



# THE DOUBLE-EDGED SWORD OF CEO ACTIVISM

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## INTRODUCTION

CEO activism—the practice of CEOs taking public positions on environmental, social, and political issues not directly related to their business—has become a hotly debated topic in corporate governance. According to the *New York Times*, “Chief executives across the business world are increasingly wading into political issues that were once considered off limit.”<sup>1</sup> The article cites gun control and climate change as examples of advocacy positions taken by CEOs in recent years, and references a study by Edelman as evidence that this trend is viewed positively by the public. According to that study, 64 percent of global consumers believe that CEOs “should take the lead on change rather than waiting for government to impose it,” and 56 percent say they have “no respect for CEOs that remain silent on important issues.”<sup>2</sup> A separate survey by Weber Shandwick and KRC Research arrives at a similar conclusion, finding that “more Americans are aware of CEO activism, view it favorably, and see its potential to influence public policy.”<sup>3</sup>

This viewpoint, however, is far from universal. Others believe that CEOs should not use their position as leaders of public companies to promote personal beliefs, and that the CEO’s obligation is to advance the performance of the corporation without offending customers, employees, or constituents who hold opposing views or do not wish to hear advocacy views from companies. A *Wall Street Journal* article with the provocative title, “You’re a CEO. Stop Talking Like a Political Activist,” laments:

*Business leaders who feel reluctant to join the fray, or worry that discussing divisive issues will only alienate customers, find themselves in a perilous spot. The endless, real-time conversation taking place on social media, combined with the rising tide of advocacy bubbling up from their own employees, customers and investors, make their silence increasingly conspicuous.*<sup>4</sup>

The impact of CEO activism on corporate performance is essentially unknown.<sup>5</sup> Chatterji and Toffel (2018) find that CEO activism can “increase consumers’ intentions to purchase the company’s products” but only to the degree that there is

“alignment between the CEO’s message and individuals’ policy preferences.”<sup>6</sup> Korschun, Aggarwal, Rafeian, and Swain (2016) find that CEO activism is viewed positively by consumers if the company is considered “values-oriented” but negatively otherwise. The authors argue that the impact of CEO activism on purchase behavior is driven by the degree of “perceived corporate hypocrisy.”<sup>7</sup>

The bifurcated impact of CEO activism is exemplified by a recent Nike advertising campaign that includes former NFL quarterback and national-anthem protest leader Colin Kaepernick with the statement: “Believe in something, even if it means sacrificing everything.” The weekend following the campaign, the company reportedly experienced a temporary spike in online sales.<sup>8</sup> At the same time, market-research firm Morning Consult found that Nike brand’s favorability and purchase-consideration ratings fell sharply across all demographic groups, even when segmented by age, race, and political affiliation.<sup>9</sup> Underscoring the market’s uncertain view of CEO activism, Nike stock price fell 3 percent on the news of the ad campaign and subsequently recovered.

To better understand the implications of CEO activism, we examine its prevalence, the range of advocacy positions taken by CEOs, and the public’s reaction to activism.

## CEO ACTIVISM IN THE MEDIA

We started our analysis by examining all public statements in national media and corporate transcripts made by the current CEOs of all companies listed in the S&P 1500 Index.<sup>10</sup> From these, we removed advocacy statements related to corporate matters, including statements about corporate tax rates, federal and state regulations, and political issues with widespread economic implications, such as the fiscal cliff, the debt ceiling, budget sequestration, NAFTA, and tariffs. These statements are common across a large number of CEOs in response to questions about policy impacts on their business. Next, we categorized remaining statements into five subject groups: the environment, diversity

and inclusion, immigration and human rights, other social issues, and politics (see Exhibit 1). We included both statements that are a clear expression of the CEO's personal beliefs and statements that are ambiguous as to whether they are a personal belief or corporate position.

The most immediate observation is that significant discretion exists about whether a statement qualifies as activism. Some statements on social or environmental matters are phrased as personal preferences or expressions of opinion without advocating that corporations or society take action. Many align with the company's core line of business and appear potentially beneficial in terms of customer or employee retention, or addressing external critics. The motivations behind these statements can be ambiguous.<sup>11</sup>

Examples of commercially beneficial CEO statements are plentiful:

- In 2018, The Coca-Cola Company announced a global recycling initiative, pledging to collect and recycle an equivalent volume of the packaging it sells each year, by 2030. CEO James Quincey made the statement: "If left unchecked, plastic waste will slowly choke our oceans and waterways. We're using up our earth as if there's another one on the shelf just waiting to be opened... Companies have to do their part by making sure packaging is actually recyclable."<sup>12</sup>
- Gerry Anderson, the CEO of Michigan-based utility DTE Energy, called climate change "the defining policy issue of our era," and said that his company has "a responsibility to address it... There is no sucker's choice between a healthy environment and a healthy economy... We can have both so long as we do it in a smart way."<sup>13</sup>
- Darren Wood, the CEO of ExxonMobil, advocated that the United States remain in the international Paris Agreement to reduce climate change: "I believe, and my company believes, that climate risks warrant action and it's going to take all of us—business, government, and consumers—to make meaningful progress."<sup>14</sup>
- In 2014, CVS announced that the company would no longer sell tobacco products in its 7,600 U.S. pharmacies. According to CEO Larry Merlo, "Cigarettes have no place in an environment where healthcare is being delivered. This is the right decision at the right time as we evolve from a drugstore into a healthcare company."<sup>15</sup> The company had recently purchased Caremark, a pharmacy benefits manager that administers prescriptions for insurers and large employers.

Similarly, Newmont Mining maintains "sustainability targets to uphold human rights and lower water use and greenhouse gas

emissions" in the developing nations where it operates;<sup>16</sup> Philip Morris International touts its ongoing effort "to continuously improve working and living conditions" for the 450,000 tobacco farmers that supply its product;<sup>17</sup> and the CEO of Wynn Resorts expressed his commitment "to lead our company and this industry in diversity and gender equality" in statements made following the termination of his predecessor for alleged sexual harassment.<sup>18</sup>

Our approach was to retain statements such as these, taking the standpoint that outside observers are not in a position to reliably assess the motivation behind personal statements. Similarly, we retained statements made by CEOs touting awards their company has received for meeting environmental, social, or diversity-related goals, or their score on indices that measure companies along these dimensions.

Even with this wide criteria, we found that very few CEOs take activist positions in the national media. Among S&P 500 companies, we observed 138 (28 percent) making public statements about social, environmental, or political issues either personally or on behalf of the company; only 48 (10 percent) clearly made these statements on a personal basis. Among S&P 1500 companies, the incident rate of CEO activism falls more precipitously. Only 175 (12 percent) made statements personally or on behalf of the company; and only 63 (4 percent) clearly made these statements on a personal basis.<sup>19</sup>

Of these, diversity is the most frequently advocated issue, with 50 percent of activist CEOs promoting an increase in gender, racial, or sexual-orientation diversity or equality. Environmental issues are advocated by 41 percent of activist CEOs, immigration and human rights 23 percent, other social issues 19 percent, and political issues 17 percent (see Exhibit 2). Examples include the following:

- American Airlines CEO Doug Parker, regarding a proposed Arizona religious freedom law: "There is genuine concern throughout the business community that this bill, if signed into law, would jeopardize all that has been accomplished so far. Wholly apart from the stated intent of this legislation, the reality is that it has the very real potential of slowing down the momentum we have achieved by reducing the desire of businesses to locate in Arizona and depressing the travel and tourism component of the economy if both convention traffic and individual tourists decide to go elsewhere."<sup>20</sup>
- Apple CEO Tim Cook, regarding violence in Charlottesville, Virginia: "I disagree with the president and others who believe that there is a moral equivalence between white supremacists and Nazis, and those who oppose them by standing up for human rights. Equating the two runs counter to our ideals as

Americans.”<sup>21</sup>

- Chubb CEO Evan Greenberg, regarding the 2017 travel ban from select countries: “We are a country of immigrants. Our country’s openness to immigration is fundamental to our identity and history as a nation, and vital to our future prosperity. I am 100 percent for the security of our citizens. But at the same time, America is the land of the free, and we are a beacon and place of refuge for those seeking a better and safer life for themselves and their families. Shutting our doors to immigration is a mistake.”<sup>22</sup>
- Mylan CEO Heather Bresch, regarding diversity in the workplace: “My experiences with gender bias are probably the norm. What I found was that expectations of women were simply lower, and this resulted in being overlooked for certain opportunities. Now as a leader, I strive to create an environment different than the one I faced, an environment where good ideas can come from anyone—young, old, men, women, assistant, executive—and opportunities are open to everyone.”<sup>23</sup>
- Salesforce CEO Marc Benioff, regarding social equality: “Equality’s really important to Salesforce, to me and to Salesforce, in that equality is about gay rights. Equality’s also about women’s rights. As the CEO of Salesforce, I’m going to fight for that, as it relates to my company.”<sup>24</sup>
- CMS Energy CEO Patricia Kessler Poppe, regarding environmental sustainability: “When we talk about our commitment to the planet, we’re talking about reducing our environmental impact, including reductions in water, land use, emissions and carbon. We’ve self-imposed improvement targets that go beyond environmental compliance, and we’re ahead of our plan in all of these areas. There was a time when this would have implied higher costs for customers but not at CMS. We find a way to deliver it clean and lean.”<sup>25</sup>

