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A Moral Foundations Perspective on CEO Political Ideology

Moritz Appels*
Erasmus University Rotterdam
Marc Kowalzick*
Erasmus University Rotterdam
Michael Woywode
University of Mannheim

As a reflection of their fundamental value systems, CEOs' political ideology has come to be regarded as a major predictor of their strategic decision-making. Among the most persistent characterizations in this literature, liberal-leaning CEOs are considered to exhibit a distinct preference for evenhanded outcomes and pro-social corporate practices due to their ideological endorsement of equality—an association derived from the conceptualization of political ideologies along the motivated cognition perspective and routinely used to differentiate them from their more conservative peers. Yet, moral psychologists increasingly call for a broader understanding of the moral values differentiating liberals and conservatives. We therefore introduce moral foundations theory to the study of CEO political ideology, according to which liberal- and conservative-leaning CEOs differ in their focus on individual- versus group-centric concerns but, contrary to the existing consensus, should both endorse evenhanded outcomes and pro-social corporate practices. We find evidence for corresponding U-shaped rather than linear effects of CEOs' political ideology in a sample of over 1,600 S&P 1500 CEOs. As such, we offer a novel theoretical perspective on CEOs' political ideology and its organizational ramifications.

Keywords: *political ideology; upper echelons; moral foundations theory; strategic leadership; CEO decision-making*

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**The first two authors contributed equally.*

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Corresponding author: Moritz Appels, Rotterdam School of Management, Erasmus University Rotterdam, Burgemeester Oudlaan 50, 3062 PA Rotterdam, The Netherlands.

E-mail: appels@rsm.nl

CEOs' political ideology, their stance along the liberal–conservative continuum, has emerged as the primary construct of interest in upper echelons scholars' investigations of the firm-level implications of CEOs' moral values (Crossland, Campbell, & Hill, 2024; Swigart, Anantharaman, Williamson, & Grandey, 2020). Building especially on the foundational studies by Chin, Hambrick, and Treviño (2013), Chin and Semadeni (2017), and Gupta, Briscoe, and Hambrick (2018), scholars routinely link CEO liberalism to the endorsement of, and CEO conservatism to the opposition to, *evenhanded outcomes*—for example, in top management team (TMT) pay (Chin & Semadeni, 2017) and business unit resource allocations (Gupta et al., 2018)—and *pro-social corporate practices*, particularly corporate social responsibility (CSR; Chin et al., 2013). The foundational role of this early work and the concomitant characterization of liberal- and conservative-leaning CEOs are reflected in both reviews (e.g., Swigart et al., 2020) and contemporary studies: Liberal-leaning CEOs are characterized as those who "value [the] equal distribution of outcomes" (Chin, Acharya, & Devers, 2025: 377) and "tend to be more prosocial" (Keum & Meier, 2024: 997), whereas their conservative-leaning peers are considered to "attend less closely to inequality issues" (Weng & Yang, 2024: 1075) and to be acting insincerely if they, for example, *do* engage in CSR (Dewan, Simons, & Wernicke, 2024; Gupta, Fung, & Murphy, 2021; Wang, Devine, Molina-Sieiro, & Holmes, 2024).

Yet, this consensus is challenged not just by mixed support for some of the foundational associations (Gupta, Nadkarni, & Mariam, 2019; Petrenko, Aime, Ridge, & Hill, 2016) but, as we argue in this paper, also by theoretical considerations. Specifically, a common theoretical perspective links the above characterizations: the theory of political ideology as motivated (social) cognition. This theory postulates that, due to systematic differences in social-cognitive motives related to individuals' tolerance for uncertainty and threat, liberals endorse equality and social change more so than their conservative peers (Jost, Glaser, Kruglanski, & Sulloway, 2003). Reflecting upper echelons scholars' interest in the organizational implications of moral value differences among CEOs (Chin et al., 2013), liberal- and conservative-leaning CEOs' differential endorsement of equality, as accredited by this theory, was particularly formative for the field in general and the consensus that liberal-leaning CEOs prefer evenhanded outcomes and pro-social corporate practices in particular (cf. Swigart et al., 2020).

However, while among the most prominent theories of political ideology (Jost, Federico, & Napier, 2009), the motivated cognition perspective does not *holistically* model the moral values along which liberal and conservative individuals systematically differ but emphasizes social-cognitive motives, that lend the theory its name and reflect "non-moral concerns such as fear of change," to describe ideological differences (Haidt & Graham, 2007: 110; Jost et al., 2003). In contrast, theories of political ideology dedicated to systematically depicting moral differences along the liberal–conservative continuum caution against the reliance on any single value dimension, such as equality, and, instead, emphasize the *multidimensional* nature of the moral domain (Graham, Haidt, Motyl, Meindl, Iskiwitch, & Mooijman, 2018; Graham et al., 2013). To date, this tension between the pluralistic conception of morality espoused by political psychologists and the predominant reliance on differences in equality concerns in the literature on CEOs' political ideology remains insufficiently addressed. This omission is consequential because it limits our understanding of the moral underpinnings of

CEOs' decision-making and risks reinforcing an incomplete portrayal of conservative versus liberal leaders.

To overcome this omission, we introduce moral foundations theory (Graham, Haidt, & Nosek, 2009; Haidt & Graham, 2007) to the study of CEO political ideology. Moral foundations theory conceptualizes political ideologies as reflective of differences in individuals' sensitivity to specific sets of moral foundations that guide their perception and interpretation of situations and decisions: Whereas liberal-leaning individuals are sensitive particularly to the *individualizing* foundations of fairness and care (such that, e.g., the equal distribution of outcomes is indeed particularly revered), conservative-leaning individuals are also sensitive to the *binding* foundations that pertain to the well-being of collectives and unfold in an endorsement of choices related to loyalty, authority, and sanctity (Graham, Nosek, Haidt, Iyer, Koleva, & Ditto, 2011; Graham et al., 2009). This broader moral palette means that conservative morality is not simply the reverse of liberals' concerns for equality, but rather a different configuration of moral concerns altogether—one that is also grounded in their sensitivity to the binding foundations (Haidt & Graham, 2007).

Drawing from this rich literature in political psychology, we advance a moral foundations perspective on CEO political ideology to describe how it challenges, and provides an alternative to, our routine characterization of liberal- and conservative-leaning CEOs along the very outcomes that anchor this characterization in the upper echelons literature to date: evenhandedness in TMT pay and resource allocation to business units, as well as pro-social corporate practices (i.e., CSR). From a moral foundations perspective, liberal CEOs' stronger endorsement of evenhanded outcomes and pro-social corporate practices would be theoretically viable only if conservative CEOs' sensitivity to the binding foundations led them to oppose rather than endorse the inclinations evoked by the individualizing foundations. However, because evenhanded compensation schemes for fellow TMT members and evenhanded resource allocations to business units contribute to group cohesion and corporate unity (Colquitt, 2001; Fredrickson, Davis-Blake, & Sanders, 2010; Siegel & Hambrick, 2005)—ideals that strongly appeal to the binding foundations (cf. Malka, Osborne, Soto, Greaves, Sibley, & Lelkes, 2016; Smith, Aquino, Koleva, & Graham, 2014)—conservative CEOs should endorse such outcomes just as their liberal counterparts do. Similarly, we argue that CSR can likewise appeal both to liberal CEOs' individualizing concerns and to the binding foundations that conservative CEOs are additionally sensitive to, such that both liberal- and conservative-leaning CEOs likely value respective practices.

Therefore, the key argument across our theorizing is that, from a moral foundations perspective, liberal- and conservative-leaning CEOs' endorsement of evenhanded outcomes and pro-social corporate practices should not differ so much from one another but from politically moderate or neutral CEOs who are less sensitive to the individualizing and binding foundations (compared to liberal and conservative CEOs, respectively), unfolding in U-shaped rather than linear associations with CEOs' political ideology. We find support for our predictions in a panel dataset of over 1,600 CEOs of S&P 1500 firms. Moreover, to illustrate the comprehensive applicability of the moral foundations perspective on CEO political ideology, we report a post-hoc analysis demonstrating that it cannot only be used to predict convergent but also divergent firm outcomes, specifically differences in gender diversity across liberal- and conservative-leaning CEOs' TMTs.

Our work thus contributes to upper echelons research by integrating an influential but currently overlooked theoretical perspective on CEOs' political ideologies: moral foundations theory. Our central theoretical rationale is that moral foundations theory, a theory of political ideology drawing explicitly from moral psychology, is particularly suited to elucidate the moral concerns that shape CEOs' preferences and decisions along the liberal–conservative continuum. As such, we provide a novel understanding of the ideological divide across organizations' upmost echelon, highlighting that, despite their ideological differences, liberal- and conservative-leaning CEOs may at times endorse the same kinds of corporate practices. Practically, these insights inform monitoring efforts related to our outcome variables, for example, by investors, policymakers, or boards of directors.

Theory

CEO Political Ideology

As laid out in Hambrick and Mason's (1984: 195) upper echelons theory, firms' strategic choices regularly carry a substantive behavioral component reflecting the "idiosyncratic givens" that chief executives bring to administrative situations (Cyert & March, 1963; March & Simon, 1958), and scholars increasingly emphasize the importance of CEOs' political ideologies as a key determinant of organizational outcomes (Crossland et al., 2024; Swigart et al., 2020). Typically assessed along the liberal–conservative continuum, particularly in two-party systems like the United States (Jost, 2006), an individual's political ideology is generally defined as the "deeply rooted values, beliefs, and preferences about the ideal goals for the society and convictions about how to achieve them" (Erikson & Tedin, 2003; Gupta et al., 2019: 862; Jost et al., 2009).[1]

In the pursuit of depicting these values, beliefs, and preferences and translating them into observable CEO behavior, extant scholarship regularly relies on the motivated (social) cognition perspective—a widely applied theory of political ideology developed by John Jost and other political psychologists (Jost et al., 2003, 2009). From this perspective, liberal and conservative political ideologies are differentiated along two dimensions: (1) the endorsement of equality versus hierarchy and (2) the endorsement of societal change versus tradition, with liberals emphasizing the former and conservatives the latter on each dimension. These "two core aspects of [liberalism and] conservatism are generally [deemed] psychologically related to one another" since, historically, social change has typically moved society toward greater equality (Jost et al., 2003: 343). CEOs are considered to perceive particular merit in strategic decisions that align with these ideological preferences and thus to engage in corresponding behavior (cf. Gupta et al., 2018; Higgins & Molden, 2003; Kunda, 1990).

While the motivated cognition perspective thus proposes two dimensions along which liberal- and conservative-leaning individuals ultimately differ, upper echelons researchers primarily drew on the equality dimension, reflecting the interest in leveraging CEOs' political ideology as a proxy for differences in moral values. Specifically, the motivated cognition perspective was introduced to the upper echelons realm in the seminal article by Chin et al. (2013) to hypothesize a positive effect of CEO liberalism on CSR: Liberal-leaning CEOs' stronger endorsement of equality was argued to make these CEOs particularly "sensitive to social issues in general" (Chin et al., 2013: 201), leading them to "care more about societal needs" than their conservative-leaning counterparts (204)—a notion that aligns well with the

conclusion of political psychologists adopting the motivated cognition perspective that "liberalism … is in fact a tremendous cultural achievement" (Jost, 2012: 526, 2017).

Subsequent work expanded upon this notion and, again drawing from the motivated cognition perspective, emphasized the centrality of equality concerns also for shaping liberal- and conservative-leaning CEOs' preferences toward evenhanded outcomes. In particular, Chin and Semadeni (2017: 1613) hypothesized and found that CEO liberalism was positively associated with evenhanded TMT pay since "liberals are more supportive of the idea of equality of outcomes, whereas conservatives are more comfortable with the idea of unequal distribution of outcomes." In a similar line of thought, Gupta et al. (2018: 1851) found a positive impact of CEO liberalism on evenhanded resource allocations to business units, arguing that liberal-leaning CEOs "place great moral value on equality as the allocation rule," whereas more conservative-leaning CEOs "have considerable tolerance for unequal outcomes."

