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Leslie King
Smith College, lesking@smith.edu

Elisabeth Gish
Nature Culture Consulting

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Marketizing Social Change: Social Shareholder Activism and Responsible Investing

Leslie King[1] and Elisabeth Gish[2]

Abstract

This article examines social shareholder advocacy and socially responsible investing (SRI) to better understand the marketization of activism and the intersection of business and social justice. We use archival, interview, and participant observation data to explore how social shareholder activism has increasingly come to be practiced for profit. We show how the movement's history in social justice activism of the 1960s and 1970s continues to shape the practice today, even while it is increasingly commodified, marketized, and shaped by the ideals and practices of business and finance. Shareholder activists and other SRI advocates have created a new market and a hybrid form of investing that melds social and environmental concerns with financial profit. However, as the fundamental principles of capital accumulation remain unaltered, these practitioners find themselves pulled and pushed between the competing logics of activist ideals and investment finance.

Keywords

social movements, shareholder activism, responsible investing, institutional logics

On an October day in 2012, an audience of mostly investment advisors attending an annual Conference on Socially Responsible Investing (SRI)[1] at the Mohegan Sun Resort and Casino gathered for a talk titled, "SRI from Underground to the Penthouse Suite: Have Our Principles Shrunk As Our Assets Have Increased?" According to the conference program, this was a rare opportunity to "hear . . . the Industry Pioneer Robert Zevin, describe the changes in the SRI movement he has seen in the past 45 years of his career . . . As we have won more mainstream clients and adherents, has our focus on challenging wrongs in the current system diminished?" Zevin explained that early on "we called ourselves a movement"—alongside the environmental, women's rights, and civil rights movements—while now, "we think of ourselves as an industry."

This example of the responsible investing/shareholder activism movement illustrates a specific type of social movement consequence, namely, the marketization of movement ideas and practices. Researchers interested in social movement outcomes have typically examined how movements affect changes in government policy, contribute to cultural shifts, and alter the lives of activists (see Snow and Soule 2010). However, recently there is increased interest in the effects

[1]Smith College, Northampton, MA, USA
[2]Nature Culture Consulting, Phnom Penh, Cambodia

Corresponding Author:
Leslie King, Department of Sociology, Smith College, 201 Wright Hall, Northampton, MA 01063, USA.
Email: lesking@smith.edu

of market forces on social movements and philanthropy (see, for example, Dauvergne and LeBaron 2014; King 2006; Nickel and Eikenberry 2009; Tokar 1997) and the marketization or/and corporatization of movement ideas and practices (see Jaffee and Howard 2010; Soederberg 2009).[2] For movements advocating social and environmental justice, marketization creates serious tensions as the profit imperative competes with movement ideals. We use the case of shareholder activism and SRI to explore such tensions and their consequences. We argue that, up till now at least, longtime SRI practitioners in for-profit companies have, for the most part, been able to retain a fair amount of their social justice agenda, even while operating in a profit-oriented environment.

Shareholder activism occurs when socially concerned investors use their equity positions to call for increased transparency, better reporting, or, in some instances, policy changes in corporations. Shareholder activists lobby corporate leaders and seek changes in corporate behavior by working through existing legal structures to modify, rather than radically challenge, corporate structures and practices. Min-Dong Paul Lee and Michael Lounsbury (2011:159) argue that shareholder activism is "a unique form of social movement activism that seeks changes in corporate social behavior." It is different from other social movement activism, in that most participants are investors in the companies they seek to change; for this reason, some call shareholder activism an "insider tactic" (Soule 2009). "Social shareholder activism" focuses mainly on social and environmental issues and is thus distinguished from similar actions driven solely by financial motivations (Lee and Lounsbury 2011).[3] It can include letter-writing campaigns, divestment, dialogue with corporate leaders, and shareholder resolutions, whereby shareowners submit a proposal to be voted on, usually by proxy ballot, at the company's annual meeting.

Shareholder activism is a social change endeavor that is increasingly practiced for profit by responsible investment firms. In the 1960s and 1970s, nonprofits and activists with low budgets often leveraged borrowed or donated shares to file shareholder resolutions. Whereas some non-investor activists still participate, the field has grown and become more sophisticated as for-profit and other professional organizations have come to dominate. Since the 1990s, institutional investors such as pension funds and union groups (see Marens 2008) play a larger role. SRI firms, such as Calvert or Domini, and pension funds are now the most visible players (Welsh and Passoff 2012). Meanwhile, larger financial corporations such as Deutsche Bank and Morgan Stanley have begun to offer "responsible investment" products (now also called "ESG" (environmental, social, and governance) or "impact" investing, based on the principle that taking social, environmental, and governance issues into account is good for companies' financial bottom line).

As responsible investing and shareholder activism have come to be increasingly practiced by for-profit firms, the logic of social justice activism intersects more and more with the logic of the market. Patricia Thornton and William Ocasio (1999:101) explain that institutional logics consist of "the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize their time, and provide meaning to their social reality." The logic of social justice and environmental social change emphasizes redistribution of wealth, internalization of externalities, and other ideals that potentially threaten business profits. The logic of capital accumulation, by contrast, emphasizes profits above all else.

Recent work by organizations scholars addresses what may happen when organizations (and individuals in those organizations) are faced with competing logics (Battilana and Dorado 2010; Greenwood, Raynard, Kodeih, Micelotta, and Lounsbury 2011; Pache and Santos 2010). Julie Battilana and Silvia Dorado (2010), for example, compare how two different for-profit micro-lending institutions attempted to bridge the need for profit with a social justice-derived commitment to providing loans to very poor people. Greenwood et al. (2010:318) explain that "[t]o the extent that the prescriptions and proscriptions of different logics are incompatible, or at least appear to be so, they inevitably generate challenges and tensions for organizations exposed to them." Yet despite such tensions, competing logics sometimes endure —one does not necessarily win out over another (Greenwood et al. 2011).

Sociologists are generally in agreement that when social justice and market logics intersect, social justice ideals and practices tend to be weakened (Jaffee 2012; Jaffee and Howard 2010; Johnston 2008; Lounsbury 2005). Michael Lounsbury (2005) examines how recycling transitioned from a social movement concerned with community empowerment and environmental protection to a technocratic profit-driven endeavor as large garbage-hauling firms received contracts from local governments to collect and process recyclables. In the case of recycling, very little remains of the early social justice ideals (see also Pellow, Schnaiberg, and Weinberg 2000). Daniel Jaffee (2012) shows how the fair trade movement has come to be increasingly dominated by corporate actors that work to weaken fair trade standards. Similarly, organic agriculture began as a social movement, the progressive wing of which hoped to achieve a more holistic way of interacting with the land and a more equitable set of distribution practices. As corporations entered the organics market, they sought to weaken the official definitions of organic to facilitate participation at the industrial level (Guthman 2004). These cases exemplify ways in which market logics may come to dominate social justice-inspired endeavors. But are social justice logics, though weakened, completely eclipsed? If not, how do at least some of the social-justice-inspired ideas and practices originated by movement activists persist, even under market conditions? How might conflicting logics of social justice and profit coexist?

