Do Investors Value Firms' Commitment to Gender Equity? Evidence from Restrictions on Reproductive Rights

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Abstract

Exploiting a novel setting of state-by-state abortion ban or restriction events, we document that firms committed to supporting gender equity earn superior stock returns when states announce abortion bans or restrictions. However, the market does not react significantly to firms with such commitments when states make abortion protection announcements. Furthermore, the positive market reaction to committed firms in banned or restricted states is more pronounced when these firms have a high number of subsidiaries in the affected states, low public attention, low union presence, and a high increase in employee satisfaction. Overall, our analysis underscores that the market values firms committed to fostering gender equity in the workplace, particularly when states enact policies that restrict reproductive rights.

Keywords: Gender Equity, Gender Diversity, Reproductive Rights, Abortion Ban, Valuation.

JEL Classification: M14, J16, G12, G30, G34

1 Introduction

In this study, we examine whether investors value firms' commitment to gender equity. Leveraging a unique context − a chronicle of state-by-state abortion ban or restriction events in the U.S., we investigate whether firms that advocate for or implement policies supporting gender equity, with a focus on promoting gender diversity, experience significant market reactions in response to state announcements of abortion bans or restrictions. Firms committed to gender equity aim to ensure fair access to workplace opportunities across genders, which helps promote employee well-being and ultimately contributes to the sustainable success of the firm (e.g., Edmans, Flammer, and Glossner (2023); Oswald, Proto, and Sgroi (2015); Lorincová et al. (2019)).

Gender equity involves fairness and justice in distributing benefits and responsibilities between genders, providing different treatments based on varying circumstances to ensure fair access to workplace opportunities. [1] In our study, we focus on firms' commitment to gender diversity, which is both driven by and reinforces gender equity. Firms advocating gender diversity often recognize the value of diverse talent, aim to end discrimination against women, and ensure equal opportunities and access to reproductive health. In this study, we examine how investors would react to firms committed to gender diversity, when there is a shift in state polices severely restricting access to reproductive health care.

Specifically, we examine market reactions to firms with a commitment on gender diversity relative to those without such a commitment in the context of state-level abortion bans or

[1] World Health Organization, 2001. Transforming Health Systems: Gender and Rights in Reproductive Health. Geneva. Available online at: http:// assignmentsonline.wordpress.com/gender-and-development/concept-paper- 2-gender-equality-gender-equity/.
UNESCO, 2000. ABC of Women Worker's Rights and Gender Equality. Geneva: ILO.

restrictions. The timeline of these events in our study began in March 2021 and ended in August 2023.[2] This period covers the most significant milestones that have shaped the evolving landscape of abortion rights across states in both pre- and post-overturn of *Roe v. Wade* era. [3] For instance, the passage and commencement of the Texas Heartbeat Act in 2021 is the first time since *Roe v. Wade* that a state has successfully outlawed abortion as early as six weeks into a pregnancy and also led other states to copy the act's enforcement mechanism while insulating their laws from effective judicial review. Further, when the Supreme Court overturned *Roe v. Wade* by a 5-4 vote on June 24, 2022, eight states enacted abortion ban laws on the same day.[4] By August 2023, 21 states had adopted abortion bans or restrictions, while 22 states had implemented protection policies.

Surrounding the events of abortion bans and restrictions, we suspect that firms with commitments to gender diversity might be perceived differently from those without such commitments. On the one hand, firms committed to gender diversity are more likely to invest in initiatives that support women's advancement in the workplace and provide reproductive health benefits to address the diverse needs of their workforce. Such efforts can result in higher productivity and improved market valuation (Hughes (2013); Sterbenk et al. (2022); Shan, Fu, and Zheng (2017)). Notably, when states implement restrictive abortion policies, these efforts become

[2] The first event on our timeline is that the Texas Senate passed Senate Bill 8 (SB8), also known as the Texas Heartbeat Act, on March 30, 2021. This event is chosen as the starting point because the Texas Heartbeat Act is not only the first time a state effectively banned abortion as early as six weeks in the post-Roe v. Wade era, but also provides a blueprint for other states to follow. The last event in our sample is that Indiana Supreme Court won't rehear the near-total abortion ban ruling, putting the law back in effect on August 21, 2023. We recognize that the state-by-state debates over abortion rights are still taking place beyond our sample period. However, for our research, we need to establish a clear cut-off point to construct our sample. Please refer to Appendix A for a complete timeline of the events.
[3] Roe v. Wade was a landmark decision of the U.S. Supreme Court in 1973 in which the Court ruled that the Constitution of the United States generally protected the right to have an abortion.
[4] The eight states that immediately banned abortion include Alabama, Arkansas, Kentucky, Louisiana, Missouri, Ohio, South Dakota and Wisconsin.

particularly significant, which further positively shape employees' perceptions of their firms and enhance the firms' ability to attract and retain a diverse and talented workforce (Hughes (2013); Donia, and Sirsly (2016); Cone Communication(2016)).[5] Additionally, these firms may be perceived as socially responsible, which improves firms' reputation, brand, loyalties from customers and employees (Barnett (2007); Barnett, and Salomon (2012); Jones (1995); Surroca, Tribó, and Waddock (2010)). These may lead to favorable reaction from investors for firms committed to gender diversity when states announce restrictive abortion policies.

On the other hand, firms may face additional costs and risks when pursuing gender diversity goals in states with restrictive abortion policies. It remains uncertain whether limited access to abortion disproportionately affects female employees' representation and success in leadership roles. Moreover, companies committed to gender diversity may be perceived as implicitly supporting abortion rights. However, taking a public stance carries risks, such as potentially alienating stakeholders who view such actions as corporate overreach or fear backlash from political groups.[6] [7] This could lead to negative reactions from investors toward firms actively promoting gender diversity initiatives.

[5] Cone Communications. (2016). 2016 Millennial Employee Engagement Study. Retrieved from: http://millennialemployeeengagement.com/.

[6] Very few firms explicitly comment on abortion rights (e.g., Yelp, Meta Platforms, Levi's), particularly those headquartered in states where abortion is banned, likely due to concerns about potential retaliation given that abortion is outlawed or restricted in their headquarter states. Others commit to offering benefits that cover certain abortion-related expenses (e.g., Lyft, Uber, Apple, Amazon, Citigroup). Conversely, some firms are the supporters of abortion bans (e.g. Tripwire Interactive) (https://www.theverge.com/22656392/lyft-uber-legal-fees-drivers-lawsuit-texas-sb8-abortion-law, https://www.nytimes.com/2022/06/24/business/abortion-roe-wade-companies.html https://thehill.com/homenews/media/571016-tech-company-ceo-steps-down-after-comments-on-texas-abortion-law/, https://www.cbc.ca/news/business/companies-react-to-abortion-overturn-1.6441457.)

[7] Disney's private governing system in Florida was dissolved by Governor Ron DeSantis after the company pushed back on the education bill in April 2022. Texas legislator warns Citigroup of its policy of covering employees' travel expenses for abortions, threatening to prevent the company from underwriting municipal bonds. https://www.nytimes.com/2022/05/04/business/dealbook/us-businesses-roe-wade-abortion.htmlju

Our findings reveal that the stock market responds favorably to the announcement of the abortion ban or restriction event for firms that have demonstrated a commitment to gender diversity before the event dates. This commitment is defined by whether the firm issues a statement or policy promoting gender diversity using the data from the ISS ESG database. Specifically, we find that for firms headquartered in states that have enacted or reinforced anti-abortion laws, if they have gender diversity commitment ex-ante, they tend to experience significantly higher abnormal stock returns in response to the state announcement of such events. This result remains robust across alternative models and event windows. In addition to the firms' headquarters states, we further examine the effects considering the locations of their subsidiaries. Consistent with our expectations, we find that the market response is significantly more positive for firms with a greater number of subsidiaries in states enacting abortion bans or restrictions. This finding suggests that investors recognize the value employers place on fostering equitable workplace across genders, particularly when states adopt policies that create tensions around employees' reproductive rights.

Besides the twenty-one states that have enacted bans or restrictions through various legislative and legal actions, twenty-two states have either signed executive orders to protect access to reproductive health care services or enacted bills aimed at protecting abortion rights during this period.[8] This landscape provides a unique opportunity to reassess whether investors significantly respond to firms' commitment to gender equity when state policies and firms' organizational practices remain aligned or become further reinforced. Given that the status of abortion laws remains unchanged in these states and the protection events are less prominent than ban or restriction events, we expect there are no significant differences in market reactions between

[8] For the states of AK, KS, and VA, we did not find any instances of the government signing executive orders or bills related to abortion bans or protections.

firms with and without a gender diversity commitment in response to protection events. Our findings are consistent with this conjecture.

Next, we explore potential mechanisms that lead to significant market reactions to firms' commitment to gender diversity when states adopt policies for abortion bans or restrictions. First, we investigate whether public attention could serve as one mechanism driving the positive abnormal returns (Pastor, Stambaugh, and Taylor (2021), hereafter PST). The state-level abortion bans or restriction events, which triggered awareness and sparked extensive discussions, brought the issue of gender in the workplace into the public spotlight. Our underlying premise is that these events could prompt stakeholders to reassess the importance of creating a gender-inclusive and equitable working environment within the firm, thereby influencing the firm's market performance. Accordingly, we anticipate that the influence of a commitment to gender diversity will be more pronounced in companies that attracted limited public attention before the enactment of abortion bans and restrictions than in companies that have already achieved substantial media coverage. To investigate this hypothesis, we utilize news article coverage and analyst coverage to capture public attention (Bradley, Pantzalis, and Yuan (2016)). Consistent with our expectations, the premium on gender diversity commitment is predominantly observed in the subsample with ex-ante low media and analyst coverage.

We further investigate the role of the employee channel by examining establishment-level employee growth around abortion bans and restrictions using a difference-in-differences framework. Our findings demonstrate value creation through the employee channel, showing that establishments affected by the bans experience lower employment growth after (but not before) the passage of the bans, compared to unaffected establishments within the same firm. This treatment effect is mitigated if the firm is committed to gender diversity.

