in our data. In our context, endogeneity concerns may arise due to two reasons: 1) reverse causality; and 2) omitted variable bias (Bascle, 2008). In our study, reverse causality would arise if CEOs’ decisions to adopt a CSR executive position somehow affected CEOs’ ideological leanings or political contributions. We preempted this concern by following the well-established rule of temporal precedence, such that we excluded the political contributions by the CEO in the years following the adoption of a CSR position. Endogeneity concerns due to omitted variable bias refer to the possibility that the presence of liberal or conservative CEOs may coincide with unobserved factors that affect both 1) the likelihood that a CEO of a given ideological leaning is at the helm, and 2) the likelihood that the firm makes a decision to adopt a CSR executive position. Such factors may affect both the baseline relationship between CEO ideology and a firm’s adoption, as well as between referent CEO ideology and focal firm’s imitation decision. To rule out this concern, we followed prior research (Gupta, Briscoe, and Hambrick, 2017) in using the two-stage modeling technique to assess the robustness of our findings, as follows.

First, we ran a first-stage model predicting the ideological bent of the CEO. In this model, we included a range of financial and non-financial metrics, such as firm size, firm performance (ROA and TSR), slack resources, advertising intensity, and the theoretically-chosen instrument variable of predecessor CEO’s ideology. Consistent with prior research (Christensen et al., 2015), we find that predecessor CEO’s ideology is a significant predictor of current CEO’s ideology ($p<0.01; F=36.38$), but it has no direct effect on the CEO's decision to adopt a CSR
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executive position. We obtained prediction values from this first stage and added them as a control in the second stage model in unreported analyses (available on request), both in the propensity vector and the contagiousness vector. Adding this control variable did not materially affect our findings, mitigating potential concerns about endogeneity.

RESULTS
Table 1 contains descriptive statistics and correlations for all variables. Table 2 reports results from the heterogeneous diffusion models predicting adoption of a CSR executive position by the focal firm. Model 1 of Table 2 contains control variables only, and Models 2 through 5 reflect tests of our hypotheses. In Model 1, we entered all the control variables in the propensity vector, plus a count of prior adoptions of the CSR executive position in the industry in the contagiousness vector. As laid out in our baseline hypothesis, CEO conservatism was a significant and negative predictor of focal firm’s hazard of adoption ($\beta=-1.214$, $p<0.01$), suggesting that liberal-leaning CEOs had a much higher hazard (i.e., rate and speed) of adoption. Also, count of prior adoptions in the industry was a significant predictor of the focal firm’s hazard of adoption ($\beta=0.521$, $p<0.01$), providing evidence that adoption decisions by referent firms lead to baseline imitation by the focal firm. Figure 2 shows the penetration of CSR executive positions across the GICS industries included in our sample, along with the average conservatism level of the CEOs leading the firms in those industries at the end of the study.

10 To ensure robustness of our results, we restricted the count of prior adoptions to those adoptions by industry peers that took place in the previous five or three years. These approaches yielded qualitatively similar results.
window. The graph suggests that “fill rates” varied substantially across industries, ranging from 11% to 70%, and no industry “filled out” during our study window. Consistent with our expectation at the firm-level, the graph conveys that industries with more conservative CEOs had a generally lower prevalence of CSR executive positions.

---Insert Tables 1 and 2 here---

We then tested our first hypothesis by adding referent CEO conservatism to the contagiousness vector, which allowed us to examine whether prior adoptions by conservative-leaning referent CEOs had a stronger influence on a focal firm’s likelihood of adoption than adoptions by liberal-leaning referent CEOs. As described earlier, this variable reflects the count of adoptions in the industry where each adoption is weighted by the conservatism of the adopting CEO. When entered in conjunction with a simple count of prior adoptions in the industry, it allows us to test whether the ideology of prior adopters matters in the focal firm’s imitation decisions above and beyond the baseline imitation effect. Our first hypothesis was strongly supported by Model 2 ($\beta=1.666$, $p<0.01$), suggesting that referent CEO conservatism has a strong positive effect on the imitation of a CSR executive position by the focal CEO. This finding lends support to our main theoretical prediction, establishing the relevance of referent CEOs’ ideology for imitation decisions by observing (i.e., focal) firms.

Our second hypothesis anticipated that shareholder CSR proxy proposals will increase a firm’s susceptibility to the contagion-enhancing effects of a referent CEO's conservatism. We find that, in Model 3, the interaction of referent CEO conservatism and shareholder CSR proxy
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proposals has a positive, significant effect on the adoption of a CSR executive position at the focal firm ($\beta=0.150, p<0.05$), suggesting strong support for our second hypothesis. This finding suggests that CSR issue salience is a potent contextual factor that amplifies the relevance of referent CEOs’ ideology for observing firms’ imitation decisions.

