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RESEARCH ARTICLE

Stakeholder salience: corporate responses during a public health crisis

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Abstract

Prior crisis management research mainly studied the context of accidental and preventable crises which are generally within the organization's control, while the COVID-19 pandemic presents a public health crisis in which corporations do not have control over the extent of the impacts. Built upon the stakeholder salience framework, we propose and test the hypotheses that are derived from societal stakeholders' power, legitimacy, and urgent claims during the pandemic and reveal several corporate responses that address multiple stakeholders' interests, including customers, shareholders, community, suppliers, and employees. Specifically, corporations with a larger number of employees and social media followers tend to adopt more corporate responses that address various stakeholders' concerns. Further, in highly impacted industries, there is an increased influence of social media followers on customer-related corporate responses as well as a decreased influence of employees on employee-related corporate responses.

Keywords: Corporate social responsibility; COVID-19 pandemic; stakeholder salience

Introduction

Given the unprecedented uncertainty associated with the mass community spread of the virus, the COVID-19 pandemic disrupted many aspects of social and economic life, but it has also presented an opportunity for corporations around the world to reevaluate and reconnect with their key stakeholders (Brammer, Branicki, & Linnenluecke, 2020). Stakeholders refer to 'any group or individual who can affect or is affected by the achievement of the organization's objectives' (Freeman, 1984: 46). The stakeholder theory was proposed as an important departure from the traditional economic view on corporate responsibilities to maximize shareholders' economic interests (Freeman & Reed, 1983). During the pandemic, various primary and secondary stakeholders who are impacted by the economic and social disruptions are likely to gain prominent positions in managerial decision-making and may become particularly salient in corporate policy changes to cope with the disruptions brought by the widespread public health concerns, resulting in a potential shift of corporate policies that prioritize societal stakeholders' interests and contribute to the wellbeing of the society (Ayoko, Caputo, & Mendy, 2021; Walters & Tacon, 2010).

Mitchell, Agle, and Wood's (1997) seminal theory of stakeholder identification and salience delineates that stakeholders' interests become more noticeable among corporate managers when these stakeholders accumulate three attributes, including power, legitimacy, and urgent claims. Built upon resource dependence theory, stakeholder salience researchers suggest that the stakeholders who provide access to needed resources for the organizations' survival possess

the power to influence corporate policies (Barnett, Henriques, & Husted, 2020; Freeman, 1984; Frooman, 1999; Sharma & Henriques, 2005). The urgency of the dire situation of a widespread and rapidly circulated virus calls for corporate managers' immediate attention to the potential threat to long-neglected stakeholders' interests (Bapuji, Patel, Ertug, & Allen, 2020). The purpose of this study is to apply the stakeholder salience theory and explore the factors that contribute to corporate COVID-19 responses in enhancing welfare beyond shareholders' immediate financial interests. The attributes of stakeholders' power, legitimacy, and urgency can be used to identify the salient stakeholders at a given time (Mitchell, Agle, & Wood, 1997), particularly the shift of salience toward the societal stakeholders. Based on the sample of large public firms in the US, we find corporate COVID-19 responses include customer-oriented practices to provide business operation flexibility, and employee-oriented practices, such as remote working policy and paid sick leave (Collings, Nyberg, Wright, & McMackin, 2021), as well as charity efforts in the form of a community relief fund (Pillay & Scheepers, 2020). Specifically, we find that corporations with a larger number of employees, representing power, and social media followers, representing legitimacy, tend to adopt more corporate responses that are addressing stakeholders' concerns. However, the extent of the COVID-19 impacts on the industries, representing urgency, reduces the positive effect of stakeholder salience on corporate responses to COVID-19.

The findings of the current study contribute to the crisis management and stakeholder salience literature in multiple ways. First, prior research provided great insights into crisis management, especially in the cases of accidental crises and preventable crises which are largely within the organization's control (Coombs, 2007a; 2007b). In the cases of managing external stakeholders during the crisis, the organizations would develop multiple response strategies to avoid the attributions of responsibilities and alleviate the negative perceptions (Bundy & Pfarrer, 2015). The COVID-19 pandemic is a public health crisis in which corporates are likely to be perceived as victims (Coombs, 2007b). With weak crisis responsibility from the organization, we find that managerial attention is shifted to increasing corporate social responsibility (CSR), which is rarely discussed in the crisis management literature. Second, informed by the stakeholder salience theory, we explore the factors that explain the corporate responses and respond to the recent call for research to reevaluate 'who and what really counts' (Crane & Matten, 2020; Hall, Millo, & Barman, 2015; Neville, Bell, & Whitwell, 2011). As such, we extend the stakeholder identification and salience framework by incorporating the contingencies derived from the crisis event characteristics suggested in the crisis management literature (Pearson & Clair, 1998). Third, a recent review of Mitchell, Agle, and Wood's (1997) framework suggests that the prevalence of digital media compressed the cycle of stakeholder engagement work (Wood, Mitchell, Agle, & Bryan, 2021). The typical cycle may take up to years to develop stakeholder awareness, and identification, followed by stakeholder understanding work, and prioritization work, leading to stakeholder engagement work (Lee, 2015; Mitchell, Lee, & Agle, 2017). We provide critical empirical evidence that the corporations facing the COVID-19 crisis are engaging stakeholders in a cycle as short as the first six months of the pandemic.