Next, we examine whether investors' reactions differ conditionally on changes in employees' satisfaction with their firm. Prior studies suggest that employee satisfaction is associated with productivity, innovation, employee turnover, and training costs, all of which can affect a firm's performance and shareholder value (Zingales (2000); Edmans (2011); Edmans et al. (2023); Huang et al. (2015); Green et al. (2019)). We posit that the premium on gender diversity commitment should be strengthened within firms that experience greater improvement in employee satisfaction surrounding the ban or restriction events. We use employee ratings from Glassdoor to capture employee satisfaction and find that the premium on gender diversity commitment is concentrated among firms that accomplish greater improvements in employee satisfaction.

Prior studies have shown that labor unions empower workers by giving them a collective voice to negotiate for fair wages, better benefits, safer workplaces, and job security (Lie, and Que (2019), Fichtenbaum, and Olson (2002), Li, Rohlin, and Singleton (2022)). As trust erodes due to broken promises, workers may turn to labor unions to safeguard their rights and interests. Extending this into our setting, employees in companies with weak union representation might rely more on firms' established policies and routines. To test this conjecture, we partition the sample into low vs. high union presence subsamples based on the firm-level unionization rate. Our findings reveal that the premium on gender diversity is concentrated among firms where employees have limited union representation.

Our study contributes to the nascent literature that explores the relationship between Diversity, Equity, and Inclusion (DEI) and firm value (Borelli-Kjaer, Schack, and Nielsson (2021); Eckbo, Nygaard, and Thorburn (2022); Greene, Intintoli, and Kahle (2020)). Billings, Klein, and Shi (2022) and Lins et al. (2024) examine the value of corporate gender equality culture by

exploiting the #MeToo movements. Giannetti, and Wang (2023) document that public attention to gender equality is associated with an increase in board gender diversity. They track the changes in public attention to gender equality between 2005 and 2018. To the best of our knowledge, we are the first study to explore this unique setting: a timeline of state-by-state abortion ban or restriction events during a period that covers the most salient milestones that dramatically change the landscape of abortion rights across the U.S. Our findings reveal that investors respond positively to firms actively striving to foster gender equity in the workplace when states enact restrictive reproductive rights policies.

We also contribute to the growing literature that studies Environmental, Social, and Governance (ESG) stock outperformance and sustainable investing. In particular, we provide supporting evidence for the PST model by documenting that firms dedicated to fostering an equitable workplace across genders earn superior returns as the wave of abortion bans or restriction events captured public attention to gender-related issues. Other models featuring investor preference for ESG stocks include Fama, and French (2007), Baker et al. (2022), Albuquerque, Koskinen, and Zhang (2019), Pedersen, Fitzgibbons, and Pomorski (2021), Avramov et al. (2022) and Zerbib (2022). Empirically, Sloan (1996) and Gompers, Ishii, and Metrick (2003) show that firms with good governance exhibit positive abnormal returns; Edmans (2011) and Green et al. (2019) find that firms with high employee satisfaction earn excess returns; Pástor, Stambaugh, and Taylor (2022) document that green assets generated high returns and offer the strengthened climate concerns as an explanation. We complement these studies by showing that firms committed to gender equity outperform.

Our study also contributes to the alignment of ideology literature. One strand of literature investigates the alignment between firms' headquarters states and the ruling (presidential) party.

It has been found that companies headquartered in politically aligned states tend to outperform their counterparts (Kim, Pantzalis, and Park (2012)). Additionally, these firms are exposed to more policy risk and incur higher yield spreads (Bradley, Pantzalis, and Yuan (2016)). Our study contributes to this literature by shedding light on the alignment between states and companies headquartered within those states. Our findings suggest that investors appreciate firms' commitment to gender equity, especially when states introduce policies that challenge these goals. This paper is organized as follows. Section 2 develops the hypotheses. Section 3 discusses the data and sample. Section 4 examines market reactions to abortion bans, restrictions, and protection events. Section 5 explores the underlying channels. Section 6 reports additional analyses and Section 7 concludes.

2 Hypotheses Development

2.1 Does the market respond to firms committed to gender equity?

In our context, a sequence of state-by-state abortion bans or restriction events in the U.S. caused a potentially exogenous disruption to the alignment between the state and firms that prioritize gender equity and actively implement policies to create an inclusive work environment. On one hand, companies that promote gender equity often view it as part of its corporate social responsibility to provide resources that support women to advance in the workplace, including access to reproductive health services. Firms with a gender diversity commitment generally offer longer maternity leave to their employees compared to those without such a commitment. Specifically, firms with a gender diversity commitment provide an average of 8.87 weeks (8.34 weeks) of paid (unpaid) maternity leave, whereas firms without a gender diversity commitment

offer 8.35 weeks (7.78 weeks) of paid (unpaid) maternity leave.[9] Additionally, firms with a gender diversity commitment often provide comprehensive health benefits, including reproductive and maternal health services, as well as family planning. These companies also have medical travel reimbursement policies that cover travel expenses for medical services, including abortion, when not available locally. Notable companies with such policies include Coca-Cola, Walmart, Cummins, UPS, and Dell.[10] Additionally, firms committed to gender diversity that operate in states with restricted abortion access are likely to assess the impact of new state policies on their employees. Specifically, to achieve the gender diversity goals, these firms are more inclined to focus on female recruitment and retention, aiming to attract and retain diverse talent. During times when states announce severe limitations on reproductive rights, such efforts may be perceived as more socially responsible and favorably by the public. As a result, market may respond positively to firms committed to gender diversity around the abortion restriction and ban events.

On the other hand, companies actively pursuing gender diversity initiatives may encounter backlash from certain political groups or customers who disagree with their stance. This opposition can manifest in the form of boycotts or negative publicity, which can, in turn, adversely affect their stock prices. Additionally, maintaining robust gender diversity programs can be financially demanding. Investors focused on cost-cutting measures to safeguard profits might view these expenses unfavorably, potentially leading to a decline in stock prices. While gender diversity initiatives are crucial for fostering an inclusive workplace, they can also present significant financial and reputational challenges for companies. Therefore, we posit:

[9] We collected the data of the number of paid and unpaid weeks for maternity leave from https://fairygodboss.com.
[10] https://rhiaventures.org/corporate-engagement/whatareyourreprobenefits/

HYPOTHESIS 1: Firms with a commitment to gender equity exhibit different abnormal returns compared to firms without such a commitment in response to abortion bans or restriction events.

2.2 Why do firms committed to gender equity earn significant abnormal returns?

2.2.1 Public attention channel

The public attention mechanism is informed by the PST model. The PST model predicts that if environmental, social, and governance (ESG) concerns shore up suddenly and sufficiently, resulting in shifts of agents' preferences toward ESG considerations, the high ESG stocks can outperform despite having low expected returns. This model submits that the variation in the ESG factor can determine equilibrium asset prices over time through a dynamic process, i.e. the ESG factor can either raise or lower the required return. In the PST model, the ESG factor is interpreted as capturing unexpected changes in ESG concerns. If ESG concerns strengthen substantially and the ESG factor is not fully capitalized by the market, then high ESG stocks earn excess returns than low ESG stocks.

In our context, gender-related issues have gained increased prominence and attention in public discourse due to a series of state-level abortion bans and restriction events. These events have led customers, investors, employees, and society to re-evaluate the importance of fostering a gender-inclusive corporate environment. The frequency of news articles about the company and the number of analysts following the company could serve as proxies for media and analyst coverage, respectively (Bradley, Pantzalis, and Yuan (2016)). By applying the PST theory, we propose that the commitment to gender equity will have a more pronounced impact on companies that received little public attention before the implementation of abortion bans and restrictions, measured by lower media or analyst coverage. On the other hand, for companies that have already

gained significant media or analyst coverage, the effect of such a commitment may be less evident. In particular, we posit:

HYPOTHESIS 2a: In response to abortion bans or restrictions, the impact of gender equity commitment on announcement returns is more pronounced for firms with less media coverage compared to those with more media coverage prior to the enactment of these bans and restrictions.

HYPOTHESIS 2b: In response to abortion bans or restrictions, firms with fewer analysts following them show a more significant impact of their gender equity commitment on announcement returns compared to firms with a larger analyst following prior to these bans and restrictions.

2.2.2 Employee channel

The value creation through the labor channel is developed in two steps. First, the loss of access to abortion care can disrupt employees' ability to remain in the workforce, as women with limited abortion access are more likely to drop out. Additionally, abortion restrictions may hinder firms' ability to attract talent in those states. A national survey of over 3,500 college-educated workers conducted in 2021 revealed that majorities across gender, age, race, and ethnicity would be discouraged from taking a job in states that ban abortion. [11] Therefore, we posit the following:

HYPOTHESIS 3a: Employment at establishments affected by abortion bans and restrictions is lower after the passage of these bans and restrictions, compared to unaffected establishments.

Second, despite the potential decline in employment at affected establishments, a gender equity commitment can create an inclusive work environment, broadening the talent pool and making the firm more appealing to potential employees (Lyman, Parchment, and George (2022)).

[11] https://bit.ly/3F0JusI

A 2022 survey found that 44% of US women would leave their current job if their employer's views on reproductive rights didn't align with their own. That number jumped to 56% for millennial women, who are the largest generational cohort in the workforce.[12] Therefore, we posit the following:

HYPOTHESIS 3b: Firms with a gender equity commitment ameliorate labor adjustment costs by retaining workers, despite the decrease in employment for establishments located in ban states during the post-ban period.

Recent theories argue that employee satisfaction benefits shareholders through the mechanism of motivation and retention (e.g., Zingles (2000); Akerlof (1982); Akerlof, and Yellen (1986); Shapiro, and Stiglitz (1984)). Extensive empirical studies have provided supportive evidence for this view (e.g., Edmans (2011); Berk, Stanton, and Zechner (2010); Ian Carlin, and Gervais (2009); Green et al. (2019)). As shown in prior studies (Edmans (2011); Edmans et al. (2023); Huang et al. (2015); Green et al. (2019)), improvement in employee satisfaction is associated with superior stock performance. In our context, as the series of abortion bans or restriction events unfold, employees could pay more attention to firms' stands on gender-related issues, now that the enactment or reinforcement of anti-abortion laws limits their access to reproductive health care and it could affect talent recruitment and retaining, the efficiency of the existing workforce, and benefits offerings.[13] Employees are those who directly benefit from firms' resource allocation resulting from the commitment of employee rights. Meanwhile, they possess unique information about their employers. As a result, companies committed to gender equity are

[12] https://www.bloomberg.com/news/articles/2022-09-22/44-of-women-say-they-d-quit-if-employer-doesn-t-agree-onabortion#xj4y7vzkg.

