

**신호와 행동의 일치:  
 소셜 미디어에서의 LGBTQ 지지가 기업 혁신을 어떻게 향상시키는가  
 Aligning Signaling and Action:  
 How LGBTQ Support on Social Media Enhances  
 Corporate Innovation\***

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As societal acceptance of LGBTQ rights grows, corporations face increasing pressure to reflect these evolving values, not only internally but also through public advocacy. Public support for LGBTQ inclusion can enhance a company’s legitimacy and innovation by attracting diverse talent and fostering a supportive culture. However, merely expressing support without aligning internal policies may lead to perceptions of insincerity. This study investigates how corporate public support for LGBTQ inclusion affects corporate innovation and examines the moderating effect of internal LGBTQ policies on this relationship. Drawing on Legitimacy Theory, this research proposes that authentic consistency between external advocacy and internal practices strengthens stakeholder trust and enhances innovation outcomes. The study analyzes data from 472 companies listed in the 2021 Corporate Equality Index (CEI). It uses patent filings to measure innovation, the number of #LGBTQ tweets from official Twitter accounts for public support, and CEI scores for internal policies. The analysis confirms that public support for LGBTQ inclusion positively impacts corporate innovation. This effect is amplified when companies have robust internal LGBTQ policies. These findings highlight the importance of aligning public advocacy with internal practices to build trust, attract diverse talent, and foster an innovative organizational culture.

Keyword: Corporate Innovation, LGBTQ Inclusion, Authenticity, Legitimacy

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## 1. Introduction

In recent years, the number of individuals identifying with diverse genders beyond traditional classifications has increased significantly, elevating LGBTQ rights to a prominent global issue (Lloren and Parini, 2017; Pichler et al., 2018). Historically, public attitudes toward LGBTQ rights were predominantly negative, but societal perceptions have shifted dramatically, with growing acceptance of LGBTQ rights, including same-sex marriage (Herek, 2002). This shift has placed new pressures on corporations to reflect evolving societal values—not only within their internal policies but also through public advocacy.

The shift is driven by both evolving consumer expectations and a growing recognition of the benefits of inclusivity within the workplace. Acknowledging the significance of diversity and inclusion in attracting talent and strengthening organizational culture, many U.S. companies have started implementing LGBTQ-supportive policies. As a natural extension, numerous companies are expressing support for LGBTQ communities through social media platforms, which enable them to interact extensively with consumers, employees, and other stakeholders (Maks-Solomon and Drewry, 2021). Such public advocacy can enhance a firm's legitimacy among stakeholders who value inclusion, as firms strategically respond to so-

cietal expectations and institutional pressures to gain stakeholder trust and support (Zimmerman and Zeitz, 2002; Kim et al., 2023).

Innovation remains a critical driver of organizational performance and long-term competitive advantage (Teece et al., 1997). Although existing research extensively examines how diversity and inclusion contribute to fostering innovation, greater attention has been given to the overall effects of diversity on organizational performance. Previous studies have consistently shown that diversity within organizations contributes positively to innovation by introducing broader perspectives and enriching problem-solving capabilities (Cox and Blake, 1991; Richard, 2000). However, there remains a notable gap in the literature on how public expressions of support for marginalized groups, such as LGBTQ individuals, interact with internal policies to foster a genuine, inclusive environment and thereby affect corporate innovation. This study focuses on patent-based technological outputs, a widely accepted proxy for technological innovation (Kogan et al., 2017). By concentrating on patent data, we examine in precise terms how public LGBTQ support and internal inclusivity measures combine to influence firms' inventive capacity.

Diversity-driven inclusion, particularly for LGBTQ employees, can stimulate technological innovation through two complementary le-

gitimacy pathways. Externally, public advocacy for LGBTQ rights enhances a firm's moral legitimacy by signaling alignment with progressive societal values: the resulting stakeholder trust functions as a strategic resource that enlarges access to equity capital (Zimmerman and Zeitz, 2002; Fombrun and Shanley, 1990), attracts specialized talent (Pichler et al., 2018), and eases entry into R&D alliances (Gulati and Higgins, 2003). These resource inflows intensify research investment and ultimately raise patent output. Internally, substantive LGBTQ-inclusive policies build cognitive legitimacy, institutionalizing psychological safety and encouraging employees to share novel ideas and experiment. Employees regard this cognitive legitimacy as proof that inclusive values are authentic (Suchman, 1995; Deephouse and Suchman, 2008). Such authenticity heightens psychological safety—the confidence that one may voice novel ideas without interpersonal risk (Edmondson and Lei, 2014). Elevated psychological safety, in turn, stimulates knowledge sharing, cross-functional collaboration, and creative experimentation that translate into higher patent output (Carmeli et al., 2010; Shore et al., 2011). When external advocacy and internal practices are aligned, stakeholders perceive the firm's commitment as authentic, further reinforcing both forms of legitimacy and amplifying their joint impact on innovation.

Motivated by this gap, the present study

tests (a) whether public LGBTQ advocacy increases patent-based innovation and (b) whether this effect intensifies when external messages align with robust internal policies. Clarifying these relationships extends legitimacy research into the innovation domain and offers managers actionable guidance on translating social advocacy into technological advantage. These dual effects—enhancing stakeholder trust externally and reinforcing inclusive climates internally—explain why LGBTQ inclusion fosters innovation when perceived as authentic. When such advocacy is perceived as credible—particularly when supported by internal inclusion policies—it helps foster conditions conducive to innovation, such as psychological safety and openness to diverse perspectives. Such alignment can signal authenticity, strengthening both external legitimacy and internal cohesion. From a theoretical standpoint, this research offers an opportunity to expand our understanding of how authentic engagement with social causes can lead to practical organizational benefits, particularly innovation. Practically, insights from this work can guide managers in strategically leveraging social advocacy to enhance innovation, ensuring that external communications are credibly supported by substantial internal actions.

This study adopts Legitimacy Theory as its foundational framework, which posits that organizations seek to align with societal norms

and expectations to gain and maintain legitimacy. We distinguish moral legitimacy gained through public advocacy from cognitive legitimacy built through policy consistency. Together, these forms expand resource access and nurture the psychological safety that underpins innovation.

