

Strategic CEO Activism in Polarized Markets

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Abstract

In this article, we show that statements of U.S. CEOs on contentious social issues are not necessarily an expression of their political views. Republican-donor CEOs are three times more likely to make social statements with a liberal slant. CEO activism is more likely if firms' operating environment is politically polarized and employees are Democrat-leaning. Such statements are associated with a 3% increase in consumer visits to a firm's Democrat County stores without significantly reducing them in Republican counties. CEO activism is associated with a 0.12% gain in firm value, increased quarterly sales, and a reduced likelihood of shareholder activism on social issues.

Stakeholder capitalism is not political and is not woke, it is simply capitalism. (Larry Fink, BlackRock)

I. Introduction

CEOs are increasingly speaking out on social debates such as same-sex marriage, gun control, racial justice, and reproductive choices, even though these issues may not directly relate to their firms' core business interests. For example, following George Floyd's death while detained by Minneapolis police, many prominent U.S. CEOs publicly expressed their support for the Black Lives Matter movement. This phenomenon is referred to as "CEO activism," and the share of U.S. firms involved in it has grown from 0.98% to 38% between 2011 and 2019 (Larcker, Miles, Tayan, and Wright-Violich (2018), Mkrtchyan, Sandvik, and Zhu (2024)).

We thank Renée Adams, Viola Angelini, Kevin Aretz, Manuel Bagues, Shantanu Banerjee, Patricia Boyallian, Suddipto Dasgupta, Mirko Draca, Ran Duchin, Alex Edmans, Vyacheslav Fos (the referee), Colin Green, Ian Gregory-Smith, Nandini Gupta, Jarrad Harford (the editor) Niels Hermes, Reggy Hoogheijmstra, Daniel te Kaat, Egle Karmaziene, Elisabeth Kempf, Gustavo Manso, Maria Marchica, Jochen Mireau, Alexei Ovchinnikov, Asad Rauf, Bob Rothschild, Kwok Tong Soo, Margarita Tsoutsoura, Philip Valta, Alminas Zaldokas, and Anwen Zhang for their valuable comments. We also thank the participants at the American Finance Association Annual Meeting 2022, seminar participants at the University of Antwerp, University of Gothenburg, University of Groningen, Vrije Universiteit Amsterdam, University of Reading, and University of Strasbourg for their helpful comments. Silvia Dimitrova, Ulviya Gadzheiva, Rouchen Hu, and Zexuan Yuan provided excellent research assistance.

Despite the growth in CEO activism, the motivation of the CEOs to make social comments remains an open question. There could be two possible motives for CEO activism. CEOs can make a social statement to signal their ideological stance on the issue. For example, Tim Cook represented the LGBTQ+ community when he opposed Arkansas' religious freedom bills in 2015. On the other hand, CEOs can make social statements for strategic advantage if the firms' stakeholders have social preferences, regardless of whether they support the cause themselves. It is a salient issue because social debates correlate with support for political parties in the United States, and sociopolitical opinions in the United States are increasingly polarized, with real-world implications (Glaeser, Ponzetto, and Shapiro (2005), Gimpel and Hui (2015), Chen and Rohla (2018), Draca and Schwarz (2021), and Goldman, Gupta, and Israelsen (2024)). While such statements can enhance a firm's image among some stakeholders who share the CEOs' view, they can also alienate others who oppose it (Larcker et al. (2018), Burbano (2021)).

In this article, we provide evidence on the motivations and the short-run economic effects using a large sample of S&P 500 CEOs' social activism statements from 2014 to 2019 and information on store-level consumer visits. We classify CEOs' public statements as "social activism" if they comment on gender equality, racial diversity, immigration, gun control, environmental issues, universal health-care, or human rights and exclude direct political statements addressing a specific political party or a politician. We focus on this set because a recent survey of representative U.S. citizens indicated that they would like CEOs to speak on these issues (Larcker et al. (2018)). Our final sample consists of 1,188 social statements by CEOs of 196 firms and 187 instances where a CEO has commented on a specific social issue for the first time.

We argue that if social statements reflect personal ideological convictions, they will strongly align with the CEOs' political leanings (Hambrick and Wowak (2021)). If so, CEOs are likely to engage in social activism regardless of the stakeholders' perception of the firm and the consequences for shareholders' wealth (Bhattacharyya and Sen (2003)). On the other hand, if social activism is a strategic choice, the alignment of these statements and the CEOs' political leaning will be weak. In this case, CEO activism will be more likely where the strategic advantages are higher and can lead to value gains for the firm (Mkrtychyan, Sandvik, and Zhu (2024)).

We show that 1,154 out of 1,188 (or 97%) of the social activism statements align with liberal Democrat ideologies, 34 statements do not have a clear partisan bent, and no statements are aligned with Republican ideologies. We categorize a statement's partisan slant as left-liberal (Democrat) or conservative (Republican) using textual analysis of the CEO activist statements and the Gallup poll of political preferences. Next, we show that 67% of CEOs are Republican donors.¹ We use the information on U.S. CEOs' political contributions from the Federal Election Commission database to classify the partisan preferences of CEOs. In our linear probability models, we find that Republican-donor CEOs are 88% more likely to make social statements than Democrat-donor or neutral CEOs. These characterizations

¹These fractions are consistent with the findings of Cohen, Hazan, Tallarita, and Weiss (2019) and Fos, Kempf, and Tsoutsoura (2022).

provide descriptive evidence that signaling their ideological stance may not be the primary motive for the CEOs' social statements. It also poses a puzzle: why do predominantly Republican-donor CEOs make social statements with a Democrat-leaning slant?

We address this puzzle by investigating whether catering to the sociopolitical views of stakeholders, specifically consumers, drives the CEOs' choice to make activist statements. We hypothesize that consumer political polarization is an important indicator of potential strategic gains from CEO activism. In polarized markets, consumers have strong sociopolitical preferences, and the potential benefit of social signals is likely higher than in markets where consumers have similar views. When a firm operates in such polarized markets, the effectiveness of the mass-market advertising strategy decreases (Hambrick and Wowak (2021)). CEOs' social statements that align with the views of one group of consumers can segment such markets into two groups: consumers who agree with the statement and will buy only from the announcing firms and those who will buy only from firms that have not signaled their stance.

What explains the predominantly liberal slant of Republican-donor CEOs' social statements in these markets? Recent academic articles and media reports have established the stereotype that U.S. CEOs are predominantly Republican donors (Cohen et al. (2019), Fos, Kempf, and Tsoutsoura (2022)). If CEOs make Republican-leaning social statements, it will be consistent with the priors of both Republican-leaning and Democrat-leaning consumers in the polarized market. There will be no updating of information and, consequently, no changes in purchasing decisions of either group (Reis (2006), Maćkowiak, Matějka, and Wiederholt (2023)). On the other hand, when CEOs make Democrat-leaning social statements, they dissociate from the stereotype, adding new information to the market. Democrat-leaning consumers are likely to feel positive about such statements while Republican-leaning consumers will feel less so. However, strategic benefits will only be realized if consumers believe these statements to be credible. Since the values and beliefs of CEOs is unverifiable to consumers, CEOs need to demonstrate their commitment to these causes. Where information is unverifiable, such as CEOs' values and beliefs, costs that reduce "cheap-talk" incentives provide credibility to the message (Dranove and Jin (2010)). Making Democrat-leaning social statements in a polarized environment, CEOs signal their commitment to liberal causes by incurring a significant opportunity cost of lost sales to Republican-leaning consumers. Additionally, Republican CEOs are likely to have a disutility of making statements that are unaligned with their ideological positions. These costs provide countervailing incentives, limit the tendency to engage in "cheap talk," and lend credibility to CEOs' social statements to Democrat-leaning consumers (Melloni, Pataconi, and Vikander (2023)).² The aggregate effect of CEOs' social statements on consumers' purchasing decisions will likely depend on the size of the Democrat-leaning and Republican-leaning consumer groups and how strongly they react to this new information. It is ultimately an empirical question, and we return to this issue later in the article.

²Where information is unverifiable, such as CEOs' values and beliefs, costs that reduce "cheap-talk" incentives provide credibility to the message (Dranove and Jin (2010)).

We show that the likelihood of CEO activism increases with exposure to politically polarized consumers. We identify a firm's exposure to polarized consumers by using data on a firm's states of operations from the 10-K filings and spatial dispersion of Republican and Democrat voters within those states from Kaplan, Spenkuch, and Sullivan (2022). Additionally, we show that the sociopolitical preferences of other stakeholder groups can also drive CEO activism. The likelihood of CEO social activism is higher when the employees of a company are Democrat donors, but there is no statistically significant effect on the likelihood of CEO activism of shareholder proposals. Together, these results provide compelling evidence that CEO social activism is a strategic response to the sociopolitical preferences of stakeholders and does not necessarily reflect the CEOs' political views. Two results further underscore the strategic motive where CEOs make social statements to gain a competitive advantage: CEO activism is more likely in firms exposed to retail consumers and firms facing higher industry competition.

Establishing a causal channel through which CEO social activism affects financial outcomes is challenging. These events are sporadic, can suffer from endogenous timing problems, and several unobserved factors likely confound the long-run effect on financial outcomes. Therefore, we focus on short-term economic effects, for which contaminating factors can be readily addressed. We design two tests to examine the proximate reaction to CEO activism statements in the product and the capital markets.

For CEO social activism to benefit a firm in the product market, these predominantly Democrat-leaning social statements must attract consumers with similar views to the firm net of antagonizing the Republican-leaning consumers. Therefore, we examine changes in consumer behavior around CEO activism events, conditional on sociopolitical value alignment. We sharply focus on their interactions with the firm around the CEO activism events using granular point-of-sale microdata provided by SafeGraph Inc. Specifically, we estimate the relative change in monthly consumer visits to Democrat and Republican-county stores after the CEOs' social statement. We use county-level voting data from the MIT Election Data and Science Lab (2020) to classify stores to be in Republican (Democrat) counties, depending on the vote share of the Republican nominee Donald Trump in the 2016 Presidential election.

We provide two sets of results. Using the information on over 190,000 stores of 208 firms (of which 81 firms' CEOs made a social statement), we show that store visits increased by 3% in the month after CEO activism relative to otherwise identical stores of nonannouncing firms. This increase is driven by higher consumer visits to Democrat-county stores (share of votes to Donald Trump less than 40%), while consumer visits to Republican counties show a significantly smaller decline. Since we use industry-county-month-year fixed effect, these results cannot be explained by variations in macroeconomic, geographic, and industry-specific factors.

Second, we compare within-store changes in consumer visits in $(-8,+8)$ week time windows. Store visits after CEO activism increased by 19.7% and 10.5% in high and low Democrat-county stores (Donald Trump vote share less than 20% and 20–39%, respectively). In contrast, footfall in high and low Republican-county stores fell by 3.9% and 1.2% (Donald Trump's vote share more than 60% and 40–

59%, respectively).³ The store visits in Republican counties almost fully recovered to preactivism levels within 8 weeks, but store visits in Democrat counties continued to be elevated. This asymmetric consumer reaction to CEO activism sheds light on the potential strategic benefits of these statements and the puzzle of Republican-leaning CEOs speaking on social issues with a Democrat slant. The statistically significant increase in consumer footfalls following (Democrat-leaning) CEO activism statements in Democrat-county stores without a commensurate reduction in Republican-county stores is consistent with experimental evidence that consumers who agree with the CEO's activist stance show increased purchasing intent, but those who do not agree with the CEO's statement do not react negatively (Chatterji and Toffel (2019)).

The within-store test also shows consumer visits in Democrat-county stores are typically higher than in Republican-county stores. This pattern is consistent with recent evidence that Democrat voters mostly live in urban centers with higher population density and greater media coverage, while Republican voters are more common in sparsely populated rural counties with lower media coverage (Draca and Schwarz (2021), Kaplan et al. (2022), and Pew Research Centre (2022)). One possibility is that CEOs make social statements when the media widely follow their firms for a wider reach of their message (Bushee Core, Guay, and Hamm (2010), Cahan, Chen, Chen, and Nguyen (2015)). If the media coverage pattern correlates with the polarization measure, it can provide an alternate explanation of our results.

We use information from RavenPack News Analytics to examine the role of media coverage of the firms in a CEO's decision to engage in social activism. We control for two dimensions: i) Coverage (the number of unique media sources that have published any content on a firm in the past 12 months) and ii) Intensity of Coverage (the number of contents published citing a firm in the past 12 months). We find that our measure of polarization exposure retains its economic magnitude and statistical significance when we control for either of these variables in our baseline regressions. Additionally, both media coverage and intensity are associated with a higher likelihood of CEO activism.

Finally, we estimate the investors' reaction to a CEO's social activism from the abnormal returns of the firm's stock relative to the market portfolio around the date of the CEO's social statement. We show that the investor response to CEO activism is typically positive: in the three-day event windows around CEO social activism, the average cumulative abnormal return is 0.12%. We also find heterogeneity in the announcement returns, conditional on firm and CEO characteristics. Abnormal returns to CEO activism are higher for companies operating in polarized environments and when the CEO statements are Democrat-leaning. We also examine firm outcomes related to product, labor, and capital markets. Consistent with our store visits results, we show cross-sectional results that the sales turnover of firms increases in the first two quarters following CEO activism, but the effect subsides thereafter. Furthermore, firms are less likely to face shareholder activism on ESG issues than otherwise similar nonannouncing firms. However, we detect no statistically significant effect of CEO activism on long-term profitability, employee productivity, or employee retention.