Any perception of widespread CEO activism might be driven by a few vocal outliers. Most CEOs who take positions do so narrowly regarding one or two issues. Only a few are repeat activists, expressing their opinions on multiple issues. Examples of repeat CEO activists include Mark Benioff (Salesforce), Lloyd Blankfein (Goldman Sachs), Tim Cook (Apple), Michael Corbat (Citigroup), Robert Iger (Disney), Howard Schultz (Starbucks), and Mark Zuckerberg (Facebook). These tend to be the CEOs of large, prominent corporations whose statements attract media attention.

In a recent article, Walmart CEO Doug McMillon conveys an ambivalent view of CEO activism:

*Society expects things of leading companies and sometimes we should take a stance on something.” Some public statements are “easier for us,” ... such as supporting environmental sustainability and military veterans, but “on social issues it gets tougher. Ideally we wouldn’t lead on very many things.”<sup>26</sup>*

## CEO ACTIVISM ON TWITTER

We then examined CEO activism on Twitter.<sup>27</sup> Because Twitter is a visible forum for companies and individuals to interact with the public, we would expect CEO activism to be higher on Twitter than in national publications and corporate transcripts. We found this modestly to be the case. Although CEOs comment on public issues more frequently on Twitter than in the national media, the incident rate is still fairly low.

Among the S&P 1500, only 166 CEOs (11 percent) have active personal Twitter feeds.<sup>28</sup> Of these, 53 (23 percent) do not tweet at all on social, environmental, or political issues. The remaining 113 (68 percent) tweet at least once advocating an issue; 22 (13 percent) dedicate 10 percent or more of their Twitter activity to advocacy. In aggregate, 4.6 percent of CEO tweets can be considered activist. Considering that the number of CEOs who maintain personal Twitter feeds is only 11 percent of the CEO population, CEO activism through Twitter is very small (656 tweets over the course of 1 to 3 years across 1500 total CEOs).

The distribution of tweets across subject categories is broad: 60 percent are related to diversity, 42 percent to the environment, 20 percent immigration and human rights, 56 percent other social issues, and 16 percent political (see Exhibit 3). Other social issues include increasing investment in education, combatting poverty and homelessness, support for the military and veterans, combatting diseases such as Alzheimer’s, and prison reform, among others. Among the most controversial issues is gun control, advocated by 11 executives.

The tone of CEO tweets varies broadly. While many take a benign approach—promoting participation in a conference or event, championing the work of company employees, or retweeting others’ comments—some are strongly worded and sharp in tone. Examples include the following:

- #BloombergEquality focusing on Closing the Gender Pay Gap with transparent discussion! Companies need to address structural gaps and dig in to know their numbers.  
– Susan Salka, CEO AMN Healthcare
- Retweet of: Proud to be part of a company that supports the LGBTQIA+ community and proud of our employees who are sharing their experiences!#UnumCares @unumnews #Pride2018  
– Rick McKenney, CEO Unum Group

- Today @AdvanceBizWomen shared our recommendation: “Increasing the Number of Women in STEM.” Improving access to #STEM education is crucial to innovation and it helps communities attract and keep good jobs that will drive the future. #IWD2018 [advancingwomeninbusiness.com/pillar-two/](http://advancingwomeninbusiness.com/pillar-two/)  
– Mary Barra, CEO General Motors
- The women standing up to say #MeToo are brave and inspiring. We must strive to ensure all women are safe at work.  
– Indra Nooyi, CEO Pepsico
- I stand with @AMarch4OurLives & the students leading the way to gun reform! Join the march! Our schools and our children must be safe! #MarchForOurLives @Emma4Change @davidhogg111 @cameron\_kasky @al3xw1nd @JaclynCorin #EnoughIsEnough #NeverAgain #Vote2018  
– Joe Kiani, CEO Masimo
- The stories and images of families being separated at the border are gut-wrenching. Urging our government to work together to find a better, more humane way that is reflective of our value as a nation. #keepfamilies together  
– Sundar Pinchai, CEO Google
- Retweet on refugee policy: Another new low from the Trump administration. Unconscionable. Remember this cruelty when you vote. Not just in the next election but in every election. Not a single republican official has condemned this. The “moderates” and “centrists” are just as cruel  
– Stephen Kaufer, CEO TripAdvisor.