The paper is structured as follows: Chapter 2 outlines the theoretical framework and formulates the hypotheses, with an in-depth discussion of Legitimacy Theory to establish the conceptual basis of the study. Chapter 3 describes the research methodology, detailing the procedures for data collection and analysis. Chapter 4 reports the results and their implications, while Chapter 5 concludes with a summary of the main results, an analysis of the study's limitations and recommendations for future research directions.

## II. Theoretical Background and Hypotheses Development

### 2.1 Theoretical Background

#### 2.1.1 Innovation and Diversity

Innovation has been widely recognized as a fundamental source of sustainable competitive advantage, enabling firms to effectively adapt to dynamic market conditions and rapidly changing technological environments (Teece

et al., 1997). Innovation encompasses various forms, including product innovation, process innovation, organizational innovation, and service innovation (Damanpour, 1992). Among these, technological innovation—particularly patent-based product and process innovation—has been extensively recognized due to its tangible measurability and direct linkage to firm growth, market competitiveness, and profitability (Kogan et al., 2017; Chen et al., 2016). In particular, technological innovation, often measured through patent filings, provides concrete evidence of firms' innovative efforts by capturing not only the quantity but also the novelty and economic potential of inventions (Kogan et al., 2017; Chen et al., 2016). Patent-based innovation thus serves as a robust and widely adopted measure for assessing firms' research and development performance and innovative capabilities (Griliches et al., 1991).

The capacity for innovation significantly relies on organizations' internal resources and capabilities. Key internal drivers include knowledge sharing, collaborative cultures, and psychological safety, which encourage employees to actively engage in creativity and experimentation (Gupta et al., 2020; Chen et al., 2016). As organizational diversity has been repeatedly shown to enhance creativity, it has emerged as an important facilitator of corporate innovation. Cognitive and demographic diversity, encompassing diverse pro-

fessional experiences, ethnic backgrounds, educational disciplines, and problem-solving approaches, are particularly critical for generating broader perspectives and novel solutions to complex organizational challenges (Milliken and Martins, 1996; Williams and O'Reilly, 1998).

Extensive research underscores the positive relationship between organizational diversity and corporate innovation outcomes. Diversity, especially in the form of cognitive and demographic dimensions—such as ethnicity, gender, educational, and professional background—has consistently been linked to enhanced organizational creativity due to broader perspectives and richer problem-solving capabilities (Cox and Blake, 1991; Milliken and Martins, 1996; Williams and O'Reilly, 1998).

Recent studies expand this discussion to incorporate LGBTQ inclusivity, emphasizing that fostering a truly inclusive environment for LGBTQ employees similarly boosts corporate innovation. LGBTQ inclusivity facilitates psychological safety, allowing LGBTQ employees to express their unique perspectives freely, thereby enhancing their creative contributions and organizational engagement (Trau and Härtel, 2007; Priola et al., 2018). Thus, similar to other forms of diversity management, proactive and authentic inclusion of LGBTQ employees can substantially stimulate the creative potential of the workforce, further enriching organizational innovation (Shore et

al., 2011). Yet beyond inclusive internal climates, recent studies suggest that firms can also shape innovation outcomes through external expressions of support for marginalized groups, especially via visible LGBTQ advocacy.

Beyond passive demographic representation, active LGBTQ advocacy—for example, public statements, social-media campaigns, or corporate participation in Pride events—operates as an external diversity signal that can unlock innovation-relevant resources. Public advocacy enhances the firm's moral legitimacy (Suchman, 1995), strengthening stakeholder trust and reputation among investors, customers, and potential alliance partners who value social responsibility (Fombrun and Shanley, 1990).

Internally, visible advocacy—when backed by concrete, LGBTQ-inclusive policies—reinforces psychological safety and signals organizational fairness (Edmondson and Lei, 2014; Greenberg, 1990). Employees who observe their firm taking a public and credible stance on inclusion perceive lower interpersonal risk and are more willing to voice unconventional ideas, experiment, and collaborate across functional boundaries—all behaviors strongly associated with technological breakthroughs (Carmeli et al., 2010). Thus, LGBTQ advocacy promotes innovation through a dual mechanism: (1) externally, by securing legitimacy-based resources, and (2) internally, by cultivating an inclusive climate that converts diverse perspectives into novel, patentable solutions.

### 2.1.2 Legitimacy Theory and Corporate Social Advocacy

To better understand why companies publicly engage in LGBTQ advocacy, we draw on Legitimacy Theory, which emphasizes how organizations strategically manage their social environment by conforming to prevailing societal norms and expectations (Suchman, 1995). Legitimacy, defined as the general perception or assumption that organizational actions are appropriate and desirable within socially constructed norms and values, is a vital intangible asset that allows firms to secure essential resources such as capital, talented employees, market access, and collaborative relationships (Zimmerman and Zeitz, 2002; Pfeffer and Salancik, 1978).

Suchman (1995) identifies three distinct dimensions of legitimacy: pragmatic legitimacy, moral legitimacy, and cognitive legitimacy. Pragmatic legitimacy is derived from stakeholders' perceived practical benefits or exchange relationships with the organization. Moral legitimacy is based on stakeholders' normative evaluations—whether organizational actions are perceived as ethically appropriate or socially desirable. Lastly, cognitive legitimacy refers to organizations being comprehensible or taken-for-granted within their institutional context. Corporate advocacy for LGBTQ inclusion primarily enhances moral legitimacy, signaling the organization's alignment with

socially progressive values. Additionally, consistent internal LGBTQ-inclusive practices can enhance cognitive legitimacy by demonstrating a genuine, culturally integrated commitment that stakeholders come to perceive as natural or expected organizational behavior (Deephouse and Suchman, 2008).