³We also use several other thresholds as robustness.

The economic returns in the product and capital markets are stronger when a CEO speaks on a social issue for the first time than subsequent events. In fact, positive stock market reactions to first-time activism make it more likely for CEOs to make subsequent social statements. Economic gains are also more likely for reactive activism compared to proactive activism.⁴ There is also a first-mover advantage for reactive activism: announcement returns are higher when a CEO is the first to speak among all firms in the same industry group. Furthermore, greater media coverage of a firm seems to amplify the economic returns to CEO social activism. The results are robust to several confounding factors and falsification tests, including contamination by other value-relevant events, CEOs speaking on issues unrelated to social debates, communication medium, and methodological choices.

Our paper makes three contributions to the emerging literature on CEO social activism. First, we provide novel evidence on the alignment of the CEO's political views and the partisan slant of their social statements. So far, empirical studies on CEO activism have not explored the political dimensions of these social statements (Hambrick and Wowak (2021)). Consistent with Cohen et al. (2019) and Fos, Kempf, and Tsoutsoura (2022), we show that most U.S. CEOs are Republican donors. However, their social statements mostly have a Democrat slant. This misalignment of political views adds an important characterization to CEO activism. We also show that the emergence of CEO social activism is linked to the polarized sociopolitical opinions of consumers. These results provide evidence of a strategic motive for CEO social activism.

Second, we provide an explanation for the puzzle of the predominantly liberal slant of Republican-donor CEOs' social statements. The key insight from this article is that consumer reaction to CEO activism is asymmetric. Using granular information from point-of-sale microdata, we show that store visits after CEOs' social statements increase in Democrat-county stores but do not significantly fall in Republican-county stores. It is consistent with the experimental evidence that the purchasing intent of value-aligned consumers increases while that of misaligned consumers does not decrease substantially (Chatterji and Toffel (2019)).

Our store-visit results extend the literature by providing micro-foundations for the economic gains from CEO social activism. In a related paper, Mkrtychyan et al. (2024) show that CEO activism is correlated with investor preference for these statements. Our results show that investors' preference for the sociopolitical voice of CEOs likely stems from the anticipation of product market gains. Much of the existing evidence on the economic effects of social activism relies on experimental results or long-term outcomes. For example, Chatterji and Toffel (2019) survey consumers' purchasing intent following Tim Cook's statement on LGBTQ rights, and Burbano (2021) uses an online experiment to gauge employees' perceptions. While experimental evidence provides unique insights into stakeholder views, their estimated economic effect is hypothetical. Examining long-term financial outcomes, such as annual profitability, is also empirically challenging due to the sparse nature of these events and confounding factors. With a large sample of CEO

⁴We classify CEO activism as reactive if we can identify a thematically connected a sociopolitical event that happened up to 10 days before the statement was made. In [Appendix D](#), we provide details of the "proactive" versus "reactive" labels with examples.

activism events and focusing on granular economic mechanisms, we contribute to the literature on the economic impact of CEO activism for firms.

Finally, our results have important implications for the evolving debate on stakeholder capitalism and the sociopolitical role of modern corporations. The merits of stakeholder capitalism and whether firms should exist for a social purpose beyond maximizing shareholders' wealth are widely debated (Edmans (2019), Summers (2019), Zingales (2019), and Bebchuk and Tallarita (2020)). Within that broader discussion, CEOs' comments on social issues have attracted attention as being opportunistic (Masters (2020)), and CEO activism has also been criticized as an attempt by unelected elites to subvert the democratic process (*The Economist* (2022)). Our results contribute to these discussions by showing that CEOs of large American firms do not seem to propagate their ideological views through their social statements. Strategic opportunities linked to the rise of political polarization and identity-based consumption in the United States seems to drive the social voice of CEO who make statements that reflects the social preferences of a broad set of stakeholders. These statements are more likely where consumers with opposing views to the CEO's statement do not significantly disengage from the firm. Therefore, purpose-driven corporate actions can have economic motives that ultimately benefit shareholders.

The remainder of the article is structured as follows: [Section II](#) discusses the conceptual framework and the literature on CEO activism, while [Sections III](#) and [IV](#) describe the data and the empirical results. [Section V](#) concludes the article.

II. Conceptual Framework and Existing Evidence

A. CEO Politics and Corporate Social Activism

The CEOs of large firms can wield significant political influence by leveraging their economic power (Zingales (2017)). Under the existing law, U.S. corporations can classify their political strategies as ordinary business activities (Citizens United vs. FEC, 2010). The implications are that a CEO has considerable autonomy to decide on the firm's political stance. The CEO's decision on their firm's political activities requires neither shareholder votes nor the board of directors' agreement and is not subject to disclosure norms. These political activities can benefit the shareholders even if they have little influence on the CEO's political decisions (Brown and Huang (2020)).

CEOs also make personal donations to political action committees and political campaigns. Cohen et al. (2019) and Fos et al. (2022) use different sets of information—U.S. CEOs' political donations and their voter registration, respectively—but draw the same conclusion that the top management teams of U.S. firms are increasingly Republican-leaning. Therefore, any attempts by CEOs to influence public discourse, for instance, by making statements on contentious social issues, can be seen through the lens of their partisan bias.

CEO activism differs from the traditional suite of options corporations use to influence public policies. The main difference is in the deliberately conspicuous nature of these sociopolitical statements, which raises questions about the CEO's

motives.⁵ Given the stylized facts that most U.S. CEOs are Republican-leaning, an obvious concern is that their statements reflect their political views. If the CEOs' ideological views are reflected in their social activism statements, social activism may be a form of personal consumption for the CEO.⁶

If CEOs make social statements to promote their personal ideology, it may or may not be value-increasing for the shareholders. For example, Burbano (2021) finds that employees' motivation suffers when the CEOs' activism stance differs from their personal views, but employee motivation does not improve if the CEOs' activism stance is aligned with their private opinions. However, CEOs who make social statements to promote their views would do so irrespective of its impact on shareholders' wealth.

An alternate explanation is that CEO activism reflects strategic opportunities to cater to stakeholders' sociopolitical preferences. Consumers are increasingly focusing on identity-based consumption. Identity-based consumption has increased with the increase in political polarization in the United States (Draca and Schwarz (2021), Kaplan et al. (2022)). Recent surveys show that consumers in the United States are increasingly in favor of CEOs' public stance on social issues (Larcker et al. (2018), Weber Shandwick and KRC (2018)). Firms can gain from social signaling if consumers' purchasing decisions are affected by the social image of the firm from whom they buy. In that case, CEOs can increase shareholder wealth by curating social statements to benefit from the sociopolitical opinions of the stakeholders (Glaeser et al. (2005)).

The underlying principle is that if a mass-market advertising strategy is ineffective due to rising stakeholders' polarization, CEOs can create value for the firm by making social statements that align with one group of stakeholders (Melloni et al. (2023)). If CEO activism is strategic, the CEOs will make statements aligned with the stakeholders' sociopolitical preferences, even if it is inconsistent with the CEOs' ideological views. For example, Cassidy and Kempf (2022) and Fos, Kempf, and Tsoutsoura (2022) show that despite U.S. CEOs' Republican leanings, their posts on social media platforms like Twitter are increasingly Democrat-leaning. If CEOs make social statements that do not reflect their ideological positions but for strategic reasons, there will be economic gains for the firm unless the CEO's statement sufficiently antagonizes stakeholders with opposite views. Experimental results show that consumers who agree with the CEO's activism stance show increased purchasing intent, but those who disagree do not react negatively (Chatterji and Toffel (2019)).

Additionally, if CEO activism is strategic, these motives will be stronger under certain conditions. In competitive markets, firms can gain a competitive advantage by appealing to consumers who prefer socially responsible behaviors of firms (Besley and Ghatak (2007), Melloni et al. (2023)). Therefore, higher industry

⁵There are other visible channels through which CEOs can influence public policies, such as the Business Roundtable, but these forums are mostly bi-partisan and focused on economic and business issues.

⁶Additionally, CEOs can dilute their accountability to shareholders by appearing to cater to broader stakeholders (Summers (2019), Zingales (2019), and Bebchuk and Tallarita (2020)). Diluting the accountability to shareholders is a concern because there is neither a standard measure of value creation for all stakeholders nor an established monitoring mechanism. By diluting their accountability to the shareholders, the CEOs can entrench themselves within the firm (Bebchuk and Tallarita (2020)).

competition will likely increase CEO activism's potential benefits. Finally, firms that sell final goods and services are more exposed to consumer preferences and are more likely to benefit from CEO activism.

B. CEO Social Activism, Political Polarization, and Strategic Gains

This article's political polarization measure is based on the spatial sorting of Republican (R) and Democrat (D) voters within the state boundaries (Kaplan et al. (2022)). In our context, we provide an example of how political polarization is connected to strategic opportunities for CEO activism. Consider the diagrams in Figure 1 (in which Graph A is reproduced with permission from Kaplan et al. (2022)). There are two towns in each state, 1 and 2—Town A and Town B. There are 6 R and 6 D voters in each of these states. In state 1, the R and D voters are segregated in spatial enclaves—all R voters reside in town A, whereas all D voters reside in town B. In state 2, there is no such spatial segregation, and 3 R and 3 D voters reside in each town. Therefore, the Kaplan et al. (2022) index classifies State 1 as more polarized than State 2. It is important to note that the two states can have the same fraction of Democrat voters, but geographic segregation can make one of them more polarized than the other. For example, the fraction of votes for the Democratic candidate in the 2016 Presidential election in California (61%) and New York (59%) were similar, but the spatial variation of voting patterns makes New York a more politically polarized state.

Why does this measure of spatial sorting of consumers on partisan lines matter in the context of CEO social activism? Consider two companies, *G* and *H*, operating in states 1 and 2. They each have a shop in towns A and B. In Figure 1, we denote the shops as *G1A*, *G1B* (shops of *G* in state 1 towns A and B) and *H1A*, *H1B* (shops of *H* in state 1 towns A and B). Similarly, we have shops *G2A*, *G2B* and *H2A*, *H2B* for state 2. Let us assume that companies *G* and *H* have equal market shares in each town (i.e., 3 consumers buy from *G*, and 3 consumers buy from *H*). Without sociopolitical signaling by the CEO, these could be any three consumers for each company, irrespective of their political orientation.

Let us consider the implications of the CEO of company *H* taking an activist stance on a social issue visible to all consumers.⁷ As mentioned, these stances almost always have a liberal view and align with the Democrats. In state 1, town B has six D-consumers who will find the CEO's activism statements aligned with their sociopolitical views. Following the CEO's (Democrat-leaning) activism statements, all six consumers will likely buy more from company *H* in this town. However, the strategic value of CEO activism relies on town A with six R-minded consumers. These consumers will find the CEO's activist stance contrary to their views. For firm *H* to gain market share in state 1, it must expect that not all its R-consumers in town A switch to *G*. Whether the gains of D-consumers are negated (or overturned) by the loss of R-consumers is ultimately an empirical question. Some experimental evidence shows that CEO activism positively impacts the intent to purchase among consumers who are ideologically aligned with the statement

⁷Note that this is a symmetric process, and company *G*'s CEO engaging in social activism instead of *H* will yield the same outcome.

without substantially affecting the consumers opposed to it (Chatterji and Toffel (2019)). Therefore, to estimate the economic effects of CEO activism, it is important to focus on the effects on consumer engagement with the firm at the level of stores in Republican and Democrat counties within polarized states.

What happens in state 2? In both towns A and B, there are 3R and 3D voters. Therefore, a social activism strategy of the CEO will not lead to any gain in market power by either company. It can lead to sorting consumers along sociopolitical views, but market shares will not change. Therefore, such announcements produce little or no economic advantages in the absence of spatial sorting of consumers along partisan lines in politically polarized states.

III. Data and Sample

A. CEO Activism Sample

Our definition of CEO social activism is public statements by CEOs on social issues that are not directly related to their business interests. We begin by collecting all announcements made by the CEOs of S&P 500 firms from Jan. 1, 2014, to Dec. 31, 2019, from Lexis Nexis, Factiva, and other publicly available sources. We include firms ever listed in the S&P 500 during our sample period. We focus on the public statements of these firms' CEOs on the environment and climate change, diversity (gender, racial, and sexual preference), immigration, abortion rights, education reform, universal health care, human rights, and gun control.⁸ These keywords are drawn from the survey of Larcker et al. (2018). For the 717 unique CEOs in our sample, we use a string-based search of keywords and the combinations thereof, identifying 1,434 CEO social activism events.

A concern is that the timing of these events is nonrandom; CEOs could make these statements around strategically important dates. Therefore, we exclude all events that are within a 30-day window of other potential value-relevant news about the firm, such as mergers and acquisition announcements, earnings announcements, announcements about director appointments, CEO turnovers, new products and export market announcements, and announcements about corporate misdemeanors like fraud, environmental disasters, and so on.⁹ This restriction led to a reduced sample of 1,257 events. We also exclude events where a CEO speaks directly about a specific politician or a political party, further excluding 41 events. Finally, we exclude 28 events where CEOs collectively make social statements. For example, the Amicus brief opposing President Trump's immigration ban was signed by over 100 CEOs. The final sample consists of 1,188 events of CEO social activism, of

⁸We exclude direct political statements, such as Jeff Bezos' statement in Business Insider on December 7, 2015, about sending President Donald Trump to Mars, from our sample. It is an important consideration because such statements can be motivated by other concerns (such as political risk) and affect financial performance through non-strategic channels (such as regulatory retaliation) (Gangopadhyay and Homroy (2022), Hou and Poliquin (2022)).

