

Yes to Koch, No to Woke: Public Opinion, Free Markets, and Business Involvement in Politics

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Abstract

In this paper, we use data from the 2022 Cooperative Election Study to explore the relationship between partisanship, attitudes toward free markets, and corporate social responsibility. We find that while Republicans continue to express abstract support for free markets and business involvement in politics, they respond negatively to more specific descriptions of CEO activism, particularly when that activism is directed toward environmental, social, and governance (ESG) issues. Overall, individual support for business involvement in politics depends on the non-economic impact of corporate behavior. In this respect, our findings echo the literature on political tolerance, abstract support for free markets slips when applied to specific environmental, social, and governance contexts. Within this context, “business involvement in politics,” which Republicans support, translates into “corporate political activity,” which Republicans oppose.

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The last several election cycles have seen a remarkable shift in the relationship between the Republican Party and the business community. Once an unapologetic supporter of free markets, the Republican Party is increasingly at odds with businesses that see social responsibility as good for corporate branding and bottom-line financial calculations. House Speaker Kevin McCarthy went so far as to suggest a change of leadership for the U.S. Chamber of Commerce, an organization long-seen as friendly to the GOP. U.S. Senators Marco Rubio, Tom Cotton, Mike Lee, Charles Grassley, and Marsha Blackburn sent a letter to businesses warning them about continuing their Environmental, Social, and Governance (ESG) practices, threatening that such activities are “actionable under antitrust laws.” Florida Governor Ron DeSantis took on Disney over parental control of education and Disney’s opposition to the so-called “don’t say gay” bill. Has this elite opposition affected public support for free markets, business involvement in politics, or CEO activism?¹

Throughout the history of American politics, corporate political power has rested uneasily within a democratic political system—exercising enormous influence over policy making and electoral politics. At what point does this immense corporate political power undermine the tenets of a “one person, one vote” democratic ethos (McClosky and Zaller, 1984)? In an influential paper, Lindblom (1982) argues that markets “imprison” the policy-making process, setting limits on the policies that can be adopted by democratically elected representatives. Corporations do not simply exercise indirect power over the political process via economic decision-making to add jobs or cut investments, they also influence politics directly through electioneering—especially through political campaign contributions—and lobbying for favorable policies (Bonica, 2016; Kalla and Broockman, 2014; Canes-Wrone and Gibson, 2019; Katz, 2015; Quinn and Shapiro, 1991). Until recently, however, political efforts aimed at limiting corporate influence over politics have mostly been the province of the progressive left (Miller, 2007).

Scholars have correctly noted that corporate engagement in the political process does

¹In a recent paper, Hersh and Shah (2023) report that, while elites perceive a leftward shift in the business community, the general public has not. Our results help to explain this finding.

not neatly (or easily) translate into control over political outcomes (Hersh, 2023; Smith, 2000). In a pluralist society, elites are rarely united and their efforts to influence policy are often contested. If corporate resources provide opportunity for political influence, they provide no guarantee of success (Hersh, 2023). Even so, when the Supreme Court extended First Amendment protections to cover corporate political speech, they enabled corporations the potential for greater influence over the electoral and policy-making process, often with minimal disclosure of donors (Panagopoulos et al., 2020; Gilens, Patterson and Haines, 2021). Charles and David Koch’s spending on conservative issues and candidates led to a rightward shift within the Republican Party and in American politics more generally (Skocpol and Hertel-Fernandez, 2016). Meanwhile, the Citizens United decision increased corporate influence in the US states (Gilens, Patterson and Haines, 2021). The criticisms of this corporate influence emerged almost entirely from the left.

Within the framework of traditional corporate political activity (electioneering and lobbying), the Republican Party and Republican Party candidates were typically (and historically) the beneficiaries of corporate political activity (Lund and Strine Jr, 2022; Brunell, 2005; Cohen et al., 2019; Bonica, 2016). As long as corporations advocated for a favorable business climate—low taxes and limited government regulation—corporate business interests and Republican preferences neatly aligned. During this era, Republican elites expressed strong support for corporate political activity. Former Senate Majority Leader Mitch McConnell, for example, praised the Citizens United decision for restoring the rights of corporate political groups to engage in politics.²

But, there are signs that the Republican advantage in traditional forms of corporate activity is fading or, perhaps, even reversing to favor the Democratic Party (Fowler, Franz and Ridout, 2020). For the first time since the Citizens United ruling, the Democratic Party received a majority of the “dark money” contributions in the 2018 and 2020 election cycles (Vogel and Goldmacher, 2022; Massoglia and Hillstrom, 2021). More importantly, at

²<https://www.politico.com/story/2010/01/pols-weigh-in-on-citizens-united-decision-031798>

least some corporations have garnered perceived, if not real, reputational gains and returns on investments from politically engaging on environmental, social, and governance (ESG) issues.³ Republican political elites, some of whom have been helped by corporate political activity, have criticized these forays into politics. Referring to the battle over Georgia’s election law, the same Mitch McConnell who applauded Citizen United warned corporations “to stay out of politics,” though he added the caveat that this did not extend to political contributions.⁴

Simultaneously, Republicans’ favorable attitudes of big business have rapidly declined. In August 2019, a Pew Research Center poll found 54 percent of Republicans said large corporations have a positive impact on American society (Dunn and Cerda, 2022). By October 2022, the number of Republicans positively evaluating large corporations’ societal impact had dropped to 26 percent—statistically indistinguishable from the 25 percent of Democrats positively evaluating large corporations. If these aggregate shifts tell us Republican support for business may be wavering, they leave open questions about the relationship between free market attitudes and support for corporate political activity. If we assume, for example, that corporate political activity is strategic and calculated to increase profit, return on investment, or market share, why would a political party that valued free markets oppose these efforts? Are individuals sacrificing support for an abstract value (support for free markets) because of the non-market based social impact of market-based decisions? Or have these individuals simply become less supportive of free markets? Finally, is support for corporate political activity contingent on the ends to which corporate political activity is directed (Sumner, 2022)?

To answer these questions, we use data from the 2022 Cooperative Election Study (CES) to explore (i) how partisanship affects free market attitudes, and (ii) how partisanship moderates the effect of free market attitudes on support for business leaders’ involvement

³It is not clear whether ESG activities provide an economic return. Even so, CEOs and corporate boards apparently see a value in these activities

⁴<https://www.washingtonpost.com/nation/2021/04/07/mitch-mcconnell-georgia-citizens-united/>

in politics. The findings reveal that Republicans express greater support for free markets than Democrats or independents, and that they believe business leaders should be involved in politics. However, Republicans balk at political activity when it is expressed as CEO activism or when it is directed toward environmental, social, or political issues.

