When (Not) to Talk Politics in Business: Experimental Evidence

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Abstract

CEO political activism is increasing, but its strategic implications remain unclear. We conduct two survey-based experiments to shed light on how individuals respond to CEO activism. We differentiate between communicating an apolitical stance versus saying nothing - an unexplored distinction to date. We furthermore examine whether characteristics which could influence perceived credibility of the stance - whether it is consistent with expectations and whether it is backed by monetary commitment - influence responses. We thus contribute to a deeper understanding of whether and how individuals' perceptions of the firm are affected by CEO activism.

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1 Introduction

CEO activism, wherein firm leaders communicate public stances on social and political issues unrelated to their core business, has increased in recent years (Chatterji and Toffel, 2019). This includes CEOs' public endorsement of political candidates, as well as public communication in favor of, or opposed to, political policies or laws, such as Disney's communications about the Florida HB 1557 law, referenced by some as the "Don't Say Gay" bill. At the same time, some firm leaders have made public statements indicating that they will not take a stance (in either ideological direction) on political issues.

Yet we know relatively little about the strategic implications of this practice (Wowak et al., 2022). Scholars have only recently begun to consider when and why firms take stances (Branicki et al., 2021; Eilert and Cherup, 2020; Hambrick and Wowak, 2021; Melloni et al., 2023; Mohliver et al., 2023). Amongst studies examining responses to stance-taking, results have been mixed.[1] There is thus a need to explore conditions under which responses to CEO political and socio-political activism are (more) positive or negative (Hou and Poliquin, 2023).

While scholars are beginning to examine how individuals' own political ideology influences their responses (Bhagwat et al., 2020; Burbano, 2021; Gupta et al., 2017; Hambrick and Wowak, 2021; Wowak et al., 2022), there has been relatively little consideration of how characteristics of the firm and of the communication itself might influence responses, as well as how these interact with the stance of the individual. Additionally, extant work examining the effects of CEO activism has not considered the implications of taking an apolitical stance - actively communicating that the company will not take a stance on a given political issue - which is distinct from passively saying nothing about the issue.

[1] For positive see Dodd and Supa (2014), Chatterji and Toffel (2019), Mohliver and Hawn (2019) and Mkrtchyan et al. (2023); for negative, see Bhagwat et al. (2020), Burbano (2021), Hou and Poliquin (2023) and Pasirayi et al. (2023))

In this paper, we advance the existing literature by studying how characteristics of the firm and characteristics of the communication affect individuals' responses to firms' stance-taking. We focus on characteristics which could influence the perceived credibility of a stance: namely, whether the stance is consistent with expectations about the firms' ideological leaning, and whether the stance is backed by monetary commitment. We thus shed light on the following questions: 1) how does a firm's expected political leaning influence individuals' responses to its political communication? and 2) do individuals react differently to communication of a stance that is backed by the promise of a monetary commitment versus not? By differentiating between the strategic choice of communicating an explicitly apolitical stance versus staying silent, we furthermore ask the question 3) do individuals prefer communication of an apolitical stance to either communication of an ideological stance or remaining silent, and if so, under what circumstances?

Answering these questions with observational data is challenging due to both the endogeneity of political communication and the overall lack of variation in communicated stances of firms with different expected leanings. To get around these issues, we conducted two pre-registered, survey-based vignette experiments on Prolific, implemented when company CEOs were actively communicating stances on political issues: November 2020 (right before the US presidential elections) and January 2021 (right after the storming of the US Capitol building). We manipulate information provided about a (hypothetical) firm's stance regarding the issue, as well as firm characteristics likely to influence individuals' expectations about the firm's positioning (as likely left-leaning, right-leaning, or centrist). In Study 2 we also manipulate whether communication of a partisan stance is backed by the promise of monetary support. We explore how these characteristics influence individuals' overall perceptions of the firm, as well as how this varies by individuals' stance on the issue.

We find that, for an issue about which individuals' opinion is split (Study 1), percep-

tions of the firm are negatively affected by partisan communication in either direction on average. Though individuals who agree with the stance respond positively and individuals who disagree with the stance respond negatively, the negative effects are greater and thus outweigh the positive on average. The negative average effect is even stronger for firms which were expected to be neutral ex-ante. Communicating an apolitical stance, by contrast, increases individuals' perceptions of the firm on average (especially amongst Republicans and Independents). Our results suggest that this positive average effect is driven by firms expected ex-ante to lean in one ideological direction; firms expected to be politically neutral do not receive additional benefit from communicating an apolitical stance. Taken together, these results suggest that individuals do not want firms to talk polarizing politics in business; either staying silent when expected to be politically neutral or communicating an apolitical stance when expected to lean in one ideological direction results in the most positive perceptions of the firm.

For a less polarizing political issue about which opinion is largely homogeneous (Study 2), communication of a political stance aligned with prevailing opinion on the issue increases positive opinion of the firm on average compared to either silence or communicating an apolitical stance. In our discussion we elaborate on how this distinction illustrated across our two studies - the degree of polarization and distribution of opinion on the issue - can help to reconcile mixed findings in extant work.

What's the impact of backing a political communication with a monetary donation? In Study 2, we find that referencing monetary backing of the political stance serves to strengthen the effects of the stance, suggesting that monetary backing of the stance increases the perceived credibility of the stance. Thus, whether backing political statements with monetary commitment helps or harms perceptions of the firm depends on whether the stance is liked or disliked in the first place. If individuals dislike the stance, or are split on the issue, backing the stance with a monetary commitment will make the average

reaction even more negative.

Our paper points to the challenges that firms face in communicating ideological stances. Our findings furthermore suggest that characteristics of the firm and of the communication do influence how individuals respond to CEO political activism, pointing to the relevance of exploring heterogeneity in firm and communication characteristics as moderators of how CEO political activism influences perceptions of the firm. Our paper contributes to an understanding of the conditions under which individual-level perceptions of the firm are more or less positively or (in most cases) negatively influenced by CEO activism.

2 Literature and Theory

Corporate social-political activism refers to communication by a firm about social-political issues unrelated to its core business (Chatterji and Toffel, 2019). It is often referred to as CEO (social-political) activism, given that the communication tends to be imparted by the CEO of the firm. The issues of focus in the literature to date have generally been polarizing social and environmental issues. While a stance on LGBTQ rights (Burbano, 2021; Wowak et al., 2022), climate change (Chatterji and Toffel, 2019), gun control (Hou and Poliquin, 2023), or emergency contraception (Dodd and Supa, 2014) is likely to be interpreted by individuals as indicative of a CEO or company's partisan or political values, such stances are not directly political in nature. Yet over the past few years, CEO's have expanded the set of issues on which they publicly opine to include overtly political issues. Within the phenomenon of social-political activism more broadly, communication about overtly political issues is a particularly recent manifestation.

Extant work on both the drivers and implications of CEO activism has generally treated the set of strategic choices to be made about CEO activism as falling into one of three categories: a partisan stance in one direction, a partisan stance in the opposite direction, or silence/saying nothing. There is an additional strategic option available to

companies which has been employed in practice, but which has not yet been examined in the strategy research to date: communication of an explicitly *apolitical stance* - namely, actively communicating that the company will not take a stance in either direction on a given issue. Actively communicating that the company does not intend to take a stance on an issue is distinct from passively saying nothing about the issue.[2] Examples of communication of an apolitical stance include the Coinbase CEO writing to employees, *"We don't advocate for any particular causes or candidates... that are unrelated to our mission, because it is a distraction from our mission... We won't... take on activism outside of our core mission at work."*[3] Likewise, the CEO of Whole Foods has commented that *"I don't think businesses should take a political stand"* and *"I like to keep my political beliefs, beliefs about controversial issues, to myself."*[4] As communicating an apolitical stance versus staying silent/saying nothing are two distinct options for firms who choose not to communicate an ideological stance on an issue, we would expect there to be distinct antecedents and consequences for each of these strategic options.

What do we know about the antecedents of CEO activism? Hambrick and Wowak (2021) highlight the importance of a CEO's personal values in influencing whether an ideological stance is taken and in what direction, while Branicki et al. (2021) emphasize that CEO activism should not be interpreted exclusively in relation to individual moral action. Hurst (2023) suggests that activist claims may be made to avoid unwanted negative associations with others within a shared category, while Mohliver et al. (2023) contend that rival firms' positioning on a social issue will influence a focal firm's positioning.

What do we know about the strategic implications of corporate social-political activism? Interestingly, empirical work has found mixed results. On the one hand, there is evidence

[2]Related work in the context of prosocial claims has emphasized that silence is a strategic choice (Carlos and Lewis, 2018), though prosocial claims are broadly socially acceptable (McDonnell and King, 2013), and thus are distinct from CEO activism.

[3]Source: The Coinbase Blog (2022).

[4]Source: Nationwordnews.com (2021), New Yorker (2021).

that communication of stances on issues including climate change and religious freedom (Chatterji and Toffel, 2019), as well as gay marriage, health care reform, and emergency contraception (Dodd and Supa, 2014) can positively affect consumers' intent to purchase. On the other hand, Burbano (2021) demonstrates a demotivating effect of communicating a stance on the issue of gender-neutral bathrooms when employees disagree with the stance, but no motivating effect when employees agree. Likewise, Hou and Poliquin (2023) illustrate a similar asymmetric effect on consumers, resulting in a negative average effect on customer sales from taking a stance on gun control. Amongst investors, Bhagwat et al. (2020) find an average adverse reaction from investors and, similarly, Pasirayi et al. (2023) show a decrease in firm value, while Mohliver and Hawn (2019) find positive reactions on average to firms taking more extreme positions on LGBTQ policies and practices.

