Corporate Actions as Moral Issues

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January 31, 2025

Abstract

We study how a representative sample of the U.S. population evaluates a broad range of corporate actions from a nonpecuniary perspective. Our core findings, based on large-scale online surveys, are that (i) self-reported nonpecuniary concerns are large, both for stock market investors and non-investors; (ii) concerns about the treatment of workers and CEO pay rank highest, higher than concerns about workforce diversity and fossil energy usage; (iii) moral universalism (Enke (2024)) emerges as a key driver of nonpecuniary preferences, explaining substantial variation both across participants as well as across corporate actions. Combined, our findings provide new evidence on the importance of moral concerns as a driver of nonpecuniary preferences in the context of corporate actions.

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1 Introduction

Finance research increasingly focuses on nonpecuniary preferences to analyze financial decision making of investors, managers, and households. Recent work suggests, for example, that sustainable investing and its impact on investors, markets and society can be better understood if investors are modeled to care about financial wealth as well as nonpecuniary utility derived from holding a stock with attractive ESG characteristics (e.g. Pástor, Stambaugh, and Taylor (2021), Pedersen, Fitzgibbons, and Pomorski (2021)). In corporate contexts, Hart and Zingales (2017) argue that firms should maximize shareholder welfare, not just financial value. However, while it is becoming clear that investors care about both financial value and nonfinancial values, many first-order questions on the nature and drivers of nonpecuniary preferences remain unanswered to date.

In this paper, we propose to make progress by studying the nonpecuniary preferences of a representative sample of the U.S. population over a set of corporate actions that managers routinely take in their companies and that finance professors routinely cover in their teaching and research. The corporate actions we study include "classic" corporate finance decisions, such as issues related to capital structure, CEO pay, and payout policy, which have been studied in the academic finance literature for decades, as well as more novel issues emphasized in recent academic work on ESG, such as the use of fossil energy and the promotion of workforce diversity. Despite valuable work on selected issues, there is currently little systematic evidence that cuts across and compares a broader range of corporate actions with respect to their nonpecuniary properties. This gap in the literature is notable, because understanding whether, how, by how much, and why nonpecuniary preferences affect people's evaluation of various corporate actions can potentially inform finance researchers, fund managers, and corporate managers on how to better model financial decision making, how to better serve client preferences, and how to make better decisions in a company.

Our main survey elicits the nonpecuniary preferences of more than 2,000 respondents for ten hypothetical corporate actions by XYZCorp, a hypothetical large corporation with characteristics similar to those of a typical firm in the S&P 500. We first ask each respondent to rank all ten actions from "most right/least wrong" to "most wrong/least right." As respondents are explicitly instructed that all actions have the same financial value to the firm's shareholders, all are legal, and all outcomes are certain, the resulting ranking by definition reflects participants' nonpecuniary concerns. We find that the items that consistently rank as "the most wrong/least right" are layoffs and increasing CEO pay. By contrast, actions related to leadership diversity and fossil fuel usage rank significantly below these top issues, roughly on par with decisions about outsourcing of labor to a foreign

country. These findings are notable because climate and diversity are among the central issues that have been used as motivation to consider nonpecuniary preferences in the recent finance literature. Finding that layoffs and CEO pay rank higher, and that actions like outsourcing rank similarly, raises the question whether nonpecuniary aspects should be considered for a much broader set of issues in financial research than previously thought.

We next turn to the question of whether nonpecuniary preferences are important relative to their monetary counterpart. To that end, we ask respondents, for each corporate action, whether they feel the firm should deviate from maximizing the financial value of the firm; e.g., to not implement a corporate action even if its financial value is positive, or to implement an action even if its financial value is negative. Finance curricula around the world teach students the net present value (NPV) rule, which holds that projects with positive NPV should be pursued (i.e., projects for which the present value of all future benefits outweigh all future costs). The traditional view, famously expressed by Milton Friedman, is that firms should only consider *financial* benefits and costs, maximize their present value to shareholders, and otherwise refrain from considering "social responsibilities" in their corporate actions (Friedman (1970)). In contrast to this traditional view, we find that respondents would frequently want the firm to forego a project with positive financial value and do what they perceive as "the right thing," instead. For example, more than 85% of the respondents say that the company should not lay off employees even if firing employees would provide a large, positive, and certain financial value for shareholders. Importantly, respondents are not indiscriminately saying that firms should forego financial value: for general cost cutting, for example, only 20% say that the firm should do so. We also find that respondents take into account the magnitude of the financial value of the stated corporate decisions, which suggests that respondents are neither pure virtue signalers nor pure deontologists. Overall, respondents behave consistent with the idea that they care about both financial and nonfinancial value, that nonpecuniary preferences vary across corporate actions, and that nonpecuniary concerns can sometimes outweigh financial value.

An important question is whether self-reported survey responses reflect respondent's true preferences. To verify this, we include a real-stakes donation task in our survey, in which respondents can donate up to \$50 to a real-world charity of their choice. The charities are chosen to have missions that align with some of our corporate actions. For example, one charity in the task has empowering women and minorities as its mission, which is thematically related to a corporate action that involves diversity among the firm's leadership. We show that the issues for which an individual exhibits strong nonpecuniary preferences in our survey are also the issues for which the same individual is willing to

donate real money. Put differently, we find that respondents in our survey "put their money where their mouths are," which speaks against concerns that survey responses do not reflect respondents' true preferences.

Next, we study heterogeneity in nonpecuniary preferences along a rich set of participant characteristics. When we study heterogeneity in the average propensity to prioritize financial value versus nonpecuniary concerns across all ten actions, we find that partisan leaning is by far the strongest driver of heterogeneity, with Republican respondents being more likely to prioritize financial value. Moreover, male respondents are more likely than female respondents to prefer a corporate action if it generates higher financial value. By contrast, whether a respondent is an actual investor in the stock market, respondent wealth, education, race, age, and employment status play a less important role.

Having established that nonpecuniary preferences are relevant for how people think about a broad range of corporate actions, we next ask about the underlying drivers of these preferences. This question is particularly relevant, because in existing research in finance, nonpecuniary preferences are often generically interpreted and modeled as "ESG tastes" or "prosocial preferences," without much theoretical foundation. We hypothesize that a key driver of the nonpecuniary preferences we identify are moral intuitions and that those moral intuitions reflect prosocial concerns about people who are affected by corporate actions. We show that a prominent recent framework for thinking about moral values in economics—moral universalism (e.g., Enke (2024))—is useful for probing this hypothesis and making sense of many of our core findings. In a nutshell, moral universalism is an in-group/out-group-based framework, which posits that people vary in the degree to which they take into account the well-being of other people that are geographically or socially distant from them. Pure moral universalists exhibit the same degree of prosociality towards strangers as to people who are geographically or socially close to them. As a person's degree of moral universalism decreases, she will increasingly favor close others (the in-group) over distant others (the out-group) and prosocial concerns about distant others become attenuated.

To test this hypothesis and make the case that moral universalism matters in our setting, we follow Enke (2020) and construct a person-specific measure of moral universalism from our survey participants' responses to a validated 32-item questionnaire. Using this measure, we find that moral universalism is strongly related to respondents' nonpecuniary preferences and that it explains their tendency to nonpecuniary concerns over financial value much better than gender or party affiliation. In fact, once moral universalism is controlled for, party affiliation loses most of its predictive power, consistent with the notion that political beliefs are a reflection of an individual's moral values. To the best of our knowledge, our study is the first to provide evidence for the link between moral universalism and

individuals' views on whether firms should pursue financial or nonfinancial objectives.

Additional tests support the view that moral universalism is a key driver of participants' moral preferences over corporate actions. First, we focus on the layoff scenario and show that opposition to layoffs decreases when we exogenously increase participants' geographical and social distance to the laid off workers. More importantly, and in line with the theory of moral universalism, the difference in the opposition rates to layoffs between the scenarios with socially distant versus close workers is smaller for moral universalists. Second, we use the method of Aron, Aron, and Smollan (1992) to elicit from respondents how connected they feel to the affected stakeholders in each of the ten corporate actions. We find that respondents' willingness to give up financial value is strongly correlated with how connected they feel to the stakeholders that are affected by a given corporate action. Moreover, moral universalists tend to feel more connected to the affected stakeholders. Moral universalism thus explains substantial variation in survey responses across both participants and corporate actions.

Given that all of the corporate actions we consider are legal, and pursuing them would—in our main treatment in which financial value is positive—maximize the financial value of the firm by design, the results above highlight a tension between what most finance scholars would prescribe as optimal firm behavior, and what the general public perceives to be morally objectionable behavior. To make this broader point tangible, we run a final test in which we ask respondents whether it would increase their confidence in corporate America if firms committed to avoiding any of the ten financial value generating corporate actions that were the subject of our study. The respondents tell us strongly that it would. If firms committed to avoiding CEO pay increases or layoffs, self-reported confidence in corporate America would increase by 1.0 and 0.9 points on a 5-point Likert-scale, respectively. While much more work needs to be done in this area, we believe these findings indicate that studying nonpecuniary preferences over corporate actions can yield important new insights for the field of corporate finance and beyond.

To summarize, we provide evidence that nonpecuniary preferences matter for a wide range of corporate actions, and that moral universalism is a powerful framework that can help explain substantial variation across both participants and corporate actions. In short, corporate actions are often perceived as moral issues.

2 Contribution to the Literature

Our paper contributes to several branches of the literature. First, our paper contributes to the literature that studies nonpecuniary utility as a driver of corporate and financial deci-

sions. Theoretical work in this literature includes Pástor, Stambaugh, and Taylor (2021) and Pedersen, Fitzgibbons, and Pomorski (2021), who study portfolio choice and equilibrium asset prices; Hart and Zingales (2017), who study which objective function firms should maximize; Broccardo, Hart, and Zingales (2022), who study how socially responsible investors optimally engage with firms (exit vs. voice), and Oehmke and Opp (2024), who study how socially responsible institutional investors can impact corporate investment decisions. While both details and objectives differ, those papers have in common that they derive their new findings by virtue of including a nonpecuniary component in the investor's utility function.

There is also empirical literature in finance on how morals and values affect financial decisions. Hong and Kacperczyk (2009) argue that investors shun sin stocks because of moral concerns. Hartzmark and Sussman (2019), Riedl and Smeets (2017) and Bauer, Ruof, and Smeets (2021) provide evidence that investors invest sustainably due to social preferences. Bonnefon, Landier, Sastry, and Thesmar (2025) show that investment decisions in a laboratory experiment are influenced by moral preferences with respect to corporate donations. Using surveys, Krueger, Sautner, and Starks (2020) find that an important nonpecuniary motivation for institutional investors to incorporate climate risk into their portfolio decisions are moral or ethical considerations. For retail investors, Giglio, Maggiori, Stroebel, Tan, Utkus, and Xu (2025) report that, among investors who consider investing in ESG stocks, almost half of them are motivated primarily by ethical considerations. Closer to our setting, Landier and Thesmar (2022) use a survey to provide evidence that moral preferences can lead citizens to prefer prosocial policies even if they distort competition, and that customers and employees prefer companies to offer fair-trade products and to take up a humanitarian cause even if doing so is privately costly. Related, Hart, Thesmar, and Zingales (2023) exploit the Russian invasion of Ukraine to show that employees, customers, and shareholders are willing to boycott companies, with moral values being an underlying driver. Finally, Colonnelli, Gormsen, and McQuade (2023) show that perceptions of the moral behavior of firms influence an individual's policy preferences.

Our paper adds to the above literature in several ways. First, complementing work that analyzes preferences for broad concepts such as sustainability or industry membership, we directly elicit nonpecuniary preferences over specific corporate actions. Second, our set of corporate actions is larger than the set of corporate actions studied in previous work, which has often focused on specific ESG issues (e.g., fair trade, charitable contributions, or humanitarian projects). Second, we provide results on the relative strength of nonpecuniary preferences across the corporate actions we analyze. Third, we show that moral universalism is a key driver behind nonpecuniary preferences, explaining substantial

variation both across participants and across corporate actions.

We also add to the growing literature on moral universalism. Moral universalism has been shown in prior work to provide a powerful framework to capture variation in policy preferences and voting behavior (see, e.g., Enke (2020), Enke, Rodriguez-Padilla, and Zimmermann (2023)). To the best of our knowledge, we are among the first to link moral universalism to individuals' preferences for the behavior of firms.

3 Data and Study Design

We conduct three experimental studies, which are designed (i) to provide a fair comparison among various corporate actions while isolating potential confounding factors, (ii) to quantify the relative importance of nonpecuniary preferences against preferences for financial value, and (iii) to identify potential determinants of nonpecuniary preferences in corporate settings. This section describes the main experimental study, whereas the supplemental studies are described in the relevant sections below as well as in Internet Appendix IA.A.[1]

A representative sample of participants (N=2,047) was recruited on Prolific and received approximately $16 per hour for their participation in the experiment.[2] The median response time was 20 minutes. The participants were recruited to be representative for gender (50% female), U.S. political affiliation (31% Democrat, 26% Republican, and 43% Independent), and investment in stocks (60% stock owners).[3] Table 3, Panel C provides an overview of the demographic characteristics of the participants.

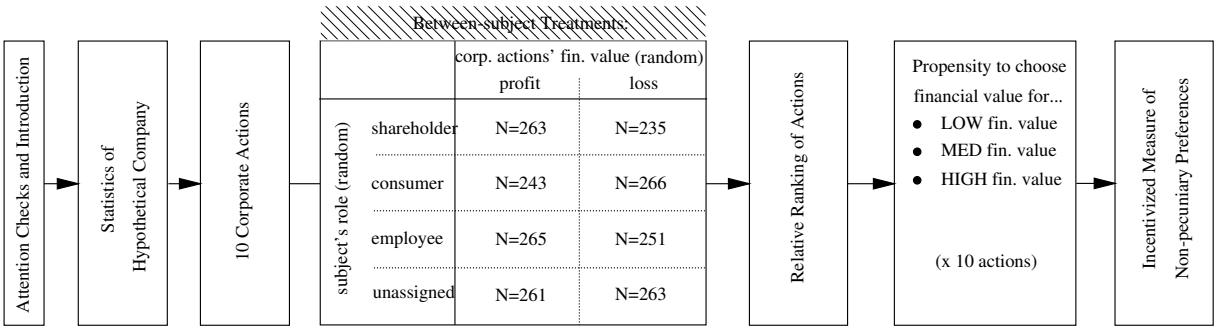


Figure 1: Study Design and Sample Size

[1]The study was pre-registered here: https://aspredicted.org/6hq3-x677.pdf.

[2]Online platforms, such as Prolific, are increasingly used in finance and economics to recruit subjects for experiments. Previous studies have shown that laboratory results broadly replicate on these online platforms (e.g., Snowberg and Yariv (2021)). The hourly compensation in this study was above the typical wage on Prolific, which is $12 per hour.

[3]We consolidate Independents who lean Democrat or Republican with Democrats and Republicans, respectively, throughout this paper.

Figure 1 illustrates the study design. We introduce a hypothetical company, XYZCorp, which, by design, has characteristics similar to those of a typical firm in the S&P 500. The company's management faces ten potential corporate actions. All actions represent legal actions that are frequently studied in corporate finance textbooks and in the academic literature. A common feature of all actions is that they entail a potential trade-off between financial value and nonpecuniary preferences.[4] Table 1 presents the ten actions for the treatment in which the financial value of each action is positive. The actions are presented to the participants in a randomized within-subject design. In addition, we use a between-subject design to vary additional aspects of the tasks—the role of the respondent and the sign of the financial value of the corporate action. For brevity, in this section we focus on the case of actions with positive financial value for the firms' shareholders. Internet Appendix IA.A outlines the design of a mirror treatment with negative financial value actions, which are formulated to reflect the inverse of corporate actions in the positive financial value treatment (e.g., a financial value enhancing increase in CEO pay versus a financial value reducing decrease in CEO pay). The most notable difference between the two sets of actions is that we choose the decisions to hire new employees as the inverse action of laying off employees.

The main tasks are as follows. First, we ask subjects for a *relative ranking* of the ten corporate actions, while holding their *beliefs* and the *uncertainty* about the financial value of the actions constant and equal across all actions.[5] Specifically, we ask:

> "Assume that the financial value to the firm's shareholders is **certain** and **equal** across all corporate actions listed below. Also assume that all actions by XYZCorp are **legal**. We are interested in the degree to which you feel these corporate actions are right or wrong. Please rank the actions by assigning numbers from 1 to 10.
>
> Assign 1 to the action you view as the most right / the least wrong, assign 10 to the action you view as the least right / the most wrong."

Second, we measure subjects' propensity to implement each action at within-subject varying levels of financial value—small (i.e., 10th percentile of the conditional financial value distribution), moderate (i.e., median), and large (90th percentile). Since all corporate actions by design entail a trade-off between financial value and nonpecuniary concerns, this measure directly translates into a subjective *propensity to choose against financial value*. For example, we ask the following question regarding an action with a large positive financial value.

[4]That respondents perceive the corporate actions we present to them as morally wrong when their financial value is positive; i.e., that there indeed is a trade-off, is validated in a pilot study.

[5]The complete instructions are included in Internet Appendix IA.F.

1.	Implement a new cost cutting program at a recently acquired firm
2.	Increase share buybacks (i.e., pay out a greater fraction of corporate funds to shareholders in the form of share buybacks), thereby reducing corporate funds available for other purposes
3.	Take out a loan in order to pay a dividend to its shareholders (thereby increasing the risk of bankruptcy and reducing corporate tax payments)
4.	Lay off employees
5.	Outsource parts of the firm's operations in the United States to a foreign country with lower wages
6.	Reduce the taxes paid in the United States by having more of the firm's profits taxed in low-tax countries
7.	Increase the total compensation of the CEO
8.	Discontinue existing personnel programs which increase the share of women and minorities in corporate leadership roles
9.	Increase the usage of fossil energy sources (e.g., oil, coal, and natural gas) in the firm's operations
10.	Appoint the current CEO also as the Chairman of the Board, giving the CEO more power inside the company

Table 1: Corporate Actions Considered by XYZCorp in the Positive Financial Value Condition

> "Assume that the financial profit of each corporate action is comparatively large. Specifically, 90% of the profit-making corporate actions that the company has implemented in the past have yielded a smaller financial profit, and 10% of all past profit-making corporate actions have yielded a bigger financial profit.
>
> Suppose that you could determine whether or not XYZCorp implements the proposed corporate actions.
>
> Should XYZCorp implement the corporate action or not?"

To make sure respondents understand the term "financial value," and to rule out risk or time preferences as potential confounding factors, we explicitly define it as:

> "[A]ll current and future financial benefits of the action would outweigh all current and future financial costs and risks."

Financial value is therefore the same as the net present value (NPV) of all future financial cash flows.

The characteristics of the firm, XYZCorp, are kept constant and unchanged throughout the study to ensure that they do not affect the relative ranking of actions. Respondents read about XYZCorp in an initial screen, before we describe each corporate action and elicit

choices. To avoid potential biases in attention and recall, we remind respondents of the firm characteristics at the bottom of the decision screen. To make the responses most relevant to the set of firms most commonly studied in financial research, the characteristics of XYZCorp are modeled after a typical firm in the S&P 500. The characteristics are presented to each respondent in randomized order to avoid potential order effects. Characteristics are basic facts about the firm related to the corporate actions we consider, such as the current number of employees, the fraction of females in corporate leadership roles, the current financial leverage, the current level of pay of the CEO, etc.

We identify ten corporate actions for our survey based on their relevance to both traditional corporate finance research and recent ESG discussions. Seven of these actions represent "classic" corporate finance decisions that have long been central to both academic research and business practice. Specifically, we focus on capital structure, CEO compensation, layoffs, outsourcing, cost-cutting, payout policy, and tax optimization—topics that have been extensively studied in the finance literature for decades. A keyword search in the Web of Science database reveals that approximately 12% of all papers published in the three leading finance journals—the Journal of Finance, the Journal of Financial Economics, and the Review of Financial Studies—between 1990 and 2020 examine at least one of these corporate actions (see Internet Appendix IA.B). Given that many papers in these journals fall outside the corporate finance domain, this represents a significant fraction; for instance, Bhattacharya, Dong, Li, Ma, and Wang (2016) estimate that about one-third of finance papers published between 2011 and 2015 were corporate finance papers.

We complement these seven classic topics with issues that have received heightened attention in the recent ESG literature. To that end, and to minimize our degrees of freedom, we also consider corporate actions related to fossil energy usage (representing the E), leadership diversity (representing the S), and CEO/Chairman duality (representing the G) from a recent survey on ESG by Haber, Kepler, Larcker, Seru, and Tayan (2022).[6]

To be clear, while we argue that our set of corporate actions is highly relevant, it is not exhaustive. We limit ourselves to ten actions to keep the empirical exercise manageable, leaving the exploration of other important corporate decisions for future research. When describing the actions, our aim is to present them succinctly and neutrally in order to capture the general attitudes of the respondents toward these actions. For example, we say that the firm lays off employees, implements a cost cutting program, increases CEO pay, or increases fossil fuel usage, without specifying additional details. As our subject pool

[6]The boundaries of ESG are inherently fluid (e.g., Starks (2023)). While we do not claim that some actions are definitively ESG-related while others are not, fossil energy usage and leadership diversity have been especially salient in recent debates. Climate and diversity concerns are also frequently cited as key motivations for incorporating nonpecuniary preferences into financial research.

contains non-finance experts, we provide short additional explanations for two corporate actions with which participants may be less familiar: changes in financial leverage, for which we provide the main arguments in favor and against based on the static trade-off theory of capital structure, and share buybacks. Future research could fruitfully analyze whether and how different wordings and details matter.