What follows is an empirical study of how the shareholder activism/responsible investing movement partially developed into an industry and the consequences of that evolution. We specifically investigate the question of whether and how the seemingly incompatible logics of social justice and market/profit both persist in for-profit SRI firms and investigate how and why market logic has not completely trumped social justice agendas. In doing so, we hope to further illuminate what may happen when movement activities become marketized and/or when movements seek to use the market as a social change mechanism. A more complete understanding of the processes at play when movements and markets intersect may facilitate theorizing of this phenomenon and may also allow movements to structure future projects so as to limit or avoid the weakening of social justice components that often accompany marketization and corporatization (Jaffee and Howard 2010).

By "marketization," we refer to the growth in the number of for-profit SRI firms and SRI products, and the entrance into the field of "responsible investing" by large and powerful players such as Deutsche Bank, Morgan Stanley, and Bank of America. Marketization is partially linked with professionalization, by which we mean the growth in both nonprofit and for-profit organizations staffed by paid employees, the creation of courses of study in business schools, the routinization of typical forms of shareholder activism, and the growth of a small army of professionals—at the Securities Exchange Commission, in companies, in consulting firms and elsewhere—that deal with various social shareholder and investor demands. Although these processes are distinct, they influence each other, as we will discuss below.

Although shaped by the imperatives of business and investment, social shareholder activism and SRI continue to be partially shaped by the social justice/social change logic on which it was founded. Shareholder activists and advocates of responsible investing have helped to create a new market and a hybrid form of investing that melds social and environmental concerns with financial profit, but the fundamental logic of capital accumulation persists, creating a tension whereby responsible investing advocates seek profit on one hand and the internalization of "bad" externalities on the other. With the creation and growth of for-profit SRI firms, shareholder activism/SRI has become a consumer product that is marketed to investors (consumers of financial products) seeking to better align their social values with their financial decisions. We investigate how what began as a fairly radical tactic for progressive causes became marketized and led to the development of "hybrid"[4] organizations that seek to merge social and environmental justice ideals with profit.

Data and Method

Data for our study derive from 22 semistructured interviews with U.S.-based shareholder activists/practitioners that took place between 2009 and 2013; a participant observation at the Interfaith Center for Corporate Responsibility (ICCR) in fall 2009; attendance/participation at several investment-related events[5]; examination of books, articles, and blogs by practitioners of shareholder advocacy; and reviews of numerous online sources, including websites of firms engaging in shareholder activism. We also draw upon an array of secondary sources, mostly reports and blogs by legal and business scholars.

Our interest in this topic sprang from the first author's experience as a member of an institutional "responsible investment" committee, which was charged with defining proxy-voting guidelines for shareholder resolutions. We wondered who was submitting these resolutions and why. Upon discovering that social shareholder resolutions originated in the social movement activism of the 1960s, we set out to learn more about the people involved and their interest in this particular tactic.

The project began as a "field-driven" participant observation (Lichterman 2002) at the Interfaith Center on Corporate Responsibility (ICCR), a nonprofit organization that unites faith-based and other concerned investors to work toward corporate social responsibility via responsible investment and shareholder advocacy. For two months in fall of 2009, the first author volunteered one morning per week at ICCR's office in New York City working on a project (assigned by ICCR's Director) to compile a list of companies offering SRI products. At this time, semistructured interviews were conducted with five ICCR staff members suggested by the Director because of their direct involvement with member organizations and/or with shareholder activism specifically. The initial research goals were to understand the following: how the process worked (including who engaged in shareholder activism and responsible investing), how the target companies and issues were identified, and what drew practitioners to the practice. Field notes and interview data from this initial experience were coded to develop categories (Strauss and Corbin 1998), at which point two significant shifts in the social movement were noted: (1) the move toward more dialogue with companies (rather than just filing shareholder resolutions) and (2) the increasing relevance of other, nonreligious entities (such as pension funds and SRI firms).

Subsequently, we conducted 17 more semistructured interviews with key informants (Blee and Taylor 2002) and other respondents selected to represent specific positions in the field. For example, we made sure to interview practitioners from both for-profit and not-for-profit entities, as well as lawyers who advise these entities on their resolutions. We do not use the names of the people interviewed but instead refer to them as R1, R2, and so on (the appendix provides the job description of each). Interviews lasted between half an hour and two hours; most were in-person, though six were done via telephone. Shareholder activists of all persuasions (whether employees of firms or volunteer activists) were incredibly generous with their time; four respondents were interviewed more than once, and several corresponded with us subsequently via e-mail (to send additional information or to answer follow-up questions). Interview transcriptions were coded and triangulated with field notes and archival documents. Our process was iterative: As we recognized how the movement was increasingly shaped by business and how for-profit SRI practices were being shaped by movement ideals, we began to investigate that intersection more specifically, and our last three interviews focused more on these questions.

In the following sections, we first provide a brief history, showing how social shareholder activism began as a tactic used by left-leaning social movements and how a professional nonprofit organization soon became the major player in the emerging field. Meanwhile, for-profit responsible investment firms were formed that grew in size and number slowly but surely in subsequent decades. Next, we describe social shareholder activism as it is currently practiced and how it is increasingly marketized. We then show how the logic of progressive social change activism, on one hand, and the logic of business and finance, on the other, shape the ideas and practices of SRI practitioners.

Shareholder Activism as Social Change Activism

Shareholder activists were early challengers of corporate power, pioneering the practice in the 1960s and early 1970s. Social shareholder activism has been used by, or ideologically linked to, almost every major social movement, including civil rights, anti-Apartheid, feminism, GLBT rights, and environmentalism.