As illustrated by Swigart et al. (2020), these early associations, and the concomitant characterization of liberal-leaning CEOs as more favorable toward evenhanded outcomes and pro-social corporate practices than their conservative-leaning peers, were highly influential for subsequent work on CEO political ideology. Specifically, contemporary studies routinely describe liberal-leaning CEOs as those "promoting fairness and reducing inequalities" (Heubeck & Ahrens, 2025: 4787) and those who "engage in more CSR and stakeholder-friendly activities" (DesJardine, Shi, & Westphal, 2024: 1573), whereas conservative-leaning CEOs are considered to exhibit "a preference for achievement and an unequal distribution of rewards" (Kiss, Yu, Neville, & Ward, 2026: 1016) and to pay "less attention to the interests and welfare of non-shareholding stakeholders" (Markoczy, Kolev, & Qian, 2023: 2) due to their tendency for "deemphasizing the societal consequences when making firm-related decisions" (Wowak, Busenbark, Ball, & Natarajan, 2026: 1136). Other studies even build on these characterizations more directly by, for example, noting that conservative-leaning CEOs who *do* engage in pro-social practices are likely acting insincerely or "out of character" (Dewan et al., 2024; Gupta et al., 2021: 529) or by using CEO liberalism as a proxy for pro-social values (and conservatism as the opposite; Keum & Bhatia, 2026; Wang et al., 2024). Overall, it hence appears that a consensus has been formed on the application of the motivated cognition perspective to differentiate liberal- and conservative-leaning CEOs' moral preferences along the endorsement of equality and on the concomitant characterization of liberal-leaning CEOs as favorable toward, and conservative-leaning CEOs as dismissive of, evenhanded outcomes and pro-social corporate practices.

Multiple reasons speak in favor of challenging this consensus, however. Empirically, some of the foundational associations underlying the consensus rest on mixed evidence. For example, Chin et al. (2013) themselves only found a linear association of CEO political ideology and CSR when using a net CSR score (i.e., subtracting CSR weaknesses from firms' CSR strengths). Such a net score has since been criticized as confounding CSR strengths and weaknesses, which "are both empirically and conceptually distinct constructs" (Mattingly & Berman, 2006: 20; McGuire, Dow, & Argheyd, 2003; Strike, Gao, & Bansal, 2006), such that their subtraction from one another "fails to provide a valid measure of CSR" (Flammer & Ioannou, 2021: 1280). In contrast, CEOs' political ideology was "*not* significantly associated with CSR strengths" (Chin et al., 2013: 220, emphasis added) as a more appropriate approximation of CSR (Flammer & Ioannou, 2021; Mattingly & Berman, 2006; Strike et al., 2006), and other studies similarly noted that "CEOs' political ideologies did not [linearly] predict

corporate advances in CSR" (Gupta, Briscoe, & Hambrick, 2017; Gupta et al., 2019: 862; Petrenko et al., 2016).

While such "mixed support" may already warrant a reconsideration of the associations in question (Gupta et al., 2019: 862; Swigart et al., 2020), we argue that fundamental theoretical reasons challenge the general expectation of a linear association of CEO liberalism not just with CSR but also with evenhanded TMT pay and resource allocations to business units. Specifically, while the theory of political ideology as motivated cognition has contributed substantially to our understanding of CEOs' decision-making as an outcome of ideologically induced preferences, its application unfolded in a unidimensional portrayal of the moral domain along concerns of equality. Yet, while equality is indeed a central moral concern incorporated in various theories of political ideology (Carmines & D'Amico, 2015), the motivated cognition framework neither positions moral concerns as the primary explanatory target nor strives to explain these concerns comprehensively. Instead, it describes one's political ideology "as a product of various *non-moral* processes" that are argued to serve a set of interrelated social-cognitive styles and motives (e.g., system justification) and derive from conservatives' avoidance of uncertainty and threat (Haidt & Graham, 2007: 98, italics added; Jost et al., 2003). While moral preferences toward equality are thus an important part of the motivated cognition framework, they emerge as a downstream product rather than as a holistic description of liberals' and conservatives' morality (Haidt & Graham, 2007; Koleva, Graham, Iyer, Ditto, & Haidt, 2012). Indeed, as Jost et al. (2003: 343) themselves note, "in a hypothetical world of complete equality, it is quite plausible that … conservatives would fear changes that would reduce equality." In other words, while the motivated cognition framework incorporates moral concerns toward equality, the comprehensive depiction of moral differences is not its predictive emphasis.

This is important because theories specifically dedicated to describing moral differences among liberals and conservatives are more pluralistic, such that, while they do incorporate equality, they treat it as one of many rather than the primary (let alone only) moral concern of relevance (Graham et al., 2013, 2018). Specifically, with the introduction of moral foundations theory to the domain of political psychology (Graham et al., 2009; Haidt & Graham, 2007), there has been substantial theoretical advancement surrounding the breadth of moral values that differentiate liberal and conservative ideologies (Graham, Meindl, & Beall, 2012; Kivikangas, Fernández-Castilla, Järvelä, Ravaja, & Lönnqvist, 2021). Its integration into upper echelons theory is relevant since it helps us better understand the moral psychology behind CEOs' political ideology and—mirroring its impact on the field of political psychology—calls into question the dominant depiction of liberal- and conservative-leaning CEOs in the upper echelons literature on theoretical grounds.

Moral Foundations Theory

Moral foundations theory is a predominant psychological theory on the moral intuitions and judgments associated with one's political ideology (Graham, Nosek, et al., 2012). It "is a nativist, cultural-developmentalist, intuitionist, and pluralist approach to the study of morality" (Graham et al., 2013: 71) and postulates that all humans hold a set of universal and deeply rooted intuitions about what constitutes "right" and "wrong" that guide our moral judgments and therefore our decision-making. It is nativist and cultural-developmentalist in

that it infers the existence of a "first draft" of the moral mind that developed in response to a series of evolutionary challenges and provides the basis for the moral systems individuals develop throughout their cultural upbringing and socialization (Haidt & Joseph, 2004); it is intuitionist in that it regards moral judgment as primarily automatic and affective rather than an act of reasoning (Haidt, 2001); and it is pluralist in that these intuitions are considered to fall into multiple distinct categories, the moral foundations, serving as "tastebuds" for what individuals intuit as moral (Graham et al., 2013, 2018).

Moral foundations theory describes how the sensitivity to these moral foundations differs across liberal- and conservative-leaning individuals: Liberal morality relies primarily on the individualizing foundations focused on each individual's fair treatment and welfare, whereas conservative morality relies on a more mixed set that includes the binding foundations and thus places the group at the locus of morality (Graham et al., 2009, 2011). In particular, the individualizing foundations induce a heightened sensitivity toward situations or decisions that interfere with individuals' personal rights and well-being—that is, those that involve harm or care as well as fairness or cheating (such as considerations of equality or discrimination; Graham et al., 2009). In contrast, the binding foundations induce an appreciation of situations or decisions that "bind people into emergent social entities such as families, clans, guilds, teams, tribes, and nations" (Graham & Haidt, 2010: 144) due to a heightened sensitivity toward concerns of loyalty or betrayal, authority or subversion, as well as sanctity or degradation (such as one's faithfulness to and respect for obligations toward one's social groups; Graham et al., 2009). As such, conservatives' "broader palate" of both individualizing and binding foundations (Haidt, 2013: 179) sometimes requires "keeping individual autonomy and self-expression in check" for the good of the collective (Smith et al., 2014: 1555). In other words, the relative weight of individualizing concerns in individuals' moral intuitions and subsequent judgment is lower among conservatives than among liberals due to conservatives' additional sensitivity to the binding foundations (Graham et al., 2009, 2011). These differential moral emphases explain why liberals respond, for example, more strongly to issues such as compassion or social justice, whereas conservatives respond more strongly to issues such as traditions, patriotism, or religion that correspond to their group-oriented morality (Haidt & Graham, 2007; Koleva et al., 2012).

Politically more moderate or neutral individuals exhibit lower sensitivities than liberals along the individualizing foundations and lower sensitivities than conservatives along the binding foundations (Graham et al., 2009, 2011). These less intense moral sensitivities lead them to, for example, respond less fiercely to culture war issues, to be less likely to publicly showcase moral conviction, and to consider alternative points of view more frequently, often unfolding in more contained decision-making compared to their more liberal or conservative peers (Haidt, 2013; Koleva et al., 2012; Weber & Federico, 2013). People whose ideology falls in the areas between the midpoint and outer ends of the political spectrum likewise tend to consider alternative views but exhibit an increasingly strong tilt toward either individualizing or binding concerns. At the outer ends, moral foundations become "sacralized," such that both highly liberal and highly conservative individuals share a particularly strong tendency to infuse their moral convictions into their decision-making and exhibit a drastically reduced willingness to deviate from behavior that corresponds to their preferred set of moral foundations (e.g., Alizadeh, Weber, Cioffi-Revilla, Fortunato, & Macy, 2019; Graham & Haidt, 2012: 12; Hahn, Tamborini, Novotny, Grall, & Klebig, 2019).[2] Respective differences

in moral sensitivities and judgment along the liberal–conservative continuum were found, for example, in individuals' self-assessments (Graham et al., 2009, 2011), social group prejudices and stereotypes (Graham, Nosek, & Haidt, 2012), attitudes toward political candidates (Iyer, Graham, Koleva, Ditto, & Haidt, 2010), moral language (Graham et al., 2009), life-narratives (McAdams, Albaugh, Farber, Daniels, Logan, & Olson, 2008), and, ultimately, in an overarching meta-analysis (Kivikangas et al., 2021).

Among political psychologists, moral foundations theory is often contrasted with the ideas postulated by John Jost and colleagues (e.g., Haidt & Graham, 2007; Koleva et al., 2012), with proponents of the motivated cognition perspective themselves, at times, describing it as "the harshest criticism of the theory of ideology as motivated social cognition within the discipline" (Strupp-Levitsky, Noorbaloochi, Shipley, & Jost, 2020: 3). Specifically, moral foundations scholars criticize the depiction of conservatives as mere antagonists to progress and equality, emphasizing that liberals and conservatives need to be acknowledged as differentially moral along a broader set of dimensions and raising concerns that more limited perspectives on their moral differences invite "open expressions of self-righteousness and contempt" rather than mutual understanding and dialogue (Haidt & Graham, 2007: 101). Motivated by the question of how to juxtapose "moral concerns when people disagree about what 'morality' means" (Graham et al., 2011: 366), moral foundations theory thus derives a conception of political ideology that differs substantially from the way it has been treated by management scholars thus far: It acknowledges that differences in ideological leanings are not exclusively about differing concerns for fairness (respectively equality) but also about the moral concerns that are more pronounced amongst conservative-leaning individuals—the binding foundations.

A Moral Foundations Perspective on CEO Political Ideology

Moral foundations theory builds on Haidt's (2001) social intuitionist approach to moral judgment, acknowledging that moral judgments first arise intuitively—that is, automatically and without conscious effort—and are only subsequently processed into an articulated moral argument, for example, when being defended against opposition. As such, the premises of moral foundations theory and its understanding of intuitive moral judgment align closely with the premises of upper echelons theory that CEOs' "bounded rationality, multiple and conflicting goals, myriad options, and varying aspiration levels all serve to limit the extent to which complex decisions can be made on a techno-economic basis," such that CEOs frequently rely on their intuitive judgments when making strategic decisions (Hambrick & Mason, 1984: 194).

Initially, this means that differences in liberal and conservative CEOs' sensitivity to individualizing and binding concerns, respectively, shape whether a situation will intuitively be considered morally relevant to them. A degradation of group symbols would, for example, be considered morally relevant particularly by more conservative CEOs and elicit a negative affective reaction, whereas their liberal-leaning counterparts would not experience strong moral intuitions toward the same situation (cf. Graham et al., 2012; Hofmann, Wisneski, Brandt, & Skitka, 2014). Likewise, CEOs' divergent moral sensitivities will also shape their preferences about the strategic choices to be made in a particular situation because one and the same choice can be considered more or less desirable depending on its (in)congruence

with the moral convictions associated with CEOs' ideological leaning. Hence, the moral foundations that liberal and conservative CEOs are sensitive to will serve as a filter in their perception of administrative situations and courses of action, predisposing them toward choices coherent with their moral foundations.

Yet, a moral foundations perspective on CEOs' political ideology is not only theoretically appealing because it provides a perspective on CEOs' decision-making that is holistically grounded in moral psychology. Taking this perspective also challenges the extant consensus on the characterization of liberal- and conservative-leaning CEOs along their endorsement of evenhanded outcomes and pro-social corporate practices: From a moral foundations perspective, liberal CEOs' stronger endorsement of specific strategic choices would be theoretically viable only if conservative CEOs' additional sensitivity to the binding foundations led them to oppose rather than endorse them.

