# Online Appendix to "Why Do Corporations Engage in LGBT Rights Activism?"

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# A Methodological Appendix

## A.1 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. 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.[1] We then drop any company that was never in the S&P 1500. This leaves us with 553 firms that were among the largest 500 corporations for at least one year between 2012 and 2016. Companies are headquartered in 40 different states plus the District of Columbia. The number of employees ranges widely, from 205 to 2,300,000. Cumulatively, these corporations employ more than 25 million people.

To capture instances of activism from a slightly longer time period, including the year following the 2016 election, we expanded our search for activism from these companies by one year on either side and merged our list of companies with quarterly financial records from the first quarter of 2011 through the fourth quarter of 2017 (also using the Compustat database; Standard & Poor's/Compustat 2018).

## A.2 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 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.

LGBT rights can be divided 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 [Gallup 2018]). We now present a brief description of each of the issues where we identified instances of corporate activism.

***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

1. Therefore, we only include publicly-traded corporations in our population. There are too few private companies—not traded on a major exchange—among America's largest firms, 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.

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 the 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.[2]

***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 (RFRAs) were not explicitly designed to allow discrimination of LGBT individuals (or minority religious groups), enabling such discrimination was arguably the intent of this 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, several 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 reversed this guidance, and the Supreme Court 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.

## A.3 Types of Public Statements

For each of the 553 corporations in the 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 seven types of public statements: Supreme

2. This timeline is adapted from a *USA Today* online article (Wolf 2015).

Court briefs, lobbying disclosures, PAC contributions, press releases, tweets, open letters, and interviews or speeches. We turn now to describing each 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 the 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 the database. Supreme Court briefs were accessed through SCOTUSblog (2018) and the American Bar Association (2018).

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 law 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). Therefore, it is not the company's legal team that is creating these briefs; a third party files the brief and the individual corporation must agree to sign on as an *amici*.

***Congressional and executive branch lobbying.*** The Lobbying Disclosure Act of 1995 mandates that lobbyists register with Congress and file quarterly lobbying disclosures to report any lobbying of the legislative or executive branch. Using the Center for Responsive Politics' OpenSecrets.org (2018) bulk data, we recorded any time a corporation lobbied on an LGBT issue in a given quarter.

Oftentimes, lobbying disclosures are vague. A lobbyist is required to note which issues they are lobbying on, and sometimes they will only list the issue without noting their position on the issue. (A lobbying disclosure might say "Equality Act" instead of "Equality Act — support," for example.) We make the assumption that companies that lobbied on an LGBT issue always supported LGBT rights. This is a relatively weak assumption, since every company that lobbied on LGBT rights also showed some other public indication of support for LGBT rights.

***Corporate PAC contributions.*** To locate corporate PAC contributions, we first identified all Federal Election Commission (FEC) PAC identification numbers though FEC's website. We then merge this list with the Center for Responsive Politics' OpenSecrets.org (2018) PAC-to-PAC contributions bulk data. The only LGBT-related PAC that corporate PACs contributed to was Equality PAC, the House LGBT Equality caucus' affiliated

PAC, which supports LGBT candidates and LGBT issues. We summed each corporations' quarterly contributions and then noted any time the corporation made a non-negative contribution to the LGBT Equality PAC.

***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 (84%) of the corporations in the sample had an official Twitter account, which 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.[3]

***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 in this category, like business coalitions (groups of companies with specific political goals) and op-eds. 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 the 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. (We only include activism by the CEO if they are specifically speaking out on behalf of their company.) 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

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

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."

## A.4 Search Parameters (for Soft Activism)

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 the 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. 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.

We did not include CEO Twitter accounts in the 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. Notedly, the overwhelming majority of Fortune 50 CEOs have no Twitter account of their own. CEO tweets are only included in the database if they were uncovered them during our search of business news.

The 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 newspapers (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*.

## A.5 Activity by Economic Sector

Table A.1 presents levels of corporate activism on LGBT issues by GICS economic sector. As is immediately evident, a simple theory of corporate political activity that only focuses on the desire to court customers is insufficient to explain LGBT rights activism. Although corporate activism varies by sector, companies within every sector are active on LGBT rights. Even firms that face no competition from other companies and therefore have no need to court customers (like government-regulated utilities) engage in activism.

**TABLE A.1. LGBT activism is present in every economic sector**

| Code | Sector name | Active | N |
|---|---|---|---|
| 10 | Energy | 3% | 38 |
| 15 | Materials | 12% | 43 |
| 20 | Industrials | 26% | 87 |
| 25 | Consumer Discretionary | 39% | 104 |
| 30 | Consumer Staples | 44% | 48 |
| 35 | Health Care | 46% | 50 |
| 40 | Financials | 54% | 63 |
| 45 | Information Technology | 56% | 52 |
| 50 | Communication Services | 52% | 27 |
| 55 | Utilities | 24% | 33 |
| 60 | Real Estate | 38% | 8 |

GICS economic sectors used to categorize corporations. "Active" column indicates the percentage of corporations within the category that were active on LGBT rights issues at least once between 2011 and 2017 (the dependent variable used in Model 21, the logistic regression).

## A.6 Control Variable Descriptions

This section gives a further description of control variables that were only briefly described in the paper.

***Diversity climate.*** Companies that have a stronger track record for diversity should be more likely to form LGBT ERGs and more likely to be publicly active on LGBT rights. To measure firm diversity, we conduct a one-dimensional factor analysis on four diversity-related corporate social responsibility variables in the KLD database (MSCI ESG Research 2017). The KLD database contains information on corporate practices across multiple dimensions but we focus on firm diversity. Corporations scoring high on the firm diversity index will have women on the board of directors and in senior management, racial minorities on their board of directors, and actively recruit women and racial minorities into their workforce.[4] We use 2013 data since this is the most recent year available in the Wharton Research Data Services database.

***LGBT HR policies.*** To capture how supportive of LGBT employees a company is, we created a modified Corporate Equality Index score that only includes human resources policies. A perfect score on the modified CEI means that a company has non-discrimination protections for sexual orientation and gender identity, offers LGBT-inclusive fringe benefits (including covering transitioning surgeries), and has LGBT-inclusive diversity training. We then standardize this variable relative to each CEI survey year because the survey criteria change slightly from year to year and it is the company's position relative to others that matters most. Thus, the modified CEI variable captures the pro-LGBT orientation of human resources policies. We expect that companies scoring high on this variable will be more likely

4. Specifically, we use four indicator variables from the KLD database: (1) no women on the board of directors and senior management, (2) strong gender diversity on the board of directors, (3) no racial minorities on the board of directors, and (4) efforts to recruit women and racial minorities into the workforce.

to engage in pro-LGBT activism. Further details on the construction of this variable are located in Appendix C.[5]

***Market dominance.*** The first market forces variable captures the corporation's dominance of their sub-industry (using the GICS industry classification system).[6] From the entire Compustat annual database, we drop all companies headquartered outside of the United States, then calculate the sum of the revenue within each sub-industry for each year. To measure market dominance, we divide annual firm revenue by the total sub-industry revenue in that year. This variable theoretically ranges from 0 to 1, where 1 indicates that 100% of sub-industry revenue can be attributed a single corporation alone. Companies that command more of their industry's market should have more freedom to engage in corporate activism; without major competition, they won't be worried about losing business to other companies. In the observed dataset, the minimum rounds down to 0 and the maximum is 1. However, the average is 0.15 and the vast majority of corporations have a market share between 0 and 0.2.

***Recognizable company.*** The second market forces variable is a dichotomous measure of whether the company is one of the most recognizable brands, as determined by the Harris Poll. We expect that companies with more recognizable brands will be more likely to further promote their name recognition by taking public stances in support of LGBT rights. Recognizable companies may also be more likely to feel pressure from boycotts (or benefit from buycotts). Each year, the marketing research firm Harris Insights & Analytics fields the Harris Poll, which they use to construct the Reputation Quotient, a measure of how positive or negative a firm's reputation is. As described by the Harris Poll's website, "This measure takes the top most visible companies (for good or bad reasons)... If a company is not on our list, it does not necessarily suggest that they have either good or bad reputation, but rather they didn't reach a critical level of visibility to be measured." For a measure of firm recognizably, we determined whether the corporation was ranked in the Reputation Quotient and was therefore one of the 100 most recognizable companies for each year from 2011 to 2017. (Although before 2015, only 60 companies were included in the Reputation Quotient report.) If companies were ranked in the Reputation Quotient in a given year then they received a value of one on the variable and zero if they were not ranked by the Reputation Quotient.[7]

***Assets.*** The third variable that we include to capture market forces is quarterly total assets (log-transformed), obtained through the Compustat database. For the same reason that we expect more visible companies to have a stronger economic interest to be active on LGBT rights, we also expect larger companies to have a stronger economic interest to be active on LGBT rights: larger companies should be more prone to boycotts and buycotts.

5. Previous research has validated the accuracy of HRC's CEI. Briscoe and Safford (2008) find few discrepancies between HRC data, what ERG groups told them, and a survey of HR professionals regarding whether a firm provided healthcare benefits to domestic partners.

6. If we instead use the NAICS industry classification system to define the firm's sub-industry, the coefficient on the market share variable is still statistically insignificant.

7. Data was obtained through an archive.org search of the Harris Poll's website (`https://theharrispoll.com/`, previously `http://harrisinteractive.com`; accessed 09/06/2018) and by email from Harris Interactive.

They are also more likely to have large, active media relations and legal teams that can engage in LGBT activism.

***Pride parade sponsor.*** The fourth and final market forces variable is an indicator for whether the company sponsors pride parades. To capture whether a corporation advertises to the LGBT community, we determined whether the company ever sponsored one of the five largest U.S. LGBT pride parades between 2011 and 2017. Pride parades are enormous events that are one of the best opportunities for corporations to advertise to the LGBT community and try to win over potential customers and employees. Sponsoring a smaller pride parade would 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. Unlike supporting an LGBT interest group or business coalition, sponsoring pride parades is not necessarily a statement of support for a pro-LGBT public policy agenda; it is an attempt to position a company's brand as inclusive of the LGBT community. If companies are taking liberal stances on LGBT rights issues in order to win over customers, then we expect companies that sponsor pride parades to be more active on LGBT rights.

To construct this variable, we located three lists of the largest pride events and identified five cities 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. 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. The variable takes the value of one if a company sponsored any of these five pride parades in any year between 2011 and 2017. See Appendix D for a list of sources used in the construction of this variable as well as a list of articles for further reading on pride parades.

***Corporate PAC liberalism.*** As a measure of a corporation's political action committee liberalism, we generate an ordinal measure using Bonica's (2014, 2016) DIME Database. We first identified each corporation's FEC ID number and then merged this list with the DIME database.[8] If a firm did not make any contributions between the 2010 and 2016 election cycles or lacked a PAC altogether, the corporation receives a value of 0 on the ordinal measure of PAC ideology. If the firm's PAC CF score was *above* the median corporate CF score (they are conservative), the corporation receives a value of -1 on the PAC ideology variable; and if the firm's PAC CF score was *below* the median corporate CF score (they are moderate/liberal), the corporation receives a value of 1 on the PAC ideology variable. Therefore, the corporate PAC ideology variable is capturing the liberalism of the PAC. If corporations are engaging in political activity on LGBT rights as a part of their existing political strategies—and existing relationships with political parties—this variable should be positively correlated with LGBT rights activism. On this measure of PAC ideology, 130 corporations had a conservative PAC (-1), 292 had no active PAC (0), and 131 had a moderate PAC (1).

8. Sometimes corporations have multiple active PACs. If this was the case, we used the FEC ID number of the PAC that made more contributions or, if there was a federal elections and state elections PAC, we used the FEC ID number of the federal elections PAC.