An important question is whether (self-reported) survey responses reflect true preferences and behavior. Hypothetical questions are often used in prior research to measure social preferences and behavior when an incentivized elicitation is infeasible. For policies such as climate actions, for which a real-stakes task is feasible, prior studies show a strong correlation between self-reported and incentivized preferences and behavior (see, e.g., Dechezleprêtre, Fabre, Kruse, Planterose, Stantcheva, and Chico (forthcoming), Andre, Boneva, Chopra, and Falk (2024)). Strong nonpecuniary preferences for corporate climate actions have also been recently documented in a field study among pension fund investors who have been granted a real vote on the fund's investment policy (see Bauer, Ruof, and Smeets (2021)). To address possible incentive concerns, we include an additional real-stakes task: we ask participants to split an endowment of \$50 between themselves and a charity of their choice. This *donation task* has been validated (e.g., Falk, Becker, Dohmen, Huffman, and Sunde (2023)) and used in previous research to elicit incentivized preferences for environment-related actions (e.g., Dechezleprêtre, Fabre, Kruse, Planterose, Stantcheva, and Chico (forthcoming)). Prior to choosing the donation amount, subjects select a charity from a subset of pre-selected highly effective and efficient charities. Even though finding a corresponding charity for each corporate action in our broad list of actions was not possible, we selected a choice set of charities, displayed in Table 2, with the goal of maximizing the fit to a specific corporate action. As can be seen from the mission statements, the links to corporate actions are not always perfect and some charities link more clearly to corporate actions than others. We discuss this feature in greater detail in Section 4.4 below.[7]

The experimental study was programmed in Qualtrics and administered on Prolific in May and June 2024. We use sample selection criteria based on location (USA) and approval rate on previous Prolific tasks (>90%). Before the beginning of the experiment, subjects sign a consent form, undergo a bot check, as well as attention and comprehension checks (see Internet Appendix IA.F). Only subjects who pass all checks are allowed to proceed with the study. Participants also complete a demographic characteristics questionnaire before starting with the main tasks. Fewer than 5% of the participants left the experiment

[7]Respondents who are indifferent with respect to the charity objectives or feel uninformed, are given the option to either donate to the GiveWell foundation, which selects charities using maximum-impact criteria, or to receive an anonymous charity voucher and postpone the charity selection.

Charity	Mission	Corporate Action	Expected Fit
The Nature Conservancy	Protecting the earth and nature	Energy	+++
YWCA of the USA	Empowering women and eliminate racism	Diversity	+++
Operation Gratitude	Saying thank you and honor service of our military and first responder communities	Outsourcing	++
Americares	Responding to people affected by poverty or disaster with life-changing health programs, medicine and medical supplies	Layoffs	+

Table 2: Charities: Stated Goals and Potential Link to Corporate Actions

after being randomized to treatments, which assuages concerns about selective attrition.

Panel A in Table 3 reports the average propensity to choose against the action that increases the firm's financial value, averaged across both financial value treatments and all financial stake sizes. Panel B reports summary statistics for participants' social and moral preferences, and Panel C provides information on the demographics of our sample of respondents.

4 Nonpecuniary Preferences and Corporate Actions

In this section, we provide evidence that respondents frequently take into account nonpecuniary aspects when evaluating corporate actions. In Section 5, we will examine potential underlying drivers of participants' nonpecuniary preferences.

4.1 Cross-Action Heterogeneity in Nonpecuniary Concerns

We start by examining participants' subjective *relative rankings* of corporate actions. Figure 2, Panel (a) presents results for the version of our survey in which the financial value of the decisions is positive. We find that layoffs and CEO pay are perceived as "the most wrong/least right" actions by our hypothetical firm. Next, after layoffs and CEO pay, which are the top two issues by a substantial margin, respondents feel that outsourcing labor to a foreign country is most wrong/least right. Diversity, CEO duality, fossil energy usage, leverage, and tax avoidance follow in that order. Relatively speaking, respondents seem less concerned with share buybacks, which contrasts with some of the attention share buybacks have recently received in the media and in policy circles (e.g., Schumer and Sanders (2019)). On average, cost cutting at a recently acquired firm is viewed as most right/least wrong. The heterogeneity in the average relative ranks is considerable, with an

average rank of 7.8 out of 10 for layoffs and an average rank of only 2.6 for cost cutting, both very far from the average rank of 5.5, with t-stats of 31.0 and –44.9, respectively. Thus, respondents seem to have correlated views about whether a given corporate action is right or wrong relative to other actions.

Arguably the most surprising finding in Figure 2, Panel (a) is that actions related to diversity and the use of fossil fuel rank significantly below layoffs and CEO pay and even below outsourcing. The combined average rank of layoffs, CEO pay, and outsourcing is 1.4 ranks higher than the combined average rank of diversity and fossil fuel use, with a t-statistic of 16.6 for the difference between the two groups. This result is relevant because climate and workforce diversity are some of the central issues that have been used as motivation for considering nonpecuniary preferences in the recent finance literature (see our literature section for examples). The fact that layoffs, CEO pay, and outsourcing rank higher, and that several classic corporate finance issues such as governance and financial leverage rank similarly suggests that nonpecuniary aspects may be worth considering as modeling ingredients for a much broader set of issues in financial research than previously thought.

4.2 Financial vs. Nonpecuniary Concerns

We next turn to the question whether nonpecuniary preferences are meaningful in size relative to their monetary counterpart. Figure 2, Panel (b) presents the average responses to the question of whether XYZCorp should implement a given action, averaged across all financial stake sizes in the positive financial value treatment. We find that 88.4% of respondents say the firm should not lay off employees even if firing employees would yield a positive and certain financial value for shareholders. An even slightly higher percentage is of the opinion that XYZCorp should not increase CEO pay from its current level. Importantly, respondents are not indiscriminately saying that firms should forego financial value: for general cost cutting, for example, only 21.2% say that the firm should not go ahead with cost cutting if it creates financial value.

The latter result has two key implications. First, it shows that responses do not naively respond that the firm should forgo positive financial value opportunities. Instead, they seem to take the context seriously and to carefully evaluate financial value vs. nonpecuniary values for each action. Second, it shows that many respondents base their decisions on more than just financial value. In fact, we should observe that 100% of the respondents opt for financial value if they all followed the NPV rule based on financial costs and benefits. This is evidently not the case.

Table 4 presents further details on the trade-off between financial value and nonpecu-

niary utility. In Table 4, column (1), we regress participants' propensity to choose against financial value on the financial value at stake. The dependent variable is the percentage of times that the participant prefers the corporate decision that does not maximize the financial value to shareholders (i.e., the participant indicates that XYZCorp should (not) implement a corporate action that generates negative (positive) financial value), computed across all actions within a given magnitude of the financial value (low, medium, high). The results show that respondents do take into account the magnitude of the financial value created or destroyed by the corporate decisions that we present. The point estimates suggest that the average propensity to choose against financial value across all actions is 66.8% when the financial value at stake is low, 60.9% (=66.8–5.9) when the financial value at stake is medium and 54.6% (=66.8–12.2) when the financial value at stake is high. This finding rules out strong versions of social desirability bias or virtue signaling in which participants respond based on what they believe others would like to hear, irrespective of the hypothetical financial consequences of their actual choice. Furthermore, it shows that our respondents are not pure deontologists. If they were, they would want the company to do what they believe is right, regardless of the financial cost.

One potential concern with finding that respondents often feel nonpecuniary concerns should rank higher than financial value is that such answers may reflect a lack of knowledge, sophistication, or experience with actual investing. If this were the case, we would expect to see large differences between subsamples constructed to reflect these traits. Columns (2) to (7) in Table 4 present such tests, where subsamples are formed based on respondents' income (columns (2) and (3)), whether or not they actually own financial stocks (columns (4) and (5)), and whether they have an economics or business-related college degree (column (6) and (7)), respectively. As the table makes clear, we find no evidence to suggest that the responses are driven by a lack of knowledge, sophistication, or investment experience. Although the propensity to choose in favor of financial value is slightly higher for the high-income, investor, and econ-related degree subsamples, the fraction of respondents for whom nonpecuniary concerns outweigh financial value remains high in *all* subsamples.

4.3 Cross-Participant Heterogeneity

Our survey allows us to analyze heterogeneity in responses among our participants, which is useful for two reasons. First, it provides us with a better understanding of how much the average nonpecuniary preferences documented above vary across various subgroups of participants. Second, documenting variation across subgroups can inform hypotheses about possible underlying drivers of nonpecuniary preferences in our setting.

Table 5 presents results on cross-participant heterogeneity. The dependent variable is

an indicator whether a respondent chooses the action that does not increase financial value, averaged across all corporate actions and all financial value scenarios. In columns (2) to (4), we separately report results for the low, medium, and high financial stake conditions. To focus on comparisons across subgroups for which we have a sufficiently large number of observations and, therefore, can draw more reliable conclusions, we omit the coefficients for subgroups representing less than 5% of all observations. We also remove participants who indicate income as *"Prefer not to say"* (N=43), participants with missing age information in Prolific (N=15), and participants with missing political leaning (N=2). After removing these observations, we retain a sample of 1,988 observations.

Across all specifications, the characteristics that best capture heterogeneity in responses are political leaning and gender. Republican and male respondents are significantly less likely than Democrats and women to prioritize nonpecuniary concerns over financial value for shareholders. Looking at columns (2) to (4), we find that the coefficients on Republican and, to a lesser degree, male are also highly statistically significant in each of the three financial stake sizes. Also significant in column (1), but economically weaker and not consistently significant in all subsamples, are the characteristics of Asian and older than 64.[8] Other variables are not reliably significant.

All coefficients in Table 5 are standardized, so their magnitudes are comparable. The impact of the Republican dummy is by far the largest. On average, across all financial conditions, being Republican decreases the propensity to choose against financial value by 20% of one standard deviation of the dependent variable (see column (1)). Being male is associated, all else equal, with a decrease of 8% of one standard deviation. Surprisingly, and similar to the results in Table 4, measures of financial sophistication have relatively little explanatory power. For example, having higher income or an economics or business-related college degree is not associated with economically or statistically significant heterogeneity in the propensity to opt for financial value. Being an actual stock market investor (*Investor*) increases the propensity to prioritize financial value when the financial value at stake is large, but the effect is only marginally statistically significant and economically weaker than the effect of party affiliation.

Internet Appendix Figure IA.III presents disaggregated results in the form of univariate sorts across different subgroups of respondents for each corporate action. The results are broadly in line with the multivariate results in Table 5, but provide additional detail.[9] Focusing on the propensity to choose against financial value, and starting with political

[8]The finding that nonpecuniary preferences play a larger role for older people is in line with the findings by Hart, Thesmar, and Zingales (2023) in a different context.

[9]In addition, Internet Appendix Tables IA.III, IA.IV, and IA.V report multivariate regressions split by corporate action using the same demographic variables as in Table 5.

leaning and gender, we see that the partisan gap is largest for corporate actions related to energy usage, diversity, and tax avoidance (Panel (a)). These results are consistent with a large partisan gap in views on environmental and diversity issues documented in previous surveys (e.g., Pew Research (2020), Pew Research (2021)). Partisan differences are surprisingly small for all other decisions, including CEO pay and layoffs. The gender gap also varies between actions and is strongest for decisions related to tax avoidance, diversity, and CEO pay (Panel (d)). More generally, Internet Appendix Figure IA.III reveals that our survey captures ex ante plausible variation in responses and supports the view that the answers by our participants are informative and reflective of their true views. For example, in addition to Democrats caring more about climate, Democrats, blacks or African Americans, and women also care more about diversity, and younger people care more about the environment.

Moreover, despite plausible heterogeneity, the *relative* ranking of corporate actions and the propensities to implement actions that increase financial value are surprisingly stable across subgroups. For example, Democrats and Republicans both agree that increasing CEO pay and laying off workers are the two decisions that feel the most wrong (Panel (b)); so do men and women (Panel (e)), young and old (Panel (h)), all racial groups (Panel (k)), stock market investors and noninvestors (Panel (n)), all income groups (Panel (q)), and people with or without economics or business degree (Panel (t)). In fact, there is not a single subgroup in the Internet Appendix Figure IA.III not ranking these two issues as the two most wrong decisions. Cost cutting, on the other hand, is universally ranked low in nonpecuniary importance, relative to financial value.

This finding—that the ranking of various corporate actions is overall very stable across individuals—is relevant for finance researchers, fund managers, and corporate managers because it can greatly simplify the task of modeling nonpecuniary preferences in financial decision making, the task of best serving client preferences, and the task of making optimal decisions that take various stakeholders into account in a company.

4.4 An Incentivized Charity Donation Task

The questions in our main survey are hypothetical and not incentivized. As discussed in Section 3, this approach follows that of much prior research, which uses hypothetical and nonincentivized questions to elicit social preferences and shows that nonincentivized and incentivized studies frequently yield similar results. Nevertheless, there may be a concern that our survey participants do not truthfully reveal their attitudes. The purpose of this section is to alleviate such concerns.

We investigate whether the actual behavior of our survey respondents aligns with their

stated nonpecuniary preferences when real money is at stake. Specifically, we ask subjects to choose how to split an endowment of $50 between themselves and a charity of their choice. Participants are asked to indicate their choice on a slider ranging from 0 ("donate $0, keep $50") to 50 ("donate $50, keep $0). We instruct participants that any possible donations will be anonymous to eliminate potential social signaling motives.

Donation choices are implemented with some probability (participants are told that 50 participants will be randomly selected to receive a bonus payment of $50 and their donation choices will actually be implemented). Thus, there is real money on the line, and donating is costly to participants in expectation. We verify that the participants have understood these features by asking comprehension questions and providing feedback to the participants before allowing them to proceed with their donation choice.

The charities from which participants can select differ in their mission. Information about the charities' mission is provided to participants. The Nature Conservancy is a charity whose mission is "protecting the earth and nature." We therefore hypothesize that individuals who donate to The Nature Conservancy would also care relatively more about fossil fuel usage than other participants. The other three charities we focus on are (i) YWCA (Young Women's Christian Association) of the USA, with the mission of "empowering women and eliminating racism," which directly links to concerns about diversity; (ii) Operation Gratitude, with the goal of "saying thank you and honoring the service of our military and first responder communities," which reflects patriotic feelings that might plausibly link to views about outsourcing, and (iii) Americares, which "responds to people affected by poverty or disaster with life-changing health programs, medicine and medical supplies" and could reflect concerns for people living in poverty, thus connecting to layoffs. As mentioned in Section 3, finding charities that match perfectly the corporate actions we consider is not trivial, and for some charities, the link is clearer than for others. The connection between donations to The Nature Conservancy and views about firms' fossil energy usage, as well as between donations to the YWCA and views about leadership diversity, are arguably the most obvious. The connection is less obvious for Operation Gratitude and, even more so, for Americares, but we include them in our tests nonetheless to cover a broader set of actions. Because we elicit the incentivized charity donation measure for the same participants that also answer the hypothetical ranking and choice questions about corporate actions, we can directly examine whether respondents express preferences that are consistent across the two settings or, in other words, whether they "put their money where their mouths are."

Table 6 presents results from an OLS regression of participants' evaluation of corporate actions on their donation choices. The unit of observation is at the participant $\times$ corporate

action level. In columns (1) to (4), the dependent variable is an indicator equal to one if a respondent chooses to not implement a given corporate action if it increases financial value, and zero otherwise. We regress this indicator variable on *Donates to Mission*, an indicator equal to one if the action is related to fossil energy and the participant has donated to The Nature Conservancy, if the action is related to diversity and the participant has chosen to donate to the YWCA, if the action is related to outsourcing and the participant has chosen to donate to Operation Gratitude, or if the action is related to layoffs or hiring and the participant has chosen to donate to Americares. The indicator is equal to zero otherwise. Specification (1) shows that *Donates to Mission* is strongly positively related to the participant's propensity to prioritize nonpecuniary concerns over financial value, indicating that nonpecuniary concerns are stronger for corporate actions relating to issues that participants care more deeply about.

Specification (2) presents a richer model in which we include participant fixed effects and thus absorb variation in both observable and unobservable personal characteristics. In that column, we obtain an average increase in the propensity to choose against financial value of 14.1 percentage points ($t = 11.58$), which is large relative to the unconditional average of the dependent variable of around 60%. In specification (3), we present disaggregated results and include dummy variables for each charity, and indicators that identify corporate actions related to fossil fuel usage ("Energy"), outsourcing, or diversity, respectively. In column (4), we add layoffs and restrict the sample to the positive financial value treatment, given that we would expect a stronger link to layoffs than to hiring. Column (4) shows that individuals who donate to The Nature Conservancy indeed place greater importance on nonpecuniary concerns about the firm's use of fossil energy, and we find similar results for the donations to Operation Gratitude and YWCA and their associated actions. We also find the predicted sign for donations to Americares and layoffs, but the effect is statistically insignificant when the dependent variable is the propensity to choose against financial value. However, it becomes statistically significant when the dependent variable is the relative rank of each corporate action (see column (5)). A weaker effect for layoffs is not completely unexpected, given that the theoretical link between the mission of Americares and layoffs is weaker than for some of the other actions.

Overall, the above findings are consistent with the importance of value alignment observed in the incentivized lab experiment by Bonnefon, Landier, Sastry, and Thesmar (2025): respondents donate to causes that match their (stated) values. Because donations represent real money, the views about corporate actions that we elicit are unlikely to be an artifact of the hypothetical self-reported nature of our main survey. Instead, respondents seem to "put their money where their mouths are."

5 Corporate Actions as Moral Issues

In the previous section, we asked respondents whether they view a wide range of corporate actions as right or wrong, holding fixed the financial value implications of these actions. We found that respondents have correlated views about which corporate actions they consider to be the most wrong or right, and we documented that these nonpecuniary concerns often outweigh financial value.

In this section, we explore the potential drivers of participants' nonpecuniary preferences. Knowledge about the foundations of our sense of what is right and wrong in general, *over and above money*, is the domain of moral reasoning. An obvious place to start looking for deeper drivers, and ultimately a theoretical framework to understand how nonpecuniary preferences influence perceptions about corporate actions, are thus models of human morality. The model of morality we build on in this paper is Moral Foundations Theory (MFT), one of the leading theories in the moral psychology literature, developed by Jonathan Haidt and coauthors (see Haidt (2012) for a comprehensive introduction to MFT). According to Haidt (2012):

> *Moral judgment is not a purely cerebral affair in which we weigh concerns about harm, rights, and justice. It's a kind of rapid, automatic process more akin to the judgments animals make as they move through the world feeling themselves drawn toward or away from various things.*

In other words, humans make intuitive moral judgments about everything all the time. From that viewpoint, it is not surprising that people would also evaluate corporate actions along moral dimensions. To the contrary, it would be surprising if they did not make moral judgments also in the corporate domain.[10]

5.1 Moral Universalism and Corporate Actions

Our core hypothesis is that people have moral intuitions about corporate actions that reflect a concern for the (perceived) treatment of other individuals:

> **Hypothesis:** Moral intuitions about corporate actions are driven by prosocial concerns about people who are affected by these actions.

How should one capture moral intuitions related to the treatment of other people empirically? We propose using moral universalism, one of the leading frameworks for capturing

[10]To be clear, Haidt (2012) does not argue that moral judgment is exclusively intuitive. Sometimes, moral reasoning can override moral intuition but, as he shows in several seminal studies, intuitions are in general the driving force, not reason.

moral preferences in the recent economics literature (see Enke (2024) for a review). Moral universalism is an in-group/out-group-based framework, which posits that people vary in the degree to which they take into account the well-being of other people that are geographically or socially distant from them. Pure moral universalists exhibit the same degree of prosociality towards strangers as to people who are geographically or socially close to them. As a person's degree of moral universalism decreases, she will increasingly favor close others (the in-group) over distant others (the out-group) and prosocial concerns about distant others become attenuated.[11] Major advantages of the moral universalism framework are that it is well-founded in moral psychology, tractable, and measurable using survey questionnaires.

Take layoffs as a concrete example. The hypothesis implies that respondents' moral intuitions about corporate layoffs are driven by their prosocial concerns for the laid-off workers. According to the moral universalism framework, the more connected respondents feel to these workers, the more likely they will be to say that a firm should refrain from layoffs even if they create financial value. An attractive feature of moral universalism is that it yields additional testable predictions (which we will test below). In the case of layoffs, the first prediction is that the concern about laid off workers decreases with the distance between the respondent and those workers. The second prediction is that the effect of distance decreases with the degree of a respondent's moral universalism.