Given these mixed findings, scholars are beginning to explore conditions under which responses to social-political stances vary (Adrjan et al., 2023; Grandy and Hiatt, 2023). There has been consideration of how individual stakeholders' own ideology affects their responses to CEO activism, for example. Indeed, when stakeholder ideology is aligned with that of the communicated stance, stakeholders respond more positively than when their ideology is misaligned with that of the communicated stance (Bhagwat et al., 2020; Burbano, 2021; Gupta et al., 2017; Hambrick and Wowak, 2021; Wowak et al., 2022). One type of stakeholder response of import is that of perceptions of the general public, given that such perceptions have been shown to influence financial performance (Raithel and Schwaiger, 2015).

Whether and how characteristics of the firm and characteristics of the communication might influence responses to CEO activism has been less explored to date. One mechanism through which such characteristics could influence responses is by influencing the extent to which CEO activism is perceived as reflective of a firm's true values. When firms make social or political statements, these claims arguably send signals about hard-to-observe

firm characteristics Spence (1974), such as a firm's true social and political values. Given mounting pressure on firms to respond to and take sides on these issues (Durand et al., 2019; Hambrick and Wowak, 2021), observers may worry that firms have the incentive to make claims which are untrue signals of true values (Cuypers et al., 2016) or which are decoupled from actuality (Crilly et al., 2016; 2012). Thus, stance-taking about social or political issues may not always be perceived as credible (Melloni et al., 2023).

We might expect that communicated political stances which are perceived to be consistent with other observed signals - and thus, in line with expectations informed by other firm characteristics - could be perceived as more credible and legitimate, and in turn lead to more positive reactions. Indeed, perceived consistency between claims and firm characteristics more broadly has been shown to be associated with greater credibility of claims (Abraham and Burbano, 2022). On the other hand, the opposite prediction could be made. Communication of a political stance which is contrary to expectations could be viewed as a more costly, and thus as a more sincere or credible (Spence, 1974), signal of a firm's true values.

Another factor which could influence the likelihood that CEO political activism is viewed as more or less credible is whether the communicated stance is backed by the promise of a monetary commitment. On one hand, a claim which includes the promise of a monetary commitment could be interpreted as a more costly signal which would, in turn, be viewed as more informative and more representative of the organization's true values. On the other hand, if stakeholders do not directly observe the monetary donations made by the company, such claims could be viewed as further cheap talk which and not as more representative of a CEO or company's true values.

It is thus an empirical question as to whether and in what direction 1) (in)consistency of the communicated political stance with other firm-level characteristics which influence expectations about the likely political values of the firm, and 2) political stance communi-

cations backed by the promise of a monetary commitment (versus not), affect individuals' responses to CEO activism.

3 Experiments

To examine how individual-level perceptions of the firm are influenced by CEO political activism, we conducted two pre-registered, survey-based vignette experiments on Prolific. Study 1 took place in Nov. 2020 before the US presidential election and Study 2, in Jan. 2021 after the storming of the US capitol building. An equal proportion of US-based Democrats, Republicans, and Independents were recruited; representative of the US population.[5]

3.1 Study 1

We manipulated company descriptions in a 3x4 design. First, we manipulated information about company type and location in a manner that should influence participants' expectations of the political leaning of the firm (a Tech company based in California, an Oil & Gas company in Alaska, or a Food & Beverage company in Pennsylvania). We pre-tested that these type-location manipulations proxy for expected ideological leaning to the left, right, and neutral, respectively (See Appx. B for details of this supplementary experiment). Next, we manipulated the CEO's political stance communication about the election (pro-Trump, pro-Biden, Apolitical, or Control).

Each participant read four vignette company descriptions, one per political stance condition, the order of which was randomly assigned. Company type and location were randomized as follows: the first three vignettes presented each company type/location combination in random order, while the fourth vignette featured a randomly selected company type and location. Participants were asked to report their opinions about each of the four companies twice - once after seeing information about the company type and

[5]See Appx. A.1 for survey description, instructions, pre-registration and IRB details. 29% of the US population identifies as Repub., 33% Dem., and 34% Indep. (Pew Research Center, 2020).

location, and once after seeing additional information about the CEO political stance communication (or lack-thereof). At the end of the survey, participants answered additional opinion and demographic questions. See Appx. A Fig. A1 for exact manipulation wording and opinion questions asked, as well as an example of four vignette descriptions in Appx. A.2.4.

Sample & Key Variables. 1200 individuals from the US were recruited through Prolific, and the final sample consisted of 1153 individuals. See Appx. A.2.3 for description of observations that were dropped and no evidence of selection bias due to attrition. 44% of participants were female, the average age was 33, and about 48% held a college degree. 40% of participants self-reported that they are Democrat, 32% Republican, and 29% Independent.[6] Summary statistics by condition are reported in Table A2.

The main DV was constructed from responses to the statement "I have a positive opinion of this company," measured on a 7-point Likert scale, and asked twice per company description as described above. *Pos Opinion* is operationalized as the change in opinion about the company following exposure to the CEO's political stance communication compared to before (where before reflects the baseline opinion based on the company type-location description alone). See A1 for visual of the questions asked at T1 and again repeated at T2; *Pos Opinion* is Opinion at T2 - Opinion at T1).

Our main IVs are binary variables for each condition, named accordingly. For example, *Biden* is coded 1 if a pro-Biden stance was communicated, 0 otherwise. *Oil Company in Alaska* is coded 1 if the description indicated the company is an oil & gas company in Alaska, 0 otherwise. We use self-reported political affiliation (*Democrat*, *Republican*, *Independent*) to explore heterogeneous effects. See Appx. A.2.1 for detailed variable construction.

[6]Though recruited to be an 1/3-1/3-1/3 split based on ideology, respondents' self-reported affiliation slightly deviates from that recorded by Prolific. Our breakdown is representative of the US (Gallup, 2021).

Results & Discussion. We begin by examining average effects of communicating a stance about a political issue, compared to a control group (no mention of the issue), on individuals' overall perceptions of the firm. We report within-subject comparisons.[7]

** INSERT FIGURE 1 HERE **

Fig. 1 reports the effect of communicating a stance on the US elections compared to no mention of the political issue and shows that communicating a stance in either ideological direction - in favor of either *Biden* or *Trump* - worsens individuals' opinions of a company. On average, communicating a political stance leads to a 0.77 point decrease on a 7-point scale, representing an 18% decline compared to the baseline opinion about the company. Additionally, this figure breaks down the effects of communicating a political stance by individuals' political affiliation. As we would expect, communicating a pro-Biden stance improves perception of the company among Democrats, while communicating a pro-Trump stance improves perception among Republicans. However, we observe that the negative effect from those opposing an ideological stance is greater than the positive effect from those in favor, consistent with Burbano (2021) and Hou and Poliquin (2023). Specifically, a pro-Biden stance leads to a more negative view by 1.86 points among Republicans, while a pro-Trump stance leads to a more negative view by 2.3 points, representing respectively a 43% and a 54% decline compared to the baseline.

** INSERT FIGURE 2 HERE **

Examining the effects of communicating an apolitical stance versus staying silent, we observe an average positive effect of *Apolitical*. Specifically, an apolitical stance leads to a more positive view by 0.44 points, representing a 10% increase compared to the baseline. What drives this average effect? Fig. 1 reflects that this is driven by Republicans and Independents, who prefer the apolitical stance over the control. For Democrats, on the other hand, there is no benefit of an Apolitical stance compared to the control. Fig.

[7] Including individual and company description iteration FEs. Standard errors are clustered by subject.

2, which breaks down effects by expected stance of the firm (proxied by firm location and type), furthermore indicates that the benefit of communicating an apolitical stance is mostly driven by firms expected to have an ideological leaning ex ante, while a firm expected to be politically neutral ex ante sees the least benefit from adopting an apolitical position compared to saying nothing.

Fig. 2 reflects that all ideological political stances, on average, are detrimental to overall perceptions about the firm. This figure also suggests that participants respond most negatively to communication of an ideological stance in either direction by a company expected to be neutral ex ante. For companies expected to be partisan ex ante, the (negative) effect of communicating a stance consistent with expectations is similar to the (negative) effect of communicating a stance inconsistent with expectations. Namely, when we combine ideological stances that are consistent with expectations (Biden stance with left-leaning expectation + Trump stance with right-leaning expectation) and compare them to a company that is expected to be neutral, or combine ideological stances that are inconsistent with expectations (Biden stance with right-learning expectation + Trump stance with left-leaning expectation), and compare them to a company that is expected to be neutral, we find average perception effects that are similar: $\beta = .50$ ($p = .014$) for an ideological stance consistent with expectations and $\beta = .63$ ($p = .007$) for an ideological stance inconsistent with expectations.[8]

3.2 Study 2

Study 2's design closely mirrored that of Study 1 but shifted the focus to a different political issue: a stance regarding members of Congress who voted against certifying the results of the 2020 presidential election. As in Study 1, each participant read four company descriptions, one per political stance condition randomly assigned (communicating that the CEO was denouncing the members of Congress who voted against certifying the

[8] See Table A9 in Appx. D for these results in detail.

results of the election, communicating that the CEO was not denouncing these members, communication an apolitical stance, and control - no mention of the issue). Within the two ideological stance conditions, participants were further randomly subdivided to receive either a version of the ideological communication that included mention of monetary backing of the stance or not. Company type and location were randomized in the same manner as in Study 1. Participants were asked to report their opinions about each of the four companies twice, at the same points as in Study 1, and answered additional opinion and demographic questions at the end. See Appx. A Fig. A2 for exact manipulation wording and positioning of the opinion questions, as well as an example of four vignette descriptions in Appx. A.3.4.

