



Impact of Corporate Response To Controversial Presidential Statements or Policies

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Impact of Corporate Response to Controversial Presidential Statements or Policies

Jehan El-Jourbagy

I. INTRODUCTION

Not ten days into the Trump administration, corporations, normally silent or ostensibly neutral¹ in regard to political issues, were uncommonly vocal regarding the executive order on immigration and refugees.² The response was not uniform. A disproportionate number of CEOs speaking out were from the tech industry.³ Noticeably silent at this juncture were the CEOs serving on President Donald J. Trump's advisory councils.

Two councils served at the pleasure of the President: the Strategic & Policy Forum and the Manufacturing Jobs Initiative. Considered a prestigious appointment, serving on a presidential council was historically an honor and a way of leveraging expertise in powerful political circles.⁴ The first meeting of one such council during the Trump administration was on February 3, 2017, when a group of leading executives met in the State Dining Room of the White House. Sitting adjacent to the President were Mary Barra, the CEO of GM, and Stephen Schwarzman, Chairman of Blackstone.

Six months later, both councils were disbanded.

The first meeting of the Strategic & Policy Forum took place one week after President Trump issued a controversial executive order entitled, "Protecting the Nation from Foreign Terrorist Entry into the United States," prohibiting entry into the United States of citizens from seven predominantly Muslim nations. Several members on the councils issued statements. Most notably, Travis Kalanick, the CEO of

1. Jerry Davis, *What's Driving Corporate Activism*, THE NEW REPUBLIC (Sept. 26, 2016), <https://newrepublic.com/article/137252/whats-driving-corporate-activism>.

2. Protecting the Nation from Foreign Terrorist Entry into the United States, Exec. Order 13769, 82 Fed. Reg. 8977 (Jan. 27, 2017), superseded by Protecting the Nation from Foreign Terrorist Entry into the United States, Exec. Order 13780, 82 Fed. Reg. 13209 (Mar. 6, 2017).

3. Hannah Kuchler, *Apple, Google and Facebook condemn Donald Trump's travel ban*, FINANCIAL TIMES (Jan. 29, 2017), <https://www.ft.com/content/3f8a537c-e5ca-11e6-893c-082c54a7f539>.

4. David Gelles, Landon Thomas Jr, Andrew Ross Sorkin, and Kate Kelly, *Inside the C.E.O. Rebellion Against Trump's Advisory Councils*, N.Y. TIMES (Aug. 17, 2017), <https://www.nytimes.com/2017/08/16/business/trumps-council-ceos.html>.

Uber, who, after issuing a response in support of immigrants and effected employees the day after the issuance of the executive order, later announced his departure from the Manufacturing Jobs Initiative.

President Trump announced the United States' withdrawal from the Paris Climate Agreement on June 1, which elicited a flurry of corporate communications as well as the departure of two more council members, Elon Musk with Tesla and Bob Iger with Disney. On August 12, the Unite the Right rally and subsequent violence took place in Charlottesville, Virginia, along with the President's remarks — "hatred, bigotry and violence on many sides, on many sides"⁵ — were then met with deep consternation on the part of corporate leaders, resulting in a hemorrhaging of participation and a dismantling of both councils.⁶

After three members departed the councils following the travel ban and the Paris Climate Agreement withdrawal, eight more formally announced their departure following Trump's comments in regard to the Unite the Right rally. Four retired or were replaced. Taking into account the 43 remaining members, a full 25% formally announced their departure. Prior to the official disbanding, members agreed, via a conference call, that they would "condemn and disband" on August 16; however, prior to making the formal announcement, President Trump tweeted that he was officially disbanding the councils.⁷

In considering the events that led some of the most well-known CEOs in the United States to step away from the Presidential table, the author reviewed the literature in regard to corporate activism and sought to determine whether speaking out or remaining silent had a financial impact on stock price. This study, therefore, examines the motivations and obligations of corporate leadership, through the lens of the Strategic & Policy Forum and the Manufacturing Jobs Initiative, in making statements contrary to or in support of Presidential policy and to assess the impact on stockholder value. Previous work in this area has focused on social science research, examining public opinion in regard to corporate stances. By contrast, this article examines the potential economic impact of statements or silence through examination of stock performance as compared to indices and competitors. Prior to collecting the data, the author's hypothesis was that making a statement, especially if consistent with corporate values, would result

5. Sonam Sheth, *Trump Condemns Violence on Many Sides After Charlottesville White Nationalist Rally*, BUSINESS INSIDER (Aug. 12, 2017), <http://www.businessinsider.com/trump-condemns-violence-on-many-sides-after-charlottesville-white-nationalist-rally-2017-8>.

