

Bad Company:

Tactics, Stigma, and Shifts in Support of Environmental SMOs after the BP Oil Spill

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Abstract

Social Movement Organizations (SMOs) are increasingly using collaborative tactics, working with private firms to effect change. Implications of this are not well understood by researchers. This study investigates one risk that looms over such collaborations: if the corporate partner is revealed to be a “bad actor.” Ideas are investigated in the context of the BP Oil spill. Drawing on the stigma by association literature, we expect that, despite being in a different sector and operating under a different logic, SMOs that had collaborated with BP before the spill will suffer post-spill. We also introduce a mechanism of *contentious distinction*, by which SMOs that had contentiously targeted BP pre-spill can proactively cast themselves as oppositional to the bad actor and realize *positive* benefits. Hypotheses are supported in an empirical analysis comparing the performance of environmental SMOs pre-and post-spill. Our findings show that there are risks inherent to a collaborative strategy which cannot be fully mitigated. They also highlight an important boundary condition to stigma by association: the valence of the tie matters. Negative ties do not necessarily spread negative spillovers, but can be used to establish an oppositional stance and result in positive gains.

Social movement organizations (SMOs) play an important role instigating corporate reform and reshaping the normative fabric of markets (Davis & Thompson, 1994; Wade, Swaminathan, and Saxon, 1998; Haveman, Rao & Paruchuri, 2007; Hiatt, Sine & Tolbert, 2009). Movements operating in markets engage in private politics by drawing upon a rich tactical repertoire to pressure firms to amend problematic practices and products (Soule, 2009; Schurman & Munro, 2009; Rao, 2009; King & Pearce, 2010; McDonnell, 2016). Most research exploring corporate-targeted campaigns focuses on the incidence and outcomes of contentious tactics like boycotts and protests (King, 2008; Hiatt & Park, 2013; Hiatt, Grandy & Lee, 2015). Recent research acknowledges the expanding role of collaborative campaigns in SMO strategy. Many firms with historically contentious relationships with SMOs are becoming more receptive to activists over time (McDonnell, Soule and King, 2016), as demonstrated by an increasing incidence of cross-sector collaborations (Yazihi and Doh, 2009) and formal corporate sponsorship of activist campaigns (McDonnell, 2016). Even SMOs like Greenpeace that are known for their use of contentious campaigns, do, from time to time, collaboratively engage with firms, evidenced by its 1993 partnership with Safeway to protest Norway's commercial whaling policies.

The trade-offs that SMOs face in choosing to strategically engage firms through contentious or collaborative tactics are not well understood. On the one hand, firms make particularly attractive allies due to their global reach, enhanced media capabilities, considerable resources, and political power. SMOs that develop a reputation for contention may be perceived as unwilling to compromise, alienating this population of powerful allies. On the other hand, collaboration with a firm could expose an SMO to risk of reputational damage, as an open association with a company could damage the activists' perceived legitimacy and independence. Firm-SMO alliances are especially problematic in cases where the firm becomes embroiled in a scandal or crisis. As one SMO executive who we interviewed put it, "the last thing we want is to be stuck holding hands with the bad guy the next time there is a scandal." Balancing the risks and rewards attendant to collaborative and contentious engagements represents a critical first step in the strategic formulation of SMOs' cross-sector campaigns, but remains underexplored theoretically and empirically.

In the present paper, we shed light on this problem by investigating the reputational implications of the BP oil spill for SMOs that had interacted with British Petroleum (BP) in previous decade. BP, a prominent oil concern, experienced an exogenous shock to its reputation and legitimacy in 2010 when its Deepwater Horizon oil rig exploded and sank, an event that precipitated the largest accidental oil spill in the history of the petroleum industry (Robertson & Kraus, 2010). This context represents an ideal opportunity to examine the reputational implications of contentious and collaborative firm-SMO interactions because the exogenous environmental shock isolates the effect of the stigmatizing event. We use a unique database that traces all collaborative and contentious interactions occurring from 1999 to 2010 between BP and a sample of environmental SMOs. We combine this with data on the SMOs' fundraising performance both before and after the spill, allowing us to study how interactions with BP affected the support that SMOs receive in the wake of the scandal.

Our analysis makes significant contributions to social movement theory and organizational theory. We contribute to social movement theory by demonstrating the disparate strategic implications of SMOs' contentious and collaborative engagements with scandalized firms. We find an SMO's prior collaborative ties to a scandalized firm are associated with *decreased* contributions after the scandal, compared to SMOs that had no prior interactions with the firm. In contrast, an SMO's prior contentious interactions with a scandalized firm are associated with *increased* contributions after the scandal. Thus our results shed light on the risks and opportunities associated with SMOs' collaborative and contentious engagement strategies. Our results also provide a caveat to the traditional "radical flank" effect of social movement theory. The radical flank effect, conceived within the context of state-targeted movements, suggests that more conciliatory, moderate groups tend to benefit from the contentious repertoire of their more radical counterparts, as the radicals make the moderates appear more reasonable by comparison, increasing the state's willingness to cooperate with the moderate's agenda (Haines, 1984; 1988). Our findings suggest that the radical flank effect may be muted in times of crisis and public opprobrium, when radicals benefit from their ability to directly and aggressively call out implicated organizations. Under such conditions, the mobilizing potential of moderate firms may be undercut insofar as they are seen as

implicated in the crisis because of their prior ties to stigmatized firms. This complements other recent work describing the limitations of the application of radical flank effects in the domain of private politics (Hiatt, Grandy and Lee, 2015).

Our findings also have immediate implications for several streams of research within organizational theory. First, our results speak to research on stigma by association, where stigma transfers through both individual and organizational ties (Jonsson, Greve, and Fujiwara-Greve, 2009; Pontikes, Negro, and Rao, 2010). We provide evidence that the affective character of a tie is an important boundary condition to stigma-by-association. While SMOs that historically collaborated with the stigmatized firm experience stigma-by-association and lowered public approval, those that historically contentiously targeted the stigmatized firm experience *increased* public approval after the scandal. Antagonistic interactions do not lead to stigma by association, but instead provide an opportunity for the alter to distinguish itself from the stigmatized actor and benefit from the scandal: a process we refer to as *contentious distinction*. These findings are relevant to all organizations in rivalrous environments, but they are especially instructive in the case of SMOs, which select from a tactical repertoire that includes both contentious and collaborative components. A fuller understanding of the associative risks and opportunities attendant to collaborative and contentious engagements with firms is necessary for SMOs to effectively formulate campaign strategies for engaging the private sector without exposing themselves to undue reputational risk.

Our findings offer new insight into the manner in which crises affect the distribution of resources across organizational fields. Resource dependence theory traditionally casts collaborative alliances as a tool for surviving in uncertain and unstable markets. Because of their extensive power and resources, firms make attractive potential partners for SMOs. Our findings suggest that during times of crisis, cross-sector collaborations can produce significant adverse performance effects for SMOs when partners become compromised. Thus, crises represent one source of environmental uncertainty in which alliances pose significant risks. Our findings also underscore that there are unique opportunities for resource acquisition inherent in crises. Prior work suggests that crises and scandals can be a boon for SMOs

operating in the affected issue space by prompting a groundswell of interest and contributions (Tilcsik & Marquis, 2013). Our work extends this finding by demonstrating that the distribution of these resources across the SMO field depends critically on SMOs' prior engagements with the scandalized entity. Crises operate as field-reconstituting events that reshape resource flows within an institutional field, producing both winners and losers.

