

Policymaker Responses to CEO Activism

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Abstract

CEOs increasingly engage in activism on controversial social and political issues, such as police reform, LGBTQ rights, and gun control, to influence the behavior of policymakers. We run an experiment on 514 elected, local politicians to examine how CEO activism on police reform affects the views of policymakers. Additionally, we examine how CEOs' controversial positions on social issues affects politicians' willingness to privately meet with CEOs or publicly advocate for their businesses. We find that CEO support for specific police reform policies has no effect on policymakers' opinions. Policymakers, however, are much less willing to engage—either privately or publicly—with CEOs who take controversial positions on social issues. Our results suggest that CEO activism is a poor tool for influencing local politicians, at least on the topic of police reform, and underscore the business costs of CEOs taking political positions. We discuss the implications for CEOs and the activist groups that often pressure them to take public positions on controversial issues.

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1 INTRODUCTION

CEOs frequently engage in activism on controversial social and political issues, such as police reform, LGBTQ rights, and gun control, to influence the behavior of policymakers. Notable recent examples of business executives leveraging their corporate influence and personal brands to shape public discourse and policy include the CEOs of Delta Air Lines and Coca-Cola criticizing a Georgia election law (Gelles 2021), Goya's CEO questioning the legitimacy of the 2020 presidential election (Salcedo 2021), the CEO of Disney opposing a Florida education law (Barnes 2022), and Walmart's CEO supporting gun control (McMillon 2019). This phenomenon, known as "CEO activism," represents a departure from traditional business leadership in which CEOs refrain from publicly opining on divisive topics.

Prior studies of CEO activism emphasize the reactions of consumers, employees, and investors, and delineate benefits and costs for firms. Examples of such positive and negative consequences include a surge in purchases of a company's products by consumers who share a CEO's political views (Liukonytė et al. 2023), decreased sales due to boycotts (Hou and Poliquin 2023), lower productivity among employees (Burbano 2021), increased commitment among employees politically aligned with the CEO (Wowak et al. 2022), and greater or lower investor interest (Bhagwat et al. 2020, Durney et al. 2020, Mohliver and Hawn 2020).

Research on CEO activism, however, has mostly neglected its effects on policymakers and public policy. Chatterji and Toffel (2019) stand out as an exception:

they reveal the effects of CEO activism on public opinion about Indiana’s Religious Freedom Restoration Act (RFRA) and federal climate change policy. They find that while Apple CEO Tim Cook’s opposition to the RFRA reduced support for the policy, CEO support for addressing climate change had no effect. We build on this work by directly examining the effects of CEO activism on policymakers rather than citizens.

We report results from two experimental studies involving local, elected officials responsible for setting policy in counties, townships, and municipalities across the United States. The first study examines how CEO advocacy for police reform affects levels of support for police reform among policymakers. The second explores how CEO activism more generally affects politicians’ willingness to engage privately and publicly with CEOs whose opinions their constituents find objectionable.

We find that CEO support for police reform has no effect on the opinions of local, elected officials. These policymakers, however, are much less willing to engage—either privately or publicly—with activist CEOs who take positions that their constituents find objectionable. Furthermore, we find little heterogeneity in these results across locations where police reform is potentially more salient, where attracting businesses is more important, or among more (versus less) politically polarized policymakers.

Examining the views of policymakers and the backlash activist CEOs face from politicians is important for several reasons. First, CEO activism is the “new normal” (Gelles 2018): CEOs increasingly find themselves thrust into political debates with few precedents and little research to guide their actions. Second, there are several recent examples of prominent politicians using either policy or their bully pulpit to punish companies whose

CEOs engage in activism (Campo-Flores and Whelan 2022, Fausset 2018). While prior research has examined how boycotts and corporate social responsibility affect politician behavior (McDonnell and Werner 2016, Werner 2015), the pervasiveness of politicians' tendency to punish firms for the activism of their CEOs is unknown. If CEOs face backlash from politicians with whom they disagree, then CEO activism entails business risks beyond its direct effects on consumers, employees, and investors (King and Walker 2014). Recent political backlash depriving Disney of long-held governance powers in Florida in response to its CEO's activism on LGBTQ rights (Campo-Flores and Whelan 2022) and Georgia's decision to withdraw tax breaks on jet fuel from a tax-relief bill to punish Delta Air Lines for removing a discount for members of the National Rifle Association (Fausset 2018) may serve as stark warnings for other business leaders thinking about wading into controversial issues, and underscore the importance of politician and public opinion for firms (Ingram et al. 2010, King and Walker 2014, Werner 2012).

Our results offer crucial insights for business leaders contemplating such activism. Echoing Chatterji and Toffel (2019), we suggest that CEOs may have few advantages as political advocates on issues not directly related to their business. Moreover, our finding that politicians are less willing to engage either privately or publicly with CEOs who take controversial positions suggests that CEOs may damage their businesses' relationships with key government actors by speaking out on contentious social and political issues.

Beyond their practical relevance, our findings contribute to research on CEO activism by examining how activism affects elected politicians, a hard-to-study group that is both instrumental in CEOs' ability to influence public policy and consequential in terms

of shaping the political backlash that CEOs face when getting involved in heated political debates. CEOs often engage in activism to influence public discourse and affect policy rather than boost sales or stock prices (Benioff and Langley 2019, Chatterji and Toffel 2018, Feix and Wernicke 2023). By examining policymakers, we extend prior research that has tended to focus on the behavior of consumers, employees, and investors (Bhagwat et al. 2020, Bondi et al. 2022, Burbano 2021, Durney et al. 2020, Hou and Poliquin 2023, Liaukonytė et al. 2023, Melloni et al. 2023, Mohliver et al. 2023, Mohliver and Hawn 2020, Wowak et al. 2022). Additionally, we contribute to the broader literature on corporate political activity (CPA) and the political consequences of corporate sociopolitical reputation (Walker and Rea 2014, Werner 2015). While a large literature examines how CPA affects economic and business policy (Ansolabehere et al. 2003, Bombardini and Trebbi 2020, Bonardi et al. 2005), there has been little research into whether CEO activism on issues not directly related to a CEO's business affects the views of policymakers, and whether and to what degree politicians punish political activity. The latter phenomenon is relatively understudied. Research has examined the positive political consequences of corporate social responsibility and politicians' public responses to social movement boycotts (McDonnell and Werner 2016, Werner 2015), but not how politicians respond to CEO activism.