To illustrate the novelty of adopting a moral foundations perspective on CEO political ideology and its importance for our theoretical understanding of liberal- and conservative-leaning CEOs' firm-level implications, we apply this logic to the very outcomes that gave rise to the current consensus on liberal-leaning CEOs placing greater moral value on evenhanded outcomes and pro-social corporate practices than their conservative-leaning peers. Across our theorizing, we thereby advance one central, overarching argument: From a moral foundations perspective, liberal- and conservative-leaning CEOs may differ much more in the reasons behind their decision-making than in their ultimate endorsement of evenhanded outcomes and pro-social corporate practices, suggesting U-shaped rather than linear manifestations. In other words, they should not differ so much from one another in their endorsement of such choices but from politically moderate or neutral CEOs who are less sensitive to liberals' and conservatives' preferred sets of moral foundations.

As we describe in more detail per outcome below, this U-shape unfolds incrementally as CEOs' sensitivity to the individualizing and binding foundations progresses with their stance on the liberal–conservative continuum: Highly liberal CEOs are most sensitive to individualizing concerns and should thus be particularly embracing of evenhanded outcomes and pro-social corporate practices due to their appeal to concerns for fairness and care. Moving from the left end of the liberal–conservative continuum toward the left half, CEOs exhibit a decreasing sensitivity to the individualizing foundations, whereas ideologically neutral concerns (e.g., pertaining to associated financial requirements) increasingly enter their decision-making and should thus exhibit a decreasingly pronounced inclination to foster these strategic choices. Moving from the left half of the liberal–conservative continuum toward its center, CEOs' sensitivity to liberals' and conservatives' preferred sets of moral foundations decreases further, such that moral concerns are least likely to serve as a dominant filter for strategic choices, unfolding in politically more moderate or neutral CEOs being more willing to accept uneven outcomes and forgo pro-social corporate practices. As CEOs lean more toward conservatism, their growing sensitivity to the binding foundations will increase their consideration of the implications of evenhanded outcomes and pro-social corporate practices for the unity and integrity of the company and its communities, increasingly superseding alternative considerations and amplifying these CEOs' inclination to foster such strategic choices. Finally, CEOs who lean even more strongly toward conservatism (i.e., moving from the right half of the liberal–conservative continuum toward the right end) will feature an even stronger sensitivity to the binding foundations, which further lowers their willingness to set aside

what they increasingly deem "sacred values" (Graham & Haidt, 2012: 22) in their decisions toward evenhanded outcomes and pro-social corporate practices.

As such, regardless of whether we observe CEOs deviating from the political center toward the left (i.e., liberalism) or right (i.e., conservatism), we expect to see a similar pattern in that liberals' and conservatives' increasing sensitivity to their preferred sets of moral foundations should guide them toward increasingly deeming evenhanded outcomes and pro-social corporate practices morally appealing, unfolding in U-shaped associations.

Hypotheses Development

CEO Political Ideology and the Endorsement of Evenhanded Outcomes

Grounded in liberals' endorsement of equality—the first dimension of the motivated cognition perspective (Jost et al., 2003)—a preference for egalitarianism and hence the endorsement of evenhanded outcomes stands among the most prevalent inclinations associated with more liberal rather than conservative CEOs (e.g., Chin & Semadeni, 2017; Gupta et al., 2018; Swigart et al., 2020). Yet, although moral foundations theory acknowledges liberals' sensitivity to fairness concerns, which can indeed be translated into an endorsement of egalitarianism (Graham et al., 2011; Weber & Federico, 2013), it challenges the conclusion that conservative CEOs will, in turn, oppose such decisions.

Specifically, from a moral foundations perspective, we expect liberal CEOs to endorse different (i.e., more evenhanded) outcomes than their more conservative counterparts only if conservatives' judgments triggered by their sensitivity to the binding foundations are inconsistent with, rather than supportive of, the egalitarian preferences evoked by the individualizing foundations. The question is hence whether conservative CEOs' sensitivity to the binding foundations—and thus to the well-being, cohesion, and unity of both socially close collectives like the TMT and broader ones like the organization as such (cf. Malka et al., 2016; Smith et al., 2014)—leads them to oppose or support the preference for evenhanded outcomes induced by the individualizing foundations. We discuss this question along the two central evenhanded outcomes associated with CEOs' political ideology (cf. Swigart et al., 2020): the horizontal pay dispersion in CEOs' top management team, for which previous work predicts greater evenhandedness amongst liberal-leaning CEOs "as these actions reflect a belief in egalitarianism" (Chin & Semadeni, 2017: 1609), and the dispersion of CEOs' resource allocation to business units, for which previous work likewise suggests greater evenhandedness in firms led by more liberal CEOs, reflecting these "CEOs' personal values regarding egalitarianism, as manifested in their political ideologies" (Gupta et al., 2018: 1848).

Evenhandedness in TMT pay. Acknowledging liberals' sensitivity to the individualizing foundations, a moral foundations perspective on CEOs' political ideology would concur with the notion that liberal CEOs prefer low levels of pay dispersion across their TMTs due to their sensitivity to fairness concerns (Graham et al., 2009). Yet, among all organizational members, fellow C-suite executives are CEOs' closest workplace peers, a central in-group that typically engages in "deep, frequent, and reciprocal exchanges" (Finkelstein, Hambrick, & Cannella, 2009; Hambrick, 1987; Lin & Rababah, 2014; Simsek, Heavey, & Fox, 2018: 289). It thus appears immanent that conservative CEOs' sensitivity to the binding foundations also plays a key role in their decisions pertaining to their TMT. This is important

because, while evenhanded pay among TMT members fosters collaboration and group cohesion, "high levels of pay dispersion among members of the CEO's top team will lead to lower levels of cohesion, more competitive behaviors, and less cooperation" due to negative social comparisons among team members (Ensley, Pearson, & Sardeshmukh, 2007; Fredrickson et al., 2010: 1038; Ridge, Hill, & Aime, 2017). Because such detrimental in-group dynamics stand in stark contrast to conservatives' desire "to promote order and cohesion" among their peers (Malka et al., 2016: 1243), conservative-leaning CEOs should support rather than oppose greater evenhandedness in their TMTs' pay arrangements.

As such, conservative CEOs' preferences along the binding foundations should align with the preferences along the individualizing foundations in that higher levels of either (or both) should lead CEOs to prefer greater evenhandedness in their TMTs' pay. From a moral foundations perspective, both liberal CEOs and conservative CEOs should thus be inclined to prefer lower pay dispersions in their TMTs. As described previously, politically moderate or neutral CEOs, however, are less sensitive to liberals' or conservatives' preferred foundations and thus less inclined to centrally integrate concerns for equality or group cohesion, respectively, in their decision-making. From a moral foundations perspective, and along the incremental logic described above, we therefore expect a U-shaped association between CEOs' political ideology and the evenhandedness in TMT pay:

> *Hypothesis 1a:* There is a U-shaped association between CEOs' political ideology and the evenhandedness in TMT pay, such that higher levels of both liberalism and conservatism are associated with increasingly higher levels of evenhandedness.

Evenhandedness in resource allocations to business units. A moral foundations perspective on the association between CEOs' political ideology and the evenhandedness of resources allocated to their firms' business units follows a similar logic. Given the weight of the individualizing foundations (and thus fairness concerns) in their judgment, liberal CEOs should indeed be inclined to prefer higher "degree[s] to which every unit receives the same capital allocation (relative to its size)" than their politically moderate peers, as argued by Gupta et al. (2018: 1849). Yet, as described above, conservative morality is centrally concerned with binding people into collectives and hence places particular value on honoring the structural integrity of existing systems and commitments toward them (Malka et al., 2016; Smith et al., 2014). From a moral foundations perspective, conservative CEOs' sensitivity to the binding foundations should thus not counteract the individualizing preference for evenhanded resource allocations to their firm's business units. Instead, because evenhanded resource allocations can contribute to structural unity and a spirit of community across the organization (Colquitt, 2001; Harris & Raviv, 1996; Rajan, Servaes, & Zingales, 2000), it should appeal also to conservative CEOs' sensitivity to the binding foundations.

As such, not only liberal-leaning CEOs should "favor it [a lower dispersion of resources allocated to business units] to maintain harmony" (Gupta et al., 2018: 1850), but so should their conservative-leaning counterparts. Given their decreasing emphasis on the moral priorities of liberals and conservatives, politically more moderate or neutral CEOs are less likely to strongly incorporate these concerns, such that, along the incremental logic described above, a moral foundations perspective also predicts a curvilinear association of CEOs' political ideology and the dispersion in resources allocated to their firms' business units:

Hypothesis 1b: There is a U-shaped association between CEOs' political ideology and the evenhandedness of resources allocated to business units, such that higher levels of both liberalism and conservatism are associated with increasingly higher levels of evenhandedness.

CEO Political Ideology and the Endorsement of Pro-Social Corporate Practices

The motivated cognition perspective not only paved the way for liberal-leaning CEOs being considered to favor evenhanded outcomes but also to be more pro-socially oriented and willing "to share responsibility for societal outcomes," reflected in their firms' CSR engagement, compared to their conservative-leaning counterparts (Chin et al., 2013; Gupta et al., 2019: 863; Swigart et al., 2020). CSR describes "actions that appear to further some social good, beyond the interests of the firm and that which is required by law" (McWilliams & Siegel, 2001: 117). Its voluntary nature makes it particularly prone to being affected by CEOs' idiosyncratic preferences in general (Wernicke, Sajko, & Boone, 2022), and its close relationship to organizations' purpose beyond profit renders it reflective of CEOs' moral preferences in particular (e.g., Chin et al., 2013; Gupta et al., 2019; Swigart et al., 2020). As such, moral foundations theory concurs with the argument of, for example, Chin et al. (2013) that liberal CEOs endorse a strong CSR engagement, as many CSR practices are related to, for example, caring for the environment or ensuring fair treatment of employees and thus align with their individualizing concerns. As mentioned before, however, conservative individuals are not insensitive to the individualizing foundations, such that it is imperative to consider the role of the binding foundations in their judgment—"virtues of loyalty, patriotism, and self-sacrifice," as well as a sense of duty toward one's communities (Graham et al., 2009: 1031).

Of course, there are certain CSR activities that are more aligned with individualizing rather than binding concerns. For example, a gender diversity initiative that might be evaluated positively from a fairness perspective but can be perceived as a threat to group cohesion for fostering relational challenges (cf. Thatcher & Patel, 2012) is unlikely to appeal to conservative-leaning CEOs' binding foundations. In such an instance, the moral impetuses of the individualizing and binding foundations diverge, which should unfold in divergent rather than convergent strategic choices among liberal- and conservative-leaning CEOs (we explore this example further in our post-hoc analysis).

While it is hence unlikely that *every* possible CSR engagement is equally appealing to liberal- and conservative-leaning CEOs, CSR encompasses a multitude of potential activities in domains such as a firm's employee relations, product quality, diversity, community relations, environment, or human rights (Chin et al., 2013; Gupta et al., 2019; Tang, Qian, Chen, & Shen, 2015). These dimensions are broad enough both within and between each other to grant avenues for appealing to both the individualizing and binding foundations. For example, liberal-leaning CEOs might be drawn toward efforts strengthening individuals' equal access to higher education or supporting disadvantaged minorities' integration at the workplace (i.e., CSR coherent with individualizing concerns such as fairness), while conservative-leaning CEOs might prefer strengthening the quality of education offered in a community or supporting veterans' integration at the workplace (i.e., CSR coherent with binding concerns such as loyalty; cf. Farmer, Kidwell, & Hardesty, 2020; Feinberg & Willer, 2015).

Similarly, NGOs benefiting from an organization's philanthropic donations or volunteering schemes often work toward the same cause from different political viewpoints that appeal to individualizing or binding concerns (Nilsson, Erlandsson, & Västfjäll, 2016; Winterich, Zhang, & Mittal, 2012; Yang & Liu, 2021). For example, both the Sierra Club and the American Conservation Coalition work toward environmental protection, yet the former appeals to more liberal and the latter to more conservative audiences by differentially emphasizing the need to preserve the environment for future generations (i.e., intergenerational fairness) or patriotic appeals to conserving the home country's sanctity (cf. Feinberg & Willer, 2013; Kidwell, Farmer, & Hardesty, 2013).