Note that, in the spirit of Haidt's quote above, the harm to people affected by corporate decisions is *perceived*: it captures an intuition that may or may not correspond to objective actual harm.[12] Perceived harm is a broad concept and can comprise physical harm (as, arguably, in the case of environmental externalities of corporate actions), financial harm, but also other forms of harm, such as being discriminated against (as in the case of diversity), being treated unfairly (as in the case of high CEO pay, which may be perceived as unjust toward workers), or otherwise not being treated in accordance with what respondents intuitively believe is morally right (as in the case of tax avoidance). Importantly, though, the fact that they are based on perceptions does not make moral intuitions less relevant. Moral intuitions drive what people feel is right and wrong, and views about right and wrong are strong drivers of people's actions. The fact that perceived harm is a broad concept, coupled with Haidt's insight that moral judgments are strongly based on intuitions, has the desirable feature of making the theory applicable to a broad set of corporate actions.

[11] Distance can mean geographical or social distance and who is "near" and "far" is often subjective and context dependent. Understanding the concept of "distance" better is a topic of special interest in recent research on moral universalism (see Enke (2024)).

[12] See also Haidt (2001) for a seminal study that highlights the difference between perceived harm and actual harm in the context of moral intuitions. For ease of exposition, we focus on perceived harm in this paragraph, but analogous reasoning applies to perceived positive effects on people.

To be clear, we do not claim that our above hypothesis is the only possible way to think about the link between moral preferences and corporate actions. Instead, we argue that the fact that the hypothesis is both parsimonious and well grounded in prior work in moral psychology and moral economics makes it a scientifically interesting one. In the following sections, we ask: can this simple hypothesis explain substantial variation in our survey responses? Can we provide additional experiments to support the underlying mechanisms of moral universalism? The results we present suggest that the answer to both questions is a strong yes.

5.2 Measuring Moral Universalism

A key advantage of the moral universalism framework is that there are several validated person-specific measurement methods that we can apply in our setting (see Enke (2024)). The main measure we use, following prior work on morals in economics, is based on psychological questionnaires developed in the context of Moral Foundations Theory (MFT). A core idea in MFT is that moral intuitions are multi-dimensional. According to the theory, all individuals are equipped with "receptors" for each dimension (i.e., "foundation") of morality, but individuals vary greatly in how sensitive their moral intuitions are to each dimension. In the latest validated version of MFT, developed by Atari, Haidt, Graham, Koleva, Stevens, and Dehghani (2023), there are six moral foundations:

1. **Care.** Intuitions about avoiding emotional and physical damage to another individual.

2. **Equality.** Intuitions about equal treatment and equal outcome for individuals.

3. **Proportionality.** Intuitions about individuals getting rewarded in proportion to their merit or contribution.

4. **Loyalty.** Intuitions about cooperating with ingroups and competing with outgroups.

5. **Authority.** Intuitions about deference toward legitimate authorities and the defense of traditions, all of which are seen as providing stability and fending off chaos.

6. **Purity.** Intuitions about avoiding bodily and spiritual contamination and degradation.

To measure how strongly an individual's moral intuitions rely on each foundation, Atari, Haidt, Graham, Koleva, Stevens, and Dehghani (2023) have developed a validated survey tool, the second moral foundations questionnaire (MFQ2), which we administer

to our survey participants (see Internet Appendix IA.F for the complete questionnaire). For the U.S. population, Atari, Haidt, Graham, Koleva, Stevens, and Dehghani (2023) demonstrate that the six moral foundations can be grouped into two distinct subcategories: "individualizing" and "binding" values. Individualizing values are care and equality, as they emphasize protecting other individuals from harm and unfair treatment, regardless of group status. Binding values are authority, loyalty, proportionality, and purity, as they focus on the preservation of group cohesion and the binding of individuals into larger groups and institutions.

Following Enke (2020), we compute a uni-dimensional, person-specific measure of moral universalism as the difference between the average of individualizing and binding values:

$$\begin{aligned}\text{Moral Universalism} =& \frac{1}{2} \times (\text{Care} + \text{Equality}) \\ & - \frac{1}{4} \times (\text{Authority} + \text{Loyalty} + \text{Proportionality} + \text{Purity}),\end{aligned} \tag{1}$$

where *Care*, *Equality*, *Authority*, *Loyalty*, *Proportionality*, and *Purity* are moral foundations measured on a scale from 1 to 5 via the MFQ2. Intuitively, an individual's degree of moral universalism depends on how strongly her set of moral foundations focuses on values that do not rely on group status relative to values that are strongly group-specific. The less group status matters for an individual's moral intuitions (i.e, the lower the binding scores), and the stronger the general tendency to rely on universal values (i.e., a higher individualizing score), the more she will resemble a moral universalist.

While this procedure closely follows Enke (2020), we deviate in two ways. First, we use MFQ2, which Atari, Haidt, Graham, Koleva, Stevens, and Dehghani (2023) show to be superior to the previous version, MFQ1, used in Enke (2020). We thus use the most up-to-date measurement tool for moral foundations currently available. Second, Enke (2020) does not include purity in the set of binding values. We do so because Atari, Haidt, Graham, Koleva, Stevens, and Dehghani (2023) include purity in binding values in MFQ2, but we also show in Internet Appendix IA.E that our results on moral universalism are virtually unchanged if we remove purity from equation (1).

To ensure that our results are not specific to the exact procedure by which we measure moral universalism, we complement our baseline measure, which is constructed using a psychological questionnaire, with an alternative measure of moral universalism elicited in a hypothetical money allocation task, as suggested and validated by Enke, Rodríguez-Padilla, and Zimmermann (2022). This measure is based on a series of bystander money allocation tasks in which respondents are asked to split \$100 between a person in their in-group and a randomly selected other person. The definition of the in-group is varied

within the same subject and a respondent's degree of moral universalism is computed as the average fraction of money allocated to the randomly selected person (instead of the in-group person) across tasks. Enke, Rodríguez-Padilla, and Zimmermann (2022) show that the moral universalism measure derived from the hypothetical money allocation task effectively predicts participants' decisions in a financially incentivized charity donation task. We provide more details on the construction of this alternative measure in Internet Appendix IA.A.4.

5.3 Moral Universalism and Nonpecuniary Preferences

To test whether moral universalism explains significant variation in our survey responses, we start by relating our main person-specific measure of moral universalism to each person's propensity to support corporate actions that increase the financial value of the firm.

Figure 3 presents a binned scatter plot with a remarkably strong positive relationship between a respondent's degree of moral universalism and her propensity to prioritize nonpecuniary concerns over financial value (averaged across all actions and financial value conditions). The relationship is striking: the propensity to prioritize financial value increases monotonically across all deciles. It is also economically meaningful: respondents in the bottom decile of moral universalism are more than 20 percentage points less likely to choose against financial value than respondents in the top decile, for the same set of corporate actions. Moral universalists thus appear to have much stronger nonpecuniary concerns about the average corporate action.

Table 7 shows that the strong positive relationship between moral universalism and the tendency to choose against financial value is unaffected when we control for other observable characteristics of the respondents. Column (1) repeats column (1) from Table 5, but for brevity suppresses all coefficients other than *Republican* and *Male*; i.e., the two variables that correlate most strongly with the dependent variable in Table 5. Column (2) adds the moral universalism measure. Moral universalism performs exceptionally well in explaining the observed heterogeneity between participants documented in Table 5. Adding this single variable increases the R-squared of the regression from 6.4% to 11.7%. The moral universalism variable is also highly statistically significant with a t-statistic of 10.45. In terms of magnitude, an increase in moral universalism of one standard deviation is associated with a 30% of a one-standard deviation increase in the propensity to not choose the corporate decision with the higher financial value. It explains 87% of the partisan gap and 45% of the gender gap, as can be seen from the decline in the magnitude of the coefficients on *Republican* and *Male* between columns (1) and (2). In fact, the partisan gap, which has a t-statistic of 9.24 in column (1), is no longer statistically significant after

controlling for moral universalism. The latter finding is in line with previous work by Enke, Rodriguez-Padilla, and Zimmermann (2023), which documents that differences in political views are well captured by differences in the degree of moral universalism.

In column (3) of Table 7, we add a control for the average score across all six foundations. Whereas moral universalism captures the difference in the strength of respondents' individualizing versus binding values, the average score captures the strength of moral intuitions across both types of values. The average strength of moral intuitions across all six foundations is positively related to the propensity to prioritize nonpecuniary concerns, consistent with the findings in Landier and Thesmar (2022).[13] Importantly, though, the effect of moral universalism is largely unchanged compared with column (2). The effect also remains unchanged when we control for the amount donated to charity in the incentivized charity donation experiment, which is frequently used as a measure of altruism (see, e.g., Falk, Becker, Dohmen, Huffman, and Sunde (2023)).

In column (5) of Table 7, rather than using the difference between individualizing and binding values as the main explanatory variable, as in Enke (2020), we include the average scores on individualizing and binding values separately. We find that, all else equal, higher individualizing values are associated with a lower propensity to prioritize financial value, and vice versa for binding values. These results admit two interpretations. One interpretation is that our measure of moral universalism is well constructed in the sense that both its ingredients matter empirically as predicted, not just one. A second interpretation is more speculative but potentially impactful: while an emphasis on financial value maximization is often associated with a *lack* of morals or a lack of prosocial concerns, the findings in column (4) may be consistent with the idea that financial value maximization is associated with moral values in a particular domain: binding values. This could be consistent with a Friedmanite view that maximizing financial value is moral because it optimally allocates scarce resources in the economy and/or because thriving firms are important for communities. We leave further exploration of this idea for future research.

While Table 7 presents results averaged across all actions, we show in the Internet Appendix that the empirical power of moral universalism is surprisingly consistent across our wide range of decisions: the sign of the effect of moral universalism is positive for all ten corporate actions and statistically significant at the 5% level for 9 out of 10 actions (see Internet Appendix Figure IA.IV). This performance is particularly noteworthy given that we selected these ten actions not with the potential fit with the moral universalism framework in mind, but with their relevance for finance researchers and practitioners.

[13]Specifically, Landier and Thesmar (2022) define *individualism* as minus the average support for all moral foundations and use it as a proxy for a person's general tendency to support market mechanisms, competition, and optimizing behavior by agents.

Finding that a higher degree of moral universalism is associated with a greater emphasis on the nonpecuniary aspects of such a broad set of corporate actions is both informative and intuitive. It is informative because, within the moral universalism framework, this negative association tells us something about the average distance between the respondents and the people affected by the corporate actions we consider. The theory holds that moral universalists are more prosocial toward distant people, but not toward nondistant people. Thus, finding a strong positive association between moral universalism and nonpecuniary concerns is consistent with respondents perceiving affected people to be generally distant. We argue that this is intuitive: our hypothetical firm XYZCorp is a multinational corporation, and the affected people are, by definition, unknown to the respondents. We provide additional tests on participants' perceived distance to the affected stakeholders below.

Internet Appendix Figure IA.V and Table IA.VIII replicate our main results on moral universalism using the alternative measure of moral universalism based on money allocation tasks. Consistent with the prior literature, we find similar results for both measures of moral universalism, even though they are constructed very differently (see Internet Appendix IA.A.4 for details and discussion).

Combined, the evidence in this section shows that the moral universalism framework is powerful in capturing cross-participant variation in the propensity to prioritize nonpecuniary concerns of over financial value. This evidence provides strong support for the view that the nonpecuniary preferences we elicit about the ten corporate actions are to a large extent *moral* preferences and, by extension, that respondents view these corporate actions as moral issues.

5.4 Moral Universalism and Corporate Actions: Causality and Link to Cross-Action Heterogeneity

A central prediction of the moral universalism framework is that prosocial concerns decrease with distance for all people except perfect universalists. To further strengthen the case that moral universalism is an important driver behind the nonpecuniary effects we uncover in our survey, we conduct two additional tests of this central prediction.

First, we focus on the layoff scenario to experimentally show that (i) both geographical and social distance to the stakeholders involved *causally* reduces the strength of nonpecuniary concerns about the corporate action and (ii) a higher degree of moral universalism is associated with muted distance effects. Second, we conduct a follow-up survey among a subsample of respondents from our main study to directly elicit how connected they feel with the stakeholders involved in each corporate action, and link this measure of "perceived" distance to respondents' propensity to prioritize financial value.

5.4.1 Causal Effect of Distance on Preferences

To identify whether the distance to the affected stakeholders is a causal driver of nonpecuniary concerns, we carry out an experiment in which we exogenously vary the distance to the affected stakeholders. The basic design follows Enke, Rodriguez-Padilla, and Zimmermann (2023). To maximize internal validity, we focus on a corporate action for which (i) the relevant stakeholder is unambiguous, and (ii) we can randomly vary the distance to the involved stakeholder in a plausible way. To fulfill these criteria, we choose to focus on layoffs and vary the group of laid-off workers to be either close to the respondent (e.g., a member of the local community) or distant (e.g., people living in a foreign country). A full description of the experimental design, the instructions and the subject group is included in Internet Appendix IA.A.

Table 8 reports the results for the relationship between distance and opposition to layoffs, as well as the interaction with moral universalism. We define three groups of workers: close, neutral, and foreign. *Neutral* refers to the scenario in which the laid-off workers are neither geographically close nor belong to the respondent's social network, while *Foreign* refers to the scenario in which the laid-off workers are located in a foreign country. In columns (1) to (3), *Close* (the omitted group) refers to the treatment in which the laid-off workers are from the participant's local community. Column (1) regresses an indicator equal to one if the respondent opposes layoffs, on indicators for *Neutral* and *Foreign*. The constant in column (1) is 0.766, indicating that 76.6% of respondents oppose layoffs if the laid-off workers live in their local community (the omitted group). The support for layoffs is 23.8 percentage points lower than in the base group when the instructions specify that the laid-off workers are neither geographically close nor belong to the respondent's social network (*Neutral*, t=5.66) and is 34.8 percentage points lower when the laid-off workers are foreigners (*Foreign*, t =8.36). These results show that distance matters greatly.

Column (2) includes interactions of the distance variables with the moral universalism score of the respondent. This tests the more subtle, but crucial idea that distance effects should be weaker for individuals who are more morally universalistic. We indeed find that moral universalists' opposition to layoffs is less sensitive to distance, in particular when the laid-off workers are foreigners. In terms of magnitude, the gap in the opposition to layoffs between the scenarios of foreign and local workers declines by 29% (=0.102×1.03/0.358) for respondents who score one standard deviation higher on the moral universalism scale. This effect is virtually unchanged when we include participant fixed effects in column (3), thus only relying on within-person variation in the opposition to layoffs.

A potential concern with these results is that people may care more about layoffs in their local communities for reasons not related to prosociality. For example, self-interested

respondents may fear economic spillover effects or increased crime rates in their communities. To alleviate this concern, we use an alternative treatment in which the laid-off workers are specified to be friends of the respondent (thus socially close) but not members of their local community (thus not geographically close). The results from this alternative treatment, reported in columns (4) and (5), are very similar to the local worker scenario, thereby mitigating concerns that respondents' opposition to layoffs could be driven by their self-interest.

Overall, the above results illustrate that (i) the geographical and social distance to workers threatened to be laid off *causally* affects opposition to layoffs and (ii) higher moral universalism is associated with muted distance effects. Both results are nontrivial and central predictions of the moral universalism framework. Seeing them borne out in our data strongly supports the idea that moral universalism is an important driver of the nonpecuniary preferences over layoffs.

5.4.2 Moral Universalism and Cross-Action Heterogeneity

The evidence thus far demonstrates that moral universalism is powerful in explaining cross-participant heterogeneity in nonpecuniary preferences. In this section, we provide evidence that moral universalism also has potential to explain the striking cross-action heterogeneity documented in Section 4. Specifically, we show that the average strength of participants' nonpecuniary concerns is related to their *perceived* distance to affected stakeholders, and this perceived distance varies substantially across the corporate actions we consider.

To this end, we recruit participants from our main survey to a follow-up survey (conducted four months later), in which we elicit their perceived distance to the stakeholders who could be negatively affected in each of the ten corporate actions. To reduce complexity, we only reach out to the participants from our main survey who were in the positive financial value treatment group. To elicit the perceived distance for each corporate action, we (i) prime subjects to think about the stakeholders that they expect to be negatively affected and (ii) ask them to indicate their perceived distance to those stakeholders. More concretely, we ask respondents to specify "how connected" they feel to the group of people that may be negatively affected by a given corporate action. Connectedness is obtained using a graphical tool of moving Venn diagrams, and perceived distance is then measured as one minus the connectedness score. The approach of using Venn diagrams to measure connectedness was developed by Aron, Aron, and Smollan (1992). Its key advantage is that it does not require us to specify the group of negatively affected stakeholders or the dimension on which the perceived distance should be evaluated. Instead, we can allow for different factors to drive participants' perception of distance. We also ask how much each

corporate action negatively impacts the affected people because, fixing distance, we would expect prosocial concerns to be stronger when people are affected more severely.

Table 9 relates the propensity to prioritize nonpecuniary concerns over financial value for each corporate action to our measure of perceived distance. In column (1), we find a strong and highly significant relationship between the two variables. Specifically, a one-standard deviation increase in distance to negatively affected people decreases the propensity to choose against financial value by 6.7 ppt (=0.197×0.34), which corresponds to 16% of one standard deviation (t=10.28). In other words, participants are more willing to give up financial value if they feel more connected to the affected stakeholders.

The effect on perceived distance declines by about half once we control for the estimated size of the impact on the affected stakeholders in column (2). The size of the impact is highly statistically significant ($t = 7.29$), consistent with the idea that, all else equal, moral concerns should be more pronounced when the perceived harm to people is greater. These patterns could indicate that part of what respondents describe as closeness comes from the size of the impact. At the same time, it is also possible that participants' perception of distance affects the perceived size of the impact on the affected stakeholder. If that were the case, then controlling for the estimated size of impact would remove some of the variation in distance that we are interested in. However, even if we control for the estimated impact size, the effect of distance remains economically and statistically significant. The estimated effects of distance and impact size remain very similar when we control for our rich set of observable participant characteristics in column (3), and the distance effect more than doubles when we include participant fixed effects. Internet Appendix Table IA.IX shows that we find very similar results if we use the relative rank of a given corporate action as the dependent variable.

Our measure of perceived distance further allows us to directly test what we have so far only inferred from the data: the greater the degree of moral universalism of a respondent, the more connected she feels to the people who may be negatively affected by the corporate actions. In line with this view, when we average across all actions, regressing perceived distance on moral universalism yields a correlation of $\rho = -0.26$ (p-value<0.001). In the Internet Appendix, we show that this pattern holds for all ten actions individually (see Figure IA.VI).

Combined, the above results support the view that perceived distance to affected stakeholders is a key determinant of individuals' attitudes towards corporate actions, and that moral universalism is an important driver of how connected respondents feel to the people affected by the corporate actions of our hypothetical firm.

6 Additional Results

6.1 Corporate Actions as Moral Issues: Free-Text Elicitation

The evidence in Section 5 is strongly consistent with the view that corporate actions are perceived by our respondents as moral issues. In this section, we provide additional direct evidence that participants think about morals when evaluating the corporate decisions we present to them. Note that, under the morals-as-intuitions framework of Haidt (2012), it is not clear that respondents can accurately describe the reasons for their moral intuitions. Nevertheless, participants stating that morals play a role in their evaluation would further support the view that the nonpecuniary preferences we measure are, to a large extent, moral preferences.

Therefore, we implement a separate study, in which we obtain 85 free-text responses. In this survey, participants are presented with the same corporate actions as in Table 1, asked to complete the ranking and choice tasks from our main experiment, and then instructed to provide potential rationales for the corporate decision they rank as the most wrong/least right. The instructions were given as follows.

> "Please provide the most convincing reasons you can think of for not implementing the following corporate action even if it increases the financial profit for shareholders."

Because we want to be as objective as possible, we do not analyze the 85 free-text responses ourselves. We also do not run simple dictionaries on the text responses, as context and information may be lost. Instead, we follow Bordalo, Conlon, Gennaioli, Kwon, and Shleifer (2024) and use ChatGPT to evaluate responses for us. Specifically, after a short description of the main task, we instruct ChatGPT that respondents were asked to provide an explanation for deciding against the action that they ranked as most wrong even though the action has a positive financial value. The ChatGPT prompt used follows Bordalo, Conlon, Gennaioli, Kwon, and Shleifer (2024):

> " I will give you a message in which a respondent explained why she decided against a profitable corporate action. You will respond with only one of 'Yes' or 'No', and nothing else, to the following question: Does it seem like the respondent was paying attention to ethical or moral issues?"

The response by ChatGPT is unequivocal: 79.5% of free texts are related to ethical or moral issues. This result is consistent with our own subjective assessment of the free-text answers. Some of them are very direct, for example:

- *"It's already unethical how much (the CEOs) are making."*
- *"Further increasing the CEO's salary is morally wrong."*
- *"[...] laying off employees instead of cutting the salaries of higher-up executives is morally deplorable."*
- *"(Layoffs are) not ethical or fair."*
- (Layoffs): *"Morally bad [...]"*
- *"(Tax avoidance) is unethical [...]"*

We thus conclude that it is not only our results on the importance of moral universalism that suggest corporate actions are frequently perceived as moral issues. Instead, people tell us so directly in free-text responses.

6.2 Positive Versus Negative Financial Value Scenarios

An interesting question from a modeling perspective is whether respondents evaluate doing good in a similar way as avoiding doing harm. To answer this question, we use between-subject design to randomly vary the sign of the financial value generated by the corporate action. All corporate actions entail a trade-off between financial value and nonpecuniary concerns, hence the corporate actions in the negative financial value treatment are the inverse of the corporate actions in the positive financial value treatment (e.g., a financial-value enhancing CEO-pay increase versus a financial-value reducing CEO-pay decrease).[14] This alternative setting is relevant because firms regularly face both types of decisions and because it is ex ante unclear whether respondents have symmetric preferences over the financial gain/bad action and financial loss/good action settings.