Companies increasingly face pressure from stakeholders—including customers, employees, investors, and regulators—to align their behaviors and policies with progressive social values. Thus, corporate advocacy for LGBTQ inclusion, although not universally institutionalized compared to broader CSR practices (DiMaggio and Powell, 1983), provides an opportunity for organizations to enhance legitimacy among specific stakeholder groups who value diversity, equity, and inclusion (Maks-Solomon and Drewry, 2021). Firms advocating for LGBTQ inclusion seek to align themselves with shifting societal expectations to attract and retain stakeholders who prioritize social justice and inclusivity, thereby strengthening their resource acquisition capabilities.

The concept of institutional isomorphism, introduced by DiMaggio and Powell (1983), is relevant for explaining the growing prevalence of LGBTQ advocacy among firms. It suggests that organizations often adopt similar visible practices—such as social advocacy—to meet stakeholder expectations and emulate industry leaders. However, this study is less concerned with the diffusion of advocacy

and more focused on what occurs when external signals are not matched by internal practices—a condition known as decoupling. Decoupling can lead to perceptions of hypocrisy, which erode employee trust, reduce psychological safety, and discourage knowledge sharing—behaviors that are essential for innovation (Wagner et al., 2009; Rupp et al., 2006; Edmondson and Lei, 2014). Accordingly, authentic alignment between public advocacy and internal policies is critical for sustaining the legitimacy that supports innovation, while misalignment is likely to undermine it.

Moreover, Zimmerman and Zeitz (2002) emphasized that legitimacy functions as a “strategic resource” that organizations utilize to secure essential assets such as funding, talent, and access to social networks. In the case of LGBTQ advocacy, achieving legitimacy is particularly important for accessing diverse talent pools and fostering a work environment that enhances creativity and innovation. By aligning external communications with internal practices, companies demonstrate their commitment to inclusivity, which helps attract highly skilled employees who value diversity.

Furthermore, Legitimacy Theory underscores the critical importance of aligning external advocacy (public statements, social media messages, etc.) with internal practices (inclusive policies, fair treatment, etc.) (Meyer and Rowan, 1977; Zimmerman and Zeitz, 2002). Decoupling—situations where external mes-

sages are not matched by internal practices—can lead to perceptions of hypocrisy or insincerity, ultimately diminishing stakeholder trust, reducing legitimacy, and undermining the firm’s social capital and reputation (Wagner et al., 2009). When external advocacy is substantiated by internal practice, stakeholders interpret the signal as authentic. This authenticity strengthens organizational recognition and appreciation of diversity, encouraging further investment in inclusive programs and cross-functional collaboration. Such consistency enlarges internal knowledge networks, raises psychological safety, and accelerates knowledge recombination—processes repeatedly linked to breakthrough innovation (Edmondson and Lei, 2014; Shore et al., 2011).

Stakeholder endorsement can translate into tangible resource inflows. Firms with strong moral legitimacy attract impact-oriented investors who provide capital earmarked for R&D and exploratory projects (Gulati and Higgins, 2003). Customer advocacy and supplier partnerships expand external knowledge networks, facilitating the exchange and recombination of ideas critical for breakthrough inventions (Laursen and Salter, 2006). These financial and knowledge resources directly feed the innovation pipeline, lowering development costs and accelerating patent output. These theoretical insights form the foundation for developing the hypotheses that follow.

## 2.2 Hypotheses Development

Corporate advocacy for LGBTQ inclusion can influence corporate innovation through two distinct yet interrelated pathways: external legitimacy and internal legitimacy. The theoretical frameworks provide a robust basis for understanding both the strategic motivations underpinning corporate social advocacy and the pathways through which such advocacy influences innovation outcomes. By leveraging the theoretical perspective, this enables us to understand how external advocacy efforts and internal organizational practices interact to shape innovation.

Employees develop internal (cognitive) legitimacy when they perceive that a firm's espoused values are genuinely enacted in day-to-day routines and decision processes (Suchman, 1995; Deephouse and Suchman, 2008). Authentic signals—e.g., consistent public advocacy—raise psychological safety (Edmondson and Lei, 2014), which stimulates knowledge sharing, cross-functional collaboration, and creative experimentation (Carmeli et al., 2010). These behaviours enlarge the pool of idea combinations and lead to greater patent output (Shore et al., 2011). We therefore treat internal legitimacy as a complementary channel—alongside external resource acquisition—through which public LGBTQ advocacy can enhance innovation.

### 2.2.1 Public LGBTQ Support and Corporate Innovation

The legitimacy gained through public support for LGBTQ inclusion can positively impact corporate innovation through two primary legitimacy mechanisms: external legitimacy facilitating resource acquisition, and internal legitimacy fostering an inclusive organizational culture.

#### (1) External Legitimacy

Legitimacy facilitates resource acquisition. Organizations perceived as socially responsible and aligned with prevailing societal values are more likely to receive strong support from critical stakeholders, including investors, partners, and customers (Zimmerman and Zeitz, 2002). Obtaining essential resources, such as financial capital, skilled talent, and collaborative partnerships, is vital for sustained innovation (Pfeffer and Salancik, 1978). Firms advocating publicly for LGBTQ rights position themselves as morally legitimate entities, capable of attracting stakeholders who prioritize diversity, equity, and inclusion (Maks-Solomon and Drewry, 2021). The rationale linking external legitimacy to innovation lies in resource dependence and access. Firms perceived as morally legitimate are more likely to attract capital, form R&D partnerships, and be invited into innovation networks (Pfeffer and Salancik, 1978; Gulati and Higgins, 2003).

These resources are not only vital for sustaining innovation pipelines, but also for exploring high-risk, high-reward technologies that underlie patentable outcomes (Manso, 2011). Conversely, firms that fail to secure such legitimacy face restricted resource access, which can hinder both the scale and novelty of their innovation activities. Thus, external legitimacy gained through authentic LGBTQ advocacy serves as a gateway to innovation-critical inputs.

Additionally, public advocacy for LGBTQ inclusion enhances connections with external stakeholders who prioritize social responsibility (Fombrun and Shanley, 1990). Strong stakeholder relationships facilitate knowledge exchange and collaborative innovation efforts by leveraging external expertise and resources (Nahapiet and Ghoshal, 1998). Hence, if external legitimacy secures additional R&D resources and collaborative opportunities, firms engaging in public LGBTQ advocacy should exhibit higher patent output, as stated in H1.