6. See Gelles et al., *supra* note 4.

7. *Id.*

in a positive gain compared to competitors, and that remaining silent, if doing so is inconsistent with corporate values, would result in a loss compared to competitors. By examining the stock performance of each company and two of its competitors, findings indicate shareholder indifference to public stances taken by companies.

Section II explores the obligations of a corporation, starting with a focus on shareholder theory and then transitioning to a review of stakeholder theory and various frameworks of corporate social responsibility, and also addresses the rise of CEO activism. Section III discusses the members of the Presidential Advisory Councils and sets forth their responses, if any, to three controversial policies or statements made by the President in 2017. Section IV analyzes stock data to determine if the statements made by the council members impacted shareholder price, and Section V provides recommendations and a conclusion.

II. CORPORATE OBLIGATIONS

A. *Impact on Bottom Line: The Essential Duty*

Corporate leadership, including board of directors, must satisfy the owners, the shareholders, of a firm. The concept of shareholder primacy governs most decision-making and is the benchmark for various legal duties imposed on executives and board members.⁸ Milton Friedman espoused the theory that the only objective of the firm is to make money for the shareholders – and all other considerations are secondary.⁹ When a corporation gives money to charity, funds are diverted away from reinvestments into the corporation, such as research and development and acquisitions, and distributions via dividends to its shareholders. A cogent argument points out that one dollar distributed to a charity by the corporation is no stronger or no more effective than one dollar distributed by its shareholder.¹⁰ Since profit maximization is the legal requirement, why then use funds in such a way? A dollar spent in support of a cause may encourage more people

8. Since corporations are a creature of state law, common law in each state is what governs transactions. N. Smith & David Rönnegard, *Shareholder Primacy, Corporate Social Responsibility, and the Role of Business Schools*, 134 J. BUS. ETHICS 3, 463–478 (2016). See also Oliver Hart and Luigi Zingales, *Serving Shareholders Doesn't Mean Putting Profit Above All Else*, HARV. BUS. REVIEW (Oct. 12, 2017), <https://hbr.org/2017/10/serving-shareholders-doesnt-mean-putting-profit-above-all-else>.

9. Milton Friedman, *The Social Responsibility of Business Is to Increase Its Profits*, N.Y. TIMES MAGAZINE (Sept. 13, 1970), <https://www.nytimes.com/1970/09/13/archives/article-15-no-title.html>.

10. John A. List, *The Market for Charitable Giving*, 25 J. ECON. PERSP. 157, 174 (2011).

to support the same cause, which could indeed have a larger impact.¹¹ In other words, corporations and their leaders wield a great deal of influence, serving as bellwethers for public causes.¹² Nevertheless, corporate actions must be viewed through the lens of profit maximization.¹³

European corporations have increasingly moved from a shareholder model to a stakeholder model, taking into account consumers, employees and community as well as shareholders in making business decisions.¹⁴ Then there is the question of whether leaders have an ethical duty to speak out when political action is inconsistent with a corporation's values. Arguably, such a statement would be in support of its essential duty of maximizing profit, heading off a consumer boycott or an employee exodus, but there is a possibility that taking a stand could do just the opposite and trigger a boycott or even prompt employees to leave. Based on a study by Chatterji, the authors concluded that the net benefit of making politically charged statements outweighs the risk of potential losses.¹⁵

B. *Beyond Maximizing Value: Legal and Ethical Considerations*

If all a consumer cares about is price and all an investor should expect is profit maximization, what can explain a rise in corporate social responsibility and activism? When shopping, a consumer may seek a product with organic ingredients or seek goods from a company he or she believes does not test its product on animals. A consumer may desire to pay more money for “quality” or more personalized customer service. All of these buying habits suggest that we are prosocial — not simply motivated by financial considerations, but by other needs.¹⁶ Hart suggests that corporations should seek to maximize

11. Leslie Gaines-Ross, *Is It Safe for CEOs to Voice Strong Political Opinions?*, HARV. BUS. REV. (June 23, 2016), <https://hbr.org/2016/06/is-it-safe-for-ceos-to-voice-strong-political-opinions>.