2 THEORY AND HYPOTHESES

CEO activism is the phenomenon of CEOs taking public social and political stances that are unrelated to a firm's core business (Chatterji and Toffel 2019).¹ While some CEOs may take stances on controversial issues to secure benefits for their firms (Bondi, Burbano, and D'ell'Acqua, 2023), others may be driven by personal values to affect public discourse and policy (Benioff and Langley 2019, Chatterji and Toffel 2018, Feix and Wernicke 2023, Hambrick and Wowak 2019). There are various reasons to believe CEOs might be effective advocates. CEOs are charismatic and often garner celebrity status (Finkelstein et al. 2009, Hayward et al. 2004, Wade et al. 2006). These traits potentially make them appealing advocates on controversial issues. Furthermore, as outsiders to politics, CEOs may be perceived as more trustworthy or principled when engaging in activism. Recent polling shows that 65%–86% of people agree that CEOs should engage in activism (Edelman 2021, Larcker et al. 2018). Furthermore, policymakers often seek out business executives as a source of information and expertise while considering legislation (Ban et al. 2023, Werner 2015). We study the ability of activist CEOs to influence the views of elected policymakers and test the following hypothesis:

H1. CEO advocacy for a policy increases policymakers' support for the policy.

¹ In some instances, determining whether an issue is related to a firm's core business is difficult. Firms, for example, may have economic interests in LGBTQ+ rights as employers (Werner 2012), making the question of whether an issue is related or unrelated to a firm's business a matter of framing. As Chatterji and Toffel (2019) explain, however, CEO activism is distinguishable from more common CPA by the actor (the CEO rather than the firm), its public nature, the controversiality of the issues, and the goals of the CEO (communicating a firm's values and influencing policies that do not directly affect profits). Precisely where or how one draws this line, however, is not important for our study.

While CEO activism may affect politicians' support for the desired policies, it could also generate backlash from politicians who disagree with the CEO. On the one hand, politicians want to be seen as effective at attracting businesses to their communities (Jensen and Malesky 2018). On the other hand, politicians may punish CEOs' firms following activism. Although CEOs may speak out on controversial issues in their personal capacity, research suggests that people attribute CEO activism to the CEO's firm (Mikeska and Harvey 2015) and that politicians may wish to avoid stigma by association with a CEO or company (McDonnell and Werner 2016, Pontikes et al. 2010). Politicians may also punish activist CEOs for private, ideological reasons or to signal their ideological commitments to voters. Furthermore, these motives may be especially strong in the case of CEO activism on moral issues, which are especially salient to voters (Mooney 2001). In 2012, Boston's former mayor, Thomas Menino, said Chick-fil-A was unwelcome in the city due to CEO Dan Cathy's opposition to same-sex marriage (Menino 2012). More recently, in 2022, Florida governor Ron DeSantis criticized Disney and revoked a special legal status it had enjoyed (Campo-Flores and Whelan 2022). Similarly, Georgia's legislature stripped a tax break for jet fuel from a tax relief bill following Delta Air Lines' decision to end discounts for members of the National Rifle Association (Fausset 2018). We examine the pervasiveness of this phenomenon by assessing politicians' willingness to punish a company for a CEO's controversial positions, as indicated by their refusal to engage privately or publicly with a hypothetical firm relocating to their area:

H2. CEO activism on controversial social issues decreases the willingness of elected officials to privately meet with the CEO.

H3. CEO activism on controversial social issues decreases the willingness of elected officials to publicly advocate that the company relocate to their community.

The distinction between private and public actions in H2–H3 relates to politicians’ potential motives for punishing activist CEOs and the likely costs for business. Past studies of politicians’ responses to corporate social responsibility and activist movements targeting firms have used observational data and necessarily emphasized publicly observable actions (McDonnell and Werner 2016, Werner 2015). Politicians, however, may wish to punish firms even if the punishment—such as refusing to meet even privately with a CEO—is not especially visible to constituents and even if doing so entails an economic cost for the communities they represent. Research shows that political elites are polarized (Shor and McCarty 2011), and demonstrates that people prefer to interact with co-partisans in both economic and personal settings (Gift and Gift 2015, Huber and Malhotra 2017, McConnell et al. 2018). Following the dispute with Disney, a spokesperson for Governor DeSantis described several businesses as out of step with the state’s politics: “They try to take advantage of the friendly business environment in our state, but then try to impose a California radical agenda on us” (Whelan and Campo-Flores 2022). While some commentators predicted DeSantis and Disney would quietly resolve their dispute with little practical cost to the company (Rozsa and Reinhard 2022), as of October 2023, the conflict was ongoing despite Disney being Florida’s largest private employer and a major attraction for tourists visiting the state.

3 METHODOLOGY

3.1 Experimental Design

We conduct two preregistered experiments via a nonprofit organization called CivicPulse; participants are 514 elected officials who are responsible for setting policy in counties, townships, and municipalities across the United States.² First, we use the issue of police reform to test whether CEO activism increases support for a policy (H1), and second, we use a vignette regarding a business relocation decision to test how activism affects policymakers' interest in engaging privately and publicly with a CEO (H2–H3).

Similar experimental designs using surveys of policymakers are common in political science, and have been used to study how politicians respond to expert findings (Lee 2022), how news coverage affects willingness to invest in infrastructure (Mullin and Hansen 2023), and whether firm participation in voluntary environmental programs reduces government officials' support for public regulation (Malhotra et al. 2019). In the online appendix, we report results of a power analysis and show that our study design is powered to detect even small effects of CEO activism on policymakers' preferences.

3.2 Police Reform

In the first experiment, we test whether CEO support for police reform increases support for police reform among policymakers. We use police reform as a context for the study

² See pre-analysis plans at https://osf.io/97jme/?view_only=86ddf37502b2409d97522f75f3c67695 (H1) and https://osf.io/8gny2/?view_only=574bb77e70054119afd2eeaad84053a7 (H2–H3). The hypotheses have separate preregistrations because the studies were conducted as two separate “modules” of the 2023 CivicPulse omnibus survey.

because our sample consists of local elected officials, and policing is primarily a local rather than a state or national issue in the United States. Although CEOs take positions on all kinds of hot-button issues—such as abortion, gun control, and climate change—many are not the responsibility of local officials, and in some cases (such as gun control), it is common for state law to explicitly preempt local action (Simon 2021). Moreover, police reform was a salient issue for many localities during our study period (spring 2023), as Congress was considering several bills that would require local cooperation to implement, and Memphis police were in the news for killing Tyre Nichols, a 29-year-old Black man (Sprunt 2023).

We randomize assignment of participating local elected officials to control and treatment conditions and expose those in the treatment condition to a CEO statement supporting several police reform policies. Participants in both conditions are told, “the killing of several Black men by police has increased debate about police reform in recent years,” while those in the treatment condition are also informed of CEO support for police reform (Business Roundtable 2020):

Recently, Business Roundtable advocated for creating a police misconduct registry and increasing standards for the use of “no-knock” warrants. Business Roundtable represents the CEOs of more than 100 companies, including Bank of America, Delta Air Lines, Pepsi, and Walmart. These companies have \$9 trillion in annual revenues and employ 20 million people in all fifty states.

These business leaders say that excessive use of force is a crisis, and that accountability is critical for police officers who abuse their positions. They maintain

that creating a misconduct registry and increasing standards for “no-knock” warrants will reduce police use-of-force and restore trust between police and Black Americans.