[13] According to a survey report, approximately 78% of young labor market participants expressed a preference for living in states with legal abortion. https://www.barrons.com/articles/abortion-bans-company-offices-jobs-51657913227.

likely to experience superior stock market performance when their employees express improved satisfaction, compared to their counterparts. In particular, we posit that:

HYPOTHESIS 3c: In response to the abortion ban or restriction events, the impact of gender equity commitment on announcement returns is more pronounced for firms that experience greater improvement in employee satisfaction than firms that show less improvement around the events.

Prior studies indicate that unions negotiate with employers on behalf of workers to secure better wages (Rosett (1990); Lie, and Que (2019)), fringe benefits (Rossiter, and Taylor (1982); Fichtenbaum, and Olson (2002)), and working conditions (Freeman, and Kleiner (1990); Li, Rohlin, and Singleton (2022)). Unions also help to reduce the gender pay gap between male and female workers (Elvira and Saporta (2001)). According to Guiso, Sapienza and Zingales (2015), there is a negative association between unionization and integrity, which is an important dimension of corporate culture. The interpretation is workers increasingly seek greater protection when promises are frequently broken. In our context, employees may express heightened concern about their working environment and increased sensitivity to firms' positions on gender-related matters in companies where they lack strong union representation. In contrast, in companies where unions are well established, employees may feel more secure and less vigilant about gender-related issues. Therefore, we posit that:

HYPOTHESIS 3d: In response to abortion ban or restriction events, the impact of gender equity commitment on announcement returns is more pronounced in firms where employees are underrepresented by unions compared to those where employees are well represented by unions.

3 Data and Sample

3.1 Timeline of abortion ban or restriction events and protection events

We start with the U.S. abortion landscape that tracks abortion rights across the country by *The New York Times.* This source remains the top search result from the Google and Bing search engines using the search terms "abortion ban" and "state". The status of abortion laws in each state is further verified by cross-referencing with other major sources that track abortion rights across states, such as the Guardian and the Guttmacher Institute. In each state, we search for news covering abortion bans, restrictions, and protection events to create a comprehensive timeline of evolving abortion laws. We gather information from multiple reputable sources, such as The Associated Press, Reuters, and Forbes.

We apply the following selection criterion: if an abortion ban or restriction is blocked within 120 days, then this event is removed from our sample; if an abortion ban or restriction event is within 30 days of a prior ban or restriction event, then the second event is removed from our sample.[14] We end up with 29 abortion ban or restriction events in 21 states and 37 abortion protection events in 22 states from March 2021 to August 2023 (see Appendix A for the dates and headlines of each event).[15]

3.2 Sample and descriptive statistics

Upon gathering data regarding the abortion ban and restriction events, we have identified 2,505 firm-events, encompassing 1,351 unique firms headquartered in states where abortions are banned or restricted. To measure stock market reaction, we calculate cumulative abnormal returns (CARs) around the abortion ban and restriction events. We employ three alternative models to

[14] Iowa, Montana, Utah, Wyoming, and Ohio blocked abortion bans or restrictions within 120 days of their announcement. Kentucky event (April 13, 2022), Tennessee event (July 26, 2022), and Texas event (May 19, 2021) are within 30 days of prior bans or restrictions. Consequently, these events are excluded from our sample. Taking into account these events, which closely follow previous bans or restrictions, we observe consistent outcomes.

[15] In the states of Alaska, Kansas, and Virginia, we did not identify any instances of the government enacting executive orders or passing legislation concerning abortion bans or protections. Massachusetts event (July 29, 2022) falls within 35 days of a prior protection event and is excluded from our protection event sample.

calculate the abnormal stock returns: (1) the CAPM (Lintner (1965); Sharpe (1964)) model (CAPM), (2) the Fama-French-Carhart four-factor (Carhart (1997)) model (FFC4), and (3) the Fama-French five-factor model (Fama and French (2015)) (FF5). Each approach is described in detail in Appendix B. To calculate the abnormal returns, we first estimate the parameters for each firm using an estimation window of (−310, −60) trading days prior to the first ban event date for each state, requiring 120 trading day returns. Then CAR (t_1, t_2) is obtained by cumulating daily abnormal stock returns from day t_1 before the announcement date to day t_2 after the event date. Then the cumulative abnormal returns sample is merged with the abortion ban and restriction event sample, which yields 2,252 firm-events and 1,238 firms.

We use the Directors Global file from the ISS ESG database to capture if a company is committed to gender equity. ISS ESG covers more than 4,000 U.S. firms for the years 2021 and 2022 with available gvkey identifiers, providing us with a comprehensive sample. *Gender Equity Commitment* is an indicator that equals one if a company is defined by the database as having a statement or policy on gender equity prior to the first abortion ban, restriction, or protection event in the company's headquarters state within a year, and zero otherwise. If a state has multiple events, then the first event is used as the cutoff point to measure *Gender Equity Commitment*. According to ISS ESG, company diversity data is collected through filings, meetings, and various sources, such as proxy statements, annual reports, corporate governance guidelines, company websites, and others. After merging with the gender equity sample, the resulting sample comprises 1,876 firm-events and encompasses 1,040 firms.

Finally, we combine the sample with the most recent financial controls from Compustat. After ensuring the availability of financial controls, our final sample comprises 1,756 firm-events from 978 distinct firms. We report the summary statistics for firms with and without gender equity

commitment in Table 1. Firms committed to gender equity are on average larger and have better performance than their counterparts, but they share similar characteristics, such as growth opportunities, leverage, and investments.

4 Market Reactions to Abortion Ban, Restriction and Protection Events

4.1 Univariate analysis

In this section, we test Hypothesis 1 by examining whether market reactions to abortion ban and restriction events differ based on firms' commitment to gender equity. In Table 2, we split the sample into *Gender Equity Commitment* (Columns 1 and 2) versus *No Gender Equity Commitment* (Columns 3 and 4) subsamples and compare mean and median cumulative abnormal returns (CARs) between the two subsamples. Regardless of the model and event windows (i.e., event windows (−1, 1) and (−2, 2)) used, we see that firms with gender equity commitment earn significantly higher abnormal returns than firms without such commitment when their headquartered state adopts abortion bans or restrictions. The mean difference is statistically significant at the 1% level across alternative models and various event windows.

To gauge economic significance, our univariate analysis indicates that firms with gender equity commitment earn an additional abnormal return of approximately 0.7% over a 3-day event window and 1% over a 5-day event window, respectively, than those firms without gender equity commitment, in response to the abortion ban and restriction events. The three alternative models yield similar predictions for the economic significance. To sum up, on a univariate basis, we find distinct differences in market reactions to the abortion ban or restriction events depending on the gender equity commitment of the firms.

4.2 Multivariate analysis

Next, we test whether these differing market reactions remain in a multivariate setting.

$$CAR_{it} = \beta_0 + \beta_1 Gender\ Equity\ Commitment_{it} + \gamma_1 Z_{it-1} + \delta_i + \varepsilon_{it} \quad (1)$$

The dependent variable is the cumulative abnormal returns (CARs) around the state-level abortion ban and restriction events. To estimate CARs, we employ three alternative models and two event windows, i.e., (−1, 1) and (−2, 2). The variable of interest is the *Gender Equity Commitment* indicator variable. $\boldsymbol{Z_{it}}$ is a vector of firm-level characteristics including *%Female Directors, Size, Book-to-market, Leverage, Capital Expenditure, R&D,* and *ROA*. $\boldsymbol{\delta_i}$ control for industry fixed effects at the two-digit standard industry classification (SIC) level. These covariates are estimated using firms' most recent annual financial data prior to the events.[16]

Table 3 reports the multivariate results. Consistent with the univariate results, we observe a positive coefficient on the *Gender Equity Commitment* indicator variable. This positive coefficient is persistent and statistically significant in various event windows and alternative models (p-values < 0.01 in all specifications). That is, the contrasting market reactions for firms with or without gender equity commitments, documented in our univariate analysis, remain after including additional controls for firm and industry characteristics. This implies that the distinct market reaction is not driven by spurious factors or noise, but rather reflects a genuine change in the expectations and preferences of investors spurred by the abortion ban or restriction events.

It is worth noting that the economic significance implied by the multivariate analysis is highly consistent with those derived from the univariate analysis, e.g., CARs for firms with gender equity commitment are higher than those for firms without such commitment by approximately

[16] Previous research has investigated the impact of women's representation on corporate boards, yielding mixed findings (Eckbo, Nygaard, and Thorburn (2022); Greene, Intintoli, and Kahle (2020); Billings, Klein, and Shi (2022); Bian, Li, and Li (2023); Lins et al. (2024)). Our main results remain robust after including the proportion of female directors *(%Female Directors*) as a control.

0.6% over a 3-day event window and 0.9% over a 5-day event window. This observation further rules out the possibility that our baseline results are driven by firm and industry attributes other than the firm's commitment to gender equity. Overall, our results support Hypothesis 1.

4.3 Conditional on subsidiaries in banned or restricted states

The baseline results indicate that firms headquartered in states where abortions are banned or restricted earn superior returns in response to abortion ban or restriction events if they demonstrate a commitment to gender equity, compared to firms that do not. However, it is not uncommon for a firm to operate several subsidiaries with jurisdiction different from that of the headquarters. If a company owns more subsidiaries in states where abortions are banned or restricted, it is more significantly affected by abortion bans or restrictions. Consequently, we anticipate that the impact of gender equity commitment will be more pronounced. Conversely, we would anticipate that the effect of gender equity commitment is weaker for a company that owns fewer subsidiaries in states where abortion is banned or restricted.