In addition, we tested whether companies with activist CEOs are more likely to promote advocacy positions through their corporate twitter feeds than companies without activist CEOs. To do so, we identified 14 companies led by activist CEOs and compared their corporate twitter activity with a set of matched-pair companies who do not have an activist CEO.<sup>29</sup> We found no difference in their frequency of tweets regarding social and environmental issues: both sets of companies dedicate approximately 8 percent of their tweets to these issues. The vast majority of these promote the work the company does in areas such as diversity, environmental sustainability, workforce education, and local community investment and are not statements that some would strictly consider “activist” (see Exhibit 4).

## PUBLIC VIEW OF CEO ACTIVISM

Finally, we study the public reaction to CEO activism. While survey data shows that a majority of the public supports CEO activism as a generalized concept, viewpoints vary considerably across issues: a positive reaction among some respondents is often counterbalanced by a negative reaction among others.

In a survey of 3,544 individuals, the Rock Center for Corporate Governance at Stanford University found that two-thirds (65 percent) of the public believe that the CEOs of large companies should use their position and potential influence to advocate on behalf of social, environmental, or political issues they care about *personally*, while one-third (35 percent) do not.<sup>30</sup>

Members of the public are most in favor of CEO activism about environmental issues, such as clean air or water (78 percent), renewable energy (68 percent), sustainability (65 percent), and climate change (65 percent). They are also generally positive about widespread social issues, such as healthcare (69 percent), income inequality (66 percent), poverty (65 percent), and taxes (58 percent).

The public reaction is much more mixed about issues of diversity and equality. Fifty-four percent of Americans support CEO activism about racial issues, while 29 percent do not; 43 percent support activism about LGBTQ rights, while 32 percent do not; and only 40 percent support activism about gender issues, while 37 percent do not.

Contentious social issues—such as gun control and abortion—and politics and religion garner the least favorable reactions. Of these issues, CEOs speaking up about gun control is the only one with a net-favorable position (45 percent favorable versus 35 percent unfavorable). Abortion (37 percent versus 39 percent), politics (33 percent versus 43 percent), and religion (31 percent versus 45 percent) all elicit net-unfavorable reactions (see Exhibit 5).<sup>31</sup>

The most surprising result of the survey is that, while Americans claim to change their purchasing behavior depending on their agreement with an activist CEO’s position, respondents are significantly more likely to remember products they stopped using or use less because of the position the CEO took than products they started using or use more. Specifically, 35 percent of the public could think of a product or service they use less, while only 20 percent could think of a product they use more.

While self-reported purchase behavior is often an unreliable gauge, the high degree of public sensitivity to CEO activism suggests that CEO activism is a double-edged sword: CEOs who take public positions might build loyalty with employees, customers, or constituents, but these same positions can inadvertently alienate important segments of those populations.

## WHY THIS MATTERS

1. Common perception is that CEO activism has increased in recent years, with executives more willing to take public positions on controversial issues. Empirical evidence, however, suggests that CEO activism is actually a fairly limited practice, often uncontroversial in topic and tone, and dominated by

- a few vocal outliers. Just how widespread is CEO activism? Are CEOs really taking risky positions to advance social, environmental, and political change?
2. Survey data shows that the cost of CEO activism might be higher than many CEOs, companies, or boards realize. How well do boards understand the advocacy positions of their CEO? How well do they understand the advocacy positions adopted by their company (such as through Twitter)? Are they involved in decisions to take public stances on controversial issues, or do they leave these decisions to the discretion of the CEO? Should boards be more engaged in these decisions, particularly when a public stance has the potential to impact positively or negatively the commercial performance of the organization?
  3. How should boards measure the costs and benefits of CEO activism? How does the commercial impact (net change in customer purchase behavior) weigh against the impact on employee engagement and relations with external constituents, regulators, or shareholders? If the board determines the net impact of CEO activism to be negative, should it prevent the CEO from being an activist?
  4. Not all activism is alike. Some activism is proactive, in that the CEO takes a stance that reflects a personally held belief, while other activism is defensive, in that the CEO's position is made in response to external criticism or pressures. How accurately can employees, customers, and members of the public distinguish between these two types of activism? Do they react differently to them? Should this distinction matter from a board perspective? ■

<sup>1</sup> Andrew Ross Sorkin, "C.E.O.s Should Lead on Addressing Social Issues, Poll Finds," *The New York Times* (May 1, 2018).

<sup>2</sup> Sample includes 32,200 respondents in 28 countries. See Edelman, "2018 Edelman Trust Barometer: Expectations for CEOs," (2018).

<sup>3</sup> Sample includes 1,006 respondents in the United States. Weber Shandwick and KRC Research, "CEO Activism in 2018: The Purposeful CEO," (2018).

<sup>4</sup> Sam Walker, "You're a CEO—Stop Talking Like a Political Activist," *The Wall Street Journal* (July 27, 2018).

