Corporate Culture Messaging and National Politics

Kateryna Holland and Esther Im[*]

Abstract

This study examines how changes in political leadership and rising U.S. polarization flow through societal culture to corporate culture. Using quasi-experimental methods, we find that executives adjust culture messaging in earnings calls on extensive and intensive margins across varying political contexts. These changes follow two pathways: under political alignment, executives emphasize their firm's culture, motivated by pride; and under political misalignment, executives reduce cultural messaging—particularly innovation, quality, and respect—due to lower perceived growth opportunities. Additional tests reveal these changes reflect strategic communication rather than fundamental cultural changes. Our findings highlight how cultural messaging varies with political context.

Keywords: corporate culture, political partisanship, polarization, elections, political alignment

JEL classification: G30, M14

Previously you could send a homogeneous message to the country, but there's so much divisiveness and polarization on so many issues that that's become almost impossible. (Allen Adamson, qtd. in Deighton and Coffee (2023))

I. Introduction

The United States has witnessed a surge in political polarization and party disparities since 2010, particularly during presidential elections.[1] This trend is reflected in people gravitating toward like-minded individuals while distancing themselves from opposing views. Political beliefs affect workplace decisions through perceptions of economic conditions (e.g., Campbell et al. (1960)). Previous studies highlight this influence in various contexts: analysts and CEOs publish more optimistic forecasts and disclosures under politically aligned presidencies, executives leave jobs over political mismatches, and judges impose harsher sentences on politically misaligned cases (e.g., Fos, Kempf, and Tsoutsoura (2021), Kempf and Tsoutsoura (2021), Arikan et al. (2023), and Gormley, Kaviani, and Maleki (2025)). Thus, understanding how executives adapt their corporate culture messaging in response to national political shifts is essential given its impact on firm productivity and value.

Guiso, Sapienza, and Zingales (2015) identify key corporate culture values from firms' websites: integrity, teamwork, innovation, quality, and respect.[2] Li et al. (2021) quantify these

---

[1] Gentzkow (2016) and Barrios and Hochberg (2021), among others, examine the post-2010 increase in U.S. polarization. Party identification is more stable than the principles of equal opportunity, limited government, traditional family values, and moral tolerance (e.g., Goren (2005)). It is a form of social identification through an emotional connection with a political party (Green, Palmquist, and Schickler (2002)).

[2] Other core values are safety, community, communication, and hard work. Corporate culture is also identified in surveys (e.g., O'Reilly, Chatman, and Caldwell (1991) and Chatman et al. (2014)) and examined with outcomes by O'Reilly (1989), Kreps (1990), Edmans (2011), Li et al. (2021), Grennan (2022a, b), and Graham et al. (2022).

values using earnings call language and link cultural messaging with outcomes and firm performance. We explore how political changes affect corporate culture messaging through presidential administrations and periods of heightened polarization using Li et al. (2021) five corporate culture scores, along with overall culture scores and sentiment. The nationwide political shifts serve as moments of informational events, revealing shifts in stakeholder preferences. We also examine how corporate cultural messaging varies not only in response to political shifts but also in accordance with political alignment—whether corporate culture messaging differs under different presidencies for likely-Democrat and likely-Republican firms.

Corporate culture evolves in response to internal dynamics and external pressures, including societal and political shifts (e.g., Gorton and Zentefis (2022) and Grennan and Li (2023)).[3] We hypothesize that executives strategically adjust corporate culture messaging in response to political shifts. At the extensive margin, executives politically aligned with the ruling party may reinforce the prevailing societal culture in their corporate messaging driven by the pride mechanism in the dominant political climate. As such aligned executives would amplify cultural messaging, highlighting cultural strength, more than their misaligned counterparts. In contrast, during periods of heightened polarization, such expressions of pride may decline, consistent with the literature on conformity and herd mentality (see Lieberman and Asaba (2006). We posit that when polarization increases, executives refocus their messaging toward products while scaling back any official messaging, including cultural messaging, that may

---

[3] Internal factors that can change corporate culture include new executives, updated governance, improved board diversity, and different shareholder or executive ownership (e.g., Guiso et al. (2015), Graham et al. (2022), Grennan (2022a), and Cai, Grennan, and Qiu (2024)).

signal political alignment to mitigate risks of potential political backlash. As one executive put it: "The easiest thing to do is just to stay out of the conversation" (see Maurer (2023)).

At the intensive margin, we hypothesize that shifts in political alignment influence executives' messaging around specific cultural values—particularly innovation, quality, and respect.[4] Politically aligned executives, given their greater optimism and positive economic outlook, are more likely to emphasize "innovation" as part of broader investment increases (e.g., Rice (2024)). In contrast, politically misaligned executives, perceiving economic uncertainty, cut costs, including overall and innovation-specific investments. Cost-cutting measures risk lowering product and service quality. To deflect attention away from these potential problems, executives may scale back cultural messaging that emphasizes "innovation" and "quality." Moreover, to navigate the political climate, firms started "green-hushing" in 2023 by reducing discussions of partisan issues related to climate and diversity, equity, and inclusion (DEI).[5] Since the cultural value of "respect" is closely tied to diversity and inclusion, we posit that executives may similarly engage in "culture-hushing" and avoid highlighting "respect."

---

[4] Alternatively, some cultural messaging may remain stable despite political changes. For example, "integrity," related to ethics and fraud, is stable or "sticky" over time as unethical culture persists (see Nunn and Wantchekon (2011), Alesina, Giuliano, and Nunn (2013), Ellahie, Tahoun, and Tuna (2017), and Gorton, Grennan, and Zentefis (2022)).

[5] Rajan (2025) asks, "Were statements by companies acknowledging their social responsibility ever anything more than performative political theater?" and points to firms quickly abandoning DEI pledges in 2025 along the growing political opposition. For example, expecting political criticism, the U.S. largest banks barely addressed DEI in 2025 but, in the prior year, "touted firm culture that supported DEI initiatives." (e.g., Andriotis and Heeb (2025)).

To empirically examine the relationship between political shifts and corporate culture messaging, we analyze how presidential elections, rising polarization, and firms' political alignment are statistically associated with corporate messaging patterns. Following previous research that treats U.S. elections as political shocks (e.g., Jens (2017), Dahl, Runjing, and Mullins (2022), and Kempf et al. (2023)), we consider the elections from 2002 to 2021 to examine whether executives alter their corporate culture messaging in response to evolving political sentiment. We also examine corporate culture messaging in the context of rising political polarization using Azzimonti's (2018) Partisan Conflict Index (PCI), which increased beginning in 2010.[6] To identify political alignment during presidencies, we classify firms as likely-Democrat and likely-Republican using the political leaning of the headquarters' location, following Dahl et al. (2022) and Meeuwis et al. (2022).[7] We also examine firms in battleground states, as these firms are exposed to more balanced views (e.g., Gulen and Myers (2024)).

We find that corporate culture messaging intensifies when firms are more likely to be politically aligned with the presidential party: executives of likely-Republican firms emphasize innovation, quality, respect, and overall corporate culture more during George W. Bush's (Republican) term than Barack Obama's (Democrat) term when compared with executives from likely-Democrat firms. This aligns with our expectation on the intensive margin that executives

---

[6] PCI is in the Internet Appendix Figure IA.1. We use the terms "partisan conflict" and "polarization" interchangeably given our longer-term PCI comparisons (e.g., before and after 2010), as Azzimonti (2018) shows long-term alignment.

[7] This method, allowing a larger sample, yields similar results to donation-based studies (e.g., Knill et al. (2022)).

of politically misaligned firms reduce cultural messaging on innovation, quality, and respect. These results suggest that corporate culture messaging changes with political shifts.

However, our findings indicate that after the 2010 increase in political polarization, corporate culture messaging declines significantly for both likely-Democrat and likely-Republican firms, while tone becomes more positive. This reduction in corporate culture messaging during periods of increased polarization aligns with our expectations on the extensive margin. Moreover, executives from both likely-Democrat and likely-Republican firms conveyed similar messages about their corporate culture and adjusted sentiment similarly during the highly polarized presidency of Barack Obama and the first term of Donald Trump. Using a difference-in-differences framework, we document relatively smaller reductions in cultural messaging on innovation, quality, respect, and overall culture for likely-Democrat firms during periods of increased political polarization. For example, executives from likely-Democrat firms decreased innovation-related language in earnings calls by 3%, while those from likely-Republican firms reduced it by 10%.[8] In short, as polarization rises, executives talk less about corporate culture and converge in their culture messaging. In contrast, executives of firms in battleground states, being exposed to more balanced political environments, maintained consistent corporate culture messaging and sentiment before and after 2010. This stability underscores the importance of political shifts for corporate culture messaging for executives of firms headquartered in areas with more distinct political leaning.

---

[8] Executives of likely-Democrat (likely-Republican) firms message less on innovation after 2010 by 0.141 (0.481) units (innovation word count/document length). Given innovation messaging mean of 4.879: -0.141/4.879 = -3% (lower by 3%) and -0.481/4.879 = -10% (lower by 10%).

Our findings show that executives change their cultural messaging in response to political shifts, including presidential elections and polarization. While ruling out endogeneity is difficult, reverse causality is less likely in our sample (e.g., executives' discussions of cultural values, such as teamwork and quality, are unlikely to escalate national polarization), and we aim to further reduce such concerns with four tests. We verify that the parallel trend assumption holds in periods of lower polarization. We also find consistent results using the PCI directly. In addition, to better isolate the impact of political change, we analyze two distinct subsamples: firms exposed only to national political shifts and those also affected by local changes, such as county voting patterns or headquarters relocations. Our results persist in both subsamples. Finally, we examine exogenous geographic shocks to polarization, including areas that experienced a significant increase in the Republican vote share in the 2016 election, following Dahl et al. (2022), proxying for areas subject to the China shock (e.g., Autor et al. (2020)) and areas that experienced significant changes in media partisanship after the entry of the Sinclair Broadcast Group (e.g., Martin and McCrain (2019)). Across all tests, executives message less about corporate culture when polarization increases.

Next, we examine whether corporate culture messaging aligns with actual outcomes: whether executives "walk the talk" or engage in strategic communication, especially along the political dimension. Following Li et al. (2021), we proxy integrity by restatements, teamwork by joint venture and alliance formation, innovation by patents, quality by best employer listing, and respect by top brand listing. Consistent with Li et al. (2021), we confirm the contemporaneous significant cross-sectional relationship between cultural messaging and outcomes. However, when firms adjust cultural messaging along the political dimension—similar to Mian, Sufi, and Khoshkhou (2023) and Duchin, Gao, and Xu (2025), who document discrepancies between

messaging and real outcomes—we find no consistent corresponding outcome changes, suggesting strategic communication rather than genuine cultural shifts.

Our baseline regressions incorporate two-way fixed effects at the firm and year levels and the difference-in-differences setting to examine the changes in the language describing corporate culture within the firm given nationwide political changes, including presidential elections and polarization changes. We acknowledge the limitations of our analysis. While two-way fixed effects estimators are widely used, they face challenges in the presence of heterogeneous treatment effects and overlapping influences (e.g., de Chaisemartin and D'Haultfœuille (2023)). Some tests are conducted at the industry level, which may conflate industry characteristics with other underlying factors or broader trends. For example, industry classification is used to approximate the geographical dispersion of firms' operations due to small sample sizes among multi-headquartered firms. Moreover, time-series analyses linking cultural messaging and outcomes have inherent limitations (e.g., Li et al. (2021)). Despite these limitations, our findings are robust to excluding the years of the financial crisis and the COVID-19 pandemic, including firms that span all presidencies, and examining firms with geographically concentrated and dispersed operations. In addition, we provide baseline comparisons: in the same industry executives message more about innovation in likely-Democrat firms but in likely-Republican firms they emphasize quality and respect; such emphases occur during presidential political alignment. We also consider another important medium of firms' communication—shareholder meetings—in addition to earnings calls. By extending corporate culture dictionaries to shareholder meeting transcripts, we find that corporate culture messaging varies with political factors.

We contribute to the literature on corporate culture (e.g., Guiso et al. (2015), Graham et al. (2022), Li et al. (2021), and Grennan and Li (2023)). Culture, which represents a fundamental aspect of a firm, is challenging to measure quantitatively. However, recent advances in natural language processing have allowed researchers to assess the dynamics of culture. Grennan and Li (2023) call for the first steps in this new research agenda to isolate "events that serve as catalysts for cultural change." Our study closely aligns with theirs, as our findings highlight the importance of political shifts, including presidencies and polarization, for corporate culture messaging. As such, we add a perspective on corporate culture messaging and strategic communication. We also contribute to the literature on political alignment, which shows that executives' partisan perceptions influence corporate tangible outcomes, such as investment and leverage (see Knill et al. (2022) and Rice (2024)). Unlike these studies, we focus on intangible outcomes and show that political alignment and polarization are also linked to corporate culture messaging. In addition, we contribute to the literature examining firms' "political hedging," where executives reduce discussions of polarizing issues and balance political donations (e.g., Christensen et al. (2022) and Mkrtchyan, Sandvik, and Zhu (2024)). We find that during periods of heightened polarization, similar caution is strategically exercised for cultural messaging.

II. Background and Related Literature

In this section, we summarize key related work, beginning with polarization and political alignment. Political beliefs shape how individuals interpret events: Republicans and Democrats often perceive the same political developments differently, leading to divergent expectations of future economic conditions. Surveys show that Republicans become more optimistic about the U.S. economy after a Republican president's election, while Democrats

become more pessimistic.[9] These differing economic outlooks influence tangible decisions: politically aligned individuals have higher birth rates, better credit ratings, larger portfolio equity allocations, more optimistic earnings guidance, lower accounting conservatism, increased investment, and greater perceived leverage (e.g., Kempf and Tsoutsoura (2021), Dahl et al. (2022), Knill et al. (2022), Meeuwis et al. (2022), Arikan et al. (2023), and Rice (2024)).[10]

Beyond political shifts from presidential elections, we examine shifts in polarization. Increased polarization influences voting (e.g., DellaVigna and Kaplan (2007) and Martin and McCrain (2019)), and trading, as Pan et al. (2024) document a positive relation between the equity portfolio distance along the environmental and social preferences and the political distance among U.S. counties. Azzimonti's (2018) PCI shows a sharp increase in U.S. political polarization following the 2008 financial crisis. Economic hardship has fueled polarization and far-right support in various contexts (see Aldasoro et al. (2022) and Gyöngyösi and Verner

---

[9] While beliefs about and perceptions of future economic outcomes differ by political affiliation, Blinder and Watson (2016) show that actual U.S. economic performance is stronger under Democratic presidencies.

[10] Dahl et al. (2022) document fewer births in areas politically misaligned with the president. Kempf and Tsoutsoura (2021) show that analysts who are Republican (Democrat) assign higher (lower) credit ratings to the same firm during Republican presidencies. Meeuwis et al. (2022) show that likely-Republican (likely-Democrat) investors shifted portfolio allocations to equity (safer assets) after the 2016 U.S. presidential election with a Republican winner. Several studies document in-group bias: executives are more likely to leave when their political views differ from those of the C-suite (e.g., Fos et al. (2021)), fund managers allocate funds to firms managed by executives or directors who support the same political party (e.g., Wintoki and Xi (2020)), home sales increase when a person from an opposite political party becomes a neighbor (e.g., McCartney, Orellana-Li, and Zhang (2024)), and peer-to-peer lenders from conservative states lend less to borrowers from liberal states but not vice versa (e.g., Wang and Overby (2022)).

(2022)). Other contributing factors include globalization, automation, immigration, disasters, and media bias (e.g., Guriev and Papaioannou (2022)). Autor et al. (2020) show that the China shock, which displaced U.S. manufacturing jobs, intensified polarization in affected regions. Dahl et al. (2022) apply this framework to the 2016 U.S. presidential election, identifying areas with the largest rightward vote shifts as experiencing a polarization shock. Polarization also rises in regions where the local media covers more national news or provides a right-wing slant (e.g., Martin and McCrain (2019), Dasgupta et al. (2021), Knill et al. (2022), and Pan et al. (2024)). The PCI measure and geographic shocks allow us to gain useful insights into how cultural messaging evolves in response to polarization.

As rising polarization is linked to greater political risk, another strand of related literature examines how firms mitigate this risk. Kim et al., (2019) find that firms hedge against legislative uncertainty and enhance growth opportunities by balancing political donations across Republican and Democratic candidates. This "political hedging" reduces firm risk, as reflected in lower earnings and return volatility (e.g., Christensen et al. (2022)). Moreover, Hassan et al. (2019) show that firms facing heightened political risk increase political donations, lobbying, and cash holdings while cutting back on hiring and tangible investment. Giambona et al. (2018) show that 83% of firms manage geopolitical risk through operations by scaling back activities. Similarly, to mitigate risk, firms reduce and carefully approach their discussions on partisan issues, often instead shifting focus to their products (see Bhagwat et al. (2020), Cassidy and Kempf (2024), and Mkrtchyan et al. (2024)). We add to this literature by examining whether executives adjust their corporate culture messages in response to changing political polarization.

Corporate culture plays a crucial role in firm outcomes.[11] Edmans (2011) finds that the firms ranked as the best workplaces have higher future abnormal returns, and Hilary and Hui (2009) show that firms in highly religious counties, often associated with conservative cultures, face lower risk exposure. Liu (2016) documents that corporate culture has a strong impact on corporate misconduct. O'Reilly (1989) and Kreps (1990) explain the persistence and resistance of culture to change, though governance, board diversity, and ownership shifts can drive cultural evolution (e.g., Guiso et al. (2015), Grennan (2022a), and Cai et al. (2024)). Corporate culture also varies with a firm's competitive position, employee turnover, and executive ownership (e.g., Graham et al. (2022)). Rajan, Ramella, and Zingales (2022) show that corporate goals serve as a reflection of culture, evolving beyond shareholder wealth maximization to include stakeholder priorities such as customers, employees, suppliers, and broader societal concerns (e.g., environmental, social, and governance; ethics). Building on this research, we examine how corporate culture messaging evolves in response to political shifts, considering firms' political affiliations. In addition, we assess whether these messaging changes reflect strategic communication or genuine cultural shifts by analyzing related firm outcomes.

Our study also contributes to the literature on strategic communication. Mkrtchyan et al. (2024) and Bhagwat et al. (2020) examine strategic corporate messaging on sociopolitical partisan issues related to gun ownership, abortion, immigration, climate, and DEI in official communication, including earnings calls and company reports. Cassidy and Kempf (2024)

---

[11] Quantifying cultural characteristics is difficult, but the recent application of textual analysis to surveys, websites, letters to shareholders, and earnings calls helps identify corporate culture dimensions (e.g., O'Reilly et al. (1991), Chatman et al. (2014), Guiso et al. (2015), Li et al. (2021), Graham et al. (2022), and Grennan (2022a) and (2022b)).

examine executives' private communication, showing that while S&P 500 executives tweet about climate change and DEI, these tweets do not have a strong return association. Relatedly, executives highlight their environmental progress in conference calls even when their divested establishments continue to pollute at prior levels (Duchin et al., 2025). A related article by Jiao and Ren (2024) highlights the link between the partisanship of the top management team and corporate culture. Hu et al. (2023) also find declines in culture messaging following exogenous regulatory shocks reducing fiduciary duties. Unlike these studies, we focus on corporate culture messaging related to non-partisan issues, such as integrity, quality, and respect. In addition, our study differs by examining how corporate culture messaging and firm outcomes respond to national politics, including election-driven changes in political alignment and polarization.