Activist CEOs and Republican Backlash

According to Axios co-founder and CEO Jim VandeHei (2019), “CEOs are America’s new politicians.” Whether or not companies and their chief executive officers (CEOs) are increasingly taking public stances on hot-button issues, employees and consumers are increasingly demanding that they take such public stances. Over two-thirds of employees say they would consider leaving their current employer for an employer that speaks out on these issues (Baker and Zuech, 2021). Similarly, an Ipsos poll finds 54 percent of consumers expect brands to take stances on social justice issues.⁵ While pressure from stakeholders makes CEOs more likely to make public statements, there remains the risk that these same stakeholders will punish them if the statements do not align with their ideological leanings—underscoring the delicate balancing act in satisfying stakeholder expectations (Sumner, 2022). For corporate CEOs, there are costs for publicly engaging or not engaging in politics on environmental, social, and governance issues.

This is, notably, a change in the business of politics. Businesses that once exercised power “quietly” through the insider politics of campaign donations and lobbying, are increasingly pressured to engage in a “noisy” politics that demand wading into potential controversial political issues with public statements (Culpepper, 2010, 2021). Engaging in this “noisy politics” carries risks. If Bud Light or Target take a stance on a controversial political issue, as both have done recently (Holpuch, 2023), will they gain enough new customers or brand loyalty and engagement from their existing customers to offset any potential losses? The

⁵<https://www.ipsos.com/en-us/knowledge/society/Consumers-want-deeper-social-justice-commitments-from-brands>

answer is not always clear. We do know, however, that CEOs are responsive to the demands and ideologies of their customers and employees when deciding whether to engage in political activism (Hambrick and Wowak, 2021). While CEOs are unlikely to alter their employees' ideological commitments through activism, they can effectively encourage political engagement (Wowak, Busenbark and Hambrick, 2022) or frame the national debate (Chatterji and Toffel, 2016). Moreover, though the effects are contingent on individual-level partisanship, corporate political activity can influence consumer purchasing decisions (Panagopoulos et al., 2020; McConnell et al., 2018). Even so, it is unclear how much more consumers are willing to pay to align their partisan preferences with their purchasing decisions (Hainmueller, Hiscox and Sequeira, 2015) or whether, on balance, CEO activism yields a net positive return in market share or profit (Panagopoulos et al., 2020; Mikeska and Harvey, 2015).

Overall, the impact of CEO activism is likely contingent upon the ideological, partisan, and value orientations of the business's customers and employees. Aligning a brand with the ideological leanings of its customers and employees can, at least potentially, lead to substantial reputational gains (Jin et al., 2023), but inauthentically aligning a brand or misaligning a brand can lead to reputational losses (Wowak, Busenbark and Hambrick, 2022; Vredenburg et al., 2020). This pressure from stakeholders incentivizes CEOs to wade cautiously into political activism (Sumner, 2022).

Reputational gains and losses may not be the only force making CEOs politically active. In addition to stakeholder pressure, CEO background and identity affects participation in political activism. Notably, women and minority CEOs are more inclined to voice their opinions on social issues, as are CEOs of firms with higher market value and those with women on their board of directors (Cook, Glass and Ingersoll, 2023). As corporations and their leadership teams continue to diversify (Deloitte, 2023; Shontell, 2023), political activism has likely increased.

So far, we have discussed stakeholders as a homogeneous entity. In reality, however, stakeholders in most companies are ideologically diverse, and far-right consumers are repulsed

by what they see as “politically correct” activism (Ulver and Laurell, 2020). Meanwhile consumers left of center on the political spectrum are not wholesale supportive of business involvement in politics. Hersh (2023) observes that Democrats especially hold conflicting views on business’s role in politics. A majority of Democrats simultaneously believe that business should be both *less* and *more* involved in politics, opposing business involvement on tax policy but supporting business involvement on climate change and income inequality (Hersh, 2023). Support for corporate involvement often largely depends on the issue at stake and individual ideological, partisan, and issue-specific preferences (Sumner, 2022). Thus, stakeholders’ calls for political activism are not uniform and neither are their expectations or effects.

This is especially true as political polarization intensifies and fewer consumers find themselves in the political center (Weber et al., 2021). In this respect, the median consumer is likely left of center, as college educated Americans with more capital and affluence are increasingly aligning with the Democratic Party (Zingher, 2022). “Woke” corporate activity then likely arises from two related shifts. First, because younger generations make up a larger share of the consumer market and they are more affluent, meaning they are better educated, have more disposable income, they are the demographic that corporate leaders are often looking to capture. Second, younger generations are (Gen Z and Millennials) more diverse and socially liberal than older generations (Gen X and Baby Boomers), and as consumers and employees they expect corporate leaders to take stands on controversial issues (Twenge, 2023; Rouse and Ross, 2018; Francis and Hoefel, 2018). As a result, CEOs may be pressured to make concessions or take actions to appease the median, left-of-center consumer, which alienates consumers on the right with less capital. Regardless, business elites perceive cross-pressured companies as moving to the left (Hersh and Shah, 2023).

Individual Attitudes Toward Free Markets and Corporate Political Activity

How do individuals respond to shifts in corporate behavior and elite rhetoric? Are Republicans less likely (and Democrats more likely) to support free markets and business involvement in politics? Or, as partisans, do they live with the contradictions between their free markets beliefs, support for business involvement in politics, and corporate political activity on ESG-related issues? To answer these questions, we develop a model capturing how individuals think about the role of business in politics.

First, context matters. While corporations often engage in ESG for public relations purposes, individuals are unlikely to know much about these activities in the absence of partisan cues. Indeed, in the absence of partisan opposition, individuals might perceive these corporate activities as apolitical, similar to corporate philanthropy. The rhetoric (noted above) by Republican political elites serve as cues to Republican voters to think of corporate political activity in partisan terms (Zaller, 1992). Second, we know well that prior beliefs matter but also that the application of beliefs to specific scenarios is not automatic. Chong, McClosky and Zaller (1983) note that, though the public is generally supportive of capitalism (and free markets) in the abstract, “they often fail to understand the connections between these inclinations and particular issues.” The political tolerance literature provides what is perhaps the most widely cited example of abstract beliefs in free speech not neatly translating into specific support for free speech for disliked political groups (Sullivan, Piereson and Marcus, 1993). We expect a similar dynamic to be at work here. Individuals can believe, in general, that markets—rather than government—should guide business decisions, but may reject corporate activity they disagree with for non-market reasons. Similarly, individuals may believe business leaders should be involved in politics, but that corporate CEOs should not engage in politics to advance environmental, social, and governance goals. Our expectation is that Republicans will not depart from their abstract commitment to free markets and

business involvement in politics, but they will alter these commitments to oppose corporate ESG activities. Specifically, we offer following set of hypotheses:

Hypothesis 1: *Republicans will express greater abstract support for free markets than Democrats or Independents.*

Hypothesis 2: *Republicans will express greater abstract support for business involvement in politics than Democrats or Independents.*

Hypothesis 3: *Support for free markets will be associated with support for business involvement in politics. The more supportive an individual is of free markets, the more supportive they will be of business leader involvement in politics.*

Hypothesis 4: *Republicans will express less support for corporate political activity, even when that activity is financially motivated.*

Hypothesis 5: *Support for free markets will be associated with greater support for corporate political activity, but only when it is financially motivated.*

Data

Our CES module consists of 1,000 respondents. In addition to answering the CES Common Content questions, respondents answered a battery of questions regarding the role of business in politics. The survey was fielded by YouGov between September 29 and November 8, 2022. We use the provided survey weights to approximate the responses of a nationally representative sample. Table 1 presents the descriptive statistics of this sample. The mean respondent in our sample is slightly left of center, moderately religious, has a family income between 50,000 and 70,000 dollars a year, and is 49 years old. The racial, ethnic, and gender composition of our sample approximates the demographics of the United States population.