Sample & Key Variables. 1800 US-based individuals were recruited through Prolific, and the final sample consisted of 1754 participants (see Appx. A.3.3 for description of observation exclusion process, and Appx. D for descriptive statistics of the sample, by condition). The demographic distribution in Study 2 was comparable to that of Study 1, with 43% of participants being female, a mean age of 35, and approximately 51% having obtained a college degree. Similar to in Study 1, the sample's political ideology breakdown was similar to that of the broader US population: 33% Democrat, 29% Republican, and 34% Independent. Note that an implication of this is that, whereas in Study 1 the sample reflected relatively evenly divided (symmetrically split) opinions on the political issue of focus, in Study 2 these opinions are non-evenly divided (asymmetrically split). Whereas, leading up to the presidential election (Study 1), Democrats overwhelmingly supported Biden and Republicans overwhelmingly supported Trump, opinion on the storming of the US Capitol building was not evenly divided along party lines. In practice, all Democrats and a vast majority of Independents denounced the action, while Republicans were evenly

split on whether to support or denounce the action.[9] Indeed, our data show that 74% of our sample was confident that the 2020 elections were held fairly. This difference in proportion of the sample in agreement with each side of the issue is important when interpreting average effects in Study 2 as compared to Study 1.

Our main DV for Study 2, *Pos Opinion*, is constructed in a similar way to that of Study 1. Our main IVs include binary indicators of the political stance condition named: *Denounce-Donations*; *Denounce-Statement*; *Not Denounce-Donations*; *Not Denounce-Statement*; *Apolitical*, and *Control*. For example, *Denounce-Donations* is equal to 1 if the CEO communicated that it "suspended its political donations through its PAC to members of Congress who voted against certifying the results of the 2020 presidential election", and 0 otherwise. *Denounce-Statement* is equal to 1 if the CEO communicated that it "publicly denounced members of Congress who voted against certifying the results of the 2020 presidential election." We also combined the donations and statement versions of the ideological stances to generate the variables *Denounce* (equal to 1 if either *Denounce-Statement* or *Denounce-Donations* is equal to 1, and 0 otherwise) and *Not Denounce* (equal to 1 if either *Not Denounce-Statement* or *Not Denounce-Donations* is equal to 1). Individuals' confidence in the election results, *Confidence*, was examined as a moderating variable.[10]

Results & Discussion. Fig. 3 reports the average effects of a company communicating a political stance on the issue. It shows that denouncing the members of Congress who would not certify the election results had a positive average effect on perceptions, while communicating that the firm would not denounce them had a negative effect. On average, denouncing leads to a more positive view by 0.39 points, representing a 9% increase, while not denouncing leads to a more negative view by 0.76 points, representing a 17% decrease compared to the baseline. Thus, taking the political stance which is in line with

[9] 21% supported and 71% opposed the storming of the Capitol. Of Democrats (Independents), 2% (21%) supported and 96% (67%) opposed, while Republicans were split at 45% and 43% (YouGov).

[10] See Appx. A.3.1 for detailed variable construction.

the stance held by the vast majority of the sample (i.e., denounce) was the optimal strategy from an average perceptions perspective. The positive effect of a stance denouncing the members of Congress who would not certify the election is driven by those who reported that they were confident that the elections were held fairly, as we would expect. By contrast, communicating this stance worsened perceptions of the firm amongst individuals who were not confident in the election results. Fig. 3 shows that the average effect of *Apolitical* (β= .002, p= .969) is identical to that of the *Control* for this issue. Subjects who were confident in the election results disliked an apolitical stance compared to silence on average, while subjects who were not confident preferred an apolitical stance to silence.[11]

** INSERT FIGURE 3 HERE **

Finally, Fig. 4 compares ideological stances communicated with and without mention of monetary backing. We see that mentioning donations in the communications strengthens the effects of simply making a statement with no reference to donations. This is consistent with the intuition that donations strengthen the company's underlying message, whether reaction to that message is positive or negative in direction.

** INSERT FIGURE 4 HERE **

Distribution of Opinion on Issue. The different average effects in Study 1 (Fig 1) vs. 2 (Fig. 3) are consistent with an interpretation that the distribution of opinion on the issue is key to whether communicating an ideological stance can be beneficial. Because the vast majority of Study 2 participants were confident that the election was held fairly, communicating a "Denounce" stance was well received for this issue. For an issue about which opinion was more evenly split, perceptions of the firm are harmed by communicating an ideological stance; individuals prefer firms to be non-political.

[11] We also conduct a parallel analysis to that of Study 1, to explore the effects of taking a stance that is "consistent" or "inconsistent" with the expected ideological leaning. However, note that expectations about the issue of focus in Study 2 were not as directly tied to ideological leaning as for the issue of focus in Study 1. In particular, Republicans were evenly split on the issue at the time (YouGov). As a result, the firm type and location manipulations in Study 2 serve as weaker proxies for the expected stance on this particular issue compared to the same manipulations used in Study 1. See Appx. D for detailed analysis. The results are in line with those of Study 1, but smaller in magnitude, consistent with this interpretation.

To further test this interpretation, we re-weighted participants to construct asymmetric (for Study 1 - the issue of the election) and symmetric (for Study 2 - the issue of the storming of the Capitol) opinion distributions to ensure that it is not peculiarities of the political issue of focus driving these different effects, but rather, the distribution of opinion on the issue. See Tables A10 and A17 in Appx. D for results. We find average effects in the expected directions, with one caveat. A re-weighting to construct a synthetic symmetric distribution of opinion on the issue of the storming of the US capitol results in negative effects of communicating either a Denounce or Not Denounce position compared to the control; and a positive effect of communicating an apolitical stance. A re-weighting to construct a primarily Democratic (and thus, asymmetric in favor of Biden) sample results in a positive effect of communicating a pro-Biden stance compared to the control, consistent with the original Study 2. Unlike in the original Study 2, a re-weighting to construct a mainly Republican sample (asymmetric in favor of Trump) interestingly *still* results in a negative average effect of communicating a pro-Trump stance compared to the control (even with five times the number of Republicans as Democrats). This further highlights the challenges of communicating an ideological stance. Even when there is asymmetric agreement in favor of a particular stance, if communication of that stance does not improve perceptions of the firm amongst those who agree *enough*, the (larger) negative reactions of the minority who disagree can still dominate.

4 Discussion and Conclusion

Our paper is one of the first to examine how firm and communication characteristics influence how individuals' opinions of the firm are affected by CEO (political) activism. It is also the first, to our knowledge, to distinguish between communicating an apolitical stance and saying nothing - two disparate strategic options available to firms who choose not to communicate an ideological stance on a given issue.

We furthermore make a contribution by helping to reconcile existing mixed empirical

findings on average responses to CEO activism. Our studies imply that, when opinion is symmetrically divided, firms are better off being non-political, either by communicating an explicitly apolitical stance if expected to be ideological ex ante, or by staying silent if expected to be political neutral. On the other hand, when opinion about an issue is (sufficiently) asymmetric, firms can potentially benefit from taking the ideological stance aligned with the (overwhelmingly) popular (and strongly felt) opinion. Ex-post examination of the distribution of opinions amongst the individuals of focus in extant work is consistent with this interpretation. In Burbano (2021), the distribution of opinion on the issue of focus (gender-neutral bathrooms) was symmetric by design; and indeed, this paper found an average negative effect of communicating a stance on employee motivation. Likewise, the issues of focus in work which finds negative average responses are those about which opinion is likely close to symmetrically divided.[12] Hou and Poliquin (2023) find an average negative effect on sales resulting from corporate activism about gun control - an issue which 48 percent of Americans support. Wang et al. (2022) find an average negative impact of brands' Black Lives Matter support on consumer responses; 55 percent of U.S. adults express some support for the movement. In contrast, Chatterji and Toffel (2019) find a positive average effect on intent to purchase Apple products after priming participants with the Apple CEO's communication in favor of LGBTQ rights. Given that 70 percent of Americans support same-sex marriage, it seems likely that the distribution of opinion amongst participants on this issue was asymmetric.[13] Thus, what appears to be mixed results in assessing the effects of CEO activism on individuals' responses can likely be reconciled with the contingency highlighted in this paper - the degree of polarization or distribution of opinion on the issue amongst the individuals of focus. While there

[12]Note that, other than in Burbano (2021), the distribution of opinion in the samples included in the following mentioned papers is not directly reported. We are thus making the inference that the distribution of opinion in each paper's samples is likely to mirror that of the US population. This seems likely to be the case since, for example, Chatterji and Toffel (2019) use a US survey sample of participants.

[13]Sources - gun control: Pew Research, 2021; BLM: Pew Research, 2021; same-sex marriage: Gallup, 2021.

may be few issues about which there is overwhelming agreement in a society of intense polarization, the degree of polarization could change over time.

Our experiments focused on issues which are overtly political. To the extent that all social-political issues which have been the focus of CEO activism to date can essentially be categorized on the left-right ideological spectrum (Wowak et al., 2022), we expect that our findings should generalize to the wide range of social-political issues about which firms are communicating stances. Future work could examine how individual-level responses vary by characteristics of the issue, in addition to other firm and communication characteristics. Future work could also build on our findings about individual-level responses to explore how different sets of internal and external stakeholders might respond differently.