III.   Hypotheses Development

We examine whether corporate culture messaging changes with political shifts and summarize our hypotheses and expectations along the extensive and intensive margins in Figure 1. At the intensive margin, we aim to understand which corporate culture values—integrity, teamwork, innovation, quality, and respect—are elevated and downplayed along political lines. Political shifts from presidential elections affect firms' political alignment. For example, firms located in counties that vote Republican, likely-Republican firms, align with a Republican president but are misaligned with a Democrat president. Existing literature finds that political alignment influences perceptions of economic well-being and sensitivity to political backlash. However, these factors are unlikely to influence integrity (related to accountability, honesty, and transparency) or teamwork (related to collaboration) as these fundamental values should persist, regardless of economic or political perceptions (e.g., Hilary and Hui (2009)). In contrast, we hypothesize that shifts in alignment and "political hedging" influence how executives message

about innovation, quality, and respect. These values, as the media notes, encompass "buzzwords ripe for attack, like 'innovation,' 'sustainability,' [and] 'DEI,' [and are] business principles-turned-corporate fads" (see Borchers (2024)).

The corporate value of innovation is associated with being adaptable, taking advantage of opportunities, and seizing growth initiatives. Executives' focus on opportunities and growth—particularly innovation—should be more pronounced when they are politically aligned with the president, given their more optimistic perception of economic growth (e.g., Knill et al. (2022) and Arikan et al. (2023)) and even increased investment (e.g., Rice (2024)). Therefore, we conjecture that politically aligned executives are more likely to highlight innovation, while misaligned executives downplay it. Similarly, political misalignment and a weaker economic outlook may lead to cost-cutting measures that compromise quality, prompting executives to minimize discussions about quality to avoid drawing attention to the issue.

Politically misaligned executives, beyond having a more negative perception of economic growth, may also fear political backlash. To mitigate this risk, they may participate in "political hedging" by donating to political entities, reducing hiring and tangible investment, and carefully avoiding discussions of topics related to abortion, guns, DEI, the environment, and the climate (see Hassan et al. (2019) Bhagwat et al. (2020), and Mkrtchyan et al. (2024)). As respect—encompassing diversity, community, and environmental concerns—is the corporate culture value most linked to DEI and sustainability, we hypothesize that executives seeking to avoid backlash will downplay discussions of respect. Overall, we hypothesize the following:

Hypothesis 1. Political shifts influence corporate culture messaging, such that politically misaligned executives message less about corporate culture dimensions of innovation, quality, and respect.

Hypothesis 1 on differences in corporate culture messaging between politically aligned and misaligned firms assumes that executives actively discuss corporate culture. Without this communication, observing meaningful differences in how messaging changes would be difficult. As there is no relationship without communication, a significant reduction in cultural messaging could make firms appear more similar. Therefore, we take a "big picture" perspective, at the extensive margin, to understand whether executives change their overall corporate culture messaging along the political dimension and when they significantly reduce their messaging.

According to Grennan and Li (2023), corporate culture can evolve in response to shocks in internal and external systems, people, and events. Similarly, Gorton and Zentefis (2022) find that corporate culture progress does not happen automatically but through external pressure. Political events, in particular, influence societal culture. For example, Acemoglu and Jackson (2015) show that political leaders and presidents can shape societal norms and values through policies or rhetoric. This societal culture can spill over to corporate culture as corporate executives politically aligned with the president feel pride associated with the "winning" political party and societal culture (e.g., Hodson (1998)). Pride can amplify the alignment between societal and corporate culture, leading aligned executives to discuss corporate culture and emphasize its strengths more than misaligned executives. This supports Hypothesis 1, which is that aligned executives are more likely to highlight specific corporate culture dimensions. Lieberman and Asaba (2006) discuss how, in periods of heightened tension and division,

executives may be less inclined to express pride openly, consistent with the literature on conformity and herd mentality.

Executives tend to avoid or downplay discussions of partisan topics during periods of heightened political polarization, which reflect greater societal divisiveness (e.g., Bhagwat et al. (2020) and Mkrtchyan et al. (2024)). While the five corporate culture dimensions are inherently non-partisan, we conjecture that executives adjust their messaging on these values depending on political alignment. As a result, even non-partisan messaging may carry implicit political signals, increasing the risk of political backlash, especially during highly polarized periods. Just as executives refocus discussions on products and minimize partisan topics when polarization rises, they may also reduce corporate culture messaging altogether. Therefore, we hypothesize:

Hypothesis 2. Political shifts influence corporate culture messaging such that executives reduce such messaging when political polarization increases.

Changes in corporate culture messaging following political shifts in Hypotheses 1 and 2 may reflect actual changes in corporate culture or be a form of strategic communication. Li et al. (2021) show that corporate culture messaging aligns with actual corporate outcomes; for example, executives that message more about innovation tend to produce more patents and citations. However, for political shifts to drive actual changes in corporate culture, we should observe a direct link between messaging and outcomes. For example, increases in innovation messaging aligning with greater patent activity would suggest a substantive cultural shift. Conversely, if messaging changes occur without corresponding shifts in outcomes, corporate culture messaging in response to political shifts likely serves as a form of strategic communication rather than an actual cultural transformation. Thus:

Hypothesis 3. Changes in corporate culture messaging in response to political shifts reflect strategic communication.

IV.   Empirical Design

A. Data

We collect county-level presidential election voting data from the MIT election lab, which is available from 2000 to 2020.[12] We identify the county as Democratic or Republican using county voting choices in presidential elections. We collect the PCI from the Federal Reserve Bank of Philadelphia. Firm headquarters data come from the University of Notre Dame, where headquarters location is gathered from the 10-K and 10-Q header sections via textual analysis.[13] Also, to control for economic condition, macroeconomic variables are collected from the Federal Reserve Bank of St. Louis.[14] We collect the county population from the Census to control for the size of the county.[15] We collect data on the Sinclair network acquisitions from SDC Platinum and include additional acquisitions from Dasgupta et al. (2021).

Firm-level cultural variables of integrity, teamwork, innovation, quality, and respect are from Li et al. (2021), who use seed words from Guiso et al. (2015) and natural language processing to form cultural dictionaries and apply them to earnings calls; stable scores are available from 2002 to 2021.[16] All culture variables are scores from word counts of tokens

---

[12] https://electionlab.mit.edu/

[13] https://sraf.nd.edu/sec-edgar-data/10-x-header-data/

[14] https://fred.stlouisfed.org/

[15] https://www.census.gov/data/datasets.html

[16] We thank Li et al. (2021) for providing the corporate culture dictionary and scores. Their corporate culture

normalized by the document length. Sentiment measures from earnings calls come from Hassan et al. (2019).[17] We follow the same firm selection as Li et al. (2021), excluding financial firms, banks, and utilities with SIC codes 6000–6999 and 4900–4949. Furthermore, in separate analysis, we identify culture from the firms' shareholder meeting transcripts using the dictionary from Li et al. (2021). Firm accounting information comes from Compustat. The full sample, which is from 2002 to 2021, consists of 36,415 firm-level observations.

B. Empirical Specification

We examine whether and how executives change their corporate culture messaging in response to nationwide political changes in the United States. In addition, we ask whether likely-Republican firms adjust their corporate culture emphases differently from likely-Democrat firms. Our main specification uses two-way fixed effects at the firm and year level:

$Culture\_Score_{i,t} = PoliticalFactor_t \times Likely\text{-}Dem._{i,t} + PoliticalFactor_t \times Battleground_{i,t} + Controls_{i,t} + Firm_i + Year_t + \delta_{i,t},$ (1)

where $Culture\_Score_{i,t}$ are scores of firm's i corporate culture emphasis on integrity, teamwork, innovation, respect, quality, sentiment, and the sum of culture measures in year t. Two factors represent $Political\_Factor_t$. First, we use presidential changes and create indicator variables equal to 1 for each year of individual presidencies (e.g., $Bush_t$, $Obama_t$, and $Trump_t$). Second, for political polarization, we use $Post2010$, an indicator that equals 1 after 2010, when polarization

---

measures are less subject to "window-dressing" because they come from the earnings calls' unscripted Q&A section, which is an unlikely avenue for corporate cultural self-promotion. Moreover, Li et al. (2021) reduce the influence of "stated" values through lower weight on frequent words in an effort to capture firms' true cultural underpinning.

[17] See https://www.firmlevelrisk.com/sentiment. We divide the provided sentiment variables by 100.

experiences a large increase in PCI level, or PCI_t, the actual index. Next, $Likely\_Dem._{i,t}$ ($Likely\_Rep._{i,t}$) is an indicator variable that equals 1 for firms located in counties that vote for Democratic (Republican) candidates in presidential elections.[18] In addition, $Battleground_{i,t}$ is an indicator that equals 1 for years when firms are located in battleground states (listed in Internet Appendix Table IA.1). Firm-level controls ($Controls_{i,t}$) for firm i in year t, include profitability, measured by return on assets (ROA) and profit margin; liquidity; leverage; size; and sales growth. We also control for the number of words in earnings call transcript and for local factors through local population.[19]

The interaction term $Political\_Factor_t \times Likely\_Dem.$, with $Post2010_t$ as the $Political\_Factor_t$, enables us to compare the average emphasis on $Culture\_Score_{i,t}$ between likely-Democrat and likely-Republican firms before and after 2010. Similarly, the interaction term $Political\_Factor_t \times Likely\_Dem._{i,t}$, using $Bush_t$ and $Trump_t$ as a $Political\_Factor_t$, allows us to examine differences in the average emphasis put on $Culture\_Score_{i,t}$ by likely-Democrat versus likely-Republican firms during the Bush and Trump presidencies as compared with Democratic presidencies. $Firm_i$ and $Year_t$ are firm and year fixed effects. Standard errors are generally clustered at the firm level. Variable definitions are in Appendix A.

---

[18] We follow Meeuwis et al. (2022) to identify likely-Republicans and likely-Democrats using county-level vote share in presidential elections. Meeuwis et al. (2022) find similar results when classifying firm political leaning using top executives' political donations. Knill et al. (2022) also find similar results when classifying firm political leaning by either the voting preferences around firm headquarters or executives' political donations. Finally, Fos et al. (2021) use executives' voting record party affiliation to classify political leaning.

[19] Log local population controls for firms in areas with larger populations providing more disclosure, given the local investment bias. Log length of firms' communication controls for readability (Loughran and McDonald (2014)).

We also examine changes in corporate culture messaging across time and estimate the following firm fixed effects specification:

$$Culture\_Score_{i,t} = PoliticalFactor_t \times Likely\text{-}Dem._{i,t} + PoliticalFactor_t \times likely\text{-}Rep._{i,t} + PoliticalFactor_t \times$$

$$Battleground_{i,t} + Elec.\ Year_t + Controls_{i,t} + Firm_i + \mu_{i,t}. \tag{2}$$

This firm fixed effects specification allows us to examine how different firms, specifically $Likely\_Dem._{i,t}$, $Likely\text{-}Rep._{i,t}$, and $Battleground_{i,t}$, update corporate culture emphases over time, given political shifts. For example, using Post2010 as the $Political\ Factor_{i,t}$ allows us to examine changes in corporate culture emphasis before and after 2010 for $Likely\_Dem._{i,t}$ firms, as well as $Likely\_Rep._{i,t}$ and $Battleground_{i,t}$ firms. Standard errors are clustered at the firm and year levels. The indicator $Elec.\ Year_t$ equals 1 for election years. In this specification, we also include additional time-varying annual macroeconomic controls for the consumer price index (CPI) and gross domestic product (GDP).

C. Descriptive Statistics

Table 1 provides a summary of statistics. Panel A shows the mean, median, 25th and 75th percentiles, standard deviation, and the number of observations for cultural and economic firm-level variables. Among the cultural messages, innovation is the most discussed category of corporate culture, with its mean almost twice that of other categories. Panel B provides annual observations for firms that are likely-Democrat and likely-Republican and those headquartered in battleground states. Similar to Meeuwis et al. (2022), our data are tilted toward Democratic locations. Yet the number of firms in battleground states remains steady throughout our sample. Panel C presents corporate culture scores by industry. Corporate culture is heterogeneous across industries: SIC 7 has the highest overall culture score at 19.57, and SIC 1 has the lowest at 11.12.

In addition, innovation is the highest for service industries (SICs 7 and 8), at 6.64. Grennan and Li (2023) provide time-series charts of corporate culture characteristics by industry.

[INSERT TABLE 1 HERE]

V. Results

This section explores whether executives adjust their corporate culture messaging in response to different political environments. First, we assess whether firms with different political alignments emphasize distinct cultural aspects under Republican versus Democratic presidents. Second, we investigate whether corporate culture messaging shifts with varying levels of polarization, validating these results using exogenous geographic shocks. We also differentiate between strategic communication and actual reforms by analyzing corresponding outcomes. Finally, we examine cross-sectional differences between likely-Democrat and likely-Republican firms.

A. Corporate Culture and Different Presidencies

We begin our examination of whether and how executives alter their corporate culture messaging in response to political shifts by considering presidential elections. Specifically, we assess whether likely-Republican firms alter their messaging differently from likely-Democrat firms across the Bush, Obama, Trump, and Biden presidencies, with particular interest in the unexpected 2016 election. Table 2 compares within-firm changes in corporate culture messaging using equation (1), in a difference-in-differences setting with firm and year fixed effects.

Our sample includes firms with stable political orientations and those experiencing shifts due to headquarters relocations or county vote swings. To isolate the impact of political shocks on corporate culture messaging from firm-level changes, we use firm fixed effects and

separate sample analyses. Table 2, Panel A, focuses on firms headquartered in politically stable areas, and Panel B examines firms undergoing political orientation shifts. This approach aligns with that of Arikan et al. (2023), who analyze accounting disclosures and CEO optimism on the basis of political alignment with the U.S. president, validating their findings using firms with stable CEO political preferences.

Table 2, Panel A, results show an important shift in how executives message their corporate culture. In the earlier years, during Bush's term, likely-Democrat firms talked less about innovation, quality, respect, and overall corporate culture but used a more positive tone. In contrast, likely-Republican firms talked more about innovation, quality, respect, and overall culture, consistent with political alignment with the Bush presidency. These results support Hypothesis 1.

Under Trump, the previously observed differences in corporate culture messaging between likely-Democrat and likely-Republican firms are no longer statistically significant. Specifically, when comparing the terms of Democrats Obama and Biden to Republican Trump, we do not find meaningful differences in corporate culture messaging. This contrasts sharply with the trends observed during the Bush presidency. During Trump's term, corporate culture messaging among likely-Democrat and likely-Republican firms appears more similar than different.[20] We verify that the results are not specific to multinational firms in Internet Appendix

---

[20] Grennan (2022b) examines the similarity in corporate culture communication and finds that similar/consistent within-firm communication is positively associated with firm valuations.

IA.2, Panel A.[21] Finally, firms in battleground states talked more about innovation and quality during Bush's presidency than Democrat presidencies but messaged less about quality and all other corporate culture dimensions during the presidencies of Obama, Trump, and Biden.

In Table 2, Panel B, we confirm the similarity in corporate culture messaging during Trump's term, examining a subsample of firms that move or are in counties that swing their political support. These results need to be interpreted with caution, however, as determining the accurate political preferences of this subsample is difficult. Overall, we document a significant shift in corporate culture messaging between our sample's earlier and later periods. While during Bush's term, politically aligned likely-Republican firms talked more about corporate culture and emphasized different corporate culture attributes than likely-Democrat firms, during Trump's term, likely-Democrat and likely-Republican firms became similar in how they updated their corporate culture emphases as compared with Obama's and Biden's terms.

[INSERT TABLE 2 HERE]

---

[21] Internet Appendix Table IA.2, Panels B and C, we examine whether geographic dispersion in operations influences corporate culture messaging. Panel B focuses on industries with geographically concentrated operations (e.g., oil, mining), and Panel C examines industries with geographically dispersed operations (e.g., retail, wholesale). Using similar tests to Table 2, we find that the degree of geographic concentration does not significantly drive our results, suggesting that the extent of a firm's operational dispersion does not meaningfully affect corporate culture messaging. This may be because messaging primarily originates from headquarters rather than operational locations.

B.   Corporate Culture and Political Polarization

Next, we continue to focus on how executives alter their corporate culture messaging in response to political shocks, considering changes in partisan polarization as a source of political variation. Our proxy for this national political shock is a significant rise in partisan polarization after 2010, as indicated by the PCI. Table 3 presents these results. Panel A compares the shifts from before and after 2010 for likely-Democrat, likely-Republican, and battleground firms using equation (2), with firm fixed effects. We employ firm fixed effects regressions to gain deeper insights into the gradual changes in corporate culture emphases over time, where we control for the recession years and overall economic conditions. Panels B and C of Table 3 use equation (1) in a difference-in-differences framework with firm and year fixed effects to compare within-firm changes in corporate culture messaging before and after increased polarization, addressing potential endogeneity concerns. Similar to Table 2, Table 3 analyzes firms by political stability. Panel B focuses on firms headquartered in areas with stable voting patterns, and Panel C examines firms experiencing shifts in political orientation.

Table 3, Panel A, results show that all firms, regardless of their political preference, chose to talk less about all corporate culture aspects but increased their sentiment after 2010. In other words, both likely-Democrat and likely-Republican firms updated their corporate culture messaging similarly after 2010 by becoming more neutral and talking less about corporate culture. However, the reductions in teamwork for all firms and innovation for likely-Democrat firms were not statistically significant. Battleground firms also exhibited a notable decline in innovation emphasis. These results support Hypothesis 2.

We next assess whether the decline in corporate culture messaging after 2010, amid rising political polarization, differed between likely-Democrat and likely-Republican firms using a difference-in-differences approach. Table 3, Panel B, presents the results. While both groups reduced their cultural messaging, likely-Democrat firms maintained a greater emphasis on innovation, quality, respect, and overall culture than likely-Republican firms. These findings align with those in Table 2, reinforcing the notion that increased polarization contributed to greater similarity in corporate culture emphasis across firms during the Obama and Trump presidencies. Notably, apart from a decline in innovation emphasis, firms in battleground states did not significantly adjust their cultural messaging, highlighting the roles of firm political alignment and exposure in shaping these changes.

Table 3, Panel C, presents the results using equation (1) for firms that experience a shift in political alignment due to swing-area headquarters or relocation. Consistent with previous findings, likely-Democrat firms continue to emphasize integrity, innovation, and overall culture more than likely-Republican firms after 2010. These patterns, also seen in Panel B and Internet Appendix Table IA.3, suggest that firms in politically balanced "purple" states maintain consistent cultural messaging despite rising polarization. This highlights the role of more balanced political associations for corporate culture messaging.

[INSERT TABLE 3 HERE]

We verify that the parallel trends assumption holds. Following Faccio and McConnell (2023), we observe that likely-Democrat and likely-Republican firms did not exhibit statistically

significant cultural messaging differences before the increase in polarization.[22] Internet

Appendix Figure IA.2 presents plots of coefficients of the interaction between likely-Democrat

firms and specific years from 2005 to 2021. Consistent with Table 3, Panel B, we find that after

2010, likely-Democrat firms show an upward trend in innovation, quality, respect, and overall

culture compared with likely-Republican firms, indicating increased messaging. However, no

significant pre-2010 trends suggest prior cultural differences. We observe similar non-discernible

trends before and after 2010 for integrity, teamwork, and sentiment. Overall, firms reduce

cultural messaging after 2010 amid rising political polarization, with likely-Republican firms

exhibiting a sharper decline in innovation, quality, respect, and overall culture than likely-

Democrat firms.