Contention and Collaboration in the Tactical Repertoire of Private Politics

The traditional model of interactions between social activists and corporations is premised on contention (King and Pearce, 2010; Baron & Diermier, 2005). Markets are characterized as field hierarchies populated with powerful entrenched incumbents (Fligstein, 1996; Friedland & Alford, 1991). Corporations with elite field positions benefit from the status quo, making them reticent to respond to calls for change (Rao, Morrill and Zald, 2000; Fligstein and McAdam, 2011). Activists promoting new social agendas must therefore engage elite organizations as institutional challengers (Hensmans, 2003; McCarthy & Zald, 1977), utilizing the “contentious politics” of traditional marginalized social movements (Tarrow, 1998). Contentious movements use disruptive tactics like boycotts and protests to coerce their target's compliance by undermining its public approval and field position through negative media attention (Soule, 2009; Weber, Rao, and Thomas, 2009; King, 2008). When targeted, companies endeavor to defend the institutional order by shoring up stakeholder approval, using tactics like impression management (McDonnell and King, 2013), charitable contributions (Ingram, Yue and Rao, 2010), or pro-corporate campaigns (Walker, 2013). The contentious model of movements in markets depicts activists and firms as engaged in a kind of institutional warfare, volleying tactics and counter-tactics until the targeted firm concedes or the activists flag and dissipate (Jasper and Poulsen, 1993).

In contemporary times, however, demands for corporate social reform are more conventional than traditional models of market contention suggest, making firms more receptive to calls for social reform. For example, social entrepreneurs have established new logics of socially responsible consumption, priming space for movement-moderated “moral markets” (McInerney, 2014), and enlivening whole

populations of socially conscious consumers that support “political consumerist” market segments (Stolle, Hooghe, & Micheletti, 2005). Complementing this shift in the marketplace, nascent logics of socially responsible investment have fostered the emergence of a new class of socially responsible investors (Proffitt and Spicer, 2006; Reid and Toffel, 2009), and increased attention to social and environmental risk among critical market moderators like stock analysts (Vasi and King, 2012). Even the inner circle of corporate elites – the population arguably most vested in protecting the status quo (Useem, 1986) – has ostensibly warmed to socially-conscious corporate strategy. Recently, *Fortune* magazine crowned Starbucks’ CEO Howard Schultz as the “Business Leader of the Year,” lauding a management-style that “blends capitalism and activism.” With these shifts, firms embrace social responsibility as core to their market viability. Many firms now seek out collaborative relationships with activist organizations to assist their formulation and implementation of socially responsible reforms (e.g., Rondinelli and London, 2003; Austin, 2000; Argenti, 2004; Ashman, 2001; McDonnell, 2016), allowing for the expansion of SMOs’ collaborative repertoire for corporate engagement (Baron, 2012).

The collaborative repertoire of modern SMOs, despite being increasingly utilized (Yaziji & Doh, 2009), continues to be grossly under-theorized within the study of social movements in markets. In an effort to shed light on the factors that determine how SMOs choose between the contentious and collaborative components of their tactical repertoires when engaging firms, we began by conducting seven interviews (lasting around an hour each) with executives within large, established environmental SMOs. Established SMOs represent an interesting population for our purposes because they are well-equipped to implement both contentious tactics like protests and media campaigns as well as cooperative tactics like consultancies or cross-sector partnerships. They have the advanced public relations capabilities necessary for successfully channeling the media to challenge companies through adversarial tactics like boycotts, protests and negative corporate campaigns. At the same time, their organizational structures and professionalized practices resemble those of more bureaucratized entities like firms (Smith & Lipsky, 1993), which may make firms more open to cooperative engagement efforts.

Our interviews revealed that SMO executives recognize both collaborative and contentious tactics as available options for corporate engagement. Said one, “[W]e play all of the roles, sometimes. . . . [We do] public facing campaigns and put. . . public pressure [on the target], but we’re also in there negotiating the deal. . . . And so we don’t only have the public messaging tool in our toolbox.” SMO executives did not perceive collaborative and contentious tactics as being necessarily mutually exclusive, with one being clear that they “don’t have permanent friends or foes” and another arguing that “there are no enduring allies, only enduring interests.” Of course, as a practical matter, most SMOs pick one mode or the other for engagements with a particular corporate target, given the difficulty of turning a contentious target into a collaborative ally, and vice versa. As put by one executive, “It’s very difficult to sue someone and collaborate with them on something else.”

In approaching the question of whether to select a contentious or collaborative mode of engagement with a particular corporate target, SMO leaders grapple with competing incentives. On the one hand, they recognize the benefits of obtaining a powerful ally. But on the other hand, they worry about the reputational risks of associating with an organization that might not share their values or objectives, which could leave a black mark on their reputations and chill their relationship with funders and peers. Illustrating the former set of incentives, SMO executives often touted the benefits of collaborations as a viable and valuable way to further their missions and realize practical change:

We don’t just take on corporations because we have some father issues—whatever. We’re trying to make change in the world. . . . Corporations, whatever your views of them, have a huge amount of influence on the economic and environmental decisions that happen in the United States and Canada. . . . Really what that means is that we are not on a perpetual war footing with our corporate targets.

In general, NGO people necessarily conceptualize the heads of companies and business interests as the villains, as the enemies. [But] there are times that our interests are mutual. And if NGOs don’t understand the mutual opportunities presented, you lose a very potentially powerful ally in getting done what you want to get done. . . . [W]e want to get a job done. And if that means talking to people that other people don’t like – we don’t give a damn. If we can succeed, we’re going to do it.

Large, visible firms are particularly useful allies because of their global reach and market power:

It’s like, hey, here’s a problem: There’s 50 billion paper cups disposed of each year. That means millions of trees cut down. Who out in the world could do something about this?

Well, Starbucks, Costa Coffee. There are a couple of chains that have anywhere between a 15 and 25% market share of the paper cup business. If we can change their behavior that will have cascading effects.

Firms were also seen as critical champions for broader policy reforms because of their perceived control over political constituencies:

[I]f you can get the leaders, and then you can get the next rung of companies, and now you have critical mass in the industry.... Now you can go get a policy fix that says we're going to ban the worst performing practices through a policy, because the majority of the market is already there and they're not going to fight you. It's hard to win on a policy fight... if you are fighting the entire industry. You're the NGO with your one lawyer; they have twenty-five lawyers. You have fifty dollars; they have fifty million dollars. It's very difficult to win if you don't have any [firms on your side].

But collaboration with firms is also dangerous. Working with a company that has a compromised reputation or insincere intentions can lead to criticisms of co-optation and greenwashing (Lucea, 2010), damaging an SMO's reputation, credibility, and inclusion within the broader movement field (Baur & Schmitz, 2012). These soft, relational assets are critically important within the SMO field. Said one executive, "In [the SMO] world -- in the world of people who don't have power -- one of the things you [must] have is trust... In opposition movements of whatever kind, lack of power emphasizes things like ... trust and mutual dependence." Accordingly, SMO leaders highlighted that perceptions of co-optation are especially important to avoid:

From a credibility point of view, we've been careful. There are of course companies [that make sustainable products] approaching us [to ask for endorsements] ... and going, hey, let's work together. ... And I'm like, "No." ... Our independence and credibility is super, super important. [If we are seen as in league with a company we are targeting], then we're finished. No one is ever going to listen to us.

Recognizing the risks of association, organizations are selective in choosing partners for cross-sector collaborations, demonstrating a preference for partners that conform to socially acceptable behaviors, and eschewing those whose behaviors are deemed illegitimate or deviant (Elsbach, 1994; Suchman, 1995; Sullivan, Haunschild, & Page, 2007). But SMOs may face difficulties creating their networks in this way, as the organizations motivated to collaborate are often those that are facing criticism or crisis, that want to signal that they are taking positive steps to improve in the contested area (McDonnell, 2016).

Unfortunately, these organizations may also have ulterior motives for seeking out an alliance, and may

intend to use it for purposes of greenwashing, or as a tool to co-opt and demobilize the broader movement (Odziemkowska and McDonnell, 2018). The SMO field accordingly tends to be wary of corporate collaborations, especially when they involve disreputable firms. Illustrating this, one SMO executive with whom we spoke recounted that when her organization worked with an infamous mining firm to set aside part of its land as a protected national park, “some people thought [we were] sleeping with the devil... And we had to face down those comments.” Another SMO executive described how their organization suffered from stigma by association when they collaborated with an energy company to negotiate an agreement for the eventual closure of a dangerous nuclear plant, which enflamed other activists who were calling for an immediate shut-down:

“now ... [we and the firm] are *partners*. We have to fight to defend this agreement ... And I can tell you I have former colleagues who won't even talk to me anymore.”