After reading the statement about police reform, policymakers are asked about their level of support for (a) the creation of a national police misconduct registry, (b) stricter standards for the use of no-knock warrants, and (c) requiring police to use body-worn cameras when interacting with civilians. Our prespecified outcome of interest is support for the first two policies, which were explicitly endorsed by Business Roundtable.

3.3 Business Engagement

In the second experiment, we test how CEO activism affects policymakers’ willingness to engage privately and publicly with a CEO (H2–H3). We tell policymakers:

Imagine that a large business based in another state wants to open a facility in your region. The CEO wants to meet with public officials in various towns before making a final decision about where to locate the new facility.

For a randomly assigned treatment group, we append the following to the above message:

However, the CEO of this business has been outspoken on a couple of social issues and taken positions that most people in your community find objectionable.

We then ask, “How likely would you be to privately meet with this CEO to encourage the company to locate its new facility in your community?”; followed by, “How likely would you be to publicly advocate that the company locate its new facility in your community?”

The situation in the CEO activism treatment is always framed as the CEO taking positions that the policymaker’s constituents would find objectionable, rather than the

CEO taking positions they would support. We limited the treatment in this way because we are primarily interested in the backlash effects CEOs might incur when engaging in activism rather than the instrumental benefits they might obtain from policymakers, and because testing two treatments in our sample of 514 elected officials would reduce the statistical power of the hypothesis tests.³

4 DATA AND MEASURES

Our data consist of responses from 514 elected officials. Of these, 10 had missing data for at least one question needed to test H1, and 11 had missing data for at least one question needed to test H2–H3. Our final sample for the analysis of police reform (H1) therefore includes 504 elected officials, while the final sample for the analysis of business engagement (H2–H3) contains 503 elected officials.

4.1 Dependent Variables

We measure support for creating a national police misconduct registry and implementing stricter standards for the use of no-knock warrants on a 5-point scale ranging from “strongly oppose” (1) to “strongly support” (5) and average the two responses to create a single measure of support for police reform (H1).

To measure willingness to engage with business (H2–H3), we ask policymakers how likely they would be to meet privately with (H2) or advocate publicly for (H3) the

³ Whether firms can gain benefits by engaging in pro-social behavior is addressed in Werner (2015), who finds corporate social responsibility increases access to lawmakers. This suggests politicians may reward the firms of CEOs who engage in activism aligned with their political views or the views of their constituents.

CEO described in the vignette (see Section 3) on a 5-point scale ranging from “not likely at all” (1) to “extremely likely” (5).

4.2 Independent Variables

We control for and examine the differential effects of CEO activism by political affiliation. We measure political affiliation on a standard 5-point scale with an additional “Other” category for people who do not identify as a Democrat, Independent, or Republican. We then collapse the measure to four categories by assigning Independents who lean Democrat or lean Republican to the Democrat and Republican categories, respectively.

Additionally, we ask policymakers how favorably they feel toward the Democratic Party, the Republican Party, and big businesses on a 5-point scale. For policymakers classified as Democrats or Republicans, we measure affective polarization as the difference in favorability for one’s own party and the other party (Boxell et al. 2020, Iyengar et al. 2019).

We ask policymakers how positive the relationship is between law enforcement and their communities on a 5-point scale. We also ask how much attention issues of race and policing have received, relative to other issues, and how important attracting businesses to their community is, relative to other issues, on a 5-point scale ranging from “much less attention/important” (1) to “much more attention/important” (5).

Separate from the survey, we use policymakers’ geographic locations to measure local conditions that may affect the importance or salience of police reform or policymakers’ willingness to engage with CEOs. These include the prevalence of police

shootings, Black Lives Matter protest activity, Black resident share, median income, unemployment, total population, and the count and growth of business establishments. We describe the data sources for these measures in the online appendix.

Finally, we gather information on policymakers' gender, age, and education. On the survey, age is measured in 5-year increments, and we convert it to a continuous variable by imputing the midpoint of each interval for each policymaker's age. Education is measured in seven categories, which we collapse to three almost equally sized categories: "less than college," "college degree," and "graduate degree." Our measures of local conditions and demographics are used for exploratory analyses of treatment effect heterogeneity and are not part of our preregistered analysis plan for testing H1–H3.

4.3 Summary Statistics

Tables 1–2 show covariate balance for the police reform and business engagement studies, respectively. Covariates are generally balanced, and no differences across the treatment and control conditions are statistically significant, even without correcting for multiple comparisons.

5 ANALYSIS

Our estimator for treatment effects of CEO activism is the difference in mean values of the dependent variable between the treatment and control conditions, weighted to control for respondents' political affiliation, as described in Athey and Imbens (2017). Let Y_i^k denote a potential outcome for individual i when assigned to study condition $k \in \{CTR, CEO\}$,

where CTR denotes the control group receiving no CEO activism message, and CEO denotes exposure to CEO activism. Let $g \in \{Dem, Ind, Rep, Oth\}$ represent respondents' political affiliation. The treatment effect estimate for elected officials with affiliation g is

$$\hat{\tau}_g = \frac{1}{N_g^{CEO}} \sum_{i=1}^N D_{i,g}^{CEO} Y_i^{OBS} - \frac{1}{N_g^{CTR}} \sum_{i=1}^N D_{i,g}^{CTR} Y_i^{OBS} \quad (1)$$

where N_g^k is the number of individuals with affiliation g assigned to condition k ; $D_{i,g}^k$ is an indicator for whether individual i is of affiliation g and assigned to condition k ; and Y_i^{OBS} is the observed outcome for individual i . The variance of this estimator is

$$\widehat{V}(\hat{\tau}_g) = \frac{\hat{\sigma}_{CEO,g}^2}{N_g^{CEO}} + \frac{\hat{\sigma}_{CTR,g}^2}{N_g^{CTR}} \quad (2)$$

where $\hat{\sigma}_{k,g}^2$ is the sample variance of Y_i^{OBS} for people with affiliation g in group k . The estimate of the full-sample average treatment effect and its variance is then

$$\hat{\tau} = \sum_{g=1}^G \hat{\tau}_g \frac{N_g}{N} \quad \text{and} \quad \widehat{V}(\hat{\tau}) = \sum_{g=1}^G \widehat{V}(\hat{\tau}_g) \left(\frac{N_g}{N}\right)^2 \quad (3)$$

5.1 Assessing Treatment Effect Heterogeneity

In addition to our main treatment effect estimates, we estimate conditional average treatment effects to assess how attributes of policymakers and their local communities affect responses to CEO activism. The treatment effects conditional on political affiliation are given by $\hat{\tau}_g$ in Equation (1). To estimate effects conditional on other variables, we extend the analysis of Equations (1)–(3) by incorporating additional variables in the definition of the strata g and aggregating over political affiliation as in Equation (3).