12. Charles H. Schwepker & Roberta J. Schultz, *Influence of the Ethical Servant Leader and Ethical Climate on Customer Value Enhancing Sales Performance*, 35 J. PERS. SELLING & SALES MGMT. 93, 97 (2015); Amy J. Hillman, Gerald D. Keim & Douglas Schuler, *Corporate Political Activity: A Review and Research Agenda*, 30 J. OF MGMT. 837, 847—48 (2004).

13. Arguably, the shareholder primacy norm has been degraded by the business judgment rule, permitting corporate leaders latitude in addressing non-shareholder interests. N. Craig Smith & David Ronnegard, *Shareholder Primacy, Corporate Social Responsibility and the Role of Business Schools*, 125 J. BUS. ETHICS 463, 467 (2014).

14. See Hart & Zingales, *supra* note 8.

15. Aaron K. Chatterji & Michael W. Toffel, *The Power of C.E.O. Activism*, N.Y. TIMES (Apr. 1, 2016), <https://www.nytimes.com/2016/04/03/opinion/sunday/the-power-of-ceo-activism.html>.

16. George Serafeim, *The Fastest-Growing Cause for Shareholders Is Sustainability*, HARV. BUS. REV. (Jul. 12, 2016), <https://hbr.org/2016/07/the-fastest-growing-cause-for-shareholders-is-sustainability>, noting that the rise of green mutual funds or socially conscious investing also indi-

shareholder welfare as opposed to value, in an effort to expand a corporation's calculations to include societal concerns.¹⁷

European companies have transitioned to a stakeholder model versus shareholder primacy that is prominent in the United States.¹⁸ European companies place more focus on environmental, social and governance issues (ESG).¹⁹ Even in the United States, a majority of shareholder proposals were in regards to environmental and social impacts as opposed to executive compensation and board composition.²⁰ The fastest growing cause is sustainability.²¹ This trend, by corporate owners, to whom the corporate leaders owe a legal and fiduciary duty, demonstrates a collective desire for corporations to take into consideration factors beyond what has been typically viewed as the financial bottom-line. In a review of the companies represented by the corporate leaders serving on the presidential advisory councils, all of them take into consideration at least two traditional areas of corporate social responsibility: environmental sustainability and community engagement.

C. Corporate Social Responsibility

In the early 1950's, an executive of Standard Oil, Frank Abrams, called for corporate leaders to consider their duty to society as a whole in an article in the Harvard Business Review.²² A few years later, Howard Bowen wrote of the social responsibilities of business leaders, particularly moral decision-making and considerations of society.²³ Corporate social responsibility ("CSR"), according to Archie Carroll in his seminal work from 1999, is described as a pyramid of obligations with financial responsibilities serving as the base.²⁴ On top of that, a corporation is expected to comply with the law. Beyond compliance is the expectation that corporations make sound decisions consistent with their values — in other words, the third step of

cates a shift towards investments made on grounds other than or in addition to profit maximization.

17. See Hart & Zingales, *supra* note 8.

18. George W. Dent Jr., *Stakeholder Governance: A Bad Idea Getting Worse*, 58 CAS. W. RES. L. REV. 1107, 1142 (2008).

19. Hart & Zingales, *supra* note 8.

20. See Serafeim, *supra* note 16.

21. *Id.*

22. F. W. Abrams, *Management's Responsibilities in a Complex World*, 29 HARV. BUS. REV. 3, 29–34 (1951).

23. H. R. BOWEN, *SOCIAL RESPONSIBILITY OF THE BUSINESSMAN* (1953). Milton Friedman responded with criticism of CSR doctrine in 1970. Friedman, *supra* note 9.

24. Archie B. Carroll, *Corporate Social Responsibility: Evolution of a Definitional Construct*, 38 BUS. & SOC'Y 268 (1999).

the pyramid is ethics. Finally, on top, are discretionary duties, such as philanthropy.