Supporting this notion, both liberal- and conservative-leaning consumers have been shown to react positively to CSR that resonates with their sensitivity to the individualizing and binding foundations, respectively (Baskentli, Sen, Du, & Bhattacharya, 2019). Moreover, while liberals indeed donate more to causes coherent with the individualizing foundations—such as child aid programs, framed as supporting marginalized or at-risk children—reframing the same cause or charity (e.g., via its intersection with patriotism, sanctity, and loyalty) to appeal to conservatives' binding foundations reverses this effect (Kidwell et al., 2013; Winterich et al., 2012; Wolsko, Ariceaga, & Seiden, 2016). Indeed, across five studies, Farmer et al. (2020) found that liberals and conservatives, on average, donate similar amounts of money to charities. There is hence considerable evidence that liberals and conservatives are equally appreciative of and willing to engage in pro-social practices in line with their differential sensitivity to the moral foundations underlying their political ideologies.

A moral foundations perspective on CEOs' political ideology is hence inconsistent with the conclusion that liberal but not conservative CEOs will "believe that firms should care more about societal needs," unfolding in a linear effect of CEO liberalism on CSR (Chin et al., 2013: 204). Rather, along the incremental logic described previously, it predicts a U-shaped association because CEOs' decision-making should be increasingly shaped by their moral convictions, the stronger their leaning toward either end of the liberal–conservative continuum: Highly liberal CEOs should foster CSR to enhance social justice and remedy societal inequalities due to their heightened sensitivity to the individualizing foundations. CEOs closer to the political center consider CSR decreasingly imperative given their lower relative sensitivity to the individualizing or binding foundations. As CEOs lean more toward conservatism, in contrast, their "sense of duty" toward helping and giving back to their communities, rooted in their increasing sensitivity to the binding foundations (cf. Kidwell et al., 2013: 351), should increasingly gain significance and, at the right end of the political spectrum, become most essential to their decision-making (Graham & Haidt, 2012). We therefore posit:

Hypothesis 2: There is a U-shaped association between CEOs' political ideology and firm-level CSR, such that higher levels of both liberalism and conservatism are associated with increasingly higher CSR scores.

Methodology

Sample Selection

To test our hypotheses, we constructed a panel dataset of S&P 1500 CEOs in the fiscal years 1996 to 2021. Within this timeframe, we follow prior literature and included newly

appointed CEOs who commenced their tenure prior to 2020 (cf. Chin & Semadeni, 2017; Chin et al., 2013), which allows us to exclude short-term CEOs and to establish temporal precedence of our dependent variables (Chen, Luo, Tang, & Tong, 2015; Graffin, Hubbard, Christensen, & Lee, 2020). We then excluded co-CEOs and CEOs of financial (SIC industries 60 to 69) and utility (SIC industry 49) firms that "are highly regulated and fundamentally different from other firms" (Yi, Zhang, & Windsor, 2020: 1514) because they "are not only subject to differences in their regulatory environments that limit discretion of these firms' CEO over outlays such as CSR but also their results are not comparable with those of other industries based on differences in accounting criteria" (Petrenko et al., 2016: 267; the same applies to resource allocations beyond CSR, cf. Durnev, Morck, Yeung, & Zarowin, 2003). Our final sample thus comprises 1,611 CEO–firm combinations contributing 8,968 observations across 1,084 firms. We obtained financial information from COMPUSTAT, segment information from COMPUSTAT Historical Segments, and executive information from ExecuComp. CSR information was gathered from MSCI (formerly KLD), stock market information from CRSP, ownership information from Thomson-Reuters 13(F), governance information from the Institutional Shareholder Services (ISS), analyst information from I/B/E/S, and CEOs' political ideology from Christensen, Dhaliwal, Boivie, and Graffin (2015) and Graffin et al. (2020). We provide in-depth, technical information on the operationalization of the variables in our study in Online Appendix A.

Dependent Variables

Evenhandedness in TMT pay. In line with prior research, we capture TMT pay evenhandedness via the reverse-coded (multiplied by −1) coefficient of variation of the total compensation across non-CEO named executive officers (NEOs; Chin & Semadeni, 2017; Fredrickson et al., 2010; Krause, Roh, & Whitler, 2022; Siegel & Hambrick, 2005). Specifically, *evenhandedness in TMT pay* is the standard deviation of non-CEO NEOs' total compensation divided by the average total compensation of non-CEO NEOs, multiplied by 100 to ease illustration. In line with Chin and Semadeni (2017: 1615), total compensation is captured via ExecuComp's *total_sec* variable (available from 2006), comprising executives' "salary, bonus, the value of stock awards, the value of option awards, nonequity incentive, change in pension value and nonqualified deferred compensation earnings, and all other compensation." We also report results using executives' total current compensation (i.e., executives' salary and bonus) that is available across our entire sampling period, excludes one-off payments (e.g., relocation or severance payments), and is subject to greater discretion of the CEO (Chin & Semadeni, 2017).[3] Due to the introduction of the Tax Cuts and Jobs Act (TCJA) in 2017,[4] we capture evenhandedness in TMT pay until 2016. Regressions of evenhandedness in total current TMT pay thus cover 1,375 CEO–firm combinations (7,682 observations), and regressions of evenhandedness in total TMT pay cover 545 CEO–firm combinations (2,431 observations).

Evenhandedness in resource allocation to business units. Following Gupta et al. (2018), we measured *evenhandedness in resource allocation to business units* as the coefficient of variation of the capital allocation (i.e., business segment capital expenditures relative to segment assets) to business segments. This measure acknowledges that "the subunits of

multibusiness firms are not self-financed, but instead receive their funds from their parent corporations" and the parent company's "CEO is almost always involved in such deliberations" (Gupta et al., 2018: 1850). Such capital allocation decisions are hence a directly observable measure of evenhandedness in resource allocation to business units that is crucial to segments' livelihood. Specifically, this variable is operationalized as the standard deviation of capital allocation to business segments divided by the average capital allocation to business segments. We reverse-coded (multiplied by −1) this measure as well, such that higher values reflect greater evenhandedness (Gupta et al., 2018). Because this variable is only available for firms with at least two business segments (Gupta et al., 2018), we run corresponding analyses using a subset of 463 CEO–firm combinations (2,575 observations).[5]

Corporate social responsibility. Drawing from the MSCI database (formerly KLD), we rely on the same six dimensions as employed by Chin et al. (2013) to capture a firm's annual CSR profile: product quality, employee relations, diversity, community relations, environment, and human rights. Each of these dimensions encompasses a firm's assessment along various items of corresponding CSR strengths and weaknesses, with each of these items, in turn, obtaining a value of one or zero depending on whether or not a firm satisfied MSCI's underlying criteria for strong (or weak) conditions (Mattingly & Berman, 2006; Tang et al., 2015).

In contrast to Chin et al. (2013), however, we do not use a firm's *net* CSR score (i.e., CSR strengths minus CSR weaknesses) to capture corporate social responsibility but follow the calls of recent work to focus solely on a firm's CSR strengths instead (e.g., Flammer & Ioannou, 2021; Shin, Lee, & Bansal, 2022; Wang, Lin, Jiang, Yang, & Zhao, 2023). In line with the temporal availability of these dimensions in the MSCI database, we run our regressions of firms' CSR throughout the years 2001–2013, yielding 688 CEO–firm combinations (3,261 observations).

Independent Variable: CEO Political Ideology

We measure CEO political ideology by observing a CEO's relative donations to Republicans and Democrats as "the standard technique for capturing the political ideologies of individual executives" (Wowak & Busenbark, 2024: 1395). Specifically, our measure is obtained from Christensen et al. (2015) and Graffin et al. (2020), who matched individuals' personal political contributions from the FEC database with ExecuComp CEOs based on the donor's name, employer, and job title, and manually inspected all automated hits to eliminate false positives. For each election cycle, Christensen et al. (2015) then computed the value of a CEO's personal contributions to the Democratic Party minus the value of his or her personal contributions to the Republican Party relative to the sum of the contributions to either party and averaged this value across all election cycles as a measure of CEO liberalism. This variable hence ranges from values of +1 to values of −1, whereby values closer to +1 (−1) indicate a more liberal (conservative) ideological leaning (Christensen et al., 2015; Graffin et al., 2020). As such, this operationalization is unaffected by the mere magnitude of CEOs' political contributions (which could be biased by CEOs' wealth) and in line with the notion that, in contrast to corporations contributing to political actors for opportunistic reasons, "individuals give because they are ideologically motivated" (Ansolabehere, de Figueiredo, &

Snyder, 2003: 117-118; Francia, Green, Herrnson, Wilcox, & Powell, 2003). Moreover, averaging the relative donations across a CEO's tenure acknowledges political ideology as "the most stable and influential political predisposition in the belief systems of ordinary citizens" (Goren, Federico, & Kittilson, 2009: 805) that "endure[s] through life" (Green, Palmquist, & Schickler, 2002; Gupta et al., 2019: 862).

Of the 1,611 CEOs in our sample, 144 (8.9%) are strongly liberal (*CEO liberalism* = 1) and 405 (25.1%) are strongly conservative (*CEO liberalism* = −1). Because CEOs' political ideology score is, by design, limited to values between −1 and +1, and because both values are thus neither uncommon nor theoretically questionable, they do not constitute outliers in our regressions (Osborne & Overbay, 2004) and would not be changed when applying conventional winsorization thresholds.

Following Bermiss and McDonald (2018: 2191) and Chin et al. (2013), we coded instances of unobserved CEO contributions to either party "as an explicit choice not to contribute to political causes rather than as 'missing values,'" that is, a neutral political ideology with a value of zero. To capture the potential bias introduced by this approximation technique, we added an indicator variable *no contribution* to our analyses (Benner & Ranganathan, 2012; Chen, Hambrick, & Pollock, 2008). Our inferences remain substantively unchanged when excluding these cases instead.[6]

Control Variables

For consistency and comparability, we include a comprehensive control vector following prior literature on the effect of CEOs' political ideology on evenhandedness in TMT pay, resource allocations to business units, and CSR (e.g., Chin & Semadeni, 2017; Chin et al., 2013; Gupta et al., 2018). First, we controlled for company-specific factors, including the *pre-CEO condition* of each dependent variable (observed in the fiscal year prior to a CEO entering office; Chin et al., 2013; Hambrick & Quigley, 2014), *firm size* (natural logarithm of firm sales), and the natural logarithm of *firm age* (based on internet searches). *Firm performance* (industry-adjusted *return on assets [ROA]* and industry-adjusted *market-to-book [MTB]* value of common equity) and *leverage* (long-term debt to total assets) were included to capture a firm's financial conditions and performance expectations (Chin & Semadeni, 2017; Chin et al., 2013; Gupta et al., 2018). *Diversification* (Jacquemin and Berry's [1979] entropy measure) and *firm status* (Shen, Tang, & Chen, 2014) were included due to their relevance for resource allocations and broader stakeholder expectations (Chin & Semadeni, 2017; Fredrickson et al., 2010; Gupta et al., 2018) and *board independence* (proportion of independent directors) and *institutional blockholding* (proportion of shares held by the largest institutional blockowner) serve as controls for governance and ownership conditions (Chin et al., 2013; Crossland, Zyung, Hiller, & Hambrick, 2014; Gupta et al., 2018).

Second, we controlled for CEO-specific factors by including CEO gender (a dummy variable equal to one for *male CEOs*), *age* (in years), and *tenure* (in years) (Chin et al., 2013; Gupta et al., 2018; Kish-Gephart & Campbell, 2015). *CEO generalism* (a composite measure of CEOs' time spent in other companies and industries based on comprehensive dossiers on their career tracks encompassing SEC filings, Bloomberg Executive Profiles, LinkedIn profiles, and web searches; Mueller, Georgakakis, Greve, Peck, & Ruigrok, 2021) serves as a proxy to control for prior career experiences. Moreover, we controlled for *CEO stock*

ownership (the proportion of outstanding company shares owned by a CEO, excluding his or her stock options, multiplied by 100; Crossland et al., 2014; Gupta et al., 2018) and *CEO duality* (with a value of one indicating that a CEO also served as board chair in a respective year) as indicators for CEO power (e.g., Chin & Semadeni, 2017; Chin et al., 2013; Finkelstein, 1992) and incorporated *CEO incentive compensation* (the Black-Scholes value of stock option grants plus long-term incentive payouts and the total value of stock option grants in relation to total compensation; Harrison, Thurgood, Boivie, & Pfarrer, 2020) to control for economic incentives towards long-term-oriented decision-making. Moreover, we include *predecessor CEO liberalism* as a (noisy) control for firm-specific tendencies designating a CEO's ideological leaning.