Our third hypothesis predicted that the relevance of referent CEOs’ ideology for the focal firm’s imitation decision is likely greater when the two sets of firms are institutionally equivalent than when they are not. As described earlier, to test this hypothesis, in Model 4 of Table 2, we split our primary variable *Peer CEO conservatism-weighted adoptions* into two separate variables: *Peer CEO conservatism-weighted adoptions (same state)* and *Peer CEO conservatism-weighted adoptions (other states)*. We then tested our hypothesis by comparing the coefficients of the two variables, finding that *Peer CEO conservatism-weighted adoptions (same state)* was a significantly stronger predictor of focal firms’ adoption of CSR executive position than *Peer CEO conservatism-weighted adoptions (other states)* ($X^2=2.31, p<0.05$). Hypothesis 3 was thus supported, corroborating our theoretical expectation which posited a heightened predictive relevance of CEO ideology for imitation among institutionally equivalent firms.

Our results remained qualitatively unchanged in the full model containing all main effect and interaction terms (Model 5), attesting to the robustness of the results.

**Effect Sizes**

In addition to being statistically significant, these results were also practically substantial in terms of their effect size: prior adoptions by highly conservative CEOs increased the focal firm’s
hazard of adoption by a factor of 5.3 ($e^{1.666}$) times as compared to prior adoptions by liberal-leaning CEOs. Each additional shareholder CSR proxy proposal demanding CSR actions corresponded to a 16% ($e^{0.150}$) increase in the focal firm’s susceptibility to referent CEOs’ ideologically-informed adoptions. When the referent and the focal CEOs lead institutionally equivalent firms, the effect of peer CEOs’ ideology-linked adoptions was about twice as strong ($e^{1.630}=5.104$) as when industry-referent firms were headquartered in different states ($e^{0.800}=2.225$).

**Additional Analyses**

To gain further support for our theory and findings, we performed additional analyses in order to 1) assess the viability of the mechanisms proposed by our theory; 2) assess the effects of CSR executive position adoption on the subsequent CSR performance of the focal firm; 3) consider the possibility that ideological homophily between the referent and the focal CEOs may affect the imitation process; and 4) evaluate whether the relevance of peer CEO ideologies for observing CEO’s adoption decisions varied over time.

**Viability of proposed mechanisms.** Our primary hypothesis, regarding the effect of a referent CEO’s ideology on the focal CEO’s imitation decision, involved two social-psychological mechanisms: 1) increased salience and 2) situational attributions associated with incongruent information. Although our research did not allow us to directly observe these mechanisms via statistical mediation, we conducted a supplementary study to assess whether liberal versus conservative CEOs’ decisions to adopt a CSR executive position corresponded
with variation in perceived information salience and attributional patterns. In this study, we used an experimental methodology to triangulate the insights gained from our observational data and approximate mechanisms that remain unobservable in the main study. Specifically, we performed a randomized experiment on Amazon’s Mechanical Turk using primary data on 201 participants (age>18, employed full-time, 55% male). The participants were given a vignette (see APPENDIX A) describing that a CEO of a large, publicly-traded company in the U.S. has created a CSR executive position to manage the firm's relationship with stakeholders. We randomly assigned half of the sampled participants to a condition in which they were informed that the CEO was conservative, while the other half was informed that the CEO was liberal. We then asked the participants to indicate the salience of this information, using an adapted informational salience scale (Cronbach's Alpha=0.93) (see APPENDIX B; Livingston, Schilpzand, and Erez, 2017). This scale enabled us to examine the degree to which participants saw the vignette as surprising, noteworthy, counterintuitive, or otherwise contrary to expectations. In addition, we asked participants to report the extent to which they would attribute the decision in the vignette to situational versus dispositional factors using two single-item measures (APPENDIX B) (Crocker et al., 1983; Srull and Wyer, 1989).

When we compared the two random samples’ information salience ratings and attributional patterns using t-tests, the results decisively supported our expectation: participants told that the CSR position was created by a conservative CEO found that information to be much more salient (β=0.75, p<0.01, mean=3.2) than those who were told that the same position was
created by a liberal CEO (mean=2.4). Additionally, participants who were informed that a conservative CEO created the position were far more likely to attribute it to situational ($\beta=0.41$, $p<0.01$, liberal condition mean=3.1, conservative condition mean=3.86) as opposed to dispositional ($\beta=-0.76$, $p<0.01$, liberal mean=3.4, conservative mean=2.6) factors than those who were told that the position was created by a liberal CEO. Consistent with attribution theory, the two items for situational versus dispositional attributions were negatively correlated with each other ($r=-.61$). These results provide support for the viability of our proposed mechanisms.