When we study the effect of moral universalism on the subset of corporate actions with positive and negative financial value, respectively, we find that moral universalism explains attitudes in both the positive and negative financial value domains, with similar economic magnitudes. See Internet Appendix Table IA.VI.

We also report the cross-action rankings for the negative financial value scenario in Internet Appendix Figure IA.II. As can be seen from comparing Panels (a) across Figures 2 and IA.II, the relative rankings of the corporate actions we consider are mostly symmetric. For example, participants consider increasing CEO pay comparatively wrong when it creates financial value in Figure 2, and they consider decreasing CEO pay when it destroys

[14] Internet Appendix Table IA.I presents the full set of corporate actions if the financial value is negative.

financial value in Figure IA.II comparatively right. Similar patterns hold for most actions, indicating that asking about the nonpecuniary preference for a financial-value creating corporate action that is considered unattractive by most respondents often yields qualitatively similar results as does asking about the nonpecuniary preference for a financial-value destroying action that most respondents like.

The one major exception to this finding is layoffs and hiring. Although respondents demonstrate a strong preference to avoid layoffs in Figure 2, they do not show a similar strong preference for hiring workers in Figure IA.II. We believe this finding is intuitive: hiring and layoffs are plausibly not perceived as inverses of the same category (such as, for example, increasing vs. decreasing CEO pay) but rather as two distinctly different things. Respondents may hold the view that a firm has a moral obligation to try and avoid layoffs whenever possible, even if laying off people would be profitable, but they may not believe that the firm has a similar moral obligation to hire employees when it would be unprofitable to do so. A potential implication of this result is that stakeholders' nonpecuniary preferences can represent a form of asymmetric labor adjustment costs.

6.3 Stakeholder Treatments

We also investigate whether the nonpecuniary preferences we elicit are similar across different stakeholder groups. Whether and how preferences differ across stakeholders is ex ante not obvious. For example, shareholders may put more or less weight on financial value relative to other types of stakeholders, such as customers or employees. To see whether the nonpecuniary preferences of our respondents vary depending on their stakeholder status, we follow a similar design as Hart, Thesmar, and Zingales (2023) and use a between-subject design to randomly assign participants to four different roles in the company—shareholder, consumer, employee, or control group (unassigned).

Interestingly, across many of our tests, we do not find significant differences in the average responses across individuals whom we have randomly assigned to be shareholders, customers, or employees of XYZCorp. For example, participants who are randomly assigned to be shareholders do not consistently exhibit a greater tendency to prioritize financial value, as can be seen from the insignificant coefficient on the variable *Shareholder* in Table 5.

Taken together, these non-results may indicate either that our intervention has low power or that the preferences over financial and nonfinancial values are quite similar for shareholders, employees, and customers. Preferences being stable across different stakeholder groups would be in line with our other findings from Tables 4 and 5 that higher income or an economics/business-related college degree are not associated with significant

differences in the relative rankings of corporate actions, and the comparatively weak effect of being a stock market investor. Preference stability is an attractive feature for both theory and practice, because it greatly simplifies the task of dealing with multiple stakeholder groups.

7 Discussion

The results in this paper may have implications for many different constituents beyond academic researchers. Although exploring those implications in full detail is left for future research, we provide a brief discussion in this section.

Understanding Preferences Over Corporate Actions. Our findings are relevant to actors who are interested in maximizing welfare, which includes both pecuniary and nonpecuniary utility, as opposed to solely maximizing the financial value. These actors can include asset managers, corporate managers, and policy makers. Asset managers need to understand investor preferences in order to construct investment portfolios that reflect those preferences. The results in our paper are particularly informative for mutual fund managers and pension fund managers, since our sample comprises the type of individuals who typically invest in these vehicles.

Our results are also relevant to corporate managers because Hart and Zingales (2017) argue that firms should maximize shareholder welfare, not shareholder value. Yet, the academic literature provides relatively little concrete guidance to corporate managers on (i) which corporate actions give rise to nonpecuniary utility, and (ii) what drives heterogeneity in nonpecuniary utility. By filling some of this gap, the findings in this paper allow managers to better serve the goal of maximizing shareholder welfare. An open question to be addressed in future work is whether the largest shareholders have preferences that are captured well by the responses given by a representative sample of Americans. Given the very small and insignificant differences between wealthy/sophisticated respondents and other respondents in Table 4, our results indicate, at a minimum, that it cannot be taken for granted that larger shareholders do not have similar nonpecuniary preferences.

Finally, our results are also informative to financial regulators, who want to design policies that encourage asset managers and corporations to provide disclosure and/or behave in a manner that is consistent with maximizing investor welfare.

Societal Implications: Trust in Institutions. Viewing corporate actions as moral issues may have societal implications that go beyond better understanding investor welfare.

While fully exploring these implications is left for future research, we provide evidence on one potential dimension here. Misalignment between institutional behavior and individuals' nonpecuniary preferences could affect public confidence in institutions, such as corporate America, which has eroded in recent years (e.g., Saad (2021)).

To shed light on this potentially important dimension, we conduct a survey in which we ask participants how hypothetical commitments of U.S. firms would influence their confidence in corporate America. The hypothetical commitments we present to them are to not engage in a given corporate action from our list of actions with positive financial value (e.g., to avoid laying off workers or increasing CEO pay). See Internet Appendix IA.A.5 for a detailed survey description. Participants are instructed to give their responses on a 5-point Likert scale, ranging from would "strongly decrease" to would "strongly increase" their confidence in corporate America.

Figure 4 plots the percentage of respondents who report that U.S. firms committing to not take a particular action would increase their confidence. There are several takeaways. First, for 8 out of 10 actions, the majority of respondents say refraining from these corporate actions would increase their confidence in corporate America. For layoffs, more than 75% of respondents say so. Second, as before, survey participants appear to differentiate in the sense that their responses vary strongly between corporate actions. For example, less than 45% of respondents state that their confidence would increase if U.S. companies committed not to engage in cost cutting. Third, the relative rank of actions has a striking similarity to the ranking in Figure 2, Panel (a), with layoffs and CEO pay ranking at the top and share buybacks and cost-cutting ranking at the bottom.[15]

These results indicate that firm behavior that aligns well with participants' nonpecuniary preferences has the potential to boost trust in U.S. firms. Conversely, the results highlight a critical societal tension: while firms and executives may consider maximizing financial value to be the right course of action, public trust in corporations can erode if corporate actions are perceived as morally wrong.

8 Conclusion

Finance research increasingly focuses on nonpecuniary utility to analyze financial decision making of professional investors, managers, and households. However, many first-order questions on the nature and drivers of nonpecuniary preferences remain unanswered to date.

[15]Note that, in this survey, we do not indicate the average pay-ratio between CEOs and the average worker. The strong concerns about CEO pay revealed in our main survey are therefore unlikely to be induced by the reporting of the average pay ratio.

In this paper, we propose to make progress by studying the nonpecuniary preferences of a representative sample of the U.S. population over a set of corporate actions that managers routinely take in their companies and that finance professors routinely cover in their teaching and research. Understanding whether, how, by how much and why nonpecuniary preferences affect people's evaluation of various corporate actions is important because it can potentially inform finance researchers, fund managers, and corporate managers on how best to model financial decision making, how to best serve client preferences, and how to make optimal decisions in their companies.

Our main survey elicits the nonpecuniary preferences of more than 2,000 respondents for ten hypothetical corporate actions. Our core findings are that (i) self-reported nonpecuniary concerns are large, for stock market investors and non-investors as well as for participants with high and low income and with and without college degree; (ii) concerns about the treatment of workers and CEO pay rank highest, higher than concerns about leadership diversity and fossil energy usage; (iii) moral universalism (Enke (2024)) emerges as a key driver of nonpecuniary preferences, explaining substantial variation both across participants as well as across corporate actions. Our findings thus shed new light on the importance of morals as a driver of nonpecuniary preferences in the context of corporate decisions.

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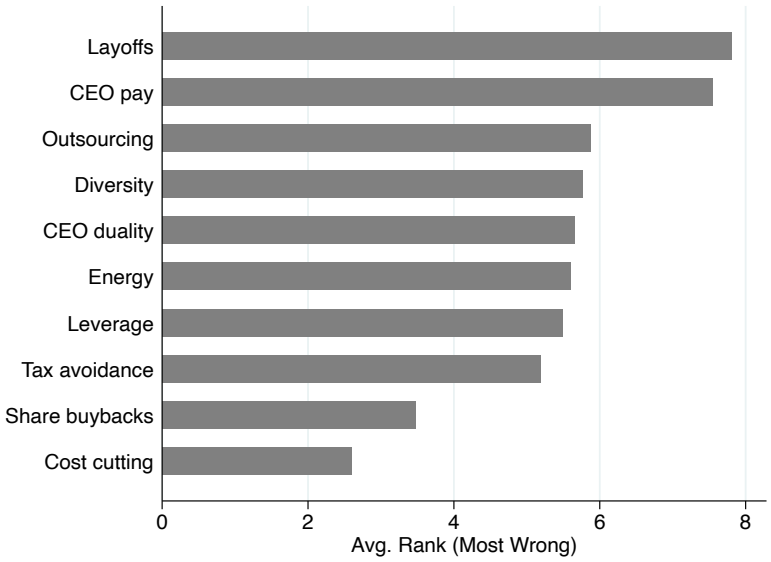
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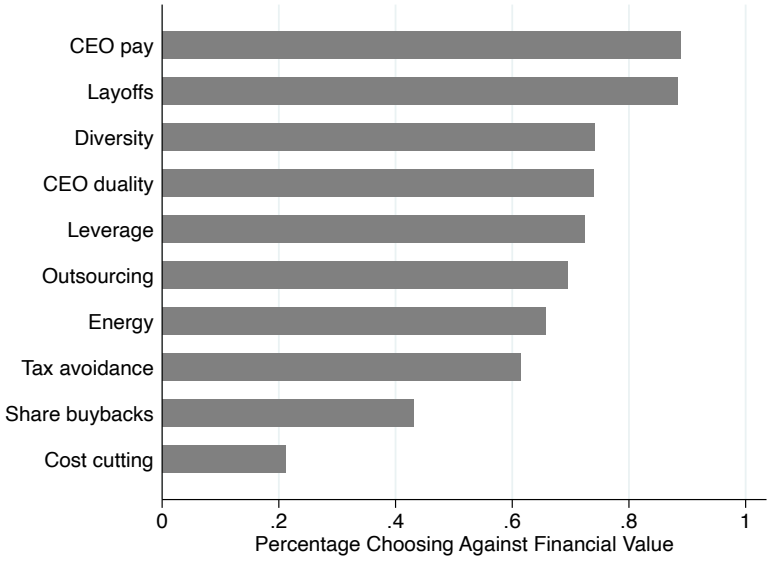
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(a) Relative Ranks



(b) Average Choices

Figure 2: Nonpecuniary Preferences for Corporate Actions

The figure reports the average responses to the survey questions related to participants' nonpecuniary preferences for corporate actions. We condition on corporate actions with positive financial value.

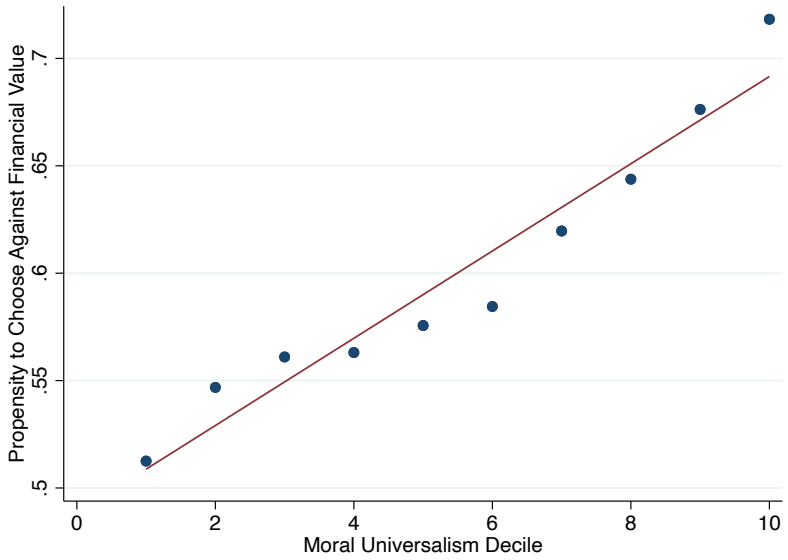


Figure 3: Moral Universalism and Nonpecuniary Preferences for Corporate Actions

The figure reports the average propensity to oppose a corporate action that increases financial value on participants' degree of moral universalism, sorted into deciles.

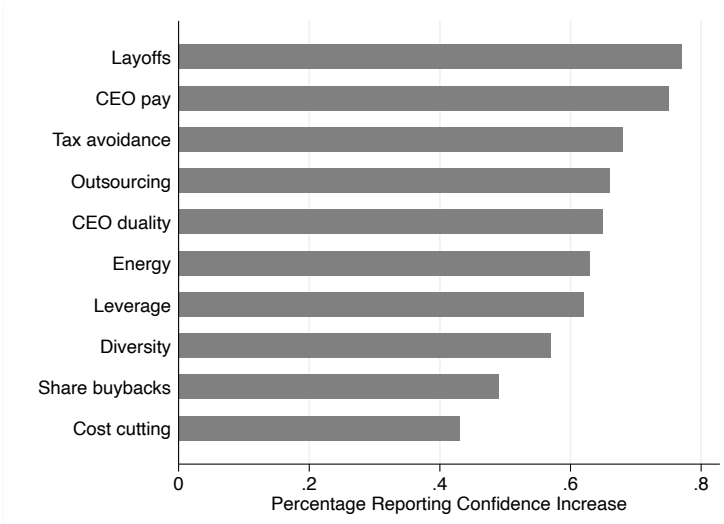


Figure 4: Corporate Actions and Confidence in Corporate America

The figure reports the percentage of respondents who report that a public commitment by U.S. firms to avoid a given type of action would increase their confidence in corporate America.

Table 3: **Summary Statistics**

This table presents summary statistics for our key variables. Panels A and B report summary statistics for the key dependent variables and measures of participants' social and moral preferences, respectively. Panel C reports summary statistics for participants' demographic characteristics.

Panel A: Key Dependent Variables

	N	Mean	Stdev.	p25	Median	p75
Propensity to Choose Against Financial Value:						
Cost cutting	2,047	0.224	0.337	0.000	0.000	0.333
Share buybacks	2,047	0.472	0.412	0.000	0.333	1.000
Leverage	2,047	0.628	0.395	0.333	0.667	1.000
Layoffs/Hiring	2,047	0.653	0.400	0.333	1.000	1.000
Outsourcing	2,047	0.647	0.389	0.333	0.667	1.000
Tax avoidance	2,047	0.529	0.422	0.000	0.667	1.000
CEO pay	2,047	0.869	0.275	1.000	1.000	1.000
Diversity	2,047	0.677	0.403	0.333	1.000	1.000
Energy	2,047	0.639	0.417	0.333	1.000	1.000
CEO duality	2,047	0.658	0.399	0.333	1.000	1.000

Panel B: Social and Moral Preferences

	N	Mean	Stdev.	p25	Median	p75
Donation Amount (in $)	2,047	15.073	14.404	4.000	10.000	25.000
Moral Universalism	2,047	0.349	1.144	-0.417	0.250	1.083
Avg. MFT	2,047	3.238	0.609	2.806	3.222	3.667
Individualizing Values	2,047	3.471	0.806	2.917	3.500	4.083
Binding Values	2,047	3.122	0.818	2.458	3.125	3.750

Panel C: Demographics

	Percentage (%)	N
Age:		
18 to 24 years old	10.5	2,032
25 to 34 years old	29.3	2,032
35 to 44 years old	27.4	2,032
45 to 54 years old	18.9	2,032
55 to 64 years old	9.4	2,032
65+ years old	4.6	2,032
Gender:		
Male	49.9	2,047
Female	50.1	2,047
Race:		
White	76.7	3,000
Black or African American	14.1	2,047
Asian	7.4	2,047
Other	1.7	2,047
Ethnicity:		
Other origin	91.3	2,047
Hispanic	8.7	2,047
Political leaning:		
Republican	40.6	2,045
Democrat	59.4	2,045
Education:		
College and post-graduate	52.6	2,047
High School or less	47.4	2,047
Degree:		
Economics/Business	19.0	2,047
Other	68.1	2,047
Not applicable	12.9	2,047
Income:		
Low (<\$40k)	26.8	2,004
Middle (\$40k<x<\$110k)	50.8	2,004
High (>\$110k)	22.5	2,004
Occupational status:		
Employed	61.7	2,047
Self-employed	13.0	2,047
Other	25.3	2,047
Stock market investor status:		
Investor	58.1	2,034
No Investor	41.3	2,034

Table 4: **Trade-Offs**

The table presents the results from an OLS regression of participants' average propensity to prioritize financial value on the magnitude of the financial value (low, medium, high). The unit of observation is at the level of a participant × financial value condition. The dependent variable is the percentage of times that the participant prefers the corporate decision that maximizes the financial value to shareholders (i.e., the participant indicates that XYZCorp should (not) implement a corporate action that generates positive (negative) financial value), computed across all actions within a given magnitude of the financial value (low, medium, high). *Medium FV* and *High FV* refer to indicators for medium and high financial value, respectively. *t*-statistics based on robust standard errors are reported in parentheses. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

	Propensity to Choose Against Financial Value						
	All	Low Income	High Income	Non-Investor	Investor	Non-Econ Degree	Econ Degree
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Medium FV	-0.059***	-0.055***	-0.064***	-0.052***	-0.064***	-0.058***	-0.061***
	(-9.47)	(-4.57)	(-4.97)	(-5.64)	(-7.60)	(-8.54)	(-4.12)
High FV	-0.122***	-0.114***	-0.133***	-0.108***	-0.132***	-0.118***	-0.137***
	(-17.21)	(-8.33)	(-8.79)	(-10.17)	(-13.93)	(-15.15)	(-8.27)
Constant	0.668***	0.676***	0.663***	0.676***	0.662***	0.673***	0.647***
	(162.68)	(84.18)	(80.77)	(110.99)	(119.25)	(149.24)	(65.88)
R^2	0.048	0.044	0.057	0.041	0.053	0.046	0.057
N	6,141	1,611	1,350	2,535	3,567	4,974	1,167

Table 5: **Heterogeneity in Nonpecuniary Preferences Across Respondents**

The table presents results from an OLS regression of participants' average propensity to choose against financial value on participant characteristics. The dependent variable is the percentage of times that the participant prefers the corporate decision that does not maximize the financial value to shareholders (i.e., the participant indicates that XYZCorp should (not) implement a corporate action that generates negative (positive) financial value), computed across all corporate actions. Column (1) includes all financial-value scenarios. Columns (2), (3), and (4) each represent one cost scenario (low, medium, or high financial value (FV)). We only report coefficients on socio-demographic characteristics that represent at least 5% of all observations and omit the remaining coefficients for brevity. All coefficients are standardized to show the effect of a one-standard deviation change in X on the percentage of a one-standard deviation in Y. t-statistics based on robust standard errors are reported in parentheses. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

	Propensity to Choose Against Financial Value			
	All	Low FV	Medium FV	High FV
	(1)	(2)	(3)	(4)
Republican	-0.203***	-0.254***	-0.191***	-0.107***
	(-9.24)	(-11.64)	(-8.63)	(-4.78)
Male	-0.080***	-0.052**	-0.070***	-0.081***
	(-3.61)	(-2.38)	(-3.15)	(-3.59)
Between 24 and 64	0.044	0.010	0.055**	0.044
	(1.57)	(0.37)	(1.98)	(1.50)
Older than 64	0.045*	-0.006	0.051**	0.062**
	(1.73)	(-0.23)	(1.97)	(2.36)
Investor	-0.041	-0.006	-0.044*	-0.049*
	(-1.60)	(-0.25)	(-1.74)	(-1.93)
Black or AA	0.005	-0.087***	0.019	0.058***
	(0.20)	(-3.68)	(0.86)	(2.61)
Asian	-0.059***	-0.065***	-0.039	-0.052**
	(-2.62)	(-2.85)	(-1.64)	(-2.19)
Not Hispanic	-0.037	-0.017	-0.026	-0.048**
	(-1.55)	(-0.71)	(-1.11)	(-2.07)
Shareholder	-0.017	-0.051*	0.006	-0.005
	(-0.63)	(-1.90)	(0.22)	(-0.19)
Consumer	0.017	-0.008	0.015	0.031
	(0.66)	(-0.29)	(0.58)	(1.17)
Employee	0.019	-0.022	0.020	0.042
	(0.72)	(-0.82)	(0.72)	(1.56)
College and Post-Graduate	-0.005	0.013	-0.009	-0.012
	(-0.17)	(0.51)	(-0.33)	(-0.47)
Middle Income ([40k,110k])	-0.011	-0.006	-0.015	-0.008
	(-0.39)	(-0.22)	(-0.52)	(-0.27)
High Income (>110k)	-0.019	-0.023	-0.015	-0.012
	(-0.61)	(-0.79)	(-0.48)	(-0.39)
Other Degree	0.022	0.018	0.018	0.020
	(0.68)	(0.58)	(0.56)	(0.62)
Econ Degree	-0.036	-0.021	-0.032	-0.038
	(-1.06)	(-0.62)	(-0.92)	(-1.11)
Self-Employed	-0.025	-0.019	-0.022	-0.023
	(-1.06)	(-0.79)	(-0.96)	(-0.99)
Not Employed	-0.003	0.016	-0.022	-0.000
	(-0.12)	(0.66)	(-0.87)	(-0.02)
R^2	0.064	0.082	0.054	0.040
N	1,988	1,988	1,988	1,988