C. Geographic Shocks to Political Polarization

Next, we aim to confirm that executives reduce corporate culture messaging when

political polarization increases. In addition to the within-firm and across-time variation results in

Table 3, we examine firms exposed to exogenous geographic shifts in polarization. We

hypothesize that firms in areas with increasing polarization will message less about their

corporate culture. Thus, we compare firms in regions with rapidly rising polarization with those

in politically stable areas to assess differences in corporate culture messaging.

First, we examine areas with significant changes in media partisanship, given its

influence on political orientation (e.g., DellaVigna and Kaplan (2007)). Martin and McCrain

---

[22] Faccio and McConnell (2023) show that the parallel trends assumption holds by plotting the interaction
coefficients between fascist politicians and specific years in their difference-in-differences regression: firm
performance tied to Fascist politicians did not decline before the fall of fascism but declined after. We follow this
setting.

(2019) and Dasgupta et al. (2021) show that the entry of Fox Corporation and Sinclair Broadcasting Group—both favoring Republican rhetoric—led to increased Republican votes in affected areas. Accordingly, Republican-leaning areas that saw the entry of these media platforms became more polarized toward the Republican party. We hypothesize that firms in increasingly polarized areas, particularly likely-Republican firms classified by voting patterns as defined by Meeuwis et al. (2022), reduce cultural messaging following the entry of partisan media. To test this, we use Sinclair's acquisitions as a geographic shock to polarization.[23]

Second, we examine areas with sharp increases in Republican vote shares in the 2016 election. We follow the methodology from Dahl et al. (2022) and Autor et al. (2020) that underscores voting and polarization shifts in areas where local labor markets are negatively influenced by the "China shock" due to trade-related competition with China. We identify counties that already leaned Republican and saw a sharp increase in Republican vote share in the 2016 election as those experiencing heightened polarization toward the Republican party. Given this trend, we expect firms in these areas—classified as likely-Republican—to reduce their corporate culture messaging.

Table 4 presents the results of how corporate culture messaging responds to two geographic shocks that intensified political polarization. Panel A focuses on Sinclair's entry, and Panel B examines extreme increases in Republican vote shares in the 2016 election. All models include firm and year fixed effects, with standard errors clustered at the firm level. Consistent with Table 3, Panel A shows that firms reduce cultural messaging as polarization increases. As Sinclair's expansion into already-Republican-leaning areas further polarized these regions,

---

[23] Fox's entry occurred mostly before 2000, which is less useful for our analysis, as the sample starts after 2002.

executives of firms in these areas reduced all aspects of cultural messaging, with significant declines in innovation and overall culture. The variable *Sinclair_acq* indicates Sinclair's entry into an area, and its interaction with *Likely-Rep* reveals that likely-Republican firms reduced cultural messaging following Sinclair's introduction.

Table 4, Panel B, further supports reductions in cultural messaging when polarization increases: in counties with the largest Republican vote share increase between 2008 and 2016 elections (*Repub_Polar*), executives of these likely-Republican firms reduced messaging on integrity and respect. Focusing on the Obama and Trump (first term) presidencies, we find that executives of firms in highly polarized areas consistently reduced messaging on most corporate culture aspects while using more positive sentiment—echoing Table 3 results.[24] Overall, leveraging geographic shocks—partisan media entry and extreme vote share shifts—we continue to find reductions in corporate culture messaging as polarization rises, supporting Hypothesis 2.

[INSERT TABLE 4 HERE]

D. Outcomes: Do Firms "Walk the Talk" or simply "Talk"?

So far, we have examined how corporate culture messaging responds to political shifts: there is a statistically significant negative relation between polarization and cultural messaging and between political misalignment, especially during the period of lower polarization, and cultural messaging on innovation, quality, and respect. Next, we aim to understand whether these politically motivated changes in cultural messaging reflect real cultural change or are merely strategic communication. If messaging is strategic, increase in, for example, innovation

---

[24] Table 4 results exclude firms that experience political changes as a result of either county voting pattern changes or the firm moving. In non-tabulated results, we verify that Panel B remains robust with such firms.

messaging would not align with actual innovation outcomes. Conversely, genuine cultural

change would manifest in both messaging and outcomes.

To distinguish between these possibilities, we move beyond analyzing how messaging

responds to politics and instead examine whether firm outcomes tied to cultural values also vary

with political factors. Li et al. (2021) find that, in the cross-section, cultural messaging aligns

with actual corporate outcomes and propose the following proxies: integrity (restatements),

teamwork (joint ventures and alliances), innovation (citations), quality (best employer listings),

and respect (top brand listings). We collect data from various sources: Audit Analytics for

restatements (*integrity*), SDC Platinum M&A module for joint venture and alliance data

(*teamwork*), Noah Stoffman's website (*innovation*), and Brand Finance's brandirectory

(http://brandirectory.com) for top brands (*quality*).[25] The "Great Place To Work" Institute ranks

"100 best companies to work for in America," which Li et al. (2021) use to proxy for *respect*.[26]

Table 5, Panel A, results confirm Li et al. (2021) results in our dataset: corporate culture

messaging reflects actual corporate outcomes contemporaneously in the cross-section.

[INSERT TABLE 5 HERE]

Table 5, Panel B presents results using the same specifications as Tables 2 and 3 but

replaces the culture variables with the corresponding firm outcomes. To differentiate whether

cultural messaging reflects actual change or strategic communication we examine whether

corresponding firm outcomes shift similarly along the same political dimension as messaging.

Columns 1 to 3 examine variation along political alignment (as in Table 2), and Columns 4 to 6

focus on political polarization (as in Table 3). Because our tests along the political dimension

---

[25] https://host.kelley.iu.edu/nstoffma/ provides patent and citation data.

[26] Alex Edmans collects the ranking by year and provides the data on his website: https://alexedmans.com/.

span across time, we limit the analysis to outcomes with time-series variation: restatements (*integrity*), joint ventures (*teamwork*), and patent-related information (*innovation*).

If corporate culture messaging truly reflects underlying cultural changes, then, under the same political shock, the corresponding firm outcomes should exhibit shifts similar to those observed in cultural messaging. Specifically, when examining political alignment (columns 1-3), Table 2, Panel A suggests that during Bush's term, politically misaligned, likely-Democrat, firms would display lower innovation outcomes, with integrity and teamwork outcomes remaining similar to those of aligned, likely-Republican firms. During Trump's first term, likely-Democrat and likely-Republican firms exhibited similar cultural messaging, so we would expect minimal differences in corporate outcomes across political alignment. However, Table 5, Panel B reveals inconsistencies with these expectations. During Bush's term, likely-Democrat firms have more restatements, joint ventures, and patent citations compared to likely-Republican firms—contrary to the expectation of lower innovation and similar integrity and teamwork outcomes. Additionally, during Trump's first term, although restatements and citations yield nonsignificant results similar to cultural messaging, teamwork outcomes diverge: likely-Democrat firms increase joint ventures, despite similar teamwork messaging across political alignments.[27] In the polarization analysis (columns 4–6), we again find limited alignment between cultural messaging

---

[27] In untabulated analysis, we examine time-invariant quality and respect outcomes and find that top brand and best employer, respectively, do not align with their messaging in a setting with industry, state, and year fixed effects. Moreover, Internet Appendix Table IA.4 presents additional results for cultural outcomes, messaging, and political alignment, extending Table 5, Panel A, analysis. All firms, whether politically aligned or misaligned, have a similar relation between cultural messaging and outcomes, but misaligned firms' teamwork messaging has a more positive relation with joint ventures and strategic alliance outcome.

and corresponding outcomes. Table 3, Panel B implies that, under high polarization, likely-Democrat firms should exhibit higher innovation outcomes and similar integrity and teamwork outcomes compared to likely-Republican firms. However, the observed differences in Table 5, Panel B are statistically insignificant for all corresponding outcomes.

Overall, these findings suggest that cultural messaging in politically sensitive contexts is more strategic than substantive, supporting Hypothesis 3 and aligning with prior literature on strategic communication of values (e.g., Mian et al. (2023) and Duchin et al. (2025)). While our analysis is limited in scope, the evidence points toward cultural messaging along the political dimension is better interpreted as a form of strategic signaling rather than evidence of genuine cultural transformation. Future research should explore why executives selectively engage in strategic cultural communication along the political dimension (e.g., Grennan (2022b) and Block and Kranton (2024)) and how this behavior varies for specific cultural values.

E. Cross-Sectional Differences in Corporate Culture

Our main analysis investigates how corporate culture messaging evolves over time in response to political shifts. We also confirm that in the cross-section, cultural messaging aligns with corporate outcomes (e.g., Li et al. (2021)), yet find support for strategic communication along the political dimensions. Building on this, we examine whether cross-sectional differences in cultural messaging exist between likely-Democrat and likely-Republican firms, and whether political alignment influences these patterns. Therefore, we estimate:

$$Culture\_Score_{i,j,k,t} = RepPres\_ \times \_Likely\_Dem. + DemPres\_ \times \_Likely\_Dem. + RepPres\_ \times$$
$$\_Battleground + DemPres\_ \times \_Battleground + Elec\_Year_t\_ \times \_Likely\_Dem. + Elec\_Year_t\_ \times$$
$$\_Battleground + Controls_{i,t} + Industry_j + State_k + Year_t + \varepsilon_{i,j,k,t}, \tag{3}$$

where the interaction term *RepPres_×_Likely_Dem. (DemPres_×_LikelyDem.)* allows us to examine the differences in corporate culture emphases by likely-Democrat firms compared with likely-Republican firms in the same industry and state given political (mis)alignment based on county voting patterns at firms' headquarter locations. The interaction terms with *Battleground* allow us to examine corporate culture emphases by firms in battleground states versus other firms. Finally, *Industry$_j$*, *State$_k$*, and *Year$_t$* are industry (using Fama–French 30), state, and year fixed effects, respectively. Standard errors are clustered at the firm level.

Table 6, Panel A, provides cross-sectional comparisons of cultural messaging along firms' political alignment (for baseline comparisons sans alignment, see Internet Appendix Table IA.5). At likely-Democrat firms, cultural messaging during Democrat presidencies emphasizes innovation and conveys more positive sentiment. However, at likely-Republican firms, cultural messaging during Republican presidencies, is more about quality and respect. These emphases could be related to litigations considerations consistent with prior research.[28] In contrast, we observe no significant difference in corporate culture messaging by executives of firms in battleground states and other firms. We extend this analysis to specific election years in Internet Appendix Table IA.5 and find similar messaging across firms in the period of heightened polarization during the 2016 election. Overall, our findings underscore the role of political alignment in shaping executives' corporate culture messaging.

---

[28] Messaging may also reflect risk mitigation strategies as likely-Democrat firms face more intellectual property lawsuits whereas likely-Republican firms encounter more civil and labor rights violations (e.g., Hutton, Jiang, and Kumar (2015)). Firms may highlight areas of corporate culture related to their legal vulnerabilities to address or deter disputes.

[INSERT TABLE 6 HERE]

F. Robustness

In this section, we verify the robustness of our results. First, in Table 7, Panel A, we verify that our results in Table 3, Panel A, examining cultural messaging before and after a significant polarization increase in 2010, are robust to measuring political polarization directly with the PCI. Internet Appendix Table IA.6 presents additional robustness checks; our results become even more significant with robust standard errors (Panel A). The results remain robust in a subsample of firms that span most presidencies, ensuring that corporate culture messaging reflects consistent trends rather than sample-specific anomalies (Panel B). The results are also robust to encompassing firms for which political preferences are difficult to identify in Panel C, to excluding dynamic periods, such as the 2008 financial crisis and the 2020 COVID-19 pandemic, in Panel D, and, in untabulated analysis, to alternative firm classification based on executives' political donations Hutton, Jiang, and Kumar (2014). These combined analyses strongly support the robustness of our main findings.

In Internet Appendix Table IA.2, we examine whether geographic dispersion affects executives' cultural messaging by comparing firms with concentrated versus dispersed operations. While geographically concentrated firms might be more reliant on local resources and, therefore, more sensitive to local political dynamics, our results are similar for concentrated and dispersed firms. This suggests that the headquarters' location—the central hub for decision-making and communication—is important for executives' cultural messaging regardless of geographic dispersion.

Finally, in Table 7, Panel B, we extend our analysis of political shifts on corporate cultural messaging beyond earnings conference calls by applying the culture dictionary of Li et al. (2021) to shareholder meetings.[29] While both mediums share structural similarities, such as agenda and Q&A sessions, shareholder meetings allow for broader questions beyond financial metrics. Executives can tailor their communication to different mediums: Grennan (2022b) documents inconsistencies in banks' corporate culture messaging to employees, investors, and the community. Such inconsistencies across audiences highlight strategic communication. Consistent with Grennan (2022b), we find executives emphasize different cultural dimensions during shareholder meetings and earnings calls, further supporting strategic communication. Despite these differences, cultural messaging in shareholder meetings also changes with political shifts. During Republican presidencies, likely-Republican and likely-Democrat firms increase messaging on integrity, respect, and general cultural values. However, likely-Democrat firms focus more on innovation, while likely-Republican firms emphasize teamwork. These findings highlight the role of political alignment in shaping corporate cultural messaging.

[INSERT TABLE 7 HERE]

VI.   Conclusion

The political environment has a profound impact on societal dynamics and corporate decision making, with executives' political preferences shaping tangible corporate outcomes (see

---

[29] Building on the parsing methodology Li et al. (2021), we apply a term frequency-inverse document technique to count and normalize cultural term frequencesy by document length. We use shareholder meetings transcripts from CapitalIQ from 2011 to 2018, covering 1,432 firm-year observations.

Knill et all. (2022) and Rice (2024)). We examine whether and how executives update intangible aspects, corporate culture messaging in earnings calls, in response to significant shifts in the political environment and given firms' political leaning. Using five key corporate culture aspects—integrity, teamwork, innovation, quality, and respect—we find that executives adjust cultural messaging on both extensive and intensive margins in response to changes in political alignment around presidential elections and changes in political polarization. On the extensive margin, executives of politically aligned firms emphasize their corporate culture through a "pride" mechanism. However, during periods of heightened polarization, concerns over relatability and hedging against possible backlash, lead all executives to broadly reduce cultural messaging. On the intensive margin, politically misaligned executives curtail messaging on innovation, quality, and respect due to lower perceived growth opportunities.

During the polarized post-2010 period, spanning the Obama and Trump (first term) presidencies, cultural messaging became more similar across firms, contrasting with the earlier, less polarized Bush presidency, when executives of likely-Republican firms—then politically aligned—messaged more about corporate culture aspects of innovation, quality, and respect than those of likely-Democrat firms. Following the 2010 increase in political polarization, all firms, regardless of political leaning, reduced corporate culture messaging. We verify this decline using exogenous geographic shocks, including the introduction of partisan media and extreme voting shifts associated with the "China shock."[30] These results suggest that executives' political perceptions influence not only tangible firm outcomes, such as investment policy, but also

---

[30] We further explore how cultural messaging varies in shareholder meetings, during election years, and establish baseline differences in cultural messaging between likely-Democrat and likely-Republican firms.

intangible aspects of corporate culture. However, the lack of alignment between changes in cultural messaging and corresponding corporate outcomes indicates that shift in corporate culture messaging along the political dimension are more reflective of strategic communication than of genuine cultural changes.

Appendix A: Variable Definitions

Corporate Culture (Source: Li et al. (2021) for dictionaries and scores and Hassan et al. (2022) for sentiment)

Integrity	Culture score for integrity in earnings calls.
Teamwork	Culture score for teamwork in earnings calls.
Innovation	Culture score for innovation in earnings calls.
Quality	Culture score for quality in earnings calls.
Respect	Culture score for respect in earnings calls.
Sentiment	Overall firm-level sentiment (positive/negative) in earnings calls
CultureAll	A sum of five culture scores for integrity, teamwork, innovation, quality, and respect.

Political Variables (Source: MIT Election Lab and Compustat)

Likely-Dem.	An indicator that equals 1 for counties with Democrat presidential victories.
Likely-Rep.	An indicator that equals 1 for counties with Republican presidential victories.
Battleground	An indicator that equals 1 for firms located in battleground states. Following Gerber et al. (2009), battleground states are determined by sorting states by Democratic two-party vote share and selecting those where the absolute difference between the cumulative electoral votes and 270 is <= 75.
Rep. Pres.	An indicator that equals 1 for the year during a Republican presidency.
Dem. Pres.	An indicator that equals 1 for the year during a Democrat presidency.
Bush	An indicator that equals 1 for the year during Bush's presidency.
Obama	An indicator that equals 1 for the year during Obama's presidency.
Trump	An indicator that equals 1 for the year during Trump's presidency.
Post2010	An indicator that equals 1 for the years after and including 2010.
PCI	Political conflict index from Azzimonti (2018), provided by the Federal Reserve Bank of Philadelphia, measures political disagreement among U.S. federal politicians.
Elec. Year	An indicator that equals 1 for elections years 2004, 2012, and 2016 (we exclude 2008, 2009, and 2020 from our analysis).

Culture Outcomes (Source: Audit Analytics, SDC, Edmans (2011), Kogan et al. (2017), and BrandDirectory)

Restatements	An indicator that equals 1 for the firm that had a restatement.
JointVenture_ StrategicAlliance	The number of joint ventures or strategic alliances the firm had for the year.
Patent Num.	The number of patents the firm had for the year.
Citations	The average number of citations the firm had for the year.
Top Brand	An indicator that equals 1 if the firm was included in the top brand ranks.
Best Employer	An indicator that equals 1 if the firm was included in the best employer ranks.

Firm, Economic, and Location Characteristics (Compustat, Federal Bank of St. Louis, and Census)

ROA, %	Firm's ROA, calculated as (NI/AT).
Liquidity, %	Firm's liquidity, calculated as (CHE/AT).
Leverage, %	Firm's book leverage, calculated as (DLC + DLTT)/AT.
Size	Firm's asset size, measures by the natural logarithm of total assets, AT.
Sales, %	Firm's annual sales growth, calculated as $((SALE_t - SALE_{t-1})/SALE_{t-1})$.
Profit margin, %	Firm's profitability, measured by the profit margin as (IB/REVT).
Length	Natural logarithm of the length of document (e.g., earnings call or shareholder meeting transcript), calculated as ln(length).
Population	Natural logarithm of county population at the firm's headquarter location.
GDP	GDP of the U.S. for each year.
CPI	CPI of the U.S. for each year.

References

Acemoglu, D. and M. O. Jackson. "History, expectations, and leadership in the evolution of social norms." *The Review of Economic Studies*, 82 (2015), 423-456.

Adriotis A. & Heeb, G. "Big Banks Are Scrubbing Their Public Mentions of DEI efforts." *The Wall Street Journal* (2025), https://www.wsj.com/finance/banking/big-banks-are-scrubbing-their-public-mentions-of-dei-efforts-ac6b0c33

Aldasoro, I., S Doerr, B. Haonan, and Z. Princeton. "Non-bank Lending during Crises." SSRN Working Paper (2023).

Alesina, A., P. Giuliano, and N. Nunn. "On the Origins of Gender Roles: Women and the Plough." *Quarterly Journal of Economics*, 128 (2013), 469–530.

Arikan, M., M. Kara, A. Masli, and Y. Xi. "Political Euphoria and Corporate Disclosures: An Investigation of CEO Partisan Alignment with the President of the United States." *Journal of Accounting and Economics*, 75 (2023), 101552

Autor, D., D. Dorn, G. Hanson, and K. Majlesi. "Importing Political Polarization? The Electoral Consequences of Rising Trade Exposure." *American Economic Review*, 110 (2020), 3139-3183.