**Implications of CSR executive position for subsequent CSR performance.** Our theory posits the creation of a CSR executive position as a distinct type of CSR initiative, suggesting that the adoption of this practice signals firms’ enhanced commitment to CSR. While prior research lends support to this contention (e.g., Fu, Tang, and Chen, 2019), we sought to assess whether the adoption of a CSR executive position actually fueled firms’ CSR performance. To do so, we used fixed effects regressions to evaluate the implications of CSR executive position adoption for a firm’s subsequent social performance (APPENDIX C), as measured through MSCI-ESG database, which is the most widely used measure of firm’s CSR activities across a wide range of domains. We find that the effect is positive and significant ($\beta=.494$, $p<.01$), suggesting that the adoption of a CSR executive position indeed reflects enhanced commitment to CSR.

**Ideological homophily between the referent and focal CEOs.** While our theory has envisioned that, all else equal, adoptions of a CSR executive position by conservative-leaning
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Referent CEOs will weigh more heavily on the adoption decisions of focal CEOs, we sought to assess the possibility that an ideological convergence between the referent and the focal CEO may influence the latter’s decisions. To assess this, we interacted our primary independent variable (“Peer CEO conservatism-weighted adoptions”) with Focal CEO conservatism (included as a control in all models) to predict the focal firm’s adoption of a CSR executive position. This interaction term did not significantly predict the outcome of interest, suggesting lack of evidence for homophily as an explanation for the imitation process.

Relevance of the observability of CEO ideology over time. It seems fair to say that CEOs’ ideologies have become more publicly accessible over time due to a growing tendency among the CEOs to speak out on sociopolitical issues (Hambrick and Wowak, 2019). To assess the relevance of this temporal trend for our theory and analyses, we computed a simple time variable which took the value of one during the earliest calendar year included in the study (2001) and increased by one for each subsequent year observed. We interacted this variable with Peer CEO conservatism-weighted adoptions, our main independent variable, to test whether the effect of referent CEO’s ideologies on subsequent adoptions varied over time. This interaction term did not reach significance in any of our models, suggesting that the observability of CEOs’ ideologies to their industry peers does not show a statistically discernable temporal trend, and may not critically depend on CEOs’ sociopolitical activism.

DISCUSSION

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Our study aimed to investigate the effects of CEOs’ political ideologies on other CEOs’ imitation decisions. Specifically, we theorized that the likelihood that an observing CEO imitates a peer referent CEO depends on the perceived degree of incongruence between the referent CEO’s political ideology and the decision under question: the higher the incongruence, the more likely the emulation. To ground our arguments, we drew from research showing that liberal-leaning CEOs tend to exhibit a much stronger proclivity toward CSR initiatives than their conservative-leaning counterparts. Our theory posits that conservative CEOs’ CSR actions thus tend to be incongruent with observers’ expectations and therefore generate greater salience and situational (i.e., instrumental) attributions regarding their causes—both of which drive imitation. Not only did we find strong support for our ideas in heterogeneous diffusion models, but in our supplementary analyses, we also found evidence for the viability of our proposed mechanisms.

Moreover, we posited that some contextual factors increase focal CEOs’ susceptibility to referent CEOs’ decisions to adopt a CSR executive position. In particular, we sought to examine the moderating effects of issue salience and institutional equivalence. We theorized that a focal CEO’s willingness to search for cues about the merits of the CSR executive position is a function of the salience of CSR issues activated by CSR-oriented shareholder resolutions. This search process, in turn, elevates the focal CEO's interest in referent CEOs’ political ideology for assessing the emulation-worthiness of a CSR executive position. In addition, research on institutional equivalence suggests that actors who are situated in the same industry and geographic community are more interpersonally salient than those who are in distant locales.
Building on this premise, we found that the focal firm was more susceptible to ideologically incongruent adoptions of a CSR executive position by industry-referent CEOs located in the same community as the focal firm than to similar adoptions by industry-referent CEOs in other locales. Taken together, these findings suggest that observing firms vary in the extent to which they search for and attend to cues about the merits of CSR practices.