Three distinct campaigns initially shaped this movement. First, in the mid-1960s, Saul Alinsky and other activists, while working on a civil rights campaign in Rochester, New York, had the idea to use shareholder power to pressure companies (Alinsky 1971). Borrowing shares of Kodak, activists attended the company's annual meeting to confront management on an array of issues, including hiring and training practices. Alinsky's ideas helped to spread the notion that shareholders could use their position to influence corporate social and environmental practices. Second, in 1968, the Medical Committee for Human Rights, a social justice organization, filed a shareholder proposal with Dow Chemical demanding the company be prohibited from selling napalm if the intended use was against human beings. Dow initially refused to put the resolution on its proxy ballot, but a Court of Appeals ruling forced the company to allow the proposal, setting the legal precedent for allowing shareholder proposals that dealt with social, rather than strictly financial, issues. Third, the Campaign to Make General Motors Responsible (Campaign GM), a group concerned with civil rights and other progressive causes, filed nine proposals in 1970; two of these were upheld by the SEC (the government agency that rules on the legitimacy of shareholder proposals) and allowed to be voted upon (see Martin 2002). Although these resolutions received only tiny percentages of "yes" votes (2.4 percent and 2.7 percent respectively), Leon Sullivan, a civil rights activist, was subsequently appointed to GM's Board of Directors.

These and other efforts raised awareness of the idea that by investing in a company, one was indirectly supporting that company's actions; this awareness fueled the SRI movement. In 1973, ICCR was founded by a consortium of religious leaders whose goal was to use their power as shareholders to influence companies' actions (ICCR 2009). ICCR became a key player in the efforts to render corporations more socially responsible, and its approximately 275 member organizations continue to file large numbers of shareholder resolutions yearly (Logsdon and Van Buren 2008). ICCR provided the movement with a professional organization that has continued to serve as a clearinghouse for ideas and strategies since its inception.

The anti-Apartheid movement proved crucial to the subsequent development of the movement. It brought institutional shareholders like foundations and educational institutions into the field and expanded the tactical repertoire to include divestment. Between 1977 and 1989, about 18.5 percent of colleges and universities in the United States divested either partially or totally from South Africa–related stocks and bonds (Soule 2009), and numerous pension funds and religious organizations divested from South African corporations (Massie 1997).

Socially Responsible Investing

Out of the ad hoc experimenting with social shareholder activism in the 1960s and 1970s, firms emerged that sought to provide SRI for a profit. SRI takes nonfinancial issues into consideration as one strategy for encouraging corporate social responsibility. The main strategy of these early funds was screening out companies engaged in practices deemed unacceptable by the fund managers. Walden Asset Management, a division of Boston Trust, was founded in 1975, and Calvert launched its Social Investment Fund in 1982. Over time, SRI firms broadened their work from screening out problematic companies to engaging with companies and filing shareholder proposals.

Thus, alongside *activists* dedicated to a specific cause (e.g., antiwar, civil rights, anti-Apartheid), for whom shareholder activism was one tactic in a larger arsenal, the ICCR members, other institutional investors—including (at least for awhile) some colleges and universities and pension funds—and SRI firms emerged as *investors* seeking to influence corporate practices more generally and to allow interested parties to invest in ways that align more closely with their values. This distinction between "activists" and "investors" persists today (R17). This article is concerned with the latter (investors), with a particular focus on for-profit SRI firms.

This brief history reveals three important things. First, in creating ICCR, the movement established an important institutional base. Second, new issues and new activists continually enter the field, adding fresh ideas and creating new causes to be dealt with via investing (or divestment) and shareholder activism. Finally, over time, the movement created numerous "lifers," activists that would establish careers in SRI and shareholder activism and continue to influence the field for decades. We will discuss each of these in a later section. First, however, we briefly describe the main strategies that currently comprise SRI and shareholder activism.

Shareholder Activism in the Twenty-First Century

Screening (investing in "good" companies)[6] and divestment (selling off shares of companies deemed socially irresponsible) were the primary tools of SRI firms in the 1970s and continues to be used—socially responsible mutual funds, for example, typically do not include companies engaging in specific businesses such as tobacco. However, divestment subsequently became less popular (until very recently, as a fossil fuel divestment movement has gained steam). Today, in addition to screening, SRI practitioners primarily use two main tools: shareholder resolutions (proposals) and dialogue with companies.

Between 1999 and 2009, U.S. shareholders filed more than 3,000 shareholder resolutions on environmental, social, and governance issues.[7] Three hundred and forty-nine resolutions were filed in 2012 (Welsh and Passoff 2012). Although some resolutions call for policy changes, most make fairly modest demands, such as calling for companies to disclose information or review and report on a specific issue. Resolutions are almost always nonbinding, and it is difficult to determine their overall impact or success (see, however, Lee and Lounsbury 2011). Although resolutions are garnering greater support from shareholders than in the past (see Welsh and Passoff 2012), most are voted down, and filers know that, but they believe the process may still contribute to the overall goal of pressuring the company to change its policy or practice by sparking a dialogue with management or educating executives and board members about the issue in question. In addition, proposals occasionally garner publicity and can help bring an issue to the attention of the public. Our respondents repeatedly told us that resolutions were typically filed to raise awareness about an issue and to initiate a dialogue with company leaders. As one SRI firm employee (R10) explained, "The proposal is used as a leverage tool to begin dialogue. The proposal is a tool." Thus, while the objectives of individual resolutions are necessarily narrow due to SEC guidelines, the filer's larger goals (e.g., education, dialogue with the company) are usually slightly different, and sometimes broader.

An important trend is that a higher percentage of shareholder resolutions are withdrawn than in the past (Mathiasen 2013; R7), and withdrawal usually indicates that the targeted company has agreed to negotiate with the resolution's proponents. A dialogue may commence when a proposal is withdrawn or, increasingly, at the request of shareholder advocates that a company has gotten to know over time (R7). Only a small handful of studies have examined this dialogue process (see, for example, Burchell and Cook 2006; Logsdon and Van Buren 2009; O'Rourke 2003), which can be difficult to study because both parties may prefer that the interaction remain confidential.

The increasing prominence of dialogues as a change tactic is noteworthy because whereas shareholder proposals are transparent, filed publicly and accessible to all, the dialogue process is typically a private affair between company management and specific shareholders. This shift is occurring in tandem with the growth of for-profit SRIs and other large institutional investors in shareholder advocacy, and it raises concerns similar to those voiced by researchers studying the marketization of other social and environmental causes. For example, in her study of Whole Foods, Josée Johnston (2008:263) argues that privatizing social and environmental change efforts "obscures many of the responsibilities of citizenship, and the associated tools of democratic accountability, public regulation, and strong states to ensure that the commons are effectively regulated, sustained, and equitably accessed over long time-frames." In the case of shareholder advocacy, favoring dialogues over resolutions may reduce public discussion and disenfranchise other shareholders. In cases considered to be successful, however, the outcomes may be discussed and publicized among shareholder practitioners and occasionally the companies as well. Some dialogues go on for years, with companies moving very slowly on advocates' demands (R12, R16). Laura Berry, Director of the ICCR, has stated, "Our time frame is eternity."