Conceptual background and hypotheses development

Stakeholder salience and corporate responses

Mitchell, Agle, and Wood (1997) proposed the stakeholder salience framework and defined stakeholder salience as 'the degree to which managers give priority to competing stakeholder claims' (p. 854). Managers evaluate the stakeholders' concerns based on stakeholders' three attributes, power, legitimacy, and urgency. The more attributes associated with the stakeholders' concerns, the more salient these stakeholders' claims. The foundations of stakeholders' power are based on the type of resources to exercise power. For instance, shareholders possess utilitarian power based on financial resources (Lähdesmäki, Siltaoja, & Spence, 2019). Organizational managers are likely to view the shareholders as the primary stakeholder due to the substantial resources provided by

shareholders to sustain corporate operations. The second attribute, legitimacy, refers to 'a generalized perception or assumption that the action of an entity is desirable, proper or appropriate within some socially constructed system of norms, values, beliefs, and definitions' (Suchman, 1995: 574). Institutional theory researchers suggest three pillars of coercive, cognitive, and normative institutional pressures for corporate compliance to gain legitimacy (Scott, 1995). The local government possesses coercive power in the form of a lockdown ban or safety protocol and presents a legitimate claim that is backed up by the coercive institution in the business environment. Neville, Bell, and Whitwell (2011) further propose that it is the 'moral form that is relevant for legitimacy's role in the stakeholder salience framework' (p. 366). Stakeholders' legitimacy, hence, is based on how managers should assess and perceive the net benefits, rights, justices, and so on. Lastly, urgency presents the time-sensitive nature of the stakeholder's concern.

When the stakeholders gain salience, corporations respond to stakeholders' concerns in multiple ways. First, corporations may either focus on threats or benefits to themselves or focus on issues that affect relationships with stakeholders, leading to multiparty collaboration to solve common problems (Roloff, 2008; Sheehan & Ritchie, 2005). Second, corporations may adopt either substantiative or symbolic responses to address stakeholders' concerns depending on whether the stakeholder's concern is related to organizational identity (Bundy, Shropshire, & Buchholtz, 2013). Third, corporations do not directly address stakeholders' concerns but opt to manipulate stakeholders' perceptions. For instance, Ulmer and Sellnow (2000) studied the deadly contamination incident at the fast-food restaurant, Jack in the Box, and revealed corporations' crisis communication could privilege one stakeholder group, typically shareholders, over others who may be more seriously affected. Kolk and Pinkse (2006) publicized two case studies of 'stakeholder mismanagement', by which 'managers neglect, avoid, or thwart stakeholder interests and pressures' (Wood et al., 2021: 220). Next, we turn to crisis management to seek more insights into corporate responses during a crisis event.

Crisis management

An organizational crisis refers to 'an event perceived by managers and stakeholders as highly salient, unexpected, and potentially disruptive' (Bundy, Pfarrer, Short, & Coombs, 2017). Crisis management is defined as 'a systematic attempt by organizational members with external stakeholders to avert crises or to effectively manage those that do occur' (Pearson & Clair, 1998: 61). Due to their profound impact, scholars have been interested in investigating and studying organizational crises and how to manage and reduce their harm (Bundy & Pfarrer, 2015). A rich body of literature was produced by researchers from a variety of disciplines. One stream of literature focuses on the internal managing processes within an organization, such as organizational learning (Veil, 2011) and crisis leadership (James, Wooten, & Dushek, 2011). James, Wooten, and Dushek (2011) outlined the leadership competencies that demonstrate the core set of behaviors in a complex and dynamic environment during a crisis. Studies (e.g., Johansen, Aggerholm, & Frandsen, 2012; Mazzei & Ravazzani, 2015) also have investigated how internal crisis management and crisis communication affect employees' behaviors.

Another stream of research focuses on the external environment, which investigates the interaction between the organization and stakeholders. For instance, how stakeholders perceive and react to a crisis and how organizations use crisis response strategies to influence evaluators (Bundy & Pfarrer, 2015). Coombs's (2007b) Situational Crisis Communication Theory (SCCT) provides an evidence-based framework for assessing and responding to crises according to the level of crisis responsibility and reputational threat. SCCT considers the role of crisis attribution and finds that the stakeholder would have greater negative perceptions when they attribute more responsibility to an organization. However, Bundy and Pfarrer (2015) believe that the attributions are negotiable in crisis management, and, thereby, subject to social influence. The existing studies are interested in investigating different types of strategies (e.g., defensive or accommodative)

according to the organization's acceptance level of responsibility (Bundy & Pfarrer, 2015) and the timing and the source of the crisis response (Bundy et al., 2017). Additionally, the endowment of positive evaluations, such as reputations and legitimacy, is found to either positively (buffer) (Pfarrer, Pollock, & Rindova, 2010) or negatively (burden) (Coombs & Holladay, 2006) affect stakeholders' opinions and reactions to an organization in crisis management literature.

These studies provided excellent insights for crisis management, especially in the cases of accidental crises and preventable crises (Coombs, 2007b). The COVID-19 pandemic is a public health crisis in which corporates are perceived as victims (victim crises) (Coombs, 2007b). With weak crisis responsibility from the organization, the managerial attention might be shifted to CSR, and this study will add new insights from the CSR perspective to crisis management literature.

Stakeholder engagement during public health crisis and COVID-19 responses

According to the Centers for Disease Control and Prevention (2017), 'Public health is the science of protecting and improving the health of families and communities through the promotion of healthy lifestyles, research for disease and injury prevention, and detection and control of infectious diseases'. COVID-19 presented an unprecedented public health threat because it has spread rapidly around the world in just a few months, while many health officials scrambled to learn more about it (Mack, 2020). To control the outbreak of the coronavirus, government officials provide guidelines for physical distancing measures placed to curtail community virus outbreaks (Centers for Disease Control & Prevention, 2020). Since the outbreak of coronavirus in Wuhan, China swiftly locked down 27 cities, and many factories were not allowed to operate. Subsequently, 94% of the Fortune 1,000 companies are negatively impacted by supply chain interruptions, which induced stock market corrections (Sherman, 2020).

