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ORIGINAL ARTICLE

Is socially responsible capitalism truly polarizing?

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Abstract

Objective: We assess the hypothesis that socially responsible capitalism (SRC) is fundamentally partisan and primarily supported by people on the left, or whether this perception is another example of "false polarization"—overestimation of disagreement between the left and right.

Methods: We conduct two studies: (1) a survey of Americans' opinions on a general definition of SRC and five examples of recent prominent firm actions corresponding to distinct areas of SRC ($n = 1000$, representative sample) and (2) an incentivized survey on second-order beliefs about results from the first survey ($n = 605$, quota-matched convenience sample). We conduct statistical tests of the accuracy of second-order beliefs about polarization between Democrats and Republicans in support for SRC and correlates of this accuracy.

Results: Large majorities of Democrats and Republicans support examples of corporate behavior from three of the five areas of SRC, but opinions are somewhat divided across the parties on support for SRC as a concept, and highly divided for the SRC examples on diversity, equity, and inclusion (DEI) and climate change. Both Democrats and Republicans generally underestimate SRC support from partisans on both sides except for DEI, which both parties overestimate support for. SRC support is especially underestimated by people opposed to SRC and people with no opinion on SRC. Democrats overestimate polarization in support for SRC. Overestimation of polarization in SRC support is correlated with affective polarization.

Conclusion: Bipartisan support for SRC is underappreciated, but some aspects of SRC are polarizing or even more polarizing than commonly perceived. Republican opposition to SRC may be partially due to underestimation of copartisan support for SRC. A focus in the news and popular discourse on the more polarizing aspects of SRC may contribute to a general perception that support for SRC is more polarized than it truly is.

Socially responsible capitalism, and closely related concepts such as stakeholder capitalism, environmental, social, and governance (ESG) investing, and corporate social responsibility, have attracted growing interest from firms, investors, and consumers over the last several decades.[1] These concepts have also increasingly attracted criticism from the political right over the last several years. Republican officials have been highly critical of ESG investing in particular—for example, Republican Congressman Bill Huizenga called ESG a "leftist power grab" (Rokita 2022)—and have taken measures to prevent public funds from being used in ESG-focused investments (Kerber 2023; Schmitt 2023).[2]

Is socially responsible capitalism (SRC) actually a fundamentally left-leaning endeavor? Or does SRC, as properly understood, receive support from people across the political spectrum, implying polarized claims on SRC are misguided? In this case, such claims could either be premised on or contribute to, "false polarization"—overestimation of polarization of opinions on an issue.[3] A May 2023 Gallup poll found that while 45 percent of Democrats had a positive overall view of ESG, and only 2 percent had a negative view (53 percent were "unsure"), 32 percent of Republicans had a negative view of ESG with only 5 percent having a positive view (63 percent were unsure) (Saad 2023). These results suggest that views on ESG are indeed polarized to an extent—but overall polarization is unclear since the majority of respondents from both parties were unsure about the topic. It is also possible that those who expressed opinions do not have a clear understanding of what firm behaviors are entailed by ESG and, more broadly, SRC, and so even these respondents are perhaps not as polarized as they appear.

SRC would seem to have the potential to draw support from across the aisle, combining values and beliefs of the left (the prevalence of market failures resulting from short-run profit maximization) and the right (the power of the private sector and limits of the public sector in addressing market failures). Perhaps only some aspects of SRC have bipartisan backing; if so, which are these, and which aspects are indeed more partisan? Do people in either party have an accurate understanding of the extent to which SRC support is bipartisan?

Mizell and Fenelon (2002) report on a large sample survey showing that a large majority of Americans on the left and right do claim to support one aspect of SRC: relatively generous labor practices. In the survey, over 75 percent of both Democrats and Republicans agreed that companies "have a responsibility" to provide quality, affordable health insurance for all adult workers (including part-time workers), to regularly increase pay to keep up with inflation, and to pay full-time workers "enough to make ends meet." However, labor practices are just one component of SRC, and the survey only asked about these in the abstract, and not specific labor policies actually used, or not used, by firms. Furthermore, this survey does not at all address the accuracy of beliefs about other people's support for SRC, that is, the accuracy of *second-order beliefs* about SRC. Perhaps bipartisan support for generous labor practices was already intuitively understood.

To further analyze if and how support for SRC varies across party lines, and whether people accurately understand partisan differences in SRC support, we present results from two samples testing preregistered hypotheses. The first sample is a nationally representative sample of Americans' opinions on a general definition of SRC and examples of real SRC actions by major corporations representing five distinct areas of SRC ($n = 1000$), and the second is a quota-matched representative sample ($n = 605$) asked about their beliefs about other people's opinions on the SRC actions, with these second-order beliefs incentivized for accuracy. These data allow us to assess whether the difference in support for SRC between Democrats and Republicans is indeed overestimated, making it another example of the phenomenon of false polarization.

[1] See, e.g., Cochran (2007), Townsend (2020), and Roller (2022). See Child and Witesman (2019) for evidence that support for these initiatives is influenced by an optimism bias.