Our paper contributes to an understanding of how individuals respond to CEO (political) activism. It thus moves forward our understanding of the circumstances under which it is more or less beneficial to "(not) talk politics in business."

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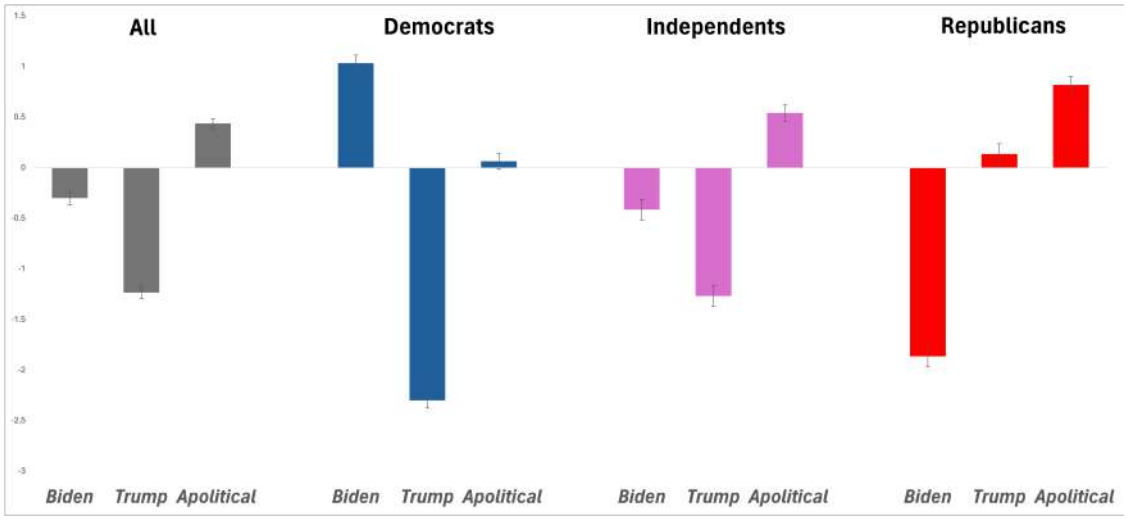
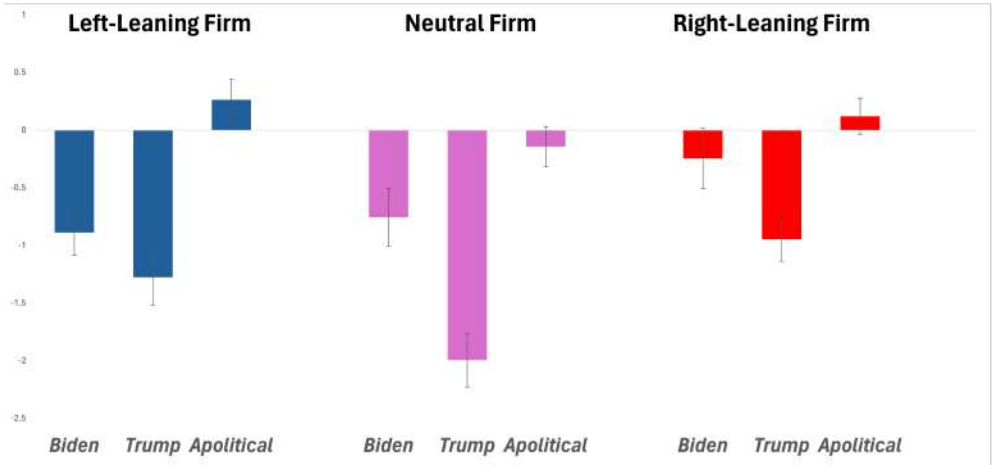
Figure 1: **Effects of Communicating a Stance, by Individual's Political Affiliation - St. 1**



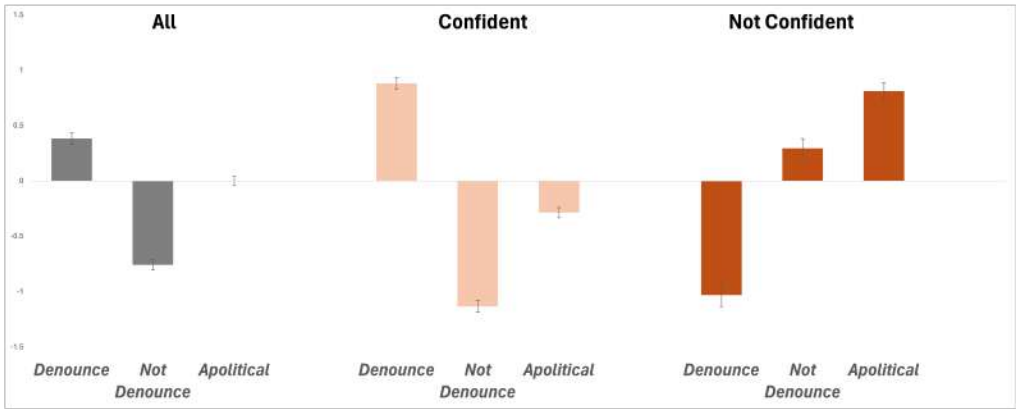
Notes: Bars report coefficients representing the effects of communicating a stance on perceptions in St. 1, broken down by ideological stance of the individual respondent. The baseline political stance is Silence/Control. Standard error bars are included. Tables A3, A4, A5 and A6 present these results in table form.

Figure 2: **Effects of Communicating a Stance, by Expected Firm Stance Ex Ante- St. 1**



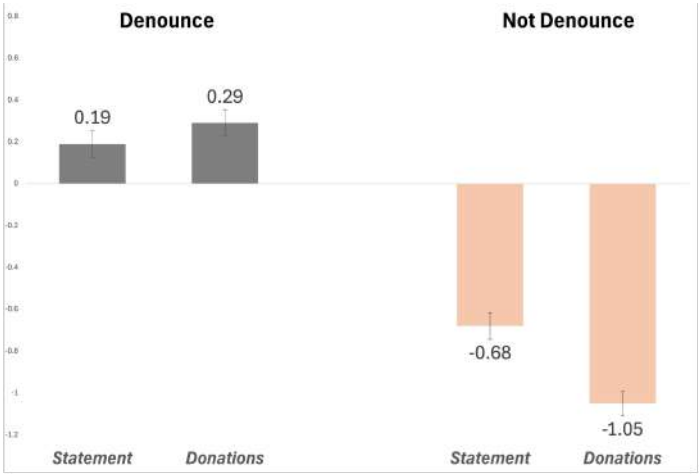
Notes: Bars report coefficients representing the effects of communicating a stance on perceptions in St. 1, broken down by likely expected company's stance ex-ante. The baseline is Silence/Control. Standard error bars are included. Table A8 presents these results in table form.

Figure 3: **Effects of Communicating a Stance, by Individual's Confidence - St. 2**



Notes: Bars report coefficients representing the effects of communicating a stance on perceptions in St. 2, broken down by individuals' confidence in the election results. The baseline is Silence/Control. Standard error bars are included. Tables A11, A12, and A13 present these results in table form.

Figure 4: **Average Opinions of Firms Communicating an Ideological Stance - Statement vs. Donations - St. 2**



Notes: Bars report average effects of communicating an ideological stance, by whether the stance is a Statement versus backed by promise of Donations, on positive opinion of the firm. Standard error bars are included. See Table A14 for the regression analysis.

Appendix - For Online Publication

A Supplementary Details Regarding Experimental Design

A.1 Recruitment Text, Survey Instructions, Pre-Registration and IRB Details

For both studies, participants were recruited on Prolific "to read a number of short company descriptions and answer a few questions about [their] opinions about them". After indicating informed consent to complete a study to "gauge opinions about companies," participants were informed that they would be provided with a company description and be asked to respond to some questions about the (hypothetical) company.

Pre-registrations for each study are available from the authors upon request, and will be made publicly available on Open Science Framework after article acceptance, or after the 4-year OSF embargo period has passed, whichever comes first. IRB approval was also obtained (IRB number and university to be made public upon paper acceptance).

A.2 Study 1

A.2.1 Study 1 Variables

Our main dependent variable, *Pos Opinion*, is a variable constructed from the question "I have a positive opinion of this company", measured on a 7-point agreement Likert scale, where 1 indicates "Strongly Disagree", 4 "Neither Agree not Disagree", and 7 "Strongly Agree". *Pos Opinion* indicates the difference between the response to this question after having read the CEO communication (i.e., political stance manipulation), and the baseline response to this question after reading the company's description and before reading the CEO communication. A positive (negative) value for this variable reflects that subjects have a more positive (negative) opinion about the company after reading the CEO communication compared to their opinion before reading it.

To examine how the consistency between a company's communicated stance and its expected stance (proxied by company type and headquarters location) might affect individuals' responses, we constructed two binary variables, *Consistent w Exp*, and *Inconsistent w Exp*. *Consistent w Exp* (*Inconsistent w Exp*) is equal to 1 if either a Californian Tech company communicated a pro-Biden (pro-Trump) position or if an Alaskan Oil company communicated a pro-Trump (pro-Biden) position, and 0 otherwise.

We use responses to the question "What political party do you identify with?", administered with a series of demographic questions at the end of the survey. The variable Republican (Democrat) takes the value 1 if a subject responded "Republican" ("Democrat") and 0 otherwise. Independent indicates that subjects responded either "None" or "Other" to this question.