In late January 2020, the US reported the first confirmed case of COVID-19. World Health Organization (WHO) declared COVID-19 a global pandemic in March. To flatten the curve of the community spread of the virus, many countries outside China started taking similar measures to restrict nonessential travel. In the US, California was the first state to order all residents to stay at home (Mervosh, Lee, Gamio, & Popovich, 2020). Several states followed suit and announced shelter-in-place orders and mandated the closing of all nonessential businesses in April. Many individuals and companies turned to social media to stay connected and informed (Chew & Eysenbach, 2010; Li, Bailey, Huynh, & Chen, 2020).

Stakeholder salience based on power

Based on the resource dependence theory, when the stakeholder provides access to resources, the stakeholder will have a larger power, hence increasing salience. Frooman (1999) suggests that under the condition of high resource interdependence, the stakeholders would likely use a direct strategy (as opposed to an indirect strategy) to influence the firm's allocation of resources (as opposed to withholding resources) in a way that the firm would accommodate their objectives. During normal times, employees present a stakeholder that is resource dependent on the firm, but the firm dependence on the employees is less apparent, especially when there is no shortage of labor supply. In such a scenario, employees are not likely to be able to directly pressure corporations to change corporate policies and have limited influence over corporate actions (Sharma & Henriques, 2005). However, amidst the pandemic, employees are gaining importance due to the immediate threat to employee safety at the workplace, which ultimately impacts business operations (Collings et al., 2021). Corporations that employ a large workforce are more likely to consider multiple safety protocols and employee benefits to sustain business operations, as employees' health and safety become a determinant factor of business continuity.

Furthermore, employee stakeholders are also likely pressing and supporting corporations to provide resources for other societal stakeholders, such as setting up a community relief fund

to help families that are impacted by COVID-19 as there could be existing employee volunteer programs that are 'management-led initiatives to facilitate and encourage employee volunteerism in the local community' (Knox, 2020: 450) and shown to improve not only individual employee loyalty (De Gilder, Schuyt, & Breedijk, 2005; Jones, 2010) but also overall firm-level productivity (Knox, 2020). In the same way, employees can drive and transmit some of the social gains from their activism upstream as well as downstream in the production and supply chains. For example, studies have noted that though employees can be insider activists, they can also work as outside activists and generate industry-level changes (Briscoe & Gupta, 2016). In this case, as outside activists, the employees of the focal organization can influence the target organizations via mechanisms of changing perceptions – either enhancing the investment uncertainty or altering perceptions of business opportunities (Soule, Swaminathan, & Tihanyi, 2014). This is especially crucial during the pandemic when employees observe other firms' activities and protection policies and put pressure on their respective firms to follow leading industry standards. In summary, given the power possessed by employees during the pandemic, firms with a larger number of employees are more likely to provide corporate responses that enhance societal stakeholders' welfare.

Hypothesis 1 (H1): The greater the number of employees, the greater the likelihood that the firm addresses COVID-19 disruptions and announces CSR policies that enhance multiple stakeholders' welfare.

Stakeholder salience based on legitimacy

In recent years, researchers have started to study organizational legitimacy established through social media presence. A well-established stream of the literature suggests that legitimacy emerges and develops from a deliberative discourse among various actors with the active participation of corporations (Etter, Colleoni, Illia, Meggiorin, & D'Eugenio, 2018; Palazzo & Scherer, 2006). For instance, Castelló, Etter, and Årup Nielsen (2016) conducted an in-depth longitudinal case study and proposed a networked legitimacy strategy to engage stakeholders through social media. Here, we argue the extent to which a modern corporation gains external legitimacy in society depends on the size of its social media followers. Barnett, Henriques, and Husted (2020) apply cognition theory and argue that social media stakeholders would need to filter information and go through a sense-making process in forming a collective narrative. The framing of the narratives becomes a double-edged sword to direct managerial attention on corporate social responsibilities as the managers could carefully craft a message that effectively manipulates the public perception of the company's responsibilities.

During the COVID-19 pandemic, several leading public corporations in the US, particularly high-tech giants, set great examples in combating disinformation and providing credit sources of public health information. Hence, the nature of the pandemic takes away the corporations' deniability of wrongdoing since the corporations are not responsible for causing the public health crisis. We believe that the large size of social media followers grants societal stakeholders additional legitimacy and leads corporations to join the positive force of responding to COVID-19.

Foremost and crucially, it is likely that a large number of social media followers will scrutinize and critique the firm's customer-oriented approaches during the crisis, and this can generate pressure on the firms to proactively engage with customer-related CSR activities. Similarly, a large set of social media followers can keenly observe the treatment of employees, and their oversight can lead to employee-related CSR actions. For example, the protection of the workers and their ability to work in a COVID safe environment, including working from home, might be commented on social media, and firms' unwillingness to engage in these actions can experience reputational risks.

Also, a large number of social media followers can generate continuous feedback on the firm's engagement with the suppliers and highlight any shortcomings in the firm's activities. Thus,

during the crisis, legitimacy pressures can make the firm invest in supplier-oriented CSR activities. In the same vein, community-oriented or lack of community focus can generate legitimacy issues amongst large social media followers; for example, the use of scarce resources and moving resources from the public domain to the private sectors – like the single-use personal protection aprons and masks, etc.