⁹CEO activism is spread across the financial year: 29% of the events occur in the first quarter, 28% in the second quarter, 19% in the third quarter, and 24% in the fourth quarter. On average, the events are 67 calendar days away from earnings announcements, the Annual General Meetings, merger and acquisition announcements and director appointments. Prima facie, the events do not seem clustered around the companies' most financially significant days.

which there are 187 events of a CEO speaking for the first time on an issue.¹⁰ We present the full description of the criteria used to classify the events in [Appendix B](#).

The number of events increased about fourfold over the sample period, from 66 events of CEO activism in 2014 to 227 events in 2019. In 30% of the cases, the CEOs speak on gender equality; in 21% of cases, CEOs speak on LGBT rights; and in 15% of cases, CEOs speak on racial and religious discrimination. The most used activism mediums are social media (45%) and press releases/press conferences (35%).¹¹

Finally, we classify a CEO activism event as reactive if we can find a recent sociopolitical event that is thematically connected to the statement. We focus on a window of 10 trading days prior to the activism statement. Of the 1,188 events in our sample, 670 (56.4%) are classified as reactive. These statements are, on average, made within 3 days of the proximate event. After widely followed sociopolitical events (such as the death of George Floyd, the ban on immigration from Middle Eastern countries, the Parkland school shooting, etc.), the sensitivity of the consumer to social issues can increase the potential strategic value of the CEOs' social statements. On the other hand, such statements can be seen as opportunistic by stakeholders, while statements where the CEO initiates the discussion can be seen as more credible (Melloni et al. (2023)). In [Appendix D](#), we provide details of the "proactive" versus "reactive" labels with examples.

We examine the contents of the CEOs' social activism statements to classify the partisan tone of CEO activism. We use the Gallup poll (2019) on political preferences. In this classification, Democrats favor tighter gun controls, stronger environmental protection, women's right to abortions, immigration, and diversity (Gallup (2019)). In 1,154 out of the 1,188 events in our sample (97%), the activism statement leans toward (liberal) Democrat values. In 34 cases, the CEO does not unambiguously espouse Republican or Democrat values, and no statements are aligned with Republican ideologies.¹² We construct an indicator, `DEMOCRAT_SLANT_ACTIVISM`, that equals 1 if the CEO's activism statements are Democrat-leaning, and 0 otherwise. We describe CEO activism events in [Table 1](#).

B. Political Donations

We examine the CEOs' partisan views using the information on their donations to political candidates, committees, and parties from the Federal Election Commission database for 2014–2019. The database contains information on political contributions from all donors that exceed \$200. The donors are identified by their initials and the family name, the donor's home address, employer, and job title. Similar to Cohen et al. (2019), we undertake a multilevel matching exercise to link

¹⁰We identify first-time activism at the CEO-level. To ascertain that we correctly identify the first time CEO activism events, we search all company and CEO announcements between 2010 and 2013 using the same keywords.

¹¹CEO activism events are often covered by multiple media. We identify the first channel through which the activism statements are communicated using the timestamp on the news reports.

¹²There are two instances of CEOs of unlisted firms making statements on social issues with a conservative slant. In 2012, the CEO of Chick-fil-A made a statement in support of "traditional" family structures, and in 2020 CrossFit's CEO commented on the death of George Floyd and the ensuing unrest.

TABLE 1
Description of the CEO Activism Events

In Table 1, we describe CEO activism events in terms of the distribution over the sample period (Panel A), topics (Panel B), the medium of communications (Panel C), the quarter of the financial year (Panel D), proactive versus reactive social activism (Panel E), the geographic region where the firm is headquartered (Panel F), partisan slant of the activist statements (Panel G), and GSUB industry classifications (Panel H). First-time events are cases where a CEO speaks on a given social issue for the first time.

Panel A. CEO Social Activism Over Time

Year	Count of All Events	%	Count of First-Time Events	%
2014	66	06	11	06
2015	123	09	08	04
2016	234	20	19	10
2017	278	23	35	19
2018	260	23	55	29
2019	227	19	59	32
Total	1,188	100	187	100

Panel B. Topics

	Count	%
Gender	349	30
Immigration and human rights	108	09
LGBT	253	21
Religious/Racial discrimination	179	15
Climate change	201	17
Gun control	98	08
Total	1,188	100

Panel C. Medium of Communication

	Count	%
Press conference	411	35
Social media	537	45
Letter to shareholders/Employees	79	07
Television	87	07
Opinion editorial	19	02
Interviews in print media	55	04
Total	1,188	100

Panel D. FY Quarter

	Count	%
1	371	31
2	325	27
3	224	19
4	268	23
Total	1,188	100

Panel E. Proactive Versus Reactive

	Count	%
Proactive	518	43
Reactive	670	57
Total	1,188	100

Panel F. Regions

	Count	%
North-East	406	33
Mid-West	221	19
South	102	09
West	459	39
Total	1,188	100

Panel G. Partisan Slant

	Count	%
Democrat slant	1,154	97
Republican slant	00	00
Unclear partisan slant	34	03
Total	1,188	100

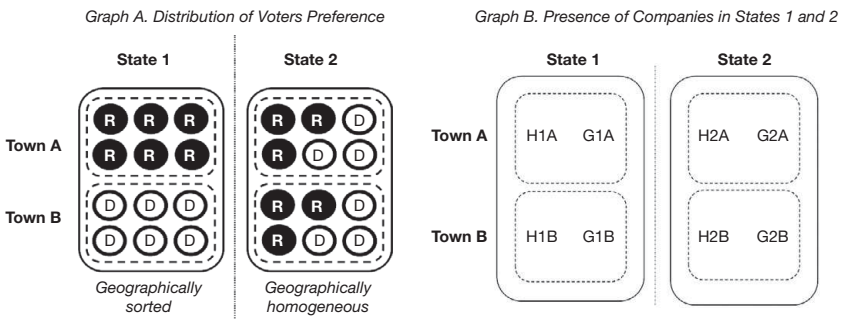
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TABLE 1 (continued)
Description of the CEO Activism Events

<i>Panel H. Industry Classification</i>		
	Count	%
Energy	85	07
Materials	42	04
Industrials	151	13
Consumer discretionary	204	17
Consumer staples	238	20
Healthcare	53	04
Communications	96	09
IT	211	18
Communication services	103	08
Real estate	05	00
Total	1,188	100

FIGURE 1
The Significance of Spatial Sorting

Figure 1 maps out the implications of spatial and political segregation on commerce.



the FEC database with the list of S&P 500 CEOs. We consider the standard challenges of textual matching: multiple matches for the same CEO, missing information on employers, and different syntax for individual names used in the two data sources. First, we include all observations in the sample where the first name, initials, and family name perfectly match those within the FEC database and the Execucomp data. This procedure results in 412 matches. From the remaining observations, we include cases where the same initials and surname match and the registered address is within 50 miles of the company's headquarters.¹³ These selection criteria lead to a final sample of 426 unique CEOs for whom we have the information on their political donations.

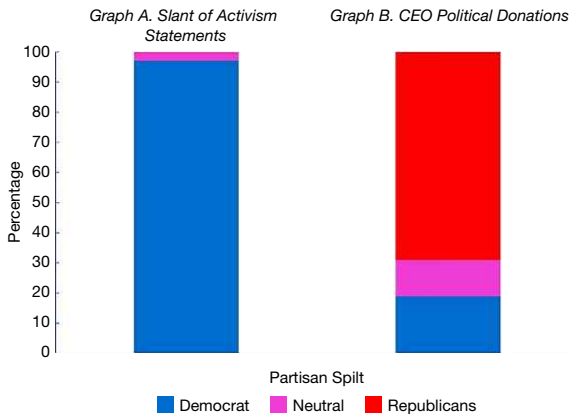
We use the information on the party affiliation of Political Action Committees (PACs) and leadership committees in the FEC database to classify the partisan nature of the political contributions. If the FEC database does not identify the committees' party affiliation, we divide the donations equally between Republicans and Democrats. S&P500 CEOs have donated \$47 million to Republicans and

¹³We calculate the distance between the city, or the zip code reported in the FEC database and that of the company's headquarters using the driving distance reported by Google Maps.

FIGURE 2

Partisan-Leanings of CEO Activism Statements and CEO's Political Donations

Figure 2 presents the fraction of CEO social activism statements and political donations of CEOs by partisan dominance. Red, blue, and purple represent Republican, Democrat, and neutral CEOs, respectively.



\$24 million to Democrats within the sample period. To classify individual CEOs' partisan preferences, we calculate the CEO's average contribution to each political party for the 5 years of the sample period. Most CEOs donate to both the Republican and Democratic parties but usually give more to one of them. `REPUBLICAN_LEANING_CEO` equals 1 if the average donation of a CEO to the Republican Party is at least 25% more than that to the Democrats, and 0 if the CEOs are Democrat-leaning or neutral.¹⁴ CEOs are Democrat-leaning if their average donation to the Democratic Party is at least 25% more than that to the Republicans and neutral if they do not fall in either Republican or Democrat categories. Using this threshold, 68% of the CEOs are Republicans, 19% are Democrats, and 13% are neutral. Of the activist CEOs, 73% are Republican-leaning, 13% are Democrat-leaning, and 14% are neutral. Figure 2 shows the alignment of CEOs' political views and their social activism statements.

Furthermore, we group all individual donations reported in the FEC database by the employer's name. If we exclude the donations of the CEO, the remaining donations are made by employees of a company. Using the protocol described above, we classify the political leaning of the employees by calculating the total donations of the employees of a firm to each political party. `DEMOCRAT_LEANING_EMPLOYEES` equals 1 if the total donation of all employees over our sample period to the Democrats is at least 25% more than that to the Republicans, and 0 if otherwise.¹⁵ Using this measure, we classify 39% of firms to have Democrat-leaning employees.

¹⁴We use different thresholds to check the robustness of our results: more than 15, 20, and more than 50% of the average donations to any one party. We also use a materiality criterion of at least U.S. \$10,000 in donations. The fractions of Republican and Democrat-leaning CEOs remain similar for different thresholds for political donations.

¹⁵The fractions of Democrat-leaning employees remain similar if we use a threshold of 15 and 20%.

C. Polarization Measures

Next, we examine the exposure of the companies to political polarization. We begin by identifying the states of operations of U.S. firms from their 10-K filings. This approach to extracting details of corporate operations has been widely used in the literature (Bernile, Kumar, and Sulaeman (2015), Smajlbegovic (2019)). In these filings, companies provide details about their operations. For example, an excerpt from Cisco's 10-K filings in 2019 summarizes the geographical spread of its operations:

Our corporate headquarters are located at an owned site in San Jose, *California*, in the United States of America. ... In addition to our headquarters site, we own additional sites in the United States, which include facilities in the surrounding areas of San Jose, California; Research Triangle Park, *North Carolina*; Richardson, *Texas*; Lawrenceville, *Georgia*; and Boxborough, *Massachusetts*. We also own land for expansion in some of these locations.

On average, firms in our sample operate in 13 states, and only 1% operate across all states. It is consistent with the geographic dispersion of U.S. firms reported by Garcia and Norli (2012). We then map the states of operations for a firm to the Kaplan et al. (2022) measure of *within*-state political polarization for 2016.¹⁶ Using this index, we observe that the 10 most polarized states also have the largest concentration of activism events. These states are Georgia, Illinois, Louisiana, Maryland, Mississippi, Missouri, New York, Tennessee, Texas, and Virginia.

We construct a variable POLARIZED_ENVIRONMENT, which is the proportion of the states in which the company operates that are among the 10 most geographically polarized states in the Kaplan et al. (2022) index. In the above example, 2 out of 5 or 40% of Cisco's operations were in politically polarized states. This is similar to the sample mean of POLARIZED_ENVIRONMENT, which is 0.41. This means that, on average, 41% of a representative company's operations are in the 10 most polarized U.S. states. Seventy-six percent of the sample companies have at least a quarter of their operations, and 8% have all their operations based in these 10 polarized states.

The geographic distribution of CEO activism events is not just an artifact of more S&P 500 firms headquartered in the most polarized states. For example, Colorado, Florida, Massachusetts, and Pennsylvania together account for the headquarters of 13% of S&P 500 companies but only 1.6% of CEO activism events. In contrast, Maryland, Michigan, New Jersey, and Virginia account for 6% of S&P 500 headquarters and 21% of CEO activism events. Figure 3 shows the spatial distribution of CEO activism events relative to political polarization.¹⁷

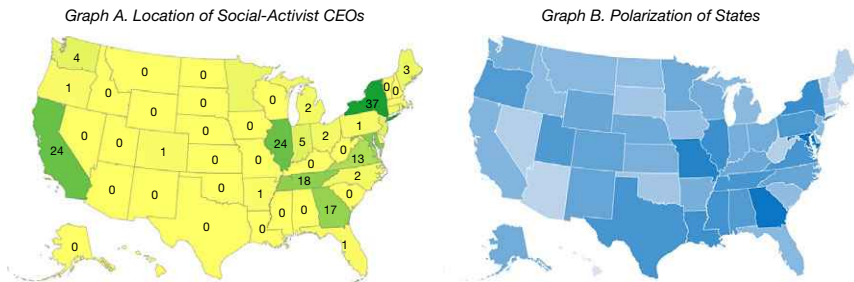
¹⁶There are no significant differences in number of activism events between the firms headquartered in traditional Democrat and Republican states. Using the Gallup polls of political preferences, Democrat-majority states are Vermont, Hawaii, Rhode Island, Massachusetts, New York, California, Maryland, New Mexico, Illinois, Connecticut, New Jersey, Washington, Delaware, and Oregon.