A.2.2 Study 1 Manipulation Wording

Figure A1: **Experimental Manipulations - Study 1**

1. California Tech	2. Alaska Oil	3. Pennsylvania Food
The focus of this business case is the CEO of		
a major technology company, which is headquartered in California ("Tech Company"). The company produces, markets and sells consumer-facing software and hardware.	a major energy company, which is headquartered in Alaska ("Oil&Gas Company"). The company produces, markets and sells crude oil and natural gas and petroleum products.	a major food and beverage company, which is headquartered in Pennsylvania ("Food Company"). The company produces, markets and sells food products and non-alcoholic beverages.

Asked opinion of company T1

a. Biden	b. Trump	c. Apolitical	d. Control
The *(Manipulation 1 Company)* headquartered in *(Manipulation 1 State)* was recently in the news			
because the CEO spoke up publicly and urged voters to support Joe Biden in the upcoming election. The company reached out to users of its *(Manipulation 1 Products)* products with an email from the CEO, describing how "anything less than a vote for Biden is a vote against democracy."	because the CEO spoke up publicly and urged voters to support Donald Trump in the upcoming election. The company reached out to users of its *(Manipulation 1 Products)* products with an email from the CEO, describing how "anything less than a vote for Trump is a vote against America."	because the CEO spoke up publicly regarding the wave of political activism across US companies ahead of the upcoming election. The company reached out to users of its *(Manipulation 1 Products)* products with an email from the CEO, describing how it is not taking a political position because it "should be focused on achieving its mission. This is the way that we can have the biggest impact."	The company reached out to users of its *(Manipulation 1 Products) products* with an email from the CEO.

Asked opinion of company T2

Notes: This figure displays the manipulations of Study 1 by condition. Additionally it shows in light blue the two moments when subjects stated their opinion about the company. The analyses in our paper use the difference between T2 and T1 for the "Pos Opinion" variable. Our results are robust to using only opinion in T2.

A.2.3 Study 1 Observation Exclusion Process & Lack of Selection Bias due to Attrition

Observations were dropped due to repeat platform ID numbers, suggesting that an individual may have participated in the experiment more than once, and due to failing the attention check questions. The resulting sample size was 1153 individuals.

No participants exited the survey after the random assignment of conditions in either study, such that there was no selection bias due to attrition.

A.2.4 Study 1 Survey Company Descriptions – Example

Below is an example of four vignette descriptions presented to one of our subjects in Study 1, to illustrate an example of what a single participant would have been presented in terms of company descriptions.

1. The Food & Beverage company headquartered in Pennsylvania was recently in the news. The company reached out to users of its food & beverage products with an email from the CEO.

2. The Oil & Gas firm headquartered in Alaska was recently in the news because the CEO spoke up publicly regarding the wave of political activism across US companies ahead of the upcoming election. The company reached out to users of its oil & gas products with an email from the CEO, describing how it is not taking a political position because it "should be focused on achieving its mission. This is the way that we can have the biggest impact."

3. The Tech company headquartered in California was recently in the news because the CEO spoke up publicly and urged voters to support Joe Biden in the upcoming election. The company reached out to users of its tech products with an email from the CEO, describing how "anything less than a vote for Biden is a vote against democracy."

4. The Food & Beverage firm headquartered in Pennsylvania was recently in the news because the CEO spoke up publicly and urged voters to support Donald Trump in the upcoming election. The company reached out to users of its food & beverage products with an email from the CEO, describing how "anything less than a vote for Trump is a vote against America."

A.3 Study 2

A.3.1 Variables

The dependent variable in Study 2, as in Study 1, was *Pos Opinion*, assessed based on the same 7-point Likert scale question regarding positive company perception. This variable again reflects the differential effect of CEO communications on participants' opinions compared to their baseline impressions based on company type/location. Independent variables constituted binary indicators for each political stance condition: *Denounce*, *Not Denounce*, *Apolitical*, and *Control*. These variables are equal to 1 if subjects were assigned to the named condition and equal to 0 otherwise.

Consistent w Exp (*Inconsistent w Exp*) is equal to 1 if a either a California Tech company denounced (would not denounce) members of Congress who voted against certifying the results of the 2020 presidential election, or an Alaskan Oil company communicated it would not denounce (denounced) those members of Congress (including both *Donations* and *Statement* versions of these ideological stances).

Confidence in the election results was examined as a moderating variable to assess how individual perceptions of whether the elections were held fairly influenced responses to the political stance taken by the company. We use responses to the question "How much confidence do you have that the 2020 presidential election was held fairly?" The variable *Confidence* is a binary indicator taking value 1 if subjects responded, "A great deal", "Quite a bit", or "A moderate amount," and 0 if subjects responded "Only a little", "Not sure", or

"None at all." Our results are robust to alternative specifications.

A.3.2 Study 2 Manipulation Wording

Figure A2: **Experimental Manipulations - Study 2**

1. California Tech	2. Alaska Oil	3. Pennsylvania Food
The focus of this business case is the CEO of		
a major technology company, which is headquartered in California ("Tech Company"). The company produces, markets and sells consumer-facing software and hardware.	a major energy company, which is headquartered in Alaska ("Oil&Gas Company"). The company produces, markets and sells crude oil and natural gas and petroleum products.	a major food and beverage company, which is headquartered in Pennsylvania ("Food Company"). The company produces, markets and sells food products and non-alcoholic beverages.

Asked opinion of company T1

a. Denounce		b. Not Denounce		c. Apolitical	d. Control
The *(Manipulation 1 Company)* headquartered in *(Manipulation 1 State)* was recently in the news					
a1. Statement	**a2. Donations**	**b1. Statement**	**b2. Donations**		
because the CEO publicly denounced members of Congress who voted against certifying the results of the 2020 presidential election. "Last week's attempts by some congressional members to subvert the presidential election results and disrupt the peaceful transition of power do not align with our values",	because the CEO publicly announced that it suspended its political donations through its PAC to members of Congress who voted against certifying the results of the 2020 presidential election. "Last week's attempts by some congressional members to subvert the presidential election results and disrupt the peaceful transition of power do not align with our values. Our financial support will reflect this",	because the CEO would not publicly denounce members of Congress who voted against certifying the results of the 2020 presidential election. "We will keep supporting lawmakers that serve our communities and align with our values, without being affected by what is going on in the news cycle",	because the CEO publicly announced that it will keep giving its political donations through its PAC, including to members of Congress who voted against certifying the results of the 2020 presidential election. "We will keep supporting lawmakers that serve our communities and align with our values, without being affected by what is going on in the news cycle. Our financial support will reflect this",	because the CEO publicly announced that it would not take a political position following last week's events in the U.S. capital. "We should be focused on achieving our mission. This is the way that we can have the biggest impact,"	
the company's CEO wrote in a memo.					and the company's CEO wrote a memo.

Asked opinion of company T2

Notes: This figure displays the manipulations of Study 2 by condition. Additionally it shows in light blue the two moments when subjects stated their opinion about the company. The analyses in our paper use the difference between T2 and T1 for the "Pos Opinion" variable. Our results are robust to using only opinion in T2.

A.3.3 Study 2 Observation Exclusion Process & Lack of Selection Bias due to Attrition

Observations were dropped due to repeat platform ID numbers, suggesting that an individual may have participated in the experiment more than once, and due to failing the attention check questions. The resulting sample size was 1754 individuals.

No participants exited the survey after the random assignment of conditions, such that there was no selection bias due to attrition.

A.3.4 Study 2 Survey Company Descriptions – Example

Below is an example of four vignette company descriptions presented to one of our subjects in Study 2, to illustrate an example of what a single participant would have been presented in terms of company descriptions.

1. The Oil & Gas company headquartered in Alaska was recently in the news because the CEO publicly announced that it suspended its political donations through its PAC to members of Congress who voted against certifying the results of the 2020 presidential election. "Last week's attempts by some congressional members to subvert the presidential election results and disrupt the peaceful transition of power do not align with our values. Our financial support will reflect this", the company's CEO wrote in a memo.

2. The Tech company headquartered in California was recently in the news because the CEO would not publicly denounce members of Congress who voted against certifying the results of the 2020 presidential election. "We will keep supporting lawmakers that serve our communities and align with our values, without being affected by what is going on in the news cycle", the company's CEO wrote in a memo.

3. The Food & Beverage firm headquartered in Pennsylvania was recently in the news and the company's CEO wrote a memo.

4. The Oil & Gas company headquartered in Alaska was recently in the news because the CEO publicly announced that it would not take a political position following last week's events in the U.S. capital. "We should be focused on achieving our mission. This is the way that we can have the biggest impact," the company's CEO wrote in a memo.

B Company Type/Location as Proxies for Expected Ideological Leaning; Detailed Description of Supplementary Experiment

In our main experiments, we used a Tech company headquarted in California as a firm expected to lean Democrat, an Oil&Gas company headquartered in Alaska as on expected to lean Republican, and a Food&Beverage company headquartered in Pennsylvania as one expected to lean in neither ideological direction. This manipulation was informed by data gathered as described below, as well as a supplementary randomized experiment in which we tested (causally) whether such descriptions induced the expected political leaning we surmised.