We extract the location information for the firm's subsidiaries using data from the WRDS Company Subsidiary Database. The list of subsidiaries is collected based on companies' reported information in Exhibit 21 of their 10-K filings, and the location of subsidiaries is determined by their organized or incorporated location.[17] Table 4 reports our findings.[18] We partition the sample into low vs. high subsamples based on the number of subsidiaries in the states where abortions are

[17] The location of subsidiaries reported is based on the Jurisdiction of incorporation. For example, as reported on Exhibit 21 of the 10-K filed on March 17, 2023, Walmart Inc. owns Sam's East Inc and Sam's West Inc incorporated in Arkansas. As reported on Exhibit 21.1 of 10-K filed on February 22, 2022, Coca-Cola Co owns Red Re Captive Insurance Company, Inc organised under the law of Georgia, and The Inmex Corporation organzied in Florida. https://www.sec.gov/Archives/edgar/data/104169/000010416923000020/0000104169-23-000020-index.htm; https://www.sec.gov/Archives/edgar/data/21344/000002134422000009/0000021344-22-000009-indexs.htm.

[18] Fama-French five-factor model (FF5) is reported in Table 4, Table 6 through Table 9. For conciseness, the other two models, i.e. CAPM and Fama-French-Carhart four-factor model (FFC4), which yield consistent results, are not included, but are available upon request.

banned or restricted at the sample median and re-estimate our model (Equation 1). Consistent with our prediction, the market reacts more favorably to firms with gender equity commitment in the subsample of *High* number of subsidiaries, compared to the subsample of *Low* number of subsidiaries, i.e., the coefficients on *Gender Equity Commitment* indicator variable are positive and statistically significant (p-values < 0.01) in the high subsample (Columns 2 and 4), whereas the coefficients are positive but statistically insignificant in the low subsample (Columns 1 and 3). We also test and confirm that the estimated coefficients in two subsamples (i.e., High minus Low) are significantly different (p-values < 0.05 in the 3-day event window and p-values < 0.10 in the 5-day event window).

4.4 Market reactions to abortion protection events

In addition to the twenty-one states that have enacted bans or restrictions, we also identify twenty-two states that have either signed executive orders to protect access to reproductive health care services or signed bills aimed at protecting abortion rights during this period. The contradictory state-level policies provide a distinctive chance to reevaluate the significance of demonstrating a gender equity commitment from a different standpoint. Specifically, we assess market reactions to abortion protection events for firms headquartered in protection states, comparing those with and without a commitment to gender equity. Because abortion law remains the status quo in these states, we expect the abortion protection events are not as salient as the ban or restriction events. Note, under these scenarios, the state policies and the firm's organizational practices remain aligned. Therefore, no sufficient distinctions in market reactions will be triggered between firms with and without gender equity commitment under such circumstances.

To test this conjecture, we examine whether the contrasting patterns documented in responses to abortion ban or restriction events reemerge when we replace the ban or restriction

events with the protection events. The analysis was conducted by applying Equation 1, specifically focusing on the timeframes surrounding the protection events.

Table 5 reports the multivariate results.[19] When using the protection events, we no longer discern differences in the market responses between firms with and without gender equity commitment, i.e., the coefficients on the *Gender Equity Commitment* indicator variables are statistically insignificant in all six specifications. This result contrasts with our baseline findings reported in Table 3 but aligns with the prediction that, since abortion protection events do not trigger deviations between state policies and firm human resource practices as ban or restriction events do, there should be no substantial difference in abnormal returns between firms with and without a commitment to gender equity.

5 Underlying Channels

5.1 Public attention channel

5.1.1 Media coverage

Firms with limited media coverage often go unnoticed by various stakeholders. We anticipate that increased public attention to gender-related issues will provoke a stronger market reaction in these under-covered firms. To explore Hypothesis 2a, we count the total number of full-article news covering the company each year from 2019 to 2021, the three-year period prior to the abortion bans and restriction event wave, and then calculate the annual average to measure media coverage. We separate the sample into low media coverage versus high media coverage subsamples at the breakpoint of the sample median. Table 6 Panel A reports the results. In the light

[19] For conciseness, the univariate analysis, which yields consistent results with the multivariate analysis, is not included, but is available upon request.

of our conjecture, we find the coefficient on *Gender Equity Commitment* to be positive and statistically significant in the *Low* media coverage subsample (columns (1) and (3)), that is, higher abnormal returns for firms with a gender equity commitment are present within the subsample with lower media coverage. This finding supports Hypothesis 2a.

5.1.2 Analyst coverage

Firms attracting fewer analysts' attention tend to be overlooked by stakeholders. We anticipate that the premium on gender equity commitment accrues to firms with lower analyst coverage (Hong, Lim and Stein (2000)). To explore this implication, we separate the sample into low analyst coverage versus high analyst coverage subsamples at the breakpoint of the sample median of the number of analysts following the company. Table 6 Panel B reports the results. In the light of our conjecture, we find the coefficient on *Gender Equity Commitment* to be positive and statistically significant in the *low* analyst coverage subsample (columns (1) and (3)), that is, higher abnormal returns for firms with a gender equity commitment are present within the subsample with lower analyst coverage.

5.2 Employee Channel

5.2.1 Direct Channel

We provide evidence of value creation through the employee channel by examining firm employment growth around abortion ban and restriction events, utilizing a difference-in-differences (DiD) framework. Initially, we use Data Axle data to capture the establishment-level number of employees (in logarithm) as the outcome variable, as shown in Table 7. An establishment is classified as 'treated' if it is located in a state with an abortion ban. In column 1, the variable ***Post*** equals one for the year following the abortion ban and restriction events, and zero

for the event year and the two preceding years. In column 2, we include separate interactions between Treatment and each year, using the event year as the benchmark. By controlling for firm-year fixed effects, we compare treated and control establishments within the same firm. Employment growth significantly decreased for treated establishments after (but not before) the enactment of abortion bans and restrictions, compared to control establishments within the same firm. Column 3 presents the results for the triple-interaction term between gender equity commitment, Treat, and Post. The findings indicate that firms with a gender equity commitment mitigate labor adjustment costs by retaining workers, despite the decrease in employment for establishments located in ban states during the post-ban period.

5.2.2 Indirect Channel

5.2.2.1 Employee satisfaction

Next, we investigate the role that employee satisfaction plays in moderating the higher abnormal return experienced by firms with gender equity commitment. To test Hypothesis 3b, we rely on company ratings collected from Glassdoor to proxy for employee satisfaction (Lins et al. (2024); Green et al. (2019); Hilary, Tian, and Yu (2023); Huang, Li, and Markov (2020)). Glassdoor allows current and former employees to anonymously rate companies on a 5-point scale ranging from "Very Dissatisfied" to "Very Satisfied". These reviews cover various aspects such as work environment, culture, management, benefits, and overall satisfaction.

Table 8 Panel A presents the results. To measure the improvement in employee satisfaction, we compute the change in overall ratings during the 90 days following the ban or restriction event dates relative to the 90 days preceding the event dates. We then partition the sample into a decrease in ratings versus an increase or no change in rating subsamples and re-estimate cross-sectional

regressions (Equation 1) in the two subsamples. Consistent with our conjecture, we find the coefficient on *Gender Equity Commitment* to be positive and statistically significant (p-values < 0.01 in Columns 2 and 4) in the *Increase* subsample. This result confirms Hypothesis 3c that the premium on gender equity commitment is indeed larger for firms that accomplish greater improvement in employee satisfaction than firms that lack improvement, as employees' awareness of the gender-related aspects of their working environment heightened.

5.2.2.2 Union representation

Prior studies indicate that unions protect employees from large-scale layoffs (Atanassov, and Kim (2009); Chen, Kacperczyk, and Ortiz-Molina (2012)); help raise workers' pay in general and reduce wage inequality between male and female workers (Elvira, and Saporta (2001)). Moreover, Guiso, Sapienza, and Zingales (2015) report a negative association between unionization and integrity (an important dimension of corporate culture). They interpret it as "in a world where promises are not kept very often, workers feel the need to be more protected." When employees are constrained in their access to reproductive health care due to state-imposed abortion bans and restrictions, they may exhibit greater concerns about their working environment and heightened sensitivity to firms' stances on gender-related issues in companies where they are underrepresented by unions, compared to companies where they are well represented by unions.

To test Hypothesis 3d, we compute the firm-level unionization rate as the product of the industry-level unionization rate and the firm's labor intensity, measured as the ratio of the number of employees to the net fixed assets (Hilary (2006)). We partition the sample into low vs. high subsamples based on the unionization rate at the sample median. Table 8 Panel B reports the results. Indeed, we find that the effect of gender equity commitment is stronger in the low unionization subsample, compared to the high unionization subsample, i.e., the coefficients on *Gender Equity*

Commitment indicator variable are positive and statistically significant (p-values < 0.01) in the *Low* unionization subsample (Columns 2 and 4), whereas the coefficients are positive but statistically insignificant in the *High* unionization subsample (Columns 1 and 3). This finding suggests that, for employees lacking union protection, their company's commitment to gender equity plays a more pivotal role.

6 Additional Analyses

6.1 Before vs. After June 24, 2022

Before the Supreme Court overturned *Roe v. Wade* on June 24, 2022, the abortion right was protected by the U.S. Constitution. Should a state have enacted legislation to ban or restrict abortion rights prior to this date, it would have been in contradiction to the Constitution. Thus, we expect that such events are more likely to elicit a pronounced market response compared to legislation that was enacted after *Roe v. Wade* was reversed.[20] To test this conjecture, we divide the sample period into two subperiods: before and after June 24, 2022, which serves as the cutoff point, and re-estimate our model (Equation 1). As shown in Table 9, in line with our forecast, the effect of gender equity commitment on market reactions to abortion ban or restriction events concentrate in the subperiod before June 24, 2022, i.e., the coefficients on *Gender Equity Commitment* indicator variable are positive and statistically significant (p-values < 0.01) in the *Before* subsample (Columns 1 and 3), whereas the coefficients are positive but statistically insignificant in the *After* subsample (Columns 2 and 4).

[20] It is less surprising whether a state will enact an abortion ban or restriction after *Roe* was overturned. For example, thirteen states have passed what is called a "trigger law." These laws would ban abortion altogether if *Roe* is reversed. Further, other states such as Michigan have laws on the books banning abortion that pre-dated the *Roe v. Wade* decision. These laws would, presumably, go into effect once Roe was overturned.