¹⁷Univariate comparison of firms whose CEOs make social statements and those that do not is presented in the Supplementary Material.

FIGURE 3

Politically Polarized Opinions and CEO Activism Across the United States: 2014–2019

Graph A of Figure 3 shows the spatial distribution of firms' headquarters whose CEOs undertake social activism. Graph B shows within-state polarization in U.S. states, measured by the Kaplan et al. (2022) index. The darker the shade of blue, the higher the political polarization.



D. Store Visits Data

We use the information on consumer visits at the store level provided by SafeGraph Inc. SafeGraph measures store visits using anonymized geolocation data from approximately 50 million smartphones. Using this data, we can observe the total number of visits to a store per day, the number of unique individuals visiting a store, the name and the NAICS code of the firm, and the store's location (latitude and longitude). The users must opt in for the geo-tracking to be included in the database.¹⁸ Store visit data has been used as a reliable proxy of consumer engagement with a firm (Painter (2020), Bizjak, Kalpathy, Mihov, and Ren (2022), and Gurun, Nickerson, and Solomon (2023)). Therefore, we use information on the number of store visits by unique consumers for firms with their own-brand physical stores.¹⁹

SafeGraph store visits data is available from 2017 onward. We merge the store visits data with our sample of firms for calendar years 2017 to 2019. It gives us a sample of 190,944 stores of 208 firms, 81 of whose CEOs made a social statement. Our sample size is comparable to other papers using Safegraph store-visit data for overlapping periods (Noh, So, and Zhu (2021)).

E. Control Variables

We use a range of firm and CEO characteristics to control for confounding factors. First, a firm's visibility can be correlated with the likelihood and the stakeholders' engagement with CEOs' social statements (Bushee et al. (2010), Cahan et al. (2015)). We use information from RavenPack News Analytics to examine the role of media coverage of the firms in a CEO's decision to engage in

¹⁸The sampling bias in SafeGraph data is small. It is representative of the general U.S. population but has minor overrepresentation of educated consumers (Squire (2019)). For a detailed description of the paper, please see Painter (2020) and SafeGraph's data documentation: <https://docs.safegraph.com/docs/places>.

¹⁹For example, Coca-Cola products are mostly sold through supermarkets. Consumer visits to a supermarket is not a reliable estimate of their purchasing intent for its products. Therefore, store visits data on these companies are not available.

social activism. We focus on two dimensions: i) *Coverage* (the number of unique media sources that have published any content on a firm in the past 12 months) and ii) *Intensity of Coverage* (the number of contents published citing a firm in the past 12 months). We only consider news content with a relevance score above 75%. The relevance score shows how strongly related the firm is to the news article.

Second, the CEO's visibility is likely correlated with the company's size and profitability. We obtain accounting data from CompStat and control for FIRM_SIZE (measured as the natural log of Total Assets) and profitability (ROA measured as the ratio of net profits over total assets). Next, we control for the governance of the firm. We get board composition and governance data from Institutional Shareholder Services and shareholding information from Thomson Reuters 13-F Stock Ownership Data. This information allows us to control for BOARD_SIZE (number of directors on the board), BOARD_INDEPENDENCE (fraction of independent directors), and INSTITUTIONAL_OWNERSHIP (percentages of shares held by institutional investors like mutual funds and pension funds).

Since CEO activism can be an expression of personal views, we control for several CEO characteristics. CEO_TENURE (number of years the CEO has been in the current position), CEO_AGE (in years) and FEMALE_CEO (= 1 if the CEO is female). Only 9% of the sample CEOs are female, and the average age and tenure are 57 and 7 years, respectively. Further, we use information from BoardEx to construct indicators for CEOs having MBA and PhD degrees. We also use a standard control for CEO_POWER (the fraction of nonexecutive directors hired within a CEO's tenure). Finally, we use information from Execucomp on the pay structure of CEOs to construct a measure of EQUITY_LINKED_PAY (equity incentives of CEOs).

Further, we use the information on shareholder proposals from ISS to create a measure of investor pressure on social issues. We have 4,463 shareholder proposals for S&P 500 firms between 2012 and 2019, of which 973 are on socially responsible issues (SRI) such as gender, race and ethnicity, discrimination based on sexual orientation, human rights, climate impacts, and gun violence. We construct a binary indicator, SHAREHOLDER_PROPOSALS_SRI, which equals 1 if a firm has received at least one shareholder proposal on socially responsible issues in the previous 2 years, and 0 otherwise. 48% of the sample firms have received at least one shareholder proposal on these issues. The average number of proposals for a firm is 4.²⁰

Finally, we obtain information on the company's industry segment using Compustat's subindustry information (GSUBIND) of the Global Industry Classification System.²¹ We construct two measures of industry characteristics. The first measure controls for the competitive environment of the firm. We create the Herfindahl–Hirschman Index (HHI) of industry competitiveness. HIGH_

²⁰Unobserved factors can drive both the likelihood of CEO social activism and SHAREHOLDER_PROPOSALS_SRI. In the Supplementary Material, we address the concern about bad controls. We show that omitting SHAREHOLDER_PROPOSALS_SRI from our models do not affect the estimates of our main variable of interest, *Polarized Environment*.

²¹Our results remain unchanged when we use NAICS codes to classify industries.

TABLE 2
Descriptive Statistics of Sample Firms

Table 2 provides descriptive statistics for the sample of 442 firms from the S&P 500 index from 2014 to 2019. A description of the variables is provided in Appendix A.

	No. of Obs.	Mean	Std. Dev.
<i>CEO Characteristics</i>			
CEO_ACTIVISM	2,445	0.157	0.262
DEMOCRAT_SLANT_ACTIVISM	2,445	0.157	0.296
CEO_DONATIONS (\$)	2,445	21,785	10,266
REPUBLICAN_LEANING_CEO	2,445	0.677	0.106
FEMALE_CEO	2,445	0.080	0.231
CEO_PAY (million \$)	2,445	19.394	4.186
FRACTION_EQUITY_PAY	2,445	0.440	0.237
CEO_AGE	2,445	57.20	6.50
MBA's	2,445	0.693	0.293
PhDs	2,445	0.136	0.219
CEO_TENURE (years)	2,445	4.592	2.667
CEO_POWER (% Directors Hired during CEO's tenure)	2,445	0.321	0.198
<i>Firm Characteristics</i>			
ln(STORE_VISITS)	9,165,312	6.843	1.924
ln(TOTAL_ASSETS)	2,445	9.234	1.889
ROA	2,445	0.103	0.067
MTB	2,445	2.34	2.83
LEVERAGE	2,445	0.422	0.189
SALES_PER_EMPLOYEE	2,445	673.28	982.55
BOARD_SIZE	2,445	10.014	2.562
BOARD_INDEPENDENCE	2,445	0.523	0.108
DEMOCRAT_LEANING_EMPLOYEES	2,445	0.394	0.225
POLARIZED_ENVIRONMENT	2,445	0.413	0.358
%INSTITUTIONAL_OWNERSHIP	2,445	0.082	0.025
LEVERAGE	2,445	0.213	0.146
SHAREHOLDER_PROPOSALS_SRI	2,445	0.481	0.204
NUMBER_OF_MEDIA_SOURCES	2,445	4.63	1.10
NUMBER_OF_MEDIA_CITATIONS	2,445	6.77	1.95
HHI	2,445	0.139	0.112

COMPETITIVE equals 1 indicates a firm in the bottom quartile of the HHI distribution, and 0 otherwise. The second measure controls for the nature of the product and service offered by the company. We use the subindustries description to create an indicator CONSUMER_FACING, which equals 1 if the company sells products/services to retail consumers, and 0 otherwise. CONSUMER_FACING firms include those whose main industry classification is any of the following: commercial and professional services, airlines, automobiles and components, consumer durables and apparel, consumer services, retailing (including food and staples), household and personal products (including healthcare equipment and services), banks and consumer finance, software and IT services, communications equipment and technology hardware, media, and telecommunication services. Descriptive statistics of the sample of firms are provided in Table 2, and variable definitions are provided in Appendix A.

IV. Empirical Strategy and Results

A. Determinants of CEO Social Activism

To examine the determinants of CEO social activism, we use a linear probability model to estimate the likelihood of CEO_ACTIVISM conditional on firm, CEO, and corporate governance characteristics. In these tests, we examine whether

social activism reflects the CEOs' or stakeholders' sociopolitical preferences. We use the sample of S&P 500 firms from 2014 to 2019 and estimate specifications of the type:

$$(1) \quad \text{Pr}(\text{CEO_ACTIVISM})_{it} = g(\text{STAKEHOLDER_CHARACTERISTICS}, \text{FIRM_CHARACTERISTICS}, \text{CEO_CHARACTERISTICS})_{it-1}.$$

In these models, the explanatory variables are lagged by a year. Stakeholder characteristics measure the potential strategic benefits of CEO social activism. It includes the measure of political polarization (*POLARIZED_ENVIRONMENT*), an indicator for investor focus on social issues (*SHAREHOLDER_PROPOSALS_SRI*), and an indicator for employees' sociopolitical views (*DEMOCRAT_LEANING_EMPLOYEES*). Firm characteristics include controls for media coverage, size, profitability, leverage, the nature of the product, and industry competitiveness. CEO characteristics include the CEO's tenure and gender, while corporate governance characteristics include board size, board independence, and institutional ownership. All specifications are estimated with year dummies, and the standard errors are clustered at the firm level.

First, we examine the alignment between the CEO's political views and the partisan slant of the activism statement. Republican-leaning CEOs are 88% more likely to engage in activism than their Democrat-leaning and neutral peers. Given that the social activism statements have a liberal Democrat slant, this result suggests that the CEOs' ideological views are not reflected in these statements. Further, we find no statistically significant difference in age and education, but longer tenure and greater CEO power increase the likelihood of CEOs' social statements. Making public statements on contentious social issues in a politically polarized operating environment is risky because it can antagonize stakeholders with opposing (Republican) views. Long-serving and more entrenched CEOs are likely to be more secure in their positions and have better information on the firms' stakeholders, making them more likely to make social statements.

Next, we focus on stakeholder characteristics to probe the strategic motives. CEO activism is thrice as likely to occur in firms with significant operations in the 10 most polarized states compared to firms with operations in less polarized states. These results are consistent with the notion that activism on social issues is a CEO's strategic move to benefit from political polarization.²² Furthermore, we find that the political alignment of the headquarters' state does not significantly affect the likelihood of CEO activism. CEOs of firms headquartered in Republican or Democrat states are no more likely to make social statements than firms headquartered in swing states.²³ Therefore, political polarization across the firms' operating

²²A counter-narrative is that CEO activism leads to more within-state polarization. We argue that political polarizations change over a long-time period, and therefore, this direction of association is unlikely in the short-term. We highlight this as a potential avenue for future research.

²³Swing states are classified using Nate Silver's methodology for determining closely contested states. As of 2016 Presidential elections, these states are Wisconsin, Pennsylvania, New Hampshire, Minnesota, Arizona, Georgia, Virginia, Florida, Michigan, Nevada, Colorado, North Carolina, and Maine (Silver (2012)).

locations seems to be a key determinant of CEO activism. CEO activism is also likely when the employees of a firm are Democrat-leaning. However, investor pressure from social activism does not seem to affect the likelihood of CEO activism. Many shareholder proposals on social issues do not pass by the majority shareholder's vote. It might explain why we do not see any effect of shareholder proposals on the likelihood of CEO activism.

The above results indicate that CEO activism is likely a strategic response of CEOs when their firms operate in politically polarized environments. Since a Republican-leaning CEO supporting a liberal cause has greater strategic potential than a Democrat-leaning CEO, we observe mostly Republican-leaning CEOs supporting liberal causes. The effect is driven by high exposure to political polarization among consumers because the signaling is more credible to (Democrat-leaning) consumers when they are convinced it is not cheap talk. In a polarized (as opposed to a Democrat-majority) state, the opportunity cost of lost sales is large, enhancing the credibility of these statements and potential strategic gains.

We also show that a CEO is more likely to make a social comment if no CEOs in the same industry group have made a social statement before, the firm is consumer-facing and operates in a more competitive industry. These results further highlight the strategic motive because firms are more likely to adopt this niche product market strategy when it faces strong product market competition and has exposure to retail consumers' preferences.

Regarding firm characteristics, CEO activism is more likely in large and more profitable firms. Corporate governance and institutional ownership measures have no meaningful association with the likelihood of CEO activism. This result is unsurprising because U.S. laws include corporate political choices in ordinary business decisions. We present the results in [Table 3](#).

B. CEO Social Activism, Consumer Alignment, and Store Visits

We examine stakeholders' perceptions of CEO activism by focusing on the change in consumer behavior around these events. For consumers, we can sharply focus on their interactions with the firm around the CEO activism events using granular data on weekly store visits. Through this test, we aim to examine whether consumers' alignment of consumers sociopolitical values with the CEO activism statements affects their interactions with the firm. Following a CEO's (Democrat-leaning) social statement, consumers with Democrat-leaning political views will likely interact positively with the firm, while those with Republican-leaning views will not. Since polarized opinions on socio-economic issues correlate with political parties' support, we expect differences in consumer visits to stores in Democrat and Republican counties within polarized states.