The variables included in Table 1 are used as controls in the analyses throughout this paper. The operationalization of these variables follows. Party identification is an ordinal

Table 1: Descriptive Statistics of CES Sample

	Mean	S.D.	Min.	Max.
Party Identification	3.79	2.10	1	7
Religiosity	2.69	1.18	1	4
Family Income	6.23	3.74	1	16
Age (Years)	48.8	17.7	19	95
Race (Black)	0.13	0.34	0	1
Hispanic	0.14	0.34	0	1
Gender (Man)	0.49	0.50	0	1

variable ranging from one (strong Democrat) to seven (strong Republican); religiosity is a four-point measure of the importance of religion, where one indicates religion is not at all important and four indicates religion is very important; family income is an ordinal variable ranging from one (less than \$10,000) to 16 (\$500,000 or more); age is a continuous variable ranging from 19 to 95; race is a dichotomous variable coded one if the respondent is black and zero otherwise; ethnicity is a dichotomous variable coded one if the respondent is Hispanic and zero otherwise; and gender is a dichotomous variable coded one if the respondent is a man and zero otherwise.

Free Market Attitudes

Our first area of interest is in assessing the determinants of respondents' preferences toward free markets. A free market, in essence, is one in which a nation's government possesses little regulation, oversight, and/or intervention over the economy. We measure the strength and direction of free market attitudes using three different survey items, which we then combine to create a free market index ($\alpha = 0.779$). Respondents were asked whether they agree (5 = strongly agree) or disagree (1 = strongly disagree) with the following statements:

1. "Most people are better off in a free market economy, even though some people are rich and some are poor."
2. "Free markets are generally less wasteful and more efficient than government."

3. “The marketplace is democratic because it allows everyone to express their preferences by choosing what to buy.”

In line with previous research (Deckman et al., 2017; Mansfield, Mutz and Silver, 2015), we expect Republicans will generally be more supportive of free markets than Democrats. While party elites appear to be changing their rhetoric towards big business, this shift will likely not be reflected in general support for free markets. Figure 1 shows the distribution of free market attitudes across party identification. Overall, Republicans express greater support for free markets than independents and Democrats. Like the three individual measures, the free market index ranges from one to five. On the free market index, the mean for Democrats is 3.01 ($SD = 0.82$) and the mean for Republicans is 3.86 ($SD = 0.73$). This means, approximately, that the average Democrat neither agrees nor disagrees with the sen-

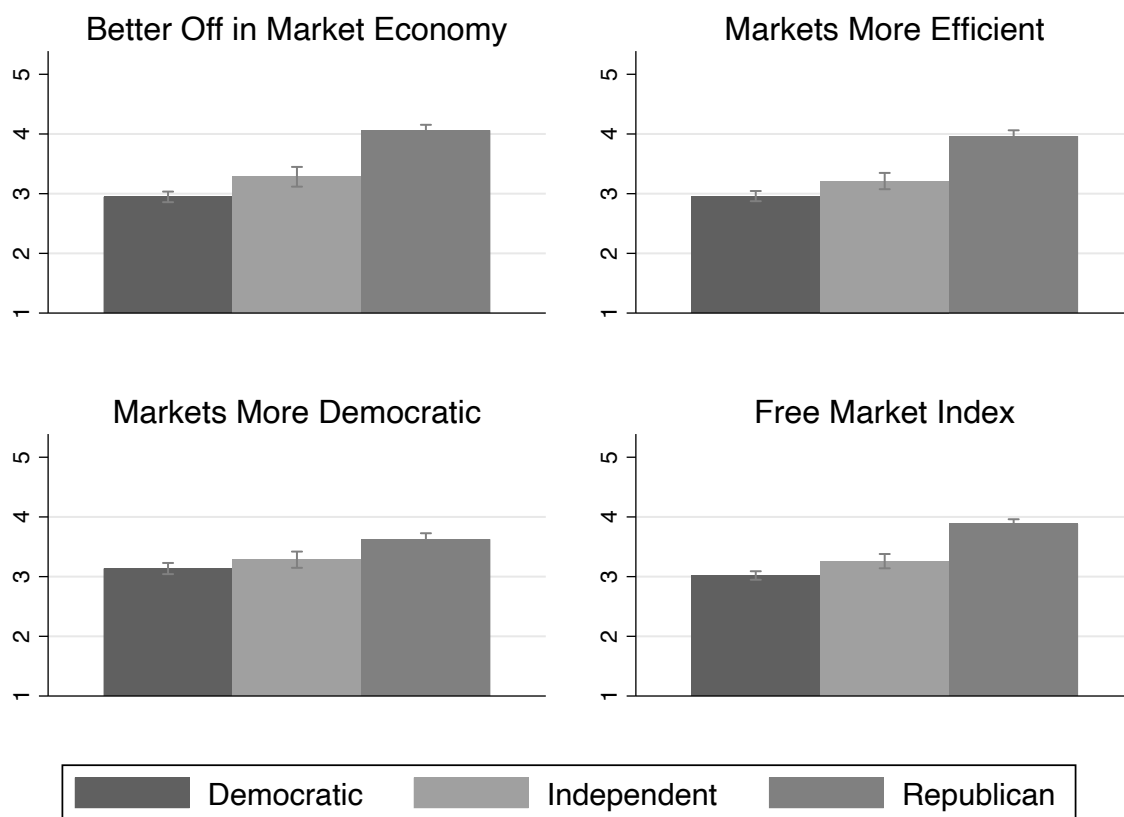


Figure 1: Support for Free Markets (Bivariate)

timent that free markets are better, while the average Republican agrees that free markets are better.

We estimate a set of models to assess whether general support for free markets is associated with partisanship after controlling for a variety of standard demographic variables, including religiosity, family income, age, race, ethnicity, and gender. We use ordered logistic regression to estimate the effect on each categorical measure of free market attitudes, and we use ordinary least squares regression when looking at the free market index. The coefficients from these models are displayed in Figure 2 and the full regression results are included in Table A1 of the Appendix.