Azzimonti, M. "Partisan Conflict and Private Investment." *Journal of Monetary Economics*, 93 (2018), 114–131.

Barrios, J. M. and Y. V. Hochberg. "Risk Perceptions and Politics: Evidence from the COVID-19 Pandemic." *Journal of Financial Economics*, 142 (2021), 862–879.

Bhagwat Y., N. Warren, J. Beck, and G. Watson. "Corporate Sociopolitical Activism and Firm Value." *Journal of Marketing*, 84 (2020), 1-21.

Blinder, A. S., and M. W. Watson. "Presidents and the US Economy: An Econometric Exploration." *American Economic Review*, 106 (2016), 1015-1045.

Bloch, F., and R. Kranton. "Cover-ups." *The Journal of Law and Economics*, 67 (2024), 265-516.

Borchers, Callum, "Architects of DEI Agree the Initiative Now Needs an Overhaul," *The Wall Street Journal* (2024). https://www.wsj.com/lifestyle/workplace/dei-corporate-creators-program-changes-2db86ed8

Cai, W., J. Grennan, and L. Qiu. "Do Diverse Directors Influence DEI Outcomes?" SSRN Working Paper (2024).

Campbell, A., P. Converse, W. Miller, and D. Stokes. *The American Voter*. Chicago, IL: University of Chicago Press (1960).

Cassidy, W., and E. Kempf. "Partisan Corporate Speech." Working Paper (2024).

Chatman, J., D. Caldwell, C. O'Reilly, and B. Doerr. "Parsing Organizational Culture: How the Norm for Adaptability Influences the Relationship between Culture Consensus and Financial Performance in High-technology Firms." *Journal of Organizational Behavior*, 35 (2014), 785-808.

Christensen, D., H. Jin, S. Sridharan, and L. Wellman. "Hedging on the Hill: Does Political Hedging Reduce Firm Risk?" *Management Science*, 68 (2022), 4356-4379.

Dahl, G., L. Runjing, and W. Mullins. "Partisan Fertility and Presidential Elections." *American Economic Review: Insights*, 4 (2022), 473–490.

Dasgupta, S., R. Guo, X. Ren, and T. Shu. "Similarity Breeds Trust: Political Homophily and CEO-board Communication." European Corporate Governance Institute – Finance Working Paper No. 808/2021 (2021).

de Chaisemartin, C., and X. D'Haultfœuille. "Two-Way Fixed Effects and Differences-in-Differences Estimators with Several Treatments." *Journal of Econometrics*, 236 (2023), 327–351.

Deighton, K., and P. Coffee, "Combative Consumers Change the Marketing Strategy for Target and Bud Light." *The Wall Street Journal* (2023). https://www.wsj.com/articles/combative-consumers-change-the-marketing-strategy-for-target-and-bud-light-97ca0ac2

DellaVigna, S., and E. Kaplan. "The Fox News effect: Media Bias and Voting." *Quarterly Journal of Economics*, 122 (2007), 1187–1234.

Duchin, R., J. Gao, and Q. Xu. "Sustainability and Greenwashing: Evidence from the Asset Market for Industrial Pollution." *Journal of Finance*, 80 (2025), 699-754.

Edmans, A. "Does the Stock Market Fully Value Intangibles? Employee Satisfaction and Equity Prices." *Journal of Financial Economics*, 101 (2011), 621–640.

Ellahie, A., A. Tahoun, and İ. Tuna. "Do Common Inherited Beliefs and Values Influence CEO Pay?" *Journal of Accounting and Economics*, 64 (2017), 346–367.

Faccio, M., and J. J. McConnell. "Political Connections Cause Resource Misallocation: Evidence from the Fall of Fascism in Italy." Working Paper No. 939/2023, European Corporate Governance Institute (2023).

Fos, V., E. Kempf, and M. Tsoutsoura. "The Political Polarization of Corporate America." NBER working paper (2022).

Gentzkow, M. "Polarization in 2016." Stanford University, Working Paper (2016).

Gerber, A. S., G. A. Huber, C. M. Dowling, D. Doherty, and N. Schwartzberg. "Using Battleground States as a Natural Experiment to Test Theories of Voting." Yale University, Working paper (2009).

Giambona, E., J. Graham, C. Harvey, and G. Bodnar. "The Theory and Practice of Corporate Risk Management: Evidence from the Field." *Financial Management*, 47 (2018), 783-832

Goren, P. "Party Identification and Core Political Values." *American Journal of Political Science*, 49 (2005), 881–896.

Gormley, T. A., M. Kaviani, and H. Maleki. "When Do Judges Throw the Book at Companies? The Influence of Partisanship in Corporate Prosecutions." *Review of Financial Studies* (2025): forthcoming.

Gorton, G., J. Grennan, and A. Zentefis. "Corporate Culture." *Annual Review of Financial Economics*, 14 (2022), 535-561.

Gorton, G., and A. Zentefis. "Social Progress and Corporate Culture." *Industrial and Corporate Change,* 00 (2022), 1-22.

Graham, J. R., J. Grennan, C. R. Harvey, and S. Rajgopal. "Corporate Culture: Evidence from the Field." *Journal of Financial Economics*, 146 (2022), 552–593.

Green, D., B. Palmquist, and E. Schickler. *Partisan Hearts and Minds: Political Parties and the Social Identities of Voters*. New Haven, CT: Yale University Press (2002).

Grennan, J. "A Corporate Culture Channel: How Increased Shareholder Governance Reduces Firm Value." SSRN Working Paper (2022a).

Grennan, J. "Communicating Culture Consistently: Evidence from Banks." SSRN Working Paper (2022b).

Grennan, J., and K. Li. "Corporate Culture: A Review and Directions for Future Research." In *Handbook of Financial Decision Making*, G. Hilary and D. McLean, eds. Cheltenham: Edward Elgar Publishing (2023), 112-132.

Guiso, L., P. Sapienza, and L. Zingales. "The Value of Corporate Culture." *Journal of Financial Economics*, 117 (2015), 60–76.

Gulen, H., and B. W. Myers. "The Selective Enforcement of Government Regulation: Battleground States, State Regulators, and the EPA." SSRN Working Paper (2024).

Guriev, S., and E. Papaioannou. "The Political Economy of Populism." *Journal of Economic Literature*, 60 (2022), 753–832.

Gyöngyösi, G., and E. Verner. "Financial Crisis, Creditor-Debtor Conflict, and Populism." *Journal of Finance*, 77 (2022), 2471–2523.

Hassan, T. A., S. Hollander, L. van Lent, and A. Tahoun. "Firm-level Political Risk: Measurement and Effects." *Quarterly Journal of Economics*, 134 (2019), 2135–2202.

Hilary, G., and K. W. Hui. "Does Religion Matter in Corporate Decision Making in America?" *Journal of Financial Economics*, 93 (2009), 455–473.

Hodson, R. "Pride in Task Completion and Organizational Citizenship Behaviour: Evidence from the Ethnographic Literature. *Work & Stress*, 12 (1998), 307-321.

Hu, M., C. Jiang, K. John, M. Ju, and W. Li. "Fiduciary Duty of Loyalty and Corporate Culture." SSRN Working Paper (2023).

Hutton, I., D. Jiang, and A. Kumar. "Corporate Policies of Republican Managers." *Journal of Financial and Quantitative Analysis*, 49 (2014), 1279–1310.

Hutton, I., D. Jiang, and A. Kumar. "Political Values, Culture, and Corporate Litigation." *Management Science*, 61 (2015), 2905–2925.

Jens, C. E. "Political Uncertainty and Investment: Causal Evidence from U.S. Gubernatorial Elections." *Journal of Financial Economics*, 124 (2017), 563–579.

Jiao A., and H. Ren. "Blue Versus Red: Partisan Firm Leaders and Corporate Culture." *Business and Politics*, 26 (2024), 529-551.

Kempf, E., M. Luo, L. Schafer, and M. Tsoutsoura. "Political Ideology and International Capital Allocation." *Journal of Financial Economics*, 148 (2023), 150-173.

Kempf, E., and M. Tsoutsoura. "Partisan Professionals: Evidence from Credit Rating Analysts." *Journal of Finance*, 76 (2021), 2805–2856.

Kim, C., I. Kim, C. Pantzalis, and J. Park. "Policy Uncertainty and the Dual Role of Corporate Political Strategies." *Financial Management*, 48 (2019), 473-504.

Knill, A., B. Liu, and J. J. McConnell. "Media Partisanship and Fundamental Corporate Decisions." *Journal of Financial and Quantitative Analysis*, 57 (2022), 572–598.

Kogan, L., D. Papanikolaou, A. Seru, and N. Stoffman. "Technological Innovation, Resource Allocation, and Growth." *Quarterly Journal of Economics*, 132 (2017), 665-712.

Kreps, D. "Corporate Culture and Economic Theory." In *Perspectives on Positive Political Economy*, J. E. Alt and K. A. Shepsle, eds. Cambridge: Cambridge University Press (1990), 90-143

Li, K., F. Mai, R. Shen, and X. Yan. "Measuring Corporate Culture Using Machine Learning." *Review of Financial Studies*, 34 (2021), 3265–3315.

Lieberman, M. B., & Asaba, S. "Why do firms imitate each other?" *Academy of management review*, *31*(2) (2006), 366-385.

Liu, X. "Corruption Culture and Corporate Misconduct." *Journal of Financial Economics*, 122 (2016), 307–327.

Loughran, T., and B. McDonald. "Measuring Readability in Financial Disclosures." *Journal of Finance*, 69 (2014), 1643–1671.

Martin, G. J., and J. McCrain. "Local News and National Politics." *American Political Science Review*, 113 (2019), 372–384.

Maurer, M. "Companies Seek to Avert Backlash, Avoid Talk of Social, Green Issues." *The Wall Street Journal* (2023). https://www.wsj.com/articles/executives-quiet-their-sustainability-talk-on-earnings-calls-amid-growing-culture-war-3a358c1f?page=1

McCartney, W., J. Orellana-Li, and C. Zhang. "Political Polarization Affects Households' Financial Decisions: Evidence from Home Sales." *Journal of Finance*, 79 (2024), 795–841.

Meeuwis, M., J. A. Parker, A. Schoar, and D. Simester. "Belief Disagreement and Portfolio Choice." *Journal of Finance*, 77 (2022), 3191–3247.

Mian, A., A. Sufi, and N. Khoshkhou. "Partisan Bias, Economic Expectations, and Household Spending." *Review of Economics and Statistics*, 2023, 493-510.

Mkrtchyan A., J. Sandvick, and V. Zhu. "CEO Activism and Firm Value." *Management Science*, 70 (2024), 6519-6549.

Nunn, N., and L. Wantchekon. "The Slave Trade and the Origins of Mistrust in Africa." *American Economic Review*, 101 (2011), 3221–3252.

O'Reilly, C. "Corporations, Culture, and Commitment: Motivation and Social Control in Organizations." *California Management Review*, 31 (1989), 9–25.

O'Reilly, C., J. Chatman, and D. Caldwell. "People and Organizational Culture: A Profile Comparison Approach to Assessing Person-Organization Fit." *Academy of Management Journal*, 34 (1991), 487-516.

Pan, Y., E. S. Pikulina, S. Siegel, and T. Y. Wang. "Political Divide and the Composition of Households' Equity Portfolios." SSRN Working Paper (2024).

Rajan, R. "Was DEI really just performative political theater?" *Financial Times* (2025). https://www.ft.com/content/10ef8590-ca5a-4f66-a538-78dfd9f1cb8d

Rajan, R., P. Ramella, and L. Zingales. "What Purpose Do Corporations Purport? Evidence from Letters to Shareholders." NBER Working Paper (2023).

Rice, A. "Executive Partisanship and Corporate Investment." *Journal of Financial and Quantitative Analysis*, 59 (2024), 2226-2255.

Wang, H., and E. Overby. "Do Political Differences Inhibit Market Transactions? An Investigation in the Context of Online Lending." *Management Science*, 69 (2023), 4363-4971.

Wintoki, B. M., and Y. Xi. "Partisan Bias in Fund Portfolios." *Journal of Financial and Quantitative Analysis*, 55 (2020), 1717–1754.

FIGURE 1

The figure shows the theoretical mapping of the influence of political changes on corporate culture messaging. Panel A presents the extensive margin, with our main area of focus highlighted by a box. Panel B presents the intensive margin, building from the elements shown within the boxed area in Panel A.

Panel A: Extensive Margin
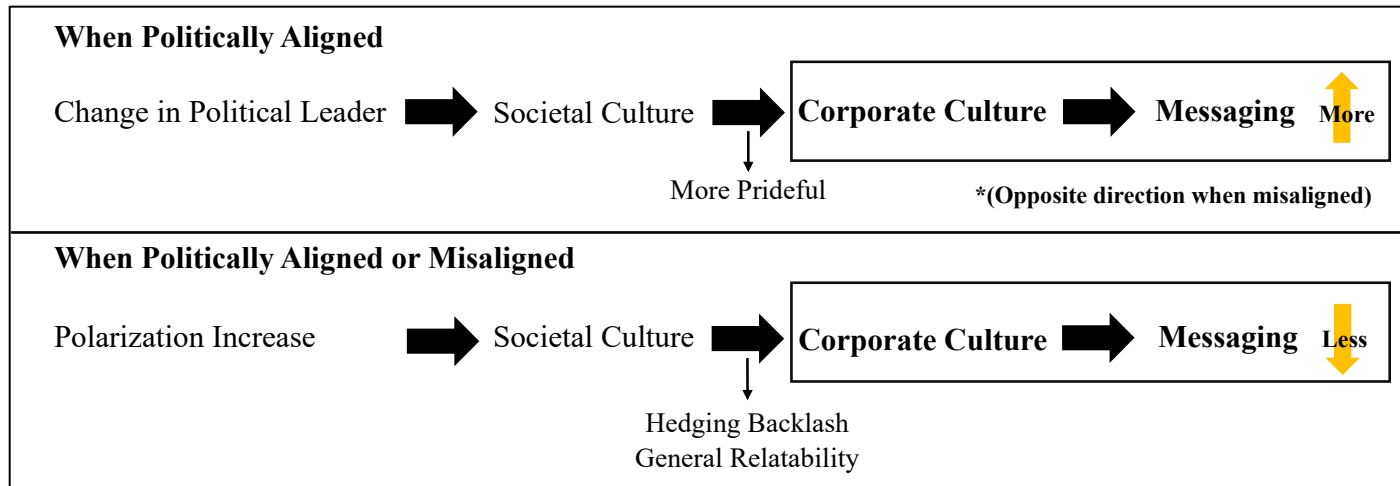
Panel B: Intensive Margin

When Politically Aligned

Corporate Culture ➡ **Messaging**

✖

Integrity

Teamwork

Less Easy to Adjust

More ⬆

Innovation

Quality

Positive Economic Expectation

Respect

Discuss more DEI
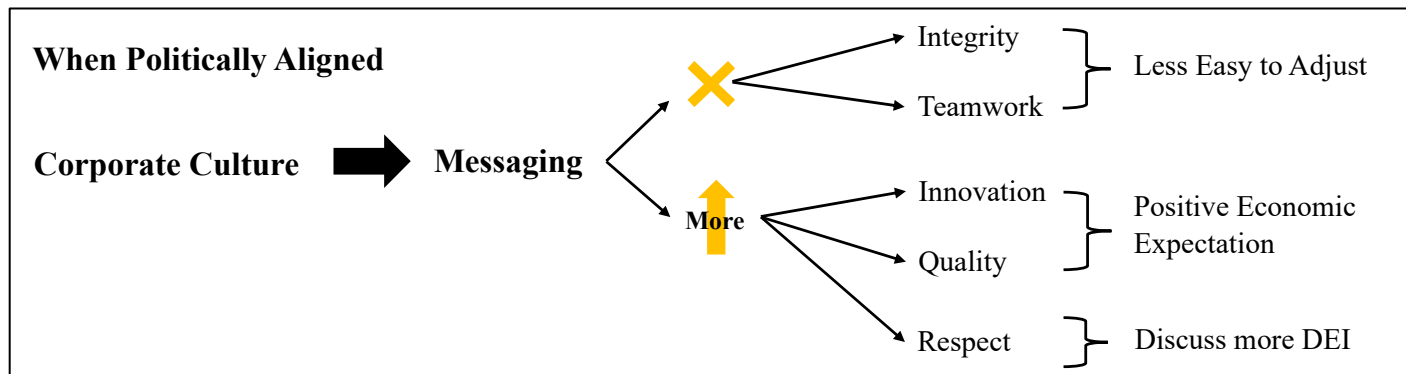
TABLE 1

Descriptive Statistics

This table reports summary statistics. Variables are defined in Appendix A. Panel A reports summary statistics for culture, firm-, and economy-wide variables. Panel B reports annual observations for firms that are likely-Democrat, likely-Republican, and in battleground states. Panel C presents the average culture scores across each industry. We use SIC one-digit codes to examine the average culture score for each industry. SIC code 0 is Agriculture, Forestry, and Fishing; 1 is Mining and Construction; 2 and 3 are Manufacturing; 4 is Transportation; 5 is Wholesale and Retail Trade; 6 is Finance, Insurance, and Real Estate; 7 and 8 are Services; and 9 is Public Administration and Other. The sample consists of 36,415 firm-year observations (3,379 firms) with earnings calls over the period 2002–2020.