***Industry-specific regulation index.*** We also measure how heavily-regulated the corporation is by the federal government. Corporations whose profitability depends upon maintenance of positive relations with the federal government should be less likely to oppose the status quo. Corporate activism on LGBT rights—encouraging the government to be more pro-LGBT—may harm a company's relationship with the government. To capture how regulated a company is, we use industry regulation data from QuantGov's RegData, a product of the Mercatus Center at George Mason University (McLaughlin and Sherouse 2018). We take the log of the number of industry-relevant restrictions codified in federal regulations (using the Annual Industry-Level Summary Statistics file). This variable is measured annually for each sub-industry. In the dataset, companies in the Transportation and Healthcare sectors face the highest levels of regulation.[9]

***Industry-level activism.*** To test for the presence of mimetic isomorphism, we generate a variable for the percent of corporations within the firm's GICS sub-industry that supported LGBT rights in the previous quarter.[10] The variable takes the value of zero if the company is the only firm within the sample in its sub-industry. If corporations are learning from their peers, then they should be more likely to be active on LGBT rights when more of their peers are active, and less active on LGBT rights when less of their peers are active.

***Local LGBT rights attitudes.*** We also expect corporations headquartered in pro-LGBT areas to be more likely to engage in corporate activism. To account for this possibility, we create a measure of pro-LGBT policy attitudes using data from the Public Religion Research Institute (PRRI) (2018). PRRI polls ask three questions about LGBT policy attitudes and results are available at the state-level and metro area-level. First, they ask whether respondents support same-sex marriage. Second, they ask whether respondents support laws that protect LGBT individuals from discrimination in employment, public accommodations, and housing. Third, they ask whether respondents support the right of small business owners to discriminate against same-sex couples on the basis of their religious beliefs. Since sample sizes for some states are quite small, we aggregate all available polling data between 2014 and 2017 (each year that LGBT policy attitudes were polled).[11] We identify the metropolitan area where the company is headquartered and use the metro area polling data associated with that city; and if the company is not headquartered in a metro area, we use state-level data.[12]

For each metro area and state, we generate an index of pro-LGBT public policy attitudes by adding percentage support for same-sex marriage, support for non-discrimination laws, and opposition to religious-based denials of service and then divide this number by 3.

9. State-level regulation data does not exist for every state from RegData. Regardless, most corporations in the sample are national corporations that do business across the U.S., so it would be difficult to construct a valid measure of regulation using state-level data.

10. We obtain similar results for this variable if we instead use NAICS sub-industries.

11. Same-sex marriage was polled 2014-2017, non-discrimination laws was polled 2015 & 2017, and service refusal on the basis of religion was polled 2015-2017.

12. We used the U.S. Census Bureau's Combined Statistical Area to match the city headquarters with metro-area polling data. For example, if a business was headquartered in the San Jose-San Francisco-Oakland Combined Statistical Area, we used metro polling data for San Francisco for that company. According to the Census Bureau, "Combined statistical areas (CSA) consist of two or more adjacent metropolitan and micropolitan statistical areas that have substantial employment interchange." (See `https://www.census.gov/geo/reference/webatlas/csa.html`. Accessed 10/20/2018.)

The resulting index theoretically ranges from 0 to 1 and can essentially be interpreted as the percent support for LGBT rights in the area where the company is headquartered. In the observed dataset, the index ranges from 0.48 (in the state of Alabama) to 0.78 (in the Boston metro area) and the mean is 0.65.

***National context variables.*** To measure the broader social context, we include variables for **LGBT news coverage** and **public support for same-sex marriage**. Similar to an Error Correction Model, we include two operationalizations of each variable: a one-period lag and the first difference (the change since the previous period). With respect to news coverage, the multilevel models include the number of newspaper headlines that discussed LGBT topics in a given quarter. To obtain this number, we conducted a LexisNexis Academic search of LGBT-related headlines in *The New York Times*, *The Wall Street Journal*, and *USA Today* using the search term: `HEADLINE("same-sex" OR "LGBT" OR "transgender" OR "gay" OR "lesbian" OR "bisexual" OR "homosexual")`. With respect to public support for same-sex marriage, we include the net approval for same-sex marriage as determined by Gallup.[13] All four national context variables are standardized in order to aid in their interpretation. Multilevel models also include a linear time trend.

## A.7 Additional Controls for Appendix B.1

Additional control variables described in this subsection are used in the analyses presented in Appendix B.1, the "Are Employee Groups Exogenous?" robustness checks.

***Immigration activism.*** As a placebo test, and a control for general inclination toward public social activism, we also conducted a search for immigration-related activism. Maks-Solomon (2019) finds that LGBT rights and immigration are the most common forms of corporate activism, with activism on racial justice and women's rights being much less frequent. In line with the findings of Maks-Solomon, in a preliminary investigation of corporate activism—that eventually led to this paper—we identified LGBT rights and immigration as the two areas that saw the most activism by corporations. Other issues, like gun control, received virtually zero activism. Immigration-related activism can therefore serve as a baseline with which LGBT rights activism can be compared.

To identify instances of immigration activism, we used the same methods used to identify instances of LGBT rights activism. During the time series, the main immigration-related issues on the national agenda where corporations engaged in activism were the Deferred Action for Childhood Arrivals (DACA) program and the Trump Muslim travel ban. Although less frequent, other lobbying occurred on the DREAM Act and a U.S.-Mexico border wall. In each instance of activism, corporations only supported the liberal side of immigration; they

13. Since public support for same-sex marriage is not measured quarterly, we use all Gallup poll results and assume monotonic linearity of changes in public opinion from one poll to the next. We measure national support for same-sex marriage as determined by a Gallup (2018) poll that asked "Do you think marriages between same-sex couples should or should not be recognized by the law as valid, with the same rights as traditional marriages?" Obviously, same-sex marriage is not the only LGBT rights issue, but support for same-sex marriage should serve as a rough proxy for acceptance of LGBT individuals. A 2015 IPSOS-Reuters poll found nearly identical support for same-sex marriage and LGBT non-discrimination protections (Breitman 2015). Because we needed a national poll that was conducted regularly between 2011 and 2017, we use a poll of support for same-sex marriage since a poll of acceptance of the LBGT community was not available with a consistent wording for all years under investigation in this study.

never showed support for the conservative side.[14] Eleven percent (11%) of the firms within the sample engaged in liberal immigration activism at any point during the time series. Eighty-four percent (84%) of companies that engaged in immigration activism also engaged in LGBT rights activism; and 26% of companies that engaged in LGBT rights activism also engaged in immigration activism.

***Sector LGBT population.*** To estimate the LGBT population within each economic sector, we use Cooperative Congressional Election Study (CCES) survey data from 2016 (Ansolabehere and B. F. Schaffner 2017). In the 2016 survey, respondents were asked about their sexual orientation and transgender identity. At the individual-level, we generated a variable for whether the respondent identified as LGBT. Specifically, if their sexual orientation was not "heterosexual / straight" and/or they said that they identified as transgender, we included them in our definition of LGBT. (Respondents who "prefer not to say" in response to these questions were determined to be non-LGBT because they didn't choose to identify as such in the survey.) Additionally, the CCES asks respondents which industry they work in, roughly corresponding with the NAICS economic sectors.[15] Using survey weights specifically designed to estimate the LGBT population, we estimate the sector-level percent of workers who are LGBT.[16]

The sectors with the largest LGBT populations (about 14%) are: Arts, Entertainment, and Recreation; Accommodation and Food Services; and perhaps surprisingly, Agriculture, Forestry, Fishing, and Hunting. The sectors with the lowest LGBT populations (about 6%) are: Administrative and Support Services; and Manufacturing.

***Sector gay marriage support.*** We use Multilevel Regression with Post-stratification (MRP) to create the support for same-sex marriage variable. To create the variable, we begin with individual-level survey data from the Cooperative Congressional Election Study (CCES) from 2012, 2014, and 2016 (Ansolabehere and B. Schaffner 2013; Schaffner and Ansolabehere 2015; Ansolabehere and B. F. Schaffner 2017).[17] As aforementioned, during some years of the CCES, respondents are asked in which economic sector they work, roughly corresponding to NAICS economic sectors. To ensure consistency across years, we recoded NAICS/CCES sectors so that there were 19 unique categories. There are 148,961 respondents in our combined CCES dataset. The number of respondents per sector ranges from 415 to 22,528.

14. Like for LGBT rights, we assume that all lobbying was in the liberal direction. All companies that lobbied on immigration also engaged in some other form of liberal activism in support of immigration, with the exceptions being Cognizant Technology, Motorola, Oracle, and Principal Financial. For these four companies, we assume that their lobbying was supporting the liberal side of the issue, given that all other activism on immigration was in the liberal direction.

15. The companies in our sample fit into 19 different NAICS/CCES economic sectors.

16. One alternative strategy for estimating the sector-level LGBT population might be using Multilevel Regression with Post-stratification. However, such an analytic strategy seems inappropriate given the fact that we are attempting to estimate the percentage of the population that is LGBT, a demographic group. In other words, it would not be valid to derive an estimate of a demographic statistic (percent LGBT) using an MRP model that has random intercepts for other demographic characteristics (race, education, and gender).

17. Same-sex marriage was the only LGBT issue polled in the CCES; but as documented previously, approval for same-sex marriage tracks approval for LGBT non-discrimination policies (see Footnote 13 within this document).

The size of post-stratification cells are estimated using IPUMS data (the same data used to generate our measure of employee education).[18] With the IPUMS data, we used survey-weights to estimate the population of employed workers in 54 demographic groups for each of the 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 MRP model, we include random effects for race × gender, age × education, age, education, NAICS sector, and survey year. We also add two continuous level-2 predictors: industry-specific family income (of non-managers) and industry-specific unionization (of non-managers).[19] 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-2 predictors because data on religion, for example, is not available at the industry-level.

Our MRP estimates of support for same-sex marriage 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. The correlation between this variable and the industry-level LGBT population variable is 0.68.

***Historical reputation for diversity.*** To account for the role that historical reputation may play in both corporate activism and employee groups, we use historical data from the KLD database. Instead of the firm diversity index (which uses 2013 data), we replace this variable with two different measures of the firm's historical diversity orientation (which uses 2005 data). Before 2005, many of the firms in our sample were not yet in existence, so we choose 2005 as the earliest year with data available that gives us a large-enough sample.

Included in Model 9, the first variable is a dummy variable indicating whether the company offered health care benefits to domestic partners of employees in same-sex relationships in 2005. We use KLD data instead of CEI data from 2005 because there is no selection bias in the KLD data. Recall that before 2011, the CEI did not provide any ratings for companies who refused to respond to their survey—a red flag for selection bias.

Included in Model 10, the second variable is the number of diversity strengths in 2005. KLD tracks indicators of corporate social responsibility on firm practices related to diversity in human resources, hiring, and management. The composite variable, diversity strengths, ranges from 0 (for companies that have no indication of making diversity a priority) to 6 (for companies that have all six diversity practices tracked by KLD).

18. 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 is 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 gay marriage support.

19. 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.

