


Cambridge University Press

978-1-107-02291-1 - Public Forces and Private Politics in American Big Business

Timothy Werner

Frontmatter

[More information](#)



Public Forces and Private Politics in American Big Business

What are the political motivations behind firms' decisions to adopt policies that self-regulate their behavior in a manner that is beyond compliance with state, federal, and local law? *Public Forces and Private Politics in American Big Business* advances a new understanding of the firm as a political actor that expands beyond the limited conceptualizations offered by economists and organization theorists. Timothy Werner develops a general theory of private politics that is tested using three case studies: the environment, gay rights, and executive compensation. Using the conclusions of these case studies and an analysis of interviews with executives at *Fortune* 500 firms, Werner finds that politics can contribute significantly to our understanding of corporate decision-making on private policies and corporate social responsibility in the United States.

TIMOTHY WERNER is an assistant professor of business, government and society at the University of Texas at Austin, where he teaches courses on corporate political strategy, and business and public policy. He previously worked as a legislative and regulatory analyst for a major energy firm, which inspired him to place the investigation of corporations' private political decision-making at the heart of his research.

Cambridge University Press

978-1-107-02291-1 - Public Forces and Private Politics in American Big Business

Timothy Werner

Frontmatter

[More information](#)

Business and Public Policy

Series Editor:

ASEEM PRAKASH, University of Washington

Series Board:

Vinod K. Aggarwal, University of California, Berkeley

Tanja A. Börzel, Freie Universität Berlin

David Coen, University College London

Peter Gourevitch, University of California, San Diego

Neil Gunningham, The Australian National University

Witold J. Henisz, University of Pennsylvania

Adrienne Héritier, European University Institute

Chung-in Moon, Yonsei University

Sarah A. Soule, Stanford University

David Vogel, University of California, Berkeley

This series aims to play a pioneering role in shaping the emerging field of business and public policy. *Business and Public Policy* focuses on two central questions. First, how does public policy influence business strategy, operations, organization, and governance, and with what consequences for both business and society? Second, how do businesses themselves influence policy institutions, policy processes, and other policy actors, and with what outcomes?

Cambridge University Press

978-1-107-02291-1 - Public Forces and Private Politics in American Big Business

Timothy Werner

Frontmatter

[More information](#)

Public Forces and Private Politics in American Big Business

TIMOTHY WERNER

The University of Texas at Austin



CAMBRIDGE
UNIVERSITY PRESS

Cambridge University Press

978-1-107-02291-1 - Public Forces and Private Politics in American Big Business

Timothy Werner

Frontmatter

[More information](#)

CAMBRIDGE UNIVERSITY PRESS

Cambridge, New York, Melbourne, Madrid, Cape Town,
Singapore, São Paulo, Delhi, Mexico City

Cambridge University Press

The Edinburgh Building, Cambridge CB2 8RU, UK

Published in the United States of America by Cambridge University Press, New York

www.cambridge.org

Information on this title: www.cambridge.org/9781107022911

© Timothy Werner 2012

This publication is in copyright. Subject to statutory exception
and to the provisions of relevant collective licensing agreements,
no reproduction of any part may take place without the written
permission of Cambridge University Press.

First published 2012

Printed in the United Kingdom at the University Press, Cambridge

A catalogue record for this publication is available from the British Library

Library of Congress Cataloguing in Publication data

Werner, Timothy.

Public forces and private politics in American big business / Timothy Werner.

p. cm. – (Business and public policy series)

Includes bibliographical references and index.

ISBN 978-1-107-02291-1 (hbk.)

1. Big business – United States. 2. Business and politics – United States.

3. Corporate power – United States. I. Title.

HD2785.W397 2012

338.6'440973–dc23 2012008160

ISBN 978-1-107-02291-1 Hardback

Cambridge University Press has no responsibility for the persistence or
accuracy of URLs for external or third-party internet websites referred to in
this publication, and does not guarantee that any content on such websites is,
or will remain, accurate or appropriate.