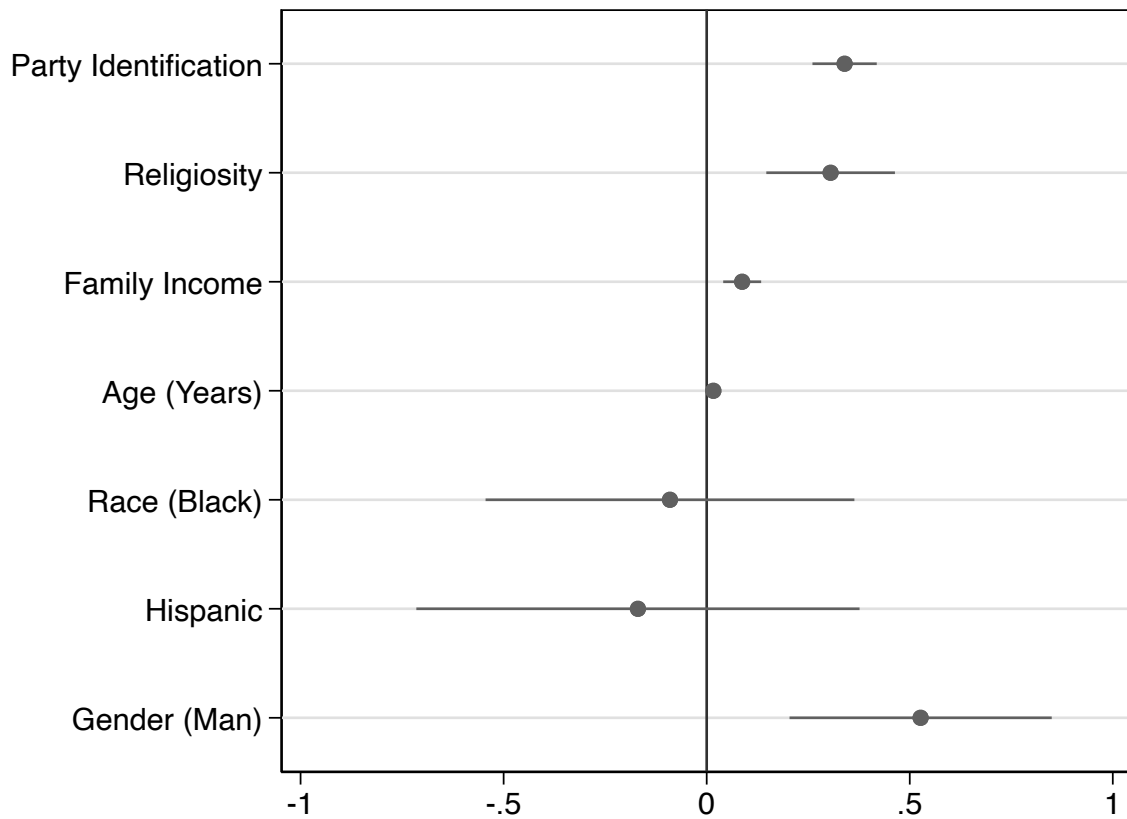


Figure 2: Support for Free Markets (Multivariate)

Conforming with our expectations, this analysis shows that Republican are more supportive of free markets. Strong Republicans are 45 percent more likely ($p < 0.01$) to agree

that “people are better off in a free market” than strong Democrats. A central tenet of American conservatism is that economic prosperity is fostered by the preservation of free markets, which entails limiting regulations and intervention by the national government. Because ideologically conservative Americans have sorted into the Republican Party over the last seven decades (Webster and Abramowitz, 2017; Abramowitz and Saunders, 1998), Republicans support free markets more than their Democratic counterparts.

Looking at the controls, this first set of analyses yields a few additional notable results. First, respondents that say religion is important to them are significantly more likely to hold free market attitudes (Barker and Carman, 2000). On average, a one point increase in religiosity causes a 5-7 percent increase in the probability a respondent agrees with the free market prompts. Second, these results suggest that men, on average, are significantly more likely to diffusely support free markets than women. Men are 15 percent more likely to agree that “people are better off in a free market economy.” Third, there are no statistically distinguishable differences between racial and ethnic groups. Black and Hispanic respondents are no more or less likely to express support for free markets. Fourth, and finally, the results suggest that as respondents become older and wealthier, they are more likely to support free markets. Age in three of the four models has a statistically significant and positive effect on free market attitudes, while family income has a significant and positive effect in all four models.

Support for Business Leaders in Politics

Next, we are interested in how much partisans support business leader involvement in politics, and whether free market attitudes—*independent of party identification*—affect attitudes towards business leaders. Once again, we use three dependent variables and an index of the three to capture the extent in which respondents believe that business leaders should be involved in politics. The first measure gauges respondent trust in business leaders making

political decisions, the second assesses the perceived merits of business leaders having autonomy over the regulation and operation of the national economy, and the third asks if the respondent supports business leaders' involvement because of their market expertise. The three measures are combined to create a business leaders index ($\alpha = 0.67$). The question wording for these three prompts follows:

1. "How much trust and confidence do you have in each of the following when it comes to making political decisions... business leaders?"
2. "How good or bad you think each of the following are as a way for governing this country... having business leaders, not government, make decisions so that the economy runs effectively and efficiently?"
3. "Please indicate whether you agree or disagree with the following statements... our political system works better when business leaders play a larger role in decision making because they understand how markets work."

While prominent Republicans have been pushing back against business's involvement in politics, most of these critiques focus on "woke" issues. The questions here, more generally, ask about business involvement in political decisions and the economy. Therefore, we expect Republicans will express greater support for business leaders than Democrats. In the following section, however, we investigate how much respondents support business involvement in "social, environmental, or political issues"—cuing those attitudes on "corporate wokeness." Figure 3 shows the bivariate relationship between support for business leaders and party identification.⁶

For the most part, the relationship between party identification and support for business leaders mirrors the relationship between party identification and free market attitudes. Republicans express greater support for business leaders than Democrats on all four outcomes,

⁶For purposes of uniformity, the three ordinal variables are rescaled to range from zero to one. Their original values are retained for the multivariate analyses.

but we unexpectedly find both Democrats and Republicans trust business leaders to make political decisions more than independents. On the other three measures independents are more supportive of business leaders than Democrats and less supportive than Republicans. Perhaps independents, as less politically active individuals, harbor antipathy or mistrust toward anyone making political decisions or participating in politics. Since the other two