## (2) Internal Legitimacy

In this study, internal legitimacy is defined as employees' shared perception that inclusive values are genuinely embedded in the firm's routines, policies, and decision-making processes (Suchman, 1995; Deephouse and Suchman, 2008). Public LGBTQ advocacy also operates inside the firm as a symbolic action that employees use to evaluate organizational authenticity (Higgins and McAllaster, 2002).

Consistent external messages cue that inclusive values are genuinely enacted, generating cognitive legitimacy among employees (Suchman, 1995; Deephouse and Suchman, 2008) even before formal policies are fully mature. Such authenticity heightens psychological safety (Edmondson and Lei, 2014), which promotes knowledge sharing, creative experimentation, and cross-functional collaboration (Carmeli et al., 2010). These behaviors enlarge the pool of idea combinations and lead directly to higher patent output. Thus, public LGBTQ support advances innovation through internal legitimacy.

Furthermore, fair and equitable treatment of marginalized groups—including LGBTQ employees—is closely aligned with broader concepts of organizational justice, which emphasize procedural fairness as a critical driver of employee creativity and innovative engagement (Greenberg, 1990). Thus, proactive LGBTQ-inclusive policies that enhance fairness and respect significantly boost employees' creative performance and collaboration, key elements for sustained innovation.

In addition, visible LGBTQ advocacy signals a firm's commitment to inclusion both internally and externally, contributing significantly to an inclusive organizational culture. Organizational culture, shaped through cultural artifacts such as symbolic actions, public statements, and advocacy campaigns, provides powerful signals reinforcing a firm's core values of diversity and

inclusivity (Higgins and McAllaster, 2002). Public support for LGBTQ rights, particularly through visible platforms such as social media, serves as an explicit cultural artifact demonstrating organizational commitment to diversity and inclusion. Such advocacy reinforces internal cohesion among employees, enhancing their perceptions of organizational integrity and commitment, and aligning employee behaviors more closely with innovation-oriented organizational objectives (Higgins and McAllaster, 2002).

Recent studies from organizational behavior and innovation research provide robust theoretical support for the positive connection between an inclusive organizational culture and innovation outcomes. Specifically, psychological safety—a hallmark of inclusive cultures—is identified as a critical antecedent facilitating creativity and knowledge sharing within teams and across organizational boundaries (Edmondson and Lei, 2014; Carmeli et al., 2010; Park, 1997). Edmondson and Lei (2014) articulate how psychological safety encourages open dialogue, experimentation, and risk-taking among employees, thereby directly fostering innovative behaviors. In addition, Carmeli et al. (2010) emphasize that inclusive leadership enhances psychological safety, increasing employee involvement and creativity during collaborative tasks. Nishii (2013) further demonstrates that inclusive climates specifically designed to value diversity significantly

improve team learning and innovation by enabling the free exchange of unique perspectives and knowledge. Furthermore, Lee and Kim (2015) has demonstrated that when organizational culture is clearly articulated and internalized by employees, it enhances alignment between individual behaviors and organizational objectives, thereby facilitating strategic execution and innovation outcomes.

Additionally, inclusive cultures have been shown to facilitate not only incremental but also exploratory innovation by creating environments that support questioning established norms and experimenting with novel approaches (Jansen et al., 2006). These studies substantiate the argument that inclusive organizational cultures, through mechanisms of psychological safety and open knowledge sharing, critically contribute to innovation.

Collectively, these pathways suggest that organizations that authentically engage in public LGBTQ advocacy achieve greater moral legitimacy. Accordingly, we expect public LGBTQ advocacy to raise corporate innovation through both external resource acquisition and the psychological-safety route enabled by internal legitimacy. Thus, based on these theoretical insights and empirical evidence, we propose:

*Hypothesis 1: Corporate public support for LGBTQ inclusion is positively associated with corporate innovation outcomes.*

## 2.2.2 Consistency Between Public Support and Internal LGBTQ Policies

According to Legitimacy Theory, maintaining legitimacy requires not only alignment with societal expectations but also consistency between external communications and internal actions (Suchman, 1995). While many companies publicly support LGBTQ inclusion in response to these pressures, actual legitimacy and stakeholder trust are heightened when such advocacy is clearly underpinned by authentic, internal commitments.

The organizations demonstrating robust consistency—coupling their external LGBTQ advocacy with tangible internal policies—simultaneously reinforce external and internal legitimacy. Externally, consistency enhances the firm's moral reputation among socially conscious stakeholders, thereby increasing trust and credibility (Fombrun and Shanley, 1990). This improved reputation attracts capital, collaboration, and innovation-relevant partnerships (Gulati and Higgins, 2003). Internally, perceived authenticity strengthens employees' trust in leadership and commitment to inclusion. This builds psychological safety, encourages voice behavior, and facilitates creative collaboration—conditions essential for innovation (Edmondson and Lei, 2014; Shore et al., 2011).

By clearly aligning public messaging with internal values, consistency mitigates cyn-

icism and enables both external support and internal engagement to jointly contribute to innovation outcomes.

First, organizations perceived as authentic in their commitments enjoy significant reputational benefits. Authenticity, derived from alignment between external advocacy and internal practices, enhances organizational reputation among external stakeholders who value social responsibility (Fombrun and Shanley, 1990). Additionally, previous empirical findings confirm that sustained authenticity and organizational commitment positively influence stakeholder relationships, thereby promoting overall corporate performance and innovation (Cheon and Yoo, 2013). Strong reputation attracts customers and partners, expanding opportunities for innovative collaborations and providing new resources, perspectives, and capabilities essential for innovation (Roberts and Dowling, 2002).

Second, consistency between external advocacy and internal practices builds stakeholder trust, enhances employee engagement, and promotes retention. Trust facilitates internal cooperation, resource sharing, and collaboration, which are critical for innovation (Nahapiet and Ghoshal, 1998). Employees who perceive their organization's advocacy as genuine and aligned with internal practices are more likely to be engaged and committed, actively contributing to innovation through creative collaboration and sustained motivation (Amabile

and Pratt, 2016; Shore et al., 2011). Conversely, discrepancies between public advocacy and internal practices can lead to employee cynicism and reduced morale, negatively affecting organizational culture and innovation (Dean et al., 1998; Andersson, 1996).