Contents

<i>List of illustrations</i>	<i>page</i> vi
<i>List of tables</i>	vii
<i>Acknowledgments</i>	viii
1 Introduction	1
2 The firm as political actor and a theory of private policymaking	17
3 Unveiling the public roots of private policymaking	35
4 The public, the state, and corporate environmentalism	60
5 Public opinion and gay rights in the workplace	88
6 Total executive compensation and regulatory threat	116
7 Conclusion	144
<i>Appendix</i> Data sources and variable measurement by chapter	157
<i>References</i>	168
<i>Index</i>	185

Illustrations

2.1	A model of political influences on private policymaking	page 25
3.1	Annual mean S&P 500 firm stakeholder management score, 1991–2005	41
4.1	Number of annual entries under “environment” in the <i>New York Times Index</i> , 1960–2005	62
4.2	Pew Research Center, Gallup Poll, and General Social Survey results on the environment, 1972–2006	67
4.3	Environmental policies in the S&P 500, 1991–2005	70
4.4	Federal activity with regard to the environment, 1990–2005	73
5.1	Gay rights policies in the <i>Fortune</i> 500, 1995–2006	89
5.2	Number of annual entries under “homosexuality” in the <i>New York Times Index</i> , 1960–2005	90
5.3	Gay rights laws in the US states, August 2011	94
5.4	Feeling thermometer results for gays and lesbians, 1984–2004	96
5.5	Gallup Poll and General Social Survey results on homosexuality, 1977–2005	98
5.6	Hazard rate effects on nondiscrimination policy adoption, varying equal employment support, firm shareholder resolution, and state civil rights legacy	111
6.1	Number of annual entries under “executives and management” in the <i>New York Times Index</i> , 1970–2009	117
6.2	Distribution of total CEO compensation in the S&P 500, 2001–2006	127
6.3	Predicted probabilities of compensation outcomes, varying SEC lawsuits	135
6.4	Predicted probabilities of compensation outcomes, varying S&P 500 annualized returns	139

Tables

2.1	Issue typology and predicted driver(s) of private policymaking, should it occur	<i>page 29</i>
3.1	Starbucks mission statement and guiding principles	43
3.2	A firm-level model of aggregate private policymaking	47
4.1	A firm-level model of pollution prevention policy adoption	76
4.2	A firm-level model of environmental reporting adoption	78
4.3	Substantive impact of statistically significant variables in the pollution prevention model, specification two	80
4.4	Substantive impact of statistically significant variables in the environmental reporting model, specification two	81
5.1	A firm-level model of sexual orientation nondiscrimination policy adoption	106
5.2	A firm-level model of domestic partnership benefits policy adoption	108
6.1	A firm-level model of adherence to executive compensation limits	133

Acknowledgments

When I originally began the forerunner to this project, my doctoral dissertation, in the Fall of 2005, the idea of writing not only about business' role in American politics but the internal decision-making of businesses seemed foreign to many of the political scientists I proposed it to. If there were any lingering doubts as to the central role of business in American politics, surely events since washed them away. There is perhaps no better time for political science to examine American businesses and the myriad ways in which they engage in politics. That I was fortunate enough to stick to my guns as a newly minted Ph.D. candidate and to pursue the work that eventually resulted in this book is due to the many individuals and institutions below, to whom and which I can only begin to express my gratitude.

As noted, this book's origins lie in my doctoral dissertation at the University of Wisconsin–Madison, and it would have been impossible to complete if not for the guidance of my dissertation committee. John Coleman, Ken Goldstein, Byron Shafer, Holly Skaife, and Graham Wilson are all amazing and accomplished scholars, and together, they formed a wonderful and demanding committee. I owe them all a great deal of thanks for their efforts on this project, and many others I embarked on in the last few years.