## A.8 Correlations

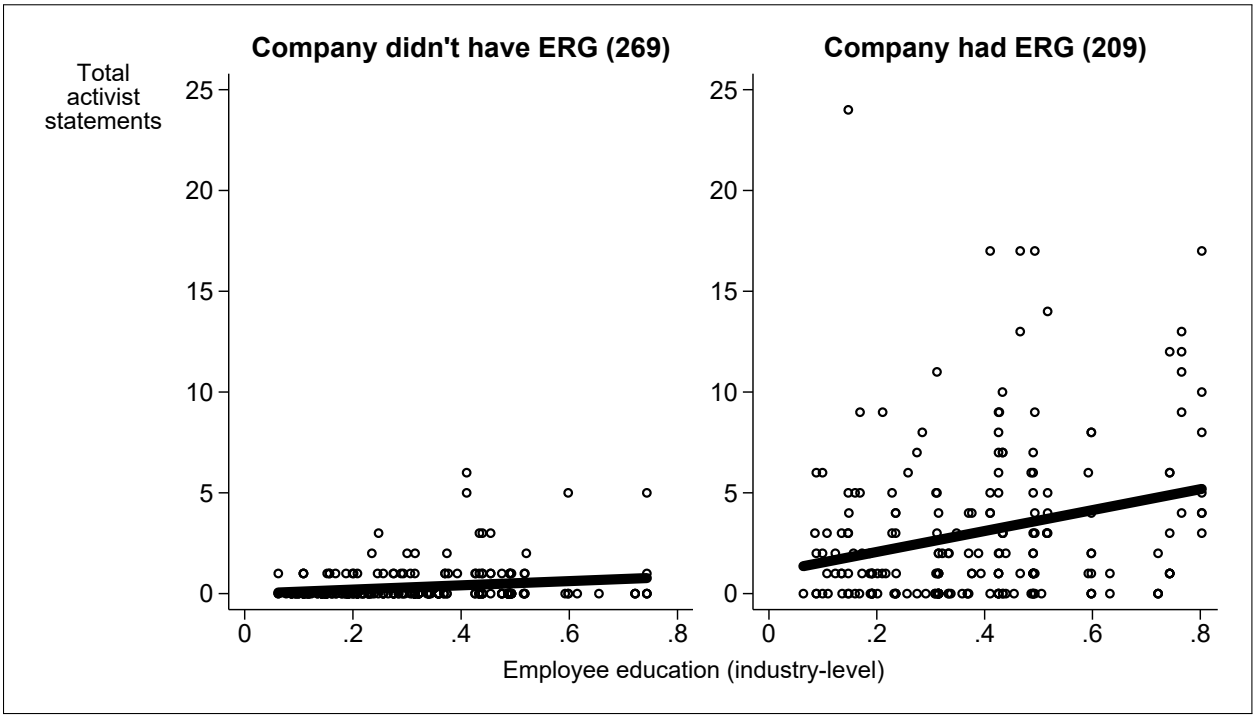
As expected, the strongest correlates of having an LGBT ERG are the LGBT HR policies variable (0.81) and the firm diversity climate index (0.50). However, there is still variation in LGBT ERG presence that is not explained by a company's LGBT HR policies, as can be seen in Figure C.2. The other variables that correlate highly with one another are the national-level social context variables and the time trend. Public support for same-sex marriage (lagged) is highly collinear with time (0.97); additionally, changes and lagged values on the news coverage variable highly correlate with one another (-0.62).

**TABLE A.2. Summary statistics and correlation matrix.**

| VARIABLE | AVG. | SD | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) | (17) | (18) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **(1) Activism (standardized)** | 0.00 | 1.00 | 1.00 | | | | | | | | | | | | | | | | | |
| **(2) LGBT employee group** | 0.58 | 0.49 | 0.16 | 1.00 | | | | | | | | | | | | | | | | |
| **(3) Employee education** | 0.34 | 0.18 | 0.11 | 0.22 | 1.00 | | | | | | | | | | | | | | | |
| **(4) Diversity climate** | 0.51 | 0.71 | 0.13 | 0.50 | 0.09 | 1.00 | | | | | | | | | | | | | | |
| **(5) LGBT HR policies** | 0.00 | 1.00 | 0.18 | 0.81 | 0.26 | 0.49 | 1.00 | | | | | | | | | | | | | |
| **(6) Market dominance** | 0.15 | 0.17 | 0.12 | 0.18 | 0.00 | 0.21 | 0.13 | 1.00 | | | | | | | | | | | | |
| **(7) Recognizable company** | 0.10 | 0.30 | 0.18 | 0.26 | 0.02 | 0.29 | 0.25 | 0.42 | 1.00 | | | | | | | | | | | |
| **(8) Assets (log)** | 23.42 | 1.40 | 0.16 | 0.39 | 0.34 | 0.48 | 0.37 | 0.35 | 0.40 | 1.00 | | | | | | | | | | |
| **(9) Pride parade sponsor** | 0.09 | 0.29 | 0.16 | 0.25 | 0.09 | 0.25 | 0.26 | 0.18 | 0.40 | 0.27 | 1.00 | | | | | | | | | |
| **(10) Corporate PAC liberalism** | 0.00 | 0.69 | 0.06 | 0.10 | 0.21 | 0.01 | 0.12 | 0.03 | 0.03 | 0.11 | 0.13 | 1.00 | | | | | | | | |
| **(11) Industry regulation index** | 8.80 | 1.57 | -0.02 | 0.05 | -0.15 | 0.11 | 0.02 | -0.02 | 0.02 | 0.04 | -0.08 | -0.10 | 1.00 | | | | | | | |
| **(12) Industry-level activism (lag)** | 0.04 | 0.13 | 0.08 | 0.10 | 0.16 | 0.05 | 0.12 | -0.03 | 0.09 | 0.10 | 0.09 | 0.05 | -0.03 | 1.00 | | | | | | |
| **(13) Local LGBT rights attitudes** | 0.65 | 0.06 | 0.10 | 0.26 | 0.32 | 0.13 | 0.29 | 0.08 | 0.06 | 0.08 | 0.12 | 0.24 | -0.12 | 0.09 | 1.00 | | | | | |
| **(14) News coverage (change)** | 0.00 | 0.98 | 0.08 | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.01 | 0.05 | 0.00 | 1.00 | | | | |
| **(15) News coverage (lag)** | 0.00 | 0.98 | -0.03 | 0.03 | 0.00 | 0.00 | 0.00 | 0.01 | 0.02 | 0.03 | 0.00 | 0.00 | 0.02 | 0.13 | 0.00 | -0.62 | 1.00 | | | |
| **(16) National opinion (change)** | 0.00 | 0.98 | 0.05 | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.01 | 0.00 | 0.00 | 0.01 | -0.07 | 0.00 | 0.28 | -0.28 | 1.00 | | |
| **(17) National opinion (lag)** | 0.00 | 0.98 | 0.06 | 0.08 | 0.00 | 0.00 | 0.00 | 0.02 | 0.06 | 0.07 | 0.00 | 0.00 | 0.05 | 0.13 | 0.00 | -0.01 | 0.47 | -0.03 | 1.00 | |
| **(18) Time trend** | 14.46 | 8.06 | 0.06 | 0.08 | 0.00 | 0.00 | 0.00 | 0.02 | 0.05 | 0.07 | 0.00 | 0.00 | 0.06 | 0.11 | 0.00 | 0.00 | 0.44 | 0.09 | 0.97 | 1.00 |

As can be seen below in Figure A.1, when running a simple bivariate model, corporations with LGBT employee resource groups (right panel) made more public statements in support of LGBT rights than those without LGBT ERGs (left panel), yet this relationship is clearly conditional upon employee education. The most activism comes from educated workforces that have LGBT ERGs. Also note that Figure A.1 shows substantial variation in levels of employee education among companies with and without an LGBT ERG.

**FIGURE A.1. Activism vs. employee education, by ERG presence**




Graphs by whether the company had an ERG throughout 2011 to 2017. Number of companies in each category is in parentheses. There is one observation per company. Each panel includes a line of best fit. Note that employee education is the percentage of non-management employees who have a bachelor's degree (measured at the Census industry level).

# B Robustness Checks

There are four sections to this appendix. In the first section, we attempt to address endogeneity. In the second section, we describe alternative specifications of Model 2. In the third section, we use a Heckman selection model to address concerns of selection bias in HRC's Corporate Equality Index. In the final section, we present the marginal effect of LGBT ERGs on corporate activism across all 25 models to demonstrate the robustness of our findings.

Viewed collectively, the robustness checks do not require us to revise any of the main conclusions reached in our paper. To briefly summarize the results across each alternative specification: the ERGs × education interaction term is always statistically significant. The recognizable companies variable is also consistently significant, as is the pride parade sponsors variable (with a few exceptions). Occasionally, the industry-level activism variable is statistically significant. Only rarely are one of the consumer-oriented industries more active on LGBT issues than the average industry. Interestingly, in the company-level analyses only, we do see that the market dominance variable is consistently statistically significant at the 0.05 level—suggesting that companies more dominant within their industry are more active on LGBT rights.

## B.1 Are Employee Groups Exogenous?

As described in the paper, we identify multiple forms of endogeneity that could lead us to find a false positive statistical association between ERGs and activism at high levels of employee education. In this section, we describe each of the analyses that we conducted to account for these forms of endogeneity. Variable definitions are described at greater length in Appendix A.7.

***Using immigration activism as a baseline with which to compare LGBT rights activism.*** One concern is that our results could be conflating the firm's latent propensity for activism, which would lead companies to engage in LGBT rights activism and form activism-oriented LGBT ERGs. We account for this possibility with two different analytical strategies. The first is a placebo test and the second is to control for activism in another issue area, both presented in Table B.1. As discussed in Appendix A.7, we find that companies also frequently engaged in activism on immigration issues. Companies that engaged in immigration activism were also likely to engage in activism in support of LGBT rights. A $\chi^2$ test of LGBT rights activism vs. immigration activism is statistically significant ($\chi^2 = 69.48$; $p - val = 0.000$), thus indicating that LGBT rights and immigration activism are not statistically independent of one another. Therefore, immigration can be used as a comparison group with LGBT rights activism.

Using a similar method to search for immigration activism as the one we used to search for LGBT rights activism, we create a dichotomous measure for whether the company engaged in any activism on immigration during the time series. Immigration and LGBT rights were on the agenda at different times, so we shouldn't expect time series variation in immigration activism to explain time series variation in LGBT rights activism. Most immigration activism took place in 2016 and especially 2017. Therefore, it does not make sense to use time series methods to model this data.

Both Models 3 and 4 are company-level logistic regression models, where the dependent variable takes the value of 1 if the company engaged in any activism throughout the time series and 0 otherwise. In Model 3, the dependent variable is immigration activism. In Model 4, the dependent variable is LGBT rights activism. Since these are company-level analyses, we omit the industry-level activism and national context variables, and we 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. For the recognizable company variable, we instead create a 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.

**Model 3** is the placebo test. If our theory is correct, we should not find a statistically significant marginal effect of LGBT ERGs on immigration activism (at any level of employee education). Indeed, this is what we find (see Table B.12). This result increases confidence in our theory that LGBT ERGs serve as a mechanism through which LGBT employees can bring LGBT issues to the attention of their managers. Note that there are fewer observations in this model because there is no variation in activism among several GICS sectors and so they are dropped from the analysis.

**Model 4** is similar to the main model (Model 2) but adds immigration activism as a control variable. (Model 4 is directly comparable to the logit robustness check, Model 21, presented in Table B.9 in the next section.) Even after controlling for immigration activism—a proxy for the latent activism orientation of the firm—we still find a statistically significant marginal effect of ERGs on activism at high levels of employee education.

***Using alternative specifications of the ERG variable to rule out forms of endogeneity.*** Our second set of robustness checks use alternative specifications of the LGBT ERGs variable to rule out various other forms of endogeneity.

In **Model 5**, we drop all companies where an LGBT ERG was created or dissolved during the time series. In other words, we only keep companies that either did not have (0) or did have (1) an LGBT ERG throughout the time series. This robustness check ensures that our results are not conflating a reverse causation process with a feedback loop between ERGs and activism. Engaging in LGBT rights activism should increase the likelihood that LGBT ERGs would form, since demonstrating support for LGBT rights creates an inclusive environment that enables employees to feel comfortable creating employee groups. LGBT employees will later use their newly-created ERGs to lobby management to engage in more activism. This feedback loop could not have taken place for the companies included in Model 5, since no companies are included where ERGs are created during the time series. And in this model, we still find a statistically significant marginal effect of ERGs on activism at high levels of education. Thus, we can rule out that reverse causation can explain away our main results. (Although, this research design does not allow us to determine that reverse causation does not ever occur.)

**Model 6** subsets the analysis in an attempt to compare companies that are as alike as possible in a strategy that very loosely approximates a regression discontinuity design. In the Corporate Equality Index, when asked whether companies have an LGBT ERG, companies can respond that they (1) do *not* have an ERG, (2) would like to have one but

there was no employee interest, or (3) do have an ERG. 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 them should be employee interest in joining an LGBT ERG (if we assume that companies are responding honestly). Both types of companies are pro-LGBT enough that they are willing to sponsor ERGs, but only the third group of companies actually has any activism-oriented employees willing to join ERGs. 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 like to have an ERG but there was not enough employee interest. There are only 279 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). In Model 6, we still find a statistically significant marginal effect of employee groups at high levels of education, albeit only at the 0.10 level. Therefore, it is having activism-oriented LGBT employees—not willingness to have an LGBT ERG—that correlates with corporate LGBT rights activism.

