Corporate Actions as Moral Issues

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Abstract

We examine nonpecuniary preferences across a broad set of corporate actions using a representative sample of the U.S. population. 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 Foundations Theory emerges as an important framework for explaining nonpecuniary preferences. Combined, our findings provide new evidence on the importance of moral values as a key determinant of nonpecuniary preferences over corporate actions.

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1 Introduction

Finance research increasingly recognizes that investors, managers, and households are motivated not only by financial returns but also by nonpecuniary preferences. Recent work on sustainable investing, for instance, shows that investor demand and asset pricing can be better understood when utility is modeled as a function of both financial wealth and nonpecuniary utility derived from holding assets with certain characteristics, such as green vs. brown stocks (e.g., Pástor, Stambaugh, and Taylor (2021), Pedersen, Fitzgibbons, and Pomorski (2021)). In the corporate domain, Hart and Zingales (2017) argue that firms should maximize shareholder welfare rather than shareholder value alone. While it is becoming increasingly clear that nonfinancial concerns matter, many first-order questions about the nature, scope, and drivers of nonpecuniary preferences remain open.

In this paper, we study how individuals evaluate a wide range of corporate actions, from classic decisions in corporate finance—such as layoffs, capital structure, CEO pay, and payout policy—to ESG-related choices involving fossil fuel use and leadership diversity. While prior research has examined selected issues in isolation, there is little systematic evidence on how people assess the nonpecuniary value of corporate actions across a broader decision space. This gap is fundamental: understanding how and why individuals trade off financial value against moral values is central to finance theory and practice. Without such understanding, our models of stakeholder behavior, measures of welfare, and interpretation of market outcomes remain incomplete.

Our main survey elicits preferences over ten hypothetical actions by a large, S&P 500–like firm. All actions are legal and have certain outcomes. To isolate nonpecuniary concerns, we hold the financial value constant across actions. Our primary outcome of interest is whether a respondent supports or opposes a given corporate action, conditional on the financial value it generates. In a striking departure from the Friedman (1970) doctrine that firms should focus exclusively on maximizing financial profits, a majority of respondents in our survey prefer that firms forgo financially profitable projects in eight of ten corporate actions we present. For example, more than 85% of respondents oppose layoffs that would increase shareholder value with certainty. At the same time, respondents do not indiscriminately reject actions that create financial value: only 20% oppose general cost cutting, and responses are sensitive to the magnitude of the financial value at stake. These patterns suggest that individuals trade off financial and moral considerations, rather than acting as strict deontologists. Additional results show that responses vary little with participants' income, financial sophistication, or investment experience.

Nonpecuniary concerns differ systematically across corporate actions. Layoffs and increasing CEO pay elicit the strongest resistance, whereas climate and diversity issues rank

lower—on par with outsourcing, increasing financial leverage, and CEO duality. This pattern is notable given that climate and diversity dominate the ESG discourse and are often cited as a motivation for incorporating nonpecuniary preferences into financial models. Yet our evidence suggests that other, more traditional corporate actions may be equally, if not more, salient to stakeholders. Importantly, we show that the relative rankings of corporate actions are stable across time and political environments, reinforcing the interpretation that they reflect durable preferences rather than transient views.

To ensure that our survey responses reflect true preferences rather than purely hypothetical or socially desirable answers, we implement an incentivized validation strategy in a separate real-stakes donation task. We show that participants who express strong moral opposition to certain corporate actions are significantly more likely to donate real money to charities aligned with those issues. This result suggests that our survey captures real nonpecuniary preferences and that the cross-action heterogeneity we document is not an artifact of demand effects or lack of incentives.

We then explore cross-participant heterogeneity in nonpecuniary preferences. Among the standard individual-level characteristics we measure, partisan affiliation and gender are the strongest predictors of whether respondents prioritize financial value over nonpecuniary concerns. The central finding of our paper, however, is that moral values—measured through Moral Foundations Theory (MFT; Haidt (2012))—are even more important. Importantly, once moral values are accounted for, much of the observed partisan gap disappears, suggesting that political differences in corporate preferences ultimately reflect differences in deeper moral intuitions.

A core feature of MFT is that moral values are multidimensional. The theory allows us to elicit each respondent's scores on two broad moral dimensions: *individualizing values* (care and equality), which reflect concern for the treatment of individuals, and *binding values* (authority, loyalty, proportionality, and purity), which emphasize tradition, order, and group cohesion. In our survey, individualizing values are associated with stronger nonpecuniary concerns, whereas binding values predict greater support for shareholder-value maximization.

Our findings have three main implications. First, nonpecuniary preferences extend beyond canonical ESG issues to a broader set of corporate actions, with particularly strong responses to layoffs and CEO pay. Second, compared with demographics or financial sophistication, moral values emerge as an important source of heterogeneity and polarization in nonpecuniary preferences over corporate actions. Third, support for shareholder-value maximization need not be interpreted as a lack of moral concern; in the language of MFT, it can reflect binding moral values. In this sense, the current debate about "value versus

values" in the finance literature may be better conceptualized as a debate about "values versus values."