For police reform, we examine whether effects differ in communities where police reform is more salient, using as our main measure policymakers' self-reported impressions of how much attention issues of race and policing have received relative to other issues, with groups designated as “less attention than other issues,” “about the same as other issues,” and “more attention than other issues.” We also examine effects conditional on political affiliation for the business engagement experiment. We then extend these analyses to examine whether policymakers who report that attracting businesses to their communities is “more important” or “much more important” than other issues are more likely to engage with activist CEOs, and whether policymakers who score higher on affective polarization are less likely to engage with activist CEOs.

In the online appendix, we report additional analyses of treatment effect heterogeneity that rely on recent machine learning methods to assess how responses to CEO activism vary with policymaker demographics and the variables related to local conditions described in Section 4.2 (Athey et al. 2019, Wager and Athey 2018).

6 RESULTS

6.1 CEO Support for Police Reform Does Not Affect Policymakers

Figure 1 reports mean support for police reform by study condition and political affiliation, and Figure 2 shows estimates of the treatment effects. In the full sample, there is no difference between study conditions in support for police reform, $\hat{\tau} = 0.0$ ($p = 0.98$; 95% $CI = [-0.18, 0.18]$), indicating that CEO activism likely has little effect on policymaker support for a national misconduct registry and restrictions on the use of no-

knock warrants (a lack of evidence for H1). This null effect is precisely estimated; the bounds of the 95% confidence interval are equivalent to a $\pm 0.15\sigma$ change in support for police reform, a small effect.

6.1.1 Treatment Effect Heterogeneity for Police Reform

While the overall treatment effect of CEO activism on support for police reform is zero and precisely estimated, Figure 2 shows that there are positive effects for Democrats ($\hat{\tau} = 0.17$; $p = 0.21$; 95% $CI = [-0.09, 0.43]$) and Independents ($\hat{\tau} = 0.32$; $p = 0.30$; 95% $CI = [-0.28, 0.92]$) and negative effects for Republicans ($\hat{\tau} = -0.20$; $p = 0.14$; 95% $CI = [-0.47, 0.06]$). The difference in the effects for Democrats and Republicans is 0.37 ($p = 0.054$). These effects and differences, however, are not statistically different from zero and are small in practical terms.

Figure 3 further shows that there is little difference in treatment effects across policymakers who report that issues of race and policing have received less (versus more) attention relative to other issues in their community. In the online appendix, we show that conditions in policymakers' communities and their demographics are likewise not highly predictive of treatment effects, although there is some evidence that working age and more educated politicians are more responsive to the CEO message.

6.2 Policymakers Punish Activist CEOs

Figures 4–5 show that policymakers are less willing to engage privately and publicly with CEOs who take controversial positions on social and political issues, and this pattern holds for both Democrats and Republicans. For the full sample, the treatment effect on

willingness to meet privately with the CEO is $\hat{\tau} = -1.11$ ($p = 1.3 \times 10^{-19}$; 95% $CI = [-1.34, -0.88]$), and the treatment effect on willingness to publicly advocate for the relocation of the CEO's business is $\hat{\tau} = -1.14$ ($p = 7.2 \times 10^{-21}$; 95% $CI = [-1.37, -0.91]$), indicating evidence for H2–H3. These are medium-large treatment effects; the pooled standard deviation in the outcome for the private meeting (public advocacy) is 1.44 (1.42).

6.2.1 Treatment Effect Heterogeneity for Business Engagement

Aside from the magnitude of the negative treatment effects, a striking feature of Figures 4–5 is the relatively smaller treatment effects for political Independents and the similarity of effects for Democrats and Republicans. For Independents, as compared to either Democrats or Republicans, the treatment effect of CEO activism is nearly half as large for willingness to meet privately and is less than half as large for willingness to advocate publicly, although there is considerable overlap in the confidence intervals for each group. Further analysis of treatment effects by level of affective polarization (Figure 6) shows no clear trends but confirms that the negative effect of CEO activism is not confined to the most affectively polarized politicians.

Likewise, in Figure 7, we find little difference in treatment effects between policymakers who report that attracting businesses is more important than other issues and policymakers who report otherwise. Politicians' willingness to forgo engaging with CEOs who take controversial positions is therefore not confined to locations for which attracting business is relatively unimportant. Thus, local economic priorities do not seem to constrain politicians' behavior when it comes to punishing activist CEOs. In the online

appendix, we provide further support for this claim by showing that treatment effects do not vary much with local median income, unemployment rates, and business growth.

Finally, in Figure 8, we examine how treatment effects vary with policymakers' self-reported feelings about big business. The negative effects of activism on willingness to engage with a CEO are smallest for policymakers who hold the *least* favorable views towards big business. The difference in treatment effects between those with favorable and unfavorable views for the private meeting outcome is -0.57 ($p = 0.047$; 95% $CI = [-1.13, -0.01]$), and the same difference for the public advocacy outcome is -0.82 ($p = 0.003$; 95% $CI = [-1.36, -0.27]$). This pattern is partially the result of policymakers with unfavorable views of business being less willing to engage with CEOs even in the control condition; regardless of study condition, policymakers with favorable views of business are more willing to engage with CEOs than those with unfavorable views. But the gap between those with favorable and unfavorable views narrows considerably in response to CEO activism. For those in the control condition, the mean willingness to meet privately with (advocate publicly for) the CEO is 3.4 (3.1) for those with unfavorable views of big business and 4.3 (4.2) for those with favorable views. In the treatment condition, the corresponding means are closer. Those holding unfavorable views have means of 2.8 and 2.6 for the private meeting and public advocacy outcomes respectively, while the group holding favorable views has means of 3.0 and 2.7. In summary, controversial CEO activism makes policymakers with favorable views of big business behave, on average, more like policymakers with unfavorable views.

6.2.2 What Issues Do Policymakers Find Problematic?

To assess which controversial issues policymakers dislike CEOs taking stances on, we asked the following open-ended question of all respondents following our main outcome questions:

Sometimes business leaders take strong, public stances on social or political issues that complicate their relationships with local governments. Are there any issues or topics—if a business leader were to take an outspoken stance on the matter—that would make you uncomfortable engaging with them publicly?

Research assistants blind to both the study hypotheses and treatment assignment then categorized policymakers' responses by issue (see the online appendix for details of this process). Key themes of policymakers' responses include sexual and gender identity, race, reproductive rights, and what several respondents called “woke” ideology. Table 3 reports the percentage of politicians mentioning each topic as coded by the research assistants. The most cited issues are subjects of everyday political debate, which suggests that policymakers did not interpret our treatment condition to mean that the CEO in the vignette held especially unusual or antisocial views.

Many of the most common themes that policymakers mentioned are also “culture war” and “morality policy” issues strongly linked with political identity in the United States (Goren and Chapp 2017, Mooney 2001). Such issues are easily understood by voters and highly salient (Mooney 2000, 2001); thus, they are possibly of special interest for politicians eager to be reelected and potentially difficult topics to address as part of a CEO's or firm's political strategy (Bonardi and Keim 2005).