***Three sources of omitted variable bias.*** The last set of robustness checks rule out various potential sources of omitted variable bias by adding additional control variables to the main model. First, LGBT activism might be more likely when companies have more LGBT employees. When companies have more LGBT employees, LGBT employee groups should be more likely to form. To account for this possibility, we estimate the percent of employees that are LGBT in each economic sector. We generate this variable using Cooperative Congressional Election Study survey data and the companies in our sample fit into 19 different NAICS/CCES economic sectors. Indeed, we find that companies in sectors with larger LGBT populations were more likely to have an ERG throughout the time series (t-stat = 2.74; p-val = 0.006) and they were more likely to be active on LGBT rights (t-stat = 4.11; p-val = 0.000). We include the LGBT population variable in **Model 7**. Even after accounting for differences in the size of the LGBT population between economic sectors, we still find a strong marginal effect of LGBT ERGs on activism in educated workforces. Even if we remove the GICS economic sector dummy variables from the model, the coefficient on the NAICS/CCES economic sector LGBT population variable is still negative and statistically insignificant.

Second, LGBT activism might be more likely when a company's employees support LGBT rights. When employees support LGBT rights, LGBT employee groups should be more likely to form. We address this concern with an analytic strategy similar to the previous one. Instead of the sector-level LGBT population, we estimate the sector-level support for same-sex marriage using multilevel regression with post-stratification. Similarly, we find that companies in sectors with greater support for same-sex marriage were more likely to have an ERG throughout the time series (t-stat = 4.11; p-val = 0.000) and they were more likely to be active on LGBT rights (t-stat = 5.71; p-val = 0.000). And even after we include this variable in **Model 8**, we still find a strong marginal effect of LGBT ERGs on activism conditional upon employee education. Even if we remove the GICS economic sector dummy variables from the model, the coefficient on the NAICS/CCES economic sector gay marriage support variable is still negative and statistically significant.

Third, LGBT activism might be more likely when companies have a historical reputation for supporting LGBT rights. Such companies are then more likely to attract employees

who will want to form or join LGBT employee groups. To account for the role that historical reputation may play in both corporate activism and employee groups, we replace the firm diversity climate index (which uses 2013 data) with two different measures of the firm's historical diversity orientation (which uses 2005 data). In **Model 9**, we use an indicator variable for whether the company provided domestic partner benefits to employees in same-sex relationships and in **Model 10**, we use firm CSR diversity strengths—both measured in 2005. In each instance, we still find a strong marginal effect of LGBT ERGs on activism, conditional upon education.

**TABLE B.1. Adjusting for potential forms of endogeneity: Immigration activism comparison**

| | | (3) Immigration activism DV | | (4) LGBT activism w/ immig. control | |
|---|---|---|---|---|---|
| ***Variable*** | ***Range*** | ***Coef*** | ***SE*** | ***Coef*** | ***SE*** |
| Immigration activism (any) | [0, 1] | | | 1.363* | (0.384) |
| LGBT employee group (avg.) | [0, 1] | −0.646 | (1.903) | −1.400 | (0.869) |
| Employee education | [0.1, 0.8] | 8.395* | (2.980) | −3.052 | (1.966) |
| LGBT group × education | | −2.642 | (3.039) | 5.366* | (2.054) |
| Diversity climate | [-0.8, 2.0] | 0.727 | (0.442) | 0.011 | (0.240) |
| LGBT HR policies (avg.) | [-2.1, 1.0] | 0.468 | (0.533) | 1.343* | (0.323) |
| Market dominance (avg.) | [0.0, 1] | 0.584 | (1.482) | 2.001* | (0.824) |
| Recognizable company | [0, 1] | 1.129† | (0.584) | 0.853† | (0.464) |
| Assets (log; avg.) | [20.8, 28.5] | 0.697* | (0.297) | 0.038 | (0.190) |
| Pride parade sponsor | [0, 1] | 1.582* | (0.480) | 1.742† | (0.902) |
| Corporate PAC liberalism | [-1, 1] | 0.100 | (0.271) | −0.044 | (0.187) |
| Industry regulation index (avg.) | [5.4, 12.2] | 0.178 | (0.150) | −0.052 | (0.111) |
| Local LGBT rights attitudes | [0.5, 0.8] | 9.244* | (3.354) | −0.176 | (2.281) |
| Constant | | −29.327* | (8.032) | −2.800 | (5.035) |
| GICS economic sector fixed effects | | YES | | YES | |
| Consumer Discretionary vs. mean sector $\chi^2$ | | 2.45 | | 0.76 | |
| Consumer Staples vs. mean sector $\chi^2$ | | 0.00 | | 2.12 | |
| Model fit $\chi^2$ | | 157.27* | | 159.55* | |
| Observations | | 348 | | 406 | |

Each model is a company-level logistic regression, with a dichotomous dependent variable taking the value of 1 if the company engaged in any activism during the time series. Robust standard errors are clustered by Census industry—the level at which employee education is estimated. Consumer Discretionary and Consumer Staples $\chi^2$ are Wald-type tests to determine whether activism in these two consumer-oriented industries is statistically different from that of the average industry. *Note:* $^{\dagger}p < 0.10$, $^{*}p < 0.05$.

**TABLE B.2. Adjusting for potential forms of endogeneity: Alternate ways to measure ERG presence**

| | | (5) No change in ERG presence | | (6) Want vs. have ERGs | |
|---|---|---|---|---|---|
| ***Variable*** | ***Range*** | ***Coef*** | ***SE*** | ***Coef*** | ***SE*** |
| LGBT employee group | [0, 1] | −0.330* | (0.074) | −0.160* | (0.080) |
| Employee education | [0.1, 0.8] | −0.017 | (0.239) | 0.525† | (0.296) |
| LGBT group × education | | 1.106* | (0.188) | 0.503* | (0.226) |
| Diversity climate | [-0.8, 2.0] | −0.037 | (0.040) | −0.008 | (0.039) |
| LGBT HR policies | [-2.1, 1.3] | 0.068* | (0.018) | 0.115* | (0.036) |
| Market dominance | [0.0, 1] | 0.267† | (0.157) | 0.181 | (0.195) |
| Recognizable company | [0, 1] | 0.373* | (0.092) | 0.393* | (0.089) |
| Assets (log) | [18.6, 28.6] | 0.047 | (0.034) | 0.066† | (0.040) |
| Pride parade sponsor | [0, 1] | 0.280* | (0.099) | 0.237* | (0.106) |
| Corporate PAC liberalism | [-1, 1] | 0.034 | (0.027) | 0.028 | (0.029) |
| Industry regulation index | [5.3, 12.3] | 0.006 | (0.015) | −0.001 | (0.019) |
| Industry-level activism (lag) | [0, 1] | 0.214 | (0.146) | 0.364 | (0.238) |
| Local LGBT rights attitudes | [0.5, 0.8] | 0.208 | (0.350) | 0.432 | (0.381) |
| News coverage (change) | [-2.8, 1.4] | 0.080* | (0.023) | 0.112* | (0.029) |
| News coverage (lag) | [-1.5, 1.8] | −0.016 | (0.020) | −0.017 | (0.023) |
| National opinion (change) | [-1.4, 2.1] | 0.063* | (0.013) | 0.097* | (0.020) |
| National opinion (lag) | [-1.8, 2.2] | 0.131* | (0.042) | 0.190* | (0.071) |
| Time trend | [1, 28] | −0.007 | (0.005) | −0.013 | (0.009) |
| Constant | | −1.333 | (0.881) | −2.115* | (1.077) |
| GICS economic sector fixed effects | | YES | | YES | |
| Consumer Discretionary vs. mean sector $\chi^2$ | | 0.19 | | 0.79 | |
| Consumer Staples vs. mean sector $\chi^2$ | | 2.21 | | 2.75† | |
| Model fit $\chi^2$ | | 500.82* | | 498.83* | |
| Observations | | 7,658 | | 6,155 | |
| Clusters (companies) | | 330 | | 279 | |
| Average observations per company | | 23.2 | | 22.1 | |

Each model is a multilevel linear regression, with random intercepts for each company. Robust standard errors are clustered by Census industry—the level at which employee education is estimated. Consumer Discretionary and Consumer Staples $\chi^2$ are Wald-type tests to determine whether activism in these two consumer-oriented industries is statistically different from that of the average industry. *Note:* $^{\dagger}p < 0.10$, $^{*}p < 0.05$.

## TABLE B.3. Adjusting for potential forms of endogeneity: Other LGBT-related factors

| | | (7) LGBT population | | (8) LGBT attitudes | | (9) Historical LGBT HR policies | | (10) Historical diversity climate | |
|---|---|---|---|---|---|---|---|---|---|
| ***Variable*** | ***Range*** | ***Coef*** | ***SE*** | ***Coef*** | ***SE*** | ***Coef*** | ***SE*** | ***Coef*** | ***SE*** |
| LGBT employee group | [0, 1] | −0.281* | (0.059) | −0.273* | (0.060) | −0.325* | (0.067) | −0.331* | (0.063) |
| Employee education | [0.1, 0.8] | 0.186 | (0.204) | 0.253 | (0.197) | 0.000 | (0.262) | −0.023 | (0.246) |
| LGBT group × education | | 0.839* | (0.152) | 0.832* | (0.158) | 0.983* | (0.164) | 1.022* | (0.144) |
| Diversity climate | [-0.8, 2.0] | −0.007 | (0.027) | −0.009 | (0.027) | | | | |
| LGBT HR policies | [-2.1, 1.3] | 0.069* | (0.016) | 0.069* | (0.016) | 0.054* | (0.021) | 0.053* | (0.019) |
| Sector LGBT population | [0.06, 0.15] | −0.631 | (1.150) | | | | | | |
| Sector gay marriage support | [0.4, 0.8] | | | −0.718† | (0.410) | | | | |
| Domestic partner benefits (2005) | [0, 1] | | | | | 0.120* | (0.040) | | |
| Diversity strengths (2005) | [0, 6] | | | | | | | 0.051* | (0.013) |
| Market dominance | [0.0, 1] | 0.134 | (0.123) | 0.125 | (0.122) | 0.207 | (0.147) | 0.205 | (0.150) |
| Recognizable company | [0, 1] | 0.391* | (0.084) | 0.395* | (0.083) | 0.383* | (0.103) | 0.352* | (0.103) |
| Assets (log) | [18.6, 28.6] | 0.044 | (0.028) | 0.040 | (0.028) | 0.020 | (0.029) | 0.008 | (0.030) |
| Pride parade sponsor | [0, 1] | 0.277* | (0.098) | 0.291* | (0.101) | 0.290* | (0.121) | 0.277* | (0.120) |
| Corporate PAC liberalism | [-1, 1] | 0.031 | (0.024) | 0.033 | (0.024) | 0.032 | (0.026) | 0.030 | (0.026) |
| Industry regulation index | [5.3, 12.3] | 0.005 | (0.013) | 0.005 | (0.013) | 0.003 | (0.013) | −0.001 | (0.013) |
| Industry-level activism (lag) | [0, 1] | 0.305† | (0.180) | 0.303† | (0.179) | 0.234† | (0.139) | 0.224 | (0.140) |
| Local LGBT rights attitudes | [0.5, 0.8] | 0.232 | (0.261) | 0.157 | (0.263) | 0.150 | (0.262) | 0.135 | (0.267) |
| News coverage (change) | [-2.8, 1.4] | 0.074* | (0.020) | 0.073* | (0.020) | 0.066* | (0.026) | 0.066* | (0.026) |
| News coverage (lag) | [-1.5, 1.8] | −0.016 | (0.015) | −0.017 | (0.015) | −0.027 | (0.019) | −0.027 | (0.019) |
| National opinion (change) | [-1.4, 2.1] | 0.056* | (0.012) | 0.056* | (0.012) | 0.063* | (0.011) | 0.062* | (0.011) |
| National opinion (lag) | [-1.8, 2.2] | 0.120* | (0.042) | 0.118* | (0.042) | 0.138* | (0.037) | 0.137* | (0.036) |
| Time trend | [1, 28] | −0.008 | (0.006) | −0.008 | (0.006) | −0.008 | (0.005) | −0.008 | (0.005) |
| Constant | | −0.973† | (0.528) | −0.590 | (0.534) | −0.563 | (0.582) | −0.314 | (0.586) |
| GICS economic sector fixed effects | | YES | | YES | | YES | | YES | |
| Consumer Discretionary vs. mean sector $\chi^2$ | | 1.28 | | 2.04 | | 0.06 | | 0.00 | |
| Consumer Staples vs. mean sector $\chi^2$ | | 2.04 | | 1.99 | | 1.70 | | 1.11 | |
| Model fit $\chi^2$ | | 661.53* | | 622.30* | | 650.30* | | 733.11* | |
| Observations | | 9,578 | | 9,527 | | 6,400 | | 6,400 | |
| Clusters (companies) | | 405 | | 403 | | 262 | | 262 | |
| Average observations per company | | 23.6 | | 23.6 | | 24.4 | | 24.4 | |

Each model is a multilevel linear regression, with random intercepts for each company. Robust standard errors are clustered by Census industry—the level at which employee education is estimated. Consumer Discretionary and Consumer Staples $\chi^2$ are Wald-type tests to determine whether activism in these two consumer-oriented industries is statistically different from that of the average industry. *Note:* $^{\dagger}p < 0.10$, $^{*}p < 0.05$.