2 Contribution to the Literature

Our paper relates to three strands of research. First, we add to work embedding nonpecuniary utility in financial decision-making, both in asset pricing (e.g., Pástor, Stambaugh, and Taylor (2021), Pedersen, Fitzgibbons, and Pomorski (2021)) and in corporate settings (e.g., Hart and Zingales (2017), Broccardo, Hart, and Zingales (2022), Oehmke and Opp (2024)). Empirically, moral motives help explain ESG-related investor behavior for retail and institutional investors.[1] Related work shows that moral preferences can drive support for boycotts (Hart, Thesmar, and Zingales (2023)) and shape the link between perceived corporate morality and policy views (Colonnelli, Gormsen, and McQuade (2023)). We contribute by eliciting nonpecuniary preferences over a broad set of corporate actions, quantifying their relative magnitudes in a unified design, and showing that MFT-measured moral values explain substantial cross-sectional variation, largely subsuming political affiliation.

Second, we complement work structuring ESG preferences that focuses on specific domains, such as the UN Sustainable Development Goals (Bauer, Ruof, and Smeets (2021)), fair trade (Landier and Thesmar (2025)), or philanthropy (Bonnefon, Landier, Sastry, and Thesmar (2025)), by showing that nonpecuniary concerns extend to many classic corporate finance decisions.

Third, we add to the literature applying MFT in economics and finance. Prior work uses MFT to explain political preferences and behavior outside the corporate domain (e.g., Enke (2020); Enke, Rodriguez-Padilla, and Zimmermann (2023)), and Landier and Thesmar (2022) study support for market mechanisms. We show that MFT provides a powerful framework for understanding how people evaluate corporate actions from a nonpecuniary perspective.

3 Data and Study Design

We field two pre-registered[2] online studies (main plus one supplemental, which is described later) designed to (i) compare corporate actions on a level playing field, (ii) quantify the

[1] See, for example, Hong and Kacperczyk (2009), Hartzmark and Sussman (2019), Riedl and Smeets (2017), Bauer, Ruof, and Smeets (2021)),Henkel and Zimpelmann (2023), Krueger, Sautner, and Starks (2020), and Giglio, Maggiori, Stroebel, Tan, Utkus, and Xu (2025).

[2] See pre-registration report at the Wharton Credibility Lab: aspredicted.org/6hq3-x677.pdf.

trade-off between financial value and nonpecuniary concerns, and (iii) identify determinants of heterogeneity. The main study was administered on Prolific in May–June 2024 to a U.S.-representative sample (N = 2,047) recruited to match gender (50% female), political affiliation (31% Democrat, 26% Republican, 43% Independent), and stock ownership (60% stock owners). Compensation averaged \$16/hour.[3] Median completion time was 20 minutes. We summarize the design of the main survey below, and provide the full survey text in Section IA.E of the Internet Appendix.

Study Design. Figure 1 illustrates the study design. Respondents evaluate ten corporate actions for a large, S&P 500–type firm ("XYZCorp"). The actions, which are described in detail further below, are presented in the form of short vignettes. Each vignette contains a potential trade-off between shareholder value and nonpecuniary concerns. The key challenge of the vignette design lies in the balance between preserving as much as possible of the inherent differences between corporate actions while isolating their *nonpecuniary* properties. To preserve the inherent differences, we present them succinctly and neutrally without specifying additional details (e.g., the firm lays off employees, implements a cost cutting program, increases CEO pay, or increases fossil fuel usage).[4] To remove differences in participants' beliefs about financial value as a potential confounding factor, we instruct participants that financial value is certain and equal across all actions. We define financial value explicitly as net present value: "the present value of all future financial benefits net of all future financial costs and risks." Moreover, we inform respondents that all actions are legal, and we present the actions in randomized order.

We use a between-subject design to vary additional aspects of the tasks—the role of the respondent (shareholder, consumer, employee, or unassigned) and the sign of the financial value generated by the corporate action (positive or negative). To quantify the trade-off between financial value and nonpecuniary concerns, we measure subjects' propensity to implement each action at within-subject varying levels of financial value—small (i.e., 10th percentile of the distribution of financial value of XYZCorp's projects), moderate (i.e., median), and large (90th percentile). For example, we ask the following question regarding an action with a large positive financial value:[5,6]

[3]Online subject pools such as Prolific are widely used in economics and finance; lab findings generally replicate in these settings (e.g., Snowberg and Yariv (2021)). Our compensation was above the typical wage on the platform.

[4]As our subject pool contains non-finance experts, we provide short explanations for two corporate actions with which participants may be less familiar: changes in financial leverage and share buybacks.