Additionally, maintaining consistency helps organizations avoid reputational damage associated with perceived insincerity or “cheap talk,” thereby safeguarding the positive impacts of advocacy on innovation outcomes (Meyer and Rowan, 1977; Wagner et al., 2009).

Taken together, authenticity strengthens external resource flows and internal creative climates, suggesting an interaction whereby public advocacy yields greater innovation for firms with stronger internal LGBTQ policies. Therefore, based on external and internal legitimacy considerations, we propose:

*Hypothesis 2: The positive effect of corporate public support for LGBTQ inclusion on corporate innovation performance is strengthened when the level of internal LGBTQ policies within a company is higher.*

### III. Methods

#### 3.1 Data and Sample

The sample consists of 472 companies listed

in the 2021 Corporate Equality Index (CEI) report, with data collected from three distinct sources. First, the Corporate Equality Index (CEI) published by the Human Rights Campaign (HRC) is utilized to assess the degree of LGBTQ inclusion within each company. Second, patent data from the Google Patents database, is used to measure corporate innovation. Third, to assess public expressions of support for LGBTQ issues on social media, data will be gathered via the Twitter, focusing on companies that used the hashtag #LGBTQ on Twitter from January 1, 2021, to December 31, 2021.

#### 3.2 Measurement

##### 3.2.1 Corporate Innovation

The corporate innovation data was obtained from the Google Patents database. In line with prior studies (e.g., Kogan et al., 2017; Abi and de Rassenfosse, 2024; Kim, 2019), corporate innovation is assessed using the number of patents filed by each company, as documented in the Google Patents database. Patent counts serve as an indicator of innovation output, capturing both the quantity and, to some extent, the uniqueness of innovations. Patent data from 2023 were used, incorporating a two-year time lag to account for the time it takes for public advocacy and internal policies to influence innovation outcomes (Griliches et al., 1991).

### 3.2.2 Public Support for LGBTQ

For Public Expression on social media, data was collected based on Twitter. Consistent with previous research (e.g., Castelló et al., 2016; Brownen-Trinh and Orujov, 2023; Etter et al., 2019), we collected all tweets related to advocacy for LGBTQ which is posted by official accounts of firms from January 2021 to December 2021. We employed the number of tweets which includes #LGBTQ to measure public expressions of support for LGBTQ issues on social media.

### 3.2.3 LGBTQ Inclusion

The CEI, created by the HRC, is used to assess LGBTQ inclusion at the firm level. As the leading advocacy organization for sexual minorities in the U.S., the Human Rights Campaign (HRC) has published the Corporate Equality Index (CEI) annually for major U.S. companies since 2002. The CEI offers a thorough evaluation of a company's LGBTQ inclusion by analyzing its internal policies and practices related to LGBTQ employees. Previous studies have demonstrated that CEI scores are strongly correlated with actual workplace inclusivity and LGBTQ employee experiences, making it a robust proxy for assessing internal LGBTQ support (Pichler et al., 2018). CEI has been widely utilized in previous research to measure LGBTQ inclusion (see e.g.,

Johnston and Malina, 2008; Wang and Schwarz, 2010; Everly and Schwarz, 2015; Roumpi et al., 2020; Fatmy et al., 2022). Given these empirical validations, the CEI serves as a meaningful and reliable measure of LGBTQ inclusivity within firms.

The CEI is assembled using data drawn from SEC filings, employee resource groups, press releases, news articles, and company surveys from the year preceding its publication. Surveys are distributed to S&P 500 companies, Fortune 1000 companies, firms listed among Forbes' 200 largest privately-held companies, and other U.S. organizations with a workforce of at least 500 employees.

The CEI scores represent the LGBTQ-related management practices implemented by companies, ranging from 0 to 100, with higher scores indicating stronger LGBTQ inclusion.

### 3.2.4 Control Variables

In line with prior studies on corporate innovation (e.g., Cohen and Klepper, 1996; Hall and Lerner, 2010), several control variables are incorporated into the regression models to account for potential firm-specific factors influencing innovation outcomes. The financial data used for these variables were obtained from the Compustat database. Each variable's rationale is provided below with supporting citations from previous literature.

Firm Size is calculated as the natural loga-

rithm of total assets. Larger firms typically possess greater financial and human resources available for R&D investment, enhancing their capacity for innovation (Cohen and Klepper, 1996). Nevertheless, increased organizational size can also lead to bureaucratic inefficiencies that potentially hinder innovation speed and flexibility (Damanpour, 1992).

Financial Performance (ROA), measured as return on assets (the ratio of net income to total assets), reflects firms' profitability and resource availability. Highly profitable firms generally allocate more resources to innovation-related activities, thereby strengthening their innovation capacity (Manso, 2011).

Leverage, represented by the ratio of total liabilities to total assets, is another crucial determinant of corporate innovation. High leverage can limit innovation activities by imposing financial constraints and creditor pressures (Aghion et al., 2005).

R&D Intensity is measured as the natural logarithm of one plus the ratio of R&D expenditures to total assets. Prior research consistently identifies R&D intensity as a direct and strong predictor of corporate innovation, as investments in R&D substantially enhance knowledge creation and technological advancement (Griliches, 1998; Hall and Lerner, 2010).

Capital Intensity, calculated based on capital expenditures, also influences innovation outcomes. While highly capital-intensive firms might prioritize investments in fixed assets

and infrastructure rather than traditional R&D, these investments can nevertheless significantly impact technological capabilities and process innovation (Geroski, 1995).

### 3.3 Analytical Strategy

This study seeks to examine the effect of LGBTQ inclusion on corporate innovation and the moderating role of consistency between LGBTQ inclusion and public advocacy for LGBTQ issues. To achieve this, multiple regression analysis was conducted using the Ordinary Least Squares (OLS) method in Stata.