Implications for Future Research and Practice

Our theory and findings have crucial implications for future research at the intersection of upper echelons and interorganizational imitation. For example, researchers may examine a direct corollary of our main prediction: are liberal CEOs’ value-incongruent actions (e.g., union-busting, employment benefit cuts, or downsizing) more contagious than similar actions taken by conservative CEOs? In addition, these ideas should generalize to non-ideological contexts. For instance, is an increase in advertising intensity by a former head of marketing less influential on observers than a similar action undertaken by a CEO without a background in marketing? By that same token, is an increase in R&D intensity by a CEO without a technological background more impactful on other CEOs' decision-making regarding R&D allocation than a CEO with such a technological background? Given that “expertise” should be a positive driver of imitation, these ideas will require researchers to reconcile as to when a given CEO attribute is viewed as an indicator of expertise or a source of psychological bias.

Given that our study is among the first to utilize heterogeneous diffusion models for studying the imitation of an executive position, it points to the untapped potential of this analytic
technique for broader domains of strategy research. Future researchers may explore and exploit this potential by examining, for example, whether and when adoption of corporate strategies, such as diversification and international expansion, reflect simple contagion versus adaptation characterized by tailoring the observed strategy to the local organizational context. Are some strategies more prone to being imitated than others? What differentiates the factors that fuel the diffusion of strategies versus those that impede it? While imitation is commonly known to occur within industries and geographic locations, future research may scrutinize the strategic factors that lead some firms to consider each other as relevant benchmarks. For example, are firms with similar strategies or governance more likely to imitate each other’s’ practices? Does organizational structure affect which companies are considered worthy imitation referents for strategic practices?

Our findings highlight how CEO political ideologies shape the decision-making of other CEOs. Understanding such mechanisms of interpersonal influence among CEOs, as well as between CEOs and external actors, is a step forward in building sociocognitive theories of strategic decision-making. Future researchers may build on our ideas to assess how CEO characteristics affect the interpretations of firm actions for other categories of external actors, such as journalists, security analysts, and other state and non-state actors. Beyond stable attributes, do symbolic actions and communications of strategic leaders shape how their decisions are assessed by outside actors (Hambrick and Lovelace, 2018)?
We also contribute to research on corporate social responsibility. Though companies have long faced demands to create a dedicated CSR position, our study is among the first to examine the adoption and diffusion of CSR executive position. In so doing, it paves the way for future researchers to examine the implications of adopting a CSR executive position, beyond a sheer increase in CSR engagement (Fu et al., 2019). For instance, does the presence of CSR executives increase the likelihood that firms will exhibit a heightened propensity to imitating each other’s CSR actions or does it indicate a shift toward more local and mindful devising of CSR initiatives? Are CSR executives more likely to look to their counterparts in the civil society sector and vice versa?

Finally, by pointing out that the firms tend to emulate (discount) adoption decisions when they are enacted by actors with incongruent (congruent) ideologies, our study encourages strategic decision-makers to more carefully reflect on their biases and prejudices. While viewing liberal CEOs as pro-CSR and conservative CEOs as anti-CSR may help make sense of complex reality, it can also lead to misjudgments, as observing firms might overlook otherwise attractive practices just because they were enacted by someone with known ideological predispositions. Conversely, decision-makers may guard against the bias in which incongruence-based inferences are substituted for careful analysis and evidence. On the opposite of the equation, our findings also provide direct insights to CSR advocates, such as social activists, by pointing out which firms they need to target (i.e., those led by conservative CEOs) to spur industry-wide adoption of the CSR initiatives.

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Limitations

Needless to say, our study is not without limitations, which we hope future research will address. First, while we made an earnest effort to assess the viability of our envisioned mechanisms using an experimental analysis, we were not able to assess them directly via statistical mediation. Future researchers should collect primary data to estimate their generalizability. Second, our reliance on observational data necessitated that we treat all adoptions of a CSR executive position as equivalent, an assumption that needs validation and refinement as it is possible that some firms afford greater discretion to the officers occupying this position than others. Lastly, our measurement of CEO political ideology was inevitably imprecise because of our reliance on publicly available data on political donations. Future research may devise more accurate techniques for gauging the actual and perceived political ideologies of corporate actors.
ACKNOWLEDGEMENTS

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REFERENCES


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Figure 1. Prevalence of CSR Executive Position among Fortune 500 Firms (2001–2013)

Figure 2. Fill rates and Average CEO conservatism for 4-digit-GICS industries during the study window
### Table 1. Descriptive statistics and correlations