6.2 Corporate responses to abortion bans and restrictions

In response to the wave of abortion bans or restriction events across states, some firms choose to publicly express their stance toward the issue, while more firms choose to stay silent. For example, ride-sharing services Lyft and Uber committed to paying legal fees for any driver on their respective platforms who gets sued under the Texas Heartbeat Act.[21] Warner Bros., BuzzFeed, Goldman Sachs, Snap, Macy's, and Dick's Sporting Goods announced to cover abortion-related travel in response to the Supreme Court's decision to overturn Roe v. Wade.[22] On the other hand, some companies support abortion bans. John Gibson, the CEO of the video game publisher Tripwire Interactive, tweeted in support of the Texas Heartbeat Act on September 4, 2021. Over the next few days, video game journalists, other developers, and members of the players' community expressed outrage at the tweet, leading to Gibson stepping down as CEO on September 6, 2021, and Tripwire distancing itself from Gibson's statement.[23]

We further explore the market reaction to firms that explicitly announce their support for reproductive health care and offer benefits to cover abortion-related expenses. We obtain data from novel databases that track corporate responses to abortion bans: #WhatAreYourRepro Benefits and the "Don't Ban Equality" movement.[24] We find that only 25 out of 145 companies from the database are headquartered in ban-enacted states.[25] One possible explanation is that firms

[21] https://www.theverge.com/22656392/lyft-uber-legal-fees-drivers-lawsuit-texas-sb8-abortion-law
[22] https://www.nytimes.com/2022/06/24/business/abortion-roe-wade-companies.html
[23] https://thehill.com/homenews/media/571016-tech-company-ceo-steps-down-after-comments-on-texas-abortion-law/
[24] The database includes policies publicly disclosed by companies or publicly reported on. https://rhiaventures.org/corporate-engagement/whatareyourreprobenefits/. "Don't Ban Equality" is a movement asserting that public policies restricting reproductive health care are bad for business. https://dontbanequality.com/
[25] These 25 firms include American Airlines Group, American Electric Power, Cardinal Health, Caterpillar, Commercial metals, Cummins, FedEx, Home Depot, Kroger, Lilly (Eli), Bath&Body Works, Procter&Gamble, Automation, AT&T, UPS, Dell Technologies, Walmart, HCA Healthcare, Godaddy, Match Group, Hewlett Packard, Bumble, Douglas Elliman, Abercrombie&Fitch, Tesla.

headquartered in ban-enacted states may be more concerned about the risk of retaliation. For instance, Disney's private governing system in Florida was dissolved by Governor Ron DeSantis after the company pushed back on the education bill in April 2022. Since then, the media conglomerate has not made a separate public statement on the overturn of *Roe v. Wade*. Despite that Disney is not a company headquartered in ban-enacted states per se, the case highlights the common apprehensions faced by other companies. Fifteen unique firms remained in our final sample, and the mean 3-day (5-day) FF5 CARs is 0.4% (0.2%), which is not significantly different from firms that do not join the "Don't Ban Equality" movement.

7 Conclusion

Our study reveals a market preference for firms that uphold employee rights, particularly in the realm of gender equity, amidst a backdrop of state-level abortion bans and restrictions. This preference is manifested in the form of superior stock returns for these firms with a commitment to gender equity when state policies clash with their established practices of employee rights. When we substitute the events of bans or restrictions with those of abortion protections, the previously observed patterns do not recur, in which scenario the alignment between state policies and corporate practices remains.

The first underlying channel we explore is public attention. The state-level abortion ban and restriction events brought the issue of gender in the workplace into the public spotlight. We anticipate that heightened public attention to gender-related issues will provoke a stronger market reaction in companies that previously garnered minimal public attention prior to these legislative changes. Our findings support this prediction.

We further investigate the role that the employee channel plays. We find that the impact of gender equity commitment is more pronounced in firms where employees are underrepresented by

unions, consistent with the notion that employees may express increased sensitivity to firms' positions on gender-related matters in companies where they lack strong union representation. We also find that the premium on gender equity commitment is larger for firms that accomplish greater improvement in employee satisfaction as employees' awareness of the gender-related aspects of their working environment is heightened.

Ultimately, our analysis reveals a shift in market reactions to gender equity commitments when comparing the periods before and after June 24, 2022—the date the Supreme Court reversed *Roe v. Wade*. Specifically, the impact of such commitments on market responses was notably more pronounced prior to this date. This observation aligns with the increased prominence of abortion bans and restrictions during this interval, which notably contradicts constitutional provisions. Consequently, such legislative developments are anticipated to trigger a more significant response in the market.

In conclusion, the market not only recognizes but also rewards the efforts of firms that remain steadfast in their commitment to employee rights, signaling a broader expectation for corporate responsibility and ethical governance in the face of divergent state legislation.

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Appendix

A. Timeline of events

This table lists the timelines of state-level abortion ban and restriction events (Panel A), state-level abortion protection events (Panel B), and the Supreme Court abortion law events (Panel C).

Panel A: State-level abortion ban and restriction events

State	Date	Event Description
Alabama	6/24/2022	Alabama Attorney General Steve Marshall announced that state laws prohibiting abortion are now in full effect.
Arizona	3/24/2022	Arizona House passed legislation to outlaw abortion after 15 weeks of pregnancy. The bill now goes to Republican Gov. Doug Ducey, an abortion opponent who has signed every piece of anti-abortion legislation that has reached his desk since he took office in 2015.
Arizona	9/23/2022	Judge rules that Arizona can enforce near-total abortion ban.
Arkansas	6/24/2022	Arkansas Attorney General Leslie Rutledge certified that the U.S. Supreme Court overturned the 1973 Roe v. Wade ruling in accordance with Act 180 of 2019. This, in turn, certified Arkansas's Trigger Abortion law that abortions would become illegal except in instances to save a pregnant person's life.
Florida	4/14/2022	Florida Gov. Ron DeSantis signed into law a Mississippi-style anti-abortion measure that bans the procedure after 15 weeks of pregnancy without exemptions for rape, incest or human trafficking.
Georgia	7/20/2022	Federal appeals court allows Georgia's six-week abortion ban to take effect immediately.
Idaho	3/23/2022#	Idaho Gov. Brad Little signed into law a near-total ban on abortion, making Idaho the first in a potential string of states that may copy Texas' abortion restrictions.
Idaho	8/12/2022	Idaho Supreme Court allows trigger law banning nearly all abortions to take effect.
Indiana	8/5/2022	Indiana adopts near-total abortion ban as governor signs SB 1 into law.
Indiana	8/21/2023	Indiana Supreme Court won't rehear near-total abortion ban ruling, putting law back in effect.
Iowa	7/14/2023#	Iowa Gov. Kim Reynolds signed a law banning most abortions after about six weeks of pregnancy.
Kentucky	3/30/2022	Kentucky Senate passes abortion restrictions, including 15-week ban.
Kentucky	4/13/2022##	Kentucky's GOP-controlled legislature on Wednesday overrode Democratic Gov. Andy Beshear's veto of a broad abortion bill that bans most abortions after 15 weeks of pregnancy, restricts access to medication abortion, and makes it more difficult for a minor to obtain an abortion in the state.
Kentucky	6/24/2022	Trigger law effectively bans abortion in Kentucky after 'Roe v. Wade' reversal.
Louisiana	6/24/2022	Louisiana automatically banned almost all abortion in the state after the U.S. Supreme Court overturned its landmark Roe v. Wade decision Friday morning.
Mississippi	6/27/2022	The Attorney General Lynn Fitch announced that following the landmark ruling overturning Roe v. Wade, she has officially certified Mississippi's trigger law. This will make abortions in Mississippi illegal in ten days.
Missouri	6/24/2022	Missouri bans most abortions after U.S. Supreme Court ruling.
Montana	5/16/2023#	The governor signs 15-week abortion ban.
Nebraska	5/22/2023	The governor Pillen signs LB574 into law, and the abortion ban takes effect immediately.

North Carolina	5/4/2023	North Carolina lawmakers approved a ban on nearly all abortions after 12 weeks of pregnancy; governor vows veto.
North Dakota	6/28/2022#	The attorney general certifies that U.S. Supreme Court has issued a judgment restoring to the states their ability to prohibit abortion.
North Dakota	4/24/2023	North Dakota's governor signs a 6-week abortion ban into law.
Ohio	6/24/2022#	Federal judge allows blocked 'heartbeat bill' to take effect, banning abortion around six weeks in Ohio.
Oklahoma	4/12/2022	Oklahoma governor signs near-total ban on abortion into law.
Oklahoma	5/20/2022	Oklahoma lawmakers gave final approval to a bill that would ban nearly all abortions and would allow private citizens to sue anyone who helps women terminate a pregnancy.
South Carolina	6/17/2022	The governor signed H 4776 into law.
South Carolina	5/25/2023	South Carolina governor signs 6-week abortion bill into law.
South Dakota	6/24/2022	South Dakota's long-pending "trigger law" banning voluntary termination of pregnancies has gone into effect.
Tennessee	5/5/2022	Tennessee Governor Bill Lee signed HB2416, criminalizing abortion-inducing drugs that are provided via mail.
Tennessee	6/28/2022	Tennessee's 6-week abortion ban can now take effect after a federal court lifted an injunction on a 2020 law.
Tennessee	7/26/2022##	The 30-day countdown to Tennessee enacting a 6-week abortion ban began following a final judgment filed in the U.S. Supreme Court.
Texas	3/30/2021	Senate passed SB8 (Texas Heartbeat Act).
Texas	5/6/2021	House passed SB8.
Texas	5/19/2021##	Governor Greg Abbott signed SB8 into law
Texas	9/1/2021	SB8 went into effect.
Utah	6/24/2022#	The Utah State Legislature sent a notice that the Utah law prohibiting abortion, with some exceptions, is now part of the Utah legal code.
Utah	6/28/2022#	While Utah's law banning all elective abortions is on hold, another law that prohibits abortions after 18 weeks will take effect.
West Virginia	9/13/2022	The West Virginia Legislature passed HB 302, which will prohibit nearly all abortions except to save a pregnant person's life or in certain cases that involve rape or incest.
Wisconsin	6/24/2022	Nearly all abortions are now illegal in Wisconsin.
Wyoming	7/22/2022#	The governor certified that the U.S. Supreme Court overruled Roe and that the "trigger law" was set to take effect in five days.
Wyoming	3/17/2023#	The governor signed a bill banning medication-induced abortions and will allow another near-complete ban to go into effect without his signature.