We first examined popular industries' donation behavior. Tech is an industry that donates mostly to Democrats, Oil & Gas to Republicans, and Food & Beverage relatively evenly split. For example, in the 2020 cycle, 84% of Tech industry donations went to Biden and 16% to Trump. For Oil & Gas, 69% Trump and 31% Biden. For Food &Beverage, 50.5% Trump and 49.5% Biden.[14] Similarly, we chose our states based on expected election results. According to election forecasts at the time, California was a solid Democrat state, Alaska was a solid pro-Trump state (85% likelihood of winning the state), California a solid pro-Biden state (99% likelihood of winning the state) and Pennsylvania was battleground state, indicated as the more likely state to be a "tipping point" (36.5% chances of delivering the decisive Electoral College vote).[15]

Furthermore, we conducted a supplementary experiment to test that our company type and location manipulations would serve as effective proxies for expected ideological

[14]Source: Open Secrets.

[15]Source: FiveThirtyEight. Note that election results after Study 1 confirmed these forecasts: Biden had a clear victory in California (29%), Trump a clear victory in Alaska (10%), while in Pennsylvania, there was a 1.17% margin.

leaning of the firm. Participants on Prolific were recruited to a "survey that will ask you to read a number of short company descriptions and answer a few questions about your opinions about them". IRB approval was obtained. We randomly assigned communication about a firm's headquarters and industry. We tested these two elements separately on Prolific by showing subjects three manipulations about states, three manipulations about industries, and three manipulations that combined these two elements (as in the manipulation we use for our main experiments). We invited 150 subjects, evenly split between Democrats, Republicans and Independents in their affiliation reported on Prolific. Three subjects did not respond correctly to an attention check and we dropped them, leaving us with a total of 147 subjects. Each participant read nine descriptions about companies. For example, "Think about a top technology company, which is headquartered in California. The company produces, markets and sells consumer-facing software and hardware." They were then asked to respond to the question "Please, indicate where you would place this company on a scale, from "Very likely Democrat" to "Very likely Republican" (on a 7 point scale from 1 to 7 (1= very likely Democrat; 7= very likely Republican) after each company description.

Mean responses are reported in Table A1. The first three rows report the results for companies located in different states and show that companies located in Alaska are perceived as most likely Republican, and companies located in California as most likely Democrat. Pennsylvania companies are in the middle. We then tested companies' industries, based on their donation patterns (Tech is an industry that donates mostly to Democrats, Oil&Gas to Republicans, and Food & Beverages evenly split). Our results show that companies in Oil&Gas are perceived as most likely Republican, companies in Tech most likely Democrat, and companies in Food&Beverages in the middle. Finally, we combine these two treatments for our final treatment and find once again support for our hypotheses. Alaskan companies in Oil&Gas are perceived very likely to be Republican,

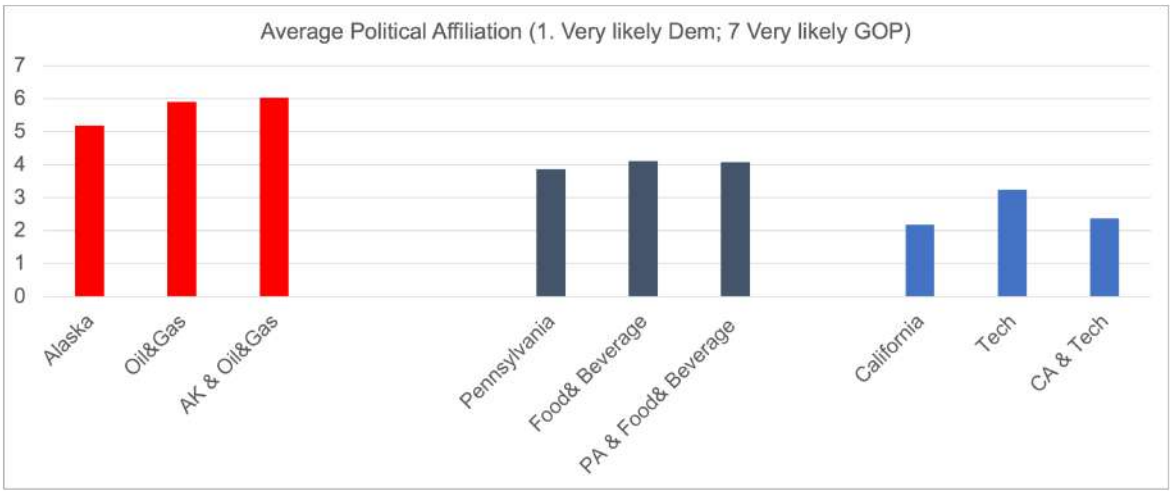
Californian companies in Tech very likely to be Democrat, and Food&Beverages companies from Pennsylvania are in the middle. We conducted tests of equality of means comparing each condition (Alaska, California, Oil&Gas, Tech, Alaska and Oil&Gas, California and Tech) to its respective neutral condition (Pennsylvania, Food&Beverage, or Pennsylvania and Food&Beverage), and all tests yielded p-values below 0.001. Figure A3 shows a visualization of our results.

Table A1: **Average Perceived Political Affiliation, by Company Type/Location**

	Average
Alaska	5.18
California	2.18
Pennsylvania	3.86
Oil&Gas	5.9
Tech	3.24
Food& Beverage	4.11
Alaska & Oil&Gas	6.03
California & Tech	2.37
Pennsylvania & Food& Beverage	4.07
Respondents	147

Notes: This table examines the effect of our treatments on subjects' perceptions of companies. Companies are evaluated on a scale from 1 (very likely Democrat) to 7 (very likely Republican). The first three rows report the results for companies located in different states. The next three rows report results for companies in different industries. Finally, the last three rows combine states and industries, using the treatments we used in the main experiments reported in the paper.

Figure A3: **Expected Political Affiliation, by Company Type/Location**



Notes: A visual representation of the perceptions of companies described in Table A1.

C Additional Figures and Tables

Table A2 presents summary statistics for individuals in each experimental sample, by condition. The last column presents summary statistics across conditions. In Study 1, about 40 percent were Democrat, 32 percent Republican, and 29 percent Independent. In Study 2, 40 percent were Democrat, 32 percent Republican and 28 percent Independent. Additionally, 74 percent were confident in the election results, while 26 percent were not. Though our sample was recruited to be an equal 1/3 - 1/3 - 1/3 split based on the ideology recorded by Prolific, the final sample somewhat deviates from this due to the use of respondents' self-reported political affiliation as opposed to that recorded by Prolific (as it is possible that individuals' political affiliation may have shifted since Prolific gathered that information). Our results are robust to re-weighting our sample to reflect a 1/3 - 1/3 - 1/3 split in participant ideology.

Women comprise 44 percent of our sample in Study 1 and 43 percent in Study 2. *Educ*

is a binary variable taking value 1 if subjects have a Bachelor degree (or more) and 0 otherwise. 48 percent of our sample in Study 1 and 51 percent in Study 2 have at least a Bachelor degree.

We performed t-tests of mean comparisons for the characteristics listed in Panel A and B across conditions. In particular we compared the means of the *Biden*, *Trump*, and *Apolitical* treatments with those of the control condition and the means of each company treatment with the other two company treatments.

C.1 Study 1

Table A3 reports the effects of communicating a stance for Study 1. Column 1 reports the effects discussed in Figure 1, while Column 2 shows a breakdown by political affiliation. Similarly, we report our analyses on sub-samples of Democrats and Republicans. Table A4 shows our main regressions for Democrats only, Table A5 for Independents only, and Table A6 for Republicans only. In Table A7 we run a robustness check to investigate whether participants presented with the same company a second time reacted differently. We introduced a "Repeated" variable to indicate whether subjects had previously encountered the company taking a stance. We find no evidence of a negative effect due to perceived inconsistency.

Table A8 examines the effect of communicating a stance broken down by expected firm stance in Study 1. Finally, Table A9 reports the effects of communication that is consistent or inconsistent with the expected ideological stance of the firm, while Table A10 reports the results under scenarios where our sample was artificially skewed to favor either Democrats or Republicans. These are discussed in the main text.

C.2 Study 2

Figure A4 replicates Figure 2 for Study 2. In this study, the effects are consistent across all different companies. Since opinion about Study 2's issue was not split along ideological

lines, the company's location and type manipulations were not as clearly linked to the expected side on the issue.

Table A11 shows the effects of communicating a stance for Study 2. Column 1 reports the effects discussed in Figure 3, while Column 2 shows the interaction of each stance with confidence in the election results. Tables A12 and A13 report the parallel analyses for Study 2, by focusing on subjects that are confident in the election results in Table A12 and subjects that are not confident in the election results in Table A13. Here we find null effects of taking an apolitical stance, which is unsurprising given the nature of the issue of focus in Study 2. Since opinion about the issue at the time was not split along ideological lines, the company's location and type manipulations in Study 2 were not as clearly linked to an expected side on the issue.

Table A14 examines the effect of our "Donations" treatment on the perceptions about companies against the "Statement" baseline. Column 1 shows the results for "Denounce," while column 2 shows the results for "Not Denounce." Table A15 introduces a "Repeated" variable to indicate whether subjects had previously encountered the company taking a stance and finds similar results to Study 1.

Table A16 reports the effects of communication that is consistent or inconsistent with the expected ideological stance of the firm, while Table A17 reports the results under a scenario where our sample was artificially balanced to equally represent people who are confident in the election results and people who are not confident weight equally. Both of these are discussed in the main text.

C.3 Additional Robustness Checks

Consistent with our pre-registration, we conducted the main analyses with the alternative dependent variables we collected in place of *Positive Opinion*. In addition to general valence opinions about companies, we also asked participants questions about the company from the perspective of a hypothetical consumer, worker, or investors. Table A18

shows these variables are all highly correlated. As results are consistent, we just report the more general variable *Pos Opinion* throughout paper.