Additionally, since the dependent variable—corporate innovation—is measured as the number of patent filings, the data represent count outcomes. To test for potential overdispersion, we estimated a Poisson model and conducted a likelihood-ratio (LR) test comparing it with the Negative Binomial model.

The LR test rejected the null hypothesis of equidispersion ( $\chi^2 = 4153.12$ ,  $p < 0.001$ ), and the estimated overdispersion parameter ( $\alpha = 4.80$ ) was greater than zero. These results confirm that the data exhibit overdispersion, rendering the Poisson model inappropriate. Therefore, we adopted the Negative Binomial Regression (NBREG) model, which allows for heterogeneity in the variance and is better suited to the characteristics of our dependent variable.

## IV. Result

Table 1 provides the descriptive statistics for the variables used in this study, providing fundamental insights into their distributional characteristics, including the mean, standard deviation, minimum, and maximum values. This summary is based on a sample size of 472 observations, offering a comprehensive overview of the data utilized in the analysis. Descriptive statistics are essential in understanding the central tendency and variability of each variable, thereby serving as a foundation for subsequent analyses of the rela-

tionships among these variables.

Table 2 displays the results of the correlation analysis, examining the relationships among the variables in this study. The correlation coefficient between corporate innovation and the number of tweets, a key variable in this research, is 0.27, suggesting a moderately positive relationship. To address potential multicollinearity concerns, Variance Inflation Factor (VIF) analysis was performed for each model that might arise from high correlations among independent variables. Most VIF values fall within acceptable limits, indicating minimal concern for multicollinearity. Although the interaction term in Model 3 shows a VIF

〈Table 1〉 Descriptive Statistics

	Obs	Mean	Std. Dev.	Min	Max
innovation	472	3.148	21.138	0	298
number of tweets	472	1.449	2.595	0	30
cei	472	81.377	29.087	0	100
firm size	472	9.613	1.604	2.529	15.258
roa	472	.046	.11	-.93	.575
leverage	472	.715	.246	.141	3.518
r&d intensity	472	.026	.047	0	.283
capital expenditures	472	935.72	2487.857	0	24640

〈Table 2〉 Correlation Analysis

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(1) innovation	1.00							
(2) number of tweets	0.27*	1.00						
(3) cei	0.09	-0.27*	1.00					
(4) firm size	0.12	0.02	0.16*	1.00				
(5) roa	0.07	0.05	-0.01	0.29*	1.00			
(6) leverage	-0.06	-0.04	0.00	0.02	-0.09	1.00		
(7) r&d intensity	0.10	0.02	0.17*	-0.25*	-0.31*	-0.12*	1.00	
(8) capital expenditures	0.39*	0.04	0.12	0.43*	0.11	-0.07	-0.01	1.00

\*  $p < 0.01$

value of 5.07, which is relatively higher than other values, it remains within an acceptable statistical threshold. Therefore, this value does not indicate a serious multicollinearity issue.

Table 3 presents the findings from the multiple regression analysis conducted for the research model. Model 1 incorporates only the control variables to serve as a baseline for comparison. Model 2 incorporates the independent variable, number of tweets, to examine its main effect on corporate innovation. The positive and significant coefficient for the number of tweets supports Hypothesis 1, indicating that increased public support on social media positively influences corporate innovation. Model 3 includes the interaction term between the number of tweets and CEI, testing Hypotheses 2. The significant interaction effect observed in Model 3 suggests

that the relationship between public support and innovation is moderated by the level of internal policies, thus supporting Hypotheses 2.

To ensure the robustness of our findings, Table 4 reports the results from a negative binomial regression model, which is more appropriate for count-based dependent variables such as patent output. Across Models 1 to 3, the direction and significance of the results remain largely consistent with those presented in the OLS analysis in Table 3. In Model 2, the number of tweets continues to show a positive and significant association with corporate innovation, reaffirming support for Hypothesis 1. Model 3 incorporates the interaction between number of tweets and CEI score to assess Hypothesis 2. The interaction term is positive and statistically significant ( $\beta = 0.0062, p < 0.05$ ), indicating

〈Table 3〉 Multiple Regression Result

	Model 1		Model 2		Model 3	
	$\beta$	SE	$\beta$	SE	$\beta$	SE
<b>Control variable</b>						
firm size	-0.695	0.668	-0.924	0.640	-0.892	0.625
roa	14.656*	8.881	11.915	8.505	11.00	8.299
leverage	-0.563	3.705	-0.0540	3.545	0.269	3.459
r&d intensity	45.53**	21.01	33.72*	20.17	31.30	19.69
capital expenditures	0.00338***	0.000403	0.00328***	0.000386	0.00318***	0.000377
cei	0.0227	0.0319	0.0850***	0.0319	-0.0473	0.0411
<b>Main effect</b>						
number of tweets			2.302***	0.346	-2.303**	0.989
<b>Interaction effect</b>						
number of tweets * cei					0.0588***	0.0119
<b>R-squared</b>	0.166		0.239		0.277	
<b>Adjusted R-squared</b>	0.155		0.227		0.265	
<b>F</b>	15.44		20.80		22.19	

*n*=472; \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$

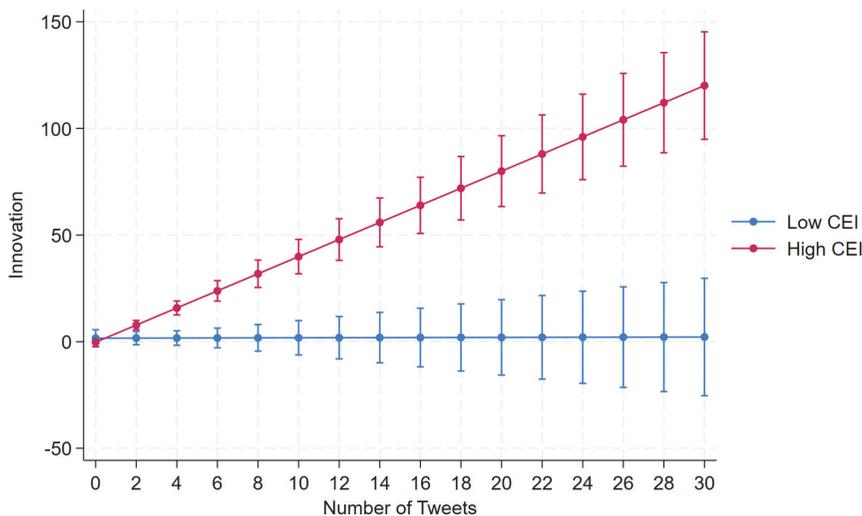
that the positive effect of public LGBTQ support on innovation is amplified when accompanied by strong internal inclusion policies. These results reinforce the claim that consistency between external advocacy and internal practices enhances legitimacy and provides a supportive climate for innovation.