[5]In the survey, we also refer to positive financial value as "financial profit" to enhance clarity. Participants are explicitly informed that both terms are equivalent within the context of the survey.

[6]We also ask subjects to rank actions from most right to most wrong. As the results closely resemble our main outcome variable—propensity to choose against financial value—we focus on the latter for brevity.

> "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?"

List of Corporate Actions. Respondents in the positive financial value treatment are informed that XYZCorp's management faces the following ten corporate decisions:

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.

Internet Appendix IA.A.1 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 financial value reducing decrease in CEO pay). We present only the positive financial value case here for brevity.

We chose the 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 academic research and business practice. Specifically, we select 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 shows 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).[7]

We complement these seven more traditional 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 use (representing the E), leadership diversity (representing the S), and CEO/Chairman duality (representing the G) from a recent survey on ESG preferences by Haber, Kepler, Larcker, Seru, and Tayan (2022).[8] 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.

Key Variables. Our main outcome variable is an indicator variable equal to one if a respondent decides against 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), and zero otherwise. Depending on the test, we compute the average *propensity to choose against financial value* at different levels of aggregation; for example, for a given participant and financial value condition (small/medium/large stake); for a given participant across all financial value conditions; or for a given corporate action across all participants and financial value conditions.

[7]Given that many papers published 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.

[8]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 use 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 models.

Our key independent variables are two measures of a respondent's moral values based on the MFT framework, elicited for each respondent in our main survey using the Moral Foundations Questionnaire (MFQ2) survey module proposed by Atari, Haidt, Graham, Koleva, Stevens, and Dehghani (2023), a validated 32-item questionnaire. Following their proposed two-factor structure for the U.S. population, we construct *individualizing values* as a participant's average score on the care and equality foundations, and *binding values* as the average score on the authority, loyalty, proportionality, and purity foundations (all measured on a 1–5 scale and described in greater detail in Section 5 below).

4 Nonpecuniary Preferences Over Corporate Actions

4.1 Cross-Action Heterogeneity

Figure 2 plots participants' propensity to choose against financial value, averaged across all financial values scenarios (low, medium, high) in the positive financial value scenario, by corporate action. It reveals high propensities to choose against financial value for layoffs and increasing CEO pay: 88% of respondents oppose implementing these actions even if they give rise to positive, certain financial gains for the firm's shareholders. By contrast, discontinuing diversity programs (74% opposition) and increasing fossil energy use (66% opposition) rank significantly below layoffs and increasing CEO pay; roughly on par with introducing CEO duality, increasing financial leverage, outsourcing jobs, and tax avoidance. In contrast, generic cost cutting and buybacks are supported by the majority of respondents if they create financial value. For example, only 21% of respondents believe that the firm should refrain from cost cutting at an acquired firm, suggesting that most do not equate cost cutting with layoffs.

The latter result has two key implications. First, participants do not universally reject financial-value maximization. Instead, they weigh financial and nonpecuniary considerations separately for each corporate decision, suggesting careful, action-specific evaluation rather than blanket opposition to making financial profits. Second, many respondents base their judgments on more than just financial value. If all participants adhered to the Friedman doctrine, we would expect 100% support for the financial-value-maximizing choice in all scenarios. This is evidently not the case. In fact, for eight out of the ten actions we present, a *majority* of respondents choose *against* the financial-value maximizing option.

4.2 Trade-Offs

Table 1, Panel A quantifies the trade-off between financial value and nonpecuniary concerns. In 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 indicate that respondents do consider the magnitude of the financial value created or destroyed by the corporate decisions that we present. Specifically, 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.

One might worry that choosing against financial value may reflect a respondent's misunderstanding of what financial value means or inexperience with the corporate actions we present. Alleviating this concern, splitting the sample by income, stock ownership, and economics/business degree shows only modest differences (see columns (2) to (7) of Table 1). Higher income respondents, respondents with stock market investments, and respondents with economics/business degrees are somewhat more sensitive to the size of the financial value at stake, but the differences are economically modest and mostly not statistically significant (see p-values reported at the bottom of the table).

Our survey features two treatments: one where XYZCorp can avoid doing something (potentially) morally bad by foregoing a positive NPV decision ("positive financial value condition"), and one where XYZCorp can do good something morally good by implementing a negative NPV decision ("negative financial value condition"). Figure 3 plots the share of respondents who choose the non–financial-value-maximizing action, averaged across all actions, separately for both of these conditions.