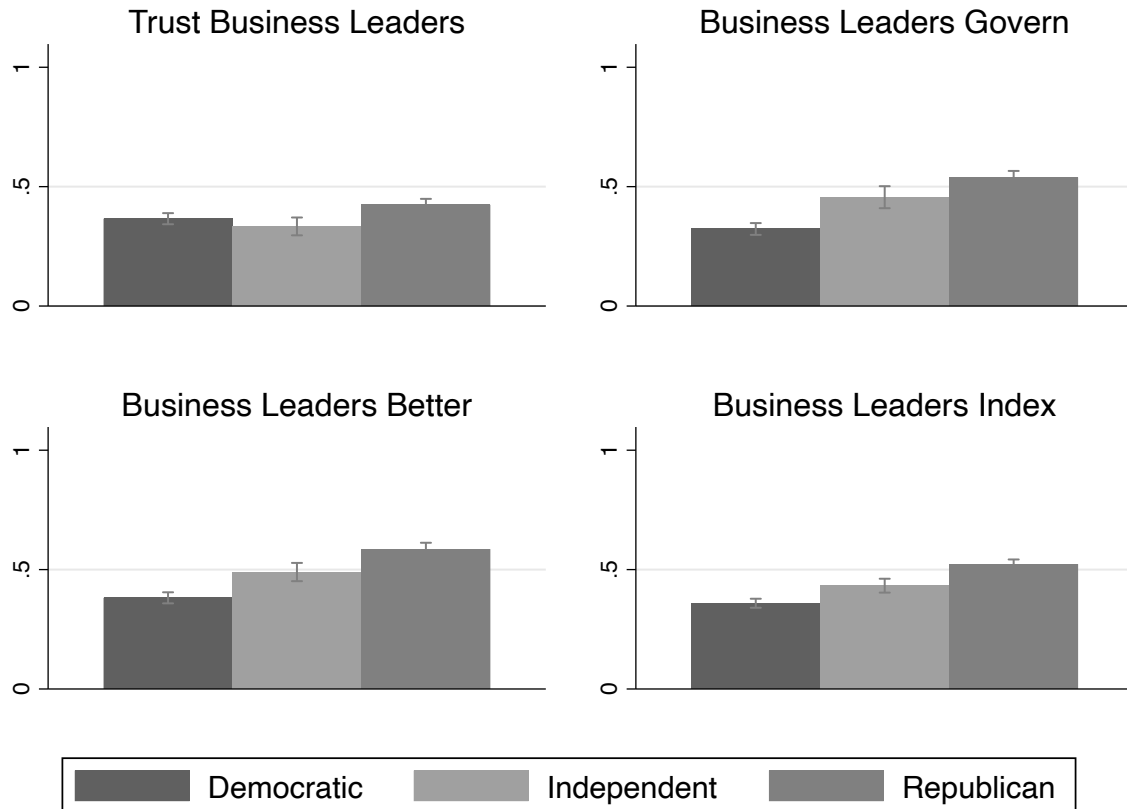


Figure 3: Support for Business Leaders (Bivariate)

questions frame business leaders as actors typically outside of the political realm, we do not see independents express less support than Democrats.

In addition to party identification, we are interested in how free market attitudes affect support for business leaders' involvement in politics. Because free market attitudes are associated with Republican identification, we envision that the extent to which free market attitudes affect support for business leader involvement in politics is conditional on party

identification, with the effect of support for free markets stronger among Democrats than among Republicans. To explore this relationship, we estimate both additive and multiplicative models on the four outcome variables. Ordered logistic regression is used on the three categorical dependent variables, and ordinary least squares on the index. We control for the same standard demographic variables included in the previous analyses. The full results from these models are included in Tables A2 and A3 of the Appendix. Since the results are more interesting from the multiplicative model, the coefficients from this model are shown in Figure 4.

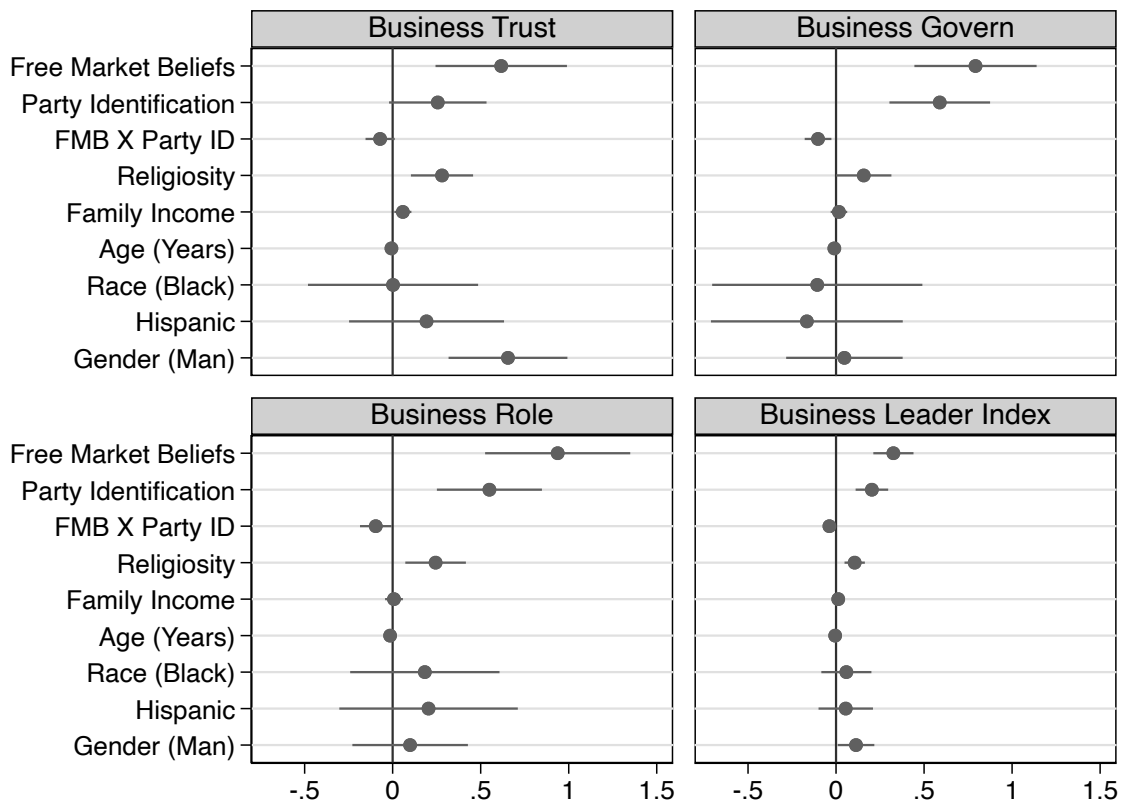


Figure 4: Support for Business Leaders (Multivariate)

As expected, the free market index and party identification have positive and significant effects on support for business leaders. On average, a one-point increase in the free market index makes a respondent 13 percent more likely to say that it is good “having business

leaders, not government, make decisions.” Similarly, moving one point on the party identification scale makes a respondent approximately four percent more likely to say it is good. Of note, none of the controls are significant predictors of support for business leaders across all four models. These results are consistent with the latent small government attitudes possessed by both conservative Republicans and by those that support free markets.