## B.2 Alternative Specifications of Model 2

This section presents the results of multiple alternative specifications of Model 2 to ensure that the key relationship of interest—the relationship between ERGs and activism at high levels of education—is robust. Refer to Table B.12 for the marginal effects of ERGs at various levels of education for each of these models.

Presented in Table B.4, **Models 11a and 11b** separate hard activism from soft activism, where 11a only includes soft activism and 11b only includes hard activism. These two additional models are included to ensure that ERGs are associated with both high-stakes and low-stakes forms of political activity, where the company is sending a strong signal of support and where the company is sending a comparably weaker signal of support for LGBT rights. Since soft and hard activism are not independent of one another, these models are estimated using seemingly unrelated regression. The marginal effect of employee groups remains strong at high levels of education even when limiting the sample to soft activism (Model 11a). Although somewhat smaller, the marginal effect is still statistically significant in the hard activism analysis (Model 11b).

The results of Model 11a (soft activism) are mostly similar to those of Model 2, but the results of Model 11b (hard activism) differ in a few ways. The ERG $\times$ education interaction term is weaker in Model 11b, but a linear combination test indicates that the difference between the coefficients in 11a and 11b is not statistically significant. Moreover, recognizable companies are still more likely to be active on LGBT rights when it comes to hard activism, but companies that sponsor pride parades are no longer more likely to be active on LGBT rights for hard activism (and the difference between the pride parade coefficients in Models 11a and 11b is statistically significant). Only in Model 11b is there a meaningful effect of local LGBT rights attitudes—although it's only significant at the 0.10 level.

Interestingly, the coefficient on industry-level activism is reversed in Model 11b, and a linear combination test indicates that the difference between the industry-level activism coefficients in Models 11a and 11b is statistically significant. Companies in industries that are *less* active on LGBT rights are those that are *more* likely to engage in hard activism. While mimetic isomorphism might be able to explain why corporations engage in activism that sends a weak and ambiguous signal of support (soft activism), it cannot explain why corporations engage in activism that sends a strong and clear signal of support (hard activism). We offer no causal interpretation of this finding, but it does suggest that corporations that engage in hard activism might be leaders rather than followers, because corporations are more likely to engage in hard activism when others within their industry are not also doing so. Corporations follow the lead of other firms within their industry on soft activism, but a select group of corporations stand alone within their industry when engaging in hard activism.

In the remaining analyses, both hard and soft activism are included in the dependent variable (as was the case in Models 1 and 2 in the body of the paper). Table B.5 presents two robustness checks that use alternative specifications of the HRC variables. Instead of a two-quarter lag, **Model 12** presents the results of a model without any lag in the LGBT ERG or LGBT HR policies variables. **Model 13** 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. In both instances, results remain substantively similar to Model 2. Although, note that—likely due to the small sample size—the marginal effect of ERGs is not statistically significant at high levels of education for Model 13 (even though the interaction term is still statistically significant).

Table B.6 presents two robustness checks using different measures of employee education. **Model 14** uses a measure of employee education (the percentage of employees with a bachelor's degree) that includes managers in its definition. **Model 15** instead uses a 5-point ordinal measure of employee education but managers are excluded.[20] Using IPUMS data with survey weights, we estimate the average level of education on the ordinal scale at the Census sub-industry level, similar to the method used to estimate the percentage of employees with a bachelor's degree. Using either alternative definition of employee education, we still see a statistically significant marginal effect of employee groups at high levels of education.

Table B.7 explores three robustness checks relating to the consumer-orientation of the firm. Models 16 and 17 provide alternative ways to measure the company's need to court customers and Model 18 drops all consumer-oriented companies from the sample.

**Model 16** adds a variable for the firm's 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 (although, interesting, the relationship is negative). 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. However, results remain the same if we use the ad-to-sales ratio instead of ad-to-assets ratio. To create the advertising-to-assets ratio variable, 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 because the amount that they spend on advertising is insignificant—and advertising data are therefore missing from the Compustat database. Because of this, Model 16 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 but the marginal effect of employee groups at high levels of education is still significant.

In **Model 17**, we add in a variable that specifically captures the consumer-orientation of a company by creating our own categorization of Business-to-Consumer (B2C) companies using NAICS and GICS industry classification codes as guidance. No measure of B2C is perfect. In the body of the paper, we define consumer-oriented companies as those in the Consumer Discretionary and Consumer Staples economic sectors, which mostly 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 a decent share of their revenue comes from consumers, rather than other businesses or the government. After categorizing companies as B2C based upon their sub-industry, we

20. 1 = no high school diploma; 2 = high school diploma; 3 = some college but no bachelor's; 4 = bachelor's degree; and 5 = graduate school.

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 27% for the B2C definition we use in the body of our paper. Even so, when adding in a variable for B2C companies in Model 17, the coefficient on B2C is statistically insignificant but the marginal effect of ERGs is still significant at high levels of education.

**Model 18** drops all companies in the Consumer Discretionary and Consumer Staples GICS economic sectors.[21] We conduct this robustness check to ensure that, even among companies without any motivation to court customers, there is still a strong marginal effect of LGBT ERGs on corporate activism conditional upon employee education. And indeed, results are comparable to those presented in Model 2. The association between LGBT ERGs and activism at high levels of employee education is still statistically significant.

The two models in Table B.8 replace the corporate PAC ideology variable with alternative measures of corporate ideology. In **Model 19**, 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. When using CF scores, we are using less than half of the companies in our sample. We obtain CF scores from Bonica's (2016) DIME database, which is the same source that we use to generate our ordinal measure. Higher values on CF scores indicate that the corporation is more conservative. As Table B.8 shows, we find that the corporate PAC's CF score is a statistically significant predictor of corporate activism but only at the 0.10 level; even still, the coefficient is somewhat small given the fact that CF scores are normalized (a one-unit increase equals one standard deviation).

**Model 20** replaces the corporate PAC liberalism variable with a measure of the ideology of the company's CEO. Political strategy itself can be influenced by the subjective judgments of upper echelons managers (Hambrick and Mason 1984; Hambrick 2007) and CEO ideology has been linked to ERG creation (Briscoe, Chin, and Hambrick 2014). Also using Bonica's (2019) DIME database, we attempt to obtain CF scores for each CEO among the companies in our sample. We were able to find records in the DIME database for 75% of the CEOs in our sample; in total, CEO CF score is not missing for 79% of observations in the dataset. In Model 20, the coefficient on CEO CF score is negative but not statistically significant. Accordingly, even the ideology of corporate executives does not (meaningfully) predict corporate activism on LGBT rights. Furthermore, there is still a statistically significant marginal effect of the ERGs at high levels of employee education even after controlling for CEO ideology.

Table B.9 presents the results of two robustness checks at the company-level, where there is one observation per company. **Model 21** 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 22** 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. We model the data

21. Results are similar if we drop B2C companies according to the author-constructed B2C variable used in Model 17.

generating process using the same set of variables that we did in Models 3 and 4. Note that for Model 22, the dispersion parameter ($\alpha$) is statistically significant; therefore, a negative binomial model is preferable to a Poisson model given our data. In both Models 21 and 22, the marginal effect of ERGs conditional upon high employee education is strong and statistically significant.

Finally, **Model 23** in Table B.10 presents the results of a Cox event history model using Efron ties. The model is estimated with strata for each GICS economic sector—meaning that a baseline hazard rate is estimated for each economic sector, somewhat similar to adding in economic sector fixed effects. The specific event being modeled is the company's first statement in support of LGBT rights. In this model, the employee group $\times$ education interaction term is statistically significant, but only at the 0.10 level. Table B.12 includes the results of a linear combination test, where the ERG coefficient is added to the ERG $\times$ education interaction term coefficient multiplied by the 10th, 50th, and 90th percentiles of education. In the absence of the ability to estimate marginal effects of a Cox model with time-varying covariates, these linear combination tests provide a rough approximation of the marginal effect of ERGs at various levels of education. While the interaction term is only statistically significant at the 0.10 level in Model 23, the linear combination tests indicate that the association between ERGs and activism is positive and statistically significant at the 0.05 level at both the 50th and 90th percentiles of employee education.

## TABLE B.4. Hard vs. soft activism

| | | (11a) Soft activism | | (11b) Hard activism | |
|---|---|---|---|---|---|
| ***Variable*** | ***Range*** | ***Coef*** | ***SE*** | ***Coef*** | ***SE*** |
| LGBT employee group | [0, 1] | −0.220* | (0.058) | −0.225* | (0.048) |
| Employee education | [0.1, 0.8] | 0.046 | (0.152) | 0.157 | (0.208) |
| LGBT group × education | | 0.721* | (0.141) | 0.581* | (0.130) |
| Diversity climate | [-0.8, 2.0] | 0.000 | (0.023) | −0.025 | (0.025) |
| LGBT HR policies | [-2.1, 1.3] | 0.051* | (0.014) | 0.070* | (0.018) |
| Market dominance | [0.0, 1] | 0.119 | (0.097) | 0.094 | (0.139) |
| Recognizable company | [0, 1] | 0.295* | (0.069) | 0.275* | (0.129) |
| Assets (log) | [18.6, 28.6] | 0.025 | (0.021) | 0.043† | (0.026) |
| Pride parade sponsor | [0, 1] | 0.275* | (0.073) | 0.068 | (0.091) |
| Corporate PAC liberalism | [-1, 1] | 0.011 | (0.015) | 0.043 | (0.030) |
| Industry regulation index | [5.3, 12.3] | 0.000 | (0.009) | 0.010 | (0.016) |
| Industry-level activism (lag) | [0, 1] | 0.649* | (0.210) | −0.481* | (0.103) |
| Local LGBT rights attitudes | [0.5, 0.8] | −0.021 | (0.202) | 0.521† | (0.277) |
| News coverage (change) | [-2.8, 1.4] | 0.043* | (0.017) | 0.076* | (0.025) |
| News coverage (lag) | [-1.5, 1.8] | −0.036* | (0.017) | 0.029* | (0.013) |
| National opinion (change) | [-1.4, 2.1] | 0.052* | (0.012) | 0.026† | (0.014) |
| National opinion (lag) | [-1.8, 2.2] | 0.074† | (0.038) | 0.113* | (0.042) |
| Time trend | [1, 28] | −0.001 | (0.005) | −0.014* | (0.006) |
| Constant | | −0.568 | (0.407) | −1.036 | (0.547) |
| GICS economic sector fixed effects | | YES | | YES | |
| Consumer Discretionary vs. mean sector $\chi^2$ | | 0.76 | | 0.55 | |
| Consumer Staples vs. mean sector $\chi^2$ | | 1.38 | | 1.28 | |
| Observations | | 9578 | | 9578 | |
| Clusters (companies) | | 405 | | 405 | |
| Average observations per company | | 23.6 | | 23.6 | |

Models 9a and 9b are multilevel models estimated jointly via seemingly unrelated regression using generalized structural equation modeling and firm random effects. Robust standard errors are clustered by Census industry—the level at which employee education is estimated. Consumer Discretionary and Consumer Staples $\chi^2$ are Wald-type tests to determine whether activism in these two consumer-oriented industries is statistically different from that of the average industry. *Note:* $^{\dagger}p < 0.10$, $^{*}p < 0.05$.