This executive further acknowledged the risk that his organization now faced in being perceived as complicit if the plant is involved in an accident prior to its closure, saying, “That is what wakes me up in the middle of the night.”

As our interviews indicate, SMO executives are keenly aware of the potential reputational risk that comes from collaborating with a firm. But avoiding collaboration altogether could put them at a disadvantage in terms of realizing practical change. SMOs that are interested in collaborating try their best to mitigate this risk through tactics like due diligence to ascertain whether a firm is sincere about supporting the movement's goals. This involves relying on signals like the organization's reputation, track record on the environment, and perceived values of its leaders. As one SMO leader remarked:

“[Sincerity] can be a little hard to discern sometimes. Every company says they're for sustainability and they want to reduce their footprint. We do a fair amount of research to look at the leadership. Which is not just the board and CEO, but looking into management, and what's the background of these folks. What other companies did they work for where their experiences might have been different from where they're at?”

But reputational risks cannot be fully predicted *ex ante*, and if an SMO collaborates with a firm that later is involved in a stigmatizing event, research on stigma by association suggests that the SMO's overt tie to the firm can become a source of discredit (Jensen 2006).

Adverse reputational spillovers are particularly problematic for actors in the public-sector, like SMOs, because of their substantial and continuous reliance on public support and funding (e.g., Skocpol, 1985; Hiatt and Park, 2013; McDonnell and Werner, 2016). Being connected to a discredited actor may have an immediate and dramatic effect on their survival. SMO executives have an intuitive understanding about this. As one executive put it, “[u]nderstanding the power of association and reputational transfer is key to reputational defense.” Below, we draw on the literature on stigma by association to build theory about whether and how stigma transfers through SMOs’ engagements with scandalized firms.

‘Mere Association’: The Adverse Implications of Ties to a Stigmatized Firm

Empirical studies in organizational theory document negative spillovers, or stigma-by-association, where stigma transfers broadly through both individual and organizational ties (Barnett and King 2008; Jonsson, Greve, and Fujiwara-Greve, 2009; Pontikes, Negro, and Rao, 2010). Stigma operates as a “vilifying label” (Devers et al., 2009; Vergne, 2012) that applies to organizations that are in some way associated with the scandalized organization.

One dominant explanatory mechanism for negative spillovers is “categorical delegitimization” (Greve, Palmer & Pozner, 2010: 89; Jonsson et al., 2009). Stakeholders use organizational categories as tools to simplify a complex population of organizations, classifying them into discrete and manageable groups (Porac, Thomas, & Baden-Fuller, 1989). In this process, they incidentally attribute characteristics of individual category members to other group members. This means when one member of the group is involved in a scandal, the negative information is often seen as indicative of a deficiency in the entire group. For example, following the Enron scandal that implicated Arthur Anderson’s Houston office, clients severed ties broadly from all of Arthur Anderson’s other offices, hoping to avoid reputational damage (Jensen 2006). In another example, RC2 Corp. engaged in a massive product recall of its Thomas and Friends line of children’s toys in 2007 after they discovered that the paint used by their Chinese manufacturer contained hazardous amounts of lead. After the recall, many stakeholders immediately extrapolated the negligence of RC2 Corp’s manufacturer to any Chinese manufacturer. As a member of one US consumer rights organization asked, “Do I have to look at every toy that has paint on it that comes

from China as perhaps suspect?” (Lipton and Barboza, 2007). One actor’s stigmatizing action can effectively contaminate an entire group of similar peers (Jonsson et al., 2009; Vergne, 2012).

An outstanding question is whether stigma transfers through cross-sector alliances, such as between corporate firms and their SMO partners. SMOs are perceived by the general public to be very a different organizational species than for-profit firms. They are seen as more trustworthy and prosocial because their primary missions relate to a social cause (McDonnell, 2016). In our interviews, some SMO executives appeared to believe they were insulated from stigma spillovers because they were perceived as categorically distinct from firms, such that their partnerships were viewed as endorsing an “issue” but not a “firm.”

[When] we are working together [with a firm] on something where we have a shared interest. I’m never saying, I love everything about you, or validating, or greenwashing any other thing that you’re doing.

[I’m not worried about corporate scandals] because... we don’t go out and say we’re now best friends with [a firm we are collaborating with] ... We don’t endorse companies... So ... let’s say we were working with Volkswagen, and the scandal happened. We’d condemn them for being lying scumbags.

But research on stigma by association suggests negative spillovers may operate much more broadly. In laboratory studies, a person is devalued simply by coincidental connections to a stigmatized alter: sitting next to a person in a doctor’s waiting room (Hebl and Mannix, 2003), or appearing together in a photograph by happenstance (Penny and Haddock, 2007; Pryor, Reeder, and Monroe, 2012). Work on the spread of stigma after a scandal suggests that harm from negative spillovers can occur through processes of network contagion (Adut, 2005; Jensen 2006). An innocent actor can suffer through “mere” association. Pontikes, Negro and Rao (2010) found adverse employment outcomes when actors had previously worked on a movie project alongside others who were blacklisted as Communists during Hollywood’s “Red Scare,” even when the blacklisted co-worker had a very dissimilar role, such as the screenplay writer. Stigma spreads through associative ties in the organizational setting, too. For example, Janney and Gove (2017) show that companies with board linkages to firms implicated in stock options backdating experienced significantly negative stock price returns.

This literature suggests that stigma can transfer through cross-sector interactions, which has implications for SMOs that employ collaborative tactics with firms. We expect SMOs that engaged in a collaborative activity with a firm prior to a scandal will suffer damage to their own reputation in the wake of the scandal, which will translate into reduced public support.

Hypothesis 1: SMOs that collaboratively interacted with a firm before it was involved in a scandal will experience decreased public support after the scandal, relative to other SMOs that did not collaboratively interact with the firm.

‘Contentious Distinction’: The Benefits of a Negative Tie to a Stigmatized Firm

The stigma by association literature paints a dark picture of negative spillovers, where anything in proximity to a stigmatized entity becomes tainted. Boundary conditions of stigma by association are unexplored. We suggest that one important boundary condition concerns the affective character of ties to a stigmatized entity, which is especially relevant to SMOs. If stigma spreads to all connections following a scandal, regardless of whether the alter had a collaborative or contentious tie, then it is not such a risky choice to engage in collaborative (as opposed to contentious) tactics with firms. But in prior research demonstrating stigma by association, the ties studied have positive or neutral valence. We suggest that contentious ties operate differently by allowing an actor to proactively differentiate itself from the stigmatized alter, perhaps even realizing gains. We refer to this process as *contentious distinction*.

We derive support for the proposed process of contentious distinction from prior work in social movement theory, where contentious tactics have been widely studied. Contentious social movements act as institutional challengers (McCarthy & Zald, 1977; Fligstein & McAdam, 2012), using tactics that question the status quo (Oliver 1992: 564). Contentious tactics engage in a process of problematization: activists make disparaging claims about established firms (or other incumbents) to convince the public that a contested practice is harmful or improper (Benford and Snow, 2000; King 2008; Maguire and Hardy, 2009). By vilifying a particular subset of incumbents, activists fragment the organizational field into distinguishable sets of allies and adversaries (Hunt, Benford, and Snow, 1994). This allows the movement to better mobilize and radicalize supporters (Alinsky, 1989). Ultimately, successful

contentious movements can spur processes of deinstitutionalization that eradicate contested practices from the field (Hiatt, Sine and Tolbert, 2009; Maguire and Hardy, 2009; Briscoe and Safford, 2008).

We contend that contentious interactions enhance the degree to which SMOs are perceived as categorically distinct from targeted firms. Distinction is a deliberate goal of contentious tactics, which work to differentiate the movement (“us”) from its targets (“them”) through processes of naming, shaming, and alienating. Bifurcating the organizational field into allies and adversaries, confrontational tactics draw battle lines between the movement and its targets that “become salient boundaries in social space” (Briscoe and Safford, 2008: 461). These boundaries, in turn, increase the likelihood that the public will categorize contentious activists as separate and distinct from the companies that they have targeted.