The figure yields two main insights. First, on average, respondents show greater support for firms avoiding morally bad behavior by foregoing a financial benefit than for firms doing something morally good by incurring a financial cost. This can be seen from the fact that the share choosing against financial value is consistently higher in the right panel. Second, sensitivity to financial stakes differs sharply across the moral loss/ financial gain and moral gain/ financial loss domains. In the moral-gain/financial-loss condition (left panel), moving from low to medium to high stakes reduces the propensity to choose against financial value much more than the analogous increase in stakes in the moral-loss/financial-gain condition (right panel). A test of equality of slopes is strongly rejected ($t = 9.11$). One potential

explanation comes from prospect theory: if financial losses loom larger than financial gains, larger financial losses in the loss domain may deter respondents more than comparable financial gains in the gain domain attract them. A potential alternative explanation is based on what could be labeled "moral loss aversion:" if moral losses ("inflicting harm") loom larger than moral gains ("doing good"), the same pattern would emerge (see, e.g., List (2007)). This result suggests that policies that focus on corporations avoiding harm may be more effective than policies that focus on doing good. We consider understanding why preferences differ so markedly between financial-value-negative and financial-value-positive actions a promising direction for future research.

4.3 Interpretation

Throughout this paper, we interpret respondents' answers as reflecting their normative views about how firms should behave. An alternative interpretation is that respondents report the course of action that best serves their own personal interests ("which action makes me better off?"). For instance, respondents may favor departures from profit maximization when they do not expect to bear the associated costs. This personal-interest interpretation yields a clear prediction: responses should differ systematically depending on whether a respondent is a shareholder or another stakeholder (e.g., a consumer or employee) of the firm.

In Panel B of Table 1, we therefore split the sample based on the respondent's randomly assigned stakeholder group. The p-values, reported at the bottom of the table, refer to the statistical difference in coefficients between a given stakeholder treatment group and the shareholder treatment group reported in column (1). Although shareholders exhibit a slightly greater sensitivity to the financial value at stake than consumers and employees, the differences are economically small and always statistically insignificant. This finding reinforces our interpretation that answers primarily reflect normative views about firm behavior rather than respondents' economic self-interest.

4.4 Incentivized Validation

To ensure that the hypothetical responses in our main survey capture respondents' true preferences, we take the issue of incentivization seriously. There is no feasible way to incentivize the main task while ensuring that incentives are perfectly comparable across all corporate actions without confounding their relative rankings. To preserve the internal validity of these rankings, we therefore employ two complementary approaches, each with distinct advantages and limitations.

First, we examine correlations between participants' survey responses and their behavior in an incentivized donation task: participants can decide to either keep an endowment of $50, or to donate all or part of the endowment to one of four charities that can be mapped to themes in our action set (The Nature Conservancy plausibly links to fossil fuel use; YWCA links to leadership diversity; Operation Gratitude links to outsourcing; and Americares weakly links to layoffs). Donations were implemented for randomly selected participants and thus real money was on the line. Internet Appendix IA.E details charities, instructions, and comprehension checks. Incentivized donation tasks to validate that survey responses reflect true preferences have frequently been used in prior related work.[9]

Although the mapping is inevitably imperfect, the results are nevertheless informative. 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. Donations to The Nature Conservancy predict stronger concerns about fossil fuel use; donations to YWCA predict stronger concerns for leadership diversity; donations to Operation Gratitude correlate with concerns about outsourcing of labor; and Americares donations show weaker but directionally consistent links to concerns about layoffs. At the respondent×action level with respondent fixed effects, donating to the mission-matched charity increases the propensity to choose against financial value by roughly 14 percentage points ($t = 11.6$). These results, presented in Internet Appendix Table IA.V, show that respondents "put their money where their mouths are," thus mitigating concerns that survey responses do not reflect respondents' true preferences.

4.5 Cross-Participant Heterogeneity

Next, we relate a respondent's general tendency to choose against financial value, averaged across all ten corporate actions and financial value conditions, to person-specific characteristics. Table 2, column (1) shows the strongest demographic correlates: Republican, male, and Asian respondents are less likely to deviate from shareholder-value maximization. All coefficients are standardized to facilitate comparison. The Republican dummy has by far the largest predictive power. On average, 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 and Asian is, all else equal, associated with a decrease of 8% and 6%, respectively. Differences in all other respondent characteristics, including income, education, stock ownership, employment status, and age, are smaller, statistically insignificant at the 5% level, and not reported for brevity (see Internet Appendix Table IA.III for

[9]See, for example, Falk, Becker, Dohmen, Huffman, and Sunde (2023), Hart, Thesmar, and Zingales (2023), and Dechezleprêtre, Fabre, Kruse, Planterose, Stantcheva, and Chico (2025).

the full regression output).

5 Moral Values and Nonpecuniary Preferences

We now turn to the deeper drivers of heterogeneity in nonpecuniary preferences and conjecture that respondents' moral values play a central role. One motivation for this hypothesis comes from anecdotal evidence from a separate survey in which we collected 85 free-text responses about the ten corporate actions presented in Section 3. When asked why a given action may be considered right or wrong, participants frequently invoked explicitly moral reasoning. 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."*
- *"(Tax avoidance) is unethical [...]"*

To move beyond anecdotal evidence and to formally examine the role of moral values, we draw on MFT as a leading framework from moral psychology (Haidt (2012)) and economics (e.g., Enke (2024)). A core idea in MFT is that moral values are multidimensional. According to the theory, all individuals share the same dimensions (i.e., "foundations") of morality, but individuals vary greatly in how much their moral judgments depend on each dimension.