Hypothesis 2 (H2): The larger the number of social media followers, the greater the likelihood that the firm addresses COVID-19 disruptions and announces CSR policies that enhance multiple stakeholders' welfare.

Stakeholder salience based on urgent claims

The urgency refers to the time sensitivity and criticality of the stakeholder's claim (Eesley & Lenox, 2006; Neville, Bell, & Whitwell, 2011). According to Neville, Bell, and Whitwell (2011), 'The urgency attributes provide a dynamic dimension to the salience framework, helpful and relevant in the prioritization of stakeholder claims, but irrelevant in the identification of stakeholders' (p. 362). In other words, the urgency of the stakeholders' claims alone may not qualify managerial immediate attention to stakeholders but will intensify the first two attributes of the stakeholders' salience. In the context of the public health crisis, not all industries are impacted equally. Some industries, such as healthcare, food service, delivery, and public transportation, were classified as 'essential business' and mandated to continue the business, exposing employees to a high level of health threat (Lancet, 2020). Other industries that are highly impacted are due to exposure to heightened economic risks, such as delays in operation, supply chain disruptions, and government-mandated shutdowns (Li, Liu, Mai, & Zhang, 2021). In these highly impacted industries, the corporate responses presented in the previous two hypotheses will be heightened due to the sense of urgency and criticality displayed in the stakeholders' claims.

Hypothesis 3 (H3a): The highly impacted industry moderates the stakeholder salience during a pandemic such that the employee effect on the CSR policies will be stronger in a highly impacted industry than in a less impacted industry.

Hypothesis 3 (H3b): The highly impacted industry moderates the stakeholder salience during a pandemic such that the effect of social media followers on the CSR policies will be stronger in a highly impacted industry than in a less impacted industry.

Method

Sample

We collect data from the Just Company list (https://justcapital.com/covid-19/). Just Capital tracked major American publicly listed firms' corporate responses to COVID-19 since March 2020. The results reported in this paper are based on a sample of America's 301 largest employers[1] updated on June 9, 2020. Table 1 lists the sample *CSR* policies according to the corporate responses related to five major stakeholders, including employees, customers, shareholders, suppliers, and the community. Major stakeholder issues identified by the JUST survey among Americans include backup dependent care, personal protective equipment, paid sick leave, financial assistance, customer accommodations, and community relief funds (Just Report, n.d.). To control for the exogenous influence of different countries, we only include the 293 US headquartered, publicly traded firms.

[1]The tracking has later expanded to include Russel 1000 firms in November 2020.

Table 1. CSR policies in response to COVID-19 pandemic*

Stakeholder orientations	COVID-19 corporate response	Description
Customers	Customer accommodations	An assessment of whether a company has created special accommodations for their customers or on the products they are offering in response to the COVID-19 situation, such as replacing in-store shopping with curbside pickup or giving unlimited data to all customers.
Employees	Financial assistance	An assessment of whether a company is expanding funds or eligibility for its employee grant-giving program, which are application-based funds to help employees in need of financial assistance.
Suppliers	Noted supply chain information	An assessment of whether a company has released or if any information is published regarding its supply chain.
Shareholders	Received government aid	An assessment of whether a company discloses having received government aid provided in response to the COVID-19 pandemic, including the CARES Act, or whether a company is reported to be receiving government aid or federal money.
Community	Community relief fund	An assessment of whether a company has committed to donating cash to COVID-19 relief organizations or efforts.

*Adapted from the COVID-19 corporate response tracker by Just Capital Foundation, Inc. (https://justcapital.com/data/). Detailed information in Appendix A.

Measures

Independent variables

The *firm size* is operationalized by the employee number of the corporate (*Employees*). The number of social media followers was collected based on the number of followers to the corporate accounts on the Twitter platform. The recognizable social media site was created in the late 1990s, and the two most popular social media sites, Facebook and Twitter, came into existence in 2006. While both are popular social media platforms in the US, Twitter has a more transparent data infrastructure that is advantageous for data collection and analysis and has been widely utilized in crisis management studies (Chew & Eysenbach, 2010; Getchell & Sellnow, 2016; Stieglitz, Mirbabaie, & Milde, 2018).

Moderator and control variables

We use the definition of Li et al. (2020) to identify the industries that are likely to be impacted by the pandemic. Using a large sample of US public firms' corporate calls in the first four months of 2020, the top three industries with the greatest exposure to the COVID-19 crisis include chemicals and allied products, consumer nondurables, and manufacturing industries. To control for the heterogeneity of the firm resources, we control for the *market capitalization* and *total sales* in the year prior to 2020 (El Ghoul, Guedhami, & Kim, 2017; Song & Rimmel, 2021). Additionally, we recognize that the local municipal governments enact different public policies during the pandemic in response to the fluid, evolving public health risk in the local communities. Thus, we include the control variable of *headquartered state* to control how corporate response policies are potentially dictated by the local government policies. The COVID-19 impact on their headquarters (HQ) is operationalized by the positive test result divided by the state's total tests in which the corporate headquarter resides.

Analysis

Organizational strategy research usually involves multiple contingencies and requires a multiple-dimensional understanding, including the corporate responses to the COVID-19 pandemic. To

examine the configurations of the corporate responses, we first conduct a cluster analysis to delineate the extent to which corporations respond to stakeholders during the COVID-19 pandemic (Ketchen & Shook, 1996). The cluster analysis helps us identify these companies' responses by grouping together the companies with similar responses to their stakeholders (Brusco, Singh, Cradit, & Steinley, 2017; Gilson & Shalley, 2004). After we establish the clusters of corporate responses, we conduct regression analyses to test our hypotheses. Lastly, we use the five sets of corporate responses to five stakeholders to further assess the stakeholder salience framework.