CSR, often touted by corporations, is also described as a “tortured concept,” one more of a brand or catch phrase than a concept of any real meaning, and Maak suggests moving from CSR to a more holistic view of corporate integrity.²⁵ No shortage of cynicism exists in regards to the concept and implementation of CSR, with backlash due to the perception that CSR is merely window dressing.²⁶ Nevertheless, after the emergence of business ethics as an academic field in the 1970s, the business ethics movement began in the mid-1980s, including the proliferation of corporate ethics training, a focus on CSR and compliance officers.²⁷ An investor today would be hard-pressed to find a publicly-traded corporation that has not addressed its corporate social responsibility to some degree, even beyond what is required by law.²⁸

1. Triple Bottom Line

Much of corporate America has embraced corporate social responsibility as the triple bottom line, a strategic attempt to assess financial health, impacts on the environment and impacts on social issues, such as diversity and product safety.²⁹ Simply referred to as “People, Planet, Profit,” the triple bottom line provides investors an opportunity to assess a corporation for its profitability as well as its dedication

25. Thomas Maak, *Undivided Corporate Responsibility: Towards a Theory of Corporate Integrity*, 82 *J. BUS. ETHICS* 353, 357 (2008), (citing P.C. Godfrey & N.W. Hatch, *Researching Corporate Social Responsibility: An Agenda for the 21st Century*, 70 *J. BUS. ETHICS* 87 (2007)). One may even look to research produced by colleagues from my own institution to find an argument that corporate social responsibility is antithetical to the core duty of a corporation. The research also asserts that business ethics as a pedagogical effort is flawed and, according to their survey of 167 professionals, more likely to result in unethical conduct. See Christopher M Lowery, II Beadles, A Nicholas, Juan Ling, *Assessing the Influence of Ethics Education*, 11 *GLOBAL EDUC. J.* 50 (2013).

26. See Davis, *supra* note 1. See also S. P. Sethi, T. F. Martell, & M. Demir, *Enhancing the Role and Effectiveness of Corporate Social Responsibility (CSR) Reports: The Missing Element of Content Verification and Integrity Assurance*, 144 *J. BUS. ETHICS* 59, 61 (2017) (without trust in a voluntary reporting system of CSR, the resulting document is viewed with skepticism as a “self-promotional”).

27. Richard T. De George, *The Relevance of Philosophy to Business Ethics: A Response to Rorty’s ‘Is Philosophy Relevant to Applied Ethics?’*, 16 *BUS. ETHICS Q.* 381, 385, 388 (2006).

28. For instance, corporations must disclose conflict minerals pursuant to rules issued by the SEC. Likewise, toxic outputs must be disclosed pursuant to environmental laws. For example, see Louis Slesin & Ross Sandler, *Categorization of Chemicals under the Toxic Substances Control Act*, 7 *ECOLOGY L.Q.* 359 (1978).

29. Timothy F. Slaper & Tanya J. Hall, *The Triple Bottom Line: What Is It and How Does It Work?*, 86 *INDIANA BUS. REV.* 4 (2011).

to environmental and social issues.³⁰ Many corporations now employ this type of reporting in addition to their annual reports, with some organizations being very deliberate about measuring impacts.³¹ For instance, Delta airlines monitors fuel costs and how technological changes can lessen those costs.³² Walmart has been more proactive in monitoring suppliers to prevent the use of child labor.³³

2. Responding to Corporate Costs

Another way of considering social responsibility is to carefully assess externalities or the costs incurred by a corporation, such as toxic inputs, lack of energy efficiency, waste, product safety, workplace safety, wages, carbon footprint, and fair marketing and advertising. CSR is then a strategic method of assessing those costs and minimizing them or leveraging them for the benefit of the shareholder and society as a whole.³⁴ In order to bring “clarity and effectiveness” to the “growing field of corporate social responsibility,” Scott and Berger-Walliser define CSR as follows:

Corporate Social Responsibility, as undertaken by a corporation or directed by a State, includes activities that internalize costs for externalities resulting directly or indirectly from corporate actions, or processes and actions to consider and address the impact of corporate actions on affected stakeholders, which are undertaken at least in part because of a recognized moral or ethical duty to society and stakeholders beyond the corporation’s owner/shareholders.³⁵

For example, Interface, a carpet tile company, evaluated its impacts and devised several strategies to achieve its goal of zero emissions.³⁶ During Interface’s quest, it discovered several ways to improve efficiency, such as using technology to reduce water consumption, and

30. Arlene J. Nicholas & Samuel Sacco, *People, Planet, Profit: Benefit and B Certified Corporations - Comprehension and Outlook of Business Students*, 3 *ACAD. BUS. RES. J.* 18, 19 (2016).