In the latest validated version of MFQ, 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.

A key advantage of the MFT framework—beyond its strong empirical grounding in a large body of existing research—is that it provides a validated 32-item questionnaire to measure individualizing and binding values, which we administer to each participant in our main survey.

Moral foundations can be organized into two higher-order dimensions: *individualizing values* (care, equality) and *binding values* (authority, loyalty, proportionality, purity). Individualizing values center on on protecting individuals from harm and preventing unequal treatment. Binding values, by contrast, prioritize concerns about group cohesion, hierarchy, tradition, and adherence to established roles (Graham, Haidt, and Nosek (2009)).

Since individualizing values emphasize equality and care for other human beings, we hypothesize that they are associated with stronger concern for individual stakeholders who are negatively affected by corporate actions; for example, workers harmed by layoffs, employees facing unfair pay gaps, or individuals impacted by climate change. This interpretation would predict a negative relationship between individualizing values and support for profit maximization.

In contrast, the association between binding values and support for shareholder-value maximization is ambiguous a priori. For example, on the one hand, one can view the firm as an institution that binds individuals into a cohesive social group—a Durkheimian view of the corporation. Under this view, individuals with stronger binding values, who place particular emphasis on group cohesion, may be more willing to endorse shareholder financial sacrifices when doing so benefits the larger group. On the other hand, one can evaluate the morality of corporate actions through the lens of the firm's traditional, well-defined role in society. In the United States, a pervasive conception is that firms serve society best by maximizing profits—a Friedmanite view of the corporation. Accordingly, individuals with stronger binding values, who place greater emphasis on tradition and behavior consistent with well-defined social roles, may be more supportive of firms prioritizing shareholder value.[10]

We relate the two measures of moral values to respondents' average propensity to choose against financial value in Table 2. As shown in column (2) including individualizing

[10]In line with this argument, Hochschild (2016) provides extensive anecdotal evidence suggesting that many people in the U.S. have both, strong moral concerns about their communities and a conviction that firms should be allowed to maximize profits for society to flourish.

and binding values nearly doubles explanatory power compared to the specification with demographics alone, with the R-squared increasing from 6.4% to 12.0%. Consistent with the hypothesis that participants with strong individualizing values are more concerned about affected stakeholders, a one-standard-deviation increase in individualizing values raises the propensity to deviate from financial-value maximization by about 25% of a standard deviation. In contrast, a one-standard-deviation increase in binding values lowers the same propensity by about 16%. Importantly, once moral values are included, the predictive power of the partisanship, gender, and Asian dummy variables is greatly reduced. Most strikingly, the coefficient on party affiliation is reduced by about 80% and no longer statistically significant, consistent with the view that moral preferences shape political preferences (Haidt (2012); Enke, Rodriguez-Padilla, and Zimmermann (2023)).

The finding that individuals with stronger binding values exhibit greater support for financial-value maximization is particularly noteworthy. In economics, support for market mechanisms and financial-value maximization is often interpreted as a lack of moral concern (e.g., Falk and Szech (2013); Hart and Zingales (2017)). However, the results in column (2) of Table 2 suggest a more nuanced interpretation: a specific set of moral values—namely, binding values—is associated with stronger, rather than weaker, support for maximizing financial value. Importantly, binding values do not simply reflect selfishness: in the donation task described in Section 4.4, we observe that the propensity to give to charity increases with the strength of binding values. Specifically, individuals scoring high on binding values were 9.4 percentage points more likely to donate (t-stat = 5.24) and gave, on average, \$1.93 more (t-stat = 3.03) than those with low binding values.

In column (3) of Table 2, we show that the coefficients on the two types of moral values remain virtually unchanged once we control for one of the most common measures of altruism or prosocial preferences in economics: the amount the participant donated in the donation task. While the donation amount is associated with a higher propensity to deviate from shareholder-value maximization, we show that individualizing and binding moral values are economically and statistically much stronger predictors of nonpecuniary preferences in the corporate domain.

Internet Appendix Table IA.IV presents disaggregated results for each of the six MFT foundations that underlie individualizing and binding values. We find that the negative association between individualizing values and support for profit maximization is driven by both the care and the equality foundations, with equality representing the larger economic effect. Within the binding values, the pattern is more nuanced. Authority is strongly positively associated with shareholder-value maximization. Proportionality is also positively associated, but the association is economically and statistically much weaker. Loyalty and

purity are not significantly related to financial-value prioritization, which is consistent with (i) the corporate actions we study not invoking strong spiritual or religious concerns and (ii) many actions pitting multiple groups against one another (e.g., shareholders vs. employees; shareholders vs. taxpayers), making it unclear ex ante which group, if any, loyalty would favor. The fact that authority is the strongest driver of the positive association between binding values and support for profit maximization is in line with the view that firms' fulfillment of their traditional, well-defined role and the maintenance of social order are important for understanding this relationship.