The process of filing proposals and engaging in dialogues is now institutionalized and routinized. Regular filers know the SEC rules, and a number of lawyers specialize in advising shareholder activists (R13). What is more, consulting groups now provide information to companies on how to manage proposals and dialogues (see, for example, Ernst & Young 2012). Most organizations that file regularly (SRI firms, pension funds, union groups, religious organizations, and some social movement organizations (SMOs)) have paid staff in charge of shareholder proposals. The process is, in general, less contentious than in the 1970s. And yet, the practices of shareholder activism and SRI are much wider spread than even a decade ago. The field is at a critical moment of change.

Growth of For-profit SRI

According to the trade organization U.S. Social Investment Forum (US SIF 2013b), in 2012, SRI assets totaled 3.74 trillion, up from 3.07 trillion in 2010. What is more, it is estimated that between 1995 and 2012 the SRI market increased 486 percent, "while the broader universe of assets under professional management in the United States, according to estimates from Thomson Reuters Nelson, has grown 376 percent" (US SIF 2013a). Part of this growth has to do with increasing nonprofit endowment and pension fund investment. However, SRI investment firms undoubtedly play a large role. A trend report by US SIF (2013b) explains that as of 2012, "there were 333 mutual fund products in the United States that consider environmental, social, or corporate governance (ESG) criteria, with assets of $640.5 billion. By contrast, there were just 55 SRI funds in 1995 with $12 billion in assets." This growth is intensified by the entrance of larger financial firms into the SRI field. For example, in April 2012, Morgan Stanley Smith Barney announced that it would offer a "new investment platform designed to help clients align their financial goals and their personal values." The company press release stated, "The concept of integrating social and environmental impact into investment decisions is not new, but its growing importance has led to a greater opportunity set for investors" (Morgan 2012). Like Morgan Stanley Smith Barney, numerous traditional investment firms and banks—including Bank of America and Deutsche Bank—have created special funds focusing on SRI. However, most of these large investment firms that now offer socially responsible, sustainable, impact or ESG investing do not file shareholder resolutions (R1). (And, ironically, shareholder resolutions are sometimes filed against them by the more activist-oriented entities described above.)

The older, smaller SRI firms emphasize that their portfolios are better screened and that they are more active on behalf of their clients than firms offering SRI as one of many financial products/services. A research director for one of the smaller firms told us,

> Bank of America will say "we can offer you a screened portfolio" and this is how we'll do it—we won't put you in tobacco and we can look for the best environmental performers; but it could be screens that are a little bit skin deep. So where if you go with one of the older firms [there's a] higher likelihood of getting companies in your portfolio that are really scrubbed with a finer, a more discerning, eye. (R1)

Even without the participation of the larger companies (that typically do not file proposals), as the SRI field has grown, SRI firms are filing a larger percentage of social shareholder proposals than in the past. While religious organizations filed the most proposals in the decades following the creation of the ICCR, over the past decade, SRI firms and pension funds have become comparatively more active. Paula Tkac's (2006) study of proposals filed 1992–2002 describes the beginning of this trend. While the total annual number of proposals submitted (an average of 257 per year) remained relatively stable during the period Tkac examined, there were notable changes in the percentage of proposals filed by the different types of entities. Religious organizations consistently filed the largest number of proposals each year during this period, but the filing pattern of SRI firms shifted dramatically, showing a sharp uptick beginning in 1999 (Tkac 2006). Prior to that, SRI firms filed far fewer proposals than religious groups. Yet by 2012, SRI mutual funds were lead filers on 27 percent of all social proposals. In 2013, they led 29 percent of filings, followed by pension funds (26 percent) and religious organizations (18 percent; Welsh and Passoff 2012, 2013). After decades of dominance by religious groups, shareholder activism is increasingly enacted and led by for-profit SRI firms.

How Social Movement Logic Shapes SRI and Shareholder Activism

All actors considering themselves primarily "investors" (those who seek to better align their values with a desire for profit, that is, SRI firms, ICCR members, pension funds, certain NGOs) experience tensions between social justice ideals and profits. However, as for-profit firms become larger and more prevalent, questions about how to balance social justice with money making are increasingly relevant. For years, small SRI firms have sought to bridge these logics. What happens as these two logics collide? How do these different logics shape ideas and practices? There are at least three important ways social justice logic shapes current ideas and practices, including (1) the continued role of ICCR and other nonprofit organizations, in providing education and facilitating networking; (2) ongoing interactions between shareholder advocates, social movement activists, and NGOs; and (3) ideals of the key practitioners or "lifers" (gained or/and reinforced through their experiences in social justice activism).

Role of the ICCR and Other Nonprofit Organizations

Movement-associated actors created important organizations that have influenced the development of responsible investing. One such organization, the Interfaith Center for Corporate Responsibility (ICCR), has grown and professionalized over the years; it provides a key mechanism through which the social justice and environmental concerns of the early movement continue to structure practices of the smaller SRI firms. An ICCR employee told us "ICCR puts social justice first. . . . ICCR wants to be the conscience of big business" (R12). Another (R19) explained, "ICCR is part of creating a structure, so that social justice and environmental sustainability are not forgotten."

ICCR provides a forum for education on current social and environmental issues. Its biannual meetings bring together all types of shareholder advocates to network and learn about current issues (R10, R17). The annual meeting attended by the first author (in 2009) included sessions on issues such as child labor in Uzbek cotton production, hydraulic fracturing, predatory lending, and health care reform. Sessions included a mix of information sharing and strategizing. In some cases, invited speakers gave informational presentations. Because some SRI firms are ICCR members, representatives from those firms attend these gatherings and thus keep abreast of current social justice issues. One practitioner put it this way: "The genius of ICCR . . . is that they build a common cause with that activist in Louisiana to raise issues about chemical pollution and the effect on the community by a company" (R17).

ICCR also serves a networking function. At least 14 SRI firms are members of ICCR, and numerous people in the for-profit world of SRI have strong connections to the organization. Representatives from many of the approximately 300 ICCR member organizations meet regularly to share information and work together. One SRI firm employee (R10) told us,

> If I don't have experience with one company—if I don't know the company culture—I can call Tim Smith [former ICCR Director] or someone and they'll say "oh no, you don't have to file a proposal with them—they'll talk, give so-and-so a call."