[2] In addition to the disputes over ESG investing, it is also worth noting that Vivek Ramaswamy, a leading candidate for the Republican presidential nomination in 2024, became a public figure after publication of his book criticizing various aspects of socially responsible capitalism, *Woke Inc: Inside Corporate America's Social Justice Scam* (Ramaswamy 2021). See, for example, Warren (2022) and St Clare (2023) for related literature on critiques of SRC from the right.

[3] False polarization has now been established across numerous studies to be a common phenomenon; see Fernbach and Van Boven (2022) for a review of this literature.

Second-order beliefs may also help us to understand causes of first-order opinions. Causality in the relationship between personal opinions and second-order belief errors could go in different directions: one's own opinions could influence one's second-order beliefs—in particular, the false consensus effect could make us overestimate the similarity of others' opinions with our own (see, e.g., Marks and Miller 1987; Vandeweerdt 2022)—and second-order beliefs could influence our first-order opinions due to social learning and influence (see, e.g., Cai, Chen, and Fang 2009; Mernyk et al. 2022). To partially distinguish between these explanations, we compare the second-order beliefs of participants who express "no opinion" on a topic to second-order beliefs of participants with opinions on the topic. Since participants with no opinion would not overestimate support or opposition due to false consensus, this comparison allows us to approximate the degree to which errors in second-order beliefs may have contributed to expressed first-order opinions.

We also analyze the relationship between errors in beliefs about polarization in SRC support and polarization of feelings between the parties (affective polarization). Again, the causal relationships between these variables are likely bidirectional and influenced by other factors. However, we argue the most plausible interpretation of any positive correlation between overestimation of out-party disagreement with the participant's own opinions on SRC and affective polarization is that underlying false beliefs about out-partisan character traits contribute to both participants' misperceptions of out-partisans' SRC opinions and hostility those participants feel toward the out-party.

The remainder of the paper is organized as follows. We describe our data and present the distribution of first-order opinions from both samples for the various SRC behaviors in the second section . In the third section, we explain our main hypotheses on misperceptions in second-order beliefs about SRC support. In the fourth section , we present our analysis. The last section summarizes the results and provides additional discussion.

SURVEY DESIGN

Our first study uses data collected by the Polarization Research Lab (PRL). The PRL has conducted weekly YouGov surveys of 1000 Americans with questions focusing on affective polarization, support for undemocratic practices, and political violence since 2022 (Iyengar, Lelkes, and Westwood 2023). The PRL periodically offers the opportunity for other researchers to apply for up to six questions to be added to one of their surveys. We successfully applied in April of 2023, and our questions were added to a survey conducted from May 26 through June 2, 2023.

The questions we used were on prominent examples of recent corporate actions representing five distinct types of SRC unrelated to worker compensation, which as noted above has already been shown to receive bipartisan support, and one question about a general definition of SRC. The six questions are presented in Table 1.

The five types of SRC corresponding to the specific examples of SRC that we asked about are philanthropy, worker health and safety, consumer health and safety, DEI, and environmental sustainability and climate change (corresponding, respectively, to questions 2–6 in the table). To choose the specific examples in a standardized way that also privileged clarity to participants, the examples were all taken from Serafeim (2022). This is a book written for a general audience by George Serafeim, a leading ESG scholar. These examples are significant simply by virtue of their inclusion in Serafeim's book and are accessible examples of their categories, but they are also of course not perfectly representative of all SRC behaviors across time and domains. We discuss how results may be influenced by aspects of these particular examples in the Discussion section.[4]

For each example of SRC behavior, participants were asked if they thought it was "the right thing to do." We used this phrasing so that participants could evaluate the action according to their own potentially subjective criteria. For example, some participants may have thought the action was "the right thing" despite

[4] The examples are referred to on pp. 70, 94, 23, 92, and 31 of Serafeim (2022) corresponding to questions 2, 3, 4, 5, and 6, respectively.

TABLE 1 SRC questions added to the PRL's June 2023 survey.

Q1 (SRC definition)	"Socially responsible capitalism" has been defined as the principle that businesses should operate in a manner that meets or exceeds the ethical, legal, commercial, and public expectations that society has of them. Do you support this general principle?
Q2 (Philanthropy)	During the Covid-19 pandemic Zoom offered its videoconferencing products free to K-12 schools to help with virtual learning efforts. Since Zoom could have charged for these products the immediate effect of this move was to reduce Zoom's revenue. Do you think Zoom making its products free for schools then was the right thing to do?
Q3 (Worker Health/ Safety)	In the 1990s the Dow Chemical company committed to a goal of eliminating accidents in manufacturing plants. Their subsequent investments have been credited with preventing 13,000 workplace injuries over the course of a decade. Do you think Dow's investments in improving workplace safety were the right thing to do?
Q4 (Consumer Health/Safety)	In the 2010s, PepsiCo, which includes brands like Mountain Dew and Doritos, intentionally shifted its product offerings to include healthier options like baked fruit and vegetable chips and sparkling water. Do you think that PepsiCo making the change to also offer healthier products was the right thing to do?
Q5 (DEI)	In 2016, Microsoft tied executive bonuses to diversity in the company's hiring practices so that there would be higher bonuses for executives if there was more gender and racial diversity in hiring throughout the company. Do you think this was the right thing to do?
Q6 (Climate/ Environment)	In 2019, Amazon pledged to be "net carbon neutral" by 2040 meaning that the company's carbon emissions minus carbon offsets purchased would be zero. Do you think this was the right thing to do?