When SMOs have contentiously interacted with a company that is later involved in a scandal, we propose that contentious distinction will lead to *positive* spillovers for the SMO. This occurs for two primary reasons. First, contentious distinction leads stakeholders to perceive an activist as being in a separate, oppositional category than the organizations that it has targeted. When targeted organizations are scandalized, the activists’ separate category will benefit from its positive distinctiveness from the now-tarnished category. Second, given that contentious tactics rest on disparaging claims about a target, the activist’s claims are in essence validated when the target is later scandalized, as its attack can be interpreted as a presage of its target’s perniciousness. In this way, contentious interactions prior to a scandal endow the activist with additional legitimacy after the scandal.

One of the SMO executives we interviewed – a former Greenpeace employee – sums up how an oppositional stance helps fundraising in periods of crisis: “It was a joke in Greenpeace, that ... we always raised the money on killing baby seals.... Being against the environmental bad guy [raises] you the best money. And the people who raised a lot of money during the BP oil spill were the ones with the oil-covered bird pictures.” Thus we expect:

Hypothesis 2: SMOs that contentiously interacted with a firm before it was involved in a scandal will experience increased public support after the scandal, relative to other SMOs that did not contentiously interact with the firm.

Empirical Context and Methods

Research Setting: The Deepwater Horizon Oil Spill

Prior to BP's Deepwater Horizon Oil Spill, a number of SMOs had established collaborative relationships with the oil magnate. At the time, BP regularly had been rated among the most reputable organizations in terms of its environmental stewardship. In 2006, CERES, a consortium of ethical investors, ranked BP as the number one company in the world in terms of its corporate governance on climate issues (CERES Press Release, 2006). BP was also engaged in numerous partnerships with environmental SMOs like the Nature Conservancy, which accepted over \$10 million dollars of pecuniary and in-kind contributions from BP, worked directly with the company on conservation projects domestically and abroad, and even gave the company a seat on its governing International Leadership Council (Stephens, 2010). BP's partnerships with SMOs helped legitimate its Earth-friendly, "Beyond Petroleum" branding campaign. Its SMO collaborators gained a resource-rich partner to assist with program sponsorship and lobbying. However, BP was also a common target of contentious activism in the years before the oil spill. In fact, the good environmental reputation and active CSR program it employed may have made it a target for contentious activists, as prior work suggests that activists are more likely to challenge celebrity firms with active CSR programs, where they can point out evidence of organizational hypocrisy (King and McDonnell, 2014).

On April 20, 2010, a series of explosions on BP's Deepwater Horizon oil rig led to the largest accidental marine oil spill incident in the history of the petroleum industry. Eleven people died in the explosion. The disaster did considerable damage to BP's reputation, triggering tremendous amounts of negative media coverage and spurring several large-scale protests of the company. As one marketing specialist remarked to Time magazine in its post-spill coverage, "The brand-image costs will be there for a long, long time. For years, the first thing people will think about when you say 'BP' is the spill." (Walt, 2010). This context is ripe for exploration of our hypotheses because it includes SMOs with

positive and negative ties to BP before BP experienced an unexpected and highly stigmatizing event.¹ Additionally, direct evidence suggests that prior connections between SMOs and BP were both salient and scrutinized in the aftermath of the spill. For example, one of the lawyers tasked with investigating nonprofit donor relationships for the Senate Finance Committee after the crisis said, “This is going to be a real test for charities such as the Nature Conservancy. This not only stains BP, but... it also stains those who have been benefiting from their money and their support.” (Stephens, 2010).

Sample Construction

We began by constructing a sample of environmental SMOs using an archival media search of Factiva’s available news sources between 1993 and 2010. We searched for the phrases “environmental activist group/organization” or “conservation activist group/organization” or “environmental advocacy group/organization” or “conservation advocacy group/organization.” We included the words activist/advocacy in our search in order to more precisely identify SMOs – i.e., organizations that actively engage the private sector through private political repertoires– as opposed to organizations that function primarily as think tanks or lobbyists. We then read each of the results of this query and constructed a list of the names of all domestic organizations associated with our search terms. This resulted in a sample of 110 environmental SMOs.

Dependent Variables

Our proxy for public support is *changes in total contributions*, a critical performance metric in this setting. We collected historical data on the contributions received by the SMOs in our sample using the National Center for Charitable Statistics’ archival database of the annual Form 990 tax filings submitted by nonprofits. These filings include information about all sources of income that nonprofits receive annually, as well as their total assets, fund values, and other financial variables. Tax filings were

¹ The timing of this spill could not have been foreseen, and after the spill BP’s reputation suffered dramatically. Therefore, we exploit this event as an exogenous shock that stigmatized BP.

not submitted for 22 of the SMOs in the sample² and we omit Greenpeace from the final sample because of anomalies in its income structure,³ reducing our final sample size to 88 environmental SMOs. Our dependent variable is the difference of each SMO's reported total contributions in the tax years pre- and post- the Deepwater Horizon oil spill (2009 and 2011). We omit the tax year in which the oil spill occurred in order to be sure that the contributions we use to measure post-event performance were indeed collected after the oil spill (recognizing that some portion of contributions that SMOs received in the 2010 tax year had already been collected when the spill occurred in April). This strategy allows for better causal inference by ensuring the temporal precedence of the scandal as it relates to the dependent variable.

One section of the Form 990 asks organizations to disaggregate their total contributions into seven components: federated campaigns, membership dues, fundraising events, payments from related organizations, government grants, and other direct contributions (which includes all contributions raised directly from individuals). Only a subset of the SMOs in our sample (~75%) provided this disaggregated information, but among those that did, the vast majority of total contributions come from two categories: government grants (accounting for 11.49% of reported contributions) and other direct contributions (accounting for 84.1% of total contributions). Given that the government and the general public may be affected by spillovers in very different ways, in follow-up analyses we separately analyze effects on *changes in government grants* and *changes in other direct contributions*.

Independent Variables

² The most likely reason that a Form 990 would not be submitted by an SMO is because it did not meet the filing thresholds of having at least \$200,000 of gross receipts or total assets of at least \$500,000 at the close of the tax year. This size requirement does potentially limit our findings to the mid-size and larger organizations that we are able to observe.

³ We identified Greenpeace as an extreme outlier within our sample in two respects. Firstly, when compared to the other members of the sample, Greenpeace's income profile is anomalous. A significant portion of the income raised by the primary 501(c)(3) activist wing of Greenpeace, Greenpeace Inc., is self-funded from its affiliated 501(c)(12) fundraising entity, Greenpeace Fund, which also independently raises money directly from the public. Because public contributions can flow to either of these entities, and income can flow between them as well, it is difficult to compare the year-to-year contributions received by Greenpeace to the other environmental SMOs in our sample. Secondly, Greenpeace had more than twice the number of contentious interactions with BP than the next-most contentious SMO in the sample, USPIRG (with 43 and 18 contentious ties, respectively).

We constructed our independent variables using an archival media analysis of Factiva's Major US News and Press Release Wires database. We began by searching this database for all articles in which any of our sample members were mentioned in the decade prior to the BP oil spill. This yielded an initial text corpus of 96,040 articles. We then identified all articles that also mentioned BP. This produced a subset of 6,858 articles that mentioned a sampled SMO as well as BP, thus potentially reflecting a tie. To identify and code all true associations and their collaborative or contentious valence, a team of six coders read each of these 6,858 articles. Coders manually classified each article as either involving no tie (meaning that the firm and SMO did not interact), a collaborative interaction (meaning that the firm and the SMO interacted in a collaborative manner), or a contentious interaction (meaning that the firm and the SMO interacted in a contentious manner). We ultimately identified 238 separate interactions between sample members and BP in the decade prior to the oil spill, 66% of which were collaborative. We test our hypotheses through separate count variables that capture the total number of each SMO's *Contentious Interactions with BP* and *Collaborative Interactions with BP*.