Finally, we include year dummies to capture time trends, industry dummies to capture time-invariant industry effects, and year × industry dummies to capture time-variant industry trends.[7]

Empirical Strategy

Consistent with prior literature on the firm-level ramifications of CEO political ideology (e.g., Chin et al., 2013; Gupta et al., 2018, 2019), we used generalized estimating equations (GEE) deriving maximum likelihood estimates to test our hypotheses. Since "the GEE model controls for unobserved differences across firms while also accounting for inter-temporal correlation among model variables" (Gupta et al., 2019: 871; Liang & Zeger, 1986), it is particularly suited to accommodate both the panel format of our data with multiple observations for each firm over time and the temporal stability of our main independent variable *CEO liberalism*. We specified a Gaussian distribution of our dependent variable, an identity link function, an exchangeable correlation structure, and robust variance estimators (Huber, 1967; White, 1980) in all models with continuous dependent variables and a negative binomial distribution and a log link function in the models estimating corporate social responsibility accounting for the count nature and potential overdispersion of this variable (e.g., Becker, Robertson, & Vandenberg, 2019; Chatterjee & Hambrick, 2007; Hardin & Hilbe, 2013).[8]

Results

Table 1 offers descriptive statistics and pairwise correlations for the variables used in our analyses. In Table 2, we report our regression results for the effect of CEO political ideology on the evenhandedness in horizontal TMT pay, the evenhandedness in resource allocations to business units, and CSR, with the first model of each dependent variable displaying controls-only results. To further scrutinize our hypothesized quadratic associations (i.e., beyond the significance of the regression coefficients of the squared term of CEOs' ideological leaning), we follow Haans, Pieters, and He (2016) and, for each U-shaped association, report the turning point and its confidence intervals, marginal effects (cf. Busenbark, Graffin, Campbell, & Lee, 2022) indicating the significance of the slopes at either end of the curve (Haans et al., 2016; Xu, Yang, Liu, Newbert, & Boal, 2023), and Lind and Mehlum's (2010) overall test of the presence of a U-shaped relationship. Additional robustness checks following Haans et al. (2016) are reported in the robustness check section. Figure 1 presents our results graphically

Table 1
Descriptive Statistics and Pairwise Correlations

	Variables	Mean	*SD*	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
1	Evenhandedness in TMT pay (total compensation)	−29.45	19.13																						
2	Evenhandedness in TMT pay (current compensation)	−20.67	14.67	0.52																					
3	Evenhandedness in resource allocation to business units	−0.79	0.37	−0.03	0.00																				
4	Corporate social responsibility	2.39	3.13	0.08	0.05	0.02																			
5	Firm size (ln)	7.90	1.47	0.00	−0.04	0.03	0.59																		
6	Firm age (ln)	4.11	0.67	0.04	0.04	0.08	0.24	0.40																	
7	Firm performance (ROA)	0.06	0.12	0.06	0.04	0.04	0.14	0.09	0.02																
8	Firm performance (MTB)	1.28	5.39	0.02	−0.01	−0.04	0.05	0.06	0.03	0.09															
9	Leverage	0.19	0.15	−0.06	−0.05	0.01	0.04	0.19	0.21	−0.11	0.07														
10	Diversification	0.50	0.52	0.04	0.02	0.03	0.11	0.19	0.21	0.04	−0.03	0.07													
11	Firm status	0.05	0.50	0.00	−0.01	0.00	0.00	−0.05	−0.31	0.05	0.10	−0.14	−0.17												
12	Board independence	0.84	0.09	0.15	0.19	0.02	0.14	0.20	0.25	0.05	0.02	0.12	0.14	−0.09											
13	Institutional blockholding	0.10	0.05	−0.03	0.00	−0.02	−0.19	−0.19	−0.06	−0.07	0.01	0.05	−0.03	−0.09	−0.02										
14	Male CEO	0.96	0.19	−0.03	−0.02	0.02	−0.10	−0.02	−0.03	0.04	0.00	0.01	0.02	0.02	−0.05	−0.01									
15	CEO age	54.24	5.90	−0.02	−0.01	−0.02	0.10	0.20	0.23	0.01	−0.03	0.08	0.11	−0.14	0.15	−0.03	0.02								
16	CEO tenure	3.25	3.09	−0.01	0.04	−0.03	0.09	0.15	0.12	0.06	−0.01	0.05	0.02	−0.02	0.14	−0.03	0.03	0.31							
17	CEO generalism	0.55	0.51	−0.02	−0.01	−0.03	−0.17	−0.19	−0.18	−0.08	0.00	0.02	−0.10	0.08	0.03	0.08	−0.02	−0.10	−0.08						
18	CEO stock ownership	0.64	2.67	−0.06	−0.08	−0.04	−0.10	−0.10	−0.04	0.00	−0.02	−0.02	−0.01	−0.02	−0.13	0.01	0.01	0.02	0.10	−0.06					
19	CEO duality	0.45	0.50	0.04	0.04	0.03	0.22	0.32	0.29	0.11	0.02	0.08	0.08	−0.08	0.23	−0.10	0.00	0.22	0.26	−0.13	0.05				
20	CEO incentive compensation	0.69	0.24	0.06	0.09	0.02	0.24	0.30	0.09	0.09	0.07	0.07	0.07	0.10	0.21	−0.06	−0.03	0.05	0.17	0.06	−0.15	0.06			
21	No contributions	0.31	0.46	0.04	0.05	0.00	−0.17	−0.28	−0.10	−0.04	−0.04	−0.10	−0.05	−0.01	0.00	0.09	−0.05	−0.04	−0.15	0.09	−0.05	−0.19	−0.05		
22	Predecessor CEO liberalism	−0.29	0.61	0.01	−0.04	−0.06	−0.01	−0.07	−0.19	−0.02	0.00	−0.02	−0.02	0.02	−0.05	0.06	−0.03	−0.07	−0.05	0.11	−0.02	−0.12	0.01	0.04	
23	CEO liberalism	−0.25	0.63	0.00	−0.01	−0.02	−0.02	−0.08	−0.14	0.02	0.02	−0.02	−0.03	0.02	−0.02	0.06	−0.09	−0.08	−0.07	0.09	−0.08	−0.11	0.01	0.26	0.22

Table 2
CEO Political Ideology and Its Quadratic Effects on Organizational Outcomes

	Evenhandedness in TMT pay				Evenhandedness in resource allocation to business units		Corporate social responsibility	
	Total compensation		Current compensation					
Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Pre-CEO condition	0.079	0.076	0.125	0.123	0.356	0.353	0.170	0.169
	(0.002)	(0.003)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Firm size (ln)	−0.353	−0.404	−1.082	−0.986	0.007	0.011	0.371	0.379
	(0.450)	(0.388)	(0.000)	(0.000)	(0.488)	(0.291)	(0.000)	(0.000)
Firm age (ln)	2.169	2.197	0.585	0.569	−0.008	−0.012	0.137	0.145
	(0.038)	(0.036)	(0.230)	(0.245)	(0.722)	(0.611)	(0.033)	(0.026)
Firm performance (ROA)	0.041	−0.203	1.992	2.027	0.143	0.148	0.328	0.323
	(0.994)	(0.969)	(0.317)	(0.307)	(0.165)	(0.149)	(0.226)	(0.234)
Firm performance (MTB)	0.081	0.078	0.007	0.007	−0.003	−0.003	0.000	0.001
	(0.126)	(0.136)	(0.833)	(0.822)	(0.000)	(0.001)	(0.893)	(0.833)
Leverage	−6.832	−6.884	−1.623	−1.613	−0.072	−0.068	−0.163	−0.151
	(0.064)	(0.062)	(0.374)	(0.373)	(0.366)	(0.392)	(0.394)	(0.432)
Diversification	1.143	1.188	0.550	0.554	0.026	0.026	0.040	0.036
	(0.303)	(0.287)	(0.254)	(0.250)	(0.298)	(0.285)	(0.360)	(0.405)
Firm status	−0.277	−0.264	0.344	0.348	0.039	0.039	0.346	0.349
	(0.821)	(0.829)	(0.488)	(0.482)	(0.064)	(0.069)	(0.000)	(0.000)
Board independence	19.149	19.003	20.577	20.463	0.095	0.091	−0.263	−0.290
	(0.004)	(0.004)	(0.000)	(0.000)	(0.468)	(0.486)	(0.372)	(0.326)
Institutional blockholding	−7.084	−7.259	−1.463	−1.460	0.003	0.022	−0.028	−0.036
	(0.399)	(0.388)	(0.763)	(0.763)	(0.990)	(0.918)	(0.958)	(0.947)
Male CEO	−0.968	−0.824	−0.111	−0.087	−0.002	−0.008	−0.097	−0.078
	(0.632)	(0.692)	(0.940)	(0.953)	(0.969)	(0.890)	(0.458)	(0.563)
CEO age	−0.204	−0.191	−0.137	−0.142	0.002	0.002	0.003	0.002
	(0.059)	(0.073)	(0.011)	(0.008)	(0.349)	(0.378)	(0.604)	(0.677)
CEO tenure	0.165	0.152	0.108	0.117	−0.006	−0.006	0.058	0.062
	(0.639)	(0.673)	(0.261)	(0.227)	(0.102)	(0.127)	(0.000)	(0.000)

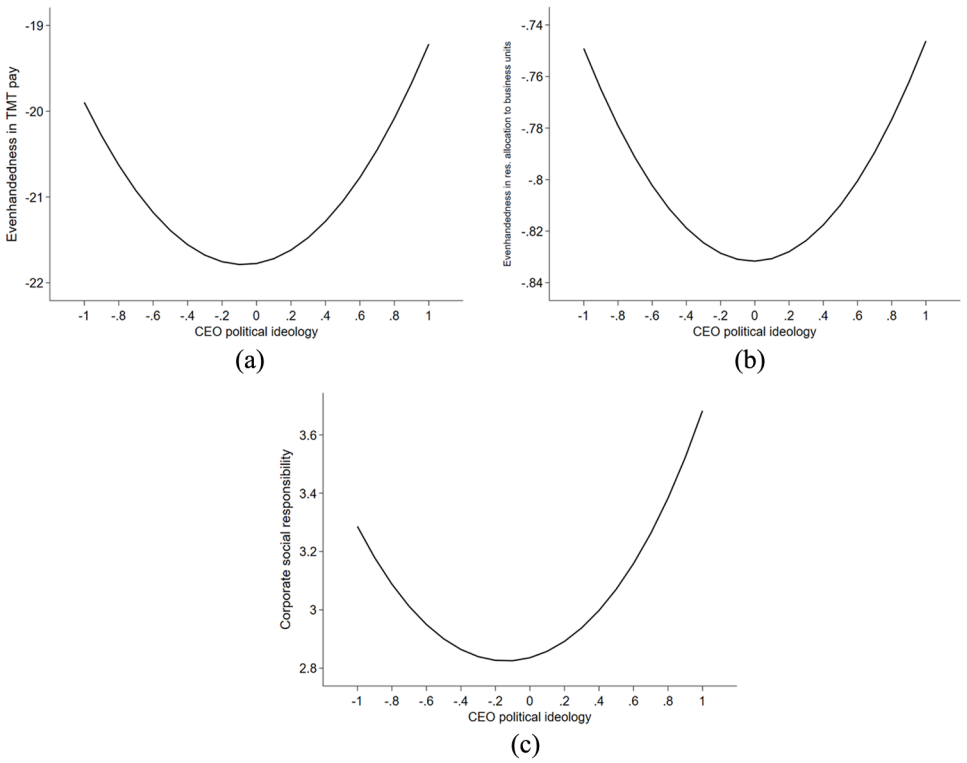
(continued)

Table 2 (continued)