We measure consumer alignment to activism statements using the information on the county-level share of votes to the Republican nominee, Donald Trump, in the 2016 U.S. presidential election from the MIT Election Data and Science Lab (2020). Using this information, we classify counties as REPUBLICAN (DEMOCRAT) if the vote share to the Republican (Democrat) party was more (less) than 40%.

TABLE 3
Likelihood of CEO Social Activism

Table 3 provides linear probability estimates for the likelihood of CEO activism. In column 1, we estimate the likelihood of CEO activism conditional on political polarization, the CEO's political preferences, and CEO and firm characteristics. Column 2 shows the effect of investor and employee pressures. In column 3, we show the likelihood of CEO activism, conditional on the political alignment of the headquarters state of the firm. These specifications are estimated with industry dummies and year dummies. In column 4, we show the effect of industry competition using HIGH_COMPETITIVE indicator instead of industry dummies. Robust standard errors clustered at the firm level are in parentheses. ***, **, and * represent statistical significance at 1%, 5%, and 10% levels, respectively.

	CEO Activism			
	1	2	3	4
Polarized environment	3.676*** (0.923)	3.507*** (0.819)		3.510*** (0.819)
Republican-leaning CEO	0.878*** (0.259)	0.878*** (0.259)	2.465*** (0.832)	0.874*** (0.258)
First-mover	0.082** (0.039)	0.082** (0.036)	0.087** (0.033)	0.082** (0.035)
Shareholder proposal-SRI		0.094 (0.061)	0.094 (0.061)	0.094 (0.061)
Democrat-leaning employees		0.047* (0.024)	0.047* (0.024)	0.047* (0.024)
Democrat headquarters			0.033 (0.021)	
Republican headquarters			-0.009 (0.011)	
High competitive				0.098** (0.042)
MTB	0.108*** (0.033)	0.110*** (0.030)	0.110*** (0.030)	0.110*** (0.032)
Size	1.426*** (0.432)	1.426*** (0.435)	1.426*** (0.435)	1.424*** (0.432)
Leverage	0.019 (0.015)	0.019 (0.015)	0.019 (0.015)	0.019 (0.016)
Consumer-facing	0.033** (0.014)	0.033** (0.015)	0.033** (0.015)	0.035** (0.015)
Female CEO	-0.003 (0.004)	-0.003 (0.004)	-0.003 (0.004)	-0.003 (0.004)
CEO tenure	0.188** (0.094)	0.188** (0.094)	0.188** (0.094)	0.188** (0.094)
CEO age	0.011 (0.011)	0.011 (0.009)	0.010 (0.009)	0.016 (0.013)
MBA	0.108 (0.103)	0.111 (0.105)	0.117 (0.115)	0.137 (0.122)
PhD	0.003 (0.003)	0.004 (0.005)	0.001 (0.002)	0.009 (0.008)
CEO power	0.032* (0.017)	0.028* (0.016)	0.033* (0.017)	0.044** (0.020)
Equity-linked pay	0.013* (0.006)	0.011* (0.005)	0.019* (0.010)	0.012 (0.008)
Board size	0.013 (0.010)	0.012 (0.010)	0.015 (0.013)	0.013 (0.010)
Board independence	0.027 (0.032)	0.026 (0.032)	0.034 (0.033)	0.027 (0.032)
Institutional ownership	0.010 (0.010)	0.010 (0.010)	0.013 (0.011)	0.010 (0.010)
Industry dummies	Yes	Yes	Yes	No
Year dummies	Yes	Yes	Yes	Yes
No. of obs.	2,445	2,445	2,445	2,445
Adj. R^2	0.408	0.431	0.411	0.384

TABLE 4
Consumer Alignment and Store Visits

Table 4 shows cross-sectional differences in the log of monthly store visits between firms whose CEOs made a social activism statement in the previous month and those that did not. The sample consists of 190,944 stores of 208 firms. Stores are classified as in DEMOCRAT (REPUBLICAN) counties if Donald Trump received up to (more than) 39% of the votes in the 2016 Presidential elections. Standard errors, clustered at the county-month level, are in the brackets. ***, **, and * represent statistical significance at 1%, 5%, and 10% levels, respectively.

	ln(STORE_VISITS)					
	All Stores		Democrat County Stores		Republican County Stores	
	1	2	3	4	5	6
CEO activism	0.027*** (0.005)	0.031*** (0.003)	0.030*** (0.006)	0.033*** (0.005)	-0.007 (0.006)	-0.008 (0.008)
Control variables	Yes	Yes	Yes	Yes	Yes	Yes
Store fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
County-month fixed effects	Yes	No	Yes	No	Yes	No
Industry-month fixed effects	Yes	No	Yes	No	Yes	No
Industry-county-month fixed effects	No	Yes	No	Yes	No	Yes
No. of obs.	9,165,312	9,165,312	5,741,162	5,741,162	3,424,150	3,424,150
Adj. R^2	0.809	0.829	0.833	0.841	0.791	0.798

Furthermore, we classify these counties as HIGH_DEMOCRAT (Republican vote share <20%), LOW_DEMOCRAT (Republican Share 20–39%), LOW_REPUBLICAN (Republican vote share 40–60%), and HIGH_REPUBLICAN (Republican vote share >60%).²⁴ A total of 5,741,162 stores in our sample are in Democrat counties, and 3,424,150 are in Republican counties.

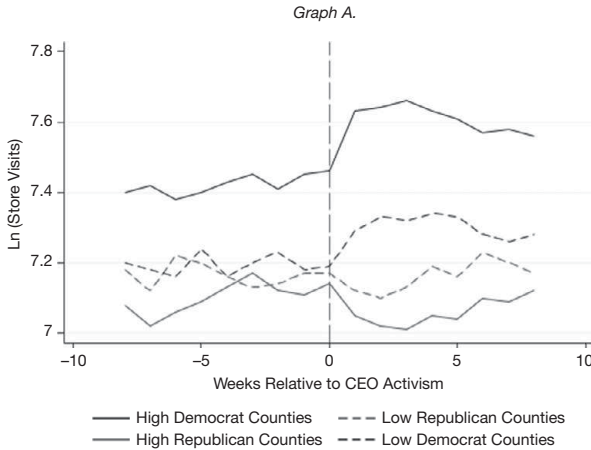
We provide two complementary sets of results. First, we provide cross-sectional evidence on excess monthly consumer visits to stores of firms whose CEOs have made a social statement in the previous month relative to firms whose CEOs did not make such a statement. In these models, the dependent variable is the natural log of consumer visits to a store in a given month-year. To ensure that our results are not driven by unobserved store and industry-level factors and local economic conditions, we estimate these linear regression models with store-fixed effects and county-month-year and industry-month fixed effects. Further, we use a more stringent specification with industry-county-month-year fixed effects. This specification allows us to measure excess monthly consumer visits to a store of a focal firm relative to a store of another firm in the same industry located in the same county whose CEO has not made a social statement. We report these results in Table 4.

The estimates in columns 1 and 2 suggest that consumer visits to stores increase following the CEO's social statements, which cannot be explained by macroeconomic, local, and industry-specific demand shocks. Engaging in CEO activism leads to a 3% increase in consumer visits to the firms' stores. Furthermore, the increase in consumer visits seems to be concentrated in Democrat-county stores, and there is no statistically significant change in consumer visits to Republican-county stores. Consistent with the experimental evidence of Toffel and Chatterji (2019), our results show that CEO activism positively impacts intent to purchase

²⁴Painter (2020) uses similar thresholds to categorize Democrat and Republican counties.

FIGURE 4
Store Visits Following CEO Activism Statements

Graph A of Figure 4 shows the changes in store visits in the $(-8, +8)$ week window centered around the week of CEO activism statements. The blue solid (dashed) lines represent stores in counties where Donald Trump received up to 20 (between 21 and 39) percent of the votes in the 2016 Presidential elections. The red solid (dashed) lines represent stores in counties where Donald Trump received more than 60 (between 41 and 59) percent of votes. Graph B shows the changes in the log of store visits in the $(-8, +8)$ week window centered around the week of CEO activism statements. Stores are classified to be in HIGH_LOW_DEMOCRAT counties if Donald Trump received up to 20 (between 21 and 39) percent of the votes in the 2016 Presidential elections. Stores are classified to be in HIGH_LOW_REPUBLICAN counties if Donald Trump received more than 60 (between 41 and 59) percent of votes. * signifies that the difference in group means is statistically significant at the 1%-level.



Graph B.

	Before CEO Activism (-8, -1) weeks	After CEO Activism (0, 8) weeks	Difference (After - Before)
High Democrat Counties	7.42	7.60	0.18***
Low Democrat Counties	7.19	7.29	0.10***
Low Republican Counties	7.18	7.17	-0.01
High Republican Counties	7.10	7.06	-0.04

among consumers who are already aligned with the statement without substantially affecting the consumers who are opposed to it.

Second, we examine if consumer engagement with CEO activism varies with the intensity of political views. For this test, we use a smaller sample of 10,786 stores of 29 CEO activism firms with own-brand stores in *both* Republican and Democrat counties at the time of the CEOs' social statements. We estimate the within-store change in consumer visits following CEO activism events in Democrat and Republican stores. In Figure 4, we show the pattern of store visits in the $(-8, +8)$ weeks window centered around the week of CEO activism statements. We observe a heterogeneous consumer response to CEO activism across the four categories. Unconditionally, stores in HIGH_DEMOCRAT counties are mostly in the urban areas and have higher store visits on average compared to stores in other counties. Following CEO activism, consumer visits to stores in HIGH_DEMOCRAT counties increase by 19.7% in the 8 weeks following CEO activism events.

We also find a statistically significant increase of 10.5% in consumer visits to LOW_DEMOCRAT-county stores. In contrast, footfall in HIGH_REPUBLICAN and LOW_REPUBLICAN stores decrease by 3.9% and 1.2%, respectively.²⁵ After 8 weeks of the CEOs' social statements, the store visits in Republican counties recovered to preactivism levels, but store visits in Democrat counties continued to remain elevated. Our result suggests that consumer visits to stores increase substantially when consumers' sociopolitical views are strongly aligned with the slant of CEO activism statements. In contrast, the fall in store visits when consumers' views are not aligned is comparatively smaller.²⁶ These results shed light on the puzzle of Republican-leaning CEOs speaking on social issues with a Democrat slant. The asymmetric engagement of consumers in polarized markets makes it strategically optimal for CEOs to make liberal social statements.

C. Price Reaction to CEO Social Activism

Turning to the potential impact of CEO activism on the shareholders, we use an event study to examine the investors' reactions to CEO activism. If an activist statement by a CEO is met with investor approval, we expect to see a positive movement in the company's share price. On the other hand, if the shareholders perceive that the CEO's activist stance is detrimental to the company's long-term value, share prices shall fall. The abnormal returns are calculated based on a market model using the equal-weighted market portfolio. We estimate the market model's parameters using daily data from days -250 to -7 days before the event.²⁷ We calculate returns in a 3-day and 7-day event window:

$$(2) \quad R_{i,t} = E[R_{i,t} | \mathbf{X}_t] + \xi_{i,t},$$

where we decompose stock returns $R_{i,t}$ around the CEO activism events. \mathbf{X}_t is the conditioning vector of firm characteristics at time t and $\xi_{i,t}$ is the abnormal returns within the event windows.

The results are presented in Table 5. On average, there is a positive market reaction to CEOs' social activism statements: the abnormal returns to CEO activism in 3-day and 7-day event windows are 0.10% and 0.12%, respectively. The returns vary by topic, with the strongest gains for statements on gender equality and climate. The returns are also higher in the first instance when the CEO speaks on a social issue (FIRST_TIME_ACTIVISM) and when the statement is in reaction to an event (REACTIVE_STATEMENT). Finally, we note a stronger price reaction

²⁵The percentage changes are calculated from the averages of store footfalls before and after CEO activism for the four categories. For example, the average store footfall in HIGH_DEMOCRAT counties before and after CEO activism are 1,669 and 1,998, equivalent to a 19.71% increase.

²⁶We find similar asymmetric patterns for a smaller sample of 16 CEO activist firms in 2019 for which we have store-level consumer spending data.

²⁷Even if no new information is released around social statements, it is still possible that the CEOs time such announcements to precede good news which, at the time of announcement, is private information to them. The underlying assumption is that the CEOs engage in social activism to publicize their personal views, and the timing during good times is to avoid shareholder backlash. Our empirical result on the correspondence of CEOs' ideological views and social statements mitigates this concern.

TABLE 5
Price Reaction to CEO Activism Events

Table 5 presents estimates from the event study using equally weighted CARs by topic (Panel A) and type of CEO activism events (Panel B). The estimation period is from day 250 to day 7 before CEO activism events. CAR is estimated using the market model. ***, **, and * represent statistical significance at 1%, 5%, and 10% levels, accounting for event-induced changes in volatility and cross-sectional correlation in abnormal returns following Kolari and Pynnönen (2010).