31. Nazim Hussain, Ugo Rigoni & René P. Orij, *Corporate Governance and Sustainability Performance: Analysis of Triple Bottom Line Performance*, 149 *J. BUS. ETHICS* 411, 412 (2018).

32. Morgan Durrant, *Innovative Research Could Help Delta Cut Fuel Costs, Emissions*, DELTA NEWS HUB (Sept. 10, 2015), <https://news.delta.com/innovative-research-could-help-delta-cut-fuel-costs-emissions>; Savaş S. Ateş, Haşim Kafalı, Gökhan C. Kılıçoğlu, *Reducing Operational Fuel Costs of Airlines: A Model for Monitoring and Managing Fuel Consumption Using Unified Modeling Language*, 14 *CELAL BAYAR U. J. SCI.* 105, 106 (2018).

33. Walmart 2016 Global Responsibility Report, WALMART (2017), https://corporate.walmart.com/media-library/document/2016-global-responsibility-report/_proxyDocument?id=0000016f-391f-d994-af6f-fd5f49cc0000.

34. Gerlinde Berger-Walliser & Inara Scott, *Redefining Corporate Social Responsibility in an Era of Globalization and Regulatory Hardening*, 55 *AM. BUS. L. J.* 167, 181 (2018).

35. *Id.* at 214–15.

36. Ray Anderson, *Confessions of a Radical Industrialist* 348 (2009).

repurpose outputs, such as creating a new method to recycle carpet waste.³⁷

D. *CEO activism and Virtue Signaling*

Corporations do not exist within a bubble, and their corporate leaders often, whether by choice or by circumstance, make statements relevant to political and social issues. Americans are increasingly expressing support for corporations that take positions on public policy positions.³⁸ Moreover, research by the Global Strategy Group noted that 78 percent of those polled “agree that companies should take action to address important issues facing society.”³⁹ In a study conducted by Weber Shandwick, 38% of “Americans believe CEOs have a responsibility to speak up and out on controversial issues.”⁴⁰

For instance, in 2012, Dan Cathy, the CEO of Chick-fil-A, made a statement regarding same sex marriage.⁴¹ As a private, family-held corporation, Chick-fil-A’s corporate purpose is “To glorify God by being a faithful steward of all that is entrusted to us and to have a positive influence on all who come into contact with Chick-fil-A.”⁴² In response to the statement, people in support of same sex marriage and equal rights for the LGBTQ community organized a boycott.⁴³ Curiosity-seekers and supporters of the Cathy family responded by patronizing the chain in greater numbers.⁴⁴ Chick-fil-A is not secretive about its adherence to Christian beliefs and is famously closed on Sundays.⁴⁵ Though repugnant to many, the statement, arguably, is consistent with

37. *Id.*

38. Business and Politics: Do they Mix?, GLOBAL STUDY GROUP (Jan. 2016), https://www.globalstrategygroup.com/wp-content/uploads/2016/01/GSG-2016-Business-and-Politics-Study_1-27-16-002.pdf.

39. *Id.*

40. See Gaines-Ross, *supra* note 11. In Weber Shandwick’s *The Dawn of CEO Activism*, Salesforce CEO Marc Benioff is quoted as saying, “One thing that you’re seeing is that there is a third [political] party emerging in this country, which is the party of CEOs.” WEBER SHANDWICK, *The Dawn of CEO Activism 2* (June 21, 2016), <https://www.webershandwick.com/uploads/news/files/the-dawn-of-ceo-activism.pdf>. The study also indicates that CEO activism is in its early stages.

41. Myles Collier, Chick-fil-A President Says ‘God’s Judgment’ Coming Because of Same-Sex Marriage, CHRISTIAN POST (July 18, 2012), <https://www.christianpost.com/news/chick-fil-a-president-says-gods-judgment-coming-because-of-same-sex-marriage-78485/#SUuZKIURo5MhCW2> p.99.