<sup>5</sup> Activism has been studied in many other settings including which companies are likely potential targets of consumer or stakeholder activist campaigns and their responses. See Mary-Hunter McDonnell, Sarah A. Soule, and Brayden G. King, "Taking Aim: Corporate Opportunity Structures and Activists' Selection of Corporate Targets," Stanford Graduate School of Business Working Paper (May 2017), available at: <https://www.gsb.stanford.edu/faculty-research/working-papers/taking-aim-corporate-opportunity-structures-activists-selection>.

<sup>6</sup> Aaron K. Chatterji and Michael W. Toffel, "Assessing the Impact of CEO Activism," *Social Science Research Network* (October 2018), available at: <https://ssrn.com/abstract=2742209>.

<sup>7</sup> They cite Patagonia, the outdoor apparel company, as an example of a values-oriented company because it associates itself with conservation and environmental issues. They contrast this example with Footlocker which does not associate itself with particular issues. See Daniel Korschun, Anubhav Aggarwal, Hoori Rafeian, and Scott Swain, "Taking a Stand: Consumer Response When Companies Get (or Don't Get) Involved," *Social Science Research Network* (July 2016), available at: <https://ssrn.com/abstract=2806476>.

<sup>8</sup> Khadeeja Safdar, "Nike Shows Boycotts Just Don't Do It," *The Wall Street Journal* (September 17, 2018).

<sup>9</sup> Morning Consult, "Nike's Favorability Drops Double Digits Following New 'Just Do It' Campaign with Colin Kaepernick," (September 10, 2018).

<sup>10</sup> This comprised two Factiva searches: First, a review of all articles that include the company and CEO name in *Reuters News* and *The Wall Street Journal* between January 1, 2000 and July 31, 2018. Second, a search of all articles that include the company and CEO name and a set of key words in *The Wall Street Journal*, *The New York Times*, *The Financial Times*, *Reuters News*, and *Associated Press*, and all earnings conference calls, investor conference transcripts, and annual meeting transcripts on *CQ FD Disclosure* during this same time period. The key words used in the search were: advocate, abortion, pollution, environmentalism, environmental impact, impact on the environment, climate change, global warming, Paris accord, tariffs, NAFTA, sanctions, Brexit, government shutdown, fiscal cliff, debt ceiling, sexual harassment, gender equality, equal pay, pay gap, glass ceiling, inclusion, gun control, universal healthcare, Obamacare, same-sex marriage, transgender, homosexual, lesbian, gay, immigration, dreamers, travel ban, income inequality, racial equality, racism, Charlottesville, terrorism, refugee, and human rights. The two-pronged search allowed us to find national stories that do not include these key words, but at the same time capture important social, environmental, and political statements in a broader set of outlets, including transcripts. A wider set of search terms and the addition of more periodicals (including industry specific periods) would likely increase the number of incidents identified.

<sup>11</sup> That is, it is difficult to determine whether an activist statement reflects a proactive stance that is personally initiated by the CEO or a defensive position that the CEO feels compelled to take because of external factors.

<sup>12</sup> Anna Nicolaou, "Coca-Cola Joins Push to Cut Plastic Waste," *The Financial Times* (January 20, 2018).

<sup>13</sup> Ed White, "DTE: Our Future is Sun, Wind, Natural Gas, and Nuclear," *Associated Press* (May 16, 2017).

<sup>14</sup> "Trump Seeks Input from U.S. Energy Companies on Paris Climate Pact," *Reuters News* (March 15, 2017).

<sup>15</sup> Timothy W. Martin and Mike Esterl, "CVS to Kick Cigarette Habit," *The Wall Street Journal* (February 6, 2014).

<sup>16</sup> CEO Gary Goldberg, cited in: "Q1 2018 Newmont Mining Corp Earnings Call," *CQ FD Disclosure* (April 26, 2018).

<sup>17</sup> CEO André Calantzopoulos, cited in: "Philip Morris International Inc. Annual Shareholders Meeting," *CQ FD Disclosure* (May 4, 2016).

<sup>18</sup> CEO Matthew Maddox, cited in: "Q1 2018 Wynn Resorts Ltd Earnings Call," *CQ FD Disclosure* (April 24, 2018).

<sup>19</sup> It is likely the case that the CEOs of smaller companies are less likely to be cited in the national media, although their statements still should be observed in corporate transcripts.

<sup>19</sup> Cited in: Bob Christie, "Pressure Mounts over Arizona Bill Opposed by Gays," *Associated Press* (February 25, 2014).

<sup>21</sup> "Apple's Cook Says He Disagrees with Trump, Vows Donations to Rights Groups," *Reuters News* (August 17, 2017).