How does party identification moderate the effect of free market attitudes on support for business leaders? In all four models the interaction term is negative and in three of the four models the interaction term is statistically significant at $p < 0.10$ (*Business Trust* – $p = 0.053$; *Business Govern* – $p = 0.001$; and *Business Leader Index* – $p = 0.006$). To better illustrate the interaction effect (from the *Business Leader Index* model), Figures 5a and 5b show the predicted level of support for business leaders and the average marginal effect of free market attitudes. We find that the extent in which free market attitudes affect support

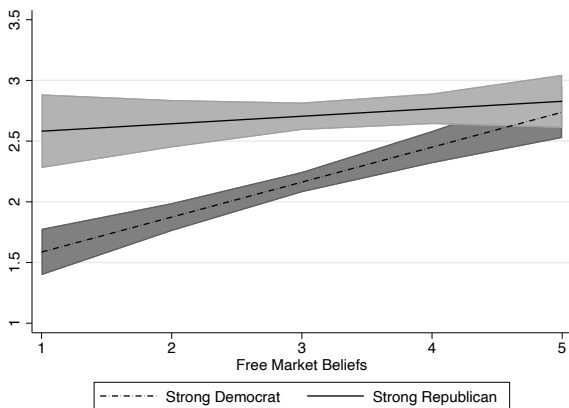


Figure 5a: Predicted Support for Business Leaders Across Free Market Attitudes

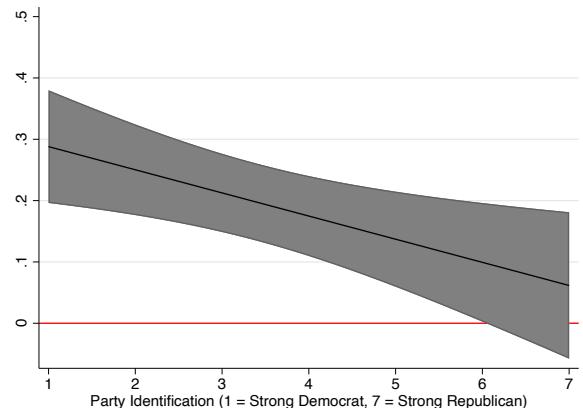


Figure 5b: Marginal Effect of Free Market Attitudes on Support for Business Leaders

for business leader involvement in politics decreases as respondents become increasingly Republican. Whereas strong Democrats high on the free market index are substantially and significantly more supportive of business leaders (1.67, $p < 0.001$), strong Republicans low on the free market index are statistically indistinguishable from strong Republicans high on the free market index (0.51, $p = 0.111$). The marginal effect of a one unit increase in the free market index is approximately three times larger for strong Democrats than strong

Republicans. In other words, Democrats with strong free market beliefs likely behave in ways which deviate substantially from fellow anti-free market Democrats. Free market attitudes are largely captured by identification with the Republican party, and thus support for free markets is likely to be less influential on Republicans.

Support for CEOs as Political Activists

In our final set of analyses, we look at attitudes towards CEO involvement in environmental, social, and governance (ESG) issues. We use two questions to ask respondents if they support CEO involvement in these issues if the CEO (i) personally cares about the issue and (ii) stands to financially benefit the company. We intentionally specify CEOs, as opposed to business leaders, to capture reactions to more specific political action. We also specify that the activity is directed toward environmental, social, and governance issues. Finally, we explicitly distinguish between a personal motivation and a financial motivation. The question wording follows:

1. “In general, do you think the CEOs of large companies should use their position and potential influence to advocate on behalf of social, environmental or political issues **they personally care about?**”
2. “And, do you think the CEOs of large companies should use their position and potential influence to advocate on behalf of social, environmental or political issues **if they think political advocacy helps their company financially?**”

Responses to the questions include “Yes” (25 percent), “No” (48 percent), and “I don’t know” (27 percent). We recode the two variables as dichotomous (1=yes, 0=no/I don’t know) indicators of support for CEOs as political activists.

Support for this mode of business involvement differs from the support for business leaders in notable ways. Instead of considering the ambiguous “business leader,” respondents are

asked whether they think CEOs should wade into social, environmental or political affairs that do not directly affect their business. Though it is possible that respondents imagine the archetypal CEO when prompted to consider business leaders, there likely exists some discrepancy in how respondents imagine “business leaders” versus “CEOs.” The dependent variables in the previous set of analyses primarily gauge support for business leaders’ involvement in politics more broadly and in economic policy. In contrast, the inclusion of ESG in these questions prompts the consideration of CEO involvement in hot-button political affairs. By replacing the vague “business leaders” with “CEOs” and by shifting consideration from economic involvement to and socio-political involvement, we expect the determinants of these attitudes to shift substantially from the prior set of analyses.

Support for CEO political activism broken down by party identification is shown in Figure 7. When it comes to political activism or advocacy for ESG issues, the relationship between party and public opinion is reversed. Democrats are substantially more supportive of CEO political activism than Republicans. Approximately 38 percent of Democrats support CEOs using their position to advocate for issues they care about, compared to 21 percent of Republicans and 14 percent of independents. Respondents are much less supportive of CEOs using their position to advocate for issues that help the company financially (19 percent) than issues they personally care about (26 percent). 25 percent of Democrats, 16 percent of Republicans, and 14 percent of independents support CEOs taking political stances to financially benefit their company.

Even though Republicans possess greater levels of support for free markets and business leaders’ involvement in politics, this general support for free markets does not translate into support for CEO political activism. But, does support for free markets make respondents more supportive of CEOs’ involvement in politics? We use logistic regression to estimate the effect of party identification and free market attitudes on support for CEO political activism. Both additive and multiplicative models are estimated, but only the results from the additive models are presented in Figure 8. The results from both sets of models are