Most of the practitioners we interviewed remarked on the amount of collaboration between various organizations. A respondent (R10) explained that, "anybody who has been doing SRI for more than 10 years has worked with ICCR." Early on, ICCR developed a model whereby two or more entities, one of them the lead filer, submit resolutions jointly. "Everyone uses [the] ICCR model, which includes the idea of a lead filer with a coalition behind that leader" (R10). The model of a lead filer cofiling with other entities enables organizations to magnify their voice (R15). A representative from a religious organization told us it was helpful to partner with for-profit SRI firms as they have more research capacity (R9). Public pension funds and labor funds also coordinate with ICCR (R10). Such networking and cofiling may temper the logic of markets and profit for those involved in for-profit SRI.

In addition to ICCR, other nonprofit organizations constitute an institutional infrastructure for SRI firms and other investors. The Forum for Sustainable and Responsible Investment (US SIF—formerly the Social Investment Forum), cofounded in 1984 by Joan Bavaria, does research and provides information, education, and networking opportunities. Meanwhile, newer, more specialized organizations continue to be created to bring socially conscious investors together to learn about and work on social, environmental, and/or governance-related issues. Ceres (which some ICCR members and employees helped to create) provides a forum for investors interested in environment-related issues. Other organizations include the Investor Environmental Health Network, Investor Network on Climate Risk, and the Center for Political Accountability. These nonprofit organizations serve functions similar to ICCR, including networking, coordination, and education.

Ongoing Interactions with Social Movement Actors and NGOs

Shareholder activism/SRI continues to be shaped by its social movement/social justice history in its connections to other social movements, NGOs, and foundations. A shareholder advocate at an SRI firm (R1) explained,

> . . . the core older group of practitioners—the smaller firms that have been at this for awhile . . . I think that we've always worked to varying extents with NGOs that are working on various campaigns . . . You're seeing it now most recently with the fossil fuel divestment movement. There's a great deal

> of interaction on worker issues in the developing world—labor conditions, supply chain issues, factory conditions, Sudan divestment movement. Every few years there's sort of a refreshing of issues. We're not insulated from broader social movements.

As this piece is being written, students around the United States are calling on their colleges and universities to divest from fossil fuels. SRI firms engage with such activists. For example, Bill McKibben, a well-known environmental activist who promotes fossil fuel divestment, was one of the featured speakers at the annual meeting of US SIF in 2013.

Representatives from NGOs and progressive foundations regularly attend and speak at SRI conferences. The 2012 and 2013 SRI Conferences, for example, featured participants from the Environmental Defense Fund, Health Care without Harm, the National Congress of American Indians, and the River Network. A respondent explained,

> There are a variety of reasons why NGOs and SRI firms interact so much in conferences. In many instances, the NGOs are issue experts drawn upon by SRI firms and coalitions. The NGOs have the most depth of knowledge on many issues of concern to the SRI community. . . . Many SRI firms have their own internal issue analysts, who are always hungry for more information to help them assess corporate activities. NGOs often provide a balance to corporate perspectives presented at . . . conferences as well as in dialogues. (R13)

Another reason NGO and SMO representatives attend SRI conferences is to inform practitioners about possible investment opportunities for their clients. A longtime SRI practitioner explained, "Part of the purpose of SRI is to get nonprofits connected to money. They want clients to learn about organizations that people could invest in and loan money to" (R22). Such organizations may be involved in a variety of efforts, such as the construction of low-income housing, community economic development projects, or microlending.

Regular interaction with representatives from NGOs and other nonfinancial movement organizations helps practitioners stay informed of current struggles and keeps representatives of SRI firms connected to current social justice and environmental work. The entry of new activists and new causes serves to keep the SRI/shareholder activism community, including many (or even most) of the for-profit players, grounded in social change work.

Ideals of Longtime Practitioners

A third way that social justice ideals continue to shape shareholder advocacy and SRI has to do with the individuals who do this work. Some practitioners have a deep commitment to social justice that was solidified through their participation in various activist causes (including but not limited to antiwar, civil rights, and anti-Apartheid). A shareholder advocate for an SRI firm (R1) explained, "I think there are a lot of people who are sort of lifers in this movement [for whom] their first concern is social justice." These "lifers" entered the field at different historical moments and have attempted to meld deep concerns for social justice with investment.

In a 2012 article in *Green Money Journal*, Robert Zevin, Chairman of Zevin Asset Management, describes the social justice work in which several shareholder activists and fund managers, including Bob Schwartz (a Wall Street Investor), Tim Smith (Boston Trust), and Wayne Silby (Founder of Calvert) engaged. Zevin writes,

> . . . just about every colleague in the SRI movement of the late 1960's and early 1970's was a social activist at the time they were bringing the same issues into their work as investment professionals and as investors. And this was still very much the case in the 1980's when Joan Bavaria and Amy Domini brought their social commitments and multiple talents into the SRI community. (Zevin 2012)

In interviews, SRI practitioners cited their concern with social justice as a strong motivator for doing shareholder advocacy and SRI. An investment consultant told us, "We . . . got into this because of anti-Apartheid. Now we want to get on board with McKibben's plan to divest [from fossil fuels]" (R22). Another (R1) explained that most of the longtime SRI practitioners are "concerned with curbing corporate overreach—or however you want to call the bad externalities that corporations foist on society—environmental externalities or neglect or lack of corporate citizenship . . . ." Because they care deeply about social and environmental issues, they keep these concerns front and center. Zevin's concern is that this may fade as practitioners who do not have the activist experiences or ideals enter the field. Our respondents had various takes on the future of SRI and its social justice components. One (R14) worried that not only might the influence of longtime SRI practitioners fade but that the ICCR members are aging and not being replaced. This respondent also worried that there seems to be less activism in the country, in general, to complement SRI and shareholder activism:

> . . . it's the aging of the Catholic clergy. ICCR is running out of steam . . . we were looking back at photos from the 1970s and 1980s and the nuns . . . had just gotten out of their habits and their religious clothes and some of them were in bell bottoms . . . and I'm looking at these and I'm thinking "so where are the young religious people today to join this movement and give it energy?" It's not happening. [And] . . . look at college campuses today—I look at young people and think "why aren't you all in the streets? You're turning into debt peons, we're destroying the planet!"

Another of our interviewees (R1) was more hopeful, citing the entrance into SRI, and the business world more generally, of young people with new degrees in sustainable or socially responsible business:

> . . . there are sustainable MBA programs and certificates that you can get now and a lot of the young people get or already have their degrees from those programs. It's so much better integrated into some business school curriculums . . . I think they're better equipped to . . . do the market research. They're trained in market research, in finance . . . I love the sophistication that they bring.

Thus, multiple cohort effects are at play in the shifting field of SRI/shareholder activism. As the generation of social activists who founded the movement age, some have moved into for-profit SRIs even while maintaining their activist roots. However, a new generation of socially responsible investors, raised in a different social climate, bring new sets of business skills to the arena but may lack the social justice orientation of shareholder activism's pioneers.