Control Variables

We include a number of control variables that might affect the change in contributions received by SMOs after the BP Oil Spill. First, given that SMOs rely heavily on the media to mobilize supporters (King, 2008), we include a control for total *media attention*, equal to the total number of articles in Factiva's Major News and Press Release Wires that mentioned a given SMO in the year prior to the oil spill. This variable is logged to address its inherent skew. To capture differences in fundraising that are attributable to differences in size, we include a control for each SMO's *number of employees*, as reported in its 2009 Form 990. Because age within the nonprofit field is likely to correlate with both status and legitimacy, we include a control for the year in which each SMO was *founded*, as reported in its 2009 Form 990.⁴ To account for the wide variation in total contributions routinely received by the SMOs in our sample, we

⁴ Eight of the SMOs in our sample did not report a founding year in their Form 990. So as not to lose these observations, we coded the year founded for each of these SMOs as 1985, the sample mean. Results hold when these SMOs are omitted from analyses.

include a control for the *lagged total contributions*, which reflects total contributions as reported in the 2009 Form 990. To control for the nature of each sample member's general tactical engagement with the oil and gas industry (as opposed to BP specifically), we searched for articles mentioning sample members alongside BP's four largest industry peers (Exxon, Chevron, Texaco, and Shell). We coded all interactions between sample members and these firms as contentious, neutral or collaborative, following the procedure described above. Interestingly, as compared to BP, sample members interacted with the other four largest oil companies less frequently (a total of 246 times) and more contentiously (only 37% of interactions were collaborative). This supports our suggestion that BP was seen in a more favorable light than its competitors prior to the spill. Mirroring our independent variables, we proxy these controls through two separate count variables capturing the total number of *Collaborative Interactions with Other Oil Companies* and *Contentious Interactions with Other Oil Companies*

Finally, to create a control for the nature of each sample member's preferred form of tactical engagement toward corporations more generally, we searched for articles mentioning a sample member alongside any of the four largest domestic non-energy companies in the *Fortune 500* in 2009 (Wal-Mart, Ford, General Electric, and GM). Again, we code all interactions as contentious, neutral or collaborative, following the procedure described above. Mirroring our independent variables, we introduce these controls through two separate count variables capturing the total number of *Collaborative Interactions with Non-Oil Companies* and *Contentious Interactions with Non-Oil Companies*.

Summary statistics and correlations for all variables are provided in Table 1, below.

[Insert Table 1 Here]

Model and Estimation

We test our hypotheses through an empirical examination of the change in contributions received by sampled SMOs between 2009 and 2011 (the years before and after the Deepwater Horizon oil spill), as a function of the independent and control variables:

$$\Delta \text{ contributions} = \beta_1 \text{ BP collaborative} + \beta_2 \text{ BP contentious} + \gamma \cdot \text{controls}$$

We estimate this model using multivariate regression in STATA. Hypothesis 1 suggest that $\beta_1 < 0$ and hypothesis 2 that $\beta_2 > 0$.

A critical underlying assumption of our model is that any significant effects that we observe in the 2009 - 2011 period are due to the intervening treatment (the BP oil spill), rather than to pre-existing trends. We took several steps to validate this assumption. First, we examined historical trends in contributions for SMOs that had contentious and collaborative ties with BP. Figure 1 shows the year-to-year percentage change in total contributions by SMOs that had a predominately collaborative relationship with BP (i.e., more collaborative than contentious interactions in the decade prior to the oil spill) and SMOs that had a predominately contentious relationship with BP (i.e., more contentious than collaborative interactions in the decade prior to the oil spill). Up until the end of 2009 (the last year of data before the intervention of the oil spill), the figure suggests that these two groups saw remarkably similar patterns in the year-to-year percentage change in total contributions. The rather dramatic dip in contributions received by both sets of SMOs between 2008 and 2009 likely reflects the financial constraints put on donors by the Great Recession. Importantly, although the recession represented its own exogenous shock to the environmental movement, it appears to have affected both groups similarly. It is not until after the oil spill (in 2010) that the two lines diverge, with the contentious SMOs receiving an increase in support while collaborative SMOs suffered a small additional decline in support. This provides evidence that the oil spill does indeed represent a shock that disparately affected these two populations of SMOs.

[Insert Figure 1 Here]

As a second test to ensure that the results of our main models are attributable to the treatment rather than pre-existing trends, we run a placebo-in-time test where we replicate our models with the treatment assigned to a year in which there was no stigmatizing event. For this test, we assigned the placebo treatment to the year 2006 and regress our independent and control variables on the change in

total contributions between 2005 and 2007.⁵ If the effects observed in the period surrounding the treatment are indeed attributable to the treatment, they should not surface in this placebo test.

Results

Table 2 presents results of regressions of the independent and control variables on the change in total contributions made to our sample of environmental SMOs. Model 1 tests our hypotheses, where the dependent variable is the change in total contributions between 2009 (the year before the spill) and 2011 (the year after the spill). Model 2 presents results of the placebo-in-time test. Results show support for H1 and H2. The more collaborative ties an SMO had with BP, the lower the change in contributions after the oil spill, as compared to SMOs with no collaborative ties ($\beta = -1.07$, $p < 0.001$). The more contentious ties an SMO had, the higher the change in contributions, as compared to SMOs with no contentious ties ($\beta = 1.17$, $p < 0.001$).

[Insert table 2 here]

To put these results in context, figure 2 illustrates the average change in total contributions for each SMO that had interacted with BP in the prior decade, as a function of the net affective valence of their interactions with BP in the prior decade (total collaborative interactions – total contentious interactions). Squares in the figure denote SMOs with primarily collaborative interactions and triangles denote SMOs with primarily contentious interactions, along with the fitted line derived from our model. As the figure shows, SMOs with one standard deviation above the mean number of collaborative interactions (~9 interactions) are predicted to suffer a roughly \$10,000,000 lower change in total contributions in the period surrounding the oil spill than SMOs with no collaborative ties. Over the same period, however, SMOs with one standard deviation above the mean number of contentious interactions (~4 interactions) enjoy roughly a \$5,000,000 higher change in contributions than SMOs with no contentious ties.

⁵ Though 2007 – 2009 represents the most proximate period that we could use as a placebo, we chose not to use this period because it brackets the Great Recession. Rather, we selected the 2005-2007 period because it was the most proximate period to the actual treatment that did not overlap with the recession. However, effects of ties to BP are similar in the 2007-2009 placebo period as those in the placebo test presented.

[Insert Figure 2 Here]

Model 2 provides evidence that these effects are not simply reflective of a general time trend. In the placebo-in-time test, which provides a window into pre-treatment trends, the effect of contentious interactions with BP is not significant and the effect of collaborative interactions with BP is reversed, showing a significantly positive association between collaborative interactions with BP and changes in total contributions. The control for collaborative interactions with non-oil-companies also remains significantly positively associated with changes in contributions in the pre-treatment placebo-in-time. To the contrary, the control for collaborative interactions with other oil companies result in significantly negative changes in total contributions in both periods, perhaps due to these organizations' already tainted reputations in the field. These results together provide some indication that collaborative tactics for engaging reputable firms are favored by donors in the absence of scandal, whereas collaborative tactics with disreputable firms are frowned upon in general.

Table 3 further explores results by investigating whether effects depend on the donor audience. We separately estimate effects on changes in contributions derived from government grants and other direct contributions. Here, we employ seemingly unrelated regressions, allowing our models to account for the likelihood that these two dependent variables are systematically related to one another (SMOs that receive a very large government grant in a given year may devote less energy to public fundraising, for example). Roughly a quarter of the SMOs in our initial models did not provide a more detailed breakdown of the component parts of the total contributions that they reported in their form 990 filings, reducing the sample size in these follow-up models to 63.