Panel A. Announcement Returns by Topics

	All Events <i>N</i> = 1,188	Gender <i>N</i> = 349	LGBT <i>N</i> = 253	Discrimination <i>N</i> = 179	Immigration <i>N</i> = 108	Climate <i>N</i> = 201	Gun Control <i>N</i> = 98
CAR[0,0]	0.07%***	0.09%***	0.03%**	0.007%*	0.007%	0.05%***	0.008%
CAR[-1,+1]	0.10%***	0.10%***	0.05%**	0.009%*	0.008%	0.08%***	0.011%
CAR[-3,+3]	0.12%***	0.14%***	0.08%**	0.011%*	0.011%	0.12%***	0.015%

Panel B. Announcement Returns by Type

	First Time Activism <i>N</i> = 187	Subsequent Activism <i>N</i> = 1,001	Negative Tone <i>N</i> = 748	Positive Tone <i>N</i> = 440	Proactive Statements <i>N</i> = 518	Reactive Statements <i>N</i> = 670
CAR[0,0]	0.20%**	0.04%**	0.11%***	0.03%**	0.07%**	0.14%**
CAR[-1,+1]	0.25%**	0.08%***	0.14%***	0.07%***	0.09%**	0.15%**
CAR[-3,+3]	0.27%**	0.09%***	0.16%***	0.10%***	0.12%**	0.19%**

when the CEO uses a larger fraction of negative words in their social statement (NEGATIVE_TONE).²⁸

Next, we examine the cross-sectional heterogeneity in stock returns following CEO activism, conditional on firm and CEO characteristics. The dependent variable is the value-weighted cumulative abnormal returns in the (-1, +1) window. Table 6 examines the effect of consumer polarization and investor pressure on market returns. We find that returns are higher when firms operate in a polarized environment and activism statements have a Democrat slant. We also find a first-mover advantage: returns are higher when a CEO is the first within the industry group to make a social statement. Finally, returns are higher for firms that have received at least one shareholder proposal on social issues before the CEO's activism statements. However, firms with Democrat-leaning employees have no additional gains in stock returns following CEO activism. None of the demographic characteristics of CEOs affects returns to their social statements.

These results present important insights when combined with those presented in Table 3. Our results indicate that political polarization among consumers strongly predicts CEO social activism. CEOs comment on social issues in polarized markets with a Democrat bent to attract Democrat-leaning consumers. Since Democrat voters reside increasingly in densely populated urban centers, the potential gain in consumer visits following liberal social statements is high. Republican voters, who predominantly reside in semiurban or rural areas, seem to react less negatively to these statements from the CEO. These empirical patterns shed light on why CEO activism statements are predominantly Democrat-leaning. It also highlights that CEOs are

²⁸In alternate specifications reported in the Supplementary Material, we examine the robustness of the results using the Fama–French (1993) model. We also show that the 12-months returns to a buy-and-hold portfolio of CEO activism companies' stock is 0.7% higher compared to a reference portfolio formed based on $\ln(\text{TOTAL_ASSETS})$ and market-to-book ratios of S&P 500 firms that did not engage in CEO activism as of Jan. 1 every year (Lyon, Barber, and Tsai (1999)).

TABLE 6
Multivariate CAR Regressions

In Table 6, we provide multivariate regressions of the price reaction. The dependent variable is CAR in $(-1, +1)$ days around CEO activism events. In column 1, we estimate the likelihood of CEO activism conditional on political polarization, the CEO's political preferences, CEO, and firm characteristics. Column 2 shows the effect of investor and employee pressures. In column 3, we show the likelihood of CEO activism, conditional on the political alignment of the headquarters state of the firm. All specifications are estimated with industry dummies and year dummies. In column 4, we show the effect of industry competition using the HIGH_COMPETITIVE indicator instead of industry dummies. Robust standard errors clustered at the firm level are in parentheses. ***, **, and * represent statistical significance at 1%, 5%, and 10% levels, respectively.

	CAR(-1,+1)			
	1	2	3	4
Polarized environment	0.108*** (0.029)	0.108*** (0.029)	-	0.108*** (0.026)
Democrat-slant activism	0.015*** (0.004)	0.015*** (0.004)	0.033*** (0.010)	0.015*** (0.005)
Republican-leaning CEO	0.010** (0.005)	0.006** (0.002)	0.012** (0.005)	0.008** (0.004)
First-mover	0.077** (0.038)	0.077** (0.038)	0.082** (0.033)	0.076** (0.035)
Shareholder proposal-SRI		0.032** (0.011)	0.033** (0.009)	0.031** (0.012)
Democrat-leaning employees		0.008 (0.005)	0.011 (0.010)	0.007 (0.008)
Democrat headquarters			0.003 (0.004)	
Republican headquarters			-0.001 (0.003)	
High competitive				0.015** (0.006)
MTB	0.024*** (0.006)	0.024*** (0.008)	0.027*** (0.008)	0.024*** (0.005)
Size	0.019** (0.007)	0.019** (0.007)	0.019** (0.007)	0.019** (0.007)
Leverage	0.003 (0.003)	0.003 (0.003)	0.003 (0.003)	0.003 (0.003)
Consumer-facing	0.022** (0.009)	0.022** (0.010)	0.020** (0.007)	0.022** (0.010)
Female CEO	0.000 (0.000)	0.000 (0.000)	0.000 (0.002)	0.000 (0.000)
CEO tenure	0.010** (0.004)	0.010** (0.005)	0.011** (0.004)	0.010** (0.004)
CEO age	0.001 (0.002)	0.000 (0.002)	0.000 (0.001)	0.000 (0.001)
MBA	0.002 (0.003)	0.002 (0.003)	0.001 (0.003)	0.002 (0.002)
PhD	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
CEO power	0.013 (0.011)	0.012 (0.011)	0.014 (0.010)	0.012 (0.010)
Equity-linked pay	0.002 (0.003)	0.002 (0.002)	0.006 (0.008)	0.007 (0.006)
Board size	0.004 (0.003)	0.004 (0.003)	0.004 (0.003)	0.004 (0.003)
Board independence	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)
Institutional ownership	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Industry dummies	Yes	Yes	Yes	No
Year dummies	Yes	Yes	Yes	Yes
No. of obs.	1,188	1,188	1,188	1,188
Adj. R^2	0.263	0.289	0.271	0.255

TABLE 7
CEO Social Activism and Firm Outcomes

Table 7 presents results from tests for the economic outcomes of CEO activism. The sample consists of 442 firms in the S&P index from 2014 to 2019. In column 1, we show the longitudinal effect of CEO activism in previous quarters on quarterly sales revenues. In columns 2–4, we show the cross-sectional differences in the effect of CEO activism on SALES_PER_EMPLOYEE, ln(EMPLOYEES), and RETURN_ON_ASSETS, respectively. The dependent variable in column 5 is an indicator that there is at least one shareholder proposal on social issues in a firm-year. All specifications are estimated with the full set of controls. Robust standard errors clustered at the firm level are in parentheses. ***, **, and * represent statistical significance at 1%, 5%, and 10% levels, respectively.

	ln(QUARTERLY_SALES_REVENUES)	SALES_PER_EMPLOYEE	ln(EMPLOYEES)	ROA	SHAREHOLDER_PROPOSALS_SRI
	1	2	3	4	5
CEO activism _{q-1}	0.014*** (0.005)				
CEO activism _{q-2}	0.012*** (0.004)				
CEO activism _{q-3}	0.006* (0.003)				
CEO activism _{t-1}		0.113** (0.056)	0.009 (0.008)	0.021 (0.019)	-0.049** (0.023)
Control variables _{t-1}	Yes	Yes	Yes	Yes	Yes
Industry dummies	Yes	Yes	Yes	Yes	Yes
Firm fixed effects	Yes	No	No	No	No
Quarter dummies	Yes	No	No	No	No
Year dummies	No	Yes	Yes	Yes	Yes
No. of obs.	9,780	2,445	2,445	2,445	2,445
Adj. R ²	–	0.222	0.069	0.078	0.344

motivated by stakeholders' (such as consumers and employees) socio-economic preferences to engage in social activism. While investor pressure on social issues does not seem to increase the likelihood of CEO activism, investors react positively if the CEO takes a stance on social issues. The strategic nature of CEO activism is further underscored by the fact that stock returns to these statements are higher for firms with more exposure to consumers (CONSUMER_FACING) and firms working in more competitive industries (HIGH_COMPETITIVE).

D. CEO Social Activism and Firm Outcomes

We further examine how CEO social activism affects firm outcome other than the effect on stock returns following the announcement. We focus on outcomes related to consumers, employees, and shareholders. First, we use quarterly sales to measure economic returns in the product market. If CEO activism is a strategic signal to consumers, we expect a gain in sales revenue for activist firms in the quarters immediately following the event. The firm-fixed effects results in column 1 of Table 7 show the change in quarterly sales turnover for an activist firm, controlling for time-invariant unobservables. CEO social activism increases quarterly sales for two quarters following the events, but the effect dissipates thereafter.

Further, we examine the effect of CEO activism on employee productivity and retention. If employees are motivated by a CEO's social statement, we would see employee productivity in these firms increase relative to the nonactivist firms. In column 2, we show that the CEO's social activism is associated with higher sales per employee relative to otherwise similar firms. However, sales per employee can increase if sales turnover increases or the number of employees decreases. In

column 3, we examine if CEO activism is associated with changes in the number of employees. We find no significant effect of CEO activism on the number of employees. Therefore, the observed effect on sales per employee is likely driven by a change in sales turnover.²⁹ Finally, if investors have a social preference, the CEOs' social activism statements will cater to it. Therefore, it can insulate the firm from shareholders' pressures on social issues. In column 4, we show the effect of CEO activism on the likelihood of future shareholder proposals on social issues. CEO activism lowers the short-term likelihood of a firm receiving shareholder proposals on social issues compared to otherwise equal firms. These results show that beyond the announcement effects, the CEO's social statements are associated with product market benefits and insulation from shareholder activism.

E. The Role of Media Coverage

CEOs of firms widely followed in the media can be more likely to make social statements because it allows their message to reach a larger audience. The media coverage of a firm can also affect how the stakeholders react to these statements (Bushee et al. (2010), Liu and McConnell (2013)). For example, recent survey evidence by Grieco (2019) shows that Americans in urban and rural communities have widely different views on social and political issues. Rural areas tend to have a higher concentration of Republicans and Republican-leaning independents, while most Americans in urban communities identify as Democrats or lean toward the Democratic Party. These patterns overlap with the spatial differences in skill distribution and population density (Brown and Enos (2021)). Since news production and media consumption are increasingly urban-centric, the social signals by CEOs can reach the stakeholders more effectively in the (Democrat-leaning) densely populated urban centers compared to (Republican-leaning) sparsely populated rural areas (Grieco (2019)). Therefore, the media can amplify the effect of CEOs' social statements in a politically polarized marketplace.

We examine the role of media coverage of a firm in the CEO's decision to engage in social activism using information from RavenPack News Analytics. We control for two dimensions: i) Number of Sources (the number of unique media sources that have published any content on the company in the past 12 months) and ii) Intensity of Coverage (the number of contents published citing the firm in the past 12 months).

We use these two measures as control variables in our baseline regressions. Since these two measures are highly correlated ($\rho = 0.73$), we use them in separate regression models. Both coverage and the intensity of media coverage positively affect the likelihood of CEO activism. Focusing on the stock returns following these events, we find that among CEO activism firms, those with higher media coverage has larger gain in share prices. There are also gains in the product market; firms with higher media coverage have greater sales turnover following CEO activism. These results, shown in Table 8, indicate that wide media coverage amplifies the strategic motives of CEO activism. The presence of Democrat-leaning consumers in densely

²⁹This result does not necessarily imply that CEO activism has no an effect on employees but highlights the difficulty in observing such effects (if any) from observational data.

TABLE 8
Role of Media Coverage

Table 8 shows the effect of media coverage on the likelihood and economic outcomes of CEO activism. The sample consists of 442 firms in the S&P index from 2014 to 2019. In columns 1 and 2, we show the effect of media coverage and intensity on the likelihood of CEO activism. In columns 3 and 4, we show the effect of cross-sectional variation in media coverage and intensity on announcement returns. In columns 5 and 6, we show the effect of media coverage and intensity on sales per employee. All specifications are estimated with the full set of controls. Robust standard errors clustered at the firm level are in parentheses. ***, **, and * represent statistical significance at 1%, 5%, and 10% levels, respectively.

	CEO_ACTIVISM		CAR [-1,+1]		SALES_PER_EMPLOYEE	
	1	2	3	4	5	6
CEO_ACTIVISM					0.119** (0.053)	
ln(COVERAGE)	0.022** (0.008)		0.009** (0.004)		0.004** (0.002)	
ln(INTENSITY)		0.052** (0.021)		0.017* (0.011)		0.006** (0.002)
CEO_ACTIVISM × ln(COVERAGE)					0.013** (0.006)	
CEO_ACTIVISM × ln(INTENSITY)						0.021** (0.009)
POLARIZED_ENVIRONMENT	3.051*** (0.794)	3.018*** (0.675)	0.102*** (0.025)	0.110*** (0.028)	0.006 (0.005)	0.007 (0.005)
REPUBLICAN_LEANING_CEO	0.872*** (0.258)	0.859*** (0.246)	0.004** (0.002)	0.006** (0.002)	0.009 (0.006)	0.009 (0.006)
SHAREHOLDER_PROPOSAL_SRI	0.094 (0.077)	0.088 (0.081)	0.024** (0.011)	0.022** (0.010)	0.003 (0.004)	0.002 (0.002)
DEMOCRAT_LEANING_EMPLOYEES	0.039* (0.021)	0.043** (0.021)	0.008 (0.006)	0.007 (0.007)	0.001 (0.003)	0.001 (0.002)
Control variables	Yes	Yes	Yes	Yes	Yes	Yes
Industry dummies	Yes	Yes	Yes	Yes	Yes	Yes
Year dummies	Yes	Yes	Yes	Yes	Yes	Yes
No. of obs.	2,445	2,445	1,188	1,188	2,445	2,445
Adj. R^2	0.457	0.466	0.307	0.321	0.248	0.253

populated urban centers where the media outlets are also more likely to be based makes it more likely that the consumer reaction to CEO social activism will be positive, net of possible backlash at the sparsely populated Republican-leaning rural areas.