42. CHICK-FIL-A, <https://www.chick-fil-a.com/About/Who-We-Are> (last visited May 2018).

43. Kim Severson, Chick-fil-A Thrust Back Into Spotlight on Gay Rights, N.Y. TIMES (July 26, 2012), <https://www.nytimes.com/2012/07/26/us/gay-rights-uproar-over-chick-fil-a-widens.html>

44. Joe Satran, *Chick-Fil-A Sales Soar In 2012 Despite Bad PR*, THE HUFFINGTON POST (Jan. 31, 2013), https://www.huffingtonpost.com/2013/01/31/chick-fil-a-sales-2012_n_2590612.html.

45. *Closed on Sunday*, CHICK-FIL-A, <https://www.chick-fil-a.com/Sunday-Video>; *Who We Are*, CHICK-FIL-A, <https://www.chick-fil-a.com/About/Who-We-Are>.

conservative Christian beliefs though inconsistent with corporate values such as “Customers First” and “Working Together.”

Target, in reaction to North Carolina’s policy of requiring individuals to use the bathroom that corresponds to their sex at birth, responded proactively with mixed sex restrooms.⁴⁶ Target, a self-proclaimed champion of diversity and inclusivity, seeks to work towards a more “equal society.”⁴⁷ The bathroom policy, however, led to backlash and negative publicity, including concerns from customers about safety.⁴⁸ In regards to racial strife, Howard Schultz, the CEO of Starbucks, asked all of his baristas to write “Race Together” on cups.⁴⁹ Most recently, Delta Airlines, along with at least fifteen other major companies, distanced itself from the NRA,⁵⁰ announcing it would stop providing discounted fares to the NRA, following the massacre in Parkland, Florida. Georgia leaders responded by withdrawing a \$50 million sales tax exemption on jet fuel.⁵¹

46. Robert Mclean, *Target Takes Stand on Transgender Bathroom Controversy*, CNN MONEY (Apr. 20, 2016), <http://money.cnn.com/2016/04/20/news/companies/target-transgender-bathroom-lgbt/index.html>.

47. TARGET accessed April 2018, <https://corporate.target.com/about/purpose-beliefs>.

48. Khadeeja Safdar, *How Target Botched Its Response to the North Carolina Bathroom Law*, WALL ST. J. (Apr. 5, 2017), <https://www.wsj.com/articles/how-target-botched-its-response-to-the-north-carolina-bathroom-law-1491404107>; see also Aaron K. Chatterji, *Our Newest Culture Warriors: Activist C.E.O.s*, N.Y. TIMES (Mar. 2, 2018), <https://www.nytimes.com/2018/03/02/opinion/dicks-guns-walmart.html>, writing “My research with Michael Toffel of Harvard Business School finds that consumers were more likely to buy Apple products after hearing Tim Cook’s statement opposing Indiana’s religious freedom bill.”

49. Jena McGregor, *Howard Schultz wants you to try some civility with your coffee*, WASH. POST (Mar. 23, 2016), https://www.washingtonpost.com/news/on-leadership/wp/2016/03/23/howard-schultz-wants-you-to-try-some-civility-with-your-coffee/?utm_term=.693625ff0e0d. More recently, all Starbucks chains across the nation closed on for racial bias training in response to a racial profiling incident in a Philadelphia store. *Starbucks To Close 8,000 Stores To Provide Anti-Racial Bias Training*, BUSINESS INSIDER (May 29, 2018), <http://markets.businessinsider.com/news/stocks/starbucks-to-close-8-000-stores-to-provide-anti-racial-bias-training-1025740420>.

50. Julia Horowitz & Jackie Wattles, *These Companies are Distancing Themselves from the Gun Industry*, CNN MONEY (Mar. 3, 2018), <http://money.cnn.com/2018/03/03/news/companies/companies-cutting-ties-nra-gun-lobby/index.html>