How Market Logic Shapes SRI and Shareholder Activism

How have the logics of investment and capital accumulation shaped shareholder activism and SRI? Shareholder activists interact with businesses when they file resolutions, attend meetings, and engage in dialogues with company leaders. Over the years, almost all have accommodated to the culture and norms of business. Most practitioners we spoke with emphasized that they wanted to be taken seriously by business leaders and not be thought of simply as troublemakers. One practitioner (R2) explained, "We're not radicals, we're not trying to take the company down." This statement reflects a sentiment dominant among SRI practitioners and shareholder advocates. Although the shareholder activists of the 1960s and 1970s would almost certainly have considered themselves "radical" or extremely progressive, the dominant stance currently is that it is better to "fit in" to the business world and, to gain the ears of corporate leaders, only rock the boat minimally.

We discuss two important ways in which the logic of business and finance currently shapes shareholder advocacy/SRI. First, practitioners now consistently frame their demands in terms of the business case (arguing that social and environmental responsibilities contribute to the financial bottom line). Second, as more investors opt for SRI, and there is more competition among firms, SRI companies feel increased pressure to show that their portfolios yield good financial results.

Making the Business Case

Years of working with businesses taught shareholder advocates the efficacy of making "the business case." Simply put, this means trying to convince businesses to make changes not out of moral concerns but because the proposed changes will positively affect the financial bottom line. One shareholder advocate (R2) explained, "Unfortunately morality doesn't rule the day. You have to cite the business case." Another practitioner (R10) stated, ". . . we all use business case language. You can't just make the moral case, you have to explain the financial benefits . . . " A longtime shareholder advocate who currently works at an SRI firm (R17) described the transition to business-case framing, explaining that, in the 1970s,

> . . . we tended to speak moral language—of what was right and just. . . . In early years on issues like South Africa or strip mining or whatever, we weren't about the business case. We were about, "Stop this abuse. End your complicity with Apartheid." . . . One company even said to us it was ships passing in the night. We're talking about the social and moral issues and they're talking about the business realities and these were two worlds that didn't intersect.

He recalled that a CEO once said to him, "You convinced me. But I'm representing the shareowners and, basically, we have to think of the business case together." Today, according to this practitioner, if the investment, financial, and business case is clear to large investors, they may in fact support social, environment, or governance changes if they can be shown to be in the company's business interest.[8]

However, there may be a serious potential downside to focusing too heavily on the business case. Some of those we interviewed mentioned the importance of other (nonfinancial) types of activism to complement SRI and shareholder activism. One respondent (R14) explained that to create change:

> . . . you need the social unrest. You need investors to say, "see those people out there? They're coming after you. . . ." [The anti-Apartheid movement] was at the point where celebrities, politicians, grannies, ordinary people started lining up outside the South African embassy every day, day after day, to get arrested. There was legislation pending in Congress forcing divestment. That came out of the ground work laid by the investors, and mainly the faith-based investors, then it spread to the college campuses and so on.

That level of activism could be generated, according to this respondent, because it was easy to talk about the moral component of an issue like Apartheid. But the business case is different.

> [O]nce you get into that complicated realm of economics . . . then you're out into the weeds and the nuance . . . it's hard to use that as an organizing core for a social activist campaign. If I had to explain to you why there's a risk to a coal company or a utility that's heavily dependent on coal, I have to go through a pretty long analysis that most people will get lost in by the third sentence. (R14)

Whatever the strategic pros and cons of business-case framing may be, in the case of longtime SRI practioners, adopting business-case language seems in no way to have diminished their commitment to social justice (although it is certainly possible that some issues could be dropped from their agendas if a business case for them cannot be made). Also, many practitioners are convinced that it is in fact in a company's long-term financial interest to adopt policies that are worker- and environment-friendly. A respondent (R17) explained,

> What's changed a lot [is that] now whoever the sponsor or the advocate is of these issues is, we do speak the business case and it's not just an artifact, it's not just an artificial way of doing it—we can speak the business case and we can be convincing to other investors and to companies.

That same respondent gave an example of how the business-case frame has contributed to important changes in the field:

> A perfect example of this creative tension is the proxy voting service ISS [Institutional Shareholder Services].[9] ISS is only going to vote for something if it is convinced that it's in the long-term financial interests of the company. In the early days . . . they voted against everything . . . [Then] they began to understand the broader context of these discussions. They are now voting much more creatively and actively and supportively on many of these issues, but their criteria for voting is still if it is in the financial interest of the company. (R17)

Profits and Benchmarks

As for-profit entities, SRI firms need to make a profit by showing a good return on the investments of their clients. One of our respondents (R5) explained that in SRI, "there's a mix of ideals and marketing. . . . Everyone at some point has to say they will make money." This is the fundamental tension to which we have called attention, as externalizing costs onto workers and the environment creates profits for firms. On top of this, as more firms enter the field and SRI investing becomes increasingly mainstream, SRI companies may feel the need to show that they are competitive compared with others offering similar products or even compared with non-SRI companies. Firms often seek to show that their returns are competitive by trying to meet benchmarks such as the S&P 500 (see Hawken 2004). Achieving such returns may require holding companies that are less than ideal from an SRI perspective (R1). The desire to hold shares in profitable companies of all ilk may be one reason that divestment has largely fallen out of favor, while use of "engagement" (filing shareholder proposals, entering into dialogs) has flourished. An SRI practitioner told us, "If you talk to people in the SRI movement today, they do not want to hear about divestment because that means they have less product to sell" (R14). Instead, according to this respondent, firms would rather hold shares in potentially profitable companies and engage with those companies.

As SRI firms compete for clients, shareholder activism can become a product that distinguishes firms and "adds value." Paula Tkac (2006:7) speculates that the growth in shareholder activism by SRI firms beginning around 1999 "coincides with the bear market of 2000–2002. Socially responsible mutual funds may have turned to activism as a way to add value for investors when the return performance on the portfolios suffered." If Tkac is correct, this would be an example of how marketization shapes this practice. She believes the rise in the percentage of resolutions filed by SR mutual funds since 1999 is noteworthy. Socially responsible mutual funds

> have a diverse strategy, splitting their proposal activity more evenly than pension funds across environmental issues, antidiscrimination, international conduct, and food/agriculture. Implicit in their choice of activism issues and targets is, of course, the motivation to invest in firms that are likely to perform well. (Tkac 2006:10)

Business scholar Arturo Salazar (2007) argues that mutual funds file shareholder resolutions to gain trust of their clients—because, in fact, they invest in many companies that engage in practices of which their clients would not approve. Filing resolutions is a public act firms may use to indicate to clients they are socially responsible. Taken to an extreme, a focus on engagement in the absence of negative screens would allow SRI firms to invest in almost any company, the rationale being that the SRI firm will then "engage" with that company. This may in fact be what is often happening. In a study of SRI mutual funds around the world, Paul Hawken (2004:16–17) found that "[t]he screening methodologies and exceptions employed by most SRI mutual funds allow practically any publicly held company to be considered as an SRI portfolio company." As for-profit firms take up more space in the field of responsible investing, it stands to reason that profits and competitive returns will be increasingly important and will sometimes trump social justice ideals.