Note: Response options for each question were "Yes," "No," and "No opinion."

reducing the firm's profits because of the action's benefits to society, while others may have thought it was the right thing because firms should maximize profits, but the action would increase long-run profits due to reputational benefits for the firm. These are both standard justifications used for firms to take ostensibly socially responsible actions (Bénabou and Tirole 2010), and our generic phrasing allows participants to use either of these (or another). We restricted response options for each question to just three choices: "Yes," "No," and "No Opinion" for simplicity.

Question 1 asks about support for a general definition of SRC. We asked about SRC and not other terms such as ESG and stakeholder capitalism, because SRC has been less politicized and because SRC also is a more general term than corporate social responsibility (CSR) since the latter refers to corporations in particular, rather than all businesses. We note that referring to "capitalism" was relatively likely to engender support from the right. We chose this particular definition because it was first proposed by a significant organization, Business for Social Responsibility (Latif and Sajjad 2018), and is a relatively general definition while still being concise and avoids referring to specific and potentially polarizing terms, like sustainability. There is no single definition of SRC that is widely understood to be objectively correct, so any definition we used would be somewhat arbitrary, and our results accordingly should be interpreted as corresponding to the particular definition we use.[5] We randomized asking this question first or last and uniformly randomized the order of the other questions.[6]

To obtain second-order beliefs about SRC opinions, we ran a second survey on a representative sample of Americans age 18 and over from August 4–8, 2023, using the Forthright platform. Participants were

[5] Latif and Sajjad (2018) refer to CSR and not SRC; definitions of CSR are much more common so we were essentially forced to use one of these (and not one explicitly referring to SRC) given that we did not want to formulate an original definition.

[6] We randomized the order this way, rather than uniform randomization for all questions because we hypothesized that exposure to the SRC definition might reduce support for specific examples of SRC, and this randomization maximized variation for testing this hypothesis. Analysis of question order effects is not the focus of this paper and is presented in the online Appendix.

first asked their own opinion for each question and then asked to guess the distribution of responses (i.e., to estimate the percentage answering Yes, No, and No opinion, summing to 100 percent) from Democrats, Republicans, and Independents/Others who were asked the same question in a June survey, for each of the six SRC questions from the PRL survey. The order of these six questions was uniformly randomized in the Forthright survey. To provide a strong incentive to make accurate guesses, participants were told that their cash payment would be doubled if the average accuracy of their guesses was in the top third for the study.[7] The sample was matched to demographic quotas, and political quotas based on the distribution of Republicans and Democrats, including "leaners," according to the most recent Gallup poll prior to the distribution of our survey (July 3–27).[8] In total 605 participants completed the survey and correctly answered the reasonably challenging attention check question. We included one question on thermometer scores for the parties to assess the relationship between affective polarization and misperceptions of SRC support. The full survey is included in the Supporting Information.

Forthright participants were not forced to answer any question but were requested to respond when any responses were incomplete, for all questions except the attention check, and participants were forced to make their distributional responses (beliefs about percentages of each party choosing each response to the SRC question in the PRL survey) sum to 100 percent. The easiest way for participants to do this may have been to guess that, for each partisan group, 100 percent chose one response, and 0 percent chose the other two responses. To account for this possibility, in robustness checks reported in the online Appendix, we examine how results change when we drop participants who guessed 100 percent most frequently.

Figure 1 presents the distribution of responses to the SRC opinion questions for participants in the PRL sample, split by Democrats (including leaners), Republicans (including leaners), and true Independents/Others. Opinion distributions for each party are similar across the two samples, with Yes percentages generally being 5–10 percentage points higher in the Forthright sample. Large majorities of both parties answered Yes to questions 2–4. Partisans were highly polarized for questions 5 and 6 (DEI and climate change). Democrats were around 40 percentage points more likely to answer Yes than Republicans for both questions. However, responses were quite different for the two questions as, for members of both parties and in both samples, support for Q6 was substantially higher than for Q5.

The online Appendix presents these distributions for the Forthright sample. The most notable difference between PRL and Forthright responses is that No Opinion percentages are consistently lower in the Forthright sample, especially for Independents. PRL participants may have been more likely to choose No Opinion because the Forthright sample undersamples participants with less education or because the SRC questions were asked after the core module in the PRL survey, so participants in that survey may have been relatively fatigued, while the SRC questions were essentially asked right away in the Forthright survey.[9] We still use the PRL data as the primary measure of first-order SRC opinions for most of our analysis for several reasons: (1) this is a fully representative sample, (2) the questions on second-order beliefs were worded to refer to the prior PRL survey, and (3) we preregistered our analysis accordingly. However, we also conduct robustness checks using Forthright data as "true" SRC opinions.