7 CONCLUSION

CEOs increasingly engage in activism on social and political issues unrelated to their core business. Literature on this phenomenon has mainly focused on examining the responses of stakeholders, such as consumers (Hou and Poliquin 2023, Liaukonytė et al. 2023), employees (Burbano 2021), and investors (Bhagwat et al. 2020, Durney et al. 2020). This is unsurprising given that the perceptions and behaviors of these stakeholders directly affect the performance of the focal company. Yet, by its nature, CEO activism is also intended to affect policies and bring about social change (Chatterji and Toffel 2018), and whether CEOs are effective at achieving this task is underexplored. Furthermore, recent examples of political backlash against companies whose CEOs have engaged in activism illustrate the political risks, but the pervasiveness of politicians' interest in punishing firms that may generate economic opportunities for their constituents is unknown.

In this paper, we present two preregistered, randomized experiments, in which the participants are 514 elected, local politicians, to examine how CEO activism on police reform affects the views of policymakers and how CEOs taking controversial positions on social issues affects politicians' willingness to privately meet with those CEOs or publicly advocate for their businesses. Our results show that CEO support for specific police reform policies has no effect on policymakers' opinions. This suggests that CEOs do not have any special ability to garner policymakers' support for a position. We also show that policymakers are much less willing to engage—either privately or publicly—with CEOs who take controversial positions on social issues. This pattern holds regardless of

polarization and even among policymakers with favorable views of big business. Consistent with McDonnell and Werner (2016) and Werner (2015), the findings highlight potential costs for companies should their CEOs engage in activism, and extend our understanding of how policymakers evaluate businesses by including ideological characteristics of CEOs among the considered factors. These findings carry significant implications for CEOs and the activist groups that often pressure them to take public positions on controversial issues: activist CEOs may do little to benefit the groups' cause and run substantial risk of backlash from politicians.

Our study has several limitations. First, our analysis focuses on a single group of political actors—locally elected officials—and their short-run response to CEO activism. Future researchers may find it fruitful to explore the relative benefits and costs of CEO activism for other actors, such as regulators and voters, and find ways to examine potential long-run effects of relational strategies and CEO engagement on controversial issues (Hillman and Hitt 1999). Additionally, like most studies of CEO activism, we examine opinion on a single issue (police reform), and future research should examine potential heterogeneity across several issues. Finally, because our focus is on how CEOs influence policy and the potential for backlash, we do not examine whether politicians might reward CEOs with whom they agree (Werner 2015). Doing so, however, would further contribute to research on corporate political activity and non-market strategy.

Despite these limitations, our study is the first to examine CEO activism's effects on policymakers, a vital but overlooked group in prior research. Our sample of 514 current, elected, local politicians provides a unique opportunity to examine how policymakers think

about CEOs who engage in activism and their companies. Furthermore, as these politicians are in positions to make policies that have direct impacts on firms, their opinions and behavior are of vital importance for corporations.

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TABLES

Table 1. Police reform experiment: Balance across study conditions

Characteristic	Control, N = 251	Treatment, N = 253	<i>p</i> -value
Police relations	4.4 (0.9)	4.4 (0.9)	0.97
Attention to race/policing	2.5 (1.3)	2.4 (1.2)	0.70
Political affiliation			0.12
Democrat	73 (29%)	99 (39%)	
Independent	37 (15%)	30 (12%)	
Republican	127 (51%)	112 (44%)	
Other	14 (5.6%)	12 (4.7%)	
Affective polarization	2.1 (1.4)	2.0 (1.8)	0.40
Missing	53	45	
Gender			0.19
Man	160 (64%)	163 (64%)	
Woman	80 (32%)	87 (34%)	
Prefer to self-describe	9 (3.6%)	3 (1.2%)	
Missing	2	0	
Age	60 (12)	63 (13)	0.07
Missing	11	10	
Education			0.45
Less than college	75 (30%)	81 (32%)	
College	84 (34%)	94 (37%)	
Graduate degree	90 (36%)	78 (31%)	
Missing	2	0	

Note: For continuous variables, table cells contain mean (standard deviation), and *p*-values are from *t*-tests for equality of means. For categorical variables, cells contain the number (percent) of observations, and *p*-values are from Pearson's Chi-squared test.

Table 2. Business engagement experiment: Balance across study conditions

Characteristic	Control, N = 256	Treatment, N = 247	p-value
Attracting business importance	3.8 (1.1)	3.6 (1.1)	0.10
Big business favorability	3.2 (1.1)	3.1 (1.0)	0.12
Missing	3	1	
Political affiliation			0.37
Democrat	93 (36%)	79 (32%)	
Independent	34 (13%)	32 (13%)	
Republican	113 (44%)	126 (51%)	
Other	16 (6.3%)	10 (4.0%)	
Affective polarization	2.0 (1.6)	2.1 (1.6)	0.56
Missing	53	44	
Gender			0.87
Man	164 (64%)	157 (64%)	
Woman	85 (33%)	83 (34%)	
Prefer to self-describe	7 (2.7%)	5 (2.0%)	
Missing	0	2	
Age	62 (12)	61 (13)	0.35
Missing	8	13	
Education			0.26
Less than college	85 (33%)	70 (29%)	
College	93 (36%)	84 (34%)	
Graduate degree	78 (30%)	91 (37%)	
Missing	0	2	

Note: For continuous variables, table cells contain mean (standard deviation), and *p*-values are from *t*-tests for equality of means. For categorical variables, cells contain the number (percent) of observations, and *p*-values are from Pearson's Chi-squared test.

Table 3. Issues on which CEO activism makes politicians less interested in interaction

Topic <i>Common keywords</i>	Full Sample N = 217	Republican N = 88	Democrat N = 89	Independent N = 32
Community <i>small-town/community values</i>	24.9	30.7	15.7	31.2
Discrimination <i>DEI, intolerance, diversity</i>	20.3	20.5	23.6	15.6
LGBTQ+ Rights <i>gay, transgender, family values</i>	20.3	17.0	28.1	12.5
Political Leanings <i>extremism, political party</i>	17.1	13.6	19.1	21.9
Race <i>civil rights, racism</i>	14.7	10.2	21.3	12.5
Women's & Reproductive Rights <i>abortion, women's healthcare/rights</i>	9.7	3.4	16.9	9.4
Environment <i>climate change, ESG</i>	9.2	5.7	12.4	6.2
Business <i>regulation, big/small business</i>	7.4	8.0	6.7	6.2
"Woke" <i>woke agendas/ideology</i>	5.5	10.2	0.0	3.1
Housing <i>homelessness, NIMBYism</i>	5.1	5.7	5.6	3.1
Police <i>police funding/reform</i>	4.6	3.4	3.4	12.5
Taxes <i>tax incentives</i>	4.6	4.5	4.5	3.1
Economy <i>infrastructure, unemployment</i>	4.1	4.5	3.4	6.2
Religion <i>antisemitism, religious values</i>	4.1	2.3	5.6	6.2

Note: Numbers are percentage of politicians mentioning the issue. "Other" political party omitted due to small sample size (N=8). Topics are limited to those mentioned by at least 4 percent of politicians. Keywords in italics are common terms used by politicians when referring to the topic in bold.