[Insert Table 3 Here]

Results show evidence of hypothesized effects for both government grants and direct contributions. Collaborative ties with BP result in decreased direct contributions and government grants, a statistically significant effect in both models ($p < 0.05$). For contentious ties, there is a positive significant effect on direct contributions ($\beta = 1.007, p < 0.001$). The effect on government grants is consistent but

noisier ($\beta = 0.07$, $p < 0.10$), perhaps indicating that donors with more expertise may not be as swayed by contentious distinction as the general public.

Robustness Checks

We ran a series of additional analyses to probe the robustness of the primary findings and to address potential weaknesses of our data. Given that our primary results rely on a small sample of only 88 SMOs, one important concern to address is that our results might be unduly influenced by outliers in the data. As can be seen in Figure 2's scatterplot of interactions, our data includes a handful of relatively large environmental SMOs that interacted with BP much more frequently than the average sampled SMO. To address this concern, we replicated our primary model (Table 2, Model 1), with two models winsorizing all of our independent variables at the top and bottom 1% and 3% of their distributions, respectively, to minimize the influence of outliers. Results for hypothesized variables were robust to these specifications. We additionally ran models winsorizing our dependent variable at the top and bottom 1% and 3% of its distribution. Results pertaining to all hypothesized variables were again similar to those in our primary models, with only minor differences in the size and significance of hypothesized effects.

Another potential weakness of our variable construction is that we chose a relatively large window (10 years) in which to observe interactions with BP, and we treat all interactions as equal, regardless of if they occurred just prior to the oil spill or ten years previously. Arguably, this choice in variable construction makes ours a more conservative test, given that interactions occurring many years prior to a scandal are likely to be less salient in the public memory, and so we should see stronger hypothesized effects for interactions that occurred closer in time to a scandal. To probe this possibility, we again replicated our primary model (Table 2, Model 1), replacing the independent variables with counts of the number of contentious and collaborative interactions with BP in the prior *three years*. Results pertaining to hypothesized variables were robust to these specifications and, as expected, indicate that more proximate interactions produce much stronger spillover effects. Within this model, the effect of

each collaborative ($\beta = -3.31, p < 0.001$) and contentious ($\beta = 2.84, p < 0.001$) tie with BP on an SMO's change in contributions after the oil spill is around three times stronger than in our primary models.

Discussion

Social movement organizations increasingly draw upon a collaborative tactical repertoire when engaging corporations. But the strategic implications of choosing a collaborative mode of engagement remain under-theorized within social movements research. This project seeks to clarify and empirically explore the competing incentives that SMOs must balance when considering a corporate collaboration. On the one hand, firms can be particularly useful allies to social movements due to their enhanced media capabilities, global footprint, political power, and resources. On the other hand, collaborating with a firm risks tarnishing an SMO's reputation if the corporate ally later becomes embroiled in a scandal. Understanding the risks associated with collaborative corporate engagements is critical to SMOs' effective strategic formulation of corporate campaigns. These risks are not well understood and difficult to observe empirically.

We attempt to shed light on the trade-offs associated with collaborative or contentious tactics through an empirical examination of how SMOs' prior interactions with BP affected their public approval in the wake of the Deepwater Horizon Oil Spill. We find that collaborative SMOs do suffer after the crisis, while contentious SMOs benefit, and effects are sizable. The change in contributions to collaborative SMOs is roughly \$10,000,000 lower in the period surrounding the oil spill compared to SMOs with no collaborative ties. SMOs with a history of contentiously targeting BP enjoy a roughly \$5,000,000 higher change in contributions than peers with no contentious ties.⁶ These results underscore the differential risks and opportunities inherent in SMOs' contentious and collaborative engagements with firms, and contribute to active bodies of work within social movement theory and organizational theory, which we discuss in turn below.

⁶ Computed for SMOs 1 standard deviation above the sample mean for collaborative or contentious interactions.

Our findings have direct implications for research on SMOs' strategic formulation by demonstrating the reputational risks of corporate collaborations. Though SMOs are strategic actors, social movement scholars have lamented the relative paucity of research on how these organizations, as compared to their private sector peers, should formulate strategy (Meyer and Staggenborg, 2008). For example, quite a bit of recent work is dedicated to describing and analyzing the disparate strategies that targeted firms can use to respond to activism (e.g., Ingram, Yue, and Rao, 2010: charitable contributions; McDonnell and King, 2013: prosocial claims; Walker, 2013: pro-corporate campaigns; McDonnell, 2016: corporate-sponsored boycotts; McDonnell, King and Soule, 2015: social management devices). There has been much less research on the strategic implications of the tactics that SMOs use to engage the private sector.

Collaborations with the private sector can increase SMOs' potential positive impact on the issues they champion. But SMO-firm collaborations are unique in that the parties have very different primary goals and organizational logics, and firms may participate in SMO collaborations for instrumental, rather than authentically prosocial, reasons. As a result, collaborative SMOs put themselves at risk of negative spillovers if their partner is caught in a crisis. Our interviews show that SMO executives are aware of this and struggle with its implications. On balance, many reported that it is worth it to try to pursue practical change, even if they risk reputational harm. But they also take comfort in the idea that a collaboration is not an endorsement of a firm, and that they could distance themselves from a bad actor if a scandal were to erupt. Our empirical findings suggest this is not the case. SMOs that had collaborated with BP suffered after the spill, even though they had nothing to do with the tragedy and could not have foreseen it. This is in line with the large literature on stigma by association, which shows that even happenstance links to a stigmatized actor can lead to negative spillovers. Collaborative SMOs are not an exception.

Our results shed light on the SMOs' side of the strategic 'game' that takes place between activists and firms (Jasper and Poulsen, 1995; McDonnell and King, 2013). Our findings counsel that a careful risk assessment should inform the strategy that SMOs use to engage with a firm. SMOs cannot assume that their innocence will protect them from reputational harm if a collaborator is scandalized. Any open

and amiable association with a company can expose an SMO to future reputational risk. Therefore, SMOs should carefully consider a firm's risk of crisis when deciding whether to collaborate with firms, like BP, that operate in industries where the business model is inherently risky. When firms present a higher risk, SMOs may be better off engaging the firm through contentious tactics.

This is not to say that SMOs should only interact with risky companies through contentious engagement. Rather, collaborations with risky firms should be limited to those that are expected to have an exceptionally high benefit for the issue championed. For example, two executives we interviewed engaged in a collaboration with firms in high-risk industries, knowing that they were at high risk that something could go wrong and they would suffer reputational damage. In both cases, they believed there was no other way to make progress on the issue, and made the calculation that it was worth it. In addition, it is important to note that SMOs are not constrained to the contentious and collaborative repertoire of private politics, but can also engage with risky companies indirectly through public politics, using levers within the state to promote reform. Future work might also explore the strategies that SMOs can use to ameliorate negative spillovers when they do, as one of our interviewee's put it, find themselves "holding hands with the bad guy" after a scandal.

Our findings also have important implications for the broader literature exploring stigma-by-association after scandals. Organizations frequently collaborate with estimable others, hoping to enhance their legitimacy, status or reputation (Oliver, 1990; Eisenhardt and Schoonhoven, 1993; Stuart, 2000; McDonnell 2016). But establishing a public tie can lead to reputational damage if a partner becomes involved in a scandal. An innocent organization may suffer reputational declines through "stigma by association," as stakeholders attribute negative information about one organization to innocent others, and withhold their support (Barnett and King, 2008; McDonnell & Werner, 2014). It is therefore critical to assess the reputational risk attendant to any inter-organizational collaboration, and especially so for public-sector organizations that intimately depend on public support to finance their campaigns and operations (Skocpol, 1985; Hiatt & Park, 2013).

Our study documents an important boundary condition of stigma-by-association. We find that the affective character of a pre-existing tie to a scandalized actor changes how spillover effects manifest after a scandal. While the Deepwater Horizon oil spill led to reduced public support for SMOs with more collaborative ties to BP, it simultaneously boosted public support for SMOs with more contentious ties to BP. We propose that the mechanism underlying the latter effect is *contentious distinction*, wherein contentious interactions allow an ego to proactively disassociate from an alter so that it is positioned to benefit by virtue of its positive distinctiveness when the alter is scandalized.