<sup>22</sup> CEO Evan Greenberg, cited in: Q4 2016 Chubb Ltd Earnings Call," *CQ*

*FD Disclosure* (February 1, 2017).

<sup>23</sup> John Bussey, “How Women Can Get Ahead: Advice from Female CEOs,” *The Wall Street Journal* (May 18, 2012).

<sup>24</sup> Monica Langley, “The Many Stakeholders of Salesforce.com: They Go Well Beyond Shareholders, Says the Company’s CEO, Marc Benioff,” *The Wall Street Journal* (October 27, 2015).

<sup>25</sup> CEO Patricia Kessler Poppe, “Q2 2017 CMS Energy Corp Earnings Call,” *CQ FD Disclosure* (July 28, 2017).

<sup>26</sup> Sarah Nassauer, “Walmart Takes a Stand on Guns, Gay Rights to Get People to Like It More,” *The Wall Street Journal* (July 5, 2018).

<sup>27</sup> We reviewed and categorized the most recent 100 tweets among all S&P 1500 CEOs with active personal twitter accounts, or all tweets if the CEO tweeted fewer than 100 times. The sample included 14,218 tweets across 166 CEOs.

<sup>28</sup> To find CEO personal Twitter feeds we did a Google search that contained the CEO and company name for each of the 1500 CEOs. We excluded feeds that were never activated (CEOs who set up a Twitter account but have not tweeted). Our count of active Twitter feeds is higher than that in a 2016 study performed by CEO.com that found only 36 CEOs of the Fortune 500 with registered Twitter accounts, 70 percent of which were active users. See “2016 Social CEO Report,” CEO.com (2016).

<sup>29</sup> Sample includes the twitter feeds of 14 companies led by CEOs who have made multiple public statements advocating social, environmental, or political issues and the twitter feeds of 14 matched-pair companies led by CEOs who have not made advocacy statements on these issues. The most 100 recent tweets were reviewed for each company (2,628 total). Apple, Facebook, and Berkshire Hathaway were not included because they do not maintain active twitter feeds.

<sup>30</sup> The Rock Center for Corporate Governance at Stanford University, “2018 CEO Activism Survey,” (2018).

<sup>31</sup> Net-favorable opinions are calculated as the percent of respondents who select “thank you for speaking up” minus the percent of respondents who select “keep your mouth shut.” Respondents who select “no opinion” are excluded.

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**EXHIBIT 1 — CRITERIA FOR DETERMINING CEO ACTIVISM****ENVIRONMENT**

Includes CEOs who advocate that their company or other companies reduce their environmental impact or improve the sustainability of their operations or supply chain. Does not include CEOs whose companies sell products or services to improve sustainability or efficiency. Includes CEOs who tout awards their company has received for meeting environmental goals, or their score on indices that measure environmental sustainability.

Also includes CEOs who advocate that their company, other companies, or the United States government take steps to mitigate the effects of climate change, including advocating that the U.S. adopt a carbon tax, cap-and-trade legislation, or stay in the Paris Climate Accord.

**DIVERSITY AND INCLUSION**

Includes CEOs who advocate for an increase in diversity or inclusion in their workplace in terms of gender, ethnicity, or sexual orientation. Also includes CEOs who advocate for gender equality or advancement, denounce racism or racist behavior, discrimination or discriminatory behavior, advocate on behalf of same-sex marriage, LGBTQ rights, or advocate against religious freedom laws that are perceived to restrict LGBTQ rights. Includes CEOs who tout awards their company has received for diversity or inclusion.

**IMMIGRATION AND HUMAN RIGHTS**

Includes CEOs who advocate for changes to U.S. immigration laws, possibly for humanitarian purposes and not explicitly to improve the supply of high- or low-skill workers that benefit their business.\* Also includes CEOs who advocate for changes to U.S. or international policy on behalf of migrants, migrant workers, refugees, indigenous people, or the improvement of working conditions for workers in underdeveloped nations.

**OTHER SOCIAL ISSUES**

Includes CEOs who advocate on a wide range of issues, such as gun control, healthcare reform, food health and safety, the treatment of animals, education reform, worker retraining, income inequality, or changes to individual tax rates. Does not include CEOs whose businesses would directly benefit or be harmed from changes to policies or regulations that impact these issues.

**POLITICS**

Includes CEOs who advocate for the election of specific individuals to political office. Also includes CEOs who advocate for or against Brexit. Does not include positive or negative comments about general political parties, members of Congress, the president, or comments about political issues with significant economic implications such as the fiscal cliff, the debt ceiling, budget sequestration, NAFTA, or tariffs.