Panel A: Summary statistics

	N	Min	p25	Mean	Median	p75	SD
Culture							
Integrity	36415	0	1.500	2.298	2.061	2.813	1.193
Teamwork	36415	0	1.344	2.525	2.036	3.178	1.742
Innovation	36415	0	2.915	4.879	4.223	6.134	2.803
Quality	36415	0	1.544	2.630	2.278	3.332	1.532
Respect	36415	0	1.589	3.110	2.528	3.987	2.213
Sentiment	36415	-27.559	5.431	8.399	8.229	11.196	4.431
CultureAll	36415	0.979	11.091	15.441	14.390	18.748	5.950
Firm and other							
ROA	36415	-0.884	0.047	0.067	0.106	0.159	0.193
Liquidity	36415	0.001	0.042	0.207	0.126	0.300	0.217
Leverage	36415	0.000	0.038	0.248	0.212	0.377	0.231
Size	36415	2.501	5.49	6.788	6.761	8.048	1.91
Sales	36415	-0.288	-0.025	0.098	0.070	0.191	0.219
Profit margin	36415	-1.006	-0.040	-0.052	0.033	0.085	0.293
Length	36415	5.298	8.338	8.815	8.887	9.454	0.842
Population	36415	8.223	13.299	13.809	13.821	14.385	1.069

Table 1 (continued)
Panel B: Annual counts of firm classifications

Year	Likely-Dem.	Battleground	Other shifts: headquarters relocations or county vote swings	All Firms
2002	739	322	475	1135
2003	931	408	597	1451
2004	988	441	626	1534
2005	1088	492	685	1686
2006	1158	545	732	1798
2007	1213	603	805	1891
2008	1645	665	830	1997
2009	1639	675	847	1991
2010	1625	673	844	1971
2011	1631	682	859	1991
2012	1501	656	840	1935
2013	1402	601	767	1792
2014	1495	635	795	1911
2015	1526	637	787	1942
2016	1488	616	741	1862
2017	1569	671	775	1978
2018	1581	677	759	1983
2019	1549	654	745	1936
2020	1580	641	709	1853
2021	1514	623	685	1778
Total:	27862	11917	14903	36415

Panel C: Average culture score of each industry

SIC	Integrity	Teamwork	Innovation	Quality	Respect	Sentiment	CultureAll
0	2.320	2.018	4.327	2.014	2.616	8.171	13.295
1	2.055	1.595	3.109	2.267	2.162	6.783	11.187
2	2.472	3.163	4.434	1.934	2.802	8.173	14.804
3	2.059	2.182	4.628	3.155	2.442	8.192	14.466
4	2.403	2.293	4.350	3.037	2.75	7.946	14.833
5	2.063	1.865	5.249	2.328	3.236	9.778	14.741
7	2.539	3.179	6.641	2.911	4.300	9.106	19.571
8	2.985	3.114	4.469	1.893	5.735	7.678	18.196

TABLE 2

Corporate Culture and Different Presidents

This table presents corporate culture measures for firms that are likely-Democrat, likely-Republican, and in battleground states under different U.S. presidents. The table reports changes in corporate culture by different types of firms during Bush's and Trump's terms as compared with Obama's and Biden's terms. Panel A presents results without swingers or movers. Panel B presents results with only swingers and movers. Variables are defined in Appendix A. All regressions include firm and year fixed effects. Standard errors are clustered at the firm levels. Standard errors are reported in parentheses beneath the coefficient estimates. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Firms without changes in political affiliation

	Integrity	Teamwork	Innovation	Quality	Respect	Sentiment	CultureAll
Bush × likely-Dem.	0.037	0.024	-0.271**	-0.141*	-0.162**	0.452*	-0.513**
	(0.053)	(0.058)	(0.111)	(0.075)	(0.075)	(0.247)	(0.234)
Trump × likely-Dem.	0.035	0.006	0.073	0.034	0.066	-0.080	0.214
	(0.062)	(0.057)	(0.127)	(0.071)	(0.082)	(0.245)	(0.253)
Bush × battleground	0.024	0.060	0.220**	0.097*	0.007	-0.008	0.408*
	(0.045)	(0.049)	(0.096)	(0.050)	(0.087)	(0.197)	(0.216)
Trump × battleground	-0.021	0.075	-0.051	-0.091*	0.005	0.046	-0.083
	(0.048)	(0.050)	(0.112)	(0.048)	(0.084)	(0.186)	(0.217)
ROA	-0.089	-0.374***	0.189	0.090	-0.226	2.466***	-0.409
	(0.120)	(0.138)	(0.225)	(0.106)	(0.175)	(0.379)	(0.464)
Liquidity	0.140	0.270**	0.247	0.021	0.253*	0.130	0.931**
	(0.088)	(0.125)	(0.217)	(0.107)	(0.145)	(0.314)	(0.428)
Leverage	0.038	-0.188**	-0.104	-0.010	0.000	-0.187	-0.265
	(0.080)	(0.090)	(0.143)	(0.074)	(0.120)	(0.263)	(0.299)
Size	-0.050*	-0.061**	0.103	-0.109***	-0.131***	-0.036	-0.248*
	(0.026)	(0.030)	(0.071)	(0.028)	(0.043)	(0.089)	(0.133)
Sales	-0.223***	0.106**	0.036	0.158***	0.163***	2.254***	0.240
	(0.039)	(0.053)	(0.070)	(0.040)	(0.058)	(0.142)	(0.151)
Profit margin	-0.166**	-0.181**	-0.193	-0.074	-0.140	0.864***	-0.754***
	(0.070)	(0.081)	(0.123)	(0.059)	(0.088)	(0.220)	(0.262)
Length	0.098***	-0.008	0.065	0.077***	0.133***	-0.486***	0.364***
	(0.024)	(0.025)	(0.043)	(0.023)	(0.032)	(0.071)	(0.089)
Population	0.177	-0.074	-0.657	0.542	0.683*	-1.141	0.671
	(0.268)	(0.352)	(0.729)	(0.369)	(0.403)	(1.358)	(1.391)
Constant	-0.736	4.077	12.943	-4.827	-6.662	28.545	4.796
	(3.746)	(4.899)	(10.100)	(5.120)	(5.561)	(18.884)	(19.315)
Firm FE	Yes	Yes	Yes	Yes	Yes	0.452*	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	(0.247)	Yes
R²	0.523	0.718	0.728	0.693	0.694	-0.080	0.726
N	21502	21502	21502	21502	21502	(0.245)	21502

Table 2 (continued)

Panel B: Firms with changes in political affiliation

	Integrity	Teamwork	Innovation	Quality	Respect	Sentiment	CultureAll
Bush × likely-Dem.	-0.027	0.005	-0.207***	0.025	-0.016	-0.046	-0.219
	(0.047)	(0.048)	(0.080)	(0.049)	(0.065)	(0.173)	(0.175)
Trump × likely-Dem.	0.066	0.007	0.137	-0.035	0.070	-0.556***	0.246
	(0.057)	(0.064)	(0.111)	(0.068)	(0.082)	(0.207)	(0.240)
Bush × battleground	0.042	0.003	-0.051	-0.067	0.030	-0.068	-0.043
	(0.054)	(0.058)	(0.090)	(0.061)	(0.068)	(0.203)	(0.210)
Trump × battleground	-0.068	0.009	0.040	0.137*	-0.015	-0.191	0.103
	(0.058)	(0.065)	(0.117)	(0.073)	(0.086)	(0.197)	(0.247)
ROA	-0.204	-0.880***	-0.310	0.008	-0.343	2.601***	-1.728***
	(0.159)	(0.196)	(0.238)	(0.151)	(0.225)	(0.482)	(0.566)
Liquidity	-0.044	0.262	0.244	0.064	0.487**	0.944**	1.013*
	(0.135)	(0.160)	(0.214)	(0.140)	(0.200)	(0.403)	(0.537)
Leverage	-0.005	-0.011	-0.325*	-0.180**	-0.029	-0.980***	-0.548
	(0.103)	(0.107)	(0.166)	(0.087)	(0.137)	(0.283)	(0.356)
Size	-0.140***	-0.016	0.037	-0.054*	-0.174***	-0.069	-0.346***
	(0.028)	(0.035)	(0.049)	(0.030)	(0.042)	(0.092)	(0.115)
Sales	-0.144***	0.031	-0.021	0.127***	0.300***	2.472***	0.292*
	(0.050)	(0.063)	(0.075)	(0.048)	(0.072)	(0.166)	(0.177)
Profit margin	-0.126	-0.084	-0.161	-0.057	-0.179*	0.677***	-0.607**
	(0.101)	(0.114)	(0.124)	(0.073)	(0.107)	(0.262)	(0.306)
Length	0.109***	-0.022	0.068	0.064**	0.102***	-0.447***	0.320***
	(0.027)	(0.029)	(0.046)	(0.029)	(0.039)	(0.085)	(0.099)
Population	0.010	0.013	-0.017	0.048*	-0.055*	0.077	-0.000
	(0.026)	(0.025)	(0.040)	(0.027)	(0.032)	(0.098)	(0.094)
Constant	2.217***	2.564***	3.978***	1.783***	4.024***	11.216***	14.567***
	(0.464)	(0.494)	(0.708)	(0.528)	(0.640)	(1.656)	(1.808)
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.473	0.677	0.656	0.617	0.702	0.548	0.678
N	14897	14897	14897	14897	14897	14897	14897

TABLE 3

Corporate Culture and Partisan Polarization

This table presents corporate culture measures for firms that are likely-Democrat, likely-Republican, and in battleground states, given an increase in political polarization after 2010. Panel A presents within-firm comparisons with only firm fixed effects. Panel B and C provide results with a difference-in-differences (DiD) setting, either without swingers or movers or with only swingers and movers, respectively. Variables are defined in Appendix A. All regressions include firm and year fixed effects for Panels B and C. Standard errors are clustered at the firm and year level in Panel A and firm level in Panels B and C. Standard errors are reported in parentheses beneath the coefficient estimates. ∗∗∗, ∗∗, and ∗ indicate significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Within-firm corporate culture messaging and polarization

	Integrity	Teamwork	Innovation	Quality	Respect	Sentiment	CultureAll
Post2010 × likely-Dem.	-0.195**	-0.125	-0.141	-0.095*	-0.248**	0.669**	-0.805**
	(0.072)	(0.074)	(0.144)	(0.052)	(0.087)	(0.250)	(0.368)
Post2010 × likely-Rep.	-0.175**	-0.109	-0.481***	-0.217**	-0.464***	0.938***	-1.446***
	(0.078)	(0.089)	(0.163)	(0.079)	(0.124)	(0.322)	(0.427)
Post2010 × battleground	0.002	-0.032	-0.240**	-0.101	0.047	0.162	-0.323
	(0.043)	(0.054)	(0.113)	(0.063)	(0.089)	(0.254)	(0.240)
Elec. Year	0.009	-0.006	-0.004	-0.004	-0.039	0.066	-0.044
	(0.027)	(0.023)	(0.056)	(0.011)	(0.031)	(0.155)	(0.129)
Year '08	-0.120**	-0.159***	-0.412***	-0.271***	-0.309***	-0.778***	-1.272***
	(0.051)	(0.042)	(0.082)	(0.031)	(0.067)	(0.177)	(0.231)
Year '09	-0.117	-0.252***	-0.779***	-0.141***	-0.297**	-1.479***	-1.586***
	(0.069)	(0.062)	(0.113)	(0.049)	(0.110)	(0.270)	(0.318)
Year '20	0.169***	0.022	-0.240***	0.258***	0.547***	-2.302***	0.756***
	(0.036)	(0.032)	(0.061)	(0.019)	(0.042)	(0.195)	(0.131)
ROA	-0.074	-0.363**	0.192	0.103	-0.189	2.426***	-0.331
	(0.127)	(0.135)	(0.245)	(0.112)	(0.168)	(0.531)	(0.534)
Liquidity	0.150	0.286*	0.262	0.030	0.274*	0.176	1.001**
	(0.092)	(0.141)	(0.204)	(0.112)	(0.142)	(0.368)	(0.438)
Leverage	0.048	-0.186*	-0.090	0.007	0.028	-0.320	-0.192
	(0.076)	(0.093)	(0.164)	(0.075)	(0.112)	(0.304)	(0.325)
Size	-0.049*	-0.063**	0.100	-0.105***	-0.116**	-0.061	-0.233*
	(0.028)	(0.030)	(0.072)	(0.031)	(0.044)	(0.105)	(0.133)
Sales	-0.223***	0.109**	0.035	0.158***	0.171**	2.311***	0.250
	(0.043)	(0.051)	(0.092)	(0.044)	(0.063)	(0.222)	(0.196)
Profit margin	-0.172**	-0.187**	-0.199	-0.084	-0.178*	0.905***	-0.819**
	(0.069)	(0.077)	(0.134)	(0.063)	(0.100)	(0.243)	(0.321)
Length	0.085***	-0.015	0.054	0.064***	0.093**	-0.402***	0.281***
	(0.022)	(0.022)	(0.043)	(0.019)	(0.041)	(0.083)	(0.093)
Population	0.237	0.088	-0.315	0.522	0.698*	-0.671	1.230
	(0.260)	(0.346)	(0.728)	(0.399)	(0.403)	(1.358)	(1.476)
GDP	0.000	0.000***	0.000***	0.000***	0.000***	0.000***	0.000***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
CPI	0.016	-0.022*	-0.092***	0.031***	0.010	-0.138**	-0.057
	(0.010)	(0.011)	(0.024)	(0.008)	(0.026)	(0.058)	(0.040)
Constant	-1.489	1.257	3.821	-5.419	-7.510	16.706	-9.340
	(3.624)	(4.769)	(10.039)	(5.512)	(5.604)	(18.545)	(20.586)
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R²	0.521	0.717	0.727	0.692	0.693	0.595	0.724
N	21502	21502	21502	21502	21502	21502	21502

Table 3 (continued)

Panel B: DiD for firms without changes in political affiliation

	Integrity	Teamwork	Innovation	Quality	Respect	Sentiment	CultureAll
Post2010 × likely-Dem.	-0.019	-0.020	0.329***	0.121*	0.217***	-0.283	0.628**
	(0.049)	(0.058)	(0.122)	(0.073)	(0.077)	(0.249)	(0.250)
Post2010 × battleground	-0.009	-0.023	-0.184**	-0.064	0.007	0.112	-0.272
	(0.036)	(0.041)	(0.090)	(0.043)	(0.084)	(0.160)	(0.191)
ROA	-0.089	-0.376***	0.187	0.092	-0.228	2.457***	-0.413
	(0.120)	(0.138)	(0.225)	(0.106)	(0.175)	(0.379)	(0.464)
Liquidity	0.139	0.269**	0.239	0.013	0.251*	0.138	0.911**
	(0.088)	(0.125)	(0.217)	(0.107)	(0.145)	(0.313)	(0.428)
Leverage	0.038	-0.190**	-0.110	-0.012	-0.001	-0.189	-0.275
	(0.080)	(0.090)	(0.143)	(0.075)	(0.120)	(0.262)	(0.299)
Size	-0.050*	-0.061**	0.104	-0.109***	-0.13***	-0.033	-0.247*
	(0.026)	(0.030)	(0.071)	(0.028)	(0.043)	(0.089)	(0.133)
Sales	-0.224***	0.105**	0.035	0.156***	0.164***	2.250***	0.236
	(0.039)	(0.053)	(0.070)	(0.040)	(0.058)	(0.142)	(0.150)
Profit margin	-0.165**	-0.179**	-0.191	-0.073	-0.141	0.865***	-0.748***
	(0.070)	(0.081)	(0.123)	(0.059)	(0.088)	(0.220)	(0.262)
Length	0.098***	-0.008	0.065	0.078***	0.133***	-0.486***	0.365***
	(0.024)	(0.025)	(0.043)	(0.023)	(0.032)	(0.071)	(0.089)
Population	0.182	-0.040	-0.558	0.533	0.706*	-0.930	0.823
	(0.270)	(0.354)	(0.725)	(0.369)	(0.400)	(1.348)	(1.391)
Constant	-0.780	3.634	11.375	-4.777	-7.128	25.846	2.323
	(3.764)	(4.933)	(10.059)	(5.143)	(5.550)	(18.736)	(19.367)
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.523	0.718	0.728	0.693	0.694	0.597	0.726
N	21502	21502	21502	21502	21502	21502	21502

Panel C: DiD for firms with changes in political affiliation

	Integrity	Teamwork	Innovation	Quality	Respect	Sentiment	CultureAll
Post2010 × likely-Dem.	0.087**	0.011	0.157**	0.012	0.040	-0.057	0.307*
	(0.041)	(0.044)	(0.072)	(0.048)	(0.057)	(0.152)	(0.166)
Post2010 × battleground	-0.010	-0.005	0.044	0.055	-0.013	0.059	0.071
	(0.042)	(0.042)	(0.078)	(0.050)	(0.061)	(0.157)	(0.169)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.473	0.677	0.656	0.616	0.702	0.548	0.678
N	14897	14897	14897	14897	14897	14897	14897

TABLE 4

Corporate Culture and Geographic Shocks to Partisan Polarization

This table presents corporate culture measures for firms that are likely-Democrat and likely-Republican, given an increase in political polarization after exogenous geographic changes to polarization: entry of Sinclair Broadcasting media to an area in Panel A and increase in Republican party supporting vote shares in Panel B. Variables are defined in Appendix A. All regressions include firm and year fixed effects. Standard errors are clustered at the firm level. Standard errors are reported in parentheses beneath the coefficient estimates. ∗∗∗, ∗∗, and ∗ indicate significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Sinclair shock

	Integrity	Teamwork	Innovation	Quality	Respect	Sentiment	CultureAll
Sinclair_Acq × likely-Rep.	-0.084	-0.161	-0.669**	-0.215	-0.293	-0.226	-1.422**
	(0.119)	(0.121)	(0.313)	(0.193)	(0.196)	(0.480)	(0.617)
Sinclair_Acq	0.062	0.160*	0.353	0.423***	0.152	0.266	1.151**
	(0.085)	(0.096)	(0.285)	(0.159)	(0.131)	(0.285)	(0.515)
ROA	-0.091	-0.382***	0.184	0.091	-0.230	2.446***	-0.428
	(0.120)	(0.138)	(0.224)	(0.106)	(0.175)	(0.379)	(0.463)
Liquidity	0.142	0.276**	0.237	0.024	0.254*	0.159	0.932**
	(0.088)	(0.125)	(0.218)	(0.108)	(0.145)	(0.313)	(0.432)
Leverage	0.038	-0.189**	-0.109	-0.005	0.004	-0.189	-0.261
	(0.080)	(0.089)	(0.142)	(0.074)	(0.120)	(0.262)	(0.299)
Size	-0.050*	-0.061**	0.101	-0.110***	-0.133***	-0.029	-0.253*
	(0.026)	(0.030)	(0.071)	(0.028)	(0.044)	(0.089)	(0.134)
Sales	-0.224***	0.104**	0.030	0.155***	0.163***	2.252***	0.228
	(0.039)	(0.053)	(0.070)	(0.040)	(0.058)	(0.142)	(0.150)
Profit margin	-0.165**	-0.178**	-0.180	-0.068	-0.137	0.862***	-0.727***
	(0.070)	(0.081)	(0.122)	(0.059)	(0.088)	(0.220)	(0.261)
Length	0.098***	-0.008	0.067	0.079***	0.134***	-0.485***	0.370***
	(0.024)	(0.025)	(0.043)	(0.023)	(0.032)	(0.071)	(0.089)
Population	0.173	-0.104	-0.992	0.146	0.445	-0.803	-0.332
	(0.265)	(0.361)	(0.686)	(0.318)	(0.385)	(1.410)	(1.302)
Constant	-0.678	4.408	17.430*	0.535	-3.590	24.062	18.105
	(3.676)	(5.016)	(9.518)	(4.429)	(5.331)	(19.573)	(18.102)
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.523	0.718	0.728	0.693	0.694	0.597	0.726
N	21502	21502	21502	21502	21502	21502	21502

Table 4 (continued)
Panel B: More polarized voters in the 2016 elections

	Integrity	Teamwork	Innovation	Quality	Respect	Sentiment	CultureAll
Rep_Polar × Post2016	-0.164*	-0.008	-0.125	0.149	-0.171*	0.326	-0.318
	(0.091)	(0.079)	(0.175)	(0.110)	(0.104)	(0.417)	(0.342)
ROA	0.075	-0.469**	0.251	-0.053	-0.129	2.480***	-0.325
	(0.165)	(0.183)	(0.265)	(0.140)	(0.226)	(0.505)	(0.573)
Liquidity	0.084	0.225	0.309	-0.050	0.350*	0.656	0.918*
	(0.122)	(0.179)	(0.270)	(0.147)	(0.205)	(0.443)	(0.548)
Leverage	-0.089	-0.386***	-0.331*	-0.095	-0.166	0.098	-1.066***
	(0.098)	(0.129)	(0.181)	(0.103)	(0.173)	(0.351)	(0.402)
Size	0.007	-0.037	0.003	-0.059*	-0.136**	-0.372***	-0.222
	(0.035)	(0.044)	(0.088)	(0.035)	(0.056)	(0.137)	(0.167)
Sales	-0.252***	0.190***	0.047	0.146***	0.119	2.432***	0.250
	(0.052)	(0.072)	(0.093)	(0.056)	(0.083)	(0.182)	(0.204)
Profit margin	-0.175*	-0.151	-0.128	-0.039	-0.268**	0.783**	-0.761**
	(0.099)	(0.111)	(0.146)	(0.075)	(0.129)	(0.329)	(0.346)
Length	0.123***	-0.031	0.169***	0.079**	0.224***	-0.460***	0.562***
	(0.031)	(0.038)	(0.059)	(0.031)	(0.045)	(0.099)	(0.127)
Population	0.322	0.201	-0.593	0.757	0.626	-1.443	1.311
	(0.524)	(0.558)	(1.136)	(0.558)	(0.775)	(2.099)	(2.237)
Constant	-3.353	0.403	12.064	-8.134	-6.702	35.334	-5.723
	(7.326)	(7.753)	(15.716)	(7.761)	(10.751)	(29.224)	(31.038)
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.601	0.755	0.776	0.745	0.739	0.654	0.776
N	12402	12402	12402	12402	12402	12402	12402