We can probe this interpretation further by noting that, for people who place greater emphasis on the traditional profit-maximizing role of the firm, deviations from this role may be perceived as the firm "overstepping" its boundaries. Using this logic, we should find that cross-person heterogeneity in binding values is empirically more relevant for corporate actions that more clearly depart from the firm's traditional role. Consistent with this prediction, Panel (a) of Internet Appendix Figure IA.III reveals a much larger gap in the propensity to deviate from financial-value maximization between high- and low-binding individuals for the actions related to leadership diversity and fossil energy usage (arguably the least traditional actions in our set) than for the other actions. These findings may also offer a deeper explanation for why diversity and climate issues are particularly polarizing across party lines (see Panel (b) of Internet Appendix Figure IA.III for evidence on party polarization on these two issues within our sample).

Taken together, the results in this section show that MFT provides a powerful framework for understanding heterogeneity and polarization in nonpecuniary preferences over corporate actions. Moral values, as measured by MFT, account for much of the variation previously attributed to demographics and political preferences, and their empirical importance offers a path toward a deeper understanding of why individuals diverge systematically in their moral judgments of corporate behavior. While we hope the initial results on the role of binding values in the corporate context are valuable, we believe that more work on this issue is warranted.

6 Stability Across Time and Political Environments

How strongly do nonpecuniary concerns about corporate actions vary over time, and how much do they depend on the political environment? To address these questions, we fielded an additional study at the end of February 2025 with a U.S.-representative sample (N=287), eight months after our main study and after the November 2024 election, under a different presidential administration and congressional composition. This timing is

informative given contemporaneous policy shifts, including regarding workplace diversity.[11]

Cross-action rankings are largely unchanged across the two surveys. Internet Appendix Figure IA.II compares rankings from June 2024 to February 2025 and detects no statistically significant differences at the 5% level. This stability suggests that we are capturing persistent moral values rather than transient beliefs or reactions to shifting political and legal developments (Landier and Thesmar (2025)).

7 Conclusion

Corporate actions are judged not only by their financial consequences but also through a moral lens. Using a representative U.S. sample, we show that nonpecuniary preferences are strong, extend well beyond canonical ESG topics, and vary systematically across both respondents and corporate actions. Concerns about the treatment of workers and CEO pay emerge as particularly important.

A central contribution of this paper is to identify moral values as a key driver of nonpecuniary preferences. Drawing on Moral Foundations Theory—a leading framework in moral psychology and moral economics—we measure each respondent's individualizing values (concern for the treatment of individuals) and binding values (commitments to tradition, order and group cohesion) using a validated survey instrument. In our data, individualizing values are associated with a greater willingness to depart from financial-value maximization, whereas binding values are associated with stronger support for it. The latter result suggests that profit maximization may be seen as morally desirable—rather than amoral—because it reinforces the firm's traditional and well-defined role within the broader social order. Importantly, once moral values are accounted for, the explanatory power of other influential characteristics, such as political affiliation and gender, is substantially reduced.

Ultimately, our results highlight the multidimensional nature of morality. Individualizing and binding values are largely independent, implying that most stakeholders face not a simple trade-off between financial and moral motives, but at least a trilemma: caring for individuals, caring for traditions and institutions, and creating financial value. This distinction matters. Academic discourse often frames ethical investing as a question of what financial price we are willing to pay for our values. Yet the cost of what is typically considered "ethical" investing may be paid not only in monetary terms, but also through a moral cost—one that comes from violating norms of tradition, stable institutions, and social order. In this sense, the debate about "value versus values" may, at its core, be a

[11]For example, in January 2025, Executive Orders 14151 and 14173 were issued to discontinue Diversity Equality and Inclusion (DEI) programs in government related entities and to instruct federal departments not to issue contracts to private organizations that enforce DEI frameworks.

debate about "values versus values."