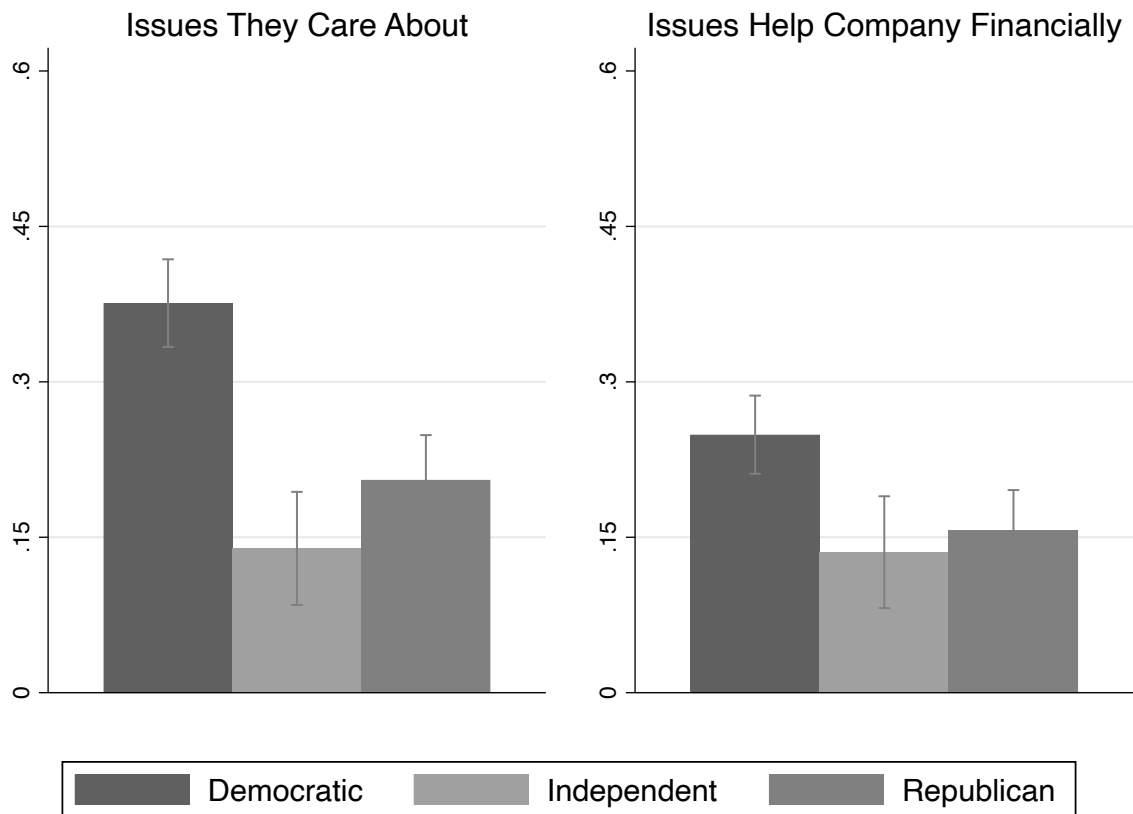


Figure 7: Support for CEO Advocacy (Bivariate)

presented in Tables A4 and A5 of the Appendix. The multiplicative models show that the interaction between party identification and free market attitudes is substantively small and insignificant in both models.

We find, consistent with the bar graphs, that Democratic respondents are more supportive of CEOs advocating for both issues they personally care about and issues that financially benefit their company. Across the two measures, strong Democrats are 14-25 percent more likely to support CEO political activism than strong Republicans. The marginal effect of party identification is stronger on issues the CEO personally cares about (-0.042, $p < 0.001$) than on issues that help the company financially (-0.024, $p = 0.003$), but is statistically significant in both cases.

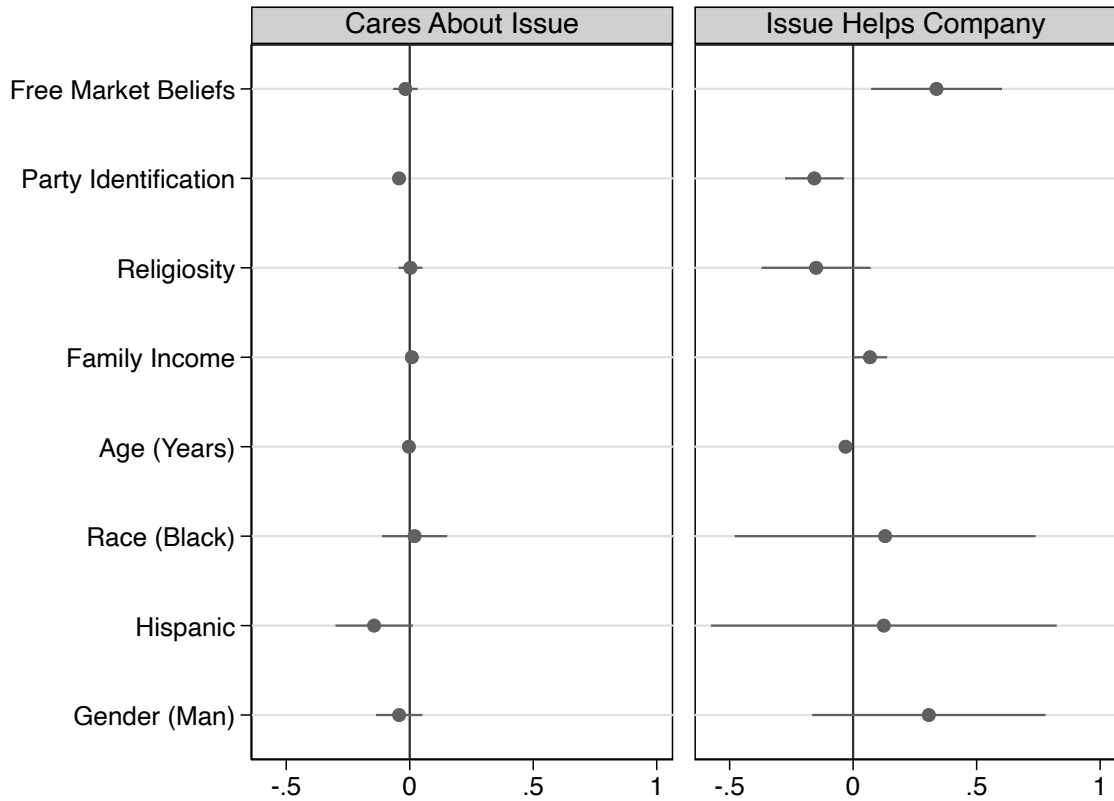


Figure 8: Support for CEO Advocacy (Multivariate)

Interestingly, free market attitudes have a positive and significant effect on support for CEO involvement in issues that help the company financially, and free market attitudes have a null effect on support for CEO involvement in issues they personally care about. Independent of party identification, respondents with greater free market beliefs are more supportive of CEOs taking actions that financially benefit their companies. A one-unit increase in free market attitudes makes respondents approximately six percent ($p=0.014$) more likely to support CEO political activism. Intuitively this makes sense, as free market attitudes are rooted in some belief that markets produce optimal outcomes. CEOs acting in the best financial interests of their companies aligns with the concept of companies responding to market forces, whereas CEOs advocating for issues they personally care about appears

more tenuous in its connection to free market principles.

Conclusions

The changing dynamics between the Republican Party and the business community have become increasingly evident in recent election cycles. The once harmonious alignment between the Republican Party, support for free markets, and support for business involvement in politics has encountered significant challenges as businesses increasingly prioritize ESG issues. Despite this emerging rift, Republicans continue to express greater abstract support for free markets and business involvement in politics. Yet, Republicans are less supportive of CEO political activism than Democrats. Much depends on the non-economic goals (and consequences) of corporate political activity. Politically, this changing landscape signifies a growing divide between the business community and the Republican Party, which has significant implications for future political dynamics. In a recent paper, Hersh and Shah (2023) describe this shift as "one of the most significant changes in American politics in decades."

As corporate stakeholders—specifically consumers and employees—become younger with the rise of Millennials and Generation Z, businesses face mounting pressure to advocate for ESG issues. This trend will likely further strain the alliance between the business community and the Republican Party, prompting a reassessment of traditional party alignments. Hersh and Shah (2023) find that business elites already perceive corporate shifts to the left, but these shifts are not apparent to the mass public. Our research helps to explain why, Republicans continue to believe in free markets and support business involvement in politics provided that activity is not described as advancing environmental, social, or governance goals. Future research should explore how these changing dynamics can/will impact the political landscape and whether the Democratic Party can/will shift to become the party of big business.