F. Additional Results and Robustness

1. Heterogeneous Effects

For our main analysis, we focus on all CEO activism events. However, the motivations and the economic effects can vary across events and over time. For example, a CEO may be motivated to make repeated social statements if the stakeholders react favorably in the first instance. On the other hand, repeated social activism statements by a CEO can build market expectations and reduce the strategic value of subsequent statements. Therefore, we examine the determinants and economic effects of first-time and subsequent social statements of CEOs. We note one main difference in the determinants of first-time and subsequent CEO activism events. The positive stock market reaction to the first social statement strongly predicts the likelihood of CEOs making subsequent statements. The other determinants have qualitatively similar effects, with varying magnitude and

statistical significance. For example, the effect of POLARIZED_ENVIRONMENT on the likelihood of subsequent appointment appears weaker, but it is important to remember that polarization exposure is subsumed in the CEOs' decision to engage in social activism in the first place. Therefore, among those firms whose CEOs have already selected into social activism, there is still an incremental effect of polarization exposure. We present these results in Panel A of Table 9.

We use the 187 first-time CEO activism events within the sample period to examine if the economic effects are similar. We use a dummy FIRST_TIME_ACTIVISM, which equals 1 for the subsample, and 0 otherwise, to examine the economic effect of first-time events relative to the full sample. In Panel B of Table 9, column 1 shows the cumulative abnormal returns for first-time activism events relative to subsequent events, and column 2 shows the effect of first-time activism on sales turnover. First-time events have a stronger effect on stock returns and sales than subsequent CEO activism events. These results show that the strategic gains are larger when stakeholders receive new

TABLE 9
First Time Versus Serial Activism

Table 9 presents the likelihood (Panel A) and economic effects (Panel B) of first-time and subsequent CEO activism events. The dependent variables in columns 1 and 2 of Panel A are indicators for CEOs speaking on social issues for the first time and thereafter. In Panel B, the dependent variables in columns 1 and 2 are the announcement returns and sales per employee, respectively. We present cross-sectional estimates, including the full set of control variables and industry dummies. Robust standard errors clustered at the firm level are in brackets. ***, ** and * represent statistical significance at 1%, 5%, and 10% levels, respectively.

Panel A

	FIRST_TIME_ACTIVISM	SUBSEQUENT_ACTIVISM
	1	2
Polarized environment	3.516*** (0.805)	1.127*** (0.329)
Positive CAR – first event		0.078*** (0.015)
Republican-leaning CEO	0.890*** (0.264)	0.261** (0.119)
First-mover	0.083** (0.031)	0.009 (0.008)
Shareholder proposal-sri	0.095 (0.065)	0.073 (0.060)
Democrat-leaning employees	0.051** (0.024)	0.064** (0.027)
Control variables	Yes	Yes
Industry dummies	Yes	Yes
Year dummies	Yes	Yes
No. of obs.	2,445	1,098
Adj. R ²	0.460	0.488

Panel B

	CAR [-1, +1]	SALES_PER_EMPLOYEE
	1	2
First-time activism	0.026** (0.010)	0.143*** (0.019)
Control variables	Yes	Yes
Industry dummies	Yes	Yes
Year dummies	Yes	Yes
No. of obs.	1,188	2,445
Adj. R ²	0.233	0.313

information and update their priors. Subsequent events assure the stakeholders about the (Republican) CEOs' continued support of liberal causes. Therefore, subsequent statements also generate economic values, although to a lesser extent.

We explore another source of heterogeneity based on whether CEOs comment on social issues in reaction to an event and/or government policies or spontaneously without any proximal social prompt. While proactive events may have higher signaling value to the stakeholders, reacting to a social event can attract attention if prior events have already sensitized the stakeholders to a social issue. We note one major difference in the determinants of proactive and reactive social statements. CEOs are more likely to be the first mover for reactive statements, but this effect is statistically weak for proactive statements. Many CEOs can speak on an issue when an ongoing social debate captures stakeholders' attention. In these circumstances, being a first mover is likely more strategically attractive than making statements after CEOs of competing firms have already done so. We show the results in Panel A of Table 10.

TABLE 10
Proactive Versus Reactive CEO Social Activism

Table 10 presents the likelihood (Panel A) and economic effects (Panel B) of proactive and reactive CEO activism events. The dependent variables in columns 1 and 2 of Panel A are indicators for CEOs speaking on social issues following a sociopolitical event or without such a prompt. In Panel B, the dependent variables in columns 1 and 2 are the announcement returns and sales per employee, respectively. We present cross-sectional estimates, including the full set of control variables and industry dummies. Robust standard errors clustered at the firm level are in brackets. ***, **, and * represent statistical significance at 1%, 5%, and 10% levels, respectively.

Panel A. Likelihood of CEO Activism

	REACTIVE_ACTIVISM	PROACTIVE_ACTIVISM
	1	2
Polarized environment	3.522*** (0.803)	3.501*** (0.815)
Republican-leaning CEO	0.882*** (0.250)	0.878*** (0.258)
First-mover	0.096** (0.033)	0.072** (0.030)
Shareholder proposal-SRI	0.066 (0.054)	0.088 (0.062)
Democrat-leaning employees	0.054** (0.027)	0.046* (0.025)
Industry dummies	Yes	Yes
Year dummies	Yes	Yes
No. of obs.	2,445	2,445
Adj. R^2	0.428	0.439

Panel B. Economic Effects

	CAR [-1, +1]	SALES_PER_EMPLOYEE
	1	2
Reactive activism	0.017** (0.006)	0.125*** (0.029)
Control variables	Yes	Yes
Industry dummies	Yes	Yes
Year dummies	Yes	Yes
No. of obs.	1,188	2,445
Adj. R^2	0.199	0.268

TABLE 11
Changes in Store Visits for Different Types of CEO Activism

Table 11 shows cross-sectional differences in the log of monthly store visits between firms whose CEOs made a social activism statement in the previous month and those that did not. The sample consists of 190,944 stores of 208 firms. In columns 1 and 2, we show results for proactive and reactive statements; in columns 3 and 4, we show results for CEOs' first-time and subsequent social statements. Standard errors, clustered at the county-month level, are in the brackets. ***, ** and * represent statistical significance at 1%, 5%, and 10% levels, respectively.

	ln(STORE_VISITS)			
	Proactive	Reactive	First-Time	Subsequent
	1	2	3	4
CEO activism	0.019*** (0.005)	0.035*** (0.004)	0.039*** (0.004)	0.024*** (0.006)
Control variables	Yes	Yes	Yes	Yes
Store fixed effects	Yes	Yes	Yes	Yes
Industry-county-month fixed effects	Yes	Yes	Yes	Yes
No. of obs.	9,165,312	9,165,312	9,165,312	9,165,312
Adj. R ²	0.811	0.827	0.825	0.819

The economic effect of proactive and reactive CEO social activism is an empirical question. We estimate the baseline event-study and cross-sectional sales regressions with an indicator for REACTIVE_ACTIVISM. The 3-day cumulative average abnormal returns and sales turnover are higher following reactive social statements. These results, presented in Panel B of Table 10, imply that strategic gains from social activism are more pronounced when CEOs make a statement on a social issue related to a widely followed concurrent debate.

Finally, we examine if consumer engagement in terms of store visits varies for the different types of CEO activism events. Table 11 shows cross-sectional differences in variation in store visits for the proactive, reactive, first time and subsequent CEO activism statements with industry-county-month fixed effects. We find that monthly consumer visits to stores increase following all types of CEO activism events. However, the gain in consumer footfall is higher for first-time CEO activism events and reactive events. The difference in the coefficients is statistically significant (p -value = 0.009). Product market gains are higher in the first instance when a CEO's social statement dissociates from the stereotype, and consumers are already sensitized to an ongoing social debate. The dissipating economic effects for subsequent events indicate that consumers update their priors about the firm from CEOs' social statements. These results further underscore the strategic nature of CEO social activism.

2. Other Robustness Tests

We report a range of extensions and robustness tests for our main results. First, CEOs are highly visible individuals, and any communication with the stakeholders can be value-relevant, irrespective of the message's content. An empirical exercise to decouple the speaker from the content of their communication is not straightforward. We approach this issue by implementing a placebo test with events where the CEO speaks on issues unrelated to *both* business and social issues. The sample comprises events where CEOs talk about their families, people who inspire them, life experiences, personal preferences, hobbies, pets, books, movies, and so forth. The selection criteria for these statements and the associated empirical results are presented in the Supplementary Material. If the firms' returns were to the CEO's visibility and not their

message, any message from the CEOs should have similar economic effects. There are 103 such events of “Other CEO Communications” in the sample period. We find no statistically significant effect of these statements on firm value or sales turnover.

Second, specific topics of CEO activism can be more value-relevant than others. We examine the possibility of heterogeneous value effects by estimating the event-study models separately for the three most common topics of CEO activism: gender, LGBT, and discrimination. The Supplementary Material shows that CEOs’ statements related to each topic are associated with higher returns in 3-day and 7-day event windows, although of varying economic magnitudes. Therefore, our baseline results do not seem to be driven by CEOs’ speaking on a specific topic.

Additionally, a growing body of research shows that the tone of corporate announcements matters in how investors react to them (Loughran and McDonald (2011)). Therefore, we examine whether CEO activism statements’ positive or negative tone differentially affects the announcement returns. We estimate the fraction of words in the CEO activism statements classified as “Negative” in the Loughran-McDonald dictionary. We also include cases where a negation (no, not, never, etc.) is present within three words of a positive word.³⁰ For example, the first example in Appendix C is a negative statement, whereas the third is a positive one. If the fraction of negative words in the statement is higher than 10%, we classify the statement as a *Negative Statement*. Using this criterion, 63% of the CEO activism statements show a negative sentiment. In the cross-sectional regressions, *Negative Statement* has a positive and statistically significant association with CAR (−1, +1). Therefore, CEO activism statements that use negative tones seem to have higher returns than statements with a positive or ambiguous tone.

Next, we explore the possibility that CEOs’ decision to engage in strategic social activism can be endogenously determined by the tone of media coverage (Baloria and Hesse (2018), An, Chen, Naiker, and Wang (2020)). For example, CEOs will be discouraged from making Republican-leaning statements if Democrat-leaning media covers issues inconsistent with their views with an overtly negative tone. If so, it would provide a reinforcing explanation of how information intermediaries shape the asymmetric customer reaction we noted earlier in the article. It is an intriguing possibility that requires systematically examining media coverage of social debates using new data and methods. In the Supplementary Material, we provide suggestive evidence on this issue. We focus on three recent controversial issues: George Floyd’s death while detained by Minneapolis police (2020), the Supreme Court ruling on the nationwide right of same-sex marriages (2015) and the California judicial decisions that board gender quotas are unconstitutional (2022). For these issues, we examine the tone of coverage in the REPUBLICAN_LEANING *Wall Street Journal* (WSJ) and the DEMOCRAT_LEANING *New York Times* (NYT) (Gentzkow and Shapiro (2011)). We zoom in on the differences in the tone of coverage of these issues by these two major newspapers. Following Goldman et al. (2024), we define $\text{Tone} = \frac{\text{Positive Words} - \text{Negative Words}}{\text{Positive Words} + \text{Negative Words}}$, using the Loughran-McDonald dictionary to classify positive and negative words. From our anecdotal analysis, Democrat-leaning NYT seems to have a more negative tone

³⁰Stock words such as “a,” “an,” “the,” “of,” “at,” “in,” “for,” and so on, are excluded from the calculation of the fraction.

of coverage of issues inconsistent with their views than the WSJ. If these patterns hold in a larger sample of events, it could reinforce our results that asymmetric stakeholder reaction can explain the predominantly liberal-leaning of CEOs' social statements.

A further consideration when examining the strategic choice of firms to engage in CEO activism is ensuring that firms are identical. CEOs may not be randomly assigned to firms, and isolating CEO characteristics from firm characteristics is difficult in cross-sectional studies. Therefore, we estimate the models discussed in Sections IV.A and IV.C using a propensity-score weighted sample. We use a nearest-neighbor matching estimator to match firms on size, profitability, leverage, CEO tenure, and CEO power. The bias percentage of the matched sample is less than 3% for all the variables. We estimate the likelihood of CEO activism and the cross-section CAR regressions using the matched sample of 176 firms. The results remain qualitatively similar to the baseline.

Next, we estimate the baseline specifications of economic effects with the POLARIZED_HEADQUARTER instead of the POLARIZED_ENVIRONMENT dummy. In our baseline specification, we used polarization at the states of operation of firms. We examine if the state where the firm is headquartered matters for a CEO's selection into activism. The effect of polarization at the headquarters on the likelihood of CEO activism and CEO activism's economic effect is qualitatively similar to the baseline results but less pronounced. We also show that our results do not vary when we include 41 events of CEOs speaking specifically about a politician or a political party.

Finally, firms may operate in polarized states without generating sales revenue. When calculating the polarized environment, including such states will likely introduce attenuating bias. It would mean that our results are likely stronger if we focus only on the states that generate sales revenue for the firms. We recalculate the measure of the polarized operating environment by excluding citations in the 10-K relating to production facilities and only retaining citations related to the demand for a firm's goods and services. We include citations related to keywords like sale(s), shop(s), retail, wholesale, consumer(s), and demand and omit citations related to the following keywords: plant(s), factory(ies), wage(s), production(s), construction(s), manufacture(-ing), produce(-ing), and construct(-ing). When we use this measure of firms' exposure to political polarization, the linear probability models remain qualitatively similar, and the effect size is higher than the baseline estimates.