Additionally, we confirmed that our results are robust to alternative specifications of our dependent variable, which include using as our DV a composite variable combining the subjects' responses to the various opinion questions, as well as using as our DV opinion about the company after having read the CEO communication (rather than deleting from this the baseline responses after reading the company location and type descriptions). Our results are also robust to including political affiliation in our regression specifications.

D Additional Tables and Figures

Table A2: **Descriptive Statistics**

Panel A: Study 1

	Biden	Trump	Apolitical	Control	AK	CA	PA	*Total*
Republican	0.32	0.35	0.30	0.29	0.32	0.33	0.30	*0.32*
Democrat	0.38	0.40	0.39	0.43	0.39	0.39	0.41	*0.40*
Independent	0.30	0.25	0.32	0.28	0.30	0.27	0.29	*0.29*
Female	0.44	0.49	0.42	0.43	0.46	0.42	0.46	*0.44*
Mean Age	32.67	34.09	33.40	32.53	33.78	32.75	33.00	*33.18*
Education	0.48	0.51	0.48	0.46	0.52	0.44	0.49	*0.48*
Total	313	293	279	268	384	398	371	*1153*

Panel B: Study 2

	Denoun	NotDenoun	Apolitical	Control	AK	CA	PA	*Total*
Republican	0.33	0.28	0.33	0.34	0.30	0.33	0.32	*0.32*
Democrat	0.41	0.43	0.38	0.33	0.42	0.38	0.40	*0.40*
Independent	0.26	0.28	0.29	0.33	0.28	0.29	0.28	*0.28*
Confidence	0.74	0.74	0.75	0.73	0.75	0.75	0.71	0.74
No Confidence	0.26	0.26	0.25	0.27	0.25	0.25	0.29	0.26
Female	0.45	0.41	0.46	0.40	0.42	0.43	0.44	*0.43*
Mean Age	35.19	34.47	33.99	35.29	34.30	34.82	35.22	*34.77*
Education	0.54	0.48	0.50	0.52	0.52	0.52	0.50	*0.51*
Total	583	579	295	297	611	570	573	*1754*

Notes: This table displays descriptive statistics for our samples. Panel A displays descriptive statistics for Study 1, while Panel B displays them for Study 2. For the breakdown across conditions, descriptives are shown for subjects who encountered each respective treatment in the first company description they read.

Table A3: **Effects of Communicating a Stance on Positive Opinion of the Firm - St. 1**

	(1) Pos Opinion *All*	(2) Pos Opinion *All*
Political stances		
Biden	-0.299	-0.411
	(0.065)	(0.101)
Trump	-1.233	-1.267
	(0.061)	(0.101)
Apolitical	0.438	0.543
	(0.048)	(0.083)
Other variables		
Biden*Dem		1.442
		(0.128)
Biden*Rep		-1.455
		(0.145)
Trump*Rep		1.407
		(0.144)
Trump*Dem		-1.031
		(0.127)
Apolitical*Rep		0.275
		(0.115)
Apolitical*Dem		-0.481
		(0.114)
R2	.264	.483
N	4612	4612

Notes: This table examines the effect of our treatments on the perceptions about companies for Study 1. In assessing the effects of these treatments, we control for both the fixed effects associated with each subject and the iteration of the treatment exposure. The baseline for Political Stances is the Silence/Control condition. The baseline for political affiliation of the individual is Independent. Standard errors are clustered by subject.

Table A4: **Effects on Positive Opinion - Democrats Only - St. 1**

	(1) Pos Opin *Dem*	(2) Pos Opin *Dem*
Political Stances		
Biden	1.034	0.959
	(0.080)	(0.104)
Trump	-2.297	-2.628***
	(0.077)	(0.095)
Apolitical	0.064	-0.107
	(0.078)	(0.102)
Other Variables		
Alaska		0.212
		(0.108)
Alaska*Biden		0.212
		(0.220)
Alaska*Trump		1.021
		(0.200)
Alaska*Apolitical		0.497
		(0.200)
R2	.567	.600
N	1828	1828

Notes: This table examines the effect of our treatments on the perceptions among Democrats in Study 1. In assessing the effects of these treatments, we control for both the fixed effects associated with each subject and the iteration of the treatment exposure. The baseline for Political Stances is the Silence/Control condition. The baseline for company type is the California-based tech company. Standard errors are clustered by subject.

Table A5: **Effects on Positive Opinion - Independents Only - St. 1**

	(1) Pos Opin *Inds*	(2) Pos Opin *Inds*
Political Stances		
Biden	-0.414	-0.444
	(0.101)	(0.132)
Trump	-1.268	-1.549
	(0.101)	(0.134)
Apolitical	0.541	0.530
	(0.083)	(0.124)
Other Variables		
Alaska		0.110
		(0.129)
Alaska*Biden		0.109
		(0.306)
Alaska*Trump		0.844
		(0.232)
Alaska*Apolitical		0.013
		(0.237)
R2	.333	.351
N	1328	1328

Notes: This table examines the effect of our treatments on the perceptions among Independents in Study 1. In assessing the effects of these treatments, we control for both the fixed effects associated with each subject and the iteration of the treatment exposure. The baseline for Political Stances is the Silence/Control condition. The baseline for company type is the California-based tech company. Standard errors are clustered by subject.

Table A6: **Effects on Positive Opinion - Republicans Only - St. 1**

	(1) Pos Opin *Reps*	(2) Pos Opin *Reps*
Political Stances		
Biden	-1.864	-2.060
	(0.104)	(0.133)
Trump	0.137	0.217
	(0.102)	(0.147)
Apolitical	0.820	0.761
	(0.081)	(0.110)
Other Variables		
Alaska		-0.191
		(0.136)
Alaska*Biden		0.596
		(0.287)
Alaska*Trump		-0.196
		(0.254)
Alaska*Apolitical		0.178
		(0.223)
R2	.482	.486
N	1456	1456

Notes: This table examines the effect of our treatments on the perceptions among Republicans in Study 1. In assessing the effects of these treatments, we control for both the fixed effects associated with each subject and the iteration of the treatment exposure. The baseline for Political Stances is the Silence/Control condition. The baseline for company type is the California-based tech company. Standard errors are clustered by subject.

Table A7: **Effects of Showing Companies a Second Time - St. 1**

	(1) Pos Opinion *All*	(2) Pos Opinion *All*
Political stances		
Biden	-0.304	-0.132
	(0.065)	(0.116)
Trump	-1.234	-1.245
	(0.061)	(0.105)
Apolitical	0.438	0.630
	(0.047)	(0.100)
Other variables		
Repeated	0.082	0.009
	(0.057)	(0.068)
R2	.263	.534
N	4612	2306

Notes: This table replicates the analysis in Column 1 in Table A3 with the addition of a binary variable indicating whether a participant saw the same message a second time. Column 2 includes only iterations with companies that have been shown twice. Subject fixed effects are used. The baseline for Political Stances is the Silence/Control condition. The baseline for political affiliation of the individual is Independent. Standard errors are clustered by subject.

Table A8: **Effects on Positive Opinion by Expected Firm Stance Ex Ante - St.1**

	(1) - CA Pos Opin	(2) - PA Pos Opin	(3) - AK Pos Opin
Biden	-0.887	-0.754	-0.243
	(0.198)	(0.251)	(0.260)
Trump	-1.276	-1.994	-0.945
	(0.242)	(0.232)	(0.191)
Apolitical	0.266	-0.142	0.122
	(0.176)	(0.176)	(0.156)
R2	.113	.180	.054
N	398	371	384

Notes: This table examines the effect of our treatments broken down by expected firm stance in Study 1. The baseline for Political Stances is the Silence/Control condition. To compare all 3x4 conditions (3 firm types/locations x 4 political stances), we use between-subjects comparisons, analyzing only the first iteration for each subject. Standard errors are clustered by subject.

Table A9: **Effects of Stances Consistent and Inconsistent with Expectations - St. 1**

	(1) Pos Opinion	(2) Pos Opinion
Consistent w Exp	0.496	0.505
	(0.202)	(0.202)
Inconsistent w Exp	0.630	0.648
	(0.232)	(0.232)
Democrat		0.120
		(0.204)
Republican		-0.166
		(0.221)
Constant	-1.335	-1.335
	(0.159)	(0.206)
R2	.015	.018
N	606	606

Notes: This table examines the effect of taking a political stance that is consistent or inconsistent with the expectation about the company in Study 1. We limited the sample to instances where companies took either a pro-Biden or pro-Trump position.Consistent (Inconsistent) with Expectations indicates that either a Californian Tech company communicated a pro-Biden (pro-Trump) position or that an Alaskan Oil company communicated a pro-Trump (pro-Biden) position. The baseline for the company is the Pennsylvanian Food and Beverage Company. The baseline for political affiliation of the individual is Independent.

Table A10: **Asymmetric opinions - synthetic - St. 1**

	(1) Pos Opinion	(2) Pos Opinion
Variables		
Biden	0.549	-1.382
	(0.074)	(0.092)
Trump	-1.891	-0.269
	(0.070)	(0.089)
Apolitical	0.188	0.692
	(0.067)	(0.069)
R2	.393	.333
N	3284	3284

Notes: For this table, we create two synthetic samples. Column 1 shows the main effects in our sample, if Democrats were five times Republicans. Column 2 shows these results if Republicans were five times Democrats. Independents are not included in the synthetic sample. The baseline is the Silence/Control condition. Standard errors are clustered by subject.