Figure 2 presents average second-order beliefs about Democratic responses to Q1 through Q6, and Figure 3 presents the analogous second-order beliefs for Republican responses. We omit analysis of independents for the remainder of the paper due to our focus on polarization between Democrats and Republicans, and because of the small sample size of Forthright independents. These figures show that there is a general tendency to underestimate support for the items, and overestimate opposition, except for Q5, which people from both parties tend to overestimate support for (from both parties). Moreover, support is particularly underestimated by Democrats for Republicans for items Q2–Q4. These figures provide a preview of the hypothesis testing and statistical analysis presented in the next two sections.

[7] Participants were paid $1.50 in cash and a $0.67 "loyalty credit," essentially equivalent to additional monetary payment, however, only the $1.50 was doubled for those in the top third of the accuracy distribution. The median completion time was 9 minutes and 40 seconds, so the median base payment rate (including the loyalty credit but excluding the bonus) was $13.47 per hour.

[8] See https://news.gallup.com/poll/15370/party-affiliation.aspx.

[9] In the Forthright sample, 47.8 percent of participants had at least a college degree (2-year or 4-year) while in the PRL sample only 41.4 percent did.

FIGURE 1 Distributions of responses to SRC questions (Q1–Q6) in PRL survey (white bar (lower bar), Yes; light red (middle) bar, No Opinion; dark green (top) bar, No). D, Democrats; I, Independents/others; R, Republicans; $n = 1000$ in total with distributions by party calculated with survey weights. Q1, SRC definition; Q2, philanthropy; Q3, worker health; Q4, consumer health; Q5, DEI; Q6, climate change. (See Table 1 for full SRC questions.).

HYPOTHESES

We have three preregistered hypotheses that we present analysis of in this paper.[10] The first is about the correlation between the opinions individuals hold on SRC (first-order beliefs) and their beliefs about others' opinions on SRC (second-order beliefs). For this hypothesis and others, it is convenient to define *net support* for an SRC item (an example of SRC behavior or the definition of SRC provided) as the percentage of people answering Yes minus the percentage answering No for that survey item. To simplify our analysis, we focus on net support for each item rather than analyzing Yes and No distributions separately (doing this would provide little additional insight but would double the number of results we have to report).

Hypothesis 1. People who personally support (oppose) an SRC item overestimate (underestimate) net support for that item. (H1)

This hypothesis is motivated by two potential mechanisms. The first is false consensus bias—the well-documented phenomenon in which people overestimate the extent to which others share their own beliefs and preferences. The second is a more subtle, social learning mechanism. It is possible that we support an aspect of SRC *because* we think that most other people support it—or oppose it because we think that most others oppose it. Participants' stated opinions for SRC items could even be driven by misperceptions of other people's support or opposition to those items. For example, a participant who thinks that a majority

[10] The SRC questions we added to the PRL survey are preregistered here: https://osf.io/z6b2e?view_only=8c8b84d841c24aa39f84ee30341a01a9 , and the preregistration of hypotheses presented in this section is here: https://osf.io/m3js5?view_only=8c8b84d841c24aa39f84ee30341a01a9. Both preregistrations also refer to additional closely related hypotheses, which we omit in the interest of brevity, and refer to hypotheses related to the order of questions, which we report in the online Appendix.

FIGURE 2 Average beliefs about distributions of Democrat responses to SRC questions, Q1–Q6 (white bar (lower bar), Yes; light red (middle) bar, No Opinion; dark green (top) bar, No). D, Forthright Democrats' average beliefs; R, Forthright Republicans' average beliefs; True, average Democrat responses in PRL survey; $n = 266, 262$ for Forthright Republicans, Democrats, respectively; Q1, SRC definition; Q2, philanthropy; Q3, worker health; Q4, consumer health; Q5, DEI; Q6, climate change. (See Table 1 for full SRC questions.).

of copartisans are opposed to an SRC item might second-guess their own intuition to support the item. As a result, they might say they have no opinion on the item or that they do not support the item, but would have supported the item if their beliefs about copartisan opinions were more accurate. We refer to this potential mechanism below as "false social influence" and discuss how our data can be used to partially identify it.

The second hypothesis is our false polarization hypothesis. Here it is useful to first define "polarization in net support" for a given SRC item as Democratic net support for the item minus Republican net support for the item.

Hypothesis 2. Both Democrats and Republicans overestimate polarization in net support for each SRC item. (H2)

Democrats do have greater net support for each SRC item than Republicans, consistent with SRC's reputation for being favorable to left-leaning causes. Thus, the expectation that Democrats and Republicans are at least somewhat polarized, or not in full agreement on, SRC is certainly not necessarily incorrect. However, if people in either party overestimate Democratic support or Republican opposition, or underestimate Democratic opposition or Republican support, this would imply an overestimation of partisan polarization for that item, which would be an example of false polarization.

Our third hypothesis addresses the relationship between false polarization and affective polarization. Following the literature on this topic, we measure affective polarization with an in-party thermometer score minus an out-party thermometer score (see, e.g., Stone 2023).

FIGURE 3 Average beliefs about distributions of Republican responses to SRC questions, Q1–Q6 (white bar (lower bar), Yes; light red (middle) bar, No Opinion; dark green (top) bar, No). D, Forthright Democrats' average beliefs; R, Forthright Republicans' average beliefs; True, average Republican responses in PRL survey; $n = 266, 262$ for Forthright Republicans, Democrats, respectively; Q1, SRC definition; Q2, philanthropy; Q3, worker health; Q4, consumer health; Q5, DEI; Q6, climate change. (See Table 1 for full SRC questions.).