	Evenhandedness in TMT pay				Evenhandedness in resource allocation to business units		Corporate social responsibility	
	Total compensation		Current compensation					
Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
CEO generalism	−1.708	−1.822	−0.785	−0.703	0.018	0.024	0.038	0.043
	(0.158)	(0.133)	(0.150)	(0.193)	(0.399)	(0.267)	(0.522)	(0.469)
CEO stock ownership	0.023	0.030	−0.289	−0.290	−0.006	−0.006	0.005	0.005
	(0.839)	(0.788)	(0.015)	(0.014)	(0.278)	(0.296)	(0.710)	(0.714)
CEO duality	1.436	1.427	0.871	0.919	0.007	0.007	0.050	0.061
	(0.214)	(0.218)	(0.114)	(0.095)	(0.743)	(0.752)	(0.333)	(0.247)
CEO incentive compensation	2.014	1.973	0.161	0.121	0.024	0.022	0.177	0.172
	(0.483)	(0.493)	(0.854)	(0.890)	(0.571)	(0.602)	(0.018)	(0.021)
No contributions	0.429	0.151	0.358	1.868	−0.057	−0.000	0.025	0.160
	(0.718)	(0.938)	(0.540)	(0.041)	(0.018)	(0.991)	(0.748)	(0.087)
Predecessor CEO liberalism	1.557	1.395	−0.429	−0.494	−0.029	−0.026	0.076	0.070
	(0.128)	(0.175)	(0.347)	(0.285)	(0.172)	(0.224)	(0.113)	(0.155)
CEO liberalism		1.212		0.340		0.001		0.057
		(0.159)		(0.410)		(0.951)		(0.293)
CEO liberalism^2		**0.132**		**2.218**		**0.084**		**0.204**
		(0.949)		**(0.011)**		**(0.040)**		**(0.016)**
Constant	−34.226	−34.431	−16.411	−18.438	−0.999	−1.098	−3.408	−3.599
	(0.000)	(0.000)	(0.002)	(0.001)	(0.000)	(0.000)	(0.000)	(0.000)
Industry dummies	yes	yes	yes	yes	yes	yes	yes	yes
Year dummies	yes	yes	yes	yes	yes	yes	yes	yes
Year × industry dummies	yes	yes	yes	yes	yes	yes	yes	yes
Observations	2,431	2,431	7,682	7,682	2,575	2,575	3,261	3,261
CEO–firm combinations	545	545	1,375	1,375	463	463	688	688
Pseudo R^2	0.07	0.07	0.11	0.11	0.21	0.22	0.64	0.64

Note. Exact *p*-values in parentheses.

Figure 1
Marginal Plots of the Quadratic Effects of CEOs' Political Ideology



in marginal plots. We report regressions of potential linear effects of CEO political ideology on our dependent variables in Online Appendix B.

CEOs' Political Ideology and Evenhanded Outcomes

In Hypothesis 1a, we predict a U-shaped association between CEOs' political ideology and horizontal pay equality in their TMTs. We present corresponding regression results in Models (1)–(4) of Table 2, with Models (1) and (2) illustrating regressions of TMTs' total compensation (including various long-term or one-off compensation components) and Models (3) and (4) illustrating regressions of TMTs' total current compensation (focusing on TMT members' salary and bonus). In line with our hypothesis, we observe a positive and significant coefficient for the squared term of *CEO liberalism* in the regression of the evenhandedness of a TMT's total current compensation in Model (4) of Table 2 (β=2.218; p=.011).

While this result suggests fulfillment of the necessary condition for the existence of a U-shaped association, Haans et al. (2016) suggest the assessment of two additional, sufficient

conditions. Accordingly, we first assess whether the turning point of this U-shape is located within the range of our independent variable [−1; 1] and find it to be located almost exactly at a neutral ideological leaning (*CEO liberalism* = −0.077) according to the formula provided by Haans et al. (2016). Moreover, the confidence interval of the turning point [−0.32; 0.09] not only falls within the range of our independent variable as well (Fieller, 1954), but it also includes zero and is thus in line with our theorizing around a turning point at the conceptual midpoint of the liberal–conservative continuum ($\alpha = .10$). Second, we follow Haans et al. (2016) and probe the significance of the slope of the U-shape at each end of the *CEO liberalism* variable by assessing the marginal effects (*dy/dx*) of CEO liberalism at different stances along the liberal–conservative continuum (cf. Busenbark, Semadeni, Arrfelt, & Withers, 2022). In Model (2) of Table 3, we find that slopes at both ends of the curve are highly significant—negative in direction for conservative-leaning CEOs (*dy/dx* = −4.097; $p = 0.019$) and positive in direction for liberal-leaning CEOs (*dy/dx* = 4.776; $p = 0.010$)—providing comprehensive additional support for the presence of a U-shaped association (Haans et al., 2016). We also employed Lind and Mehlum's (2010) overall test of the presence of a U-shaped relationship (Stata command: *utest*; Eddleston, Sieger, Chirico, & Baù, 2026; Tang, 2025). Although the results of this test should be interpreted with caution if, for example, turning points lie outside the range of the independent variable, it reinforces the results of the separate assessments mentioned above ($p = .009$).

With regard to the evenhandedness in TMTs' total compensation, we likewise find a positive yet insignificant coefficient for *CEO liberalism*^{2} in Model (2) of Table 2 ($\beta = 0.132$; $p = .949$). In line with this insignificant squared term, the slopes of CEO liberalism in Model (1) of Table 3 remain statistically insignificant, possibly indicating that the U-shaped association between CEOs' political ideology and the evenhandedness in their TMTs' horizontal pay is particularly pronounced in routine payments such as TMT members' salaries and bonuses. We graphically illustrate the significant association between CEOs' political ideology and the evenhandedness in TMTs' total current compensation in Figure 1(a). Practically speaking, the evenhandedness in a TMT's current compensation is more than 11% (8%) higher under the average CEO with a liberal (conservative) ideological leaning compared to the average CEO with a neutral ideological leaning.

Hypothesis 1b puts forth a U-shaped association between CEOs' political ideology and the evenhandedness in their firms' resource allocation to business units. In support of this hypothesis, we find a positive and significant coefficient of *CEO liberalism*^{2} in Model (6) of Table 2 ($\beta = 0.084$; $p = .040$). As indicated in Figure 1(b), the turning point of the corresponding curve (−0.009) is again close to the midpoint of the liberal–conservative continuum that we theorize about, with a confidence interval [−0.28; 0.54] within the variable's range. Moreover, corresponding marginal effects in Model (3) of Table 3 turn from negative and significant for highly conservative CEOs (*dy/dx* = −0.167; $p = 0.032$) to positive and marginally significant for highly liberal CEOs (*dy/dx* = 0.169; $p = 0.064$), providing additional support for Hypothesis 1b (cf. Haans et al., 2016). Lind and Mehlum's (2010) overall test for the presence of a U-shape substantiates these findings ($p = .032$). In practical terms, our results indicate that, compared to a CEO with a neutral ideological leaning, the resource allocation of a CEO who leans liberal (conservative) is about 8% (9%) more evenhanded.

Table 3
Marginal Effects of CEO Liberalism for Different Values of Itself

	Evenhandedness in TMT pay		Evenhandedness in resource allocation to business units	Corporate social responsibility
	Total compensation	Current compensation		
CEO liberalism	(1)	(2)	(3)	(4)
−1.0	0.948	−4.097	−0.167	−1.156
	(0.818)	(0.019)	(0.032)	(0.043)
−0.5	1.080	−1.879	−0.083	−0.555
	(0.614)	(0.042)	(0.042)	(0.051)
0.0	1.212	0.340	0.001	0.162
	(0.159)	(0.410)	(0.951)	(0.293)
0.5	1.344	2.558	0.085	0.802
	(0.564)	(0.011)	(0.107)	(0.028)
1.0	1.476	4.776	0.169	1.715
	(0.732)	(0.010)	(0.064)	(0.047)

Note. Exact *p*-values in parentheses.

CEOs' Political Ideology and Pro-Social Corporate Practices

Hypothesis 2 predicts a U-shaped association between CEO political ideology and CSR. In support of this hypothesis, Model (8) of Table 2 shows a positive and significant coefficient of the squared term of *CEO liberalism* ($\beta = 0.204$; $p = .016$). Following Haans et al. (2016) and as illustrated in Figure 1(c), we find that the turning point of the U-shaped association is again at a meaningful level of CEOs' ideological leaning (0.140), and its confidence interval falls within the range of the independent variable [−0.45; 0.12].[9] Providing additional support for a U-shaped association (cf. Haans et al., 2016), Model (4) of Table 3 shows that the marginal effect of CEOs' political ideology on CSR is positive and significant ($dy/dx = 1.715$; $p = .047$) at the left end of the liberal–conservative continuum (i.e., for liberal CEOs) and negative and significant ($dy/dx = -1.156$; $p = 0.043$) at the right end of the liberal–conservative continuum (i.e., for conservative CEOs). Lind and Mehlum's (2010) *utest* provides additional support for the presence of a U-shape ($p = .014$).

Robustness Checks and Supplementary Analyses

Beyond the assessment of marginal effects as well as the curves' steepness and turning points, we ran several robustness checks and additional analyses to assess the validity of our results. Specifically, in line with Haans et al. (2016), we re-ran our analyses including cubed values of CEOs' political ideology (i.e., *CEO liberalism*^{3}) to rule out the possibility that the relationship between CEOs' political ideology and our independent variables is S-shaped rather than U-shaped. None of the coefficients were statistically significant, suggesting that the associations we observe are indeed U-shaped rather than S-shaped (Haans et al., 2016). Moreover, our results remain consistent when using the absolute difference of our independent variable from its conceptual turning point (i.e., the absolute value of *CEO liberalism*, in our case) as our independent variable, further substantiating our theorizing.[10]

Prior research has shown that endogeneity can pose a considerable threat to the validity of inferences in strategy research (Semadeni, Withers, & Certo, 2014). Yet, two theoretical conjunctures at least partially ease potential endogeneity concerns in our analyses. First, endogeneity is a property of a given model and error structure, not a fixed property of an independent variable (Bascle, 2008; Semadeni et al., 2014). While insights from different contexts or dependent variables are thus not generalizable to ours, prior literature likewise relying on S&P samples found that the base term of CEOs' political ideology was exogenous in its impact on our dependent constructs already (e.g., Chin & Semadeni, 2017; Chin et al., 2013; Gupta et al., 2018, 2019). Second, we test quadratic associations—that is, interactions between a variable and itself—and Bun and Harrison (2019: 823) emphasized that "endogeneity bias can be reduced to zero … as far as the interaction term is concerned." The finding that endogeneity does *not* pose reasonable threats to the validity of interaction coefficients even led scholars to consider empirical assessments of endogeneity concerns pertaining to interaction terms as possibly "superfluous in these scenarios" (Busenbark, Yoon, Gamache, & Withers, 2022: 25).

Nevertheless, to confirm that the above is also true empirically in our study, we assessed the robustness of our inferences to replacement (RIR; Busenbark, Yoon, et al., 2022; Frank et al., 2021). As noted by Busenbark, Yoon, et al. (2022: 23), "the RIR provides insight into the percentage of a parameter estimate that would need to be biased in order to invalidate causal inference." As such, the RIR is similar to the impact threshold of a confounding variable (ITCV; Frank, 2000) in that it "is concerned with omitted variables [i.e., the root cause of endogeneity; Bascle, 2008] that may shift estimated relationships" and can be applied in situations in which the ITCV cannot be applied—such as for interactions (Busenbark, Yoon, et al., 2022: 23). Further supporting a low likelihood of endogeneity bias, these analyses reveal that at least 35.09% of the squared term's estimate in the regression of evenhandedness in current TMT pay, 20.02% of the squared term's estimate in the regression of evenhandedness in resource allocation to business units, and 31.53% of the squared term's estimate in the regression of corporate social responsibility would have to be bias-driven to overturn causal inferences.