V. Conclusion

Large corporations' social and political impacts have come sharply into focus recently. While CEOs' sociopolitical statements in the United States have been studied theoretically and in experimental settings, large sample analyses of this emergent phenomenon are scant (Chatterji and Toffel (2019), Hambrick and Wowak (2021), Melloni et al. (2023), and Mkrtchyan et al. (2024)). This article uses a comprehensive sample of U.S. CEOs' social activism statements to examine the motives behind CEO activism. We document that growing political polarization and identity-based consumption strongly predict CEOs' social statements. The political party the CEOs predominantly donate to is not positively associated with

the partisan slant of their social statements. Republican-donor CEOs are more likely to make social statements with a Democrat slant. Consumer visits to stores following CEO activism increased in Democrat counties without significantly falling in Republican counties. Share prices also reflect the gains in the product market. Therefore, CEO activism appears to be motivated by strategic gains in a polarized marketplace.

Our results have implications for several contemporary debates, both conceptual and practical. There is increasing concern that political comments by influential and unelected CEOs can shape public opinion and subvert the democratic process (Zingales (2017), Chatterji and Toffel (2019)). Our results shed light on this debate by showing that mostly Republican-donor CEOs do not espouse conservative social values in their sociopolitical statements, which implies that these statements are likely not their ideological views. CEOs make liberal statements in a polarized marketplace for their social stance to be taken credibly by the Democrat-leaning consumers, leading to gains in the product market.

We also provide insights into the discussion on corporate purpose. CEOs engage in strategic virtue-signaling on social issues that do not necessarily reflect their political views; instead, the corporate sociopolitical voice seems driven by stakeholders' preferences and is consistent with the firms' economic objectives. Since stakeholder preferences in urban areas with higher consumer density and media coverage are increasingly Democrat-leaning, CEOs' social statements have so far catered to that side of the sociopolitical spectrum. However, conservative politicians are increasingly vocal about corporate liberalism, and a rudimentary parallel economy of conservative service providers is developing (*The Economist* (2023)). Therefore, the extent to which corporate social voice persists in the absence of economic incentives or if conservative customers' reaction to social statements becomes more negative remains an open question.

Appendix A. Variable Descriptions

CEO_ACTIVISM: Dummy = 1 if a CEO engages in social activism.

REPUBLICAN_LEANING_CEO: Dummy = 1 if the CEO's political contribution to Republicans is at least 25 percent more than to other political parties.

POLARIZED_ENVIRONMENT: Dummy = 1 if at least 25% of the states in which a firm operates are in the 10 most polarized states in the Kaplan et al. (2022) measure.

DEMOCRAT_LEANING_EMPLOYEES: Dummy = 1 if the political contribution of all non-CEO employees of a company to the Democrats is at least 25% more than to the other political parties.

DEMOCRAT_SLANT_ACTIVISM: Dummy = 1 if the bent of the activism statement is aligned with the Democrat ideology.

SHAREHOLDER_PROPOSALS_SRI: Dummy = 1 if a firm has received at least one shareholder proposal on socially responsible issues in the previous 2 years.

ROA: Net profits/total assets.

MTB: Market capitalization/book value of total assets.

SIZE: Natural log of total assets of the firm.

LEVERAGE: Debt-to-equity ratio.

SALES_REVENUES: Natural log of quarterly sales revenues (price \times quantity).

SALES_PER_EMPLOYEE: Ratio of sales revenues to the number of employees.

ln(EMPLOYEES): Natural log of the number of employees of a firm.

POLARIZED_HEADQUARTERS: Dummy = 1 if the firm is headquartered in any of the 10 states with the highest geographic polarization in the Kaplan et al. (2022) measure.

DEMOCRAT_HEADQUARTERS: Dummy = 1 if the firm is headquartered in a state where the Democrats had a winning margin of over 3% of votes cast in the 2008, 2012, and 2016 Presidential Elections.

REPUBLICAN_HEADQUARTERS: Dummy = 1 if the firm is headquartered in a state where the Republican had a winning margin of over 3% votes cast in the 2008, 2012, and 2016 Presidential Elections.

POLARIZATION_ALTERNATE_MEASURE: Dummy = 1 if at least 25% of the states where a firm operates (excluding states where they only have production facilities) are in the 10 most polarized states in the Kaplan et al. (2022) measure.

ln(STORE_VISITS): Natural log of the number of unique consumers visiting the firms' stores weekly.

HIGH_DEMOCRAT_COUNTIES: Dummy = 1 if the Republican vote share at the county $< 20\%$ in the 2016 Presidential Election.

LOW_DEMOCRAT_COUNTIES: Dummy = 1 if the Republican vote share at the county is between 20 and 40% in the 2016 Presidential Election.

LOW_REPUBLICAN_COUNTIES: Dummy = 1 if the Republican vote share at the county is between 40 and 60% in the 2016 Presidential Election.

HIGH_REPUBLICAN_COUNTIES: Dummy = 1 if the Republican vote share at the county $> 60\%$ in the 2016 Presidential Election.

HIGH_COMPETITIVE: Dummy = 1 if the firm is in the bottom quartile of the HHI distribution.

CONSUMER_FACING: Dummy = 1 if the firm sells goods/services to retail consumers.

FEMALE_CEO: Dummy = 1 if the CEO is female.

CEO_TENURE: Number of years the CEO is in the current role at the firm.

CEO_AGE: Age of the CEOs (in years).

BOARD_SIZE: Number of directors on the board.

BOARD_INDEPENDENCE: The fraction of nonexecutive independent directors on the Board.

INSTITUTIONAL_OWNERSHIP: The fraction of shares outstanding held by institutional investors.

FIRST_TIME_ACTIVISM: Dummy = 1 for the first instance of CEOs engaging in social activism.

GENDER_ACTIVISM: Dummy = 1 if a CEO speaks on gender equality.

LGBT_ACTIVISM: Dummy = 1 if a CEO speaks on LGBT issues.

- ANTI_DISCRIMINATION_ACTIVISM:** Dummy = 1 if a CEO speaks on racial and religious equality.
- CEO_ACTIVISM_VIA_PRESS_CONFERENCE:** Dummy = 1 if a CEO engages in activism via a press conference.
- CEO_ACTIVISM_VIA_SOCIAL_MEDIA:** Dummy = 1 if the activism is communicated through Facebook, Twitter, LinkedIn.
- CEO_ACTIVISM_VIA_OTHER_MEDIUM:** Dummy = 1 if the activism is communicated through Facebook, Twitter, LinkedIn.
- REACTIVE_ACTIVISM:** Dummy = 1 if the activism is within 30 days of negative news about the firm.
- CEO_PAY:** Natural log of total annual CEO compensation.
- FRACTION_EQUITY_PAY:** The fraction of Equity-based pay in annual CEO compensation.
- NEGATIVE_STATEMENT:** Dummy = 1 if the fraction of negative words in the CEO activism statement is higher than 10%.
- MEDIA_COVERAGE:** Natural log of one plus the number of unique media sources that publish at least one article mentioning a firm in a year.
- INTENSITY_OF_MEDIA_COVERAGE:** Natural log of one plus the total number of media reports mentioning a firm in a year.
- OTHER_CEO_COMMUNICATIONS:** Dummy = 1 if a CEO speaks on family, hobbies, and inspiration.
- ACTIVISM_FOR_COMPANY:** Dummy = 1 if a CEO speaks on social stances of the company or of the industry.

Appendix B. CEO Social Activism Criteria

Main keywords in Appendix B are italicized.

B.1. Environment

- Includes CEOs speaking on *Climate Change* as a global threat and CEOs who talk about *clean water, air, global warming, pollution, deforestation, marine life preservation, ecology, environment, recycling, and sustainability*.
- Includes CEOs who speak on the necessity of their company or other companies reducing their environmental impact or improving their operations or *supply chain's* sustainability.
- Includes CEOs who speak on corporate or government responsibilities to mitigate climate change effects, including topics such as renewable *energy, carbon tax, cap-and-trade legislation, or the Paris Climate Accord*.
- Does not include CEOs whose companies sell products or services to improve sustainability or efficiency, or CEOs who tout awards their company has received for meeting environmental goals or their score on indices that measure environmental sustainability (Included in **ACTIVISM_FOR_COMPANY** Variable).

B.2. Diversity and Inclusion

- Includes CEOs who speak on the increase in *diversity* or *inclusion* in their workplace regarding *gender, ethnicity, sexual orientation, lesbian, gay, transgender, LGBT, LGBTQ+, pride, religion, race, African American, Black, BLM, Black Lives Matter, #BLM, Muslim, Hindu, and Sikh.*
- Includes CEOs who speak on *gender equality* or advancement, denounce *racism* or racist behavior, *discrimination* or discriminatory behavior, express support on behalf of *same-sex marriage, LGBTQ+ rights, gender pay gap,* or defend religious freedom and laws that are perceived to restrict LGBTQ+ rights.
- Includes CEOs who speak on the use of *gender pronouns.*
- Does not include CEOs who tout awards their company has received for diversity or inclusion (included in ACTIVISM_FOR_COMPANY Variable).

B.3. Immigration and Human Rights

- Includes CEOs who speak about U.S. *immigration laws,* possibly for humanitarian purposes and not explicitly to improve the supply of high- or low-skilled workers that benefit their business.
- Includes CEOs who speak about U.S. or international *policy* about *migrants, migrant workers, refugees, indigenous people,* or the *working conditions* for workers in underdeveloped nations.
- Includes CEOs who speak about *universal healthcare, healthcare reform, food health and safety, the treatment of animals, education reform, worker retraining, income inequality,* or changes to *individual tax rates.*
- Does not include CEOs whose businesses would directly benefit or be harmed by changes to policies or regulations that impact these issues (included in the ACTIVISM_FOR_COMPANY Variable).

B.4. Political Statements

- Includes CEOs who speak about *Gun control, gun violence, and school shootings.*
- Does not include CEOs who advocate for the election of specific individuals to political office, or CEOs' positive or negative comments about specific political parties, members of Congress, the President, or comments about legislative issues with significant economic implications, such as the fiscal cliff, the debt ceiling, budget sequestration, NAFTA, Brexit, NATO funding, or tariffs (included in ACTIVISM_FOR_COMPANY Variable).

Appendix C. Prominent Examples of CEO Social Activism

June 1, 2020. Arvind Krishna, CEO of IBM, wrote on LinkedIn regarding racial tensions in Minneapolis: “We cannot lose sight of the fact that racism is tearing our communities apart. One lesson we should all learn is that silent carriers help spread racism.”

Sept. 4, 2018. Chip Bergh, CEO of Levis-Strauss, in a Fortune blog in favor of gun control: “Americans should not have to live in fear of gun violence. It’s an issue that affects all of us—all generations and all walks of life.”

July 6, 2018. Kenneth Frazier, CEO of Merck, spoke on Board Diversity at a University lecture: “At the end of the day, you want people who come into the boardroom with

very different experiences and perspectives. That's how you get the best deliberations."

June 18, 2018. Sundar Pichai, CEO of Google, tweeted: "The stories and images of families being separated at the border are gut-wrenching. [We must] urge our government to work together to find a better, more humane way that reflects our value as a nation. #keepfamilestogether."

Oct. 27, 2017. Safra Catz, CEO of Oracle, spoke on gender equality at an event: "You don't want to exclude half your group. You want the best people looking at things from different angles."

Aug. 14, 2017. Tim Cook, CEO of Apple, tweeted about violence in Charlottesville, Virginia: We've seen the terror of white supremacy and racist violence before. It's a moral issue—an affront to America. We must all stand against it."

Feb. 24, 2014. Doug Parker, CEO of American Airlines, commented on a proposed Arizona religious freedom law: "There is genuine concern throughout the business community that this bill if signed into law, would jeopardize all that has been accomplished so far."

Appendix D. Prominent Examples of Proactive Versus Reactive Activism Statements of CEOs

June 1, 2020. Arvind Krishna, CEO of IBM, about racial tensions in Minneapolis: "We cannot lose sight of the fact that racism is tearing our communities apart. One lesson we should all learn is that silent carriers help spread racism."

[*Reactive Statement* because of the killing of George Floyd 25th May 2020. The gap between the event and speaking is less than 10 days.]

Oct. 27, 2017. Safra Catz, CEO of Oracle, spoke on gender equality at an event: "You don't want to exclude half your group. You want the best people looking at things from different angles."

[*Proactive Statement* because there were no laws passed/statements made by politicians or government agencies on gender equality in the preceding 10 days].

Mar. 26, 2017. Marc Benioff, CEO of Salesforce, tweeted regarding the Religious Freedom Restoration Act: "Today we are cancelling all programs that require our consumers/employees to travel to Indiana to face discrimination."

[*Reactive Statement* because Mike Pence, Governor of Indiana, signed the bill on that day. The gap between the event and speaking is less than 10 days.]

July 6, 2018. Kenneth Frazier, CEO of Merck, spoke on board diversity at a University lecture: "At the end of the day, you want people who come into the boardroom with very different experiences and perspectives. That's how you get the best deliberations."

[*Proactive Statement* because there were no laws passed/statements made by politicians or government agencies on racial diversity in the preceding 10 days.]

Supplementary Material

To view supplementary material for this article, please visit <http://doi.org/10.1017/S0022109023001382>.

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