Our findings also contribute to resource dependence theory by exploring the manner in which collaborative and contentious inter-organizational interactions affect the distribution of resources during periods of crisis or scandal. Resource dependence theory has long pointed to the value of collaborative alliances as a strategy for securing the critical resources necessary to weather periods of uncertainty or instability within their environments (Mizruchi, 1992; McDonnell, Lee, Hiatt and Lounsbury, 2017; Armanios et al., 2017; Hiatt, Carlos & Sine, 2018). From this perspective, large firms ostensibly make especially attractive partners for SMOs because of their substantial resources, both in terms of the money and the political power available to them. Indeed, our results suggest that cross-sector collaborations are generally associated with positive resource gains for SMOs, as demonstrated by the positive relationship between our control for large firm collaborations and change in contributions. However, our findings highlight an important caveat insofar as cross-sector alliances can *disrupt* resource flows to SMOs during crises that implicate corporate partners. Thus crises represent one source of environmental uncertainty in which collaborations pose important risks.

At the same time, our findings underscore the unique opportunities for resource exploitation inherent in crises. By undermining the legitimacy of a subset of organizations and disrupting routine stakeholder relationships, crises punctuate the ecological equilibrium of an organizational field and redistribute stakeholder support, producing both winners and losers (Chatterji, Luo, and Seamans, 2018). For example, Piazza and Jourdan (2018) provide evidence that organizations that offer close substitutes – but are categorized separately from – a scandalized organization may be able to capture support from

stakeholders who are cutting ties to the scandalized entity. Our findings supplement this work by showing that entities may benefit from a scandal when they have, *ex ante*, adopted an oppositional stance to the scandalized entity. We theorize a novel mechanism for this effect, contentious distinction, through which proactive adversarial interactions with a stigmatized alter can translate into positive distinctiveness and enhanced legitimacy for the ego. Taken together, our findings complement prior work on the role of institutional shocks on resource distributions (Wade, Swaminathan & Saxon, 1998) by demonstrating that crises operate as field-reconstituting events that reshape resource flows within an institutional field.

We demonstrate the effects of contentious distinction in the context of market contention, wherein SMOs attempt to coerce corporate reform through contentious tactics, but the mechanism of contentious distinction likely generalizes to other contexts. For example, in the realm of corporate strategy, the adoption of a more rivalrous stance toward an industry peer may attenuate negative spillovers when that peer is scandalized. Future work is necessary to understand the settings in which contentious distinction applies and the mechanisms that make it more or less likely to produce benefits after a scandal. Our secondary models suggest one likely boundary condition. Contentious ties with BP produced much weaker effects on government grants than direct contributions. This suggests that contentious distinction may be less likely to predict enhanced support from more expert or politically cautious audiences, who may perceive an actor that is involved in contentious politics as being too radical or controversial.

While our findings suggest that the affective character of a relationship is an important consideration in the study of spillovers from scandals, a significant limitation of our study is in its broad categorization of interactions as contentious or collaborative. There may be considerable variance in each of those categories, as reflected in other work that proxies stakeholder relationships with more granularity (e.g., Henisz, Dorobantu, & Nartey, 2013; Dorobantu, Henisz & Nartey, 2017). Future work is necessary to understand how the more specific character of a collaborative or contentious interaction might shape its effect on associative spillovers (i.e., the length of engagement, expense, whether it is bilateral or multilateral, what particular tactics were used, etc.).

Finally, any strategic treatment of a subject must consider the ‘end’ by which performance is most appropriately measured. Given that most SMOs depend on charitable donations to fulfill their missions, it is important to understand how different strategic options affect this aspect of SMO performance. Prior work provides evidence that major events and accidents can cause a temporary invigoration of local charitable giving and corporate social activity (Tilcsik & Marquis, 2013). Crises thus represent a clear political opportunity for SMOs, one that momentarily increases the public’s attention to a problem and produces a groundswell of resources for the organizations that work to address it. Our results shed light on how large-scale accidents that implicate sizable companies can drive the manner in which charitable donations are distributed among SMOs that work in the affected sector. Specifically, we find that SMOs that distance themselves from a scandalized firm *ex ante* are likely to disproportionately benefit from the increased generosity engendered by a crisis, whereas SMOs that had collaborated with the scandalized firm are likely to receive disproportionately less. In short, the fallout after a crisis proves Washington’s old adage true, that “it is better to be alone than in bad company.”

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Figure 1: Time Trends in Changes in Total Contributions Received by SMOs Prior to the BP Oil Spill

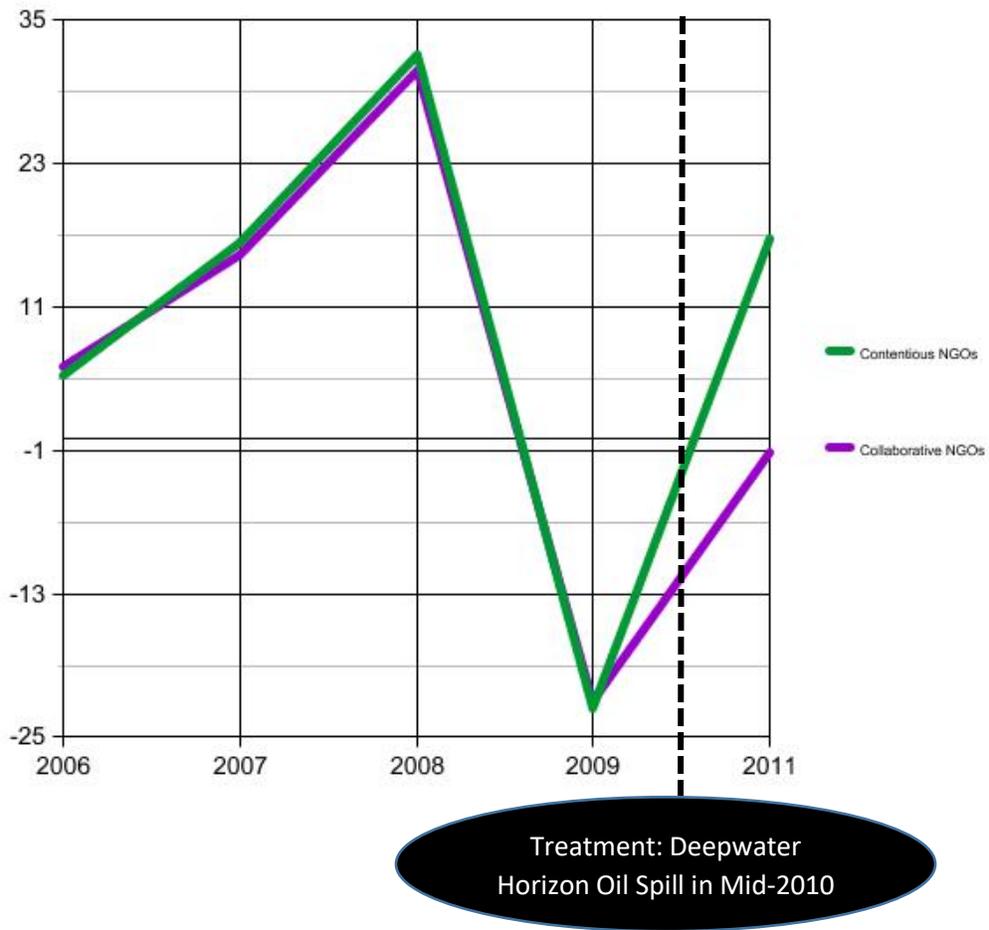


Figure 2: Change in direct contributions (in USD millions) in the years surrounding the BP oil spill for SMOs that had interacted with BP in the previous decade