**TABLE B.5. Alternate specifications of HRC variables**

| | | (12) No lag in HRC vars | | (13) No unofficial in HRC vars | |
|---|---|---|---|---|---|
| ***Variable*** | ***Range*** | ***Coef*** | ***SE*** | ***Coef*** | ***SE*** |
| LGBT employee group | [0, 1] | −0.293* | (0.056) | −0.193* | (0.070) |
| Employee education | [0.1, 0.8] | 0.177 | (0.205) | 0.492$^{\dagger}$ | (0.258) |
| LGBT group × education | | 0.801* | (0.145) | 0.524* | (0.204) |
| Diversity climate | [-0.8, 2.0] | −0.004 | (0.026) | 0.003 | (0.035) |
| LGBT HR policies | [-2.1, 1.3] | 0.079* | (0.017) | 0.096* | (0.031) |
| Market dominance | [0.0, 1] | 0.145 | (0.123) | 0.170 | (0.189) |
| Recognizable company | [0, 1] | 0.384* | (0.083) | 0.392* | (0.090) |
| Assets (log) | [18.6, 28.6] | 0.046$^{\dagger}$ | (0.028) | 0.064 | (0.040) |
| Pride parade sponsor | [0, 1] | 0.264* | (0.094) | 0.237* | (0.102) |
| Corporate PAC liberalism | [-1, 1] | 0.031 | (0.024) | 0.027 | (0.028) |
| Industry regulation index | [5.3, 12.3] | 0.006 | (0.013) | 0.001 | (0.019) |
| Industry-level activism (lag) | [0, 1] | 0.299$^{\dagger}$ | (0.174) | 0.344 | (0.217) |
| Local LGBT rights attitudes | [0.5, 0.8] | 0.232 | (0.267) | 0.398 | (0.354) |
| News coverage (change) | [-2.8, 1.4] | 0.075* | (0.020) | 0.109* | (0.028) |
| News coverage (lag) | [-1.5, 1.8] | −0.016 | (0.015) | −0.016 | (0.022) |
| National opinion (change) | [-1.4, 2.1] | 0.054* | (0.012) | 0.087* | (0.018) |
| National opinion (lag) | [-1.8, 2.2] | 0.120* | (0.042) | 0.177* | (0.062) |
| Time trend | [1, 28] | −0.008 | (0.005) | −0.012 | (0.008) |
| Constant | | −1.056* | (0.538) | −1.594* | (0.790) |
| GICS economic sector fixed effects | | YES | | YES | |
| Consumer Discretionary vs. mean sector $\chi^2$ | | 1.15 | | 1.18 | |
| Consumer Staples vs. mean sector $\chi^2$ | | 2.60 | | 2.59 | |
| Model fit $\chi^2$ | | 521.20* | | 451.39* | |
| Observations | | 9,692 | | 6,591 | |
| Clusters (companies) | | 406 | | 290 | |
| Average observations per company | | 23.9 | | 22.7 | |

Each model is a multilevel linear regression, with random intercepts for each company. Robust standard errors are clustered by Census industry—the level at which employee education is estimated. Consumer Discretionary and Consumer Staples $\chi^2$ are Wald-type tests to determine whether activism in these two consumer-oriented industries is statistically different from that of the average industry. *Note:* $^{\dagger}p < 0.10$, $^{*}p < 0.05$.

**TABLE B.6. Alternate specifications of education variables**

| | | (14) Education with managers | | (15) Ordinal education | |
|---|---|---|---|---|---|
| ***Variable*** | ***Range*** | ***Coef*** | ***SE*** | ***Coef*** | ***SE*** |
| LGBT employee group | [0, 1] | −0.319* | (0.065) | −0.975* | (0.188) |
| Employee education (with managers) | [0.1, 0.8] | 0.169 | (0.204) | | |
| Employee education (ordinal) | [1.9, 4.0] | | | 0.069 | (0.082) |
| LGBT group × education | | 0.867* | (0.153) | 0.325* | (0.061) |
| Diversity climate | [-0.8, 2.0] | −0.009 | (0.027) | −0.004 | (0.027) |
| LGBT HR policies | [-2.1, 1.3] | 0.070* | (0.016) | 0.072* | (0.016) |
| Market dominance | [0.0, 1] | 0.139 | (0.123) | 0.136 | (0.127) |
| Recognizable company | [0, 1] | 0.391* | (0.084) | 0.387* | (0.085) |
| Assets (log) | [18.6, 28.6] | 0.042 | (0.028) | 0.042 | (0.029) |
| Pride parade sponsor | [0, 1] | 0.277* | (0.098) | 0.263* | (0.100) |
| Corporate PAC liberalism | [-1, 1] | 0.032 | (0.024) | 0.026 | (0.024) |
| Industry regulation index | [5.3, 12.3] | 0.004 | (0.013) | 0.008 | (0.013) |
| Industry-level activism (lag) | [0, 1] | 0.306† | (0.181) | 0.308† | (0.179) |
| Local LGBT rights attitudes | [0.5, 0.8] | 0.241 | (0.273) | 0.341 | (0.269) |
| News coverage (change) | [-2.8, 1.4] | 0.074* | (0.020) | 0.074* | (0.020) |
| News coverage (lag) | [-1.5, 1.8] | −0.016 | (0.015) | −0.017 | (0.015) |
| National opinion (change) | [-1.4, 2.1] | 0.056* | (0.012) | 0.056* | (0.012) |
| National opinion (lag) | [-1.8, 2.2] | 0.119* | (0.043) | 0.120* | (0.043) |
| Time trend | [1, 28] | −0.008 | (0.006) | −0.008 | (0.006) |
| Constant | | −0.991† | (0.549) | −1.241* | (0.567) |
| GICS economic sector fixed effects | | YES | | YES | |
| Consumer Discretionary vs. mean sector $\chi^2$ | | 1.24 | | 0.65 | |
| Consumer Staples vs. mean sector $\chi^2$ | | 2.39 | | 2.55 | |
| Model fit $\chi^2$ | | 484.58* | | 464.84* | |
| Observations | | 9,578 | | 9,578 | |
| Clusters (companies) | | 405 | | 405 | |
| Average observations per company | | 23.6 | | 23.6 | |

Each model is a multilevel linear regression, with random intercepts for each company. Robust standard errors are clustered by Census industry—the level at which employee education is estimated. Consumer Discretionary and Consumer Staples $\chi^2$ are Wald-type tests to determine whether activism in these two consumer-oriented industries is statistically different from that of the average industry. *Note:* $^{\dagger}p < 0.10$, $^{*}p < 0.05$.

## TABLE B.7. Consumer-orientation robustness checks

| | | (16) Ad/assets | | (17) B2C var | | (18) No B2C | |
|---|---|---|---|---|---|---|---|
| ***Variable*** | ***Range*** | ***Coef*** | ***SE*** | ***Coef*** | ***SE*** | ***Coef*** | ***SE*** |
| LGBT employee group | [0, 1] | −0.277* | (0.091) | −0.285* | (0.054) | −0.254* | (0.055) |
| Employee education | [0.1, 0.8] | 0.150 | (0.462) | 0.206 | (0.203) | 0.163 | (0.225) |
| LGBT group × education | | 0.919* | (0.277) | 0.846* | (0.136) | 0.705* | (0.137) |
| Diversity climate | [-0.8, 2.0] | −0.012 | (0.046) | −0.003 | (0.026) | 0.001 | (0.030) |
| LGBT HR policies | [-2.1, 1.3] | 0.088* | (0.033) | 0.065* | (0.015) | 0.070* | (0.020) |
| Market dominance | [0.0, 1] | 0.156 | (0.194) | 0.151 | (0.120) | 0.189 | (0.154) |
| Recognizable company | [0, 1] | 0.249* | (0.083) | 0.373* | (0.084) | 0.445* | (0.119) |
| Assets (log) | [18.6, 28.6] | 0.080† | (0.044) | 0.043 | (0.027) | 0.051† | (0.030) |
| Pride parade sponsor | [0, 1] | 0.233* | (0.107) | 0.259* | (0.099) | 0.354* | (0.149) |
| Advertising-to-assets ratio | [0, 0.9] | −0.072 | (0.430) | | | | |
| Business-to-consumer | [0, 1] | | | 0.094 | (0.065) | | |
| Corporate PAC liberalism | [-1, 1] | 0.057 | (0.050) | 0.031 | (0.023) | 0.028 | (0.028) |
| Industry regulation index | [5.3, 12.3] | 0.021 | (0.019) | 0.002 | (0.012) | 0.005 | (0.015) |
| Industry-level activism (lag) | [0, 1] | 0.419† | (0.237) | 0.300† | (0.177) | 0.300 | (0.224) |
| Local LGBT rights attitudes | [0.5, 0.8] | 0.523 | (0.491) | 0.283 | (0.254) | 0.254 | (0.314) |
| News coverage (change) | [-2.8, 1.4] | 0.108* | (0.037) | 0.074* | (0.020) | 0.081* | (0.025) |
| News coverage (lag) | [-1.5, 1.8] | −0.045† | (0.027) | −0.016 | (0.015) | −0.011 | (0.018) |
| National opinion (change) | [-1.4, 2.1] | 0.078* | (0.021) | 0.056* | (0.012) | 0.051* | (0.014) |
| National opinion (lag) | [-1.8, 2.2] | 0.174* | (0.076) | 0.120* | (0.042) | 0.115* | (0.050) |
| Time trend | [1, 28] | −0.009 | (0.010) | −0.008 | (0.005) | −0.008 | (0.007) |
| Constant | | −2.047* | (0.842) | −1.021† | (0.535) | −1.177* | (0.570) |
| GICS economic sector fixed effects | | YES | | YES | | YES | |
| Model fit $\chi^2$ | | 1,037.13* | | 519.85* | | 771.59* | |
| Observations | | 4,413 | | 9,578 | | 7,186 | |
| Clusters (companies) | | 190 | | 405 | | 302 | |
| Average observations per company | | 23.2 | | 23.6 | | 23.8 | |

Each model is a multilevel linear regression, with random intercepts for each company. Robust standard errors are clustered by Census industry—the level at which employee education is estimated. *Note:* $^{\dagger}p < 0.10$, $^{*}p < 0.05$.