Figure 1 illustrates the interaction effect between corporate LGBTQ advocacy (measured by the number of tweets) and internal LGBTQ policies (measured by the CEI) on innovation outcomes. For clearer interpretation, companies were divided into two groups based on the sample mean of the CEI (81.37), with com-

〈Table 4〉 Negative Binomial Regression Result

	Model 1		Model 2		Model 3	
	$\beta$	SE	$\beta$	SE	$\beta$	SE
<b>Control variable</b>						
firm size	0.313*	0.156	0.193**	0.081	0.206**	0.081
roa	2.538	2.026	0.718	1.383	0.512	1.372
leverage	0.961	1.170	-1.137	0.780	-1.135	0.770
r&d intensity	15.481***	4.981	11.360***	2.554	11.896***	2.49
capital expenditures	0.0001	0.00009	0.000059	0.000054	0.000058	0.00005
cei	0.0318***	0.0751	0.0442***	0.00899	0.0219	0.0113
<b>Main effect</b>						
number of tweets			0.640***	0.097	0.131	0.253
<b>Interaction effect</b>						
number of tweets * cei					0.0062**	0.0029
<b>Log likelihood</b>	-491.99		-491.99		-488.46	
<b>Wald Chi<sup>2</sup> (df)</b>	81.14 (df=7)		81.14 (df=7)		103.03 (df=8)	
<b>Pseudo R<sup>2</sup></b>	0.1481		0.1481		0.1542	

$n=472$ ; \*\*\*  $p<0.01$ , \*\*  $p<0.05$ , \*  $p<0.1$



〈Figure 1〉 Interaction Effect of CEI

panies scoring above this mean categorized as “High CEI” and those below categorized as “Low CEI.” The continuous variable of the number of tweets is presented on a continuous scale (ranging from 0 to 30 in increments of 2), thereby clearly demonstrating how the relationship between social media advocacy and corporate innovation varies based on the level of internal policy support. Results indicate a strong positive association between the number of tweets and corporate innovation among firms with high CEI scores, whereas firms with low CEI scores show negligible variation. This highlights the crucial role of robust internal LGBTQ-inclusive policies in maximizing the effectiveness of external advocacy efforts for enhancing corporate innovation.

## V. Discussion

The results confirm Hypothesis 1, demonstrating a positive association between corporate public support for LGBTQ inclusion and corporate innovation outcomes. Firms that actively express support for LGBTQ issues on social media platforms like Twitter tend to have higher innovation outputs, as measured by patent counts. This suggests that public advocacy for social issues can serve as a strategic resource, enhancing a firm’s legitimacy and attracting diverse stakeholders who con-

tribute to innovative activities. Notably, these findings underscore how such advocacy serves as a signal of the firm’s broader dedication to cultivating a creative and inclusive environment, thereby enhancing its potential for meaningful innovation.

In support of Hypotheses 2, the study revealed that the positive impact of public LGBTQ advocacy on innovation is significantly influenced by the strength of internal LGBTQ policies. Specifically, the relationship is stronger for firms with robust internal policies promoting LGBTQ inclusion and weaker for those lacking such policies. This finding aligns with the notion of “authenticity,” where consistent alignment between external advocacy and internal actions amplifies trust and collaborative engagement, thereby fueling innovation more effectively.

### 5.1 Theoretical Implications

This study advances the theoretical understanding of how corporate diversity initiatives influence innovation outcomes by explicitly addressing the limitations of existing research. Previous studies on the diversity-innovation relationship have predominantly focused on cognitive or demographic diversity, such as gender, ethnicity, or educational background (Cox and Blake, 1991; Milliken and Martins, 1996; Williams and O’Reilly, 1998). However, LGBTQ inclusivity as a distinct aspect of

organizational diversity has been relatively overlooked. By centering on LGBTQ inclusion, our study broadens the diversity discourse to encompass culturally and morally significant dimensions that profoundly shape employees' psychological safety, creative engagement, and innovative contributions.

Moreover, by integrating Legitimacy Theory, this research addresses a gap in diversity-innovation literature, which has largely neglected the legitimacy implications of corporate social advocacy for marginalized groups. Existing frameworks often emphasize internal cognitive resources or demographic composition without adequately accounting for external stakeholder perceptions and legitimacy processes (Zimmerman and Zeitz, 2002). This study introduces legitimacy as a foundational theoretical lens to demonstrate how public advocacy for LGBTQ issues can simultaneously enhance external stakeholder support and foster an internally inclusive organizational climate conducive to innovation. Consequently, our research expands upon existing diversity theories by illustrating how legitimacy considerations substantially amplify the impact of organizational diversity practices on innovation outcomes.

The significant interaction effect supports Hypothesis 2, emphasizing the importance of alignment between external advocacy and internal practices. By underscoring the concept of authenticity in this alignment, the study

highlights how stakeholders may reward firms that invest in robust internal policies with greater trust and loyalty, ultimately creating an environment conducive to innovation. The findings suggest that without substantive internal policies, public advocacy may be perceived as superficial or insincere, potentially undermining its positive impact on innovation.