Results

We use the STATA software to cluster our data based on the firm's responses across five focus areas – customers, employees, suppliers, community, and shareholders. By employing Ward's linkage method to cluster the data (Brusco et al., 2017; Gilson & Shalley, 2004; Ketchen & Shook, 1996), we identify that the optimal number of clusters is two. The Calinski/Harabasz pseudo-*F* score is 250, and this value is typically the highest for the optimal number of clusters. We compared the Calinski/Harabasz pseudo-*F* scores for clusters of various formations, like four, five, and six groups, along with the two groups noted in this paper. The Calinski/Harabasz pseudo-*F* score was the highest for the two groups used in the rest of the analyses. Table 2 reports the means, standard deviations, and pair-wise correlations of all variables.

As shown in Table 3, compared to the 103 firms that fall into cluster two, cluster one of the 190 firms has a higher orientation on corporate responses to all five stakeholder groups, especially the employees' interests. We conduct an unpaired *t*-test to examine the difference in the mean values of the various corporate responses between these two clusters. We observe that there exist statistically significant differences between the four corporate responses – customers ($t = 4.0667$, $p < .0001$), employees ($t = 22.2611$, $p < .0001$), community ($t = 2.6819$, $p < .0077$), and shareholders ($t = 2.3351$, $p < .0202$). There is no meaningful difference in the corporate responses toward the suppliers across these groups.

Hypothesis testing results

Table 4 shows the results of the analysis of employees, social media followers, highly impacted industry, and the firm's COVID-19 corporate policies. Model 1 in Table 4 presents the baseline analysis. Models 2–3 in Table 3 show the effect of the independent variables and models 4–7 that of the independent variables and the moderator. We observe that the number of employees will have a positive effect on the COVID-19 corporate policies ($\beta = 7.69 \times 10^{-07}$, $p = .012$, model 2), and similarly, the number of Twitter followers will have a positive effect on the COVID-19 corporate policies ($\beta = 3.98 \times 10^{-08}$, $p = .075$, model 3). Both H1 and H2 are supported. In this case, the positive effect of the independent variables indicates that the higher values for independent variables (number of employees, number of Twitter followers) will lead to a higher number of COVID-19 corporate policies (cluster 1). Also, a highly impacted industry, our moderator, has a positive effect on the COVID-19 corporate policies ($\beta = .108$, $p = .063$, model 5).

Hypotheses 3a and 3b propose that the stakeholder salience is enhanced by the extent of the impacts in the industries. Model 6 in Table 4 suggests that the moderating effect is negative ($\beta = -2.03 \times 10^{-06}$, $p = .005$), contrary to H3a, implying that the presence of the firm in the highly impacted industry reduces the positive influence of the number of employees on the COVID-19 corporate policies. As shown in Figure 1, in a highly impacted industry, the positive association between the number of employees and corporate responses is weaker than in a less impacted industry. We do not find a significant moderating effect of highly impacted industry and Twitter followers in model 7 as well as in model 8, which includes all variables. Hence, H3b is not supported.

Table 2. Means, standard deviations, and pair-wise correlations

	Mean	SD	COVID-19 corporate policies	Customer-oriented policies	Supplier-oriented policies	Employee-oriented policies	Community-oriented policies	Shareholder-oriented policies	Employees	Twitter followers	Highly impacted industry	Market capitalization	Log (sales)
COVID-19 corporate policies	.64	.47	1										
Customer-oriented policies	.66	.68	.2270*	1									
Supplier-oriented policies	.27	.44	.0143	−.0934	1								
Employee-oriented policies	3.37	1.81	.7922*	.2536*	.0578	1							
Community-oriented policies	1.57	1.07	.1496*	.1787*	.1868*	.2278*	1						
Shareholder-oriented policies	.04	.21	.1329*	.0176	.0063	.1848*	.0001	1					
Employees	58552	109,939	.1868*	.3369*	.0814	.2476*	.1737*	−.0376	1				
Twitter followers	456,028	1,508,180	.1277*	.2066*	.0631	.1572*	.1855*	.008	.1203*	1			
Highly impacted industry	.4	.49	.1468*	.0035	.2739*	.1897*	.1231*	−.0532	.1554*	.0566	1		
Market capitalization	65.38	154.81	.0781	.1562*	.1083*	.0998*	.2944*	−.0688	.2435*	.5572*	.0716	1	
Log (sales)	9.3	1.1	.1036*	.2094*	.1411*	.1306*	.4557*	−.0467	.4595*	.2360*	.1502*	.4667*	1
Highly impacted HQ state	.008	.007	−.0125	−.0905	.0153	.042	.0959	.0376	−.1113*	−.0963	−.0033	−.041	.0183

*p-value < .05.