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<th>Variables</th>
<th>Mean</th>
<th>S.D.</th>
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<th>(11)</th>
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<td>9.40</td>
<td>.92</td>
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<td>(2) Firm prestige (Fortune best places to work)</td>
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<td>.06</td>
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<td>(3) Return on assets</td>
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<td>.09</td>
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<td>(4) Total shareholder returns</td>
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<td>(7)</td>
<td>Board conservatism</td>
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<td>-.01</td>
<td>-.07</td>
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<td>-.22</td>
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<td>(11)</td>
<td>Shareholder CSR proxy proposals</td>
<td>.28</td>
<td>.65</td>
<td>.33</td>
<td>.04</td>
<td>.08</td>
<td>-.01</td>
<td>.15</td>
<td>.08</td>
<td>.05</td>
<td>-.00</td>
<td>-.07</td>
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<tr>
<td>(12)</td>
<td>Prior adoptions among board interlocked firms</td>
<td>1.17</td>
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<td>.11</td>
<td>-.01</td>
<td>.00</td>
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<td>.02</td>
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<td>(13)</td>
<td>Prior adoptions among industry peer firms</td>
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<td>-.03</td>
<td>-.01</td>
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N = 4,446; Dependent variable was not included in the table owing to the fact that firms drop out of our model as they adopt the practice.
Table 2. Heterogeneous diffusion models predicting adoption and imitation of CSR executive position among F500 firms (2001–2013) (N=4,446)

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<tr>
<th>Variables</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
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<td>Peer CEO conservatism-weighted adoptions × Shareholder CSR proxy proposals</td>
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<tr>
<td></td>
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<td>(1.265)</td>
<td>(1.266)</td>
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<td>(1.235)</td>
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<td>Industry fixed effects</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
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<td>503.53</td>
<td>508.09</td>
<td>580.60</td>
<td>586.26</td>
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</table>

- p-values reported in parentheses ()
APPENDIX A. Supplementary Analyses: Verification of Mechanisms

News vignette:

Liberal condition:

The CEO of a well-known, publically-traded company in the U.S. has recently appointed a chief sustainability officer. The person occupying this new position will be in charge of companies’ activities related to corporate social responsibility. Specifically, the person will examine issues such as workplace diversity through different hiring and training practices, engagement in community outreach, philanthropic activities, as well as managing company’s impact on the environment.

The CEO leans liberal in terms of political ideology.

Conservative condition:

The CEO of a well-known, publically-traded company in the U.S. has recently appointed a chief sustainability officer. The person occupying this new position will be in charge of companies’ activities related to corporate social responsibility. Specifically, the person will examine issues such as workplace diversity through different hiring and training practices, engagement in community outreach, philanthropic activities, as well as managing company’s impact on the environment.

The CEO leans conservative in terms of political ideology.
CEO Political Ideology and CSR Executive Position
APPENDIX B. Supplementary Analyses: Scales

Informational Salience Items (Adapted from Livingston, Schilpzand, and Erez, in press)
## CEO Political Ideology and CSR Executive Position

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neither agree nor disagree</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I felt surprised when I read about this CEO's decision, given what I know about the CEO's political ideology.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☐</td>
</tr>
<tr>
<td>Based on what I know about this CEO’s political ideology, I would not have expected the CEO to make this decision.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>This CEO’s decision was noteworthy to me — I had to think twice about it.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>This CEO’s decision goes contrary to my expectations based on what I know about the CEO’s political beliefs.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>This CEO’s decision is NOT what I would have expected it to be.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

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CEO Political Ideology and CSR Executive Position

Situational versus Dispositional Attributions Items

Given the CEO’s political ideology, do you think the CEO chose to appoint a Chief Sustainability Officer for instrumental reasons (based on cost-benefit analysis, such as avoiding confrontation with stakeholders, such as activists, in the society, and gaining and maintaining goodwill)?

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neither Agree Nor Disagree</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

Given the CEO’s political ideology, do you think the CEO chose to appoint a Chief Sustainability Officer for personal taste and preferences (based on individual’s values and beliefs)?

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neither Agree Nor Disagree</th>
<th>Agree</th>
<th>Strongly Agree</th>
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<tr>
<td>1</td>
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<td>3</td>
<td>4</td>
<td>5</td>
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### APPENDIX C. Fixed Effects Regressions Predicting Subsequent CSR Performance

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<th>Variables</th>
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<td>Firm size (net sales)</td>
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<tr>
<td>Sales growth</td>
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<tr>
<td>Debt-equity ratio</td>
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<td>(0.001)</td>
</tr>
<tr>
<td>Return on Assets</td>
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<td>(0.002)</td>
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<td>Total shareholder returns</td>
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<td>(0.000)</td>
</tr>
<tr>
<td>Firm prestige (Fortune best company)</td>
<td>0.018</td>
<td>(0.007)</td>
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<td>Firm age</td>
<td>0.301</td>
<td>(0.032)</td>
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<td>CEO shareholdings</td>
<td>-0.003</td>
<td>(0.006)</td>
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<td>Adoption of CSR executive position</td>
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