The findings of this study reinforce existing organizational behavior and innovation literature highlighting the critical role of inclusive organizational culture, especially psychological safety, in driving innovation outcomes (Edmondson and Lei, 2014; Carmeli et al., 2010). Our results align well with previous studies that demonstrate how inclusive leadership and psychological safety significantly boost employees' creative behaviors and willingness to share novel ideas (Nishii, 2013). Additionally, the positive relationship observed between LGBTQ-inclusive practices and corporate innovation outcomes supports prior assertions that inclusive climates enable exploratory innovation by encouraging employees to freely express diverse perspectives and engage in risk-taking behaviors critical to innovation (Jansen et al., 2006). Thus, our study provides additional empirical support for the assertion that fostering an inclusive culture is not merely ethically appropriate, but also strategically advantageous for sustained organizational innovation.

In addition, this study contributes to the

ongoing discourse on the impact of LGBTQ advocacy on firm performance by providing empirical evidence that supports the positive role of such advocacy in enhancing both legitimacy and innovation. While some recent cases, such as the Bud Light boycott incident following the company's LGBTQ-supportive campaign, suggest that advocating for LGBTQ rights could potentially harm shareholder value by triggering negative consumer reactions and financial backlash, our findings offer a contrasting perspective. By analyzing social media data, we demonstrate that public support for LGBTQ inclusion can enhance a firm's legitimacy, which in turn fosters innovation. This legitimacy not only facilitates resource acquisition but also attracts a diverse workforce and strengthens stakeholder relationships, all of which are conducive to innovation. Furthermore, our study reveals that the consistency between external advocacy and internal policies is crucial; firms that align their public support with internal practices experience amplified positive effects on innovation. This insight helps reconcile conflicting views by highlighting that the perceived authenticity and consistency of a firm's advocacy efforts are key determinants of the impact on shareholder value and innovation outcomes.

## 5.2 Practical Implications

The results of this study provide valuable

practical insights for both managers and organizations. Companies should recognize the strategic value of publicly supporting social issues like LGBTQ inclusion, as such advocacy not only enhances moral legitimacy but also positively impacts innovation performance. While some research suggests that advocating for LGBTQ rights could potentially harm shareholder value, this study provides a contrasting perspective, grounded in new evidence from social media data, demonstrating how such advocacy can be beneficial for both legitimacy and innovation.

To fully realize these benefits, it is crucial for firms to align their internal policies with external advocacy efforts. This alignment strengthens the credibility of corporate signals, builds stakeholder trust, and fosters an innovative culture. In addition, organizations that show an authentic dedication to inclusivity, reflected in both their public statements and internal policies, are more capable of attracting and retaining a diverse pool of talent. A diverse workforce plays a crucial role in offering varied perspectives that are vital for fostering creativity and driving innovation.

## 5.3 Limitations and Future Research Directions

Although the study provides meaningful insights, it does have certain limitations. First, the measurement of corporate innovation through patent counts may not capture all di-

mensions of innovation, such as process improvements or incremental innovations that are not patented. Future research could incorporate alternative measures of innovation to provide a more comprehensive assessment.

Second, the study focuses on companies that are active on Twitter and included in the CEI report, which may introduce selection bias. To address potential concerns regarding selection bias and sample comparability, we conducted an additional robustness check by randomly sampling 100 U.S. public firms from Compustat and comparing their firm size (total assets) with our primary sample using a two-sample t-test. The result indicated no statistically significant difference between the two groups ( $p = 0.8878$ ), suggesting that our sample is not systematically skewed in terms of firm size. While this does not fully eliminate concerns of endogeneity, it offers additional assurance that sample composition is unlikely to be a primary source of bias. Nonetheless, we recognize that unobserved organizational characteristics may still influence both LGBTQ inclusivity and innovation outcomes. We therefore encourage future research to explore these potential confounds using longitudinal data.

Third, innovation outcomes, particularly patents, are often the result of cumulative organizational efforts spanning multiple years. However, this study relied on cross-sectional data due to practical limitations in data

availability. This cross-sectional design restricts our ability to establish causal relationships, as it captures only associations between variables rather than the directionality of their effects. To partially address this limitation, we introduced time lags between the independent and dependent variables, allowing us to capture potential temporal effects and strengthen the robustness of causal interpretations. However, despite these efforts, our approach remains constrained in fully accounting for the longitudinal nature of innovation processes. As a result, this study may not comprehensively reflect the cumulative impact of LGBTQ advocacy and internal policies on corporate innovation over time.

Future research should consider developing panel data or adopting longitudinal methodologies to examine how sustained LGBTQ advocacy and consistent inclusive policies influence innovation trajectories over extended periods. Such approaches would provide more robust insights into temporal causality and cumulative effects, offering a deeper understanding of the dynamic interplay between corporate social advocacy, internal policy consistency, and corporate innovation.

Building on the findings and limitations of this study, future research could delve deeper into the precise mechanisms through which LGBTQ advocacy and the alignment of internal policies influence innovation. This includes investigating how factors such as employee

engagement, creativity, or collaboration practices mediate this relationship. Comparative studies across industries, countries, or cultures could also provide valuable insights into how contextual factors shape the relationship between social advocacy and innovation.

Longitudinal analyses could be particularly useful for understanding how changes in public advocacy and internal policies over time impact innovation trajectories. Extending the analysis to other social issues beyond LGBTQ inclusion could help determine whether the observed effects are consistent across different forms of corporate social advocacy. Additionally, future research could incorporate stakeholder perspectives more explicitly, using surveys or interviews to understand how different stakeholder groups interpret corporate signals and how these interpretations influence their engagement with the company.

## VI. Conclusion

In conclusion, this study advances the understanding of how corporate public support for LGBTQ inclusion influences innovation outcomes and the critical role of internal policy alignment in this relationship. The study emphasizes the critical role of authentic signaling and legitimacy in driving corporate innovation. The findings encourage firms to

adopt comprehensive approaches to social advocacy, aligning external communications with internal practices to build trust, attract diverse talent, and foster an innovative organizational culture. In an increasingly socially conscious market, organizations that genuinely embrace diversity and inclusion are better positioned to thrive. This study underscores that fostering a climate of authenticity—where advocacy aligns with real action—can not only uphold ethical and social responsibilities but also serve as a catalyst for innovation and long-term organizational success.

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