\* Note: It is very difficult to assess the motivation behind statements on immigration. Most CEOs taking stances on immigration stand to benefit directly in terms of improved labor supply (such as technology or hospitality workers) or customer demand for their products (such as home builders).

Source: research by the authors.

## EXHIBIT 2 — PREVALENCE OF CEO ACTIVISM

CEO Activism Among S&P 500 Companies		
CEOs making public statements about social, environmental, or political issues		
- personally or on behalf of the company	28%	138
- personally	10%	48
Breakdown of issues		
- Environmental	44%	61
- Diversity	57%	78
- Immigration and human rights	27%	37
- Other social issues	19%	26
- Politics	15%	21
CEO Activism Among S&P 1500 Companies		
CEOs making public statements about social, environmental, or political issues		
- personally or on behalf of the company	12%	175
- personally	4%	63
Breakdown of issues		
- Environmental	41%	71
- Diversity	50%	88
- Immigration and human rights	23%	41
- Other social issues	19%	34
- Politics	17%	30

Excludes corporate issues such as corporate taxes at the federal, state, or local level, and federal or state regulations. Some CEOs advocate on more than one issue.

Source: research by the authors.



## EXHIBIT 3 — CEO PERSONAL TWITTER FEEDS

CEO Activism on Twitter Among S&P 1500 Companies		
CEOs with personal Twitter feeds	166	11%
Breakdown of activist activity (most recent 100 tweets)		
- CEOs with no tweets advocating an issue	53	32%
- CEOs with at least 1 tweet advocating an issue	113	68%
- CEOs with 10%+ tweets advocating issues	22	13%
Percent of tweets advocating issues		
- all CEOs with Twitter feeds	4.6%	
- only CEOs who tweet advocating an issue	6.2%	
Breakdown of activist tweets by issues		
- Environmental	42%	
- Diversity	60%	
- Immigration and human rights	20%	
- Other social issues	56%	
- Politics	16%	

Sample includes 14,218 tweets across 166 CEOs with active personal Twitter feeds. The most recent 100 tweets were included in the sample for each executive, or all tweets if the executive has tweeted fewer than 100 times.

Source: research by the authors.

## EXHIBIT 4 — CORPORATE TWITTER FEEDS OF ACTIVIST CEO COMPANIES VERSUS NONACTIVIST MATCHED PAIRS

Activism on Corporate Twitter Feeds			
Activist CEO Company	% Activist Tweets	Nonactivist CEO Company	% Activist Tweets
- Accenture	7%	- PricewaterhouseCoopers	16%
- Aetna	4%	- UnitedHealthGroup	7%
- AT&T	14%	- Verizon	8%
- Blackrock	0%	- Vanguard	0%
- Campbell Soup	4%	- Kellogg	35%
- Cisco	15%	- Juniper Networks	0%
- eBay	0%	- Overstock	1%
- Goldman Sachs	5%	- Morgan Stanley	24%
- JP Morgan	15%	- US Bancorp	5%
- Nike	1%	- Adidas	0%
- Pepsico	23%	- Dr Pepper Snapple	1%
- Salesforce	19%	- Oracle	1%
- Starbucks	8%	- Dunkin Brands	14%
- Walt Disney	0%	- Viacom	3%
<b>Total % Activist Tweets</b>	<b>8%</b>	<b>Total % Activist Tweets</b>	<b>8%</b>
<b>Breakdown of issues</b>		<b>Breakdown of issues</b>	
- Environmental	36%	- Environmental	36%
- Diversity	79%	- Diversity	64%
- Immigration and rights	7%	- Immigration and rights	14%
- Other social issues	50%	- Other social issues	36%
- Politics	14%	- Politics	0%

Sample includes the Twitter feeds of 14 companies led by CEOs who have made multiple public statements advocating social, environmental, or political issues and the Twitter feeds of 14 matched-pair companies led by CEOs who have not made advocacy statements on these issues. The most 100 recent tweets were reviewed for each company (2,628 total). Apple, Facebook, and Berkshire Hathaway were not included because they do not maintain active Twitter feeds.

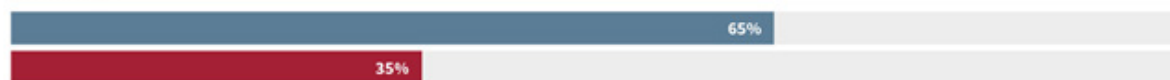
Source: research by the authors.

EXHIBIT 5 — PUBLIC OPINION OF CEO ACTIVISM

In general, should the CEOs of large companies use their position and potential influence to advocate on behalf of social, environmental, or political issues that they care about personally?

