FOCUSED ON THE (SUSTAINABLE DEVELOPMENT) GOALS? THE DYNAMICS OF COLLECTIVE ORGANIZATIONAL ATTENTION

ABSTRACT

This study examines the antecedents and consequences of collective organizational attention in settings involving collective action problems. I theorize and provide evidence of how collective organizational attention emerges and the collateral benefits which accrue to active members of collective initiatives when the attention of inactive members is triggered. Specifically, I investigate the effect of institutional investors' involvement in the UN-sponsored Principles for Responsible Investment (PRI) and the adoption of the Sustainable Development Goals (SDGs) in September 2015 on those organizations' attention to the SDGs. Applying computer-aided text analysis to the Twitter data of 160 institutional investors, I find that active participants in PRI were more likely to focus their attention on issues relating to the SDGs. Importantly, following the adoption event, institutional investors' attention and investment decisions converged as inactive PRI members began to recognize the salience of these issues. Active members benefited from these actions due to increased demand for their pre-existing investment holdings. These dynamics highlight how the emergence of collective organizational attention can convert inactive "free-riders" into "followers" whose market transactions benefit active participants in collective initiatives. Such effects explain why active participants in collective initiatives may be willing to tolerate the presence of inactive members.

SUMMARY

Interorganizational collective action is a common phenomenon involving collaboration and cooperation between organizations in a specific field. Examples in the literature include collective lobbying efforts by firms (Lenway & Rehbein, 1991), joint efforts to devise technological standards (Ranganathan & Rosenkopf, 2013; Rosenkopf, Metiu, & George, 2001), social movement organizations (King, 2008), and shareholder activism on sustainability issues (Gond & Piani, 2013). However, in the absence of explicit sanctions (King & Lenox, 2000) or incentives for participation (Wijen & Ansari, 2007), collective action efforts are subject to opportunistic behaviors by free-riders. Yet, the presence of inactive members within collective initiatives is often tolerated (Olson, 2002 [1965]), leading to questions about why this may be the case, and how the attention and effort of free-riders can be converted into useful substantive action.

Studies drawing on the attention-based view of the firm (Ocasio, 1997) have typically focused on attentional processes relating to the focal firm (Bouquet & Birkinshaw, 2008; Rerup, 2009) or at the level of the industry (Hoffman & Ocasio, 2001; Nigam & Ocasio, 2010). To understand how these levels of analysis are connected, an intermediate level involving the formation of collective strategy is often at play (Astley & Fombrun, 1983), particularly for the solution of collective action problems (Hargrave & Van De Ven, 2006). By implication, generating solutions to problems of this kind requires not only individual organizational attention and effort, but also involves developing collective organizational attention based on mutual understandings and recognition of issues by multiple organizations (Peteraf & Shanley, 1997). Despite the many studies that explore processes of interorganizational coordination (Gulati, Wohlgezogen, & Zhelyazkov, 2012), the literature has largely remained silent on processes that enable the development of collective attention to issues by groups of organizations working to resolve collective action problems. Further, when collective organizational attention emerges, relatively

uninitiated organizations accrue learning benefits (Wang & Soule, 2012), but there is less clarity on the benefits for organizations that are already knowledgeable and engaged on these issues.

How does collective organizational attention to issues emerge and how does this emergence affect members of collective initiatives? To answer this research question in the context of collective action problems—of which the United Nations' (UN) Sustainable Development Goals (SDGs) are a clear example—I investigate the implications of organizations' involvement collective initiatives and the occurrence major events on organizations' differential attentional and market-based responses. Specifically, I focus on how institutional investors' attention to the SDGs was shaped by their involvement in the UN-sponsored Principles for Responsible Investment (PRI) initiative and how this was affected by the UN's adoption of the SDGs in September 2015. In doing so, I highlight how the joint effect of major events and organizational features—i.e., involvement in collective initiatives—enables convergence in organizational attention to these issues (Morgeson, Mitchell, & Liu, 2015). Further, I provide evidence of how the emergence of collective organizational attention can provide indirect benefits for active members in collective initiatives, despite a lack of direct involvement in the collective initiative by inactive members. This emphasizes the collateral benefits of the presence of free-riders in collective initiatives, while also offering an additional attention-based mechanism through which collective action can promote change within the organizational environment (Hargrave & Van De Ven, 2006).

Empirically, I operationalize institutional investors' attention to the SDGs using computer-aided text analysis techniques (McKenny, Aguinis, Short, & Anglin, 2016). This involves developing a validated dictionary of words related to the SDGs and applying them to the official Twitter feeds of investment manager PRI signatories. From this analysis, I uncover three findings. Firstly, attention to the SDGs is positively related to whether institutional investors were actively involved in the PRI initiative. Secondly, following the adoption of the SDGs in September 2015—a major event which garnered significant interest both in the finance industry and more broadly—the attention of inactive PRI members increased at a faster rate than active members, indicating the emergence of collective organizational attention to these issues. Thirdly, I demonstrate that this convergence in attention benefitted active members, as inactive members increased demand for stocks in which the former had already established investment positions. This highlights the potential collateral benefits of inactive members' imitative behaviors for active members.

This study has implications for two main streams of the literature. For the literature on the attention-based view of the firm (Ocasio, 1997), I connect attention at the organizational and industry levels by highlighting the role of collective initiatives involving a subset of organizations within an industry. This suggests that involvement in collective initiatives may act as an important communication channel through which organizations orient their attention (Ocasio, Laamanen, & Vaara, 2018) to adapt their strategy, as it relates to collective action problems. Further, my study contributes to the literature on collective strategy—including strategic alliances (Gulati et al., 2012), cross-sector partnerships (Koschmann, Kuhn, & Pfarrer, 2012), and others forms of coalitions (Hargrave & Van De Ven, 2006), which is particularly relevant in contexts relating to sustainability. I do so by highlighting that even though inactive members of collective initiatives contribute little to directly resolving collective action problems, their indirect behaviors may instrumentally benefit active members, as attention and "talk" is converted into action (Schoeneborn, Morsing, & Crane, 2019) in terms of market transactions (Cattani, Porac, & Thomas, 2017). Put simply, my study suggests how the emergence of collective organizational attention has the potential to convert free-riders into followers whose market transactions benefit active participants in collective initiatives.