Table 3. Summary statistics for the two clusters of firms that have distinct corporate responses to COVID-19 pandemic

	Cluster one, $n = 190$				Cluster two, $n = 103$				Test of significance
	Mean	Std. Dev.	Min	Max	Mean	Std. Dev.	Min	Max	t (p-value)
Customers	.78	.74	0	2	.45	.49	0	1	$t = 4.0667$ ($p < .0001$)
Employees	4.44	1.27	2	8	1.42	.72	0	2	$t = 22.2611$ ($p < .0001$)
Suppliers	.29	.45	0	1	.26	.44	0	1	$t = .5491$ ($p < .5834$)
Community	1.68	1.00	0	3	1.33	1.18	0	3	$t = 2.6819$ ($p < .0077$)
Shareholders	.07	.25	0	1	.01	.10	0	1	$t = 2.3351$ ($p < .0202$)

Table 4. Regression analysis of employees, social media followers, and highly impacted industry on the firm's COVID-19 corporate policies

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Variables								
Employees × highly impacted industry						$-2.03 \times 10^{-06***}$ (5.38×10^{-07})		$-2.03 \times 10^{-06***}$ (5.35×10^{-07})
Twitter followers × highly impacted industry							1.25×10^{-08} (2.40×10^{-08})	1.15×10^{-08} (2.42×10^{-08})
Employees		$7.69 \times 10^{-07*}$ (4.04×10^{-07})		$7.78 \times 10^{-07*}$ (3.97×10^{-07})	$7.25 \times 10^{-07*}$ (3.87×10^{-07})	$2.53 \times 10^{-06***}$ (5.46×10^{-07})		$2.53 \times 10^{-06***}$ (5.43×10^{-07})
Twitter followers			$3.98 \times 10^{-08**}$ (1.89×10^{-08})	$4.09 \times 10^{-08**}$ (1.82×10^{-08})	$3.98 \times 10^{-08**}$ (1.77×10^{-08})		3.34×10^{-08} (2.47×10^{-08})	3.47×10^{-08} (2.37×10^{-08})
Highly impacted industry					.108* (.0563)	.220*** (.0677)	.116* (.0604)	.209*** (.0699)
Market capitalization	.000112 (.000104)	9.55×10^{-05} (.000115)	−.000111 (.000161)	−.000134 (.000163)	−.000126 (.000161)	.000120 (.000121)	−.000102 (.000157)	-9.85×10^{-05} (.000164)
Log (sales)	.0382 (.0270)	.00400 (.0317)	.0412 (.0269)	.00668 (.0316)	.00144 (.0312)	−.0257 (.0309)	.0330 (.0270)	−.0225 (.0310)
Highly impacted HQ state	−1.000 (3.732)	.252 (3.730)	−.433 (3.751)	.848 (3.751)	.824 (3.765)	.476 (3.731)	−.343 (3.772)	1.046 (3.751)
Constant	.292 (.251)	.555** (.281)	.253 (.251)	.519* (.280)	.528* (.277)	.701** (.271)	.283 (.248)	.666** (.271)
Observations	288	288	287	287	287	288	287	287
R^2	.012	.037	.024	.049	.060	.076	.039	.086
Adj R^2	.0019	.0229	.0099	.0316	.0401	.0560	.0187	.0598

Robust standard errors in parentheses
***$p < .01$, **$p < .05$, *$p < .1$

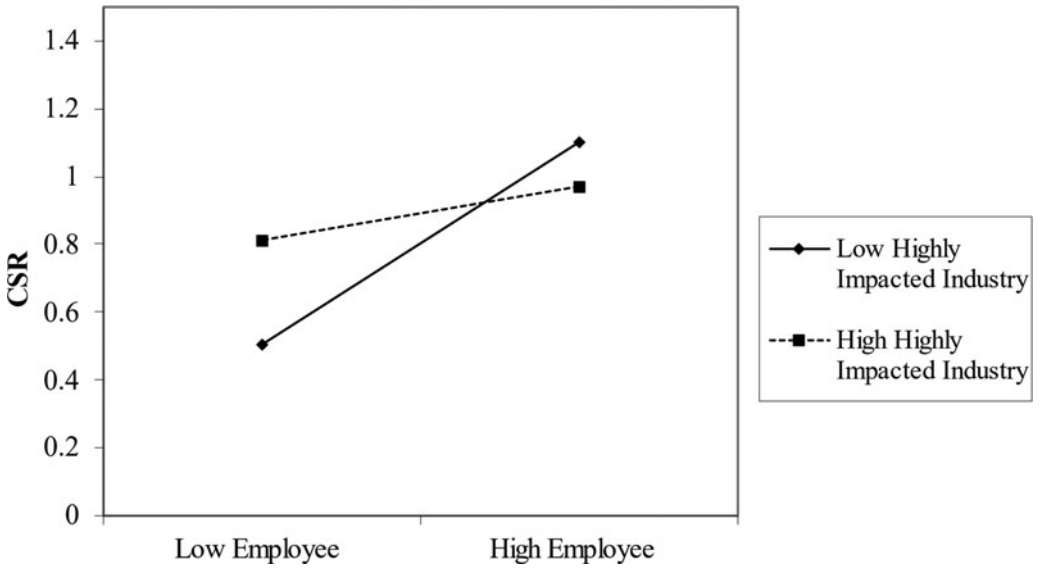

Figure 1. Two-way interaction of employee stakeholders and highly impacted industry.

Post-hoc analyses on corporate responses to five stakeholders

To better delineate the stakeholder salience and corporate responses, we perform the above regression analyses on the five sets of corporate responses in relation to five stakeholders. As shown in Table 5, the number of employees is positively related to employee-oriented ($\beta = 9.55 \times 10^{-06}$, $p = .002$, model 3) and customer-oriented ($\beta = 3.09 \times 10^{-06}$, $p = .011$, model 1) CSR but not significantly related to the other three stakeholders' related corporate response. It is noted that though the number of employees is positively related to both employee-oriented and customer-oriented CSR, the magnitude of the effect is almost three times higher for employee-oriented CSR. Additionally, the number of Twitter followers is only positively related to the customer-oriented ($\beta = 4.80 \times 10^{-08}$, $p = .014$, model 1) corporate responses but is not significantly related to the rest of the stakeholders' related corporate responses. Further, the number of Twitter followers in the case of customer-oriented policies, we observe that a highly impacted industry increases the positive influence of the number of Twitter followers on corporate policies ($\beta = 7.96 \times 10^{-08}$, $p = .030$, model 1). By contrast, in the case of employee-oriented policies, we observe that a highly impacted industry reduces the positive influence of the number of employees on the corporate policies ($\beta = -6.49 \times 10^{-06}$, $p = .032$, model 3).