FIGURES

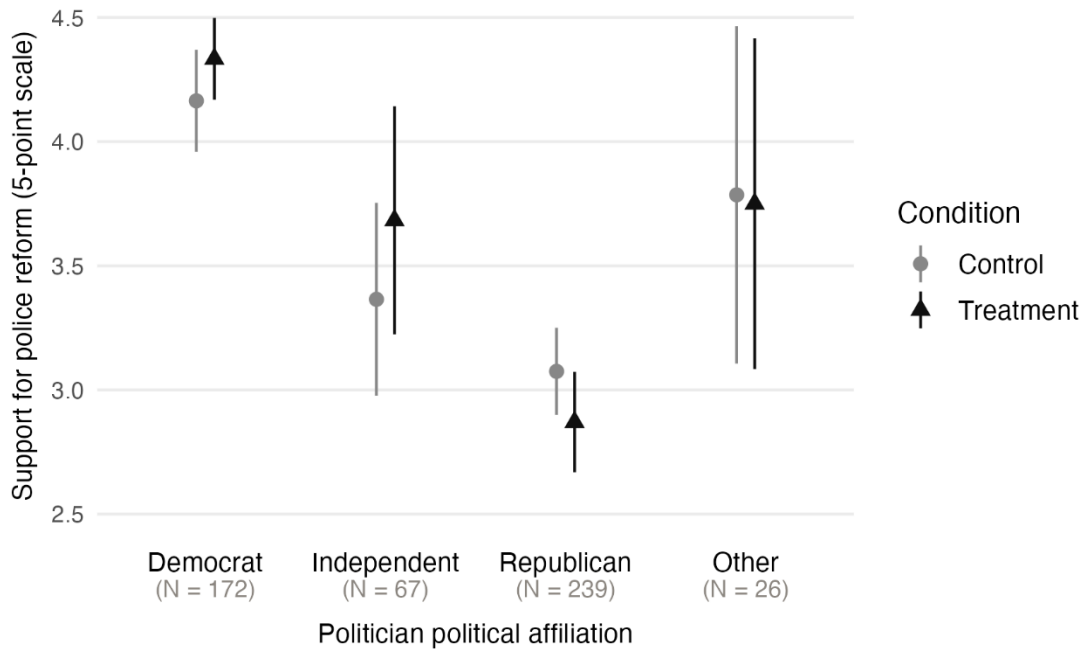


Figure 1. Mean support for police reform

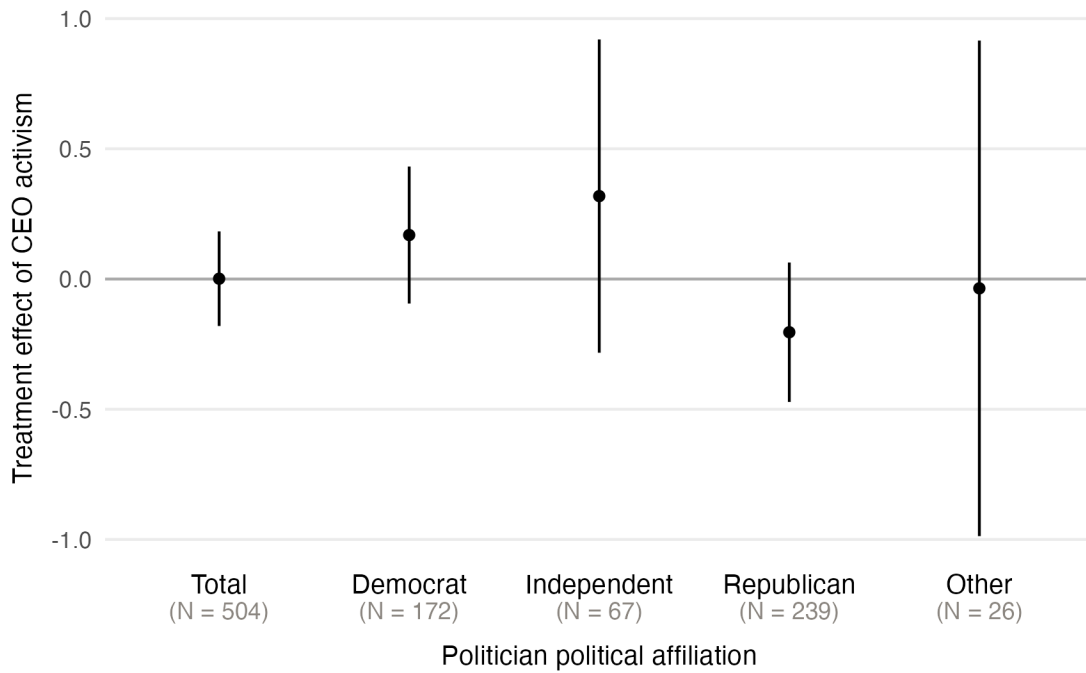
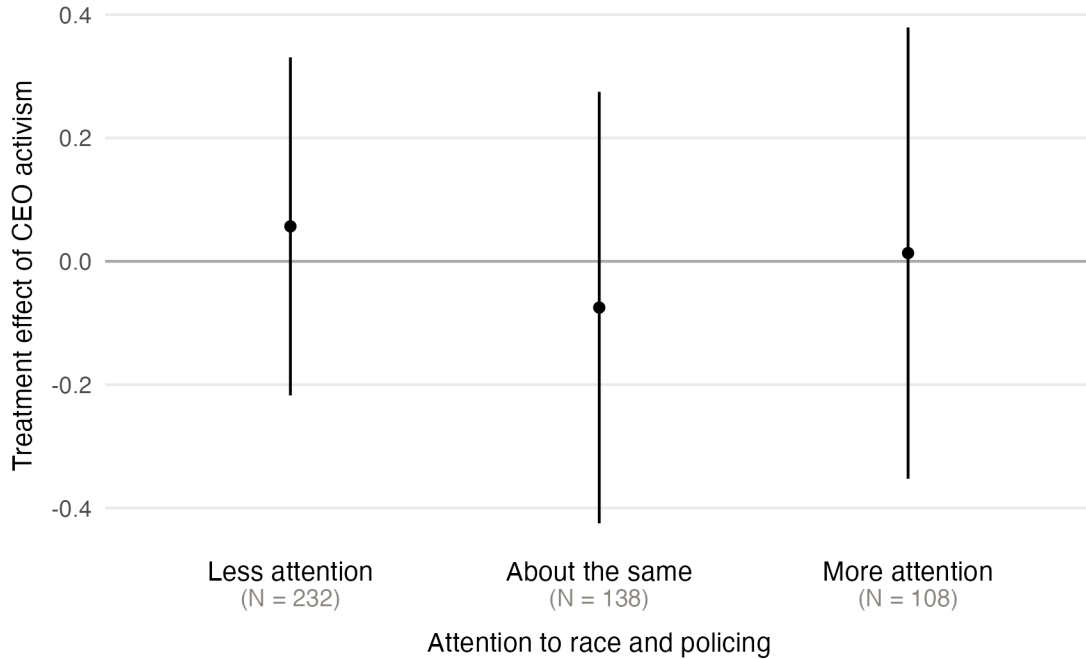


Figure 2. Treatment effects of CEO support for police reform



Note: Estimates control for political affiliation. Policymakers who report “Other” as their political affiliation are excluded from the analysis because there are insufficient observations in each group and study condition to calculate a variance for the treatment effect estimate.