Hypothesis 3. Overestimation of polarization in net support for each SRC item is correlated with affective polarization. (H3)

This hypothesis, broadly supported by prior work showing a relationship between false polarization and affective polarization (Lees and Cikara 2020), could indicate that overestimated polarization in SRC support contributes to affective polarization, or perhaps more likely, overestimated polarization in SRC support is caused by other types of false polarization, which also contribute to affective polarization. Both of these cases would be examples of what Stone (2023) calls "affective polarization bias"—affective polarization driven by negatively biased beliefs about the out-party's character traits, as reflected by their opinions.

ANALYSIS

To test H1, we estimate simple regressions separately for each SRC item. Each regression uses a dependent variable of overestimation of net support for the SRC item for a given target party (estimated net support minus true net support by members of the target party, as measured by the PRL survey). This dependent variable is regressed on dummy variables for answering "Yes," "No," and "No Opinion" to the corresponding question on the participant's own opinion (first-order support) for the SRC item. These models exclude the regression constant so the dummy variables are not collinear, and their coefficients can be interpreted as average effects for each subgroup. Specifically, a positive coefficient implies overestimation of net support, and a negative coefficient implies underestimation of net support. We estimate

TABLE 2 Overestimation of net support (dependent variable = estimated net support minus true net support)..

	Q1	Q2	Q3	Q4	Q5	Q6
Democrat overestimation of Democrat net support						
Own opinion = Yes	−4.17*	−11.22***	−6.21***	−11.12***	24.22***	−4.28**
	(2.37)	(1.99)	(1.82)	(2.11)	(3.18)	(2.09)
Own opinion = No	−53.31***	−137.13***	−43.06*	−41.25***	−22.92***	−24.01*
	(12.31)	(38.32)	(24.70)	(15.42)	(6.25)	(12.28)
No opinion	−35.92***	−40.37***	−49.59***	−50.27***	0.36	−44.70***
	(7.18)	(10.25)	(11.88)	(6.37)	(4.39)	(7.54)
Republican overestimation of Democrat net support						
Own opinion = Yes	−26.41***	−29.41***	−24.91***	−20.43***	4.57	−16.82***
	(3.97)	(3.37)	(3.09)	(2.97)	(6.34)	(3.94)
Own opinion = No	−13.50	−50.26**	−75.30***	−38.31***	30.09***	−7.29
	(8.51)	(21.35)	(20.51)	(11.16)	(2.70)	(4.53)
No opinion	−23.11***	−34.45***	−64.70***	−34.01***	12.39**	−14.80***
	(5.72)	(8.33)	(14.82)	(5.25)	(6.21)	(5.00)
Democrat overestimation of Republican net support						
Own opinion = Yes	−25.19***	−47.91***	−38.39***	−45.49***	36.47***	−4.02
	(3.89)	(3.57)	(3.38)	(3.54)	(4.85)	(3.70)
Own opinion = No	6.01	−100.00***	−89.60***	−59.32***	45.72***	−10.65
	(9.71)	(31.09)	(22.28)	(19.44)	(6.71)	(16.28)
No opinion	−30.33***	−45.29***	−73.15***	−59.47***	44.05***	5.47
	(8.64)	(9.46)	(16.43)	(6.11)	(6.50)	(7.97)
Republican overestimation of Republican net support						
Own opinion = Yes	7.98**	−18.62***	−17.28***	−21.52***	69.57***	30.54***
	(3.54)	(2.92)	(2.66)	(2.93)	(6.54)	(4.14)
Own opinion = No	−49.45***	−81.54***	−67.10***	−52.94***	23.99***	−17.50**
	(8.99)	(13.40)	(21.80)	(11.48)	(4.17)	(7.45)
No opinion	−15.99***	−74.04***	−69.00***	−47.77***	46.90***	3.82
	(5.82)	(6.12)	(12.74)	(5.78)	(5.74)	(4.79)

Note: Estimates from ordinary least squares regressions with robust standard errors in parentheses. Q1 = SRC definition; Q2 = philanthropy; Q3 = worker health; Q4 = consumer health; Q5 = DEI; Q6 = climate change. Net support for item X = percent Yes - percent No for that item; true net support = net support in PRL survey. (See Table 1 for SRC questions.)
*, **, *** denote 10 percent, 5 percent, 1 percent significance.

these regressions separately for samples of Democratic and Republican Forthright participants, to allow for clear contrasts between ingroup and outgroup overestimation. Table 2 displays the findings from these regression models.

There are a variety of interesting results in this table. First of all, the vast majority of estimates are negative, indicating a general tendency toward underestimation of net support, including by those who supported the items themselves. By extension, there is little evidence of false consensus or false social influence for those choosing Yes for their own opinion for most of the questions, as defined by H1, and a great deal of evidence in support of this hypothesis for those with opinions of No. The exception is Q5: support for this item is generally overestimated, and both Democrats and Republicans who support this item especially overestimate copartisan support for the item.