Table 6: **Survey Responses and Donation Behavior**

The table presents results from an OLS regression of participants' evaluation of corporate actions on their donation choices. The unit of observation is at the participant × action level. The dependent variable is an indicator equal to one if the participant prefers the corporate decision that does not maximize the financial value to shareholders (i.e., the participant indicates that XYZCorp should (not) implement a corporate action that generates negative (positive) financial value). *Donates to Mission* is an indicator equal to one if the action is fossil energy related ("*Energy*") and the participant has donated to *Nature Conservancy*, if the action is diversity related ("*Diversity*") and the participant has donated to *YWCA*, if the action is related to outsourcing ("*Outsourcing*") and the participant has donated to *Operation Gratitude*, or if the action is layoffs related ("*Layoffs*") and the participant has donated to *Americares*. *Nature Conservancy*, *Operation Gratitude*, *YWCA*, and *Americares* are dummy variables indicating the choice of charity. In columns (4) and (5), we restrict the sample to the condition with positive financial value. t-statistics based on standard errors clustered at the participant level are reported in parentheses. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

	Propensity to Choose Against Financial Value				Rel. Rank
	(1)	(2)	(3)	(4)	(5)
Donates to Mission	0.133***	0.141***			
	(10.94)	(11.58)			
Donation Amount	0.001***				
	(2.93)				
Energy			0.044***	0.036**	0.508***
			(4.24)	(2.44)	(4.50)
Energy × Nature Conservancy			0.099***	0.093***	0.488**
			(4.56)	(3.08)	(1.99)
Outsourcing			0.053***	0.085***	0.807***
			(6.24)	(7.07)	(8.75)
Outsourcing × Operation Gratitude			0.179***	0.103**	0.773**
			(6.50)	(2.35)	(2.44)
Diversity			0.091***	0.129***	0.707***
			(9.98)	(9.93)	(7.21)
Diversity × YWCA			0.150***	0.130***	0.757**
			(5.24)	(3.53)	(2.08)
Layoffs				0.280***	2.738***
				(27.72)	(28.69)
Layoffs × Americares				0.018	0.575**
				(0.75)	(2.53)
Constant	0.580***	0.593***	0.576***	0.601***	4.994***
	(89.34)	(1004.48)	(322.77)	(200.94)	(205.66)
Participant f.e.	No	Yes	Yes	Yes	Yes
R^2	0.006	0.217	0.223	0.240	0.087
N	20,470	20,470	20,470	10,320	10,320

Table 7: **Moral Universalism and Nonpecuniary Preferences**

The table presents results from an OLS regression of participants' average propensity to choose against financial value on measures of participants' moral universalism and the same participant characteristics as in Table 5 (other coefficients from column (1) of Table 5 are suppressed for brevity). *Moral Universalism* is defined as the difference between *Individualizing Values* and *Binding Values*, where binding values represent the average score for the moral foundations authority, loyalty, proportionality, and purity, and individualizing values represent the average score for the moral foundations care and equality. *Avg. MFT Score* is the average score across all six moral foundations. All coefficients are standardized to show the effect of a one-standard deviation change in X on the percentage of a one-standard deviation in Y. t-statistics based on robust standard errors are reported in parentheses. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

	Propensity to Choose Against Financial Value				
	(1)	(2)	(3)	(4)	(5)
Moral Universalism		0.299***	0.312***	0.297***	
		(10.45)	(10.79)	(10.36)	
Avg. MFT Score			0.068***		
			(2.66)		
Donation Amount				0.052**	
				(2.35)	
Individualizing Values					0.249***
					(10.14)
Binding Values					-0.162***
					(-5.69)
Republican	-0.203***	-0.026	-0.040	-0.028	-0.040
	(-9.24)	(-0.95)	(-1.44)	(-1.02)	(-1.44)
Male	-0.080***	-0.044**	-0.040*	-0.041*	-0.040*
Other coefficients suppressed for brevity					
R^2	0.064	0.117	0.120	0.119	0.120
N	1,988	1,988	1,988	1,988	1,988

Table 8: **Moral Universalism and Distance to Layoffs**

The table presents results from a linear probability model that regresses participants' opposition to layoffs on their degree of moral universalism and the distance to the affected workers. *Neutral* refers to the scenario where the identity of the laid-off workers is not further specified. *Foreign* refers to the scenario where the laid of workers are located in a foreign country. The omitted group is the scenario in which the laid-off workers are close to the participant. In columns (1) to (3), the close group are laid-off workers in participants' local community. In column (4) and (5), they are friends of the participant, who live outside of her local community. *Moral Universalism* is defined as in Table 7. In columns (3) and (6), we include the same participant characteristics as in Table 5. *t*-statistics based on robust standard errors are reported in parentheses. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

	Oppose Layoffs				
	(1)	(2)	(3)	(4)	(5)
Neutral	-0.238***	-0.243***	-0.243***	-0.229***	-0.229***
	(-5.66)	(-5.89)	(-8.71)	(-5.53)	(-7.92)
Foreign	-0.348***	-0.358***	-0.358***	-0.344***	-0.344***
	(-8.36)	(-9.06)	(-12.12)	(-8.66)	(-11.45)
Moral Universalism		0.095***		0.110***	
		(3.78)		(4.73)	
Neutral × Moral Universalism		0.055	0.055**	0.041	0.041
		(1.50)	(2.37)	(1.15)	(1.57)
Foreign × Moral Universalism		0.102***	0.102***	0.088***	0.088***
		(2.89)	(4.00)	(2.59)	(3.24)
Constant	0.766***	0.758***	0.766***	0.744***	0.754***
	(28.23)	(27.85)	(35.97)	(26.99)	(34.05)
Close group	Locals	Locals	Locals	Non-local friends	Non-local friends
Participant f.e.	No	No	Yes	No	Yes
R^2	0.086	0.188	0.752	0.186	0.740
N	732	732	732	732	732

Table 9: **Distance to Stakeholders and Cross-Action Heterogeneity**

The table presents results from an OLS regression of participants' propensity to choose against financial value for each corporate action on participants' perceived distance to the potentially affected stakeholders. The unit of observation is at the participant × action level. *Distance* refers to the participant's perceived distance to the affected stakeholders in the range from 0 to 100, divided by 100. *Size of Impact* refers to the perceived size of the impact on the affected stakeholders (Likert-type scale from 1 to 6). In column (3), we include the same personal characteristics as in Table 5 as control variables. *t*-statistics based on standard errors clustered at the participant level are reported in parentheses. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

	Propensity to Choose Against Financial Value			
	(1)	(2)	(3)	(4)
Distance	-0.197***	-0.108***	-0.098***	-0.191***
	(10.28)	(-4.79)	(-4.54)	(-6.98)
Size of Impact		0.033***	0.031***	0.028***
		(7.29)	(7.15)	(5.93)
Controls	No	No	Yes	No
Participant f.e.	No	No	No	Yes
R^2	0.026	0.039	0.058	0.218
N	6,427	6,427	6,287	6,425

Internet Appendix to

"Corporate Actions as Moral Issues"

This internet appendix presents additional results to accompany the paper "Corporate Actions as Moral Issues." The contents are as follows:

Internet Appendix IA.A provides additional information on our main survey and describes the survey design of our follow-up studies.

Internet Appendix IA.B provides evidence to quantify the relevance of the corporate actions that we study for academic finance research.

Internet Appendix IA.C provides additional results on cross-action heterogeneity.

Internet Appendix IA.D provides additional results on cross-participant heterogeneity.

Internet Appendix IA.E provides additional results on the role of moral universalism.

Internet Appendix IA.F provides the complete survey questionnaire.

IA.A Survey Overview

Our main experimental study encompasses both a negative and a positive financial value treatment. We describe the corporate actions in the positive financial value treatment in the main paper and provide descriptions of the corporate actions in the mirror treatment of negative financial value in Section IA.A.1 below. We also conducted a series of additional online experimental studies beyond our main study, to test for potential alternative explanations and implications. Sections IA.A.2 to IA.A.5 below describe the design of these additional studies.

IA.A.1 Main Study: Negative Financial Value Treatment

As illustrated in Section 3, our main experimental study follows a between-subject design to vary the sign of the financial value from positive to negative. As all corporate actions entail a trade-off between financial value and nonpecuniary aspects, the positive-financial-value actions constitute the inverse of the negative-financial value actions. Table IA.I below lists the ten corporate actions for the negative-financial-value treatment.

1.	Discontinue an existing cost cutting program at the recently acquired firm
2.	Decrease share buybacks (i.e., pay out a smaller fraction of corporate funds to Shareholders in the form of share buybacks), thereby increasing corporate funds available for other purposes
3.	Reduce dividends to its shareholders and use the funds to repay a loan (thereby Increasing corporate tax payments and reducing the risk of bankruptcy)
4.	Hire new employees
5.	Repatriate parts of its operations, which were previously outsourced to a foreign country with lower wages, back to the United States
6.	Increase the taxes it pays in the United States by having less of its profits taxed in low-tax countries
7.	Decrease the total compensation of the CEO
8.	Implement new personnel programs which increase the share of women and minorities in corporate leadership roles
9.	Decrease the usage of fossil energy sources (e.g., oil, coal, and natural gas) in its operations
10.	Separate the roles of CEO and Chairman of the Board, giving the current CEO & Chairman less power inside the company

Table IA.I: Corporate actions considered by XYZCorp for the treatment in which the financial value of each corporate action is negative.

Analogously to the positive-financial-value treatment, the financial value is defined to reflect the net present value of future cash flows.

> All current and future financial costs and risks of the action would outweigh all current and future financial benefits."

The propensity to choose against financial value is elicited analogously to the positive-financial-value treatment, by replacing the word "profit" with "loss".

> "Assume that the financial loss of each corporate action is comparatively large. Specifically, 90% of the loss-making corporate actions that the company has implemented in the past have yielded a smaller financial loss, and 10% of all past loss-making corporate actions have yielded a bigger financial profit loss.
> Suppose that you could determine whether or not XYZCorp implements the proposed corporate actions.
> Should XYZCorp implement the corporate action or not?"

The rest of the experimental study is identical in the positive and the negative-financial-value treatment.

IA.A.2 Additional Experiment: Causal Effect of Distance to Affected Stakeholders

To identify moral universalism as an explanation of the nonpecuniary preferences documented in our main experimental study, we run an additional experiment on a separate pool of participants (N=244) to establish the causal effect of distance on subjects' propensity to choose against financial value.[16] Subjects receive a fixed remuneration of $12 per hour. The main task of this experiment is to decide whether or not to lay off workers of XYZCorp. Subjects are informed about the financial value of this corporate action to rule out potential differences in beliefs. In particular, we specify the following:

> The management of XYZCorp is considering laying off 1,000 workers. Please assume that, if implemented, this decision would have a large positive financial value to the firm's shareholders. This means that, for shareholders, all current and future financial benefits of the action would substantially outweigh all current and future financial costs and risks. Moreover, the layoffs would be legal.

In line with our main experimental study, subjects are provided the same description of the hypothetical company XYZCorp in randomized order (see Internet Appendix IA.F for the full description of XYZCorp).

[16] The study pre-registration report can be obtained from: https://aspredicted.org/wdh4-xrpg.pdf

In a within-subject design, we vary the information about the respondent's connection to the laid-off workers from close (two treatments) to distant (two treatments). The within-subject treatments are implemented in randomized order. To ensure that distance is not associated with different characteristics of the laid off workers, we also specify the following:

> Assume all workers presented below are identical on all dimensions except for the features that are specified below.

Subjects are then given treatment-specific information about the workers and are asked to decide whether or not to support the layoffs. For example, in the "foreign worker" treatment, respondents are asked the following:

> Assume the workers who would be affected by the layoffs **live outside of the U.S**. Should XYZCorp implement the layoffs or not?

We include two treatments of *close* connections between the respondent and the laid off workers, by specifying that these workers either:

- "live near you," or
- "even though they do not live near you, are your friends."

The latter treatment allows us to isolate potential economic spillover effects from the layoffs to other members of the local community, e.g., in the form of increased crime rates.
We also include two treatments of distant connections between the respondent and the laid-off workers, by specifying that these workers either:

- "live outside of the U.S." (i.e. *Foreign*) or
- "you do not know any of the workers who would be affected by the layoffs personally and they do not live near you." (i.e. *Neutral*)

At the end of the experiment, we ask respondents to complete the same MFQ2 questionnaire as in our main experimental study.
The experimental study was programmed in Qualtrics and administered on Prolific in September 2024. We use sample selection criteria based on location (USA) and approval rate ($> 90\%$). Furthermore, we apply quota sampling based on the same criteria as our main experimental study—gender, political affiliation, and stock market participation. Before the start of the experiment, subjects sign a consent form and undergo a bot check as well as attention and comprehension checks similar to the ones used in our main experimental study. Only subjects who pass all checks are allowed to proceed with the study. Fewer than 5% of participants exited the experiment after seeing the main task, which assuages concerns about selective attrition.

IA.A.3 Follow-up Study I: Elicitation of Distance to Affected Stakeholders

To test whether distance to the affected stakeholders can explain the observed relative rankings of corporate actions, we run a follow-up study with the subject pool of our main experimental study. Specifically, in October 2024, four months after the main experimental study, we invite all subjects from the positive-financial value treatment to participate in a follow-up study on Prolific. The respondents received a fixed remuneration of $19 per hour, well above the typical hourly wage on the online platform. The response rate among the respondents from the main experimental study was 62.4% and the sample size of the follow-up study is N=644. The non-participants were younger (p-value<.001), more educated (p-value=.06) and held business or economics degree, hence their non-participation in the follow-up is consistent with an expected drop-out from the Prolific platform. The rest of the demographic characteristics of the follow-up sample were comparable to the main sample (joint F-test, p-value = 0.283).

At the beginning of the study, we remind subjects about the characteristics of XYZCorp (listed in randomized order). Then we present them one by one with the 10 corporate actions in randomized order. The wording of the actions is identical to the wording in the main experimental study in the positive-financial value treatment, for example:

- The management of XYZCorp is considering **laying off employees**.
- The management of XYZCorp is considering **appointing the current CEO also as the Chairman of the Board**, giving the CEO more power inside the company.
- ...

Subsequently, we prime subjects to think about the group of people that they expect to be negatively affected by the firm's action.

> Think about the group of people who, in your opinion, may be negatively affected by this proposal. Let us denote this group of people by X.

The main task is to indicate how close or distant subjects feel to the group of negatively affected people that comes to mind. The challenge in eliciting this measure is that we need to avoid inducing a particular aspect of closeness or distance. Instead, we want people to think about the aspects of closeness and distance that come to mind when they think about their assessment of the corporate action. For some actions, it could be natural to think about geographic distance. For instance, when thinking about outsourcing to a lower

wage country or relocating taxes to low-tax countries, the domestic vs. foreign dimension becomes salient, and subjects might think about the negatively effected stakeholders as group defined by location. For other actions, the geographical aspect may give way to other aspects of distance, such as social distance. To accommodate all possible factors that can contribute to the subejctive feeling of distance, we obtain a neutral graphical measure of the overlapping Venn diagrams devised and validated by Aron, Aron, and Smollan (1992). The graphical tool is illustrated in Internet Appendix IA.F.2.

IA.A.4 Follow-up Study II: Alternative Measure of Moral Universalism

As an alternative to our baseline questionnaire-based measure of moral universalism, we also consider an alternative measure of moral universalism proposed by Enke, Rodríguez-Padilla, and Zimmermann (2022). It is constructed based on a series of hypothetical bystander money allocation games. Specifically, participants are asked to allocate a hypothetical $100 between a member of an in-group and a randomly selected person. We use the short version of this money-allocation-task measure, which consists of three questions, one from each of the proposed in-groups "domestic," "foreign," and "global." The exact questions, which are presented to the subjects in randomized order, are given as follows:

> 1. *Domestic:* How would you split $100 between a member of one of your past or current organizations (local church, leisure club or association, etc.) and a randomly-selected U.S. person?
> 2. *Foreign:* How would you split $100 between a randomly-selected U.S. person and a randomly-selected person from anywhere in the world?
> 3. *Global:* How would you split $100 between someone who speaks your same language and lives anywhere in the world and a randomly-selected person from anywhere in the world?

Moral universalism is then measured as the average amount allocated to the respective randomly-selected person. The bystander task allows us to measure moral universalism in altruism independent from altruism itself, as the participants cannot allocate money to themselves. Indeed, the correlation between the money-allocation-task-based measure of moral universalism and the charity donations in our study is 0.06 (p-value = 0.16). To isolate potential confounding factors, we explicitly instruct the participants to assume that (i) both recipients are equally rich (ruling out potential differences in beliefs about the income and wealth levels) and (ii) the allocation is completely anonymous (ruling out

potential reciprocity considerations).

We elicit this measure of moral universalism based on a subsample of the participants in our main experimental study. In December 2024, six months after the main experimental study, we invited all subjects from the positive-financial value treatment to participate in a follow-up study on Prolific. The respondents received a fixed remuneration of $35 per hour, well above the typical hourly wage on the online platform. The response rate among the respondents from the main experimental study was 53.6% and the sample size of the follow-up study is N=554. Non-participation in the follow-up study is likely correlated with drop out rates from the Prolific platform—it is higher among younger people (p-value<0.001), people with higher income (p-value = 0.030), and higher education (p-value<0.001), especially business or economics education (p-value<0.001).

The correlation between the two measures of moral universalism is 0.402 (p-value<0.001). This correlation coefficient is high considering that questionnaire-based measures of moral concerns typically exhibit correlation coefficients lower than 0.4 even when elicited simultaneously or with a shorter time lag than in our study (see Benabou, Falk, and Henkel (2024) for an overview of various measures of moral concerns).

Our main findings on the effect of moral universalism on the propensity to choose against financial value are qualitatively unchanged when using the alternative measure constructed based on the above money allocation tasks. Internet Appendix Figure IA.V repeats Figure 3 by plotting the average propensity to choose against financial value against this alternative moral universalism measure. Table IA.VIII repeats Table 7 by regressing the propensity to choose against financial value on the alternative measure of moral universalism and demographic control variables. As with our main measure, the relationship is strong and negative.

IA.A.5 Additional Survey: Confidence in Corporate America

In another survey conducted on Prolific with a separate subject pool (N=100) in July 2024, we gauge which corporate actions most negatively affect subjects' confidence in corporate America. To this end, we consider the positive financial value actions and ask subjects how their confidence would change if U.S. firms committed to avoiding those actions. Specifically, we ask subjects to answer the following question on a 5-point Likert-type scale from "strongly decrease" to "strongly increase":

> Suppose most firms in the U.S. would commit to the following measures. How would that affect your confidence in corporate America?

Since we focus on confidence in Corporate America and elicit the impact of a systematic

commitment, we focus on "avoid harm" commitments rather than commitments to "do good." We refrain from providing a description of the typical company because we instruct participants to think about hypothetical commitments by "most firms in the U.S."

The survey was programmed in Qualtrics. We used sample selection criteria based on location (USA) and approval rate (>90%). We applied quota sampling using the same criteria as in our main experimental study (i.e., gender, political affiliation, and stock market participation). We did not implement additional screens or attention checks.

IA.B Relevance of Selected Corporate Actions for Finance Research

To quantify the relevance of the corporate actions that we study for finance researchers, we conduct a targeted search in the Web of Science database, focusing on articles published in the *Journal of Finance*, the *Journal of Financial Economics*, and the *Review of Financial Studies* between 1990 and 2020. We focus on the seven corporate actions that were selected using the relevance criterion and exclude the three actions chosen to represent common environment, social, and governance actions (fossil energy usage, workforce diversity, and CEO duality, respectively), which were taken from Haber, Kepler, Larcker, Seru, and Tayan (2022). Table IA.II lists the search terms used for each action. In order to qualify as relevant for a given corporate action, we require the article to contain at least one of the associated search terms in the title, abstract, or keywords. After combining all the articles that meet these criteria for each topic, we calculate the share of all papers published in the three journals in a given calendar year that are related to one of our seven corporate actions, which is plotted in Figure IA.I below.

No.	Action	Search Terms
1.	Cost cutting	"cost reduction" OR "cost cutting" OR "cost efficiency" OR "operating efficiency" OR "restructuring"
2.	Share buybacks	"share repurchases" OR "share buyback" OR "payout policy"
3.	Leverage	"financial leverage" OR "capital structure" OR "leverage ratio" OR "debt-equity" OR "financing structure" OR "static tradeoff" OR "financial structure"
4.	Layoffs / hiring	"layoffs" OR "labor reduction" OR "downsizing" OR "forced turnover" OR "firing" OR "layoff" OR "hiring" OR "recruiting" OR "recruitment" OR "employment policies" OR "employment decision" OR "labor demand" OR "talent acquisition"
5.	Tax avoidance	"tax avoidance" OR "tax optimization" OR "tax shield" OR "tax strategies"
6.	Outsourcing	"outsourcing" OR "offshoring"
7.	CEO pay	"CEO pay" OR "CEO compensation"

Table IA.II: Search terms used to identify articles in the Web of Science database related to each corporate action.