Moreover, we conducted Durbin-Wu-Hausman tests to further verify that endogeneity indeed does not bias our results (Hill, Johnson, Greco, O'Boyle, & Walter, 2021; Semadeni et al., 2014). Reliably testing for the various potential sources of endogeneity (cf. Hill et al., 2021)—for example, possible selection effects if, contrary to Chin et al.'s (2013) suggestions, firms hire for the outcomes associated with CEOs' political leaning after all (see also Briscoe, Chin, & Hambrick, 2014)—generally requires an instrumental variable that is strongly associated with the independent variable and unrelated (i.e., exogenous) to the error terms of the main regressions (Bascle, 2008; Semadeni et al., 2014). When "dealing with endogeneity for a quadratic relationship," however, "researchers … are at risk of running a particular form of 'forbidden regression'" (Angrist & Pischke, 2009; Haans et al., 2016: 1183; Wooldridge, 2002), such that we require additional instruments for both *CEO liberalism* and *CEO liberalism*^{2} in the first stage. Correspondingly, we utilize distinct sets of instruments for each dependent variable, including *CEOs' company experience* (in years), *generalism*, *predecessor CEO liberalism*, and a firm's *headquarter state liberalism* (the percentage of votes for the Democratic party in the last presidential election in a firm's headquarters state) and *polarization* (the absolute difference between the percentage of votes for the Democratic party in the last presidential election in a

firm's headquarters state and 50%), as well as their lower-order polynomials (Galvao, Montes–Rojas, Olmo, & Song, 2018) and interactions thereof as instrumental variables (see Bun & Harrison, 2019, for a detailed explanation of the underlying rationale). We find that these instruments are strongly associated with CEO liberalism and its squared term, exhibiting *F*-statistics well above the critical values for strong instrumental variables (Stock & Yogo, 2005), and exogenous according to corresponding Hansen (1982) *J*-tests. Using these instrumental variables, we then performed Durbin-Wu-Hausman tests, all of which fail to reject the null of endogeneity not being a substantial concern in our analyses (Bascle, 2008; Semadeni et al., 2014). As such, these analyses join the ranks of prior work suggesting that significant coefficients of squared terms cannot be inflated by endogeneity (cf. Bun & Harrison, 2019; Evans, 1985; Siemsen, Roth, & Oliveira, 2010) and that CEOs' "political inclinations are … not a seriously endogenous attribute" (Chin et al., 2013: 214) with regard to our constructs of interest in the S&P context.

Finally, we assessed the temporal generalizability of our results for Hypothesis 1a (evenhandedness in TMT pay) and 2 (CSR), for which our main regressions did not cover the entire sampling period due to data validity and availability, and that may thus be subject to potential sample selection bias. Specifically, with regard to evenhandedness in TMT pay, our main regressions focus on the 21 pre-TCJA years in our sample because the TCJA obscures pay comparisons between a firm's TMT members with longstanding vs. novel or renegotiated contracts at any time since 2017, until all longstanding (i.e., pre-TCJA) compensation agreements have been terminated (see footnote 4; Murphy & Jensen, 2018). To (at least partially) avoid this pitfall and assess whether our results generalize to the five post-TCJA firm-years in our sample, we added those post-TCJA observations to our regression of evenhandedness in current TMT pay in which a firm did not hire a new NEO since the introduction of the TCJA. While this does not fully rule out validity concerns (because compensation agreements renegotiated since 2017 would still fall under the TCJA), it avoids comparisons between longstanding contracts and new, post-TCJA hires, which are noncomparable with certainty. In this extended sample, we find additional evidence suggesting generalizability of our U-shaped association of TMT pay evenhandedness also to the post-TCJA era.

With regard to CSR, our regressions include observations until 2013 in line with KLD's data availability. We recognize that "most of the academic literature to date relies on KLD data" (Berg, Kölbel, & Rigobon, 2022: 1320) because it is "one of the most reliable databases for CSR performance" (García-Sánchez, Hussain, Khan, & Martínez-Ferrero, 2021: 1443) and thus, despite its temporally limited coverage, emerged as "the best data source for" (DesJardine & Durand, 2020: 1065) and "great workhorse of CSR research" (Crane, Henriques, Husted, & Matten, 2017: 787). As such, using KLD data also makes our results comparable to prior work assessing the association between CEOs' political ideology and firm CSR (e.g., Chin et al., 2013; Gupta et al., 2019; Petrenko et al., 2016). To gauge the temporal generalizability of our results beyond 2013, we predicted firms' missing CSR scores based on those unique CSR items that were reported by KLD in the respective year after 2013. Doing so allows us to extend our regression window until the end of KLD's entire coverage in 2018 and provides additional support for a U-shaped association with CEOs' political ideology.

Moreover, to assess concerns about potential bias due to nonrandom, temporal sample selection (Heckman, 1976) more comprehensively, we followed Certo, Busenbark, Woo, and

Semadeni (2016) and ran Heckman (1979) two-stage models. Specifically, in the first stage, we predicted the presence (vs. absence) of the evenhandedness in TMT pay and CSR variables, respectively. The squared term of CEOs' political ideology was unrelated to the observation of these dependent variables, such that the necessary precondition for the presence of sample selection bias was not satisfied (Certo et al., 2016). Correspondingly, including concomitant inverse-Mills ratios in our regressions does not change any of our results, speaking against sample selection biasing our corresponding inferences (Certo et al., 2016).

Post-hoc Analysis

While moral foundations theory has gained substantial prominence for its ability to predict and explain behavioral similarities across the political divide (e.g., Farmer et al., 2020; Goenka & van Osselaer, 2023), its application is by no means restricted to convergent decision-making (e.g., Koleva et al., 2012). Specifically, we theorize that liberal- and conservative-leaning CEOs' behaviors differ if individualizing and binding foundations provide diverging moral impetuses. As an example of how a moral foundations perspective on CEOs' political ideology can also explain divergent (rather than convergent) firm outcomes, we conducted a post-hoc analysis focusing on the effect of CEOs' political ideology on their TMTs' gender diversity (i.e., the relative share of female vs. male executives in the TMT).

While our reasoning for H2 suggests that the diversity dimension of CSR (like all other CSR dimensions) is broad enough to encompass CSR initiatives aligned with both liberal-leaning CEOs' sensitivity to the individualizing foundation (e.g., supporting disadvantaged minorities' integration at the workplace) as well as CSR efforts aligned with conservative-leaning CEOs' sensitivity to the binding foundations (e.g., supporting veterans' integration at the workplace), this does not mean that liberal- and conservative-leaning CEOs equally endorse *any* diversity initiative. Indeed, the gender diversity of their TMT depicts one form of diversity in which a divergence between moral sensitivities toward individual autonomy and fairness (i.e., individualizing concerns) and group cohesion (i.e., binding concerns) is pertinent.

Specifically, diversity and team scholars concur that the consequences of diversity in teams are best understood along two processes: (1) better information elaboration due to the higher number of unique perspectives and (2) relationship conflict due to social categorization processes (Homan, Gündemir, Buengeler, & van Kleef, 2020; van Knippenberg, Dawson, West, & Homan, 2011; van Knippenberg, Dreu, & Homan, 2004). According to moral foundations theory, liberal-leaning CEOs' sensitivity to the individualizing foundations should induce a particular sensitivity to the chances of harnessing a more diverse set of individual perspectives for better-informed decision-making (cf. Crossland et al., 2014; van Knippenberg et al., 2004). While conservative-leaning CEOs will likewise be sensitive to these individualizing concerns, visible diversity characteristics—including gender—within a closely collaborating work group often "give rise to problematic inter-subgroup relations" such that, all else equal, "the more homogeneous the work group, the higher member commitment … and group cohesion" (Thatcher & Patel, 2012; van Knippenberg et al., 2004: 1009; 2011). Conservative-leaning CEOs' emphasis on group cohesion (and sensitivity to group conflict) induced by the binding foundations thus counteracts the behavioral preferences rooted in the sensitivity to the individualizing foundations and should lead them to be more deterred by the challenges of gender diversity to the TMT's cohesion than their liberal-leaning counterparts.

A moral foundations perspective on CEO political ideology thus suggests that TMTs of liberal-leaning CEOs feature higher gender diversity than those led by more conservative CEOs, unfolding in a negative (linear) association of CEO conservatism and TMT gender diversity. Corresponding analyses described and reported in Online Appendix C support this expectation, demonstrating moral foundations theory's suitability to predict convergent as well as divergent behavior of liberal- and conservative-leaning CEOs.

Discussion

In this paper, we devise a moral foundations perspective on CEOs' political ideology that yields novel theoretical predictions toward their endorsement of evenhanded outcomes and pro-social corporate practices. Specifically, whereas prior literature widely adopted the notion of a linearly positive (negative) association between CEO liberalism (conservatism) and evenhanded pay across their TMT members, evenhanded resource allocations to their business units, and CSR, a moral foundations perspective challenges this consensus and suggests that such practices are consistent not only with liberals' sensitivity to the individualizing moral foundations but also with the binding foundations that conservatives are additionally sensitive to. As such, we theorize and provide evidence for U-shaped rather than linear associations between CEO political ideology and these outcomes. We thereby contribute new knowledge to both theory and practice, illuminating the moral psychology behind CEOs' ideological leanings.

Implications

Most importantly, we contribute to upper echelons research (Hambrick, 2007b; Hambrick & Mason, 1984) and the literature on CEO political ideology (e.g., Chin et al., 2013; Gupta et al., 2021) by providing an alternative theoretical perspective on liberal- and conservative-leaning CEOs' morality and the concomitant endorsement of evenhanded outcomes and pro-social corporate practices. Management researchers often criticize our field's lack of consideration for new or alternative theory concerning associations or characterizations that have become widely adopted and often taken for granted (e.g., Alvesson & Sandberg, 2013; Cornelissen & Durand, 2014; Hambrick, 2007a). Following their respective calls for theoretically grounded, consensus-challenging work, we highlight that the widespread application of the motivated cognition perspective to describe the moral values associated with CEOs' political ideology is inconsistent with the more pluralistic perspective that political psychologists developed and apply to describe the moral differences along the liberal–conservative continuum. We therefore introduce moral foundations theory—a theory of political ideology grounded explicitly in moral psychology and a prominent alternative to the motivated cognition framework in political psychology (Haidt & Graham, 2007; Koleva et al., 2012)—to the study of CEO political ideology. Understanding CEOs' ideological leaning from the perspective of moral foundations theory is important, particularly because it emphasizes that liberal- and conservative-leaning CEOs are not more or less sensitive to moral concerns per se but sensitive to different sets of moral concerns that can, at times, lead to their ultimate decisions turning out very similar to one another yet different from those of politically moderate or neutral CEOs.

Specifically, while our theory and findings align with the previous characterization of liberal-leaning CEOs as those embracing evenhanded outcomes and pro-social corporate practices, they suggest a reconsideration of the notion that the opposite applies to conservative-leaning CEOs. Indeed, Swigart et al. (2020: 1067) previously cautioned against the practice of assuming that conservative and liberal values are necessarily opposed, noting that "conservatives may highly value meritocracy—for example—but that does not mean they are *anti*-egalitarian." Since the majority of CEOs in upper echelons samples lean conservative, it hence appears particularly important to consider theoretical perspectives that acknowledge and integrate conservatives' unique moral sensitivities to guide our predictions about their behavior—namely, behavior that is driven not only by the individualizing but also by the binding foundations and that may hence not be captured comprehensively by the prevalent application of the motivated cognition perspective on CEO political ideology. As such, a moral foundations perspective on CEO political ideology provides a solid theoretical basis for various inquiries that build on the moral values ingrained in CEOs' political ideologies above and beyond the outcomes we consider in this paper.

Moreover, a more general implication of our work results from the fact that psychological frameworks of political ideology vary in their emphasis (e.g., on cognitive-motivational aspects or on the moral psychology behind one's ideological leaning), such that their respective application may, at times, unfold in very different predictions on CEOs' firm-level impacts. Embracing the plurality of theories in political psychology and scrutinizing their application in light of the specific research question and setting at hand may thus contribute to our understanding of how CEOs' political ideology shapes organizations (see also Swigart et al., 2020). As a theory that distinctly explains the moral concerns that characterize and differentiate the political sphere, we introduce moral foundations theory to the study of CEOs' political ideology and contribute to upper echelons research by demonstrating its applicability in contexts focusing on the (impact of) moral values associated with CEOs' political ideologies. Given this moral nature, it is less applicable to studies that develop explicitly *non-moral* arguments, for example, pertaining to liberals' and conservatives' differential tolerance for ambiguity (Jost et al., 2003). In other words, our paper should not be misunderstood as a call for the application of moral foundations theory to predict any and all behavior associated with CEOs' political ideologies. Much to the contrary, we join the ranks of other scholars of CEO political ideology (e.g., Chin, Zhang, Jahanshahi, & Nadkarni, 2021) calling for an appreciation and context-sensitive integration of the theoretical breadth and progress within the field of political psychology—even (or especially) if doing so challenges our extant assumptions.