Panel B: State-level abortion protection events

State	Date	Event Description
California	6/24/2022	The governor approved AB 1666, which protects individuals from liability against out-of-state civil actions for providing, aiding, or receiving abortion care that is legal in the state.
California	9/27/2022	California Gov. Gavin Newsom signed into law a slate of bills aimed at protecting and expanding access to abortion in the state.

Colorado	4/4/2022	Governor Jared Polis signed the Reproductive Health Equity Act (RHEA) into law to ensure Colorado's laws protect fundamental reproductive rights, including abortion.
Colorado	7/6/2022	Governor Jared Polis issued Executive Order D 2022 032, directing state agencies to protect access to reproductive health care in Colorado.
Connecticut	5/5/2022	Connecticut governor signs HB 5414 protecting abortion seekers and providers from out-of-state lawsuits.
Delaware	6/29/2022	Delaware governor signs House Bill 455 expanding abortion access and provider protection.
Hawaii	10/12/2022	Hawaii's Democratic governor moved to strengthen abortion protections in the state, issuing an executive order prohibiting officials on the islands from cooperating with states attempting to prosecute people who received the procedure legally in his state.
Hawaii	3/22/2023	Hawaii's governor signed legislation expanding access to abortion and putting into law recent executive orders protecting local health care providers from prosecution by out-of-state authorities.
Illinois	1/10/2023	Illinois lawmakers on Tuesday approved a measure protecting Illinois' access to abortion from out-of-state meddling, making the state the latest to pursue such protections since the U.S. Supreme Court overturned Roe v. Wade last June.
Maine	7/5/2022	The governor issued Executive Order 4 2022 protecting access to reproductive health care services in Maine.
Maine	7/19/2023	Governor Janet Mills signed the bill, An Act to Improve Maine's Reproductive Privacy Laws, into law legislation that puts the decision about whether to have an abortion later in pregnancy in the hands of women and their doctors – not politicians or lawyers, ensuring that patients can get the care they need, when they need it.
Maryland	5/3/2023	Maryland governor signs bills protecting abortion rights and gender-affirming care.
Massachusetts	6/24/2022	The governor issued Executive Order 600 2022 protecting access to reproductive health care services in the commonwealth.
Massachusetts	7/29/2022##	Massachusetts Gov. Charlie Baker signed a sweeping abortion protections bill into law, strengthening reproductive health care access.
Michigan	5/25/2022	The governor issued Executive Directive No. 2022-5, protecting access to reproductive health.
Michigan	7/13/2022	The governor issued Executive Order No. 2022-4 to decline interstate extradition.
Michigan	9/7/2022	A judge struck down Michigan's 1931 anti-abortion law.
Michigan	4/5/2023	Governor Whitmer repeals Michigan's extreme 1931 abortion ban.
Minnesota	6/25/2022	Governor Tim Walz issued Emergency Executive Order 22-16: protecting access to reproductive health care services.
Minnesota	1/31/2023	Minnesota governor signs broad abortion rights bill into law.
Nevada	6/28/2022	The governor issued Executive Order 2022-08 protecting access to reproductive health services in Nevada.
Nevada	6/1/2023	Nevada governor signs new abortion protections into law.
New Hampshire	5/20/2022	HB 1673 was signed into law, which repeals New Hampshire's ultrasound mandate requirement for all abortion care, effective immediately.
New Jersey	1/31/2022	Governor Murphy signed a bill codifying the right to an abortion into state law.

New Jersey	7/1/2022	Governor Murphy signs legislation to protect reproductive health care providers and out-of-state residents seeking reproductive services in New Jersey.
New Mexico	6/27/2022	The governor signed an executive order protecting access to reproductive health care services in New Mexico, protecting medical providers from attempts at legal retribution, and establishing that New Mexico will not entertain extradition attempts from other states relating to receiving or performing reproductive services.
New Mexico	3/16/2023	The governor signed an abortion-rights bill that overrides local ordinances aimed at limiting access to abortion procedures and medications.
New York	6/13/2022	Abortion protections in New York fortified ahead of SCOTUS ruling.
New York	6/20/2023	New York State Legislature passed a bill to protect doctors who prescribe abortion pills for out-of-state patients.
North Carolina	7/6/2022	The governor issued executive order No. 263 protecting access to reproductive health care services in North Carolina.
Oregon	5/1/2023	Oregon House passes HB 2002 to guarantee access to abortion and gender-affirming care.
Pennsylvania	7/12/2022	Pennsylvania governor signs executive order to protect access to abortion.
Rhode Island	7/5/2022	The governor issued executive order No. 22-28 protecting access to reproductive health care services.
Rhode Island	5/18/2023	The governor signed the Equality in Abortion Coverage Act into law.
Vermont	11/9/2022	Vermont voters passed Article 22, the Reproductive Liberty Amendment, to protect abortion rights in the state constitution.
Vermont	5/11/2023	Vermont's governor signed abortion and gender-affirming shield bills into law that are the first in the country to explicitly include protecting access to a medication widely used in abortions.
Washington	3/17/2022	Washington became the first state to enact a law blocking people from being sued by the state if they undergo or help facilitate an abortion.
Washington	4/27/2023	The governor signed a suite of five bills to shore up access to abortion in Washington.

Panel C: The Supreme Court abortion ban events

Date	Event Description
12/1/2021	Dobbs v. Jackson Women's Health Organization was brought to the Supreme Court, a case dealing with a Mississippi law that bans abortion after 15 weeks. Upholding Mississippi's ban would mean overturning Roe.
5/2/2022	A Politico report details a leaked Supreme Court draft opinion indicating the court would overturn Roe v. Wade. The news set off protests and rallies across the country.
6/24/2022	The court ruled 6-3 to uphold Mississippi's law, with the decision to overturn Roe a 5-4 vote.

Given that the abortion ban or restriction is blocked within 120 days, this event has been removed from our sample. ## Given that the abortion ban or restriction event is within 30 days of a prior ban or restriction event, the second event is removed from our sample. For the protection sample, the Massachusetts event (July 29, 2022) falls within 35 days of a prior protection event and is excluded from our protection event sample.

B. Variable Definitions

Variables	Definitions
Gender Equity Commitment	We use the Directors Global file from the ISS ESG database to capture if a company is committed to gender equity. Specifically, gender equity commitment is an indicator that equals one if a company is defined by the database as having a boilerplate statement or policy on gender diversity prior to the first abortion ban, restriction, or protection event in the company's headquarters state within a year, and zero otherwise. If a state has multiple events, then the first event is used as the cutoff point to measure *Gender Equity Commitment*. According to ISS ESG, company diversity data is collected through filings, meetings, and various sources, such as proxy statements, annual reports, corporate governance guidelines, company websites, and others. Source: ISS ESG.
CAPM CAR (t_1, t_2)	Cumulative abnormal returns using the CAPM model. The parameters are estimated for each firm using an estimation window of [-310, -60] trading days prior to the first ban/restriction/protection event date in each state and require 120 trading day returns are available. The daily abnormal returns (AR_{it}) are calculated as: $AR_{it} = (Ret_{i,t} - RF_t) - \beta_0 - \beta_1 MKT_RF_t$. RF is the one-month treasury bill rate. MKT_RF is the market return in excess of the one-month treasury bill rate. Then CAR (t_1, t_2) is obtained by cumulating daily abnormal returns from day t_1 before the event date to day t_2 after the event date.
FFC4 CAR (t_1, t_2)	Cumulative abnormal returns using the Fama-French-Carhart four-factor model. The parameters are estimated for each firm using an estimation window of [-310, -60] trading days prior to the first ban/restriction/protection event date in each state and require 120 trading day returns are available. The daily abnormal returns (AR_{it}) are calculated as: $AR_{it} = (Ret_{i,t} - RF_t) - \beta_0 - \beta_1 MKT_RF_t - \beta_2 SMB_t - \beta_3 HML_t - \beta_4 UMD_t$. RF is the one-month treasury bill rate. MKT_RF is the market return in excess of the one-month treasury bill rate. SMB is the difference between the returns on small and large-size portfolios. HML is the difference between the returns on high and low book-to-market-ratio portfolios. UMD is the difference between the returns on high and low prior return portfolios. Then CAR (t_1, t_2) is obtained by cumulating daily abnormal returns from day t_1 before the event date to day t_2 after the event date.
FF5 CAR (t_1, t_2)	Cumulative abnormal returns using the Fama-French five-factor model. The parameters are estimated for each firm using an estimation window of [-310, -60] trading days prior to the first ban/restriction/protection event date in each state and require 120 trading day returns are available. The daily abnormal returns (AR_{it}) are calculated as: $AR_{it} = (Ret_{i,t} - RF_t) - \beta_0 - \beta_1 MKT_RF_t - \beta_2 SMB_t - \beta_3 HML_t - \beta_4 RMW_t - \beta_5 CMA_t$. RF is the one-month treasury bill rate. MKT_RF is the market return in excess of the one-month treasury bill rate. SMB is the difference between the returns on small and large-size portfolios. HML is the difference between the returns on high and low book-to-market-ratio portfolios. RMW is the difference between the returns on robust and weak portfolios. CMA is the difference between the returns on conservative and aggressive portfolios. Then CAR (t_1, t_2) is obtained by cumulating daily abnormal returns from day t_1 before the event date to day t_2 after the event date.