Figure 3. Treatment effects of CEO support for police reform by level of attention to issues of race and policing relative to other issues

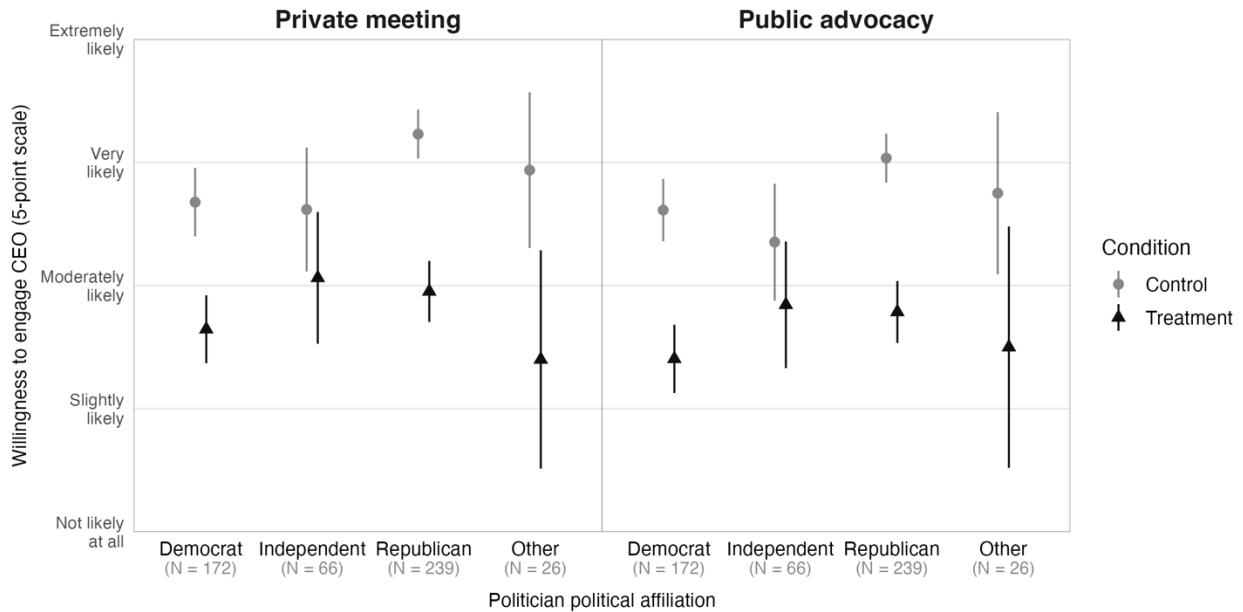


Figure 4. Mean willingness-to-engage with CEO

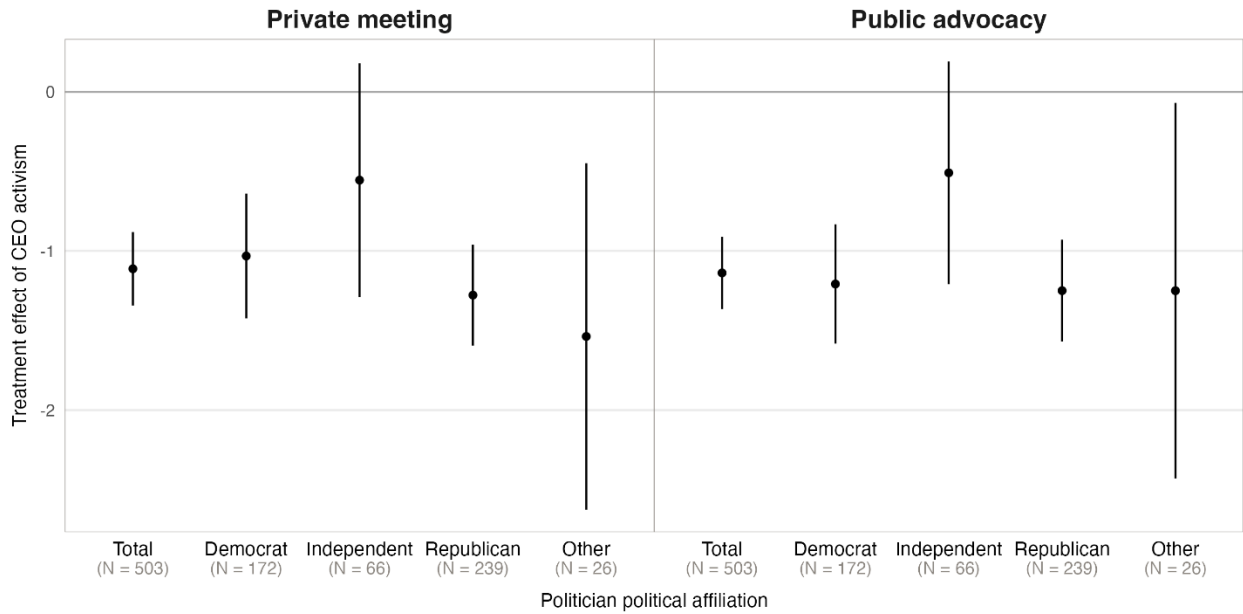
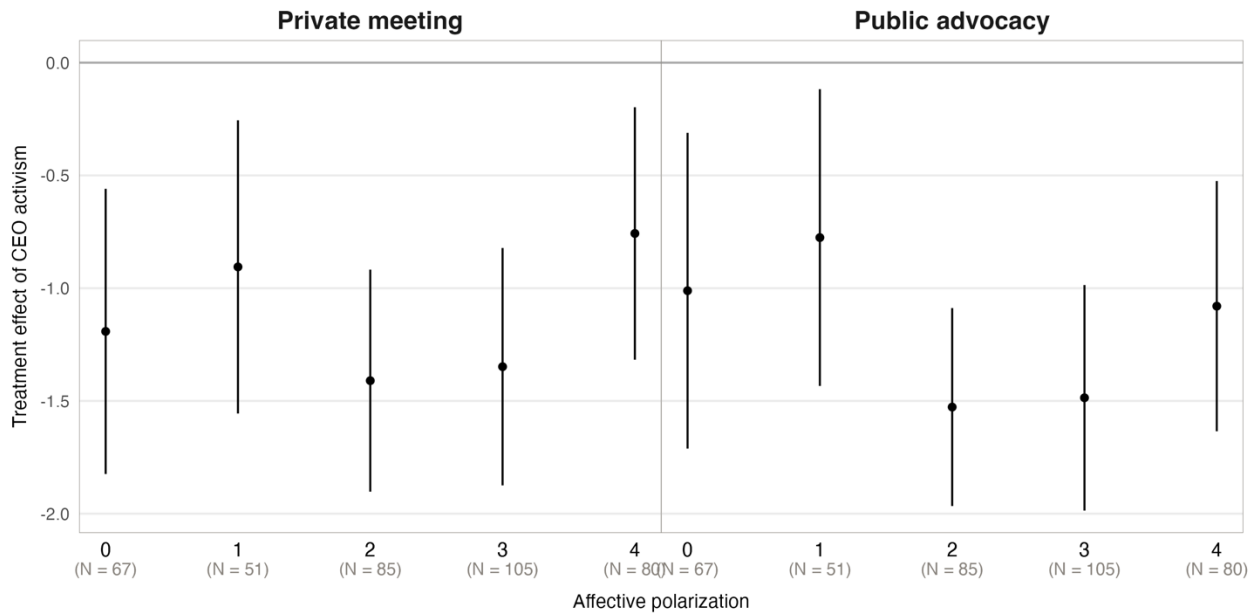
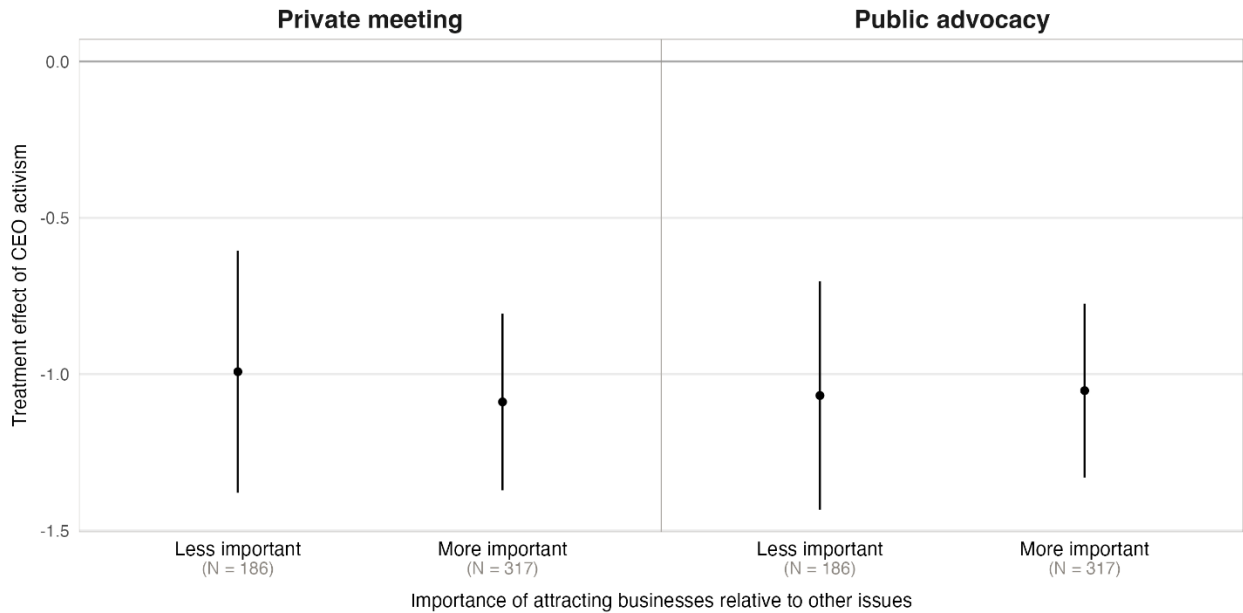


Figure 5. Treatment effects of CEO activism on willingness-to-engage with CEO



Note: Estimates control for political affiliation. Independents and policymakers who report “Other” as their political affiliation are omitted from the analysis because affective polarization is undefined for these groups.