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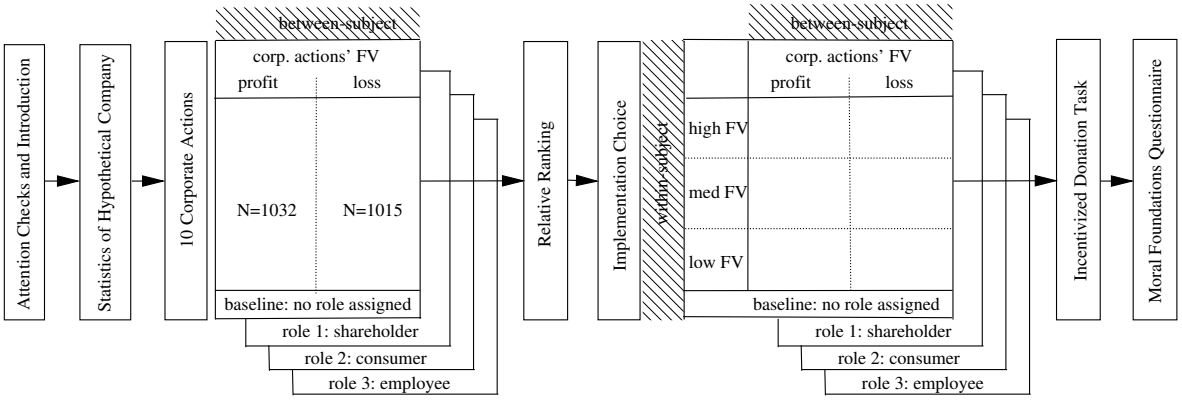


Figure 1: Study Design and Sample Size

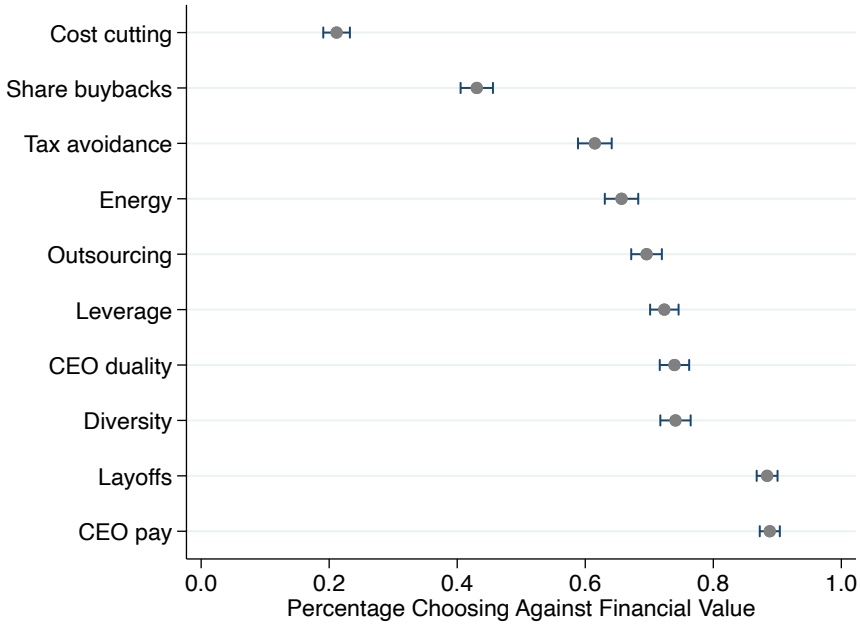


Figure 2: Nonpecuniary Preferences Over Corporate Actions

The figure reports the average propensity to choose against financial value (i.e., the percentage of times participants indicate that XYZCorp should not behave consistent with financial-value maximization) for each corporate action, together with the corresponding 95% confidence intervals. We restrict to the condition in which the proposed corporate actions all have positive financial value but potential negative effects on other stakeholders.