Table A11: **Effects of Communicating a Stance on Positive Opinion of the Firm - St. 2**

	(1) Pos Opin *All*	(2) Pos Opin *All*
Political Stances		
Denounce	0.385	-1.043
	(0.049)	(0.099)
Not Denounce	-0.756	0.285
	(0.048)	(0.085)
Apolitical	0.002	0.812
	(0.041)	(0.077)
Other Variables		
Denounce*Conf		1.929
		(0.109)
NotDenounce*Conf		-1.413
		(0.100)
Apolitical*Conf		-1.098
		(0.089)
R2	.244	.370
N	7016	7016

Notes: This table examines the effect of our treatments on the perceptions about companies for Study 2. In assessing the effects of these treatments, we control for both the fixed effects associated with each subject and the iteration of the treatment exposure. The baseline for Political Stances is the Silence/Control condition. The baseline for the Confidence variable is No Confidence. Standard errors are clustered by subject.

Table A12: **Effects on Positive Opinion - Confident Only - St. 2**

	(1)	(2)
	Pos Opin	Pos Opin
	Confident	*Confident*
Political Stances		
Denounce	0.882	0.883
	(0.049)	(0.049)
Not Denounce	-1.132	-1.126
	(0.054)	(0.053)
Apolitical	-0.285	-0.285
	(0.046)	(0.046)
Other Variables		
Alaska		0.301
		(0.051)
Pennsylvania		-0.150
		(0.052)
R2	.379	.392
N	5180	5180

Notes: This table examines the effect of our treatments on the perceptions among people confident in the election results in Study 2. The baseline for Political Stances is the Silence/Control condition. The baseline for company type is the California-based tech company.

Table A13: **Effects on Positive Opinion - Not Confident Only - St. 2**

	(1) Pos Opin *Not Confident*	(2) Pos Opin *Not Confident*
Political Stances		
Denounce	-1.030	-1.030
	(0.103)	(0.103)
Not Denounce	0.295	0.288
	(0.088)	(0.087)
Apolitical	0.813	0.803
	(0.076)	(0.077)
Other Variables		
Alaska		-0.061
		(0.097)
Pennsylvania		-0.168
		(0.095)
R2	.338	.339
N	1836	1836

Notes: This table examines the effect of our treatments on the perceptions among people not confident in the election results in Study 2. The baseline for Political Stances is the Silence/Control condition. The baseline for company type is the California-based tech company.

Table A14: **Effects of Communicating about Donations**

	(1) Pos Opin *Denounce*	(2) Pos Opin *Not Denounce*
Donations	-0.367	0.103
	(0.087)	(0.090)
R2	.01	.001
N	1754	1754

Notes: This table examines the effect of our "Donations" treatment on the perceptions about companies for Study 2. We limited the sample to instances where companies took either a "Denounce" or a "Not Denounce" position. Column 1 shows the results for "Denounce," while column 2 shows the results for "Not Denounce." The baseline is our statement condition.

Table A15: **Effects of Showing Companies a Second Time - St. 2**

	(1) Pos Opinion *All*	(2) Pos Opinion *All*
Political stances		
Denounce	0.363	0.361
	(0.049)	(0.100)
Not Denounce	-0.775	-0.686
	(0.048)	(0.087)
Apolitical	0.002	0.026
	(0.041)	(0.072)
Other variables		
Repeated	0.112	0.157
	(0.041)	(0.056)
R2	.243	.517
N	7016	3508

Notes: This table replicates the analysis in Column 1 in Table A11 with the addition of a binary variable indicating whether a participant saw the same message a second time. Column 2 includes only iterations with companies that have been shown twice. Subject fixed effects are used. The baseline for Political Stances is the Silence/Control condition. The baseline for political affiliation of the individual is Independent. Standard errors are clustered by subject.

Table A16: **Effects of Stances Consistent and Inconsistent with Expectations - St. 2**

	(1)	(2)
	Pos Opin	Pos Opin
Consistent w Exp	0.471	0.465
	(0.141)	(0.141)
Inconsistent w Exp	0.242	0.238
	(0.143)	(0.143)
Confidence		0.208
		(0.130)
Constant	-0.678	-0.828
	(0.105)	(0.140)
R2	.009	.011
N	1162	1162

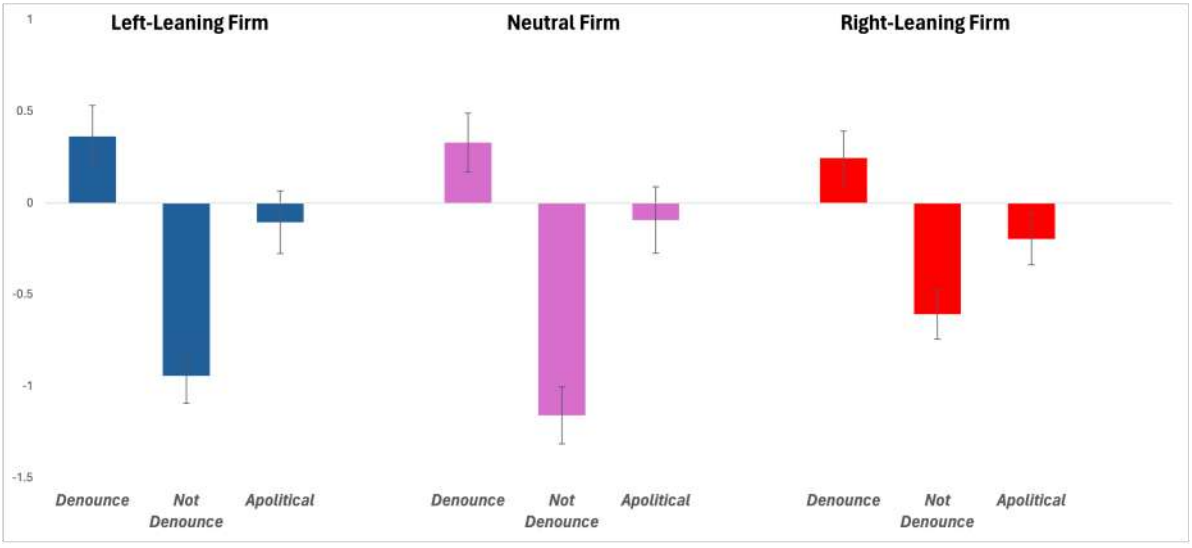
Notes: This table examines the effect of taking a political stance that is consistent or inconsistent with the expectation about the company in Study 2. We limited the sample to instances where companies took either a pro-Biden or pro-Trump position. Consistent (Inconsistent) with Expectations indicates that either a Californian Tech company communicated a Denounce (Not Denounce) position or that an Alaskan Oil company communicated a Not Denounce (Denounce) position. The baseline for the company is the Pennsylvanian Food and Beverage Company. The baseline for confidence is No Confidence.

Table A17: **Symmetric opinions - synthetic - St. 2**

	(1) Pos Opinion
Variables	
Denounce	-0.075
	(0.062)
Not Denounce	-0.411
	(0.055)
Apolitical	0.266
	(0.047)
R2	.201
N	7016

Notes: For this table, we create a synthetic sample where subjects who are confident and not confident are equally represented. The baseline is the Silence/Control condition. Standard errors are clustered by subject.

Figure A4: **Effects of Communicating a Stance, by Expected Firm Stance Ex Ante - St. 2**



Notes: This figure replicates Figure 2 for Study 2. Bars report coefficients representing the effects of communicating a stance on perceptions in Study 2, broken down by company type. The baseline is Silence/Control. Standard error bars are included.

Table A18: **Correlations between DVs**

Panel A: Study 1

	Pos Opinion	WorkFor	Apply	OthWork	Values	Sincere	Invest	Shares
Pos Opinion	1							
WorkFor	0.78	1						
Apply	0.75	0.81	1					
OthWork	0.67	0.69	0.66	1				
Values	0.81	0.75	0.72	0.63	1			
Sincere	0.64	0.56	0.55	0.53	0.62	1		
Invest	0.72	0.72	0.70	0.63	0.69	0.54	1	
Shares	0.57	0.57	0.55	0.57	0.53	0.49	0.63	1

Panel B: Study 2

	Pos Opinion	WorkFor	Apply	OthWork	Values	Sincere	Invest	Shares
Pos Opinion	1							
WorkFor	0.76	1						
Apply	0.71	0.78	1					
OthWork	0.64	0.67	0.66	1				
Values	0.81	0.73	0.70	0.62	1			
Sincere	0.67	0.61	0.57	0.54	0.67	1		
Invest	0.68	0.69	0.68	0.61	0.66	0.54	1	
Shares	0.55	0.55	0.55	0.55	0.53	0.45	0.61	1

Notes: This table displays the correlations between our eight pre-registered dependent variables: *Pos Opinion* ("I have a positive opinion of this company"); *WorkFor* ("I would be happy to work for this company"); *Apply* ("I would apply for a job at this company"); *OthWork* ("People I know would be happy to work for this company"); *Values* ("This company shares my values"); *Sincere* ("This company is sincere"); *Invest* ("I would invest in this company"); *Shares* ("I predict that this company's shares will gain value over the next months"). Panel A displays descriptive statistics for Study 1, while Panel B displays them for Study 2. Our results using alternative DVs instead of *Pos Opinion* are consistent with the results that we report in the paper.