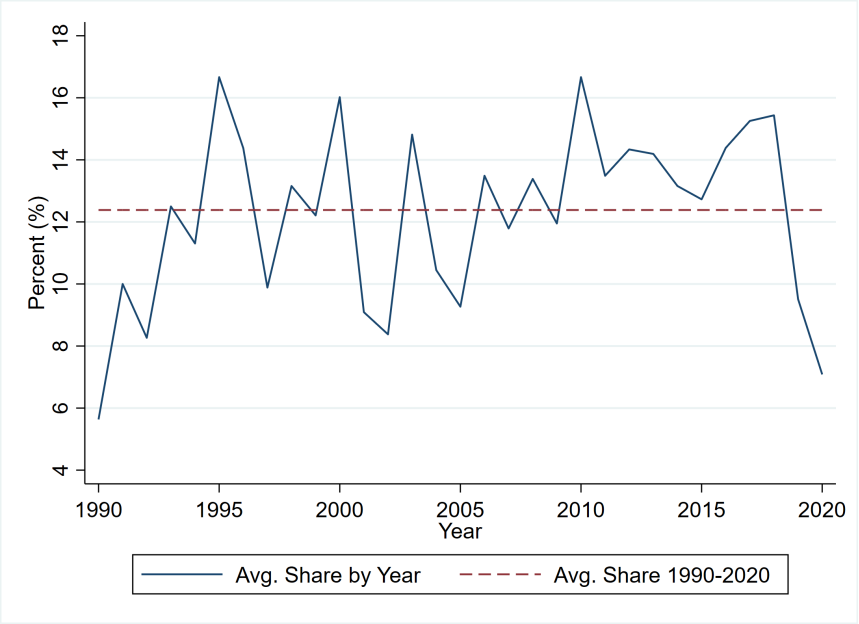
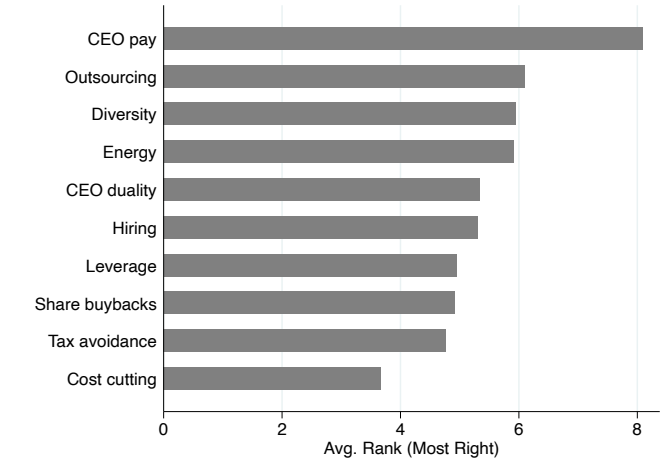


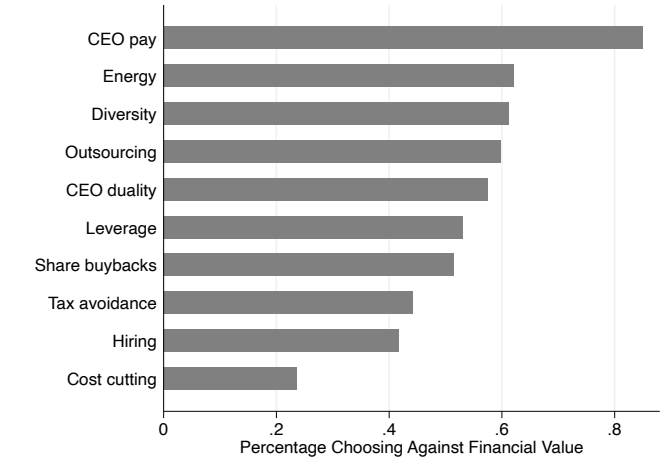
Figure IA.I: Share of Published Articles Related to Selected Corporate Actions.

The figure plots the percentage of all articles published in the *Journal of Finance*, the *Journal of Financial Economics*, and the *Review of Financial Studies* between 1990 and 2020 that were related to one of the seven corporate actions listed in Table IA.II, using the associated keywords.

IA.C Additional Results: Cross-Action Heterogeneity



(a) Relative Ranks

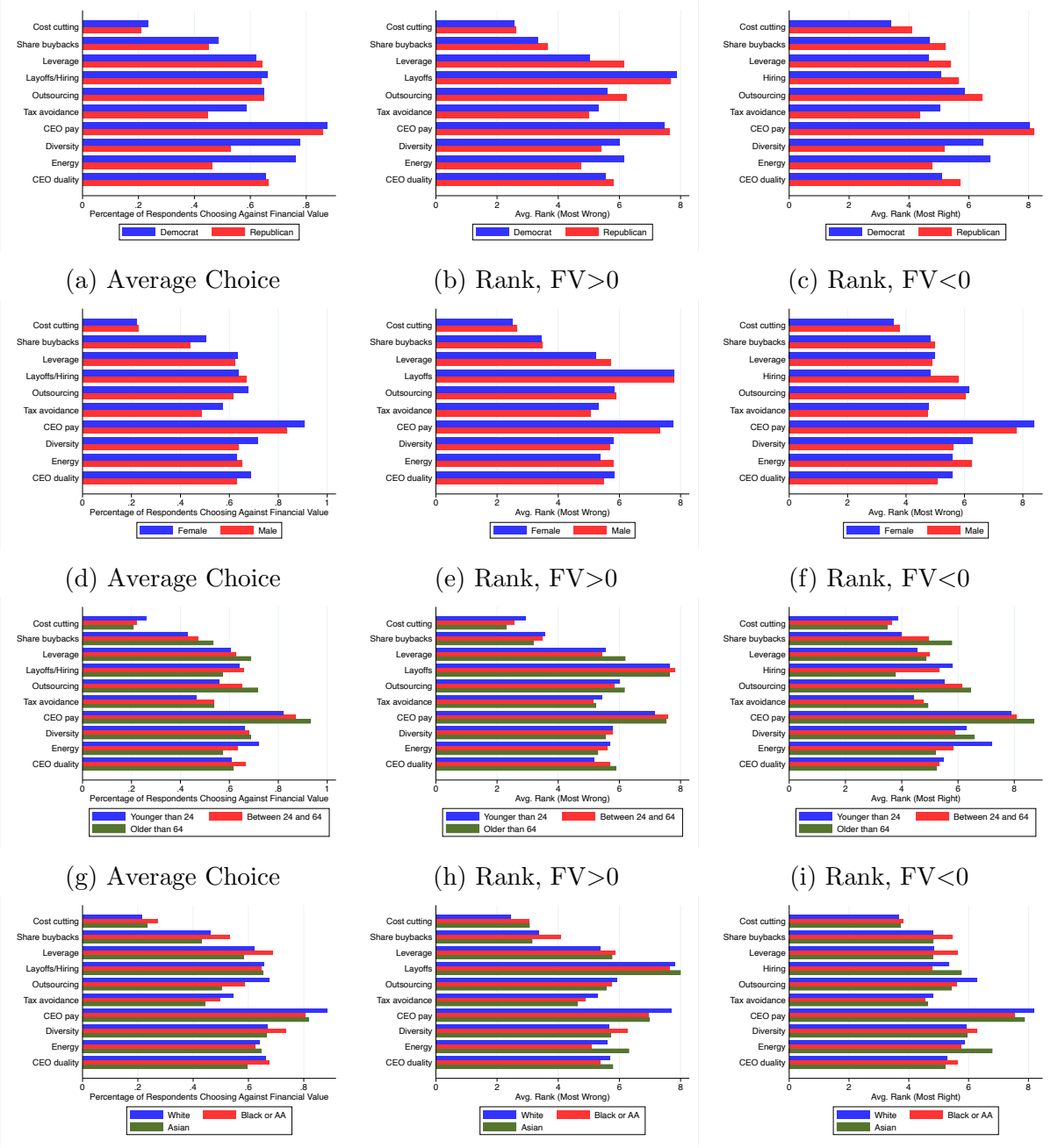


(b) Average Choices

Figure IA.II: Nonpecuniary Preferences for Corporate Actions (Negative Financial Value)

The figure repeats Figure 2 in the main paper, after conditioning on corporate actions with negative financial value.

IA.D Additional Results: Cross-Participant Heterogeneity



(a) Average Choice (b) Rank, FV>0 (c) Rank, FV<0

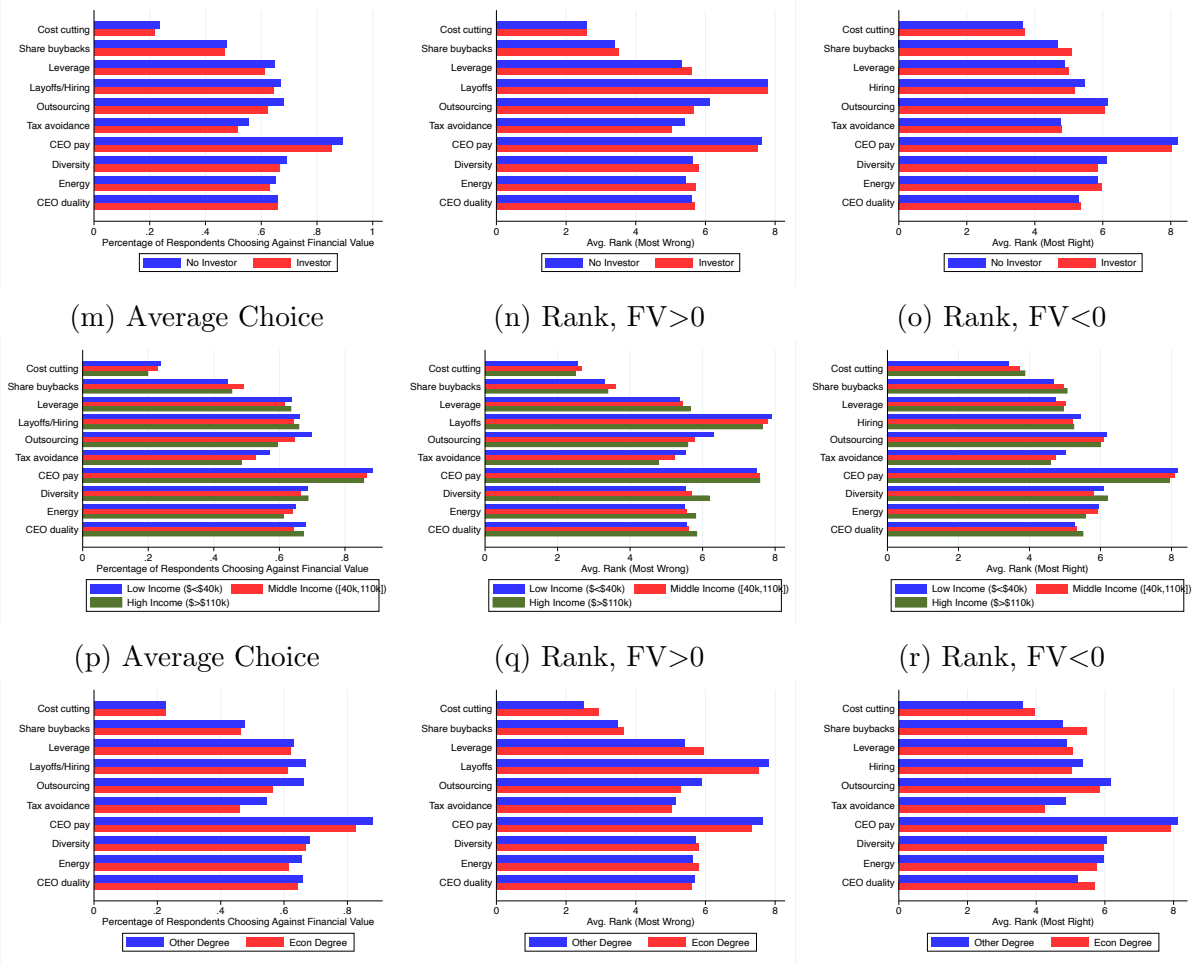
(d) Average Choice (e) Rank, FV>0 (f) Rank, FV<0

(g) Average Choice (h) Rank, FV>0 (i) Rank, FV<0

(j) Average Choice (k) Rank, FV>0 (l) Rank, FV<0

Figure IA.III: Heterogeneity in Nonpecuniary Preferences

The figure plots the average share or respondents choosing against financial value for a given corporate action, as well as the average ranking of corporate actions, for different subgroups of respondents. In columns two and three, actions are separated by positive and negative financial value (FV).



(m) Average Choice (n) Rank, FV>0 (o) Rank, FV<0

(p) Average Choice (q) Rank, FV>0 (r) Rank, FV<0

(s) Average Choice (t) Rank, FV>0 (u) Rank, FV<0

Figure IA.III: Heterogeneity in Nonpecuniary Preferences (Continued)
The figure plots the average share or respondents choosing against financial value for a given corporate action, as well as the average ranking of corporate actions, for different subgroups of respondents. In columns two and three, actions are separated by positive and negative financial value (FV).

Table IA.III: **Heterogeneity in Rankings of Corporate Actions (FV>0)**

The table presents results from an OLS regression of each participant's relative ranking of a corporate action in terms of how wrong it feels relative to the other actions, on participant characteristics. The sample is restricted to participants who were shown corporate actions with positive financial value (FV). *t*-statistics based on robust standard errors are reported in parentheses. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

	Cost Cutting	Buyback	Leverage	Layoffs	Outsourcing	Taxes	CEO Pay	Diversity	Energy	Governance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Between 24 and 64	0.040	-0.035	-0.017	-0.028	-0.077***	-0.045	-0.079**	-0.013	0.057**	-0.050*
	(1.39)	(-1.29)	(-0.58)	(-0.96)	(-2.65)	(-1.58)	(-2.56)	(-0.48)	(2.32)	(-1.66)
Older than 64	0.019	-0.061**	-0.052*	0.026	-0.066**	-0.031	-0.086***	-0.041	0.037	-0.007
	(0.63)	(-2.12)	(-1.88)	(0.85)	(-2.43)	(-1.14)	(-3.32)	(-1.52)	(1.45)	(-0.23)
Investor	0.002	0.012	0.052**	0.039	0.025	0.005	0.021	0.026	0.034	-0.026
	(0.06)	(0.46)	(2.01)	(1.52)	(0.98)	(0.22)	(0.88)	(1.07)	(1.41)	(-0.97)
Black or AA	-0.065***	-0.054**	-0.064***	0.002	0.066***	0.039*	0.091***	-0.036*	0.035	-0.027
	(-2.72)	(-2.42)	(-3.00)	(0.10)	(2.83)	(1.75)	(3.47)	(-1.69)	(1.60)	(-1.21)
Asian	-0.007	0.010	0.012	0.007	0.094***	0.064***	0.033	0.020	0.041**	0.030
	(-0.32)	(0.46)	(0.51)	(0.29)	(4.04)	(2.88)	(1.20)	(0.94)	(1.97)	(1.18)
Not Hispanic	0.035	0.039*	0.029	0.003	-0.023	0.008	0.012	0.003	0.013	0.031
	(1.47)	(1.67)	(1.24)	(0.15)	(-0.95)	(0.34)	(0.53)	(0.15)	(0.60)	(1.37)
Republican	0.033	0.045**	-0.026	0.017	0.006	0.164***	0.046**	0.309***	0.353***	-0.003
	(1.47)	(1.98)	(-1.13)	(0.72)	(0.25)	(7.29)	(1.99)	(13.80)	(16.02)	(-0.13)
Male	0.002	0.077***	0.007	-0.042*	0.064***	0.087***	0.115***	0.092***	-0.032	0.065***
	(0.07)	(3.35)	(0.31)	(-1.84)	(2.83)	(3.89)	(5.20)	(4.25)	(-1.49)	(2.81)
Shareholder	-0.003	0.053*	0.015	-0.018	0.004	0.050*	-0.011	0.009	0.034	-0.041
	(-0.13)	(1.92)	(0.55)	(-0.67)	(0.14)	(1.84)	(-0.39)	(0.33)	(1.37)	(-1.53)
Consumer	-0.030	-0.004	0.008	0.005	-0.024	0.019	-0.029	-0.023	-0.015	0.001
	(-1.10)	(-0.16)	(0.30)	(0.19)	(-0.90)	(0.71)	(-1.10)	(-0.87)	(-0.59)	(0.03)
Employee	-0.045*	-0.040	-0.039	0.001	-0.024	0.021	-0.001	-0.053**	0.056**	0.011
	(-1.66)	(-1.47)	(-1.45)	(0.05)	(-0.87)	(0.80)	(-0.03)	(-2.02)	(2.15)	(0.40)
College and Post-Graduate	0.011	-0.007	0.010	-0.009	0.008	-0.016	0.082***	-0.001	-0.049*	0.058**
	(0.40)	(-0.28)	(0.37)	(-0.34)	(0.31)	(-0.61)	(3.15)	(-0.04)	(-1.94)	(2.12)
Middle Income ([40k,110k])	0.027	-0.093***	0.002	0.032	0.034	0.027	-0.001	0.000	-0.001	0.043
	(0.94)	(-3.20)	(0.06)	(1.11)	(1.24)	(0.95)	(-0.05)	(0.01)	(-0.03)	(1.47)
High Income (>110k)	0.061**	-0.052*	-0.041	0.005	0.070**	0.063**	-0.015	-0.028	0.032	-0.011
	(2.01)	(-1.68)	(-1.33)	(0.17)	(2.32)	(2.07)	(-0.49)	(-0.96)	(1.09)	(-0.35)
Other Degree	-0.053	0.001	-0.005	-0.026	0.005	0.012	-0.063*	0.017	-0.025	0.013
	(-1.59)	(0.03)	(-0.14)	(-0.71)	(0.14)	(0.36)	(-1.85)	(0.50)	(-0.74)	(0.37)
Econ Degree	-0.037	0.017	0.011	0.037	0.073**	0.065*	-0.030	0.012	-0.013	0.015
	(-1.08)	(0.47)	(0.31)	(0.96)	(2.03)	(1.83)	(-0.80)	(0.35)	(-0.37)	(0.40)
Self-Employed	0.067***	-0.015	-0.035	0.044*	-0.006	0.005	-0.007	0.033	0.010	0.016
	(3.02)	(-0.63)	(-1.47)	(1.79)	(-0.25)	(0.19)	(-0.29)	(1.47)	(0.45)	(0.64)
Not Employed	0.048**	-0.021	0.020	0.017	-0.025	-0.012	-0.046*	0.027	0.024	0.007
	(1.98)	(-0.79)	(0.75)	(0.66)	(-1.02)	(-0.48)	(-1.93)	(1.09)	(0.99)	(0.27)
R^2	0.019	0.027	0.016	0.012	0.044	0.055	0.046	0.113	0.137	0.017
N	1,964	1,964	1,964	1,964	1,964	1,964	1,964	1,964	1,964	1,964

Table IA.IV: **Heterogeneity in Rankings of Corporate Actions (FV<0)**

The table presents results from an OLS regression of each participant's relative ranking of a corporate action in terms of how right it feels relative to the other actions, on participant characteristics. The sample is restricted to participants who were shown corporate actions with negative financial value (FV). *t*-statistics based on robust standard errors are reported in parentheses. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