To be more precise, for Democrats with Yes opinions, only two of 12 estimates provide significant evidence supporting H1, and for Republicans, the corresponding number is three of 12 estimates, with all three being for copartisan opinions. For Democrats with opinions of No on a given SRC item, all six estimates for copartisans are consistent with H1, and three of six estimates for outpartisans are significant evidence in support of H1. For Republicans, the corresponding numbers are five and three. For both parties, a majority of the estimates for copartisans support H1, and a lower, but still substantial, fraction of estimates for outpartisans support H1 (one third and one fourth for Democrats and Republicans, respectively).

Some of the negative estimates for No groups have very high magnitudes; however, the largest point estimates are for very small groups (e.g., there were only three Democratic participants answering No to Q2), and many of the coefficients are similar to those for the No Opinion group. This similarity in underestimation between the No and No Opinion groups suggests that the negative estimates for the No groups are not driven by false consensus, since this would not make the No Opinions underestimate support for these items by the same amount. Moreover, these errors are not due to a general tendency to underestimate support for these items since the Yes groups do not underestimate support nearly as much, especially for copartisans. False social influence could still be a cause of the underestimation though, as underestimation of copartisan support could have contributed to a participant choosing No or No Opinion for their own answer. However, for Q1 and Q6 for Republicans and Q5 for Democrats, the No's underestimate copartisan support more than the No Opinion group with p-values for the difference in estimates under 0.02, providing clearer evidence of false consensus affecting misperceptions for these groups.

To consolidate these analyses and test H2, on false polarization, we next conduct simple t-tests of the accuracy of estimated polarization in net support for each item (recall that this is Democrat net support minus Republican net support). Specifically, we test the null hypothesis that estimated polarization in net support is equal to the correct difference for the given item, based on the PRL survey results.

Results are given in Table 3. A positive coefficient in Table 3 means participants overestimate polarization in net support for the item: they overestimate how much more Democrats support the item than Republicans support the item. Democrats overestimate polarization in net support for Q2, Q3, and Q4 by a large margin, and for Q1 by a smaller amount. Democrats underestimate polarization in net support for Q5. Republicans underestimate polarization in net support for Q1, Q5, and Q6, but by a relatively small amount as compared to the Democrats' errors for Q2–Q5. Republican underestimation is large for Q6, but this is a question where Forthright Republicans were substantially more likely to answer Yes than PRL Republicans, which likely caused them to overestimate PRL Republican support for Q6 and underestimate polarization for this item. The table also presents analysis of subsamples of respondents with a college degree and those without; results are similar for these two groups.

In the online Appendix, we present an analysis for the full sample using Forthright first-order opinion distributions as "true values" as a robustness check. Most of the results are robust to this change: in particular, Democrats overestimate polarization for Q1–Q4 (especially Q2–Q4), and Republicans have much more accurate perceptions of polarization in general. We also present additional robustness checks using a subsample dropping partisan "leaners" and for a subsample dropping respondents who guessed 100 percent for a second-order belief six or more times (out of 18 total guesses) as these respondents may have been more inattentive, and find results for both subsamples are similar or strengthened as compared to for the full sample.

To test H3, Table 4 presents results from regressions of estimated polarization in net support for a given SRC item on affective polarization, as measured by in-party minus out-party thermometer scores, a college degree dummy, and an interaction of these two variables. Estimated coefficients for affective polarization are similar when the college and interaction variables are excluded so we simply present results for the models with all three regressors. The dependent variable is overestimation of polarization in net support, but equivalently we could use estimated polarization in net support as the dependent variable, as the overestimation variable merely subtracts off the same constant for each observation, shifting the regression constant, which is not of interest.

TABLE 3 *t*-Tests of equality between estimated polarization in net support and true (PRL) polarization in net support for each SRC item.

	Q1	Q2	Q3	Q4	Q5	Q6
All participants						
Democrats	10.73***	34.99***	32.31***	31.09***	−34.91***	−7.51*
	(4.11)	(3.37)	(3.20)	(3.43)	(4.91)	(3.94)
Republicans	−17.14***	−4.38	−6.97**	4.21	−16.94***	−27.90***
	(4.55)	(3.78)	(3.19)	(2.85)	(4.66)	(3.99)
Participants with a college degree						
Democrats	7.93	28.31***	27.46***	35.02***	−32.86***	−6.30
	(5.39)	(4.29)	(4.04)	(4.36)	(6.23)	(5.02)
Republicans	−14.39**	0.75	−4.28	5.78	−15.19**	−26.80***
	(5.98)	(4.54)	(3.34)	(3.82)	(6.21)	(5.43)
Participants without a college degree						
Democrats	13.24**	40.95***	36.66***	27.57***	−36.73***	−8.58
	(6.12)	(5.05)	(4.85)	(5.20)	(7.45)	(5.97)
Republicans	−20.12***	−9.91	−9.88*	2.52	−18.82***	−29.09***
	(6.93)	(6.13)	(5.57)	(4.28)	(7.02)	(5.88)

Note: $n = 262$ for Democrats and $n = 266$ for Republicans ($n = 124$ and $n = 138$ with college degrees for Democrats and Republicans, respectively). Polarization in net support for item X = Democratic net support for X - Republican net support for X; net support for item X = percent Yes - percent No for item X. Q1 = SRC definition; Q2 = philanthropy; Q3 = worker health; Q4 = consumer health; Q5 = DEI; Q6 = climate change. (See Table 1 for SRC questions.)