As a study of public opinion, the changing politics of business reminds us that indi-

viduals can live with contradictions between abstract values (support for free markets) and the application of those values to specific contexts (corporate ESG activities). Because of the cross-sectional nature of our data, we are, unfortunately, limited in our ability to make inferences about how attitudes have changed over time. Abstract values are generally slower to change, but what happens with repeated and prolonged exposure to Republican elite criticisms of corporate political activity? Might Republicans eventually become less supportive of free markets and business involvement in politics? Unfortunately, we have to leave this question to future research. We can conclude, however, that partisans oppose corporate political activity when it is directed toward goals that they do not share.

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Appendix

Table A1: The effect of party identification on support for free markets

	(1)	(2)	(3)	(4)
	Market Better	Market Efficient	Market Democratic	Index
Party Identification	0.359** (0.0402)	0.340** (0.0403)	0.136** (0.0437)	0.139** (0.0152)
Religiosity	0.351** (0.0790)	0.305** (0.0807)	0.208** (0.0776)	0.146** (0.0305)
Family Income	0.115** (0.0259)	0.0874** (0.0238)	0.0630* (0.0246)	0.0396** (0.00943)
Age (Years)	0.0120* (0.00489)	0.0165** (0.00485)	0.00785+ (0.00474)	0.00604** (0.00190)
Race (Black)	0.0285 (0.230)	-0.0904 (0.231)	0.136 (0.272)	0.0438 (0.0934)
Hispanic	0.0295 (0.233)	-0.169 (0.278)	-0.00311 (0.205)	-0.00478 (0.0905)
Gender (Man)	0.796** (0.174)	0.527** (0.164)	0.402* (0.159)	0.286** (0.0644)
Constant	–	–	–	1.758** (0.130)
Observations	931	930	930	936
Wald χ^2	186.68	149.90	58.94	–
Pseudo R^2	0.113	0.101	0.031	–
R^2	–	–	–	0.266

Standard errors in parentheses

+ p<0.1, * p<0.05, ** p<0.01

Table A2: The effect of party identification and free market attitudes on support for business leaders in politics (additive)

	(1)	(2)	(3)	(4)
	Business Trust	Business Govern	Business Role	Index
Free Market Index	0.584** (0.119)	0.702** (0.122)	0.870** (0.147)	0.297** (0.0394)
Party Identification	-0.0109 (0.0426)	0.201** (0.0452)	0.196** (0.0457)	0.0589** (0.0144)
Religiosity	0.263** (0.0899)	0.147+ (0.0760)	0.233** (0.0831)	0.0949** (0.0272)
Family Income	0.0478+ (0.0249)	-0.00319 (0.0232)	-0.00552 (0.0251)	0.00512 (0.00801)
Age (Years)	-0.00855+ (0.00497)	-0.0121* (0.00498)	-0.0164** (0.00429)	-0.00565** (0.00143)
Race (Black)	-0.00872 (0.246)	-0.178 (0.306)	0.142 (0.216)	0.0344 (0.0713)
Hispanic	0.171 (0.238)	-0.200 (0.285)	0.154 (0.259)	0.0466 (0.0818)
Gender (Man)	0.588** (0.173)	-0.00223 (0.165)	0.0119 (0.166)	0.0761 (0.0527)
Constant	–	–	–	1.161** (0.131)
Observations	936	936	931	936
Wald χ^2	68.89	111.42	135.96	–
Pseudo R^2	0.062	0.085	0.096	–
R^2	–	–	–	0.274

Standard errors in parentheses

+ p<0.1, * p<0.05, ** p<0.01

Table A3: The effect of party identification and free market attitudes on support for business leaders in politics (multiplicative)

	(1)	(2)	(3)	(4)
	Business Trust	Business Govern	Business Role	Index
Free Market Index	0.969** (0.224)	1.246** (0.198)	1.190** (0.239)	0.465** (0.0635)
Party Identification	0.356+ (0.184)	0.724** (0.165)	0.508* (0.197)	0.226** (0.0578)
FMI × Party Identification	-0.106+ (0.0548)	-0.151** (0.0453)	-0.0911 (0.0596)	-0.0480** (0.0174)
Religiosity	0.248** (0.0893)	0.123 (0.0779)	0.224** (0.0834)	0.0879** (0.0276)
Family Income	0.0554* (0.0243)	0.00743 (0.0231)	0.000803 (0.0249)	0.00955 (0.00781)
Age (Years)	-0.00780 (0.00489)	-0.0110* (0.00499)	-0.0158** (0.00428)	-0.00527** (0.00139)
Race (Black)	-0.0315 (0.248)	-0.201 (0.306)	0.126 (0.220)	0.0246 (0.0720)
Hispanic	0.171 (0.236)	-0.203 (0.284)	0.160 (0.258)	0.0460 (0.0792)
Gender (Man)	0.587** (0.172)	0.00302 (0.165)	0.0195 (0.167)	0.0786 (0.0520)
Constant	–	–	–	0.583** (0.206)
Observations	936	936	931	936
Wald χ^2	81.20	131.83	144.06	–
Pseudo R^2	0.065	0.092	0.098	–
R^2	–	–	–	0.287

Standard errors in parentheses

+ p<0.1, * p<0.05, ** p<0.01

Table A4: The effect of party identification and free market attitudes on support for CEO political activism (additive)

	(1)	(2)
	Cares About Issue	Issue Helps Company
Free Market Index	0.136 (0.135)	0.382* (0.159)
Party Identification	-0.233** (0.0568)	-0.166** (0.0595)
Religiosity	0.0586 (0.0972)	-0.102 (0.105)
Family Income	0.0621* (0.0274)	0.0907** (0.0332)
Age (Years)	-0.0168** (0.00575)	-0.0267** (0.00713)
Race (Black)	0.0502 (0.258)	0.0353 (0.286)
Hispanic	-0.912** (0.308)	-0.198 (0.338)
Gender (Man)	-0.190 (0.195)	0.325 (0.226)
Constant	-0.180 (0.514)	-1.319* (0.653)
Observations	936	934
Wald χ^2	40.13	32.59
Pseudo R^2	0.065	0.074

Standard errors in parentheses

+ p<0.1, * p<0.05, ** p<0.01

Table A5: The effect of party identification and free market attitudes on support for CEO political activism (multiplicative)

	(1)	(2)
	Cares About Issue	Issue Helps Company
Free Market Index	-0.0608 (0.214)	0.263 (0.257)
Party Identification	-0.461 ⁺ (0.254)	-0.306 (0.269)
FMI × Party Identification	0.0640 (0.0691)	0.0385 (0.0724)
Religiosity	0.0671 (0.0931)	-0.0976 (0.103)
Family Income	0.0563* (0.0279)	0.0873** (0.0320)
Age (Years)	-0.0173** (0.00579)	-0.0271** (0.00713)
Race (Black)	0.0641 (0.261)	0.0476 (0.289)
Hispanic	-0.908** (0.307)	-0.192 (0.338)
Gender (Man)	-0.195 (0.194)	0.324 (0.226)
Constant	0.517 (0.842)	-0.885 (0.975)
Observations	936	934
Wald χ^2	40.74	32.01
Pseudo R^2	0.0666	0.0745

Standard errors in parentheses

⁺ p<0.1, * p<0.05, ** p<0.01