Discussion

As expected, larger firms, operationalized as the number of employees, have larger power, hence, eliciting more corporate responses to address their needs during the pandemic. In particular, the follow-up analysis suggests that corporations with a large number of employees are more likely to direct their corporate responses to not only employees but also customers. Some of the corporate responses, such as adjusting business hours, are going to impact both employees and customer stakeholders. Despite being a primary stakeholder group directly impacted by the business operations, employees may not be the most salient stakeholders, especially when the financial bottom line is at stake in normal times (Collings et al., 2021). However, based on our findings in the less impacted industries, the COVID-19 pandemic provides corporations with an opportunity to reevaluate their corporate policies and enhance employee wellbeing. The HR policies, such as

Table 5. Regression analysis of employees, social media followers, and highly impacted industry on the firm's individual COVID-19 corporate policies

	(1) Customer-oriented policies	(2) Supplier-oriented policies	(3) Employee-oriented policies	(4) Community-oriented policies	(5) Shareholder-oriented policies
Variables					
Employees × highly impacted industry	-1.73×10^{-06} (1.27×10^{-06})	4.16×10^{-07} (7.97×10^{-07})	-6.49×10^{-06}** (3.02×10^{-06})	4.31×10^{-07} (1.29×10^{-06})	-1.12×10^{-07} (1.73×10^{-07})
Twitter followers × highly impacted industry	7.96×10^{-08}** (3.64×10^{-08})	-2.68×10^{-08} (3.58×10^{-08})	1.29×10^{-07} (9.25×10^{-08})	-3.11×10^{-08} (4.55×10^{-08})	-1.73×10^{-08} (1.21×10^{-08})
Employees	3.38×10^{-06}*** (1.17×10^{-06})	-3.82×10^{-07} (7.94×10^{-07})	9.55×10^{-06}*** (2.99×10^{-06})	-7.64×10^{-07} (1.33×10^{-06})	1.00×10^{-07} (1.64×10^{-07})
Twitter followers	4.80×10^{-08}** (1.94×10^{-08})	1.17×10^{-08} (2.94×10^{-08})	1.35×10^{-07} (8.54×10^{-08})	5.24×10^{-08} (4.23×10^{-08})	1.75×10^{-08} (1.33×10^{-08})
Highly impacted industry	−.0314 (.0993)	.235*** (.0692)	.827*** (.260)	.120 (.149)	−.00578 (.0286)
Market capitalization	−.000150 (.000237)	.000152 (.000242)	−.000426 (.000771)	.000538* (.000313)	−.000138 (8.74×10^{-05})
Log (sales)	.0182 (.0448)	.0327 (.0296)	−.0978 (.113)	.405*** (.0607)	−.00434 (.0108)
Highly impacted HQ state	−3.822 (4.394)	1.099 (3.392)	18.50 (14.14)	11.46 (7.039)	1.108 (1.573)
Constant	.365 (.389)	−.132 (.251)	3.370*** (.986)	−2.371*** (.526)	.0842 (.0967)
Observations	287	287	287	287	287
R^2	.164	.094	.127	.231	.016

Robust standard errors in parentheses
***$p < .01$, **$p < .05$, *$p < .1$

paid sick leave and dependent care, are gaining importance to ensure business continuity during a pandemic. However, the industry effect of COVID-19 suggests that highly impacted corporations may not have enough resources and capacity to address employees' concerns as other firms that are in a less impacted industry.

Further, social media followers play an important role in today's business environment to not only disseminate information but also exchange ideas and shape the narratives regarding the perceptions of corporate policies. Our findings suggest that corporations with a large follower base are more likely to engage with customer-related corporate responses during the pandemic. Such an effect is even more profound in a highly impacted industry. We suspect that in the long run, when more social media followers are more attuned to other secondary stakeholders such as community stakeholders, the legitimacy granted by social media followers may help direct managerial attention to develop corporate responses that address community interests rather than only focusing on customers' interests.

Theoretical implications

A recent study suggests CSR performance prior to the pandemic is an effective buffer to the stock market corrections during the pandemic (Bae, El Ghoul, Gong, & Guedhami, 2021). Likewise, we contribute to the stakeholder salience literature by applying the three attributes to explain corporate variation in their CSR responses. The number of employees represents power, while the social media followers represent legitimacy. However, the extent of COVID-19's impact on the given industry counters our expectation of increasing the stakeholder salience. This finding further illustrates the complexity of the stakeholder engagement salience framework, which may need to be complemented by a resource-based view to examine a company's resource constraints during a public health crisis.

Practical implications

The stakeholder engagement researchers have shown that the companies proactively engage with the stakeholders and shape the narratives that define the company's organizational identity (Wood et al., 2021). The corporate responses during the pandemic become part of the corporation's history, and the corporate responses demonstrated are not one-time events without long-term consequences. The findings of the current study further support that stakeholder salience was enhanced during the pandemic, and corporations respond to the impacts of social and economic disruptions on both primary and secondary stakeholders. Organizational managers who do not recognize the stakeholder salience during the pandemic may miss an important opportunity to engage stakeholders and shape the CSR policies to contribute to the welfare of society.