■ Yes ■ No

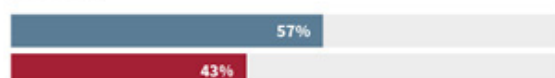
Full Sample



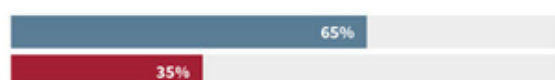
Political Affiliation



Democrat



Republican



Independent

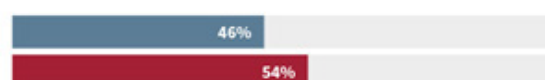
Age\*



Millennials



Gen X



Baby Boomers

\* Millennials are respondents age 38 or younger. Gen X are respondents age 39 to 53. Baby Boomers are respondents age 54 or older.

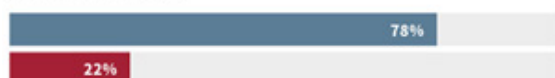
Should the CEOs of large companies use their position to advocate on behalf of social, environmental, or political issues if those issues directly impact their business or employees?

■ Yes ■ No

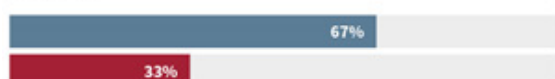
Full Sample



Political Affiliation



Democrat

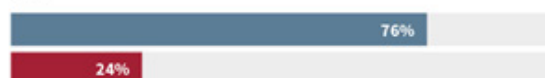


Republican



Independent

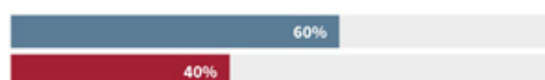
Age



Millennials



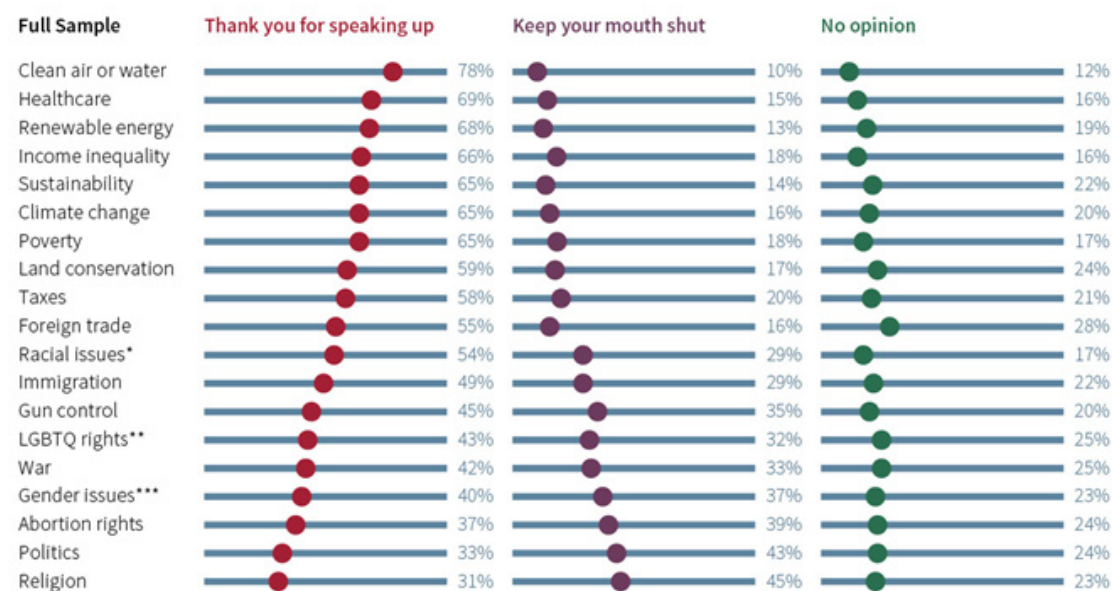
Gen X



Baby Boomers

EXHIBIT 5 — CONTINUED

In general, what is your reaction to CEOs who are publicly vocal about the following issues?  
(Sorted by favorability)



Reaction to CEO Activism  
(Sorted by net favorability\*)



Net favorability calculated as the percent of respondents who select “thank you for speaking up” minus the percent of respondents who select “keep your mouth shut.” Excludes respondents who select “no opinion.”

\* Responses vary significantly when respondents are segmented by race. White respondents reply 49% “thank you for speaking up.” Nonwhite respondents reply 66% “thank you for speaking up.”

\*\* LGBTQ means lesbian, gay, bisexual, transgender, or queer/questioning

\*\*\* Responses vary only modestly when respondents are segmented by gender. Female respondents reply 42% “thank you for speaking up.” Male respondents reply 37% “thank you for speaking up.”

Source: Rock Center for Corporate Governance at Stanford University, “2018 CEO Activism Survey,” (2018).