**TABLE B.8. Alternate specifications of corporate ideology**

| | | (19) PAC CF | | (20) CEO CF | |
|---|---|---|---|---|---|
| ***Variable*** | ***Range*** | ***Coef*** | ***SE*** | ***Coef*** | ***SE*** |
| LGBT employee group | [0, 1] | −0.287* | (0.073) | −0.246* | (0.065) |
| Employee education | [0.1, 0.8] | 0.331 | (0.327) | −0.043 | (0.237) |
| LGBT group × education | | 0.745* | (0.180) | 0.696* | (0.166) |
| Diversity climate | [-0.8, 2.0] | −0.030 | (0.047) | −0.034 | (0.034) |
| LGBT HR policies | [-2.1, 1.3] | 0.111* | (0.030) | 0.081* | (0.019) |
| Market dominance | [0.0, 1] | 0.095 | (0.148) | 0.058 | (0.139) |
| Recognizable company | [0, 1] | 0.414* | (0.108) | 0.436* | (0.084) |
| Assets (log) | [18.6, 28.6] | 0.036 | (0.046) | 0.059† | (0.033) |
| Pride parade sponsor | [0, 1] | 0.162 | (0.107) | 0.194* | (0.090) |
| Corporate PAC CF score | [-0.6, 1.2] | −0.125† | (0.071) | | |
| CEO CF score | [-1.5, 2.1] | | | −0.054 | (0.035) |
| Industry regulation index | [5.3, 12.3] | 0.013 | (0.019) | 0.008 | (0.018) |
| Industry-level activism (lag) | [0, 1] | 0.468† | (0.269) | 0.415* | (0.208) |
| Local LGBT rights attitudes | [0.5, 0.8] | 0.266 | (0.479) | 0.316 | (0.294) |
| News coverage (change) | [-2.8, 1.4] | 0.083* | (0.026) | 0.082* | (0.024) |
| News coverage (lag) | [-1.5, 1.8] | −0.021 | (0.021) | −0.010 | (0.019) |
| National opinion (change) | [-1.4, 2.1] | 0.070* | (0.017) | 0.053* | (0.014) |
| National opinion (lag) | [-1.8, 2.2] | 0.149* | (0.063) | 0.104* | (0.049) |
| Time trend | [1, 28] | −0.011 | (0.008) | −0.006 | (0.006) |
| Constant | | −0.923 | (0.889) | −1.251* | (0.631) |
| GICS economic sector fixed effects | | YES | | YES | |
| Consumer Discretionary vs. mean sector $\chi^2$ | | 0.04 | | 0.41 | |
| Consumer Staples vs. mean sector $\chi^2$ | | 3.46† | | 1.68 | |
| Model fit $\chi^2$ | | 730.37* | | 319.53* | |
| Observations | | 5,112 | | 7,870 | |
| Clusters (companies) | | 204 | | 367 | |
| Average observations per company | | 25.1 | | 21.4 | |

Each model is a multilevel linear regression, with random intercepts for each company. Robust standard errors are clustered by Census industry—the level at which employee education is estimated. Consumer Discretionary and Consumer Staples $\chi^2$ are Wald-type tests to determine whether activism in these two consumer-oriented industries is statistically different from that of the average industry. *Note:* $^{\dagger}p < 0.10$, $^{*}p < 0.05$.

**TABLE B.9. Company-level robustness checks**

| | | (21) Logit | | (22) Negative binomial | |
|---|---|---|---|---|---|
| ***Variable*** | ***Range*** | ***Coef*** | ***SE*** | ***Coef*** | ***SE*** |
| LGBT employee group (avg.) | [0, 1] | −1.409 | (0.879) | −0.645 | (0.531) |
| Employee education | [0.1, 0.8] | −2.288 | (2.010) | −0.950 | (1.467) |
| LGBT group × education | | 5.015* | (2.110) | 2.989* | (1.397) |
| Diversity climate | [-0.8, 2.0] | 0.099 | (0.251) | 0.012 | (0.090) |
| LGBT HR policies (avg.) | [-2.1, 1.0] | 1.346* | (0.321) | 1.354* | (0.203) |
| Market dominance (avg.) | [0.0, 1] | 1.897* | (0.840) | 1.000* | (0.364) |
| Recognizable company | [0, 1] | 0.993* | (0.460) | 0.539* | (0.132) |
| Assets (log; avg.) | [20.8, 28.5] | 0.064 | (0.189) | 0.080 | (0.078) |
| Pride parade sponsor | [0, 1] | 1.755* | (0.842) | 0.429* | (0.158) |
| Corporate PAC liberalism | [-1, 1] | −0.007 | (0.186) | 0.102 | (0.077) |
| Industry regulation index (avg.) | [5.4, 12.2] | −0.046 | (0.111) | 0.030 | (0.050) |
| Local LGBT rights attitudes | [0.5, 0.8] | 0.579 | (2.233) | 0.596 | (0.935) |
| Constant | | −3.780 | (3.853) | −4.534* | (1.723) |
| Dispersion parameter ($\alpha$) | | | | 0.328* | (0.073) |
| GICS economic sector fixed effects | | YES | | YES | |
| Consumer Discretionary vs. mean sector $\chi^2$ | | 1.26 | | 0.44 | |
| Consumer Staples vs. mean sector $\chi^2$ | | 2.30 | | 4.44* | |
| Model fit $\chi^2$ | | 145.74* | | 783.02* | |
| Observations | | 406 | | 406 | |

Models 21 is a logistic regression model, while Model 22 is a negative binomial model. Robust standard errors are clustered by Census industry—the level at which employee education is estimated. Consumer Discretionary and Consumer Staples $\chi^2$ are Wald-type tests to determine whether activism in these two consumer-oriented industries is statistically different from that of the average industry. *Note:* $^{\dagger}p < 0.10$, $^{*}p < 0.05$.

**TABLE B.10. Event history robustness checks**

| | | (23) Cox | |
|---|---|---|---|
| ***Variable*** | ***Range*** | ***Coef*** | ***SE*** |
| LGBT employee group | [0, 1] | −0.251 | (0.511) |
| Employee education | [0.1, 0.8] | −1.109 | (1.623) |
| LGBT group × education | | 2.851† | (1.556) |
| Diversity climate | [-0.8, 2.0] | −0.020 | (0.130) |
| LGBT HR policies | [-2.1, 1.3] | 0.937* | (0.180) |
| Market dominance | [0.0, 1] | 1.132† | (0.640) |
| Recognizable company | [0, 1] | 0.548* | (0.266) |
| Assets (log) | [18.6, 28.6] | 0.050 | (0.116) |
| Pride parade sponsor | [0, 1] | 0.235 | (0.243) |
| Corporate PAC liberalism | [-1, 1] | 0.182 | (0.112) |
| Industry regulation index | [5.3, 12.3] | −0.030 | (0.078) |
| Industry-level activism (no lag) | [0, 1] | 0.859* | (0.343) |
| Local LGBT rights attitudes | [0.5, 0.8] | 0.997 | (1.245) |
| Economic sector fixed effects | | YES (strata) | |
| Model fit $\chi^2$ | | 261.54* | |
| Proportional hazards test $\chi^2$ | | 17.34 | |
| Subjects | | 400 | |
| Failures | | 162 | |
| Observations | | 7,586 | |

Results are for a Cox event history model, using Efron ties. Robust standard errors are clustered by Census industry—the level at which employee education is estimated. Proportional hazards test assesses for a non-zero slope of Schoenfeld residuals regressed on time; and a statistically insignificant value suggests that the proportional hazards assumption is met. *Note:* $^{\dagger}p < 0.10$, $^{*}p < 0.05$.

## B.3 Adjusting for Selection Bias

This section describes the results of a Heckman selection model, to account for selection regarding which companies are rated by the HRC's Corporate Equality Index. Companies that would receive low scores on the Corporate Equality Index may refuse to respond to the survey. As detailed in Appendix C, the fact that HRC issues unofficial ratings makes selection bias less of a concern. However, there still might be some selection bias if less LGBT-friendly companies are less likely to make their HR policies publicly available and the HRC would then be unable to give an unofficial rating.

Selected observations were rated by the CEI at least once and have non-missing values for the LGBT ERG and LGBT HR policies variables. The outcome equation is specified similarly to the logit model (Model 21); the dependent variable is a dichotomous measure of whether the company ever took a stand on LGBT rights throughout the time series.

In the selection equation, we include the same variables as the outcome equation but we of course omit the HRC variables since they are not available for non-selected observations. Two variables are added to the selection equation to improve the ability of the model to predict selection: the log number of employees (from Compustat) and the sector-level LGBT population (the same variable used in Model 7). Companies with more employees may be more likely to have a human resources department large enough to prioritize responding to the CEI's survey, and they also may be more likely to be rated by HRC in the event that they do not respond to the survey. Companies in industries with a larger LGBT population may be more likely to have employees submit data to the HRC that can be used for ratings in the CEI, and LGBT employees may be more likely to encourage their employer to respond to the CEI survey.

The results, presented in Table B.11, are similar to the company-level logit, Model 21. As demonstrated by the marginal effects presented in Table B.12, when compared with the logit model (Model 21), the association between LGBT ERGs and activism at high levels of education is actually slightly larger after adjusting for selection bias.

**TABLE B.11. Heckman selection probit model (Model 24)**

| | | Selection | | Outcome Probit | |
|---|---|---|---|---|---|
| ***Variable*** | ***Range*** | ***Coef*** | ***SE*** | ***Coef*** | ***SE*** |
| LGBT employee group (avg.) | [0, 1] | | | −0.767 | (0.483) |
| Employee education | [0.1, 0.8] | −0.347 | (0.988) | −1.498 | (1.103) |
| LGBT group × education | | | | 3.094* | (1.116) |
| Diversity climate | [-0.8, 2.0] | 0.529* | (0.160) | −0.011 | (0.136) |
| LGBT HR policies (avg.) | [-2.1, 1.0] | | | 0.683* | (0.190) |
| Market dominance (avg.) | [0.0, 1] | −0.344 | (0.737) | 1.100* | (0.484) |
| Recognizable company | [0, 1] | 5.979* | (0.484) | 0.555* | (0.243) |
| Assets (log; avg.) | [20.8, 28.5] | 0.565* | (0.164) | −0.024 | (0.106) |
| Pride parade sponsor | [0, 1] | 7.449* | (0.753) | 0.878* | (0.400) |
| Corporate PAC liberalism | [-1, 1] | −0.097 | (0.170) | −0.036 | (0.104) |
| Industry regulation index (avg.) | [5.4, 12.2] | −0.022 | (0.075) | −0.048 | (0.060) |
| Local LGBT rights attitudes | [0.5, 0.8] | 2.315 | (1.798) | 0.573 | (1.221) |
| Employees (log; avg.) | [12.3, 21.5] | 0.372* | (0.159) | | |
| Industry LGBT population | [0.06, 0.13] | 10.876 | (9.007) | | |
| Constant | | −13.445* | (3.123) | −0.941 | (2.055) |
| Selection parameter ($\rho$) | | | | −0.590$^{\dagger}$ | (0.227) |
| GICS economic sector fixed effects | | YES | | YES | |
| Consumer Discretionary vs. mean sector $\chi^2$ | | | | 0.94 | |
| Consumer Staples vs. mean sector $\chi^2$ | | | | 1.95 | |
| Selected observations | | | 406 | | |
| Total observations | | | 462 | | |

The results above are for a Heckman selection probit model. The selection equation is presented on the left while the outcome equation (whether the company was ever active on LGBT rights) is presented on the right. Robust standard errors are clustered by Census industry—the level at which employee education is estimated. Consumer Discretionary and Consumer Staples $\chi^2$ are Wald-type tests to determine whether activism in these two consumer-oriented industries is statistically different from that of the average industry. *Note:* $^{\dagger}p < 0.10$, $^{*}p < 0.05$.

## B.4 Marginal Effects

Table B.12 presents the results of the marginal effects from all 25 models. In particular, the table presents the marginal effect of LGBT ERGs at the 10th, 50th, and 90th percentiles of education. At the 10th percentile of education, the association between LGBT ERGs and activism is consistently negative, and it is usually statistically significant. There is no clear trend in activism among companies with no LGBT ERG; they are consistently around the average activism, as could be seen in Figure 1 from the main body of the paper. A negative marginal effect of LGBT ERGs means that companies with an LGBT ERG are less active than companies without an LGBT ERG at the 10th percentile of education. Readers should not make too much of this result, however. Education is a strong moderator of the association between LGBT ERGs and activism; simultaneously, companies without LGBT ERGs are consistently around the average level of activism, regardless of education. Therefore, a regression analysis results in a negative marginal effect of LGBT ERGs at low levels of education.

On the other hand, at the 90th percentile of education, there is a consistently statistically significant association between LGBT ERGs and LGBT rights activism at the 0.05 level. Thus, the primary conclusion of our paper is incredibly robust: At high levels of employee education, there is an association between LGBT ERGs and LGBT rights activism, regardless of model specification or the battery of control variables included in the model. The one exception is Model 13 (omitting unofficial CEI scores), where the marginal effect of ERGs is not statistically significant—but it is positive. Although the marginal effect of ERGs is insignificant, recall that the coefficient on the interaction term in Model 13 still is.