Graham Wilson is a pioneer in the study of business and politics, and he opened many doors for me, both academically and professionally. His work inspired my own, and I am honored to have worked with him on this project and several others over the last decade. Similarly, I owe great thanks to John Coleman, who chaired my dissertation committee and served as my advisor for most of graduate school. John provided excellent mentoring, not just when I originally conducted much of this research but as I revised and expanded it into a book. Most importantly, he always encouraged me to pursue the study of business and politics, despite whatever risk it might entail. With this

Cambridge University Press

978-1-107-02291-1 - Public Forces and Private Politics in American Big Business

Timothy Werner

Frontmatter

[More information](#)*Acknowledgments*

ix

book, I hope that he and I can definitively conclude that the high-risk, high-reward strategy we formulated seven years ago has paid off.

Several other members of the Wisconsin faculty played important roles in shaping this project and my approach to political science during my time in the program. I would like to thank David Canon, Charles Franklin, Gina Sapiro, Joe Soss, and Susan Webb Yackee for their assistance in designing this research and in providing suggestions as to how I could theoretically couch this work within the broader literature. I am especially indebted to Ken Mayer. Not only was Ken a fantastic boss and teacher, he continues to be a wonderful mentor, colleague, co-author, and friend.

Additionally, this project benefited from the help of faculty at other institutions. In particular, David Coen of University College London, Gregory Lewis of Georgia State University, Michael Munger of Duke University, and David Vogel of the University of California, Berkeley all provided feedback that helped shape this project and sharpen my arguments. I would also like to thank the political science faculties at the University at Albany, SUNY, and the University of Washington for their feedback on research talks based upon this material, as well as my former colleagues across various departments at Grinnell College.

There are many others who helped me acquire data or shared their own. At Wisconsin, I would like to thank Cindy Severt at the Data and Information Services Center and Michael Enyart at the Business School for purchasing or providing access to data sets that were absolutely critical to this project. For sharing their data, I would like to thank Roddrick Colvin of the John Jay College of Law, Samir Luther of the Human Rights Campaign, Donald Patrick Haider-Markel of the University of Kansas, Tim Story of the National Conference of State Legislatures, Andrew Metrick of Yale University, Sean Safford of the University of Chicago, Forrest Briscoe of Pennsylvania State University, Christopher Bosso of Northeastern University, and Clyde Wilcox of Georgetown University. I would also like to thank Catherine Morse of the University of Michigan-Ann Arbor library for helping acquire the contact information for the executives interviewed in this study. These executives deserve great thanks for participating, as the insights and commentary they provided helped validate my arguments. Additionally, the ability to take on such a broad-ranging project was aided

Cambridge University Press

978-1-107-02291-1 - Public Forces and Private Politics in American Big Business

Timothy Werner

Frontmatter

[More information](#)

by funding provided to me by the Institute for Humane Studies and the Wisconsin Alumni Research Foundation.

I would also like to thank all of those involved in reviewing, editing, and producing this book. Aseem Prakash, the editor of this book series and a leading figure in this field, provided not only the opportunity to give a talk at Washington but also invaluable advice during the revision stage. His influence, as well as that of the three anonymous reviewers who were both demanding and fair in their critiques, can be seen throughout this manuscript. In particular, the advice of these four prompted me to produce a significantly tighter and better-formulated theoretical argument in Chapter 2. At Cambridge University Press, I would like to thank the entire acquisitions and production team for their hard work and quick responses to my queries. In particular, I owe many debts to John Haslam for his patience with me as a first-time book author, as well as his able assistance at every stage in this process.

My family and friends deserve the greatest recognition. My parents and my siblings all provided endless encouragement throughout graduate school and these first few years as an assistant professor. Many friends also provided key support, and I especially want to thank Ryan Biava, Jimmy Casas Klausen, Jennifer Petersen, and Drew Stathus. Finally, Justin Glasgow deserves greater thanks than I could ever articulate, as even though he completed his doctoral thesis during the writing of this book, he always found the time to read over my work. His love and patience made finishing this book possible, and I dedicate it to him.