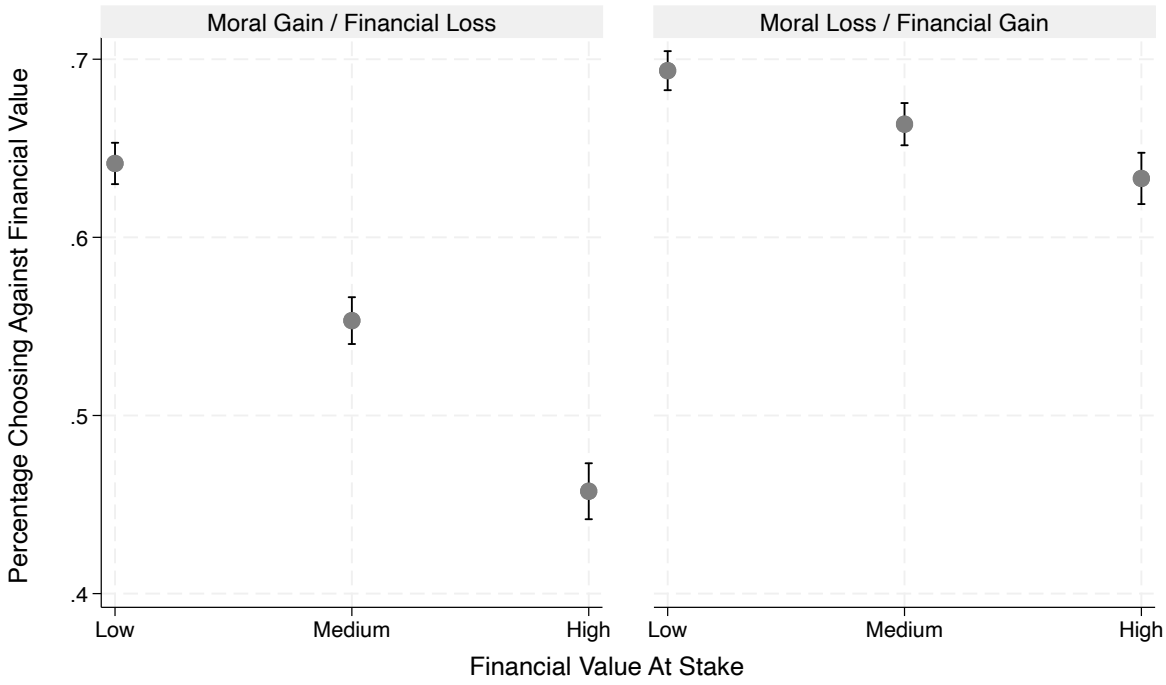


Figure 3: Moral Gain/Financial Loss vs. Moral Loss/Financial Gain

The figure reports the average propensity to choose against financial value, together with the corresponding 95% confidence intervals, for different magnitudes of the financial value at stake (low, medium, high). We separate the condition in which the proposed corporate actions have negative financial value but potential nonpecuniary gains ("moral gain/financial loss", left panel), and the condition in which the proposed corporate actions have positive financial value but potential nonpecuniary losses ("moral loss/financial gain", right panel).

Table 1: **Trade-Offs Between Financial Value and Nonpecuniary Concerns**

The table presents the results from an OLS regression of participants' average propensity to choose against financial value on the magnitude of the financial value at stake (low, medium, high). The unit of observation is a participant × financial value condition. The dependent variable is the percentage of times that the participant decides against 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. Panel A (B) provides sample splits for different measures of financial sophistication (stakeholder treatment), respectively. *p*-values from a chi-square test that assesses the statistical significance between the constant, the *Medium FV* coefficient and the *High FV* coefficient across subsamples are reported at the bottom of the table. In Panel B, the *p*-values refer to the difference in coefficients between a given stakeholder group and the shareholder treatment group reported in column (1). *t*-statistics based on heteroskedasticity-robust standard errors are reported in parentheses. *, **, and *** denote statistical significance at 10%, 5%, and 1% level.

Panel A: By Financial Sophistication

	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
p-val Const.		0.257		0.087		0.019	
p-val Medium		0.604		0.337		0.866	
p-val High		0.355		0.101		0.309	

Panel B: By Stakeholder Treatment

	Propensity to Choose Against Financial Value			
	Shareholder	Unassigned	Consumer	Employee
	(1)	(2)	(3)	(4)
Medium FV	-0.052***	-0.071***	-0.062***	-0.051***
	(-4.07)	(-5.79)	(-5.00)	(-4.08)
High FV	-0.129***	-0.135***	-0.122***	-0.101***
	(-8.91)	(-9.86)	(-8.68)	(-7.04)
Constant	0.659***	0.674***	0.671***	0.667***
	(77.03)	(84.44)	(82.57)	(81.34)
R^2	0.054	0.060	0.049	0.033
N	1,494	1,572	1,527	1,548
p-val Const.		0.206	0.338	0.534
p-val Medium		0.275	0.579	0.958
p-val High		0.767	0.731	0.173

Table 2: **Cross-Participant Heterogeneity and Moral Values**

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 decides against 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 negative (positive) financial value), computed across all corporate actions and financial value conditions. The unit of observation is a participant. *Individualizing Values* represent the participant's average score for the moral foundations care and equality, and *Binding Values* represent the participant's average score for the moral foundations authority, loyalty, proportionality, and purity. *Donation Amount* refers to the dollar amount allocated to charity in the donation task. All coefficients are standardized to show the effect of a one-standard deviation change in X on Y, also measured in standard deviations. In column (1), we only report coefficients on characteristics that are significant at the 5% level or higher. t-statistics based on heteroskedasticity-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)
Individualizing Values		0.249***	0.244***
		(10.14)	(9.84)
Binding Values		-0.162***	-0.167***
		(-5.69)	(-5.89)
Donation Amount			0.043*
			(1.96)
Republican	-0.203***	-0.040	-0.040
	(-9.24)	(-1.44)	(-1.44)
Male	-0.080***	-0.040*	-0.038*
	(-3.61)	(-1.84)	(-1.71)
Asian	-0.059***	-0.037*	-0.035
	(-2.62)	(-1.73)	(-1.64)
Coefficients suppressed for brevity:			
Age, ethnicity, stakeholder treatment, investor status, education, income, econ degree, employment status			
R^2	0.064	0.120	0.122
N	1,988	1,988	1,988