Moreover, our work contributes to the literature on CEO succession (e.g., Finkelstein et al., 2009) by providing a novel perspective on the upsides and downsides associated with CEOs' ideological leaning. Prior work coincides that the majority of S&P CEOs "tend … toward conservatism" yet attributes not only the endorsement of evenhanded outcomes but also pro-social behaviors to their liberal-leaning counterparts (e.g., Chin & Semadeni, 2017; Chin et al., 2013: 208), questioning either the leadership and appointment of conservative-leaning CEOs or the desirability of pro-social firm behavior (cf. Awaysheh, Heron, Perry, & Wilson, 2020; Lee, Gupta, & Hambrick, 2022). Our results suggest that the differences between more liberal and more conservative CEOs in terms of the level of their CSR engagement may be less pronounced than previously conceived. With differences in social

responsibility being a matter of (moral) impetus rather than degree, corporate boards (and/or shareholders) may be more receptive to the upsides of conservative leadership in general or of CSR that is coherent with conservatives' group-oriented morality in particular.

Ultimately, our work also has important implications for business practice in general and corporate governance in particular. Specifically, since both liberal- and conservative-leaning CEOs—rather than their politically moderate or neutral peers—endorse evenhanded outcomes and pro-social corporate practices, CEOs featuring a rather neutral ideological leaning may need to be encouraged or incentivized to adopt such practices if they are deemed desirable. Since our theory suggests that liberal- and conservative-leaning CEOs adopt these practices due to the coherence with the individualizing and binding foundations they are sensitive to, politically moderate or neutral CEOs may thereby need to be approached via less morally laden arguments (cf. Bloemraad, Silva, & Voss, 2016). As such, whereas the evenhanded outcomes and pro-social corporate practices we observe in our study naturally appeal to liberal and conservative CEOs' sensitivities to the individualizing and binding foundations, alternative corporate practices—be they desirable or not—may allow for greater variance in (the framing of) their appeal. Referring particularly to individualizing concerns toward more liberal CEOs and to the additional binding concerns toward more conservative CEOs may thus constitute a fruitful means of endorsing (or advising against) (un)warranted behavior of organizations' upper echelons (cf. Feinberg & Willer, 2019).

Limitations and Future Research

In line with the majority of research on CEO political ideology (Swigart et al., 2020) and moral foundations theory (Kivikangas et al., 2021), the generalizability of our results is limited in that we test our theoretical arguments in a sample from the United States, a bipartisan and individualist society (Hofstede, Hofstede, & Minkov, 2010). Even though the liberal–conservative continuum and individuals' moral foundations are generally considered meaningful to capture ideological and psychological differences across national borders (e.g., Doğruyol, Alper, & Yilmaz, 2019; Graham et al., 2011; Jost, 2006), our conceptualization of political ideology along this continuum is tailored to this U.S. sample. As such, our theory and findings may not be directly applicable in, for example, less ideology-constrained contexts that might necessitate multidimensional conceptualizations of political ideology (cf. Chin et al., 2021). We therefore encourage future research to explore how our findings translate beyond the United States and, for example, to more collectivist societies in which community-oriented actions like those we investigate are more anticipated in general and may hence be less impacted by ideological differences alone.

Moreover, although Gupta (2024: 15) argued that "in the field of management, there exists *no* superior proxy measure that taps into the psychology of a sizeable population of organizational members and decision-makers than a donations-based measure of political ideology," our independent variable remains an imprecise approximation of CEOs' underlying psychological characteristics (cf. Chin et al., 2013). As such, we encourage future research to consider how recent advances in capturing upper echelons characteristics (e.g., Harrison, Thurgood, Boivie, & Pfarrer, 2019) might further improve the assessment of this influential CEO characteristic (cf. Neely, Lovelace, Cowen, & Hiller, 2020).

Relatedly, we draw on moral foundations theory to afford meaningful inferences on the effects of CEOs' political ideology. As a comprehensive theory of morality across individuals, however, future research may consider how CEOs' sensitivity to the moral foundations shapes organizational outcomes beyond their bundled meaning as ideological markers. For example, sanctity concerns may directly shape the nature of the alliances being entered (e.g., with or without companies operating in the tobacco or pornography industries) and loyalty may shape CEOs' selection and retention of TMT members (e.g., rewarding longer tenures).

Finally, moral foundations research frequently demonstrates the importance of framing in moralizing behavior and incentivizing individuals to act upon their moral intuitions (Feinberg & Willer, 2019). We believe that two promising routes for future research emerge from this insight: On the one hand, future research may investigate how the depiction of organizational behaviors differs among liberal- and conservative-leaning CEOs and how such framing differentials affect stakeholders' perceptions and evaluations of these activities. On the other hand, future research may seek to assess how CEOs' receptivity toward stakeholder appeals (Briscoe & Gupta, 2016; Gupta & Briscoe, 2020) depends on the congruence between CEOs' reliance on the moral foundations and the stakeholders' framing of their requests.

ORCID iDs

Moritz Appels https://orcid.org/0000-0002-5015-8004
Marc Kowalzick https://orcid.org/0000-0002-7522-2359

Notes

1. While multidimensional conceptualizations of political ideology—such as those differentiating social and economic dimensions—have provided nuance to understanding CEOs' behavior in multiparty systems (Chin et al., 2021), both political psychologists adopting the motivated cognition perspective (e.g., Jost et al., 2009) and those endorsing a moral foundations conception of political ideologies (e.g., Graham et al., 2009) agree that the liberal–conservative continuum is not only the most parsimonious but also the most reliable conceptualization and measurement of individuals' political ideologies, particularly in bipartisan political systems like the United States. Therefore, we follow extant work on U.S. firms in conceptualizing CEO political ideology along this continuum.

2. This decreasing willingness may also be understood as a manifestation of elevated cognitive rigidity at the edges of the liberal–conservative continuum, an idea popularized as the rigidity-of-the-extremes hypothesis (Zmigrod, 2020). However, we do not incorporate respective arguments in our theorizing for two reasons: First, the conceptual orientations of cognitive rigidity accounts and moral foundations theory are fundamentally different. While the former aim to document potential differences in general psychological flexibility along the liberal–conservative continuum, the unique value added by the moral foundations perspective (for the focal paper and beyond) lies in holistically mapping the *content* and *dimensions* of moral concerns that become increasingly central for liberals' and conservatives' decision-making (cf. Graham et al., 2011). Second, there is only limited and ambiguous empirical support for the rigidity-of-the-extremes hypothesis and the notion that both highly conservative and highly liberal individuals are more psychologically inflexible than moderates in general and across domains (Bowes et al., 2026; Costello, Bowes, Baldwin, Malka, & Tasimi, 2023). While there is relatively more evidence suggesting that rigidity may be asymmetrically associated with conservatism rather than political extremes per se (see also Jost et al., 2003), Bowes et al. (2026: 2) recently cautioned that *any* differences in cognitive rigidity among liberals and conservatives appear "very small and semi-consistent" across contexts, such that "broad claims about strong associations between ideology and belief updating [rigidity] are likely unwarranted." In contrast, there is evidence documenting how *moral* concerns in particular become increasingly nonnegotiable and central for directing behavior at both ends of the political spectrum, including but not limited to arguments pertaining to moral foundations (cf. Graham & Haidt, 2012; Skitka, 2010). To maintain conceptual alignment, we adhere to work and terminology from moral foundations theory when describing this tendency.

3. Executives' salaries and bonuses might not be the only regular pay components that could be relevant in assessing evenhandedness in TMT pay. In unreported analyses, we therefore expanded on the measure of evenhandedness in a TMT's current compensation and consecutively included additional pay components beyond salary and bonus that could be considered "routine" in nature. We found that our results remain robust to the inclusion of any such additional routine pay components.

4. The TCJA and its amendments to section 162(m) of the Internal Revenue Code repealed tax benefits for performance-based compensation components of top executives. However, its regulations apply to newly hired executives (i.e., after its introduction in 2017) and renegotiated compensation contracts, whereas some (advantageous) longstanding contracts could remain unaffected ("grandfather clause"; Murphy & Jensen, 2018). In our main analyses, we thus restrict our regressions of TMT pay evenhandedness to the pre-TCJA period because post-TCJA analyses would only be appropriate once all top executives with pre-2017 contracts (i.e., those subject to the grandfather clause) left their respective companies.

5. The sample size in these regressions is almost doubled if we treat missing values in segment capital expenditures and segment assets instead of excluding corresponding observations from our regressions. Including these observations does not change our results, however.

6. In contrast to Christensen et al. (2015), Chin et al. (2013) observe CEOs' personal political contributions in the FEC database across the 10 years prior to their appointment as CEO. To verify that both approaches proxy the same underlying construct, we randomly selected a subset of CEOs identified as strongly liberal or conservative by Christensen et al. (2015), carefully identified the personal political donations of 80 of these CEOs in the FEC records in the 10 years prior to assuming office, and operationalized their ideological leaning based on the four-item index used by Chin et al. (2013). This measure was correlated at $r = .75$ with Christensen et al.'s (2015) data and, in 82.5% of the cases, both measures considered the CEO to be in the same political camp (i.e., liberal or conservative), suggesting that, despite their different approaches, both operationalizations likely capture the same underlying construct. This is further substantiated by Fremeth, Richter, and Schaufele's (2013) analysis of the political donation patterns across CEOs' careers (i.e., before, during, and after serving as CEO). As they describe in their Online Appendix C, these analyses provided comprehensive evidence that "observable partisan leaning is not strongly swayed by assuming leadership positions [. . .] consistent with long-standing ideology remaining constant and being distinct from an individual's role in an organization."

7. Beyond the controls we included, Gupta et al. (2018) suggest incorporating several controls concerning a firm's business segments in regressions on firms' resource allocation to business units. Because each of these controls reduced our sample size, whereas none changed our inferences, we refrained from including them in our main regressions. Moreover, our reasoning is built on the notion that a CEO's ideological leaning—rather than firm-specific factors attracting CEOs who exhibit a specific ideological leaning—drives our results. While our main analyses include controls for the values of our dependent variables prior to a CEO's appointment as well as the ideological leaning of a CEO's predecessor to capture such firm-specific forces (cf. Christensen et al., 2015; Hambrick & Quigley, 2014), and our assessments of potential endogeneity concerns (as discussed in our robustness check section) suggest that it is unlikely for additional unobserved forces to invalidate our results, we considered several additional model specifications to assess this potential concern more comprehensively. Specifically, we expanded the logic of controlling for firm-specific forces driving our results by incorporating, for example, multiple prior values of our dependent variables, the average ideological leaning of a firm's TMT prior to the beginning of a CEO's tenure, or the average ideological leaning of all named executive officers (i.e., TMT and CEO) across several years prior to a CEO's appointment. None of our inferences change following the inclusion or exclusion of any of these variables, further suggesting that it is a CEO effect driving our results. Relatedly, we also used a differencing approach (e.g., Christensen et al., 2015) in which we subtracted the values prior to the beginning of a CEO's tenure from our dependent and independent variables and found additional evidence that within-firm changes in CEOs' ideological leaning drive our results. Furthermore, systematic inclusions and exclusions of (sets of) control variables did not substantively alter results and highlight that firm size, no contributions, and the pre-CEO condition are most essential in canceling out unobserved heterogeneity in our regressions.

8. Inferences are identical when we employ random-effects or pooled OLS (respectively negative binomial and Poisson) or correlated random-effects (i.e., hybrid models; Allison, 2009) regressions instead.

9. Of the three U-shapes we identify, this turning point is furthest away from the conceptual midpoint of the liberal–conservative continuum (i.e., zero) and also has the greatest distance to the average value of our independent variable (−0.25)—although the latter is of limited theoretical relevance in the context of our work. While we are not aware of formal rules toward acceptable distances of turning points (apart from their confidence intervals including the midpoint one theorizes about), one can put our results into perspective by referring to earlier work: Xu et al.'s

(2023) turning point is 0.636 standard deviations away from the mean ((0.578 − 0.349) / 0.36), whereas the focal turning point is 0.619 standard deviations away from the mean ((0.14 − (−0.25)) / 0.63) and thus comparable to or even slightly closer to its average value than what Xu et al. (2023: 1965) consider "proximate." This turning point's distance to the conceptual midpoint we theorize about (i.e., zero) is 0.22 standard deviations ((0.14 − 0) / 0.63).

10. This analysis is conceptually identical to the sample-split regressions at the independent variable's midpoint (cf. Haans et al., 2016) but avoids losses in statistical power and maintains sample integrity.

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