TABLE 5

Political Shifts and Corporate Cultural Outcomes

This table presents results testing whether corporate cultural outcomes—proxies that Li et al. (2021) identify as statistically associated with cultural measures—exhibit similar trends in response to political shifts in power. Panel A reports the results for time-varying variables of integrity, teamwork, and innovation with firm and year fixed effects. Panel B reports results for all variables with industry, year, and state fixed effects. Variables are defined in Appendix A. Standard errors are clustered at the firm level. Standard errors are reported in parentheses beneath the coefficient estimates and clustered at the firm level. ∗∗∗, ∗∗, and ∗ indicate significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Cross-sectional comparison of corporate culture outcomes

Cultural value	Integrity	Teamwork	Innovation	Quality	Respect
Outcome	Restatements	Joint Venture & Strategic Alliance	Citations	Top Brand	Best Employer
Integrity	0.002 (0.001)				
Teamwork		0.088*** (0.011)			
Innovation			0.351*** (0.070)		
Quality				0.010*** (0.003)	
Respect					0.001 (0.001)
Controls	Yes	Yes	Yes	Yes	Yes
Industry, State, Year FE	Yes	Yes	Yes	Yes	Yes
R^2	0.015	0.132	0.088	0.295	0.107
N	36374	36374	36374	36374	36374

Table 5 (continued)

Panel B: Time-series changes in corporate culture outcomes

Cultural value	Integrity	Teamwork	Innovation	Integrity	Teamwork	Innovation
Outcome	Restatements	JV_SA	Citations	Restatements	JV_SA	Citations
Bush X likely-Dem.	0.024*	0.108**	4.430**			
	(0.013)	(0.050)	(1.771)			
Trump X likely-Dem.	-0.001	0.302***	0.045			
	(0.014)	(0.109)	(1.142)			
Bush X battleground	-0.024**	-0.099**	-4.393***			
	(0.012)	(0.045)	(1.091)			
Trump X battleground	-0.000	-0.120	0.563			
	(0.011)	(0.098)	(0.540)			
Post2010 X likely-Dem.				-0.014	-0.004	-2.044
				(0.014)	(0.058)	(2.131)
Post2010 X battleground				0.019*	0.077**	2.998***
				(0.010)	(0.033)	(0.820)
ROA	-0.010	-0.185	-2.588	-0.010	-0.181	-2.648
	(0.022)	(0.120)	(1.933)	(0.022)	(0.119)	(1.941)
Liquidity	0.012	-0.200*	4.537**	0.013	-0.201*	4.785**
	(0.020)	(0.110)	(2.157)	(0.020)	(0.110)	(2.163)
Leverage	0.022	-0.093	0.165	0.022	-0.082	0.290
	(0.017)	(0.086)	(1.972)	(0.017)	(0.087)	(1.984)
log(asset)	0.008	0.222***	-2.611**	0.008	0.224***	-2.591**
	(0.005)	(0.052)	(1.169)	(0.005)	(0.052)	(1.174)
sale_grow	-0.015	0.081*	3.236***	-0.014	0.079*	3.268***
	(0.009)	(0.048)	(1.218)	(0.009)	(0.048)	(1.222)
Profit_mar	-0.021	-0.061	-3.376*	-0.021	-0.064	-3.477**
	(0.014)	(0.058)	(1.728)	(0.014)	(0.058)	(1.729)
log(length)	0.001	-0.053***	0.678**	0.000	-0.053***	0.667**
	(0.004)	(0.020)	(0.336)	(0.004)	(0.020)	(0.337)
log(population)	0.014	0.396	-4.320	0.016	0.279	-3.698
	(0.064)	(0.701)	(7.692)	(0.064)	(0.664)	(7.862)
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
r2	0.163	0.585	0.435	0.163	0.584	0.434
N	21476	21476	21476	21476	21476	21476

TABLE 6

Cross-sectional Comparisons of Firms Given Political Alignment

This table presents measures of firm corporate culture and reports differences between likely-Democratic versus likely-Republican firms and firms in battleground states versus other firms under different presidencies. Appendix Table A.5. provides additional cross-sectional results. Variables are defined in Appendix A. All regressions include industry, state, and year fixed effects. Standard errors are clustered at the firm level. Standard errors are reported in parentheses beneath the coefficient estimates. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

	Integrity	Teamwork	Innovation	Quality	Respect	Sentiment	CultureAll
Rep. Pres. × likely-Dem.	-0.024	-0.045	0.074	-0.117**	-0.145**	-0.111	-0.258*
	(0.034)	(0.043)	(0.075)	(0.047)	(0.059)	(0.128)	(0.157)
Dem. Pres. × likely-Dem.	-0.004	-0.008	0.333***	-0.072	-0.107	0.266*	0.141
	(0.038)	(0.048)	(0.087)	(0.058)	(0.070)	(0.161)	(0.182)
Rep. Pres. × battleground	-0.044	-0.015	-0.128	0.009	0.132	0.326	-0.046
	(0.058)	(0.070)	(0.105)	(0.072)	(0.099)	(0.201)	(0.235)
Dem. Pres. × battleground	0.002	-0.053	-0.057	-0.019	0.157	0.395*	0.030
	(0.062)	(0.070)	(0.113)	(0.076)	(0.106)	(0.212)	(0.249)
Elec. Year × likely-Dem.	-0.023	0.043	-0.078*	-0.028	-0.079**	-0.157**	-0.164*
	(0.026)	(0.029)	(0.040)	(0.028)	(0.035)	(0.080)	(0.089)
Elec. Year × battleground	0.049**	0.010	0.053	-0.004	0.010	-0.139**	0.120
	(0.021)	(0.024)	(0.035)	(0.021)	(0.031)	(0.069)	(0.079)
ROA	-0.573***	-1.264***	-0.503**	-0.268**	-0.334*	0.962***	-2.943***
	(0.120)	(0.136)	(0.221)	(0.128)	(0.195)	(0.366)	(0.485)
Liquidity	-0.014	1.644***	1.784***	0.184*	-0.141	0.556*	3.457***
	(0.081)	(0.107)	(0.192)	(0.103)	(0.151)	(0.295)	(0.390)
Leverage	0.067	-0.042	-0.672***	-0.198**	-0.138	-0.998***	-0.984***
	(0.058)	(0.078)	(0.136)	(0.077)	(0.105)	(0.224)	(0.284)
Size	-0.067***	-0.036***	0.034	-0.133***	-0.262***	0.298***	-0.463***
	(0.011)	(0.013)	(0.028)	(0.017)	(0.018)	(0.038)	(0.057)
Sales	-0.169***	0.336***	0.173**	0.196***	0.272***	2.585***	0.808***
	(0.036)	(0.049)	(0.080)	(0.046)	(0.070)	(0.128)	(0.169)
Profit margin	-0.151**	-0.781***	-0.147	0.099	0.174*	0.255	-0.806***
	(0.067)	(0.089)	(0.123)	(0.081)	(0.103)	(0.206)	(0.274)
Length	0.032*	-0.052**	0.328***	0.100***	0.180***	0.020	0.588***
	(0.019)	(0.021)	(0.038)	(0.024)	(0.031)	(0.069)	(0.080)
Population	0.036**	0.050**	-0.004	-0.083***	0.094***	0.069	0.092
	(0.018)	(0.020)	(0.043)	(0.025)	(0.032)	(0.065)	(0.086)
Constant	2.073***	1.530***	-0.142	2.674***	1.134**	2.915**	7.269***
	(0.359)	(0.340)	(0.692)	(0.394)	(0.568)	(1.192)	(1.506)
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.131	0.421	0.322	0.226	0.303	0.190	0.354
N	36415	36415	36415	36415	36415	36415	36415

TABLE 7

Robustness

This table presents robustness tests for the main results in Table 3, Panel A. Panel A presents corporate culture measures for firms that are likely-Democrat, likely-Republican, and in battleground states given changes in political polarization using the PCI. Panel B presents corporate culture measures from shareholder meetings for firms that are likely-Democrat, likely-Republican, and in battleground states under Democratic and Republican presidencies. Variables are defined in Appendix A. All regressions include firm and year fixed effects. Standard errors are clustered at the firm level. Standard errors are reported in parentheses beneath the coefficient estimates. ∗∗∗, ∗∗, and ∗ indicate significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Corporate culture and PCI

	Integrity	Teamwork	Innovation	Quality	Respect	Sentiment	CultureAll
PCI × likely-Dem.	-0.000	-0.000	0.004***	0.002*	0.002	-0.080	0.007**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.289)	(0.003)
PCI × battleground	-0.000	-0.000	-0.001	-0.000	0.000	0.096	-0.001
	(0.000)	(0.000)	(0.001)	(0.000)	(0.001)	(0.130)	(0.001)
ROA	-0.090	-0.376***	0.198	0.096	-0.219	244.47***	-0.391
	(0.120)	(0.138)	(0.224)	(0.106)	(0.175)	(37.892)	(0.464)
Liquidity	0.140	0.268**	0.227	0.009	0.246*	14.907	0.891**
	(0.088)	(0.125)	(0.217)	(0.107)	(0.145)	(31.304)	(0.430)
Leverage	0.038	-0.191**	-0.106	-0.011	0.003	-19.172	-0.267
	(0.080)	(0.090)	(0.143)	(0.075)	(0.119)	(26.224)	(0.299)
Size	-0.050*	-0.061**	0.104	-0.109***	-0.132***	-3.148	-0.247*
	(0.026)	(0.030)	(0.071)	(0.028)	(0.044)	(8.924)	(0.134)
Sales	-0.224***	0.104**	0.031	0.155***	0.164***	225.19***	0.231
	(0.039)	(0.053)	(0.070)	(0.040)	(0.058)	(14.166)	(0.150)
Profit margin	-0.165**	-0.178**	-0.187	-0.071	-0.140	86.062***	-0.741***
	(0.070)	(0.081)	(0.123)	(0.059)	(0.088)	(21.995)	(0.262)
Length	0.098***	-0.008	0.065	0.078***	0.133***	-48.64***	0.365***
	(0.024)	(0.025)	(0.043)	(0.023)	(0.032)	(7.148)	(0.089)
Population	0.202	-0.030	-0.657	0.502	0.569	-71.967	0.586
	(0.266)	(0.352)	(0.715)	(0.360)	(0.391)	(135.589)	(1.361)
Constant	-1.059	3.508	12.500	-4.435	-5.268	2283.589	5.247
	(3.704)	(4.901)	(9.920)	(5.027)	(5.433)	(1882.26)	(18.965)
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.523	0.718	0.728	0.693	0.694	0.597	0.726
N	21502	21502	21502	21502	21502	21502	21502

Table 7 (continued)

Panel B: Examining culture in shareholder meetings

	Integrity	Teamwork	Innovation	Quality	Respect	Sentiment	CultureAll
Rep. Pres. × likely-Dem.	0.212**	0.054	0.239*	0.046	0.218*	-0.151	0.769**
	(0.065)	(0.029)	(0.101)	(0.025)	(0.093)	(0.792)	(0.277)
Rep. Pres. × likely-Rep.	0.338**	0.109**	0.303	0.125	0.308*	0.419	1.182**
	(0.097)	(0.045)	(0.160)	(0.077)	(0.159)	(1.122)	(0.394)
Rep. Pres. × battleground	-0.106	-0.031	-0.190*	0.004	-0.157	-2.428	-0.480*
	(0.068)	(0.042)	(0.095)	(0.045)	(0.099)	(1.477)	(0.209)
Elec. Year	0.078	0.022	0.105	0.017	0.069	-0.312	0.292
	(0.061)	(0.050)	(0.130)	(0.032)	(0.097)	(0.282)	(0.360)
ROA	0.048	-0.105	0.253	-0.034	-0.019	5.138	0.143
	(0.168)	(0.105)	(0.375)	(0.124)	(0.309)	(3.811)	(0.648)
Liquidity	0.111	-0.056	-0.088	0.267**	-0.041	-1.187	0.192
	(0.153)	(0.112)	(0.213)	(0.102)	(0.181)	(2.898)	(0.368)
Leverage	-0.023	0.154	0.535	0.172	0.201	-0.957	1.039
	(0.224)	(0.105)	(0.321)	(0.101)	(0.234)	(2.193)	(0.639)
Size	0.112	0.119**	0.010	0.026	0.183**	-2.131*	0.450*
	(0.066)	(0.046)	(0.108)	(0.037)	(0.065)	(1.093)	(0.196)
Sales	-0.009	-0.018*	0.019*	0.005	0.010	0.139*	0.007
	(0.005)	(0.008)	(0.010)	(0.005)	(0.010)	(0.060)	(0.013)
Profit margin	0.002***	-0.000	-0.003**	-0.001	0.000	-0.003	-0.002
	(0.000)	(0.000)	(0.001)	(0.000)	(0.001)	(0.008)	(0.002)
Length	0.478***	0.267***	1.019***	0.349***	0.305**	11.776***	2.419***
	(0.088)	(0.042)	(0.137)	(0.043)	(0.105)	(1.505)	(0.229)
Population	0.117	-0.095	0.131**	0.004	0.065	-1.044	0.223
	(0.157)	(0.074)	(0.054)	(0.044)	(0.106)	(1.844)	(0.285)
Constant	-4.897*	-0.950	-8.260***	-2.507**	-2.809	-58.497	-19.423***
	(2.395)	(1.316)	(1.847)	(0.830)	(1.732)	(31.243)	(4.781)
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.748	0.845	0.786	0.700	0.751	0.814	0.827
N	1432	1432	1432	1432	1432	1432	1432

INTERNET APPENDIX (IA)

(Figures and Tables are labeled as IA.*x*)

Figure IA.1

Partisan Conflict Index, PCI, 2000-2023

(based on Azzimonti (2018); provided by the Federal Reserve Bank of Philadelphia)

Partisan Conflict Index
08 Mar '23
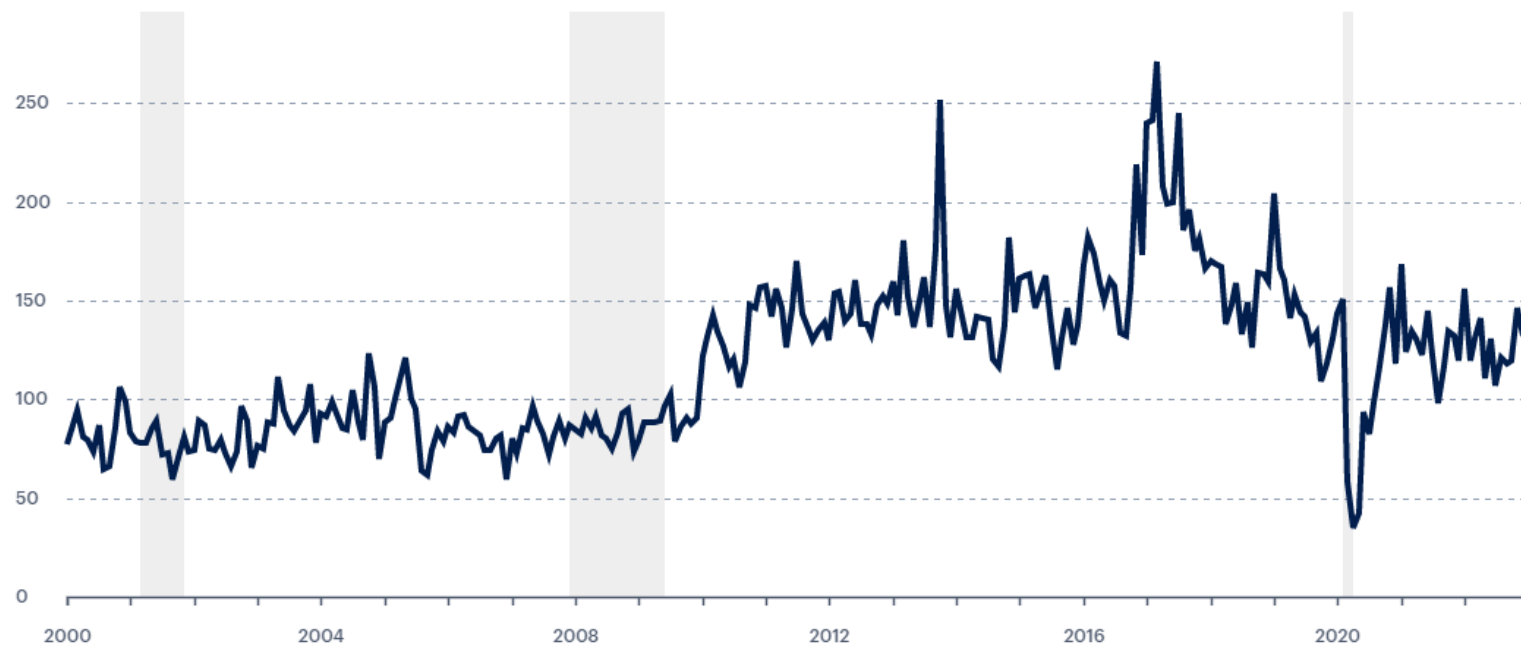
Notes: Average of 1990 = 100. Shaded areas indicate NBER recessions.
Source: Federal Reserve Bank of Philadelphia.

Figure IA.2

Parallel Trends for Corporate Culture Variables

These figures display the coefficients of the interaction between likely-Democrat firms and specific years from 2005 to 2021. The sample is from 2002 to 2021. Models include firm, year fixed effects, and firm controls; the empirical setting is similar to that in Table 3, Panel B.