Discussion and Conclusion

For its pioneers, social shareholder activism was a means to social justice ends. SRI firms and other organizations then sought to blend social justice and profit. Today, as larger, diversified firms enter the SRI market, social and environmental issues become a means to financial profit ends.

We have focused mainly on how the older, smaller for-profit SRI firms voluntarily operate at the intersection of two logics. Greenwood et al. (2011:352) suggest exploring whether "organizations experiencing enduring and stable institutional complexity" (which derives from multiple and incompatible logics) "develop blended hybrid arrangements that, over time, become institutionalized *within* organizations and thus uncontested settlements . . . or, whether there is ongoing tension and contestation and continual reflexivity . . . ." SRI firms are hybrid entities similar to the for-profit microlending organizations described by Battilana and Dorado (2010). These firms helped create a new way to think about investing—a new way to calculate risk—that involves considering social and environmental criteria. This is a hybrid arrangement that is almost uncontested in SRI firms. But these organizations are far from settled or static.

Practitioners engage in reflexivity about their practices, questioning, for example, the future of the industry (as indicated by Robert Zevin's presentation quoted in the opening paragraph of this article), continually assessing and reassessing progress and strategies, and constantly evolving new frames (e.g., from "SRI" to "ESG" to "Impact" investing—R22). Almost all our respondents alluded to tensions created by competing logics. The tension manifests between shareholder activists and the companies they target, between SRI investors and other organizations in the field (such as proxy-voting services), and even between practitioners themselves.

These tensions play out regularly. As allowed by SEC rules, companies regularly omit social shareholder resolutions from proxy ballots when possible (see Welsh and Passoff 2013). If companies engage in dialogues with shareholder activists, it can be quite challenging to reach agreements (R7, R8, R9, R15). A respondent described tensions internal to SRI organizations and the field of SRI as a whole:

> . . . there's a tension between those who got into this from the social activism end, for whom investment was leveraged to accomplish social activism—people who care about environment, human rights, labor rights—and [those more interested in profit]. I won't call it a fault line but there's a tension within the SRI movement over that. (R14)

Most practitioners at SRI firms choose to operate at the intersection of competing logics. They *want* to hear from activists and *want* to engage with companies in dialogues, although the task of incorporating both logics into a coherent set of ideas and practices is challenging. Willingness to position themselves in this uncomfortable space has allowed many smaller SRI firms to balance and incorporate competing logics. It is precisely the tension between the social justice logic and the logic of capital accumulation that has led to innovations in how to think about and perform responsible investing.

However, to grow as an industry, SRI has to show profits to attract more investors, who may want to be socially responsible but who also want good returns. As SRI grows—and it is growing fast—will it be able to persist in combining both logics to the extent that it has typically done thus far? Interestingly, the pull of both social justice and market logics may be intensifying. From the business side, there is more competitive pressure as more firms offer SRI/ESG options. From the social and environmental justice side, there is more information available, and clients have higher expectations of SRI funds than in the past. A longtime practitioner (R1) told us that as SRI has become more sophisticated, she feels the tensions between the competing logics more intensely.

> I think the standards for companies to be in an SRI portfolio have risen a lot over the years because the tools to analyze and think about corporate responsibility have become more sophisticated and also social expectations—society wide—have risen. When I first started doing this in the early 1990s you'd look at a large company and there were just a handful of screens . . . [and] . . . except in really exceptional cases you weren't looking too closely . . . [For example] the environmental standards have risen dramatically . . . it's not just how low, how small, is a company's own operational footprint, it's the footprint of their suppliers, it's their environmental footprint, it's their lobbying profile . . . we're measuring a broader set of criteria [now].

Shareholder activist Robert Zevin has stated,

> SRI will continue to grow in its share of total invested money in the US and in the world. . . . As it penetrates more conventional financial institutions, it may well be diluted in various ways, which is why it is so important to keep the primary focus on the achievement of social change rather than moral purity or investment returns, as desirable as they may also be. (Quoted in Baue 2004)

As noted above, research has shown that when the competing logics of social justice and market intersect, market and profit logic typically dominates. Daniel Nyberg and Christopher Wright (2013) describe how sustainability managers in large companies must constantly negotiate compromises. Like SRI practitioners, sustainability managers often use business-case language to justify environmental protections. At other times, however, they accept or articulate a concept of sustainability that is less about environmental concerns and more about sustainability of the business. Yet, with marketization or corporatization of social change efforts (whether it is organics, fair trade, or responsible investing), some aspects (even if in weaker forms) of social and environmental justice ideas and practices may persist even in the marketized or corporatized forms.

As practiced by the older for-profit SRI firms, SRI/shareholder advocacy continues to be partially shaped by the institutions and ideals developed throughout its history as a movement to rein in corporate power. Shareholder activists concerned with social and environmental issues have created new ways of thinking about investments, such as using financial capital to "do good" when possible, refusing to invest in companies engaging in activities deemed particularly egregious, or/and raising awareness and seeking policy changes on issues deemed problematic. In doing so, they have created both a market for products and services they developed and a hybrid institutional form—investment firms that consider both the financial bottom line as well as social, environmental, and corporate governance issues. The reframing of SRI as "ESG" investing (the argument that taking social, environmental, and governance issues into account is good for the financial bottom line) has allowed institutions with fiduciary responsibility, such as pension funds, to take social and environmental issues into consideration and participate as shareholder activists. One respondent explained, "This is a movement that's in the process of recreating financial analysis" (R14). However, as this hybrid form of financial analysis gains traction, the movement may risk co-optation by corporate entities, as Jaffee and Howard (2010) describe in the case of organics and fair trade.

Corporations and financial institutions operate under a logic of profit in the interest of shareholder value, measured in financial terms. SRI practitioners have not fundamentally altered this logic. However, they *have* influenced the way financial risk is conceptualized and calculated among an ever-growing set of investors. In addition, they put companies on alert that their practices may be publicly questioned or challenged.