*, **, *** denote 10 percent, 5 percent, and 1 percent significance.

TABLE 4 Coefficients for regressions of estimated polarization in net support for an SRC item on affective polarization.

	Q1	Q2	Q3	Q4	Q5	Q6	All
Democratic participants							
Affective polarization (AP)	0.37**	0.77***	0.54***	0.54***	0.13	0.63***	2.99***
	(0.17)	(0.13)	(0.13)	(0.14)	(0.20)	(0.16)	(0.55)
College	−14.75	3.93	5.79	21.86*	−4.06	1.98	14.75
	(15.11)	(11.68)	(11.69)	(12.58)	(18.54)	(14.18)	(49.97)
College × AP	0.19	−0.37*	−0.31	−0.32	0.14	−0.03	−0.70
	(0.26)	(0.20)	(0.20)	(0.21)	(0.32)	(0.24)	(0.85)
Republican participants							
Affective polarization (AP)	0.06	−0.14	−0.12	0.01	0.44**	0.02	0.27
	(0.19)	(0.15)	(0.13)	(0.12)	(0.19)	(0.16)	(0.60)
College	11.56	12.28	12.20	9.95	9.79	3.38	59.16
	(14.55)	(12.01)	(10.10)	(9.10)	(14.69)	(12.75)	(46.83)
College × AP	−0.14	−0.05	−0.17	−0.16	−0.12	−0.03	−0.66
	(0.27)	(0.22)	(0.18)	(0.17)	(0.27)	(0.23)	(0.86)

Note: Ordinary least squares estimates, with robust standard errors in parentheses. Affective polarization = in-party thermometer score - out-party thermometer score; College = 1 if participant has a college degree. Q1 = SRC definition; Q2 = philanthropy; Q3 = worker health; Q4 = consumer health; Q5 = DEI; Q6 = climate change. (See Table 1 for SRC questions.)

*, **, *** denote 10 percent, 5 percent, and 1 percent significance.

TABLE 5 Regressions of estimated polarization in net support for an SRC item on affective polarization, for the most divided topics.

	Own Opinion = Yes	Own Opinion = No	No Opinion
Democratic participants, Q5			
Affective polarization	0.49**	−0.86**	0.40
	(0.19)	(0.34)	(0.28)
N	126	68	66
Republican participants, Q1			
Affective polarization	−0.50***	1.24***	0.21
	(0.14)	(0.42)	(0.25)
N	161	40	65
Republican participants, Q6			
Affective polarization	−0.46***	0.56**	0.59**
	(0.14)	(0.23)	(0.22)
N	138	51	77

Note: Ordinary least squares estimates (each estimate corresponds to a different subsample identified by the column and section headers), with robust standard errors in parentheses. Q1 = SRC definition; Q5 = DEI; Q6 = climate change. (See Table 1 for SRC questions.)
*, **, *** denote 10 percent, 5 percent, and 1 percent significance.

The table shows that affective polarization is associated with estimated polarization at a highly significant level for all items except for Q5 for Democrats—and affective polarization is not associated with estimated polarization for any item except for Q5 for Republicans. These results essentially do not vary at all for participants with and without college degrees. Note that since this analysis does not use "true values" of polarization, the results do not depend on whether true values are defined using the PRL or Forthright surveys. These results imply that Democrats who overestimate partisan polarization for Q1–Q4 and Q6 dislike Republicans more, and thus some of this hostility may be driven by misperceptions of partisan differences. Since Republicans tend to underestimate polarization for Q5 in general, it is more difficult to interpret the significant Q5 result for them.

Moreover, results in Table 4 mask considerable variation in the relationship between hostility and misperceptions across people with different opinions on the issue themselves. Table 5 breaks out the analysis of Table 4 by the participant's own opinion for the SRC items with the most divided opinions: Q1 and Q6 for Republicans, and Q5 for Democrats. This analysis is not preregistered because, frankly, it simply did not occur to us before we began the actual data analysis, but it is closely related to the preregistered analyses and important to report, even if considered exploratory.

The table shows that beliefs about relative out-partisan disagreement with the participant's own opinion are consistently associated with higher affective polarization, for members of both parties. All six of the coefficients estimated for the Yes and No groups are consistent with this interpretation. For example, Republicans who answered No to Q1 are more affectively polarized when they overestimate polarization in net support for Q1 by a greater degree. This result is consistent with affective polarization bias since it implies that Republicans who overestimate the chance that out-partisans have a "bad" opinion (Yes to Q1) dislike out-partisans more, which is consistent with dislike being driven partly by the overly negative perception of out-partisan character traits. Analogously, Republicans who answer Yes to Q1 and think this is the correct opinion are more affectively polarized when they think polarization in support for Q1 is lower, that is, when they think that there is a lower chance of Democrats sharing an opinion on this topic with themselves.