Figure IA.2 (continued)

Parellel Trend of Likely-Democrat vs Likely-Republican

Panel E: Respect Score

Parellel Trend of Likely-Democrat vs Likely-Republican

Panel F: Sentiment

Parellel Trend of Likely-Democrat vs Likely-Republican

Panel G: Sum of Culture Score
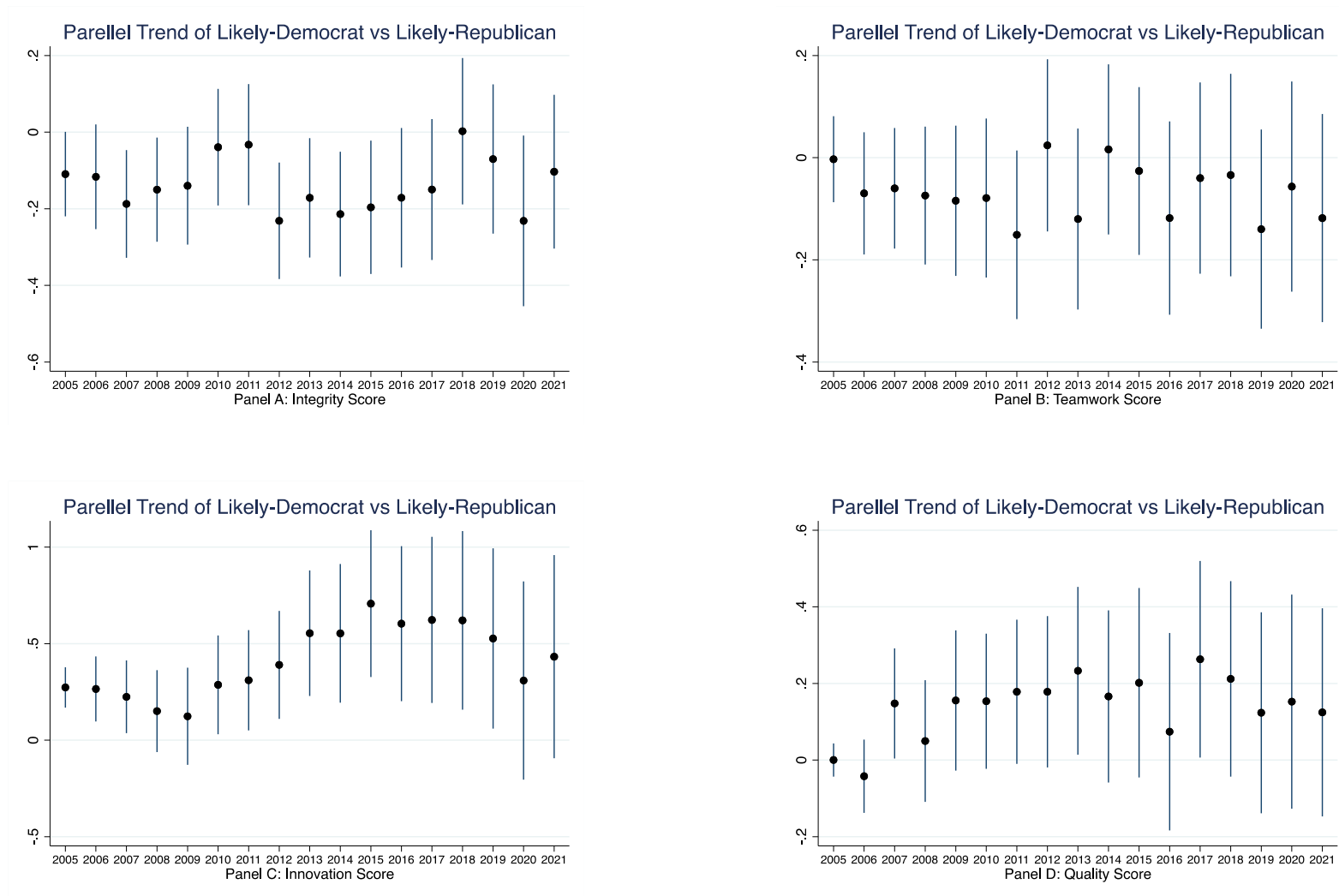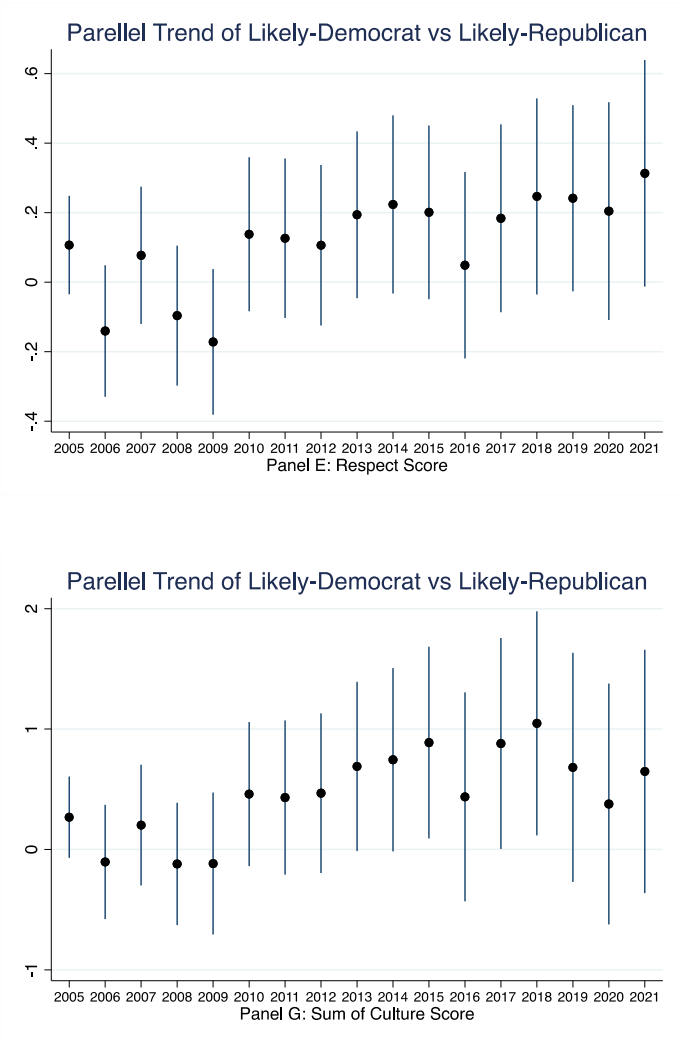
TABLE IA.1

Battleground States

Table lists battleground states, 2002–20. Status as in Gulen and Myers (2024) and Gerber et al. (2009).

State	2004	2008	2012	2016	2020
Alaska					
Alabama					
Arkansas					
Arizona				X	X
California					
Colorado	X	X	X	X	
Connecticut					
Delaware					
Florida	X	X	X	X	
Georgia					X
Hawaii					
Iowa	X	X	X		
Idaho					
Illinois					
Indiana					
Kansas					
Kentucky					
Louisiana					
Massachusetts					
Maryland					
Maine				X	X
Michigan	X		X	X	X
Minnesota	X	X	X	X	X
Missouri	X				
Mississippi					
Montana					
North Carolina				X	X
North Dakota					
Nebraska					
New Hampshire	X	X	X	X	X
New Jersey		X			
New Mexico	X	X			X
Nevada	X	X	X	X	X
New York					
Ohio	X	X	X		
Oklahoma					
Oregon					
Pennsylvania	X	X	X	X	X
Rhode Island					
South Carolina					
South Dakota					
Tennessee					
Texas					
Utah					
Virginia		X	X	X	X
Vermont					
Washington					
Wisconsin	X	X	X	X	X
West Virginia					
Wyoming					

TABLE IA.2

Corporate Culture and Geographic Dispersion

This table presents corporate culture for firms that are likely-Democrat and likely-Republican and multinational firms with locations outside the United States, under the Trump presidency compared with the Obama and Biden presidencies, for a subsample of firms in battleground states. Variables are defined in Appendix A. Regressions include either firm and year fixed effects or state and year fixed effects. Standard errors are clustered at the firm level. Standard errors are reported in parentheses beneath the coefficient estimates. ∗∗∗, ∗∗, and ∗ indicate significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Multinational firms

	Integrity	Teamwork	Innovation	Quality	Respect	Sentiment	CultureAll
Trump × likely-Dem.	0.033	-0.007	-0.028	0.066	-0.032	-0.011	0.033
	(0.056)	(0.054)	(0.098)	(0.055)	(0.080)	(0.214)	(0.204)
Trump × Multinational	0.006	0.029	0.010	0.096**	0.054	-0.063	0.194
	(0.046)	(0.050)	(0.075)	(0.040)	(0.065)	(0.151)	(0.160)
ROA	-0.157	-0.406**	0.199	0.168	-0.209	2.247***	-0.404
	(0.118)	(0.165)	(0.154)	(0.133)	(0.182)	(0.345)	(0.384)
Liquidity	0.001	0.211	0.224	0.080	0.668**	-0.413	1.185*
	(0.150)	(0.210)	(0.360)	(0.152)	(0.272)	(0.501)	(0.699)
Leverage	0.063	-0.319	-0.252	-0.028	-0.014	-0.021	-0.550
	(0.125)	(0.261)	(0.227)	(0.111)	(0.266)	(0.322)	(0.753)
Size	-0.057	-0.028	0.101	-0.161***	-0.150**	-0.044	-0.295
	(0.052)	(0.055)	(0.079)	(0.045)	(0.073)	(0.139)	(0.181)
Sales	-0.001	0.001	-0.009	0.006	-0.003	-0.008	-0.006
	(0.004)	(0.005)	(0.007)	(0.004)	(0.005)	(0.013)	(0.009)
Profit margin	0.001***	0.000	0.001***	-0.000	0.000	-0.002	0.002
	(0.000)	(0.000)	(0.000)	(0.000)	(0.001)	(0.002)	(0.001)
Length	0.022	-0.053	0.030	0.041	0.043	-0.351***	0.082
	(0.045)	(0.059)	(0.075)	(0.039)	(0.068)	(0.110)	(0.188)
Population	-0.327	-0.176	0.175	-0.626	-0.204	1.286	-1.158
	(0.591)	(0.767)	(1.344)	(0.641)	(1.233)	(2.369)	(2.797)
Constant	7.096	5.818	2.309	12.014	6.711	-5.080	33.949
	(8.302)	(10.577)	(18.667)	(8.908)	(17.088)	(32.933)	(38.771)
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.608	0.743	0.829	0.791	0.762	0.685	0.816
N	9315	9315	9315	9315	9315	9315	9315

Table I   IA.2 (continued)

Panel B: Geographically concentrated (oil and mining industry) subsample test

	Integrity	Teamwork	Innovation	Quality	Respect	Sentiment	CultureAll
Rep. Pres. × likely-Dem.	0.144	0.065	-0.050	-0.095	0.036	0.027	0.100
	(0.116)	(0.093)	(0.157)	(0.171)	(0.101)	(0.447)	(0.370)
Dem. Pres. × likely-Dem.	0.156	0.160*	-0.154	0.041	0.041	-0.192	0.244
	(0.119)	(0.093)	(0.163)	(0.182)	(0.097)	(0.535)	(0.361)
Elec_year × likely-Dem.	-0.108	0.074	0.011	0.035	-0.088	-0.076	-0.077
	(0.119)	(0.067)	(0.101)	(0.089)	(0.099)	(0.287)	(0.268)
battleground	0.152	-0.025	0.092	0.092	0.061	-0.070	0.372
	(0.258)	(0.276)	(0.221)	(0.290)	(0.282)	(0.729)	(0.947)
ROA	-0.323	-0.112	0.034	0.345	0.012	-0.938	-0.044
	(0.302)	(0.209)	(0.320)	(0.279)	(0.195)	(0.731)	(0.725)
Liquidity	0.781	1.457***	1.705*	1.002*	1.331***	0.904	6.275***
	(0.500)	(0.458)	(0.891)	(0.562)	(0.364)	(1.821)	(1.181)
Leverage	-0.220	-0.039	-0.235	-0.544*	-0.039	0.235	-1.077
	(0.252)	(0.167)	(0.263)	(0.324)	(0.207)	(0.722)	(0.719)
Size	0.031	0.054*	0.049	-0.197***	-0.043	0.342***	-0.105
	(0.039)	(0.027)	(0.046)	(0.061)	(0.029)	(0.130)	(0.114)
Sales	-0.066	-0.147*	-0.052	-0.079	0.106	0.852**	-0.238
	(0.114)	(0.083)	(0.130)	(0.127)	(0.127)	(0.387)	(0.361)
Profit margin	-0.042	-0.131	-0.170	0.080	0.063	0.553	-0.199
	(0.137)	(0.106)	(0.158)	(0.147)	(0.100)	(0.427)	(0.381)
Length	-0.034	-0.073	0.286***	0.131	0.029	0.098	0.340*
	(0.093)	(0.054)	(0.069)	(0.092)	(0.054)	(0.241)	(0.193)
Population	-0.047	0.026	0.014	-0.159**	-0.063	0.050	-0.228
	(0.043)	(0.037)	(0.071)	(0.064)	(0.041)	(0.173)	(0.150)
Constant	2.989***	0.829	-1.528	3.539***	2.845***	2.032	8.674***
	(0.968)	(0.646)	(1.057)	(1.070)	(0.616)	(3.339)	(2.430)
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.194	0.226	0.292	0.170	0.215	0.241	0.289
N	1989	1989	1989	1989	1989	1989	1989

Table IA.2 (continued)

Panel C: Geographically disperse (retail industry) subsample test

	Integrity	Teamwork	Innovation	Quality	Respect	Sentiment	CultureAll
Rep. Pres. × likely-Dem.	-0.053	-0.184	0.037	-0.091	-0.461***	-0.158	-0.752
	(0.095)	(0.123)	(0.246)	(0.104)	(0.168)	(0.462)	(0.471)
Dem. Pres. × likely-Dem.	0.010	-0.096	0.297	-0.180	-0.172	0.186	-0.140
	(0.099)	(0.114)	(0.273)	(0.141)	(0.172)	(0.485)	(0.485)
Elec_year × likely-Dem.	0.057	0.065	-0.173	0.122*	-0.028	-0.315	0.043
	(0.060)	(0.062)	(0.125)	(0.069)	(0.105)	(0.266)	(0.224)
battleground	-0.040	0.091	-0.450	0.304**	-0.032	-0.277	-0.128
	(0.145)	(0.196)	(0.359)	(0.150)	(0.273)	(0.618)	(0.770)
ROA	-0.894***	-2.027***	1.735	-1.298***	0.369	6.672***	-2.115
	(0.340)	(0.438)	(1.183)	(0.465)	(0.611)	(2.030)	(1.930)
Liquidity	0.219	0.497*	4.665***	0.028	0.737	2.780*	6.146***
	(0.328)	(0.263)	(0.802)	(0.357)	(0.590)	(1.438)	(1.417)
Leverage	0.147	-0.652***	-0.989**	-0.111	-0.583**	-2.431***	-2.188**
	(0.174)	(0.221)	(0.486)	(0.213)	(0.288)	(0.733)	(0.900)
Size	-0.041	0.055	0.096	0.037	-0.163***	0.635***	-0.016
	(0.033)	(0.039)	(0.082)	(0.035)	(0.056)	(0.137)	(0.155)
Sales	-0.053	0.251*	-0.854**	0.249	-0.267	3.086***	-0.673
	(0.144)	(0.135)	(0.332)	(0.157)	(0.204)	(0.623)	(0.595)
Profit margin	-0.206	-0.791	-3.807***	-0.410	-0.741	-2.193	-5.955**
	(0.438)	(0.606)	(1.359)	(0.669)	(0.716)	(2.371)	(2.415)
Length	0.074*	-0.049	0.614***	-0.020	0.193**	0.321	0.812***
	(0.043)	(0.046)	(0.117)	(0.053)	(0.084)	(0.232)	(0.213)
Population	0.014	0.035	-0.056	-0.008	0.070	-0.103	0.055
	(0.044)	(0.049)	(0.161)	(0.080)	(0.084)	(0.263)	(0.247)
Constant	1.368*	1.520**	-1.996	2.078*	1.562	1.989	4.532
	(0.768)	(0.720)	(2.385)	(1.163)	(1.267)	(4.086)	(3.605)
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.145	0.224	0.300	0.151	0.134	0.235	0.234
N	3832	3832	3832	3832	3832	3832	3832

TABLE IA.3

Corporate Culture for Battleground States

This table presents corporate culture for firms that are likely-Democrat, likely-Republican, and in battleground states before and after 2010, for a subsample of firms in battleground states. All regressions include firm fixed effects. Variables are defined in Appendix A. All regressions include firm and year fixed effects. Standard errors are clustered at the firm and year level. Standard errors are reported in parentheses beneath the coefficient estimates. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively

	Integrity	Teamwork	Innovation	Quality	Respect	Sentiment	CultureAll
Post2010 × likely-Dem.	0.068	-0.059	0.112	0.087	0.052	0.038	0.261
	(0.052)	(0.052)	(0.097)	(0.057)	(0.071)	(0.205)	(0.212)
Post2010 × battle_early	0.057	0.030	-0.031	-0.069	0.027	-0.625*	0.014
	(0.074)	(0.085)	(0.156)	(0.092)	(0.111)	(0.338)	(0.317)
ROA	-0.315	-0.934***	0.005	-0.035	-0.425	3.500***	-1.706***
	(0.202)	(0.214)	(0.270)	(0.159)	(0.276)	(0.611)	(0.607)
Liquidity	0.001	0.162	-0.001	-0.161	0.454*	1.097**	0.455
	(0.164)	(0.186)	(0.257)	(0.158)	(0.254)	(0.529)	(0.644)
Leverage	0.064	-0.087	-0.202	-0.126	0.006	-0.889**	-0.346
	(0.123)	(0.109)	(0.189)	(0.101)	(0.176)	(0.364)	(0.414)
Size	-0.117***	-0.060	-0.005	-0.110***	-0.183***	-0.136	-0.475***
	(0.035)	(0.038)	(0.065)	(0.038)	(0.059)	(0.113)	(0.146)
Sales	-0.275***	0.095	0.020	0.118**	0.182**	2.874***	0.140
	(0.062)	(0.066)	(0.092)	(0.054)	(0.080)	(0.215)	(0.198)
Profit margin	-0.078	-0.009	-0.039	-0.087	-0.017	0.789**	-0.231
	(0.138)	(0.134)	(0.155)	(0.083)	(0.134)	(0.345)	(0.382)
Length	0.092***	-0.005	0.074	0.093***	0.113***	-0.348***	0.367***
	(0.029)	(0.029)	(0.054)	(0.030)	(0.040)	(0.098)	(0.109)
Population	0.000	-0.003	0.009	0.065	-0.062	0.265	0.010
	(0.040)	(0.040)	(0.065)	(0.047)	(0.054)	(0.177)	(0.156)
Constant	2.266***	2.879***	3.866***	1.656**	4.135***	8.828***	14.803***
	(0.651)	(0.649)	(1.030)	(0.788)	(0.901)	(2.688)	(2.545)
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.481	0.666	0.656	0.627	0.684	0.566	0.669
N	12736	12736	12736	12736	12736	12736	12736

TABLE IA.4

Corporate Cultural Outcomes, Messaging, and Political Alignment

This table presents results testing whether corporate cultural outcomes and cultural messaging respond similarly to shifts in political alignment. Following Li et al. (2021), cultural outcomes are measured using proxies statistically linked to cultural value. Firms are considered politically misaligned when their likely political leaning differs from the party of the presidency. Panel A reports the results for time-varying outcomes for restatements, joint ventures and strategic alliances, and citations and the messaging of their corresponding cultural values of integrity, teamwork, and innovation lagged one year for politically misaligned versus aligned periods. Panel B presents results using one- and two-year lags for cultural messaging variables. All regressions include firm and year fixed effects. Variables are defined in Appendix A. Standard errors are clustered at the firm level. Standard errors are reported in parentheses beneath the coefficient estimates and clustered at the firm level. ∗∗∗, ∗∗, and ∗ indicate significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Time-series changes in corporate culture outcomes and messaging (one lag)

	Restatements	Joint Venture & Strategic Alliance	Citations
$\text{Integrity}_{t-1} \times$ Pol_Misalign	0.001 (0.002)		
$\text{Teamwork}_{t-1} \times$ Pol_Misalign		0.040*** (0.014)	
$\text{Innovation}_{t-1} \times$ Pol_Misalign			0.101 (0.102)
Controls	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
R^2	0.169	0.589	0.440
N	16945	16945	16945

Panel B: Time-series changes in corporate culture outcomes and messaging (two lags)