Limitation and future research

The current study is not without limitations. First, we utilize a sample that is representative of large publicly traded firms in the US market, which has seen various environmental, social, and governance (ESG) index funds that track the corporations' economic, social, and governance performance (Alareeni & Hamdan, 2020). Hence, stakeholder salience has been on the rise and directs managerial attention to various social issues (Boesso & Kumar, 2016). The single-country study limits some of the generalizability of our results as what we observe might be typical of the US firms and might not be easily transferrable in other business environments, especially the countries where the economic environment may not provide a strong normative institutional environment to encourage corporate social responsibilities (Min Foo, 2007). We encourage researchers to continue this line of inquiry and apply stakeholder salience to study corporate responses to the pandemic in other institutional contexts. Second, a large-scale, quantitative

methodology has its limitation in uncovering the dynamic process of stakeholder engagement. A recent case study has used Nestle as an example to reveal how a multinational firm takes into account the local community stakeholders' needs in developing its charity practices (Pillay & Scheepers, 2020). More qualitative studies following corporate responses to engage stakeholders during the pandemic will help us gain a more refined understanding of the cycle of stakeholder engagement and address questions such as when and why particular stakeholders' concerns gain priority in corporate policies. Thirdly, though Twitter is a good way to measure the influence of social media followers in the US context, there might be other ways in which customers and stakeholders influence firms in different countries. For example, personal word of mouth or critical news media might have a larger impact on the firm strategy and social engagement in less developed economies.

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Appendix A. COVID-19 corporate responses

Stakeholders	Category	Subcategory	Main	COVID-19 corporate response
Customers	1	1.10	Adjusted hours of operation	Adjusted hours of operation
Employees	2	2.10	Back-up dependent care	Back-up dependent care
Employees	3	3.10	Closed stores or suspended services	Location/services impacted
	3	3.20		End date of closure
	3	3.30		Continued pay for employees
	3	3.40		Wage replacement for employees
	3	3.50		Continued to pay contract workers
	3	3.60		Wage replacement for contract workers
	4	4.10	Community relief fund	Donated cash for community relief
	4	4.20		Amount committed or donated
Community	5	5.10	Community services	Provided community services

(*Continued*)

Appendix A. (*Continued.*)

Stakeholders	Category	Subcategory	Main	COVID-19 corporate response
Employees	6	6.10	Corporate leadership	Announced CEO pay cut
	6	6.20		Percent of CEO pay cut
	6	6.30		Announced executive pay cut
	6	6.40		Percent of executive pay cut
	6	6.50		Announced board pay cut
	6	6.60		Percent of board pay cut
Customers	7	7.10	Customer accommodations	Made accommodations for customers
	7	7.20		Reduced or cut prices for products
	7	7.30		Deferred payments for services
	7	7.40		Maintained essential utilities
	7	7.50		Provided accommodations for vulnerable groups
Employees	8	8.10	Financial assistance	Extended eligibility for or directed funds to employee grants
	8	8.20		Offered bonus to employees
	8	8.30		Maximum bonus amount
	8	8.40		Minimum bonus amount
	8	8.50		Increased hourly wages for employees
	8	8.60		Hourly wage increase amount
	8	8.70		Increased overtime pay
	8	8.80		Overtime pay increase rate
Employees	9	9.10	Furloughs or unpaid leave	Announced furloughs or unpaid leave
	9	9.20		Weeks of furlough or unpaid leave
	9	9.30		Number of employees impacted
	9	9.40		Percent of employees impacted
	9	9.50		Continued to provide employees health care benefits
	9	9.60		Extended health care benefits to employees' dependents
Shareholders	10	10.10	Government support	Received government aid
	10	10.20		Government aid amount
	10	10.30		Participated in short time compensation program
Employees	11	11.10	Health and safety	Implemented additional health and safety precautions
	11	11.20		Provided free personal protective equipment for workers
Employees	12	12.10	Hiring workers	Announced new hiring

(*Continued*)

Appendix A. (*Continued.*)

Stakeholders	Category	Subcategory	Main	COVID-19 corporate response
	12	12.20		Number of new hires
	12	12.30		Type of jobs available
Employees	13	13.10	Layoffs	Announced layoffs
	13	13.20		Number of employees laid off
	13	13.30		Percent of employees laid off
	13	13.40		Offered severance package
	13	13.50		Provided outplacement services
	13	13.60		Committed to rehiring laid off employees
Employees	14	14.10	Nonexecutive employee pay cuts	Announced nonexecutive employee pay cuts
	14	14.20		Percent of nonexecutive employee pay cut
Employees	15	15.10	Paid sick leave	Policy type
	15	15.20		Days of leave
	15	15.30		Wage replacement
	15	15.40		Required official diagnosis or quarantine mandate
Community	16	16.10	Production, distribution, or logistical support	Supported COVID-19 production efforts
	16	16.20		Supported COVID-19 logistics efforts
	16	16.30		Supported COVID-19 distribution efforts
	16	16.40		Donated COVID-19 goods or services
Employees	17	17.10	Relaxed attendance policies	Waived attendance policy or offered unpaid sick leave
Employees	18	18.10	Remote work and modified schedules	Shifted to remote work
	18	18.20		End date of remote work
	18	18.30		Modified onsite work schedules
Suppliers	19	19.10	Supply chain impacts	Noted supply chain information
	19	19.20		Announced supply chain job cuts
Employees	20	20.10	Voluntary leave	Announced a voluntary leave program
	20	20.20		Weeks of voluntary leave
	20	20.30		Continued pay for employees on leave
	20	20.40		Wage replacement for employees on leave

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