## TABLE B.12. Marginal effect of LGBT ERGs across each model

| | MODEL | OUTCOME | DATASET | PERCENTILE OF EDUCATION | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | 10th | | 50th | | 90th | |
| | | | | ***Effect*** | ***SE*** | ***Effect*** | ***SE*** | ***Effect*** | ***SE*** |
| 1 | Base model | LGBT rights activism (standardized) | Quarterly | −0.090$^{\dagger}$ | (0.048) | 0.075* | (0.027) | 0.288* | (0.050) |
| 2 | Main model | LGBT rights activism (standardized) | Quarterly | −0.198* | (0.047) | −0.018 | (0.035) | 0.215* | (0.054) |
| 3 | Placebo | Likelihood of immigration activism | Company-level | −0.032 | (0.059) | −0.099 | (0.094) | −0.290 | (0.198) |
| 4 | Immigration control | Likelihood of LGBT rights activism | Company-level | −0.128 | (0.111) | 0.038 | (0.081) | 0.186* | (0.080) |
| 5 | No reverse causation | LGBT rights activism (standardized) | Quarterly | −0.221* | (0.062) | 0.017 | (0.053) | 0.324* | (0.079) |
| 6 | Want vs. have ERGs | LGBT rights activism (standardized) | Quarterly | −0.110$^{\dagger}$ | (0.062) | −0.002 | (0.041) | 0.138$^{\dagger}$ | (0.077) |
| 7 | LGBT population | LGBT rights activism (standardized) | Quarterly | −0.197* | (0.048) | −0.017 | (0.034) | 0.216* | (0.054) |
| 8 | Gay marriage support | LGBT rights activism (standardized) | Quarterly | −0.191* | (0.048) | −0.012 | (0.034) | 0.219* | (0.055) |
| 9 | LGBT benefits 2005 | LGBT rights activism (standardized) | Quarterly | −0.227* | (0.056) | −0.016 | (0.044) | 0.257* | (0.063) |
| 10 | Diversity strengths 2005 | LGBT rights activism (standardized) | Quarterly | −0.230* | (0.053) | −0.010 | (0.041) | 0.274* | (0.057) |
| 11a | Soft activism | LGBT rights activism (standardized) | Quarterly | −0.149* | (0.047) | 0.006 | (0.034) | 0.207* | (0.050) |
| 11b | Hard activism | LGBT rights activism (standardized) | Quarterly | −0.168* | (0.040) | −0.043 | (0.034) | 0.119* | (0.053) |
| 12 | No lag for CEI vars | LGBT rights activism (standardized) | Quarterly | −0.213* | (0.046) | −0.041 | (0.035) | 0.182* | (0.055) |
| 13 | No unofficial for CEI vars | LGBT rights activism (standardized) | Quarterly | −0.141* | (0.054) | −0.028 | (0.038) | 0.118 | (0.072) |
| 14 | Managers in education | LGBT rights activism (standardized) | Quarterly | −0.233* | (0.053) | −0.047 | (0.035) | 0.194* | (0.050) |
| 15 | Ordinal education | LGBT rights activism (standardized) | Quarterly | −0.199* | (0.051) | 0.008 | (0.034) | 0.201* | (0.051) |
| 16 | Alternative B2C | LGBT rights activism (standardized) | Quarterly | −0.186* | (0.071) | 0.012 | (0.057) | 0.267* | (0.107) |
| 17 | Ad-to-assets | LGBT rights activism (standardized) | Quarterly | −0.201* | (0.045) | −0.019 | (0.035) | 0.216* | (0.052) |
| 18 | No B2C | LGBT rights activism (standardized) | Quarterly | −0.184* | (0.046) | −0.033 | (0.035) | 0.163* | (0.052) |
| 19 | PAC CF score | LGBT rights activism (standardized) | Quarterly | −0.213* | (0.061) | −0.052 | (0.050) | 0.155* | (0.073) |
| 20 | CEO CF score | LGBT rights activism (standardized) | Quarterly | −0.177* | (0.052) | −0.027 | (0.034) | 0.167* | (0.055) |
| 21 | Logit | Likelihood of LGBT rights activism | Company-level | −0.136 | (0.113) | 0.023 | (0.084) | 0.169* | (0.086) |
| 22 | Negative binomial | Count of LGBT rights activism | Company-level | −0.287 | (0.359) | 0.362 | (0.355) | 2.345* | (0.966) |
| 23 | Cox | First LGBT rights activism event (coef.) | Event history | 0.032 | (0.392) | 0.646* | (0.292) | 1.438* | (0.573) |
| 24 | Heckman | Likelihood of LGBT rights activism | Company-level | −0.129 | (0.118) | 0.051 | (0.089) | 0.210* | (0.086) |

The marginal effect of LGBT ERGs is presented at the 10th, 50th, and 90th percentiles of employee education. The one exception is Model 23, where a linear combination of the interaction term coefficients is presented. *Note:* $^{\dagger}p < 0.10$, $^{*}p < 0.05$.

# C Working with CEI Data

As discussed in the body of the 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 CEO, Chief Diversity Officer, 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.[22] 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. For all of the company-quarter observations in our sample with non-missing values for the CEI-derived variables, 30% are based upon unofficial scores while 70% were official.

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—non-discrimination 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. The Human Rights Campaign subtracted points from Bank of America's score for its involvement in negotiating an insufficient partial-repeal of HB2 (as opposed to a full repeal).

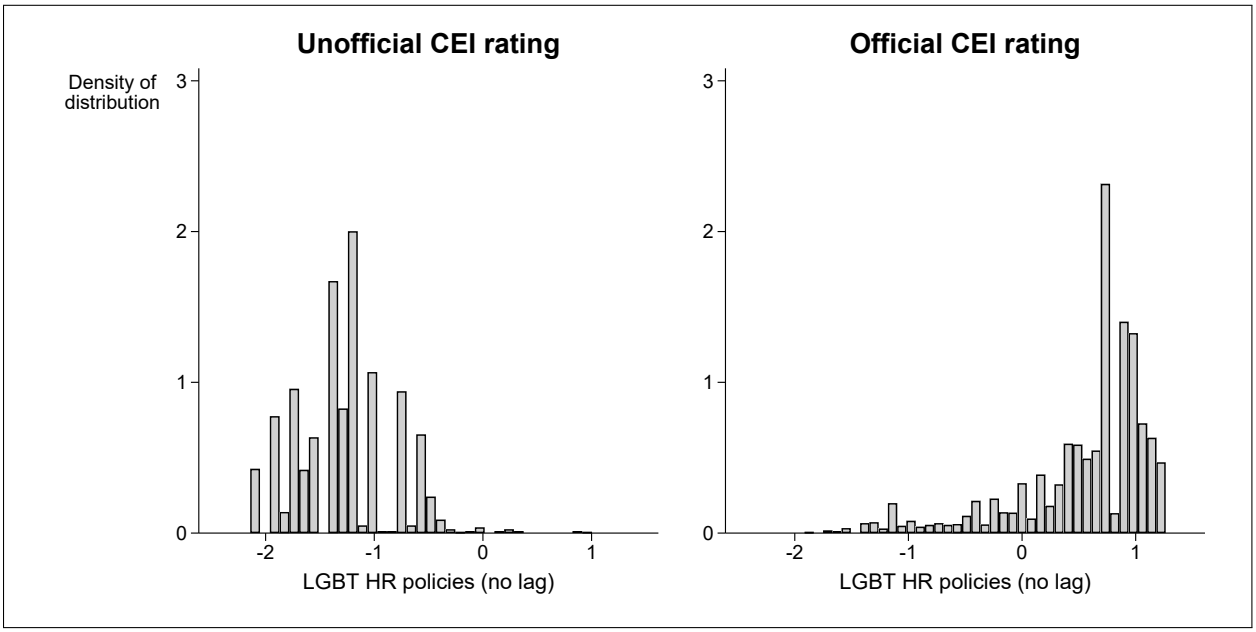
In our measure of LGBT HR policies, we only want to include criteria that directly relate to internal (not external) treatment of LGBT individuals. Because of this, we only include the first three criteria. To construct the LGBT HR policies variable, we obtain each corporation's CEI score and subtract 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 the LGBT HR policies variable can tell us the relative position of a business among its peers and to allow comparability between different CEI survey years.

Figure C.1 presents histograms of modified CEI scores (our standardized LGBT HR policies variable) by unofficial status. Corporations that received unofficial CEI ratings vary in their CEI score but unsurprisingly, they typically score much lower than companies with

22. 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).

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-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.

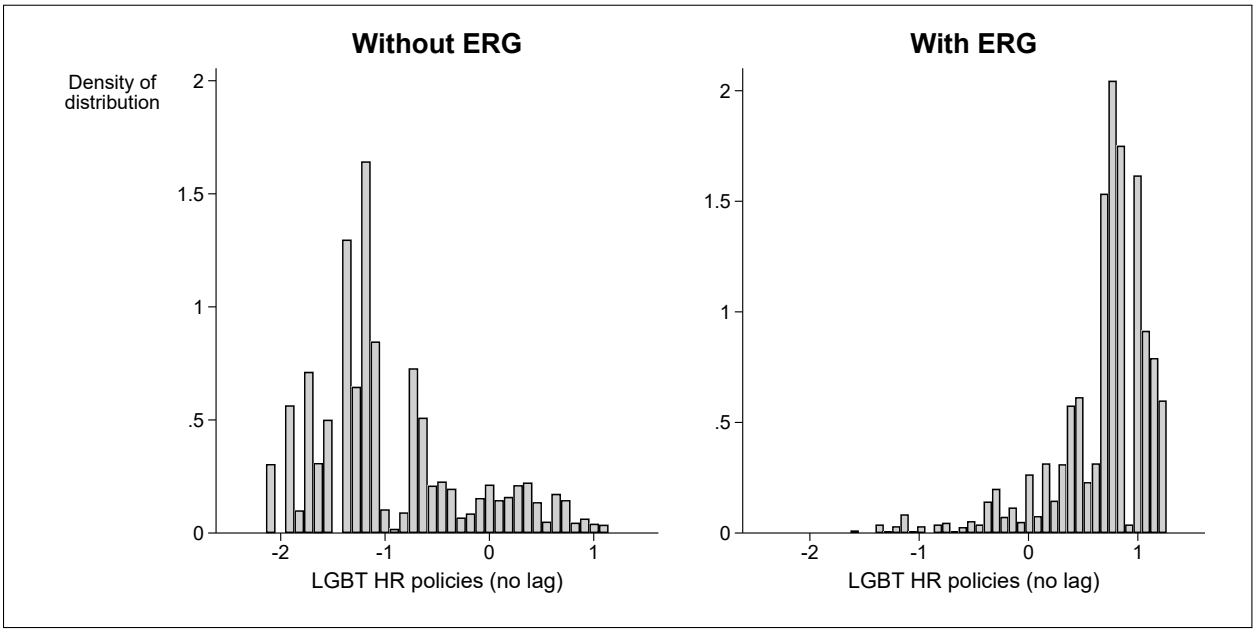
**FIGURE C.1. LGBT HR policies by unofficial status**




"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.

Figure C.2 presents histograms of the LGBT HR policies variable by the presence of an LGBT ERG. 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.2. LGBT HR policies by LGBT ERG presence**



# D Corporate Sponsorship of LGBT Pride Parades

As described in Appendix A.6, the pride parade sponsor variable is a dummy variable that takes the value of one when a company sponsored any pride parade between 2011 and 2017. This appendix details the three lists we used to determine the largest pride parades. If a city's pride parade was listed in two of the three lists (boldfaced cities), we searched its website for pride parade sponsors. At the end of this appendix is a list of further reading on pride parades, for readers who are unfamiliar with these events.

## MSN.com: "The World's Biggest Pride Parades" (2018)

List of the 22 largest pride parades across the world: `https://www.msn.com/en-us/lifestyle/smart-living/the-worlds-biggest-pride-parades/ss-AAyihuY#image=1`

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)

List of 16 largest pride parades in the world: `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`)

1. **New York**
2. **San Francisco**
3. **Chicago**

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

Redfin (a real estate company) published a list of the 10 most popular pride parades, which they identify using Google Trends data: `https://www.redfin.com/blog/2016/06/most-popular-u-s-pride-parades.html`

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

## Websites used to construct the pride sponorship variable

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. Corporate sponsors will usually have their own 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 symbolically show their 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 are often given the budget and discretion to participate in pride parades as an official representative of their firm. Companies participate in pride parades to reach out to LGBT consumers and potential employees.*

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