	Restatements	Joint Venture & Strategic Alliance	Citations
$\text{Integrity}_{t-1} \times$ Pol_Misalign	0.003 (0.004)		
$\text{Integerity}_{t-2} \times$ Pol_Misalign	-0.001 (0.002)		
$\text{Teamwork}_{t-1} \times$ Pol_Misalign		-0.014 (0.016)	
$\text{Teamwork}_{t-2} \times$ Pol_Misalign		0.512*** (0.116)	
$\text{Innovation}_{t-1} \times$ Pol_Misalign			0.155 (0.106)
$\text{Innovation}_{t-2} \times$ Pol_Misalign			-0.091 (0.056)
Controls	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
R^2	0.173	0.667	0.449
N	16945	16945	16945

TABLE IA.5

Cross-sectional Comparisons of Firms Given Political Alignment

This table presents measures of corporate culture and reports differences between likely-Democratic versus likely-Republican firms and firms in battleground states versus other firms. Panel A provides a comparison across different firm types, likely-Democrat and likely-Republican. Panel B expands the election year analysis. Variables are defined in Appendix Table A.1. All regressions include industry, state, and year fixed effects. Standard errors are clustered at the firm level. Standard errors are reported in parentheses beneath the coefficient estimates. ∗∗∗, ∗∗, and ∗ indicate significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Cross-sectional results for likely-Democrat and likely-Republican firms

	Integrity	Teamwork	Innovation	Quality	Respect	Sentiment	CultureAll
Likely-Dem.	-0.021	-0.020	0.161**	-0.105**	-0.148***	0.006	-0.134
	(0.032)	(0.040)	(0.073)	(0.047)	(0.057)	(0.125)	(0.152)
Battleground	-0.012	-0.029	-0.086	-0.005	0.145	0.319	0.014
	(0.059)	(0.068)	(0.106)	(0.072)	(0.100)	(0.198)	(0.234)
ROA	-0.573***	-1.265***	-0.505**	-0.269**	-0.335*	0.961***	-2.947***
	(0.120)	(0.136)	(0.221)	(0.128)	(0.195)	(0.366)	(0.485)
Liquidity	-0.013	1.643***	1.786***	0.184*	-0.140	0.559*	3.461***
	(0.081)	(0.107)	(0.192)	(0.103)	(0.151)	(0.295)	(0.390)
Leverage	0.066	-0.042	-0.673***	-0.198**	-0.139	-1.000***	-0.985***
	(0.059)	(0.078)	(0.136)	(0.077)	(0.105)	(0.224)	(0.284)
Size	-0.067***	-0.036***	0.034	-0.133***	-0.262***	0.298***	-0.463***
	(0.011)	(0.013)	(0.028)	(0.017)	(0.018)	(0.038)	(0.057)
Sales	-0.169***	0.336***	0.175**	0.196***	0.272***	2.588***	0.811***
	(0.036)	(0.049)	(0.080)	(0.046)	(0.070)	(0.128)	(0.169)
Profit margin	-0.151**	-0.780***	-0.143	0.101	0.174*	0.261	-0.798***
	(0.066)	(0.089)	(0.123)	(0.081)	(0.103)	(0.206)	(0.274)
Length	0.032*	-0.052**	0.328***	0.100***	0.180***	0.021	0.588***
	(0.019)	(0.021)	(0.038)	(0.024)	(0.031)	(0.069)	(0.080)
Population	0.036**	0.050**	-0.001	-0.083***	0.094***	0.072	0.096
	(0.018)	(0.020)	(0.043)	(0.025)	(0.032)	(0.065)	(0.086)
Constant	2.062***	1.508***	-0.235	2.668***	1.136**	2.814**	7.139***
	(0.359)	(0.340)	(0.692)	(0.392)	(0.566)	(1.191)	(1.505)
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R²	0.131	0.421	0.322	0.226	0.303	0.190	0.354
N	36415	36415	36415	36415	36415	36415	36415

Table IA.5 (continued)

Panel B: Election years detail

	Integrity	Teamwork	Innovation	Quality	Respect	Sentiment	CultureAll
Rep. Pres. × likely-Dem.	-0.037	-0.041	0.090	-0.114**	-0.159***	-0.106	-0.260
	(0.035)	(0.043)	(0.076)	(0.048)	(0.059)	(0.130)	(0.159)
Dem. Pres. × likely-Dem.	0.011	-0.015	0.318***	-0.078	-0.090	0.269	0.146
	(0.040)	(0.050)	(0.090)	(0.059)	(0.072)	(0.166)	(0.188)
Rep. Pres. × battleground	-0.055	-0.020	-0.125	0.010	0.123	0.387*	-0.068
	(0.059)	(0.070)	(0.106)	(0.073)	(0.100)	(0.203)	(0.237)
Dem. Pres. × battleground	0.010	-0.045	-0.060	-0.021	0.169	0.318	0.053
	(0.062)	(0.070)	(0.113)	(0.076)	(0.107)	(0.213)	(0.249)
2004 × likely-Dem.	0.081	0.040	-0.347***	0.000	0.020	-0.409**	-0.205
	(0.050)	(0.062)	(0.085)	(0.054)	(0.072)	(0.176)	(0.188)
2008 × likely-Dem.	0.019	0.003	-0.222**	-0.070	-0.040	0.017	-0.311
	(0.059)	(0.071)	(0.104)	(0.067)	(0.097)	(0.229)	(0.236)
2012 × likely-Dem.	-0.090*	0.085	-0.152*	0.004	-0.190**	-0.132	-0.343*
	(0.047)	(0.057)	(0.082)	(0.058)	(0.084)	(0.168)	(0.186)
2016 × likely-Dem.	-0.097	0.042	0.174	-0.011	-0.122	-0.111	-0.014
	(0.068)	(0.074)	(0.125)	(0.087)	(0.106)	(0.233)	(0.267)
2020 × likely-Dem.	-0.049	0.025	0.292**	-0.078	-0.071	-0.021	0.120
	(0.078)	(0.080)	(0.140)	(0.091)	(0.123)	(0.244)	(0.293)
2004 × battleground	0.149***	-0.054	0.101	0.003	-0.032	0.291	0.167
	(0.057)	(0.069)	(0.088)	(0.055)	(0.080)	(0.191)	(0.203)
2008 × battleground	0.066	0.160***	0.090	-0.054	0.047	-0.751***	0.309*
	(0.047)	(0.056)	(0.080)	(0.048)	(0.071)	(0.186)	(0.182)
2012 × battleground	-0.012	0.019	0.133*	-0.049	-0.025	-0.013	0.066
	(0.041)	(0.049)	(0.070)	(0.044)	(0.064)	(0.137)	(0.151)
2016 × battleground	0.018	-0.059	0.019	0.056	-0.054	0.374**	-0.021
	(0.054)	(0.058)	(0.102)	(0.060)	(0.081)	(0.178)	(0.218)
2020 × battleground	0.048	-0.035	-0.040	0.033	0.104	-0.490***	0.110
	(0.052)	(0.057)	(0.105)	(0.060)	(0.092)	(0.178)	(0.218)
Constant	2.074***	1.525***	-0.109	2.668***	1.142**	2.923**	7.300***
	(0.359)	(0.339)	(0.692)	(0.394)	(0.568)	(1.194)	(1.508)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.132	0.421	0.323	0.226	0.303	0.191	0.354
N	36415	36415	36415	36415	36415	36415	36415

TABLE IA.6

Robustness Tests

This table presents robustness tests for the main results in Table 3, Panel A. Panel A reports the estimates using robust standard errors. Panel B provides results for firms that span our sample for at least 17 years. Panel C expands by including swingers and movers, and Panel D tests the robustness by excluding the years 2008, 2009, and 2020. The table reports changes in corporate culture by different types of firms during Bush's and Trump's terms as compared with Obama's and Biden's terms. Variables are defined in Appendix A. All regressions include firm and year fixed effects. Standard errors are clustered at the firm level. Standard errors are reported in parentheses beneath the coefficient estimates. ∗∗∗, ∗∗, and ∗ indicate significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Different standard error clustering (robust standard errors)

	Integrity	Teamwork	Innovation	Quality	Respect	Sentiment	CultureAll
Bush × likely-Dem.	0.037	0.024	-0.271***	-0.141***	-0.162***	0.452***	-0.513***
	(0.041)	(0.045)	(0.070)	(0.049)	(0.055)	(0.159)	(0.153)
Trump × likely-Dem.	0.035	0.006	0.073	0.034	0.066	-0.080	0.214
	(0.049)	(0.048)	(0.088)	(0.056)	(0.069)	(0.174)	(0.182)
Bush × battleground	0.024	0.060*	0.220***	0.097***	0.007	-0.008	0.408***
	(0.033)	(0.036)	(0.060)	(0.034)	(0.051)	(0.130)	(0.130)
Trump × battleground	-0.021	0.075*	-0.051	-0.091**	0.005	0.046	-0.083
	(0.039)	(0.042)	(0.082)	(0.039)	(0.067)	(0.142)	(0.163)
ROA	-0.089	-0.374***	0.189	0.090	-0.226	2.466***	-0.409
	(0.109)	(0.130)	(0.177)	(0.090)	(0.146)	(0.312)	(0.379)
Liquidity	0.140*	0.270***	0.247*	0.021	0.253**	0.130	0.931***
	(0.077)	(0.098)	(0.150)	(0.086)	(0.120)	(0.236)	(0.310)
Leverage	0.038	-0.188**	-0.104	-0.010	0.000	-0.187	-0.265
	(0.064)	(0.075)	(0.104)	(0.058)	(0.094)	(0.193)	(0.225)
Size	-0.050***	-0.061***	0.103***	-0.109***	-0.131***	-0.036	-0.248***
	(0.019)	(0.021)	(0.036)	(0.019)	(0.027)	(0.058)	(0.073)
Sales	-0.223***	0.106**	0.036	0.158***	0.163***	2.254***	0.240*
	(0.038)	(0.049)	(0.064)	(0.038)	(0.055)	(0.119)	(0.140)
Profit margin	-0.166***	-0.181**	-0.193*	-0.074	-0.140*	0.864***	-0.754***
	(0.062)	(0.074)	(0.101)	(0.051)	(0.078)	(0.177)	(0.219)
Length	0.098***	-0.008	0.065*	0.077***	0.133***	-0.486***	0.364***
	(0.020)	(0.022)	(0.033)	(0.020)	(0.028)	(0.056)	(0.072)
Population	0.177	-0.074	-0.657*	0.542**	0.683**	-1.141	0.671
	(0.195)	(0.226)	(0.388)	(0.214)	(0.298)	(0.758)	(0.787)
Constant	-0.736	4.077	12.943**	-4.827	-6.662	28.545***	4.796
	(2.718)	(3.140)	(5.383)	(2.974)	(4.133)	(10.528)	(10.927)
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.523	0.718	0.728	0.693	0.694	0.597	0.726
N	21502	21502	21502	21502	21502	21502	21502

Table IA.6 (continued)

Panel B: Firms that span all presidencies

	Integrity	Teamwork	Innovation	Quality	Respect	Sentiment	CultureAll
Bush × likely-Dem.	-0.072	0.011	-0.481***	-0.252**	-0.293***	0.498	-1.086***
	(0.065)	(0.077)	(0.169)	(0.099)	(0.112)	(0.383)	(0.347)
Trump × likely-Dem.	0.002	0.041	-0.097	-0.075	-0.007	-0.384	-0.136
	(0.067)	(0.079)	(0.210)	(0.112)	(0.111)	(0.416)	(0.388)
Bush × battleground	0.012	0.077	0.237	0.132*	-0.054	0.159	0.404
	(0.061)	(0.063)	(0.146)	(0.071)	(0.137)	(0.288)	(0.327)
Trump × battleground	0.021	0.065	0.026	-0.064	0.058	0.135	0.105
	(0.069)	(0.074)	(0.196)	(0.075)	(0.109)	(0.304)	(0.360)
ROA	0.029	-0.521**	0.369	0.537**	0.185	2.794***	0.598
	(0.195)	(0.259)	(0.521)	(0.258)	(0.376)	(0.991)	(1.061)
Liquidity	0.043	0.248	0.433	0.046	0.134	0.280	0.904
	(0.140)	(0.197)	(0.467)	(0.183)	(0.243)	(0.593)	(0.829)
Leverage	0.108	0.004	0.244	-0.085	-0.002	-0.502	0.268
	(0.106)	(0.138)	(0.324)	(0.139)	(0.222)	(0.528)	(0.600)
Size	-0.005	-0.033	0.230*	-0.086*	-0.042	0.041	0.063
	(0.035)	(0.045)	(0.135)	(0.049)	(0.077)	(0.143)	(0.238)
Sales	-0.291***	0.119	0.066	0.057	0.009	3.767***	-0.040
	(0.065)	(0.085)	(0.148)	(0.083)	(0.097)	(0.292)	(0.293)
Profit margin	-0.016	-0.262	-0.293	-0.287**	-0.199	0.329	-1.058*
	(0.106)	(0.185)	(0.281)	(0.136)	(0.136)	(0.498)	(0.561)
Length	0.099***	-0.043	-0.059	0.023	0.083	-0.879***	0.103
	(0.035)	(0.042)	(0.079)	(0.044)	(0.051)	(0.144)	(0.157)
Population	0.511	-0.239	-0.609	0.773	0.938*	-1.725	1.374
	(0.325)	(0.485)	(1.105)	(0.546)	(0.500)	(2.007)	(1.998)
Constant	-5.823	6.145	12.238	-7.693	-10.548	40.008	-5.681
	(4.521)	(6.761)	(15.269)	(7.565)	(6.733)	(27.899)	(27.648)
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.420	0.683	0.709	0.665	0.686	0.572	0.676
N	8143	8143	8143	8143	8143	8143	8143

Table IA.6 (continued)

Panel C: Firms with and without changes in political affiliation (together)

	Integrity	Teamwork	Innovation	Quality	Respect	Sentiment	CultureAll
Bush × likely-Dem.	0.015	-0.001	-0.297***	-0.022	-0.083*	0.011	-0.389***
	(0.033)	(0.035)	(0.064)	(0.038)	(0.046)	(0.129)	(0.133)
Trump × likely-Dem.	0.052	0.010	0.127	-0.017	0.069	-0.353**	0.242
	(0.041)	(0.043)	(0.083)	(0.048)	(0.057)	(0.158)	(0.172)
Bush × battleground	0.032	0.036	0.085	0.028	0.020	-0.060	0.201
	(0.035)	(0.037)	(0.066)	(0.039)	(0.057)	(0.141)	(0.152)
Trump × battleground	-0.046	0.042	-0.025	0.017	-0.003	-0.051	-0.014
	(0.037)	(0.040)	(0.080)	(0.042)	(0.060)	(0.135)	(0.162)
ROA	-0.127	-0.585***	-0.034	0.050	-0.281**	2.482***	-0.976***
	(0.097)	(0.115)	(0.164)	(0.088)	(0.140)	(0.300)	(0.360)
Liquidity	0.072	0.270***	0.251	0.034	0.348***	0.479*	0.975***
	(0.076)	(0.099)	(0.156)	(0.085)	(0.119)	(0.249)	(0.336)
Leverage	0.021	-0.105	-0.198*	-0.090	-0.008	-0.541***	-0.381*
	(0.064)	(0.069)	(0.109)	(0.057)	(0.090)	(0.194)	(0.229)
Size	-0.091***	-0.039*	0.071	-0.083***	-0.152***	-0.055	-0.293***
	(0.019)	(0.023)	(0.044)	(0.021)	(0.030)	(0.064)	(0.089)
Sales	-0.190***	0.072*	0.011	0.143***	0.222***	2.355***	0.257**
	(0.031)	(0.041)	(0.051)	(0.031)	(0.046)	(0.108)	(0.115)
Profit margin	-0.153***	-0.143**	-0.177**	-0.063	-0.160**	0.790***	-0.695***
	(0.059)	(0.067)	(0.088)	(0.046)	(0.068)	(0.169)	(0.199)
Length	0.102***	-0.015	0.068**	0.072***	0.120***	-0.465***	0.347***
	(0.018)	(0.019)	(0.031)	(0.018)	(0.025)	(0.055)	(0.066)
Population	0.011	0.011	-0.023	0.053*	-0.050	0.062	0.002
	(0.025)	(0.025)	(0.040)	(0.027)	(0.031)	(0.097)	(0.094)
Constant	1.853***	2.762***	4.139***	1.825***	3.701***	11.751***	14.279***
	(0.409)	(0.414)	(0.649)	(0.442)	(0.525)	(1.494)	(1.545)
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.501	0.702	0.707	0.663	0.697	0.579	0.709
N	36399	36399	36399	36399	36399	36399	36399

Table IA.6 (continued)

Panel D: Excluding the 2008 financial crisis and 2020 COVID-19 pandemic

	Integrity	Teamwork	Innovation	Quality	Respect	Sentiment	CultureAll
Bush × likely-Dem.	0.014	0.028	-0.309**	-0.136	-0.206**	0.488*	-0.608**
	(0.057)	(0.067)	(0.136)	(0.092)	(0.088)	(0.295)	(0.283)
Trump × likely-Dem.	0.071	-0.015	0.092	0.035	0.034	-0.009	0.217
	(0.057)	(0.059)	(0.125)	(0.074)	(0.087)	(0.255)	(0.254)
Bush × battleground	0.033	0.035	0.225*	0.126**	0.009	-0.035	0.428*
	(0.053)	(0.057)	(0.117)	(0.060)	(0.104)	(0.230)	(0.260)
Trump × battleground	-0.041	0.058	-0.096	-0.151***	-0.002	0.093	-0.231
	(0.050)	(0.057)	(0.118)	(0.054)	(0.083)	(0.204)	(0.222)
ROA	0.006	-0.230	0.434*	0.172	-0.121	2.730***	0.260
	(0.138)	(0.154)	(0.243)	(0.119)	(0.201)	(0.413)	(0.511)
Liquidity	0.051	0.272**	0.221	0.043	0.136	0.367	0.724
	(0.094)	(0.130)	(0.236)	(0.119)	(0.153)	(0.344)	(0.460)
Leverage	0.052	-0.205**	-0.148	-0.019	-0.042	-0.199	-0.363
	(0.075)	(0.094)	(0.153)	(0.080)	(0.125)	(0.281)	(0.314)
Size	-0.047*	-0.074**	0.087	-0.125***	-0.165***	-0.017	-0.324**
	(0.025)	(0.031)	(0.072)	(0.029)	(0.042)	(0.094)	(0.135)
Sales	-0.202***	0.120**	0.023	0.108**	0.170***	2.032***	0.219
	(0.044)	(0.056)	(0.076)	(0.046)	(0.066)	(0.151)	(0.163)
Profit margin	-0.183**	-0.217**	-0.279**	-0.096	-0.239**	0.777***	-1.014***
	(0.082)	(0.096)	(0.140)	(0.069)	(0.100)	(0.251)	(0.299)
Length	0.121***	-0.013	0.062	0.083***	0.169***	-0.509***	0.422***
	(0.022)	(0.026)	(0.045)	(0.025)	(0.033)	(0.073)	(0.093)
Population	0.337	-0.074	-0.712	0.612	0.544	-1.198	0.706
	(0.269)	(0.357)	(0.752)	(0.386)	(0.403)	(1.446)	(1.413)
Constant	-3.184	4.209	13.900	-5.739	-4.785	29.636	4.401
	(3.742)	(4.969)	(10.417)	(5.350)	(5.568)	(20.099)	(19.624)
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.541	0.727	0.737	0.702	0.700	0.606	0.734
N	18041	18041	18041	18041	18041	18041	18041