Most of the respondents with whom we spoke had few illusions that their efforts were sufficient to create the magnitude of social and environmental change to which they ultimately aspire. They understand their work to be part of a larger set of efforts that include on-the-ground activism, work by social movement organizations and NGOs, and, ideally, governmental oversight and regulation. However, neoliberal ideology has resulted in governmental retraction, and some SRI advocates question the efficacy of responsible investing alone—without the possibility or the threat of government action. A longtime practitioner at an SRI firm stated,

> I'm not sure investors, as investors, are going to be able to make the societal change that's necessary to protect Planet Earth from the kind of environmental destruction we're facing. And yet if people define themselves that way it's the only way you're going to get them to play. You can't get them out of that space and invite them to be part of a social movement. (R17)

Our research calls attention to ways in which social movements may develop over time. Just as they may be professionalized, institutionalized, and sometimes co-opted, movements may also turn into "hybrid" for-profit businesses even while continuing to seek social change. As has been the case (at least to some extent) with fair trade and organic agriculture, some movement practices have the potential to become for-profit endeavors. We have pointed to the tensions that emerge from such transformations and examined how social change ideas and practices shape or are reshaped by for-profit logic.

Although we have sought to show how social justice ideas and practices have been maintained in a very particular for-profit arena, we do not mean to imply that market solutions are inevitable or desirable, as they tend to depoliticize issues by removing them from democratic processes (see Johnston 2008; Soederberg 2009). For example, we explained how the move toward using dialogue, which typically happens behind closed doors, reduces the possibility of public oversight of the shareholder advocacy process.

Pache and Santos (2010) note that there are representatives of logics within organizations and that some have more power than others, leading to a *prioritization of logics*. This question of how logics of profit and justice get prioritized in small SRI firms as they compete with larger players (Bank of America, Deutsche Bank, and others), and also how both logics manifest (if at all) in the large, diversified firms that now offer ESG products, would be an interesting avenue for further research. Future research also might investigate the role of professional degree programs, such as sustainable MBAs, in creating and maintaining "hybrid" frames such as ESG investing. As social movements are increasingly marketized and corporatized, it is important to continue to study how competing logics operate. We hope researchers will continue to investigate both the power of market logic and how progressive ideals and practices—social justice logics—may persist in for-profit organizations.

Appendix

Description of Respondents.

Respondent	Description
R1	Shareholder Advocate, SRI Firm
R2	Shareholder Advocate, Religious
R3	ICCR Staff Member
R4	Shareholder Advocate, SMO
R5	Shareholder Rights Volunteer
R6	Director, Shareholder Advocate Organization
R7	Researcher, NGO
R8	Corporate Secretary
R9	Shareholder Advocate, Religious
R10	Legal Counsel, SRI Firm
R11	Shareholder Rights Volunteer
R12	ICCR Staff Member
R13	Legal Counsel, Independent
R14	Consultant, NGO
R15	Shareholder Advocate, SRI Firm
R16	ICCR Staff Member
R17	Shareholder Advocate, SRI Firm
R18	Consultant, Nonprofit Organization
R19	ICCR Staff Member
R20	Independent Shareholder Activist
R21	Consultant, Affiliate of Academic Institute
R22	Investment Consultant, SRI Firm

Note. SRI = socially responsible investing; ICCR = Interfaith Center for Corporate Responsibility.

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Notes

1. SRI typically stands for "socially responsible investing"—the conference, however, rebranded SRI as "sustainable, responsible, impact investing."
2. And see Michael Lounsbury, Marc Ventresca, and Paul M. Hirsch (2003) and Hayagreeva Rao (2009) on how social movements play a role in the creation (or inhibition) of markets.

3. Social and environmental issues with which shareholder activists are typically concerned include labor and human rights, political spending, climate change, natural resource management, and environmental toxins (Welsh and Passoff 2012).
4. We use the term *hybrid* in two ways. First, most of the older and smaller SRI firms are "hybrids" in that they seek to bridge two competing logics, similar to the hybrid (for-profit) microlending firms described by Battilana and Dorado (2010). Second, we refer to a hybrid form of investing that incorporates social and environmental issues and corporate governance into analyses of companies' risk and long-term profit potential.
5. The first author attended a weeklong annual meeting of the Interfaith Center on Corporate Responsibility (ICCR) in 2009, two student conferences on responsible investing (Responsible Endowment Coalition—Spring 2008 and Spring 2009), and two trade conferences ("Integrating ESG," June 2009, and the SRI Conference, October 2012). These conferences were selected to provide insight into the different positions in the "SRI" field, as such positions affect perceptions and action (Bourdieu and Wacquant 1992; Fligstein and McAdam 2011).
6. While positive screening involves seeking out companies that are socially and environmentally responsible, negative screening is similar to divestment, in that it entails *not* holding shares of companies deemed irresponsible.
7. What constitutes "social, environmental, and governance" is somewhat subjective and different organizations collecting information on resolutions sometimes have slightly different numbers.
8. "Business case" framing has been especially important in that it has allowed organizations that have a fiduciary responsibility—such as pension funds—to become active shareholder advocates. Large pension funds such as the California Public Employees Pension System or the New York City Employees Retirement System (NYCERS) now routinely file shareholder resolutions and engage in dialogues with companies on social and environment-related issues (see Welsh and Passoff 2013). This is possible because these funds can make the argument that their requested changes are in the best financial interest of their members. Thus, for example, in the early 1990s, NYCERS was able to be an active participant in a successful campaign to bar sexual orientation discrimination at Cracker Barrel. The pension fund and other shareholder activists could claim that sexual orientation discrimination was ultimately bad for business and the bottom line.
9. ISS is a service for institutional shareholders that offers analysis of companies and advice on how to vote on proxy ballots.

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Author Biographies

Leslie King is associate professor in the Department of Sociology and a member of the Environmental Science and Policy Program at Smith College. Her areas of interest include population studies, environmental sociology, and social movements. Much of her research has focused on how ideologies of nationalism, gender, and race/ethnicity are implicated in the construction and implementation of population policies. Her most recent work examines the corporatization of social movement-instigated ideas and practices.

Elisabeth Gish holds an MSc in international development studies from Wageningen University and a BA in anthropology and sociology from Smith College. She is an applied social scientist whose central interest is in initiatives that address the environment-development confluence, especially those using market mechanisms and/or participatory processes. Her specialties include needs assessments, design of monitoring and evaluation systems, and teambuilding within interorganizational partnerships. She has worked as a consultant for a range of clients in the development and conservation sectors, and is currently Sr. Monitoring and Evaluation Advisor on a USAID-funded forestry project in Cambodia.