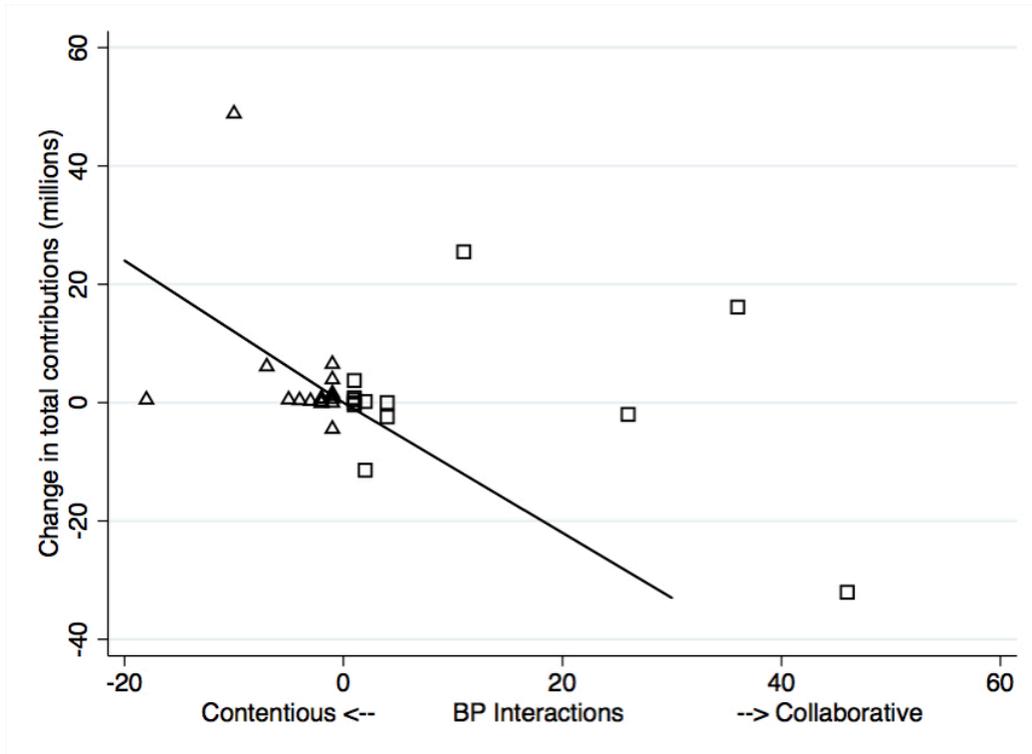


Table 1: Summary Statistics and Correlation Table

	Variable Name	Includes NGO Ties With:	N	Mean	SD	Min	Max
1	Change in Total Contributions (in USD millions)		88	0.529	7.759	-32.04	48.83
2	# Collaborative Interactions with BP	BP	88	1.773	7.323	0.00	46.00
3	# Contentious Interactions with BP	BP	88	0.932	2.828	0.00	18.00
4	# Collaborative Interactions with Other Oil Companies	Exxon, Chevron, Texaco and Shell	88	1.045	4.415	0.00	32.00
5	# Contentious Interactions with Other Oil Companies	Exxon, Chevron, Texaco and Shell	88	1.750	5.784	0.00	33.00
6	Lagged Logged Total Media Attention		88	2.350	2.007	0.00	6.69
7	Lagged Employees		88	95.909	446.501	0.00	4128.00
8	Year Founded		88	1985.318	13.189	1935.00	2007.00
9	# Collaborative Interactions with Non-Oil Companies	Wal-Mart, Ford, GE, and GM	88	2.591	8.240	0.00	45.00
10	# Contentious Interactions with Non-Oil Companies	Wal-Mart, Ford, GE, and GM	88	1.557	8.218	0.00	75.00
11	Lagged Total Contributions (in USD millions)		88	17.178	72.408	0.01	637.31
12	Lagged Government Grants (in USD millions)		63	2.790	14.155	0.00	105.42
13	Lagged Total Direct Contributions (in USD millions)		63	20.064	70.286	0.01	528.58

	1	2	3	4	5	6	7	8	9	10	11	12
2	-0.15											
3	0.30	0.17										
4	0.10	0.86	0.19									
5	0.04	0.10	0.45	0.19								
6	0.15	0.40	0.42	0.38	0.37							
7	0.14	0.62	0.02	0.81	-0.01	0.27						
8	-0.04	-0.32	-0.24	-0.37	-0.14	-0.20	-0.36					
9	0.09	0.91	0.33	0.89	0.29	0.52	0.65	-0.39				
10	0.02	0.06	0.46	0.03	0.42	0.30	-0.03	-0.20	0.30			
11	0.25	0.67	0.10	0.82	0.04	0.34	0.97	-0.40	0.71	0.02		
12	0.74	0.50	0.05	0.70	0.00	0.28	0.96	-0.35	0.56	-0.04	0.96	
13	0.60	0.70	0.06	0.84	0.00	0.32	0.97	-0.43	0.73	0.02	1.00	0.93

Table 2. Results of Models Predicting Changes in SMO Contributions (in USD millions) from the year before to the year after the Deepwater Horizon Oil Spill

VARIABLES	Model 1 Change in Total Contributions	Model 2 Placebo in Time (Treatment Year = 2006)
# Collaborative Interactions with BP	-1.068*** (0.249)	1.572*** (0.310)
# Contentious Interactions with BP	1.171*** (0.280)	-0.023 (0.374)
# Collaborative Interactions with Other Oil Companies (includes Exxon, Chevron, Texaco, and Shell)	-2.196*** (0.535)	-4.948*** (0.685)
# Contentious Interactions with Other Oil Companies (includes Exxon, Chevron, Texaco, and Shell)	0.143 (0.136)	0.305 ⁺ (0.166)
Lagged Logged Total Media Attention	-0.242 (0.395)	0.519 (0.538)
Lagged Employees	0.024** (0.007)	-0.050*** (0.011)
Year Founded	0.051 (0.053)	0.052 (0.066)
# Collaborative Interactions with Non-Oil Companies (includes Wal-Mart, Ford, General Electric, and GM)	1.409*** (0.340)	1.093* (0.435)
# Contentious Interactions with Non-Oil Companies (includes Wal-Mart, Ford, General Electric, and GM)	-0.411*** (0.113)	-0.287 ⁺ (0.157)
Lagged Total Contributions (In Millions of Dollars)	-0.043 (0.044)	0.456*** (0.079)
Constant	-102.784 (104.971)	103.799 (132.467)
Observations	88	74
R-squared	0.518	0.748

Standard errors in parentheses

*** p<0.001, ** p<0.01, * p<0.05, + p<0.10

Table 3. Results of Models Predicting Changes in Two Primary Sources of SMO Contributions (in USD millions) from the year before to the year after the Deepwater Horizon Oil Spill

VARIABLES	Model 1: Seemingly Unrelated Regression	
	Change in Government Grants	Change in Direct Contributions
# Collaborative Interactions with BP	-0.120*** (0.035)	-0.535* (0.260)
# Contentious Interactions with BP	0.069+ (0.040)	1.007*** (0.289)
# Collaborative Interactions with Other Oil Companies (includes Exxon, Chevron, Texaco, and Shell)	-0.024 (0.082)	-3.613*** (0.526)
# Contentious Interactions with Other Oil Companies (includes Exxon, Chevron, Texaco, and Shell)	0.003 (0.018)	0.278* (0.140)
Lagged Logged Total Media Attention	-0.044 (0.065)	0.201 (0.507)
Lagged Employees	0.008*** (0.001)	0.044*** (0.007)
Year Founded	0.001 (0.008)	0.023 (0.062)
# Collaborative Interactions with Non-Oil Companies (includes Wal-Mart, Ford, General Electric, and GM)	0.054 (0.049)	1.412*** (0.339)
# Contentious Interactions with Non-Oil Companies (includes Wal-Mart, Ford, General Electric, and GM)	-0.016 (0.017)	-0.378*** (0.114)
Lagged Government Grants (in Millions of Dollars)	0.117*** (0.034)	
Lagged Total Direct Contributions (in Millions of Dollars)		-0.252*** (0.054)
Constant	-1.339 (15.856)	-47.63 (122.542)
Observations	63	63
R-squared	0.982	0.695

Standard errors in parentheses

*** p<0.001, ** p<0.01, * p<0.05, + p<0.10