Size	Natural logarithm of the market value of equity. Market value equity is the product of stock price per share at the end of the fiscal year (PRCC_F) and shares outstanding (CSHO). Source: Compustat.
Book-to-market	The ratio of the book value of equity over the market value of equity. The book value of equity is the total book value of assets (AT), minus total liability (LT), plus deferred taxes and investment tax credit (TXDITC), minus preferred stock liquidating value (PSTKL), preferred stock redemption value (PSTKRV), preferred stock (PSTK) based on the order of availability. The market value of equity is computed as the product of stock price per share at the end of the fiscal year (PRCC_F) and shares outstanding (CSHO). Source: Compustat.
Leverage	The ratio of total debt over the total book value of assets. Total debt is the summation of long-term debt (DLTT) and debt in current liabilities (DLC). Source: Compustat.
Capital Expenditure	Capital expenditures (CAPX) scaled by total assets. Source: Compustat.
R&D	Research and development expenditure scaled by total assets. Source: Compustat.
ROA	The ratio of net income (NI) over the total book value of assets. Source: Compustat.
% Female Directors	Percentage of female directors on the board. Source: ISS ESG.
Unionization	The product of the industry-level unionization rate and the firm's labor intensity. A firm's labor intensity is the ratio of the number of employees of the firm (EMP) over the net value of property, plant, and equipment (PPENT) (Hilary, 2006). The industry-level unionization rate is obtained from http://unionstats.com/.
ΔEmployee Satisfaction	The change in employee satisfaction is calculated by subtracting the overall employee ratings on Glassdoor in the window of (-90, 0) from the ratings in the window of (0, 90), where date 0 is the abortion ban or restriction event date. Source: Glassdoor.
Analyst coverage	The number of analysts who provide EPS forecasts for the next fiscal year. The number of analysts is obtained from the last statistical period for each fiscal period prior to the abortion ban and restriction event date. Source: IBES summary data file.
Media coverage	The average yearly count of the full-article news covering the firm over the years from 2019 to 2021 prior to the abortion ban and restriction events wave. Source: RavenPack.

Table 1: Descriptive Statistics

This table presents descriptive statistics (Mean) for the full sample, the Gender Equity Commitment subsample, the No DEI Commitment subsample, and their difference respectively. All variables are defined in detail in Appendix B. ***, ** and * denote significance at the 1%, 5%, and 10% level, respectively.

	Whole sample (N=1,756)	Gender Equity Commitment (N=804)	No Gender Equity Commitment (N=952)	Difference of Mean
	(1)	(2)	(3)	(2) – (3)
% Female Directors	0.209	0.211	0.206	0.005
Size	7.096	7.306	6.919	0.387***
Book-to-market	0.795	0.796	0.795	0.001
Leverage	0.285	0.290	0.280	0.010
Capital Expenditure	0.032	0.033	0.031	0.002
R&D	0.027	0.026	0.028	-0.002
ROA	-0.054	-0.047	-0.060	0.013

Table 2: Cumulative abnormal returns surrounding abortion ban or restriction events conditional on gender equity commitment

This table presents the comparison of mean cumulative abnormal returns (CARs) between firms with and without Gender Equity commitment around abortion ban and restriction events. We use three alternative models, i.e., the CAPM model (CAPM), the Fama-French-Carhart four-factor model (FFC4), and the Fama-French five-factor model (FF5), and two event windows to compute the CARs. All variables are defined in detail in Appendix B. T-statistics are reported in parentheses below the means and mean differences. P-value of sign tests are reported in parentheses below the median. Z-statistics for the Wilcoxon two-sample test are reported in parentheses below the median difference. ***, ** and * denote significance at the 1%, 5%, and 10% level, respectively.

Subsamples:	Gender Equity Commitment		No Gender Equity Commitment		Difference of mean	Difference of median
	Mean	Median	Mean	Median		
	(1)	(2)	(3)	(4)	(1) - (3)	(2) - (4)
CAPM CAR (%) (-1, 1)	0.464***	0.350**	-0.182	-0.215*	0.646***	0.565***
	(2.86)	(0.02)	(-1.19)	(0.10))	(2.89)	(2.99)
FFC4 CAR (%) (-1, 1)	0.321**	-0.154	-0.281*	-0.436**	0.602***	0.282**
	(1.97)	(0.22)	(-1.79)	(0.01)	(2.65)	(2.22)
FF5 CAR (%) (-1, 1)	0.265*	0.052	-0.437***	-0.432***	0.702***	0.484***
	(1.73)	(0.65)	(-2.92)	(0.00)	(3.26)	(2.97)
CAPM CAR (%) (-2, 2)	0.716***	0.551***	-0.229	0.000	0.945***	0.550***
	(3.31)	(0.00)	(-1.12)	(1.00)	(3.17)	(3.04)
FFC4 CAR (%) (-2, 2)	0.730***	0.450**	-0.164	-0.026	0.895***	0.476***
	(3.38)	(0.01)	(-0.80)	(0.77)	(2.99)	(2.91)
FF5 CAR (%) (-2, 2)	0.712***	0.668***	-0.258	-0.032	0.970***	0.699***
	(3.44)	(0.00)	(-1.33)	(0.92)	(3.42)	(3.48)

Table 3: The effect of gender equity commitment on market reactions to abortion ban or restriction events

This table presents estimates of ordinary least square (OLS) regressions in which the dependent variable is the CARs around abortion ban and restriction events. We use three alternative models, i.e., the CAPM model (CAPM), the Fama-French-Carhart four-factor model (FFC4), and the Fama-French five-factor model (FF5), and two event windows, i.e. (-1, 1) in Panel A, and (-2, 2) in Panel B to compute the CARs. All variables are defined in detail in Appendix B. Industry fixed effects using two-digit standard industry classification (SIC) are included in columns (2), (4), and (6). T-statistics are reported in parentheses. ***, ** and * denote significance at the 1%, 5%, and 10% level, respectively.

Panel A: Event window (-1, 1)

	CAPM CAR (-1, 1)		FFC4 CAR (-1, 1)		FF5 CAR (-1, 1)	
	(1)	(2)	(3)	(4)	(5)	(6)
Gender Equity Commitment	0.006***	0.006***	0.006***	0.006***	0.006***	0.006***
	(2.99)	(2.76)	(2.94)	(2.73)	(2.73)	(3.00)
% Female Directors		0.012		0.017		0.011
		(1.07)		(1.44)		(0.98)
Size		0.001**		0.001**		0.002**
		(2.02)		(1.97)		(2.24)
Book-to-market		0.003*		0.003		0.002
		(1.65)		(1.51)		(0.99)
Leverage		-0.001		-0.001		0.002
		(-0.12)		(-0.13)		(0.24)
Capital Expenditure		-0.010		-0.017		-0.022
		(-0.29)		(-0.46)		(-0.62)
R&D		0.050**		0.032		0.035
		(2.29)		(1.49)		(1.60)
ROA		0.005		0.002		0.003
		(0.61)		(0.29)		(0.47)
Observations	1,756	1,756	1,756	1,756	1,756	1,756
R-squared	0.054	0.062	0.068	0.075	0.058	0.065
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes

Panel B: Event window (-2, 2)

	CAPM CAR (-2, 2)		FFC4 CAR (-2, 2)		FF5 CAR (-2, 2)	
	(1)	(2)	(3)	(4)	(5)	(6)
Gender Equity Commitment	0.009***	0.009***	0.009***	0.008***	0.009***	0.009***
	(2.97)	(2.86)	(2.96)	(2.92)	(3.13)	(3.10)
% Female Directors		0.032*		0.032**		0.024
		(1.94)		(2.03)		(1.55)
Size		0.001		0.001		0.000
		(1.29)		(0.60)		(0.49)
Book-to-market		0.005***		0.006***		0.005***
		(2.73)		(3.25)		(2.66)
Leverage		-0.016		-0.015		-0.012
		(-1.58)		(-1.44)		(-1.24)
Capital Expenditure		0.043		0.043		0.042
		(0.88)		(0.94)		(0.91)
R&D		-0.002		-0.004		0.000
		(-0.07)		(-0.13)		(0.01)
ROA		0.005		0.008		0.003
		(0.48)		(0.71)		(0.29)
Observations	1,756	1,756	1,756	1,756	1,756	1,756

R-squared	0.069	0.080	0.070	0.083	0.069	0.077
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes

Table 4: The effect of gender equity commitment conditional on the number of subsidiaries in the banned states

This table presents estimates of ordinary least square (OLS) regressions in which the dependent variable is the CARs around abortion ban and restriction events. We partition the sample into low vs. high subsamples based on the number of subsidiaries in the states where abortions are banned or restricted at the sample median. All variables definitions are detailed in Appendix B. Industry fixed effects using two-digit standard industry classification (SIC) are included in all columns. T-statistics are based on robust standard errors with firm clustering. We also report the difference test whether the estimated coefficients in two subsamples (i.e., High minus Low) are significantly different, Z-statistics are reported in parentheses. ***, ** and * denote significance at the 1%, 5%, and 10% level, respectively.

	FF5 CAR (-1, 1)		FF5 CAR (-2, 2)	
	Low	High	Low	High
	(1)	(2)	(3)	(4)
Gender Equity Commitment	0.003	0.011***	0.004	0.014***
	(0.78)	(3.84)	(0.99)	(3.77)
% Female Directors	-0.003	0.022	0.018	0.031
	(-0.16)	(1.42)	(0.73)	(1.54)
Size	0.002*	0.001	0.000	0.001
	(1.66)	(0.97)	(0.04)	(0.85)
Book-to-market	-0.000	0.005**	0.006**	0.005**
	(-0.09)	(2.13)	(2.36)	(2.05)
Leverage	-0.005	0.013	-0.015	-0.009
	(-0.49)	(1.43)	(-0.93)	(-0.67)
Capital Expenditure	-0.054	0.040	-0.028	0.151**
	(-0.93)	(0.97)	(-0.46)	(2.33)
R&D	0.051**	-0.110	0.016	-0.148*
	(1.97)	(-1.37)	(0.40)	(-1.68)
ROA	0.007	0.008	0.008	0.002
	(0.69)	(0.77)	(0.56)	(0.15)
High - Low	0.009**		0.010*	
(z-stat)	(2.07)		(1.74)	
Observations	897	850	897	850
R-squared	0.069	0.099	0.105	0.111
Industry FE	Yes	Yes	Yes	Yes

Table 5: The effect of gender equity commitment on market reactions to abortion protection events

In Panels A and B, we present estimates of ordinary least squares (OLS) regressions in which the dependent variable is the CARs around abortion protection events. We use three alternative models, i.e., the CAPM model (CAPM), the Fama-French-Carhart four-factor model (FFC4) and the Fama-French five-factor model (FF5), and two event windows, i.e. (-1, 1) in Panel A and (-2, 2) in Panel B to compute the CARs. All variables are defined in detail in Appendix B. Industry fixed effects using two-digit standard industry classification (SIC) are included. T-statistics based on robust standard errors with firm clustering are reported in parentheses. ***, ** and * denote significance at the 1%, 5%, and 10% level, respectively.