Figure 6. Treatment effects of CEO activism on willingness-to-engage with CEO by level of affective polarization



Note: Per our preregistration, the “less important” category includes policymakers who answered “about the same as other issues.”

Figure 7. Treatment effects of CEO activism on willingness-to-engage with CEO by importance of attracting businesses to community

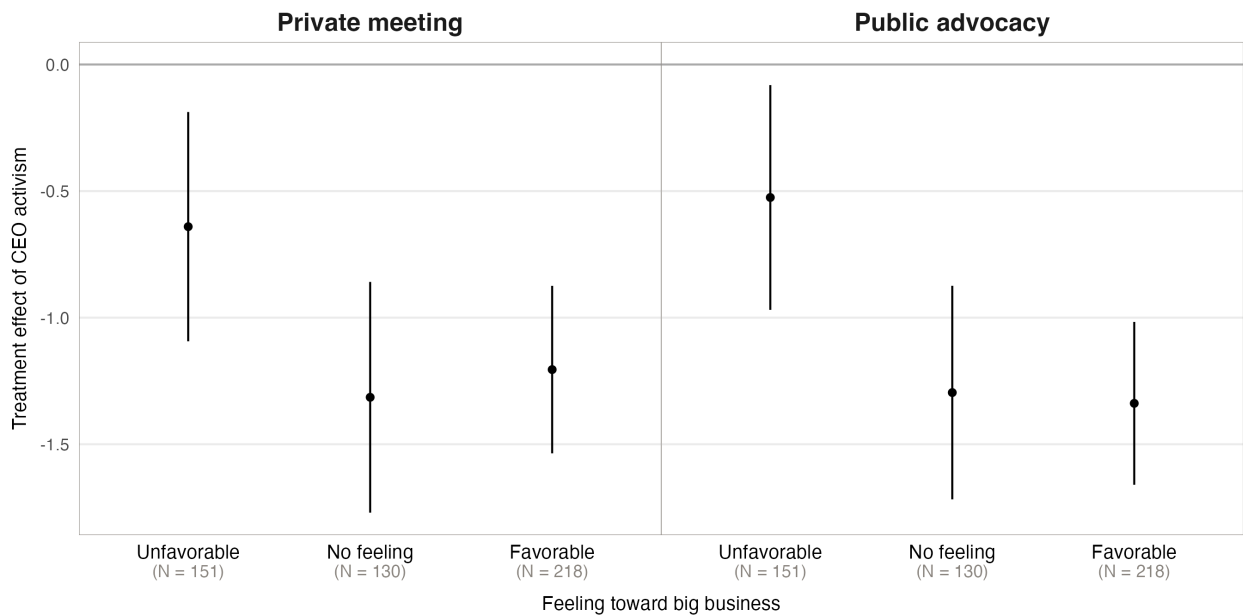


Figure 8. Treatment effects of CEO activism on willingness-to-engage with CEO by policymaker feeling toward big business