DISCUSSION

We first summarize our main results and then provide some additional comments. Support for SRC in our surveys was generally high, generally underestimated, and Democrats particularly underestimated the level of support from Republicans. Approximately 75 percent of Democrats and 55 percent of Republicans across the two samples expressed support for the general definition of SRC that we asked about. Over 70 percent of Democrats and Republicans supported the examples of corporate actions in the SRC areas of charity, worker safety, and consumer health. Partisans disagreed most on the DEI and climate change issues, with an approximately 40 percentage point gap in support for both of these, and the DEI action was least supported by members of both parties. Members of both parties underestimated support from both parties for most behaviors and the SRC definition with the clear exception of the DEI example which members of both parties mostly overestimated support for members of both parties. We suspect that a focus on the more polarizing aspects of SRC in the media and popular discourse likely contributes to a general perception that support for SRC is more polarized than it truly is.

People who personally opposed an SRC item, or had no opinion on the item, typically underestimated support for that item by a relatively large magnitude—much more so than those who supported the item. Since the underestimation of copartisan support for the item was similar for participants who were opposed to the item and those who had no opinion on the item, the false consensus was unlikely the cause of the underestimation, as this could only influence the group opposed to the item. However, false second-order beliefs for both groups may have influenced their personal opinions. Participants who supported items generally did not overestimate support for the items, so their support was less likely to have been caused by false second-order beliefs. These results imply support for SRC would generally be higher if people had more accurate second-order beliefs. This is a natural topic to explore in future research.

Democrats particularly underestimated Republican support for all items except for DEI, which caused Democrats to overestimate polarization in support for items except for DEI. Democratic errors in beliefs about polarization in this support are correlated with hostility toward Republicans, and there is similar evidence for Republicans when we account for the participants' own opinions on the items. This could be due to hostility being driven by overly negative beliefs about out-partisan character traits (affective polarization bias), which caused participants to overestimate the chances of out-partisans holding "bad" opinions (those at odds with the participants' own opinions). Another explanation is motivated survey response: participants who dislike the out-party most may have wanted to attribute bad opinions to them in the survey. However, this explanation is somewhat less plausible given the incentives for survey response accuracy.

A large majority of Democrats expressed support for SRC in general (Q1), while Republicans were more divided. However, for both parties, general support for SRC (the percentage answering Yes to Q1) was below the average support for the specific SRC behaviors: in the PRL sample, 72.8 percent of Democrats answered Yes to Q1 vs an average of 76.7 percent for the other questions, and the corresponding figures for Republicans are 50.2 percent vs 55.9 percent. Moreover, as noted above, our questions on SRC behaviors do not address the SRC topic already shown to receive support from large majorities in both parties, fair labor practices. These results suggest that the level of support for SRC when framed as a general definition is lower than the typical level of support for specific SRC actions.

However, a significant limitation of this study is the potential nonrepresentativeness of the specific examples of corporate behavior. Perhaps the examples that we use, taken from Serafeim's book, were indeed mentioned in his book because he was trying to make a strong case for ESG. For instance, the example of a corporate charity that we use may have received especially high support because it may have appeared to be particularly socially efficient, with a low marginal cost for the firm and high societal benefits.[11] On the other hand, the DEI example (on bonuses for gender and racial diversity in hiring) may have highlighted an especially polarizing, and perhaps generally unpopular, example of DEI.[12] The

[11] See Bénabou and Tirole (2010) for a discussion of efficient charity as a theory of socially responsible business behavior.

[12] For example, English and Kalla (2021) and Marshall and Burgess (2022) show how racial frames reduce support for otherwise identical policies.

external validity of the support for SRC that we observe for our examples is in general unclear. But even if our examples were skewed toward favoring or disfavoring SRC, this would not explain errors in second-order beliefs about other people's support for these examples. When asked to estimate others' support, participants could have adjusted their estimates upward to account for the examples being relatively attractive, if that was the case. We are, therefore, more confident in the external validity of our findings regarding errors in second-order beliefs—we expect that these errors would be similar for SRC examples that receive somewhat more or less general first-order support.

It is also worth briefly discussing further how our examples do not cover all aspects of SRC. Serafeim's book discusses five dimensions of ESG, and our examples roughly correspond to four of these five dimensions. The exception is the dimension of governance, which we excluded because we thought the general public would be relatively unlikely to have opinions about this topic. Good governance is perhaps especially likely to have bipartisan appeal, however.

Serafeim also discusses many more specific categories of ESG, which he refers to as subdimensions of ESG, and we were unable to ask about examples corresponding to each of these. One subdimension particularly worth noting is customer welfare. We do include a question related to this subdimension, on consumer health and safety. However, recent research (released after our surveys were conducted) has found that the largest corporate social impacts result from arguably more direct customer welfare effects—the benefits that consumers receive from obtaining useful products at relatively low prices (Allcott et al. 2023), what economic theory refers to as consumer surplus. The customer welfare component of ESG ratings typically focuses on product quality and safety and does not incorporate consumer surplus (low pricing relative to product value). But offering high consumer surplus is plausibly another especially nonpolitical social impact of firms that is quite likely to be appreciated by voters across the aisle.

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SUPPORTING INFORMATION

Additional supporting information can be found online in the Supporting Information section at the end of this article.

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