	Cost Cutting	Buyback	Leverage	Hiring	Outsourcing	Taxes	CEO Pay	Diversity	Energy	Governance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Between 24 and 64	-0.042	0.106***	0.035	-0.017	0.088**	0.029	0.036	-0.063*	-0.134***	-0.021
	(-1.01)	(2.59)	(0.78)	(-0.42)	(2.18)	(0.76)	(0.90)	(-1.69)	(-3.60)	(-0.52)
Older than 64	-0.040	0.160***	0.022	-0.141***	0.058	0.022	0.056	0.030	-0.110***	-0.032
	(-1.09)	(3.71)	(0.57)	(-3.71)	(1.43)	(0.56)	(1.52)	(0.83)	(-2.97)	(-0.81)
Investor	0.011	0.040	0.003	-0.043	-0.020	0.034	-0.008	-0.068**	0.021	0.035
	(0.34)	(1.14)	(0.10)	(-1.25)	(-0.56)	(0.97)	(-0.23)	(-2.02)	(0.64)	(1.03)
Black or AA	0.021	0.081**	0.113***	-0.052	-0.069**	-0.027	-0.089**	0.019	-0.045	0.049
	(0.61)	(2.43)	(3.44)	(-1.54)	(-2.12)	(-0.76)	(-2.51)	(0.60)	(-1.56)	(1.51)
Asian	0.011	0.010	0.013	0.035	-0.065*	-0.025	-0.003	-0.017	0.030	0.006
	(0.33)	(0.31)	(0.43)	(1.12)	(-1.91)	(-0.73)	(-0.08)	(-0.53)	(0.97)	(0.18)
Not Hispanic	-0.041	-0.050	-0.018	0.013	-0.011	0.015	0.027	0.005	0.014	0.044
	(-1.26)	(-1.52)	(-0.55)	(0.39)	(-0.33)	(0.42)	(0.74)	(0.17)	(0.42)	(1.38)
Republican	0.137***	0.091***	0.146***	0.123***	0.120***	-0.129***	0.019	-0.248***	-0.315***	0.103***
	(4.19)	(2.86)	(4.48)	(3.89)	(3.69)	(-4.06)	(0.60)	(-7.75)	(-10.12)	(3.21)
Male	0.038	0.022	-0.012	0.172***	-0.005	0.013	-0.108***	-0.127***	0.088***	-0.107***
	(1.18)	(0.69)	(-0.37)	(5.33)	(-0.16)	(0.39)	(-3.28)	(-4.11)	(2.84)	(-3.28)
Shareholder	0.033	-0.013	0.025	0.020	-0.031	-0.041	-0.021	-0.011	-0.000	0.040
	(0.86)	(-0.35)	(0.63)	(0.53)	(-0.81)	(-1.06)	(-0.54)	(-0.30)	(-0.00)	(1.02)
Consumer	0.017	0.013	0.014	-0.075**	0.003	0.014	-0.042	0.065*	0.040	-0.053
	(0.44)	(0.34)	(0.38)	(-2.01)	(0.08)	(0.37)	(-1.07)	(1.75)	(1.08)	(-1.38)
Employee	0.029	-0.007	0.041	-0.048	0.051	-0.047	0.010	0.016	-0.018	-0.018
	(0.74)	(-0.18)	(1.08)	(-1.29)	(1.30)	(-1.24)	(0.27)	(0.43)	(-0.48)	(-0.47)
College and Post-Graduate	-0.102***	0.015	0.029	-0.007	-0.011	0.039	0.009	0.035	0.035	-0.056
	(-2.76)	(0.38)	(0.81)	(-0.18)	(-0.29)	(1.04)	(0.24)	(0.96)	(0.99)	(-1.56)
Middle Income ([40k,110k])	0.058	0.020	0.061	-0.036	0.000	-0.018	-0.006	-0.041	-0.015	-0.014
	(1.50)	(0.50)	(1.52)	(-0.92)	(0.00)	(-0.44)	(-0.15)	(-1.05)	(-0.38)	(-0.34)
High Income (>110k)	0.082*	0.016	0.038	-0.016	-0.015	-0.039	-0.032	0.030	-0.076*	0.024
	(1.88)	(0.37)	(0.90)	(-0.39)	(-0.36)	(-0.90)	(-0.74)	(0.74)	(-1.87)	(0.54)
Other Degree	0.076*	-0.035	-0.047	0.028	0.058	-0.045	-0.012	0.044	-0.024	-0.038
	(1.70)	(-0.73)	(-0.95)	(0.60)	(1.21)	(-0.94)	(-0.25)	(0.92)	(-0.49)	(-0.81)
Econ Degree	0.110**	0.038	-0.058	-0.030	0.006	-0.106**	-0.021	0.052	-0.020	0.043
	(2.28)	(0.78)	(-1.15)	(-0.61)	(0.12)	(-2.05)	(-0.44)	(1.04)	(-0.40)	(0.88)
Self-Employed	-0.028	-0.024	0.100***	0.019	0.026	0.049	0.007	-0.071**	-0.057*	-0.019
	(-0.86)	(-0.70)	(2.91)	(0.58)	(0.78)	(1.38)	(0.20)	(-2.22)	(-1.80)	(-0.56)
Not Employed	-0.003	-0.068*	-0.022	0.037	0.037	0.066*	0.038	-0.055	-0.018	-0.008
	(-0.07)	(-1.85)	(-0.62)	(1.03)	(1.04)	(1.83)	(1.17)	(-1.60)	(-0.51)	(-0.24)
R^2	0.045	0.054	0.049	0.075	0.040	0.041	0.033	0.103	0.140	0.048
N	979	979	979	979	979	979	979	979	979	979

Table IA.V: **Heterogeneity in Propensity to Choose Against Financial Value by Action**

The table presents results from an OLS regression of participants' tendency to choose against financial value on participant characteristics. *t*-statistics based on robust standard errors are reported in parentheses. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

	Cost Cutting	Buyback	Leverage	Layoffs/Hiring	Outsourcing	Taxes	CEO Pay	Diversity	Energy	Governance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Between 24 and 64	-0.039	0.040	0.017	0.028	0.073**	0.039	0.074**	0.013	-0.060**	0.044
	(-1.37)	(1.53)	(0.59)	(0.97)	(2.57)	(1.41)	(2.46)	(0.49)	(-2.48)	(1.51)
Older than 64	-0.021	0.062**	0.051*	-0.026	0.062**	0.026	0.083***	0.040	-0.040	0.002
	(-0.73)	(2.21)	(1.86)	(-0.87)	(2.33)	(0.98)	(3.25)	(1.51)	(-1.56)	(0.07)
Investor	-0.012	-0.011	-0.051**	-0.040	-0.024	-0.003	-0.025	-0.030	-0.033	0.024
	(-0.48)	(-0.42)	(-1.97)	(-1.55)	(-0.96)	(-0.12)	(-1.05)	(-1.25)	(-1.40)	(0.93)
Black or AA	0.062***	0.051**	0.062***	0.000	-0.065***	-0.038*	-0.090***	0.037*	-0.035	0.020
	(2.63)	(2.33)	(2.92)	(0.00)	(-2.78)	(-1.71)	(-3.45)	(1.73)	(-1.62)	(0.90)
Asian	0.010	-0.007	-0.010	-0.006	-0.094***	-0.064***	-0.032	-0.019	-0.040*	-0.029
	(0.43)	(-0.30)	(-0.42)	(-0.29)	(-4.09)	(-2.88)	(-1.20)	(-0.89)	(-1.96)	(-1.15)
Not Hispanic	-0.040*	-0.034	-0.033	-0.010	0.020	-0.012	-0.018	-0.009	-0.016	-0.032
	(-1.71)	(-1.45)	(-1.40)	(-0.42)	(0.82)	(-0.55)	(-0.81)	(-0.43)	(-0.76)	(-1.41)
Republican	-0.040*	-0.048**	0.025	-0.016	-0.009	-0.168***	-0.047**	-0.310***	-0.357***	-0.000
	(-1.78)	(-2.11)	(1.08)	(-0.70)	(-0.40)	(-7.49)	(-2.05)	(-13.90)	(-16.28)	(-0.01)
Male	0.003	-0.074***	-0.001	0.043*	-0.062***	-0.087***	-0.114***	-0.090***	0.032	-0.065***
	(0.15)	(-3.26)	(-0.05)	(1.89)	(-2.77)	(-3.88)	(-5.19)	(-4.18)	(1.51)	(-2.85)
Shareholder	0.007	-0.051*	-0.014	0.021	-0.003	-0.046*	0.009	-0.007	-0.033	0.045*
	(0.26)	(-1.85)	(-0.51)	(0.78)	(-0.12)	(-1.68)	(0.34)	(-0.27)	(-1.31)	(1.67)
Consumer	0.031	0.003	-0.007	-0.002	0.025	-0.014	0.026	0.019	0.017	-0.002
	(1.14)	(0.11)	(-0.24)	(-0.09)	(0.94)	(-0.52)	(0.97)	(0.75)	(0.66)	(-0.06)
Employee	0.041	0.035	0.040	-0.003	0.020	-0.020	0.001	0.053**	-0.054**	-0.010
	(1.53)	(1.30)	(1.48)	(-0.10)	(0.75)	(-0.74)	(0.04)	(2.02)	(-2.10)	(-0.36)
College and Post-Graduate	0.002	0.008	-0.009	0.011	-0.004	0.022	-0.079***	0.002	0.052**	-0.055**
	(0.07)	(0.30)	(-0.35)	(0.40)	(-0.14)	(0.83)	(-3.03)	(0.07)	(2.08)	(-2.02)
Middle Income ([40k,110k])	-0.028	0.084***	-0.002	-0.024	-0.031	-0.022	0.003	0.000	0.001	-0.040
	(-0.97)	(2.93)	(-0.06)	(-0.84)	(-1.12)	(-0.79)	(0.10)	(0.01)	(0.03)	(-1.37)
High Income (>110k)	-0.064**	0.044	0.038	-0.000	-0.070**	-0.062**	0.016	0.028	-0.033	0.010
	(-2.13)	(1.43)	(1.23)	(-0.00)	(-2.32)	(-2.05)	(0.54)	(0.99)	(-1.14)	(0.32)
Other Degree	0.041	-0.000	0.011	0.039	-0.000	-0.006	0.057*	-0.017	0.023	-0.021
	(1.25)	(-0.01)	(0.33)	(1.08)	(-0.01)	(-0.18)	(1.69)	(-0.52)	(0.71)	(-0.59)
Econ Degree	0.027	-0.018	-0.010	-0.028	-0.072**	-0.063*	0.024	-0.013	0.010	-0.019
	(0.79)	(-0.48)	(-0.27)	(-0.73)	(-2.00)	(-1.77)	(0.65)	(-0.38)	(0.29)	(-0.54)
Self-Employed	-0.071***	0.009	0.030	-0.046*	0.005	-0.004	0.007	-0.035	-0.010	-0.014
	(-3.23)	(0.38)	(1.25)	(-1.87)	(0.22)	(-0.16)	(0.32)	(-1.56)	(-0.43)	(-0.58)
Not Employed	-0.042*	0.022	-0.016	-0.012	0.028	0.018	0.047**	-0.025	-0.023	-0.003
	(-1.72)	(0.85)	(-0.62)	(-0.47)	(1.14)	(0.70)	(1.98)	(-1.03)	(-0.96)	(-0.11)
R^2	0.019	0.025	0.015	0.013	0.042	0.055	0.045	0.113	0.141	0.016
N	1,988	1,988	1,988	1,988	1,988	1,988	1,988	1,988	1,988	1,988

IA.E Additional Results: Moral Universalism

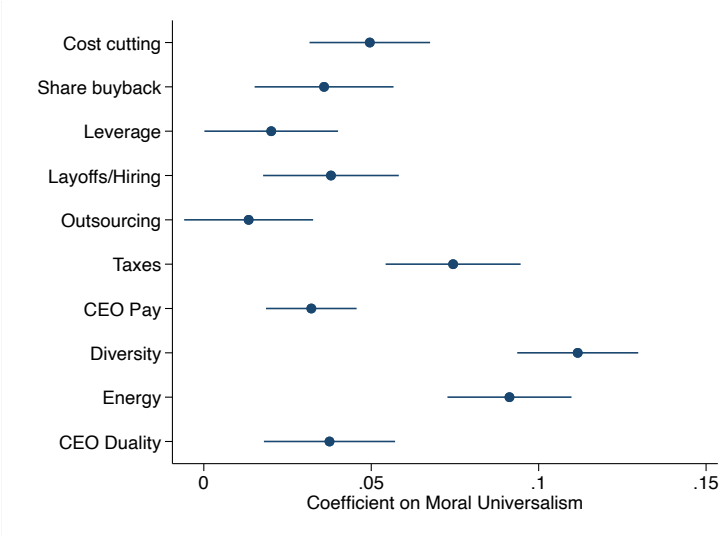


Figure IA.IV: Moral Universalism and Nonpecuniary Preferences for Corporate Actions

The figure reports the coefficient on moral universalism from Table 7, column (2), in the main paper, separately for each corporate action.

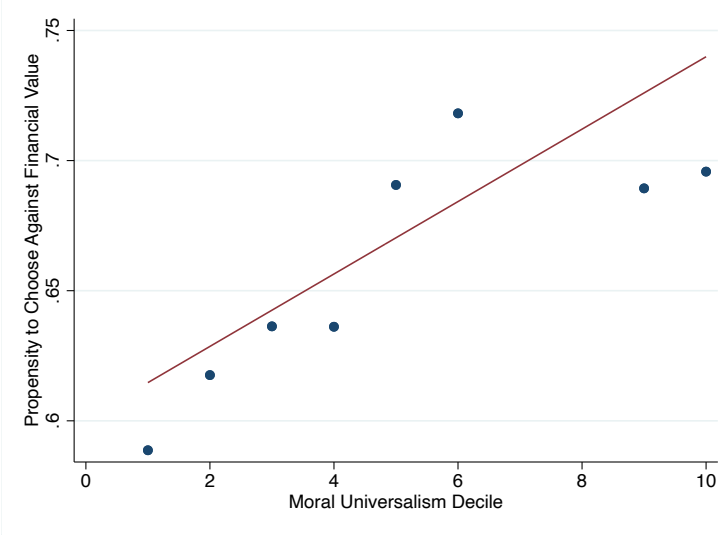


Figure IA.V: Robustness Check: Moral Universalism Measured in Money Allocation Task

The figure repeats Figure 3 in the main paper, using an alternative measure of moral universalism, measured in a follow-up study (N=554) using a hypothetical money allocation task, as in Enke, Rodríguez-Padilla, and Zimmermann (2022).

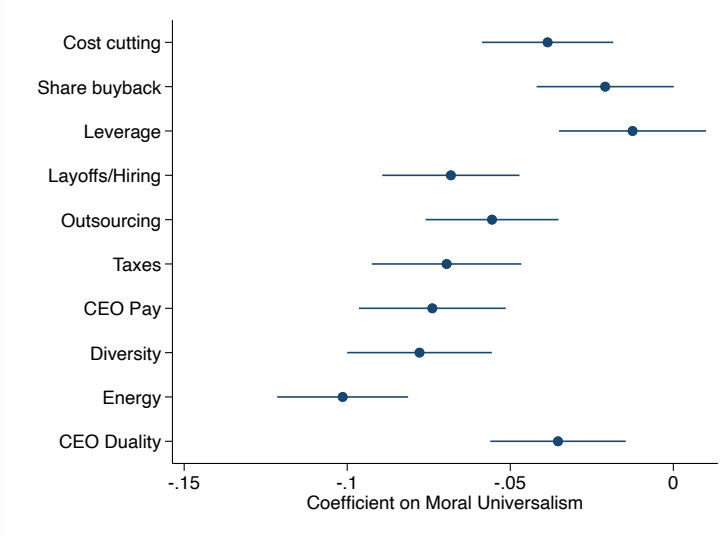


Figure IA.VI: Moral Universalism and Perceived Distance to Affected Stakeholders

The figure reports the regression coefficient from a univariate OLS regression of perceived distance (from 0 to 1) on moral universalism, separately for each corporate action.

Table IA.VI: **Moral Universalism and Nonpecuniary Preferences (Pos. vs. Neg. Financial Value)**

The table repeats Table 7 in the main paper, separately for scenarios with positive versus negative financial value, respectively. All coefficients are standardized to show the effect of a one-standard deviation change in X on the percentage of a one-standard deviation in Y. t-statistics based on robust standard errors are reported in parentheses. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

Panel A: Positive Financial Value Only

	Propensity to Choose Against Financial Value				
	(1)	(2)	(3)	(4)	(5)
Moral Universalism		0.308***	0.296***	0.305***	
		(7.80)	(7.42)	(7.73)	
Avg. MFT Score			-0.062*		
			(-1.75)		
Donation Amount				0.040	
				(1.30)	
Individualizing Values					0.177***
					(5.26)
Binding Values					-0.266***
					(-6.76)
Republican	-0.252***	-0.073**	-0.059	-0.076**	-0.059
	(-8.33)	(-1.99)	(-1.56)	(-2.06)	(-1.56)
Male	-0.100***	-0.055*	-0.060**	-0.053*	-0.060**
	(-3.38)	(-1.85)	(-2.00)	(-1.78)	(-2.00)
Other coefficients suppressed for brevity					
R^2	0.123	0.177	0.180	0.179	0.180
N	1,009	1,009	1,009	1,009	1,009

Panel B: Negative Financial Value Only

	Propensity to Choose Against Financial Value				
	(1)	(2)	(3)	(4)	(5)
Moral Universalism		0.273***	0.302***	0.272***	
		(6.40)	(7.13)	(6.36)	
Avg. MFT Score			0.164***		
			(4.39)		
Donation Amount				0.065**	
				(2.05)	
Individualizing Values					0.288***
					(8.10)
Binding Values					-0.073*
					(-1.69)
Republican	-0.171***	-0.006	-0.037	-0.006	-0.037
	(-5.40)	(-0.16)	(-0.89)	(-0.15)	(-0.89)
Male	-0.073**	-0.049	-0.042	-0.042	-0.042
	(-2.26)	(-1.54)	(-1.33)	(-1.33)	(-1.33)
Other coefficients suppressed for brevity					
R^2	0.065	0.109	0.131	0.113	0.131
N	979	979	979	979	979

Table IA.VII: **Moral Universalism and Nonpecuniary Preferences (Excluding Purity)**

The table repeats Table 7 in the main paper, after excluding the purity foundation from the variables *Moral Universalism*, *Avg. MFT Score*, and *Binding Values*. t-statistics based on robust standard errors are reported in parentheses. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

	Propensity to Choose Against Financial Value				
	(1)	(2)	(3)	(4)	(5)
Moral Universalism		0.299***	0.305***	0.297***	
		(10.55)	(10.76)	(10.50)	
Avg. MFT Score			0.061**		
			(2.54)		
Donation Amount				0.053**	
				(2.42)	
Individualizing Values					0.248***
					(10.12)
Binding Values					-0.165***
					(-5.94)
Republican	-0.203***	-0.032	-0.043	-0.034	-0.043
	(-9.24)	(-1.22)	(-1.60)	(-1.27)	(-1.60)
Male	-0.080***	-0.043**	-0.039*	-0.039*	-0.039*
	(-3.61)	(-1.97)	(-1.79)	(-1.79)	(-1.79)
Other coefficients suppressed for brevity					
R^2	0.064	0.119	0.122	0.122	0.122
N	1,988	1,988	1,988	1,988	1,988

Table IA.VIII: **Moral Universalism and Nonpecuniary Preferences (Money-Allocation-Task-Based Measure of Moral Universalism)**

The table replicates columns (2) and (3) of Table 7 in the main paper, after replacing the our baseline, questionnaire-based measure of moral universalism with the money-allocation-task-based measure of moral universalism, introduced by Enke, Rodríguez-Padilla, and Zimmermann (2022). All other coefficients are suppressed for brevity. t-statistics based on robust standard errors are reported in parentheses. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

	Propensity to Choose Against Financial Value	
	(1)	(2)
Moral Universalism	0.124***	0.124***
	(2.80)	(2.78)
Other coefficients suppressed for brevity		
R^2	0.152	0.154
N	546	546

Table IA.IX: **Distance to Stakeholders and Cross-Action Heterogeneity (Relative Ranks)**

The table repeats Table 9 in the main paper, using participants' relative ranking for each corporate action as the dependent variable. *t*-statistics based on standard errors clustered at the participant level are reported in parentheses. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

	Relative Rank			
	(1)	(2)	(3)	(4)
Distance	-1.164***	-0.537***	-0.572***	-1.584***
	(12.84)	(-5.28)	(-5.36)	(-7.27)
Size of Impact		0.230***	0.245***	0.285***
		(9.83)	(9.95)	(8.08)
Controls	No	No	Yes	No
Participant f.e.	No	No	No	Yes
R^2	0.019	0.032	0.034	0.055
N	6,427	6,427	6,287	6,285

IA.F Detailed Survey Instructions

Section IA.F.1 below provides the complete survey questionnaire for our main experimental study. Section IA.F.2 provides the instructions for the follow-up study I, which elicits the perceived distance of the participants to the affected stakeholders.

IA.F.1 Main Experimental Study

IA.F.1.1 Attention Checks

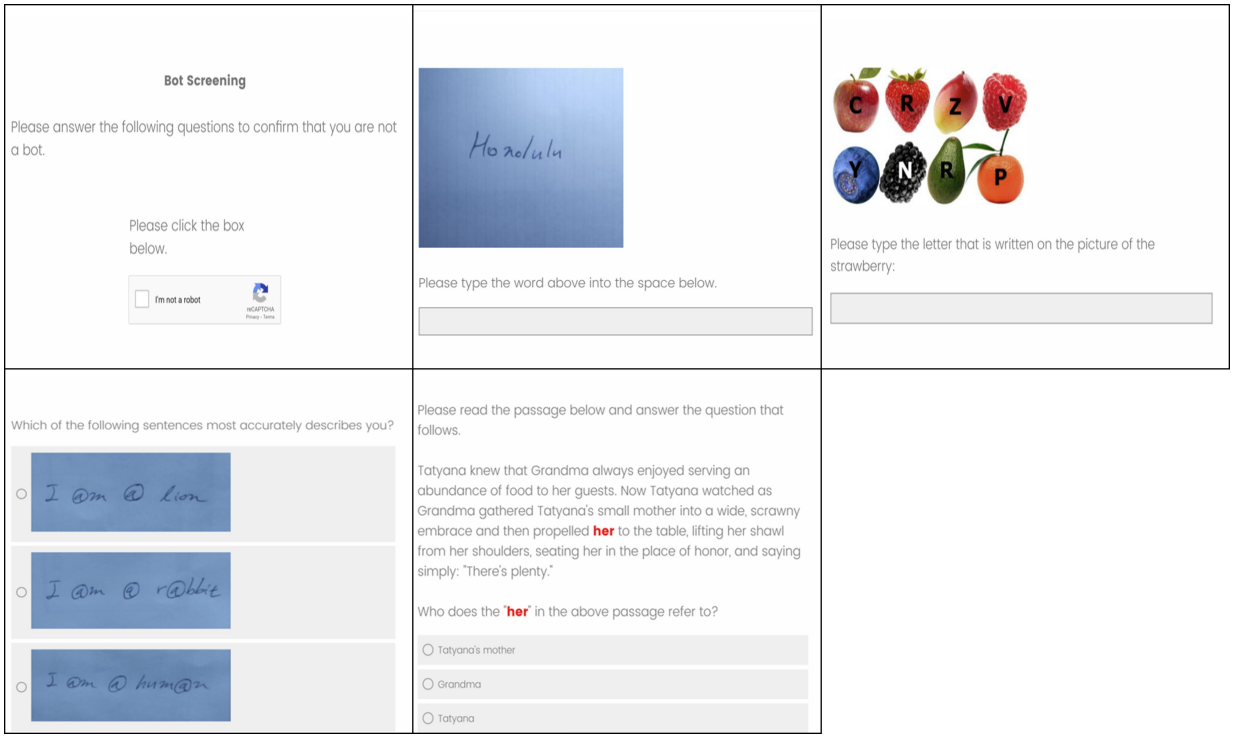


Figure IA.VII: **Screenshots of Bot, Attention and Comprehension Checks.** To participate in the study, subjects needed to pass all checks.