Panel A: Event window (-1, 1)

	CAPM CAR (-1, 1)	FFC4 CAR (-1, 1)	FF5 CAR (-1, 1)
	(1)	(2)	(3)
Gender Equity Commitment	0.000	-0.002	-0.001
	(0.11)	(-1.16)	(-0.63)
% Female Directors	0.013	-0.001	0.008
	(1.49)	(-0.09)	(0.95)
Size	0.001	0.002***	0.001**
	(1.54)	(3.26)	(2.39)
Book-to-market	-0.001	0.004	0.004
	(-0.21)	(1.55)	(1.44)
Leverage	-0.005	0.001	0.002
	(-0.87)	(0.18)	(0.37)
Capital Expenditure	0.033	0.032	0.014
	(0.90)	(0.78)	(0.34)
R&D	0.010	-0.000	0.011
	(0.64)	(-0.01)	(0.64)
ROA	0.002	0.010	0.009
	(0.23)	(1.33)	(1.12)
Observations	3,729	3,729	3,729
R-squared	0.046	0.032	0.031
Industry FE	Yes	Yes	Yes

Panel B: Event window (-2, 2)

	CAPM CAR (-2, 2)	FFC4 CAR (-2, 2)	FF5 CAR (-2, 2)
	(1)	(2)	(3)
Gender Equity Commitment	-0.000	-0.004*	-0.004
	(-0.04)	(-1.72)	(-1.52)
% Female Directors	0.036***	0.008	0.014
	(2.98)	(0.68)	(1.17)
Size	0.001	0.002**	0.001
	(0.97)	(2.41)	(0.94)
Book-to-market	0.000	0.007**	0.007**
	(0.09)	(2.25)	(2.12)
Leverage	-0.019**	-0.006	-0.005
	(-2.50)	(-0.75)	(-0.62)
Capital Expenditure	-0.011	-0.039	-0.048
	(-0.22)	(-0.75)	(-0.92)
R&D	0.031	0.010	0.017
	(1.48)	(0.49)	(0.79)
ROA	0.008	0.014	0.011
	(0.85)	(1.51)	(1.19)

Observations	3,729	3,729	3,729
R-squared	0.065	0.028	0.034
Industry FE	Yes	Yes	Yes

Table 6: The effect of gender equity commitment conditional on media coverage and analyst coverage

This table presents estimates of OLS regressions where the dependent variable is the CARs around abortion ban and restriction events. In panel A, we partition the sample based on low versus high media coverage. In panel B, we partition the sample based on low versus high analyst coverage. The breakpoints for partitioning the groups are sample medians. All variable definitions are detailed in Appendix B. Industry fixed effects using two-digit standard industry classification (SIC) are included in all columns. T-statistics based on robust standard errors with firm clustering and Z-statistics of the coefficients difference tests are reported in parentheses. ***, ** and * denote significance at the 1%, 5%, and 10% level, respectively.

Panel A: Media coverage

	FF5 CAR (-1, 1)		FF5 CAR (-2, 2)	
	Low	High	Low	High
	(1)	(2)	(3)	(4)
Gender Equity	0.010***	0.003	0.016***	0.002
Commitment	(2.93)	(1.40)	(3.48)	(0.74)
Low - High	0.006*		0.014**	
(z-stat)	(1.66)		(2.49)	
Control variables	Yes	Yes	Yes	Yes
Observations	874	876	874	876
R-squared	0.067	0.116	0.083	0.140
Industry FE	Yes	Yes	Yes	Yes

Panel B: Analyst coverage

	FF5 CAR (-1, 1)		FF5CAR (-2, 2)	
	Low	High	Low	High
	(1)	(2)	(3)	(4)
Gender Equity	0.008***	0.003	0.014***	0.003
Commitment	(2.70)	(1.14)	(3.21)	(0.97)
Low - High	0.005		0.010*	
(z-stat)	(1.32)		(1.90)	
Control variables	Yes	Yes	Yes	Yes
Observations	980	767	980	767
R-squared	0.063	0.130	0.079	0.135
Industry FE	Yes	Yes	Yes	Yes

Table 7: The effect of gender equity commitment on employment

This table examines establishment employment around abortion ban and restriction events. The dependent variable is the logarithm of the number of employees at the establishment-year level. The sample includes establishment-year level data from Data Axel, covering the period from two years before to one year after the abortion ban and restriction events. This data pertains to firms also listed in Compustat and CRSP.To identify firms in Data Axel, we matched Data Axle establishments with the Compustat annual database using a fuzzy matching algorithm on company name. Treated establishments are those located in states where abortion bans were enacted, while control establishments are in the remaining states. The variable *Post* equals one for the year following the abortion ban and restriction events, and zero for the event year and the two preceding years. Pre1 is set to one for the year immediately preceding the abortion ban and restriction events, and zero for the event year, the two years prior, and the year following the event. Pre2 is set to one for the two years immediately preceding the abortion ban and restriction events, and zero for the event year, the year prior, and the year following the event. Column 1 presents the difference-in-differences results. Column 2 shows the dynamic difference-in-differences results. Column 3 displays the triple interaction results.T-statistics based on robust standard errors with firm clustering are reported in parenthese. ***, ** and * denote significance at the 1%, 5%, and 10% level, respectively.

	Log (Establishment Employee Size)		
	(1)	(2)	(3)
Gender Equity Commitment × Treat × Post			0.155***
			(5.48)
Treat × Post	-0.039***		-0.190***
	(-5.44)		(-7.26)
Treat × Post1		-0.023***	
		(-3.90)	
Treat × Pre1		-0.000	
		(-0.00)	
Treat × Pre2		-0.001	
		(-0.22)	
Treat	-0.155***	-0.170***	
	(-8.42)	(-8.79)	
Post	0.097***		0.167***
	(9.84)		(8.44)
Gender Equity Commitment × Post			-0.082***
			(-3.31)
Gender Equity Commitment × Treat			-0.127***
			(-4.96)
post1		0.095***	
		(10.02)	
Pre1		-0.079***	
		(-8.62)	
Pre2		-0.156***	
		(-8.92)	
Observations	424,185	424,185	424,185
R-squared	0.464	0.464	0.463
Firm × year FE	Yes	Yes	Yes
County FE	Yes	Yes	Yes

Table 8: The effect of gender equity commitment conditional on change in employee satisfaction and union representation.

This table presents estimates of ordinary least square (OLS) regressions in which the dependent variable is the CARs around abortion ban and restriction events. In panel A, we partition the sample into a decrease in employee satisfaction versus an increase or no change in employee satisfaction subsamples. The change in employee satisfaction is calculated by subtracting the overall employee ratings on Glassdoor in the window of (-90, 0) from the ratings in the window of (0, 90), where date 0 is the abortion ban or restriction event date. The breakpoints for partitioning the groups are sample medians. In Panel B, we partition the sample into low vs. high unionization subsamples based on the unionization rate at the sample median. All variables definitions are detailed in Appendix B. Industry fixed effects using two-digit standard industry classification (SIC) are included in all columns. T-statistics based on robust standard errors with firm clustering and Z-statistics of the coefficients difference tests are reported in parentheses. ***, ** and * denote significance at the 1%, 5%, and 10% level, respectively.

Panel A: Change of employee satisfaction

	FF5 CAR (-1, 1)		FF5 CAR (-2, 2)	
	Decrease	Increase	Decrease	Increase
	(1)	(2)	(3)	(4)
Gender Equity	0.002	0.014***	0.012**	0.018***
Commitment	(0.53)	(3.86)	(2.25)	(3.96)
Increase - Decrease	0.012**		0.006	
(z-stat)	(2.34)		(0.93)	
Control variables	Yes	Yes	Yes	Yes
Observations	395	380	395	380
R-squared	0.201	0.199	0.172	0.228
Industry FE	Yes	Yes	Yes	Yes

Panel B: Union representation

	FF5 CAR (-1, 1)		FF5 CAR (-2, 2)	
	Low	High	Low	High
	(1)	(2)	(3)	(4)
Gender Equity	0.010***	0.002	0.014***	0.003
Commitment	(3.10)	(0.62)	(3.32)	(0.63)
Low - High	0.008*		0.011*	
(z-stat)	(1.79)		(1.89)	
Control variables	Yes	Yes	Yes	Yes
Observations	758	755	758	755
R-squared	0.093	0.089	0.150	0.080
Industry FE	Yes	Yes	Yes	Yes

Table 9: The effect of gender equity commitment on market reaction BEFORE versus AFTER June 24, 2022, when the Supreme Court overturned *Roe v. Wade*

This table presents estimates of ordinary least square (OLS) regressions in which the dependent variable is the CARs around abortion ban and restriction events. Results for events *Before 6/24/2022* are reported in columns (1) and (3), while results for events *After 6/24/2022* are reported in columns (2) and (4). All variables are defined in detail in Appendix B. Industry fixed effects using two-digit standard industry classification (SIC) are included. T-statistics based on robust standard errors with firm clustering are reported in parentheses. ***, ** and * denote significance at the 1%, 5%, and 10% level, respectively.

	FF5 CAR (-1, 1)		FF5 CAR (-2, 2)	
	Before	After	Before	After
	(1)	(2)	(3)	(4)
Gender Equity	0.007***	0.001	0.010***	0.003
Commitment	(2.79)	(0.24)	(2.79)	(0.66)
Before - After	0.006		0.007	
(z-stat)	(1.38)		(1.17)	
Control variables	Yes	Yes	Yes	Yes
Observations	1,181	557	1,181	557
R-squared	0.070	0.162	0.093	0.160
Industry FE	Yes	Yes	Yes	Yes