IA.F.1.2 Pre-Study Questionnaire

> Please answer the following questions. Your participation in the survey and your remuneration do not depend on your answers.
>
> - In politics, as of today, do you consider yourself a Republican, a Democrat or an independent?
> - As of today, do you lean more to the Democratic Party or the Republican Party?

- What is your gender?
- What is your race?
- What is your ethnicity?
- Your highest level of education?
- What was your total household income this year?
- Is one of your degrees business or economics related?
- What is your current occupational status?
- Are you currently investing in the stock market, e.g., via holding individual stocks, or via ETFs, mutual funds, retirement plans, or other investment vehicles?

IA.F.1.3 Welcome Screen

Dear Participant,

Thank you for taking the time to participate in our study. The aim of this study is to gain insights about your perception of corporate decisions. The study takes up to 20 minutes to complete.It consists of three parts.

In part one, we will ask you about your opinion on ten potential decisions by a hypothetical company called XYZCorp. In part two, we will ask you how you would allocate an additional remuneration if you were randomly selected for it. Part three is a questionnaire.

Click "Next" for more information

You will receive $3.80 as a financial remuneration for participating. In addition, you have the chance to earn a bonus of $0.50, which depends on you answering certain questions correctly, and to be randomly selected for additional compensation worth $50. To receive your remuneration, you need to complete the entire study. At the end of the study, you will receive a completion code you need to submit on the Prolific platform.

Click "Next" to proceed.

IA.F.1.4 Company Description

The following statistics about a hypothetical company XYZCorp. are presented in between-subject randomized order. The order of presentation is fixed within-subject on all subsequent

screens. The minimum required reading duration before being allowed to proceed to the next screen is 30 seconds.

> Please read the following description of XYZCorp carefully.
>
> XYZCorp is a multinational corporation headquartered in the United States. Currently, it ...
>
> - Employs 40,000 workers domestically
> - Pays an average tax rate of 21% on its profits
> - Pays its CEO a total compensation of $16.7 million per year, which is 272 times the pay of the average employee at the company
> - Pays out 50% of its earnings to its shareholders in the form of share buybacks in a normal year (a share buyback is when a company uses corporate funds to buy back its own shares from its shareholders)
> - Has debt outstanding that equals 20% of its total assets
> - Has 13% of its energy usage coming from renewable energy sources
> - Has a minorities share of 7% and a female share of 16% among top leadership positions
> - Has recently acquired a competitor
>
> Click "Next" to proceed.

IA.F.1.5 Ranking of Corporate Actions (Role=Shareholder, FV>0)

In the following, we outline the instructions for the shareholder role and the positive financial value condition. Section IA.F.1.6 outlines the instructions for negative financial value.

The treatment-specific instructions for the role treatment "Shareholder" are highlighted in blue (color added). The treatment-specific sentence is modified analogously in the role treatments "Consumer" and "Employee". It is omitted in the "Unassigned" role treatment, where the subject is not explicitly given any specific role.

The corporate actions were listed in randomized order.

In the following you will find a list of corporate actions, which the management of XYZCorp is considering for implementation in the near future (for a reminder about XYZCorp scroll to the bottom of the screen).

Please assume that, if implemented, each of these corporate actions would have a **positive** financial value to the firm's shareholders (below, we will sometimes refer to this as a "financial profit"). This means that, for shareholders, all current and future financial benefits of the action would outweigh all current and future financial costs and risks.

Assume that the financial value to the firm's shareholders is **certain** and **equal** across all corporate actions listed below. Also assume that all actions by XYZCorp are **legal**.

Further assume that you are a shareholder of the firm.

We are interested in the degree to which you feel these corporate actions are right or wrong. Please rank the actions by assigning numbers from 1 to 10.

Assign 1 to the action you view as the most right / the least wrong, assign 10 to the action you view as the least right / the most wrong, and use intermediary values to rank the remaining actions. **Please rank all actions by clicking and dragging each statement below to reflect your preferred order.** There is no correct or incorrect answer; we are interested in your opinion.

1. Implement a new cost cutting program at the recently acquired firm
2. Increase share buybacks (i.e., pay out a greater fraction of corporate funds to shareholders in the form of Share buybacks), thereby reducing corporate funds available for other purposes
3. Take out a loan in order to pay a dividend to its shareholders (thereby increasing the risk of bankruptcy and Reducing corporate tax payments)
4. Lay off employees
5. Outsource parts of its operations in the United States to a foreign country with lower wages
6. Reduce the taxes it pays in the United States by having more of its profits taxed in low-tax countries
7. Increase the total compensation of the CEO
8. Discontinue existing personnel programs which increase the share of women and minorities in corporate Leadership roles

9. Increase the usage of fossil energy sources (e.g., oil, coal, and natural gas) in its operations
10. Appoint the current CEO also as the Chairman of the Board, giving the CEO more power inside the company

Reminders:

The financial value to the firm's shareholders is **certain** and **equal** across all corporate actions. All actions are **legal**.

XYZCorp is a multinational corporation headquartered in the United States. Currently, it ... [*see Section IA.F.1.4*]

- Employs...
- ...

Click "Next" to proceed.

IA.F.1.6 Ranking of Corporate Actions (Role=Unassigned, FV<0)

In the following, we outline the instructions for the role treatment "Unassigned" and the negative financial value condition.

The corporate actions were listed in randomized order.

In the following you will find a list of corporate actions, which the management of XYZCorp is considering for implementation in the near future (for a reminder about XYZCorp scroll to the bottom of the screen).

Please assume that, if implemented, each of these corporate actions would have a **negative** financial value to the firm's shareholders (below, we will sometimes refer to this as a "financial loss"). This means that, for shareholders, all current and future financial costs and risks of the action would outweigh all current and future financial benefits.

Assume that the financial value to the firm's shareholders is **certain** and **equal** across all corporate actions listed below. Also assume that all actions by XYZCorp are legal.

We are interested in the degree to which you feel these corporate actions are right or wrong. Please rank the actions by assigning numbers from 1 to 10.

Assign 1 to the action you view as the most right / the least wrong, assign 10 to the action you view as the least right / the most wrong, and use intermediary values to rank the remaining actions. **Please rank all actions by clicking and dragging each statement below to reflect your preferred order.** There is no correct or incorrect answer; we are interested in your opinion.

1. Discontinue an existing cost cutting program at the recently acquired firm
2. Decrease share buybacks (i.e., pay out a smaller fraction of corporate funds to Shareholders in the form of share buybacks), thereby increasing corporate funds available for other purposes
3. Reduce dividends to its shareholders and use the funds to repay a loan (thereby Increasing corporate tax payments and reducing the risk of bankruptcy)
4. Hire new employees
5. Repatriate parts of its operations, which were previously outsourced to a foreign country with lower wages, back to the United States
6. Increase the taxes it pays in the United States by having less of its profits taxed in low-tax countries
7. Decrease the total compensation of the CEO
8. Implement new personnel programs which increase the share of women and minorities in corporate leadership roles
9. Decrease the usage of fossil energy sources (e.g., oil, coal, and natural gas) in its operations
10. Separate the roles of CEO and Chairman of the Board, giving the current CEO & Chairman less power inside the company

Reminders:

The financial value to the firm's shareholders is **certain** and **equal** across all corporate actions. All actions are **legal**.

XYZCorp is a multinational corporation headquartered in the United States. Currently, it ... [*see Section IA.F.1.4*]

- Employs...
- ...

Click "Next" to proceed.

IA.F.1.7 Propensity to Choose: Low, Medium and High Financial Value

In the following, we outline the instructions for positive financial value and shareholder role. The instructions for all other role treatments are analogous except for the "Unassigned" role treatment, where the treatment-specific text highlighted in blue below is omitted. The instructions in the negative-financial value treatments is analogous, except the word "profit" (highlighted below in magenta, color added) is replaced with "loss".

> Next, we are interested in your view as to whether or not XYZCorp should implement the above corporate actions. There is no correct or incorrect answer; we are interested in your opinion.
>
> First, assume that the **financial profit** of each corporate action is comparatively **small**. Specifically, 10% of the profit-making corporate actions that the company has implemented in the past have yielded a smaller financial profit, and 90% of all past profit-making corporate actions have yielded a bigger financial profit.
>
> You can find a reminder about information on XYZCorp and the corporate actions at the bottom of this screen.
>
> Below you see the list of all proposed corporate actions, **ordered according to your ranking** from the action you find most right / least wrong at the top of the list to the action you find least right/most wrong at the bottom of the list.
>
> Suppose that you could determine in your role as a shareholder whether or not XYZ-Corp implements the proposed corporate actions.
>
> **Should XYZCorp implement the corporate action or not?**
>
> - Corporate action with subjective rank = 1 [Yes/No]
> - Corporate action with subjective rank = 2 [Yes/No]
> - ...
>
> Click "Next" to proceed.

> Next, assume that the financial profit of each corporate action is comparatively **moderate**. Specifically, 50% of the profit-making corporate actions that the company has implemented in the past have yielded a smaller financial profit, and 50% of all past profit-making corporate actions have yielded a bigger financial profit.
>
> Suppose that you could determine in your role as a shareholder whether or not XYZ-Corp implements the proposed corporate actions.

Should XYZCorp implement the corporate action or not?

- Corporate action with subjective rank = 1 [Yes/No]
- Corporate action with subjective rank = 2 [Yes/No]
- ...

Click "Next" to proceed.

Next, assume that the financial profit of each corporate action is comparatively **large**. Specifically, 90% of the profit-making corporate actions that the company has implemented in the past have yielded a smaller financial profit, and 10% of all past profit-making corporate actions have yielded a bigger financial profit.

Suppose that you could determine in your role as a shareholder whether or not XYZCorp implements the proposed corporate actions.

Should XYZCorp implement the corporate action or not?

- Corporate action with subjective rank = 1 [Yes/No]
- Corporate action with subjective rank = 2 [Yes/No]
- ...

Click "Next" to proceed.

IA.F.1.8 Incentivized Dictator Game: Charity

In this part of this study, we will first give you some information and then ask you to make a decision. At the end of the study, a random-number generator will select 50 participants from this study, whose decisions will actually be implemented. If you are randomly selected, the consequences of your decision will be realized exactly as described. Therefore, since your decision may actually be implemented, you should think carefully about it. We will also ask you about some personal characteristics (without requiring you to reveal your identity)

Click "Next" to proceed.

Below you will find important information that is relevant to your decision later. On the next page, we will ask you two simple questions about the information and instructions presented below. You will receive an additional $0.25 for each question you answer correctly (i.e., you will receive a cash bonus of $0.50 if you answer both questions correctly). Please read all the information carefully. **Not only is the information important for your decision, but you will also receive a higher payout if you recall the provided information correctly.**

In this part we will first ask you about the possibility of making a donation to a charity. Then, at the end of the study, a random number generator will select 50 study participants. **If you are randomly selected, your choices will be implemented; i.e, real money will be donated to actual charities according to your answers on the next screens.**

Specifically, there are three options to make a donation in our study:

Option	Description	Payment	Selection
Option A	Donate to a set of charities, that most effectively save or improve lives per dollar donated, as backed by 50,000+ hours of research by the givewell foundation. More information HERE.	We transfer the donation to the givewell foundation on your behalf. The foundation then makes the donation to a set of charities.	The set of charities is pre-selected by the givewell foundation. No additional effort on your part needed.
Option B	Donate now to a charity of your choice from a short list of 4 charities (see below).	We transfer the donation to the charity on your behalf.	You select the charity now.
Option C	Request a charity voucher (to be sent to you via Prolific message) that can be redeemed against a donation to a charity of your choice from a list of 2500+ charities. The charity voucher cannot be cashed out. More information HERE.	We send you a charity voucher to redeem later at your convenience.	You select the charity later.

We have pre-screened all options to make sure your donation, should you choose to make one, would reach beneficiaries in a reliable way.

Whichever option you choose, your donation will **not be public**. You will receive a **receipt for the transfer** of your donation to the charities. For Options A or B, we will send you the receipt for the donation we have made on your behalf in a Prolific message at the end of the study. For Option C, you will get the receipt upon redeeming your voucher on the independent charity-voucher website.

In Option B you can choose among the following charities:

Charity	**Mission**
The Nature Conservancy	The Nature Conservancy protects Earth's most important natural places — for you and future generations — through great science and smart partnerships.
Americares	Responds to people affected by poverty or disaster with life-changing health programs, medicine and medical supplies.
YWCA of the USA	Our mission is to empower women and eliminate racism.
Operation Gratitude	Our mission is to say Thank You to our Military and First Responder communities, and to honor their service. We send care packages & letters to boost the morale and resilience of our service members and give them warm reminders of home.

Comprehension Questions:

Please indicate if the following statements are true or false. For each correct answer, you will receive an additional payment of $0.25.

[True/False] The choices you make in this part of the survey will be implemented if you are randomly selected.

[True/False] Your donation will be public if you choose to donate.

Charity Choice:

> On the next page we will ask you to make a choice about a donation. But first, please select your preferred option for donating:[Option A/B/C]
>
> [*Conditional on selecting Option B the subjects are subsequently asked to select among the four charities.*]

Donation:

> Suppose you will receive $50 as an additional payment. You can choose to donate a certain amount of the $50 to the charity option you selected above. You can choose any amount between $0 and $50. This amount will then not be paid out to you but donated to the charity option of your choice. Thus, you will receive a bonus payment of $50 minus the amount you donate.
> **Please indicate the amount you wish to donate on the slider below.**
>
> [*Slider range from "donate $0, keep $50" to "donate $50, keep $0"*]

IA.F.1.9 Moral Universalism Measure

Our measure of moral universalism is based on the revised Moral Foundations Questionnaire by Atari, Haidt, Graham, Koleva, Stevens, and Dehghani (2023). The items are elicited in randomized order. All items are weighted equally. Reverse-coded items are indicated below. Items marked with "(p)" are excluded in the robustness check reported in Internet Appendix IA.E.

> For each of the statements below, please indicate how well each statement describes you or your opinions from 1, "Does not describe me at all", to 5, "Describes me extremely well."
>
> - The world would be a better place if everyone made the same amount of money.
> - Our society would have fewer problems if people had the same income.
> - I believe that everyone should be given the same quantity of resources in life.
> - I believe it would be ideal if everyone in society wound up with roughly the same amount of money.
> - When people work together toward a common goal, they should share the rewards equally, even if some worked harder on it.
> - I get upset when some people have a lot more money than others in my country.

- Caring for people who have suffered is an important virtue.
- I believe that compassion for those who are suffering is one of the most crucial virtues.
- We should all care for people who are in emotional pain.
- I am empathetic toward those people who have suffered in their lives.
- Everyone should try to comfort people who are going through something hard.
- It pains me when I see someone ignoring the needs of another human being.

[Reverse-coded items:]

- I think people who are more hardworking should end up with more money.
- I think children should be taught to be loyal to their country.
- I think it is important for societies to cherish their traditional values.
- (p) I think the human body should be treated like a temple, housing something sacred within.
- I think people should be rewarded in proportion to what they contribute.
- It upsets me when people have no loyalty to their country.
- I feel that most traditions serve a valuable function in keeping society orderly.
- (p) I believe chastity is an important virtue.
- The effort a worker puts into a job ought to be reflected in the size of a raise they receive.
- Everyone should love their own community.
- I think obedience to parents is an important virtue.
- (p)It upsets me when people use foul language like it is nothing.
- It makes me happy when people are recognized on their merits.
- Everyone should defend their country, if called upon.
- We all need to learn from our elders.
- (p) If I found out that an acquaintance had an unusual but harmless sexual fetish I would feel uneasy about them.
- In a fair society, those who work hard should live with higher standards of living.
- Everyone should feel proud when a person in their community wins in an international competition.

- I believe that one of the most important values to teach children is to have respect for authority.
- (p) People should try to use natural medicines rather than chemically identical human-made ones.
- I feel good when I see cheaters get caught and punished.
- I believe the strength of a sports team comes from the loyalty of its members to each other.
- I think having a strong leader is good for society.
- (p) I admire people who keep their virginity until marriage.

IA.F.2 Follow-up Study I: Distance to Affected Stakeholders

The following questions were elicited from subjects in the positive-financial value treatments (all roles) in a follow-up study (N=644). The measure of proximity to the negatively affected group X was reverse-coded for the purposes of the analysis.

> In the following you will find a list of 10 corporate actions, which the management of XYZCorp is considering for implementation in the near future. Please assume that, if implemented, each of these corporate actions would have a **positive financial value** to the firm's shareholders (below, we will sometimes refer to this as a "financial profit"). This means that, for shareholders, all current and future financial benefits of the action would outweigh all current and future financial costs and risks.
>
> Assume that the financial value to the firm's shareholders is **certain** and **equal** across all corporate actions listed below. Also assume that all actions by XYZCorp are **legal**.
>
> Next, we will give you information on each corporate action and ask you some questions.

All 10 corporate actions, as listed in Section IA.F.1.6, are presented in randomized order. The following example illustrates the instructions for layoffs.

Layoffs:

The management of XYZCorp is considering **laying off employees**.

Think about the group of people who, in your opinion, may be **negatively affected** by this proposal. Let's denote this group of people by **X**.

Please answer the following questions:

1. Please indicate by using the pair of circles below **how connected** do you feel to the group of people X. [Move the slider below to bring the circles closer together or take them apart.]
2. How large do you expect the impact of this proposal to be on the group of people X?

Reminders:

XYZCorp is a multinational corporation headquartered in the United States. Currently, it ... [*see Section IA.F.1.4*]

- Employs...
- ...

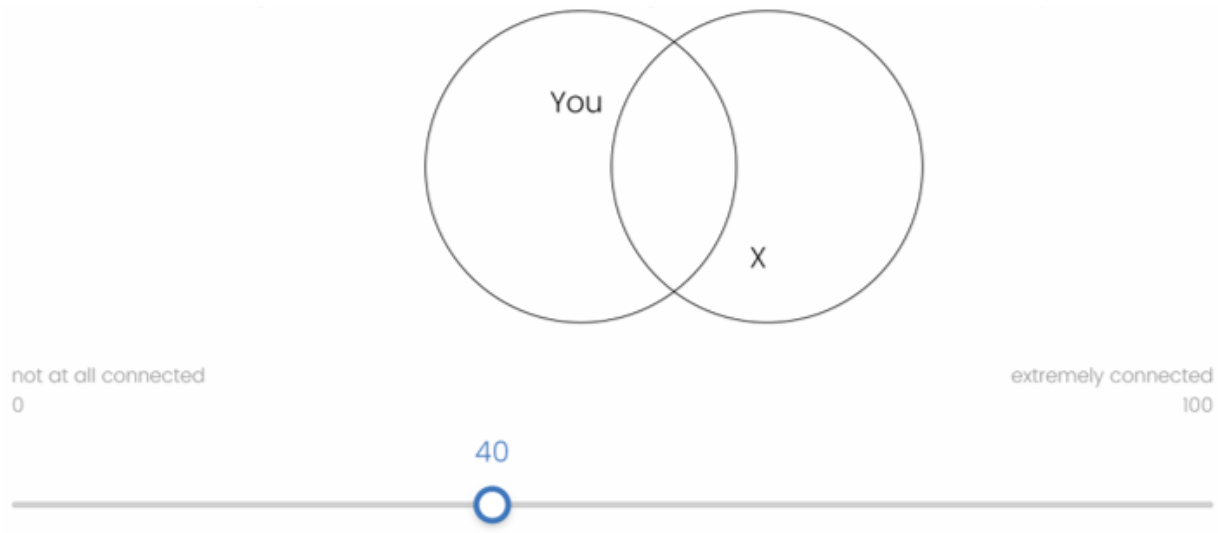


Figure IA.VIII: **Elicitation of proximity through a graphical dynamic Venn diagram** The circles are disjoint by default and the slider-default is at 0.