51. Overall, only about 13 passengers availed themselves of the NRA discount. Danielle Wiener-Bronner, *Only 13 People Used that Delta NRA Discount*, CNN MONEY (Mar. 2, 2018), <http://money.cnn.com/2018/03/02/news/companies/delta-nra-discount-13-tickets/index.html>; Richard Fausset & Tiffany Hsu, *In N.R.A. Fight, Delta Finds There Is No Neutral Ground*, N.Y. TIMES (Feb. 27, 2018), <https://www.nytimes.com/2018/02/27/business/nra-delta-gun-control.html>; Richard Fausset, *Georgia Passes Bill That Stings Delta Over N.R.A. Position*, N.Y. TIMES (Mar. 1, 2018), <https://www.nytimes.com/2018/03/01/business/delta-nra-georgia.html>. Dicks Sporting Goods announced it would stop selling assault-style rifles. Dick’s Sporting Goods (@DICKS), TWITTER (Feb. 28, 2018, 6:51 AM), <https://twitter.com/DICKS/status/968830988246765568>. In addition, it also committed to not selling weapons to people under the age of 21, not selling bump stocks and not selling high capacity magazines.

Corporate leaders have made statements or policies in regards to polarizing issues such as same sex marriage, immigration and race relations, and less divisive issues such as tobacco use, domestic violence and climate change.⁵² Research by Global Strategy Group indicates that the public views corporate stances on minimum wage, political issues that affect business and environmental issues as more appropriate than stances on abortion, legalizing marijuana, the confederate flag, transgender issues and gun control.⁵³

An argument has been made that when corporate leadership make statements regarding controversial issues that are irrelevant to their core business, these statements can result in a negative impact on public opinion and result in decreased sales.⁵⁴ This research predicts that such statements are not being made consistent with corporate mission statements and values but instead consistent with a corporate leader's beliefs and perhaps calculated to increase revenue through publicity or perhaps based on an earnest public concern. Whatever the motivations, stances taken that are irrelevant to core business are viewed less favorably.⁵⁵ In addition, a study demonstrates that about a third of those surveyed believed a corporate leader had an obligation to speak out, while another third were of the belief that the statement was made for the purpose of getting media attention.⁵⁶ Gaines-Ross' work finds that millennials are most likely to be supportive of CEO activism.⁵⁷

In the above-cases, the corporate leaders made statements or issued policies in regard to societal issues, not in direct response to presidential communications. This paper focuses solely on corporate leaders of publicly-traded corporations on the Strategic & Policy Forum and Manufacturing Jobs Initiative and their response to statements or policies issued by the President of the United States. In testing Chatterji's theory, the author predicts that shareholder value will increase when corporate leadership makes statements consistent with their values and relevant to the core business, and, likewise, statements inconsistent with core values and irrelevant to core business will result in a decline of shareholder value.

52. See GLOBAL STUDY GROUP, *supra* note 38, at 3.

53. *Id.* at 4. In terms of public awareness, stances on polarizing issues are more likely to generate public notice, and issues addressing less controversial topics are more likely to be known when bolstered by an aggressive advertising campaign. *Id.* at 6.

54. See Chatterji, *supra* note 48.

55. See Gaines-Ross, *supra* note 11.

56. *Id.*

57. *Id.*

III. PRESIDENTIAL ADVISORY COUNCIL MEMBERS & RESPONSES TO PRESIDENTIAL COMMUNICATIONS

The corporate leadership who served on the presidential councils span a wide range of industries. Divided into two councils, one devoted to jobs and one devoted to other economic issues such as trade, the members sought to shape policy. This paper focuses on the actions of the members of the councils who serve publicly traded firms.⁵⁸ Appendices A and B provide the names of each corporate leader and the corporate purpose or mission statement and core values or beliefs of the corporations they represent.⁵⁹ The next portion of the paper examines three controversial communications made by the President in 2017 – the travel ban⁶⁰ (January), the withdrawal from the Paris Climate Agreement⁶¹ (early June), and the comments on the Unite the Right Rally⁶² (August) – and the corporate leaders' direct responses, if any, thereto.

A. *Executive Order (Travel Ban)*

This executive order prevented entry into the United States by citizens of seven predominantly Muslim countries. Effective the next day, a Friday, the travel ban elicited protests at the nation's airports on Saturday and a flurry of statements were issued by corporate leaders, particularly in the tech sector. In response to the travel ban, 153 mid-

58. Additional members of the Strategic & Policy Forum included Paul Atkins with Patomak Global Partners, Toby Cosgrove with the Cleveland Clinic, Travis Kalanick with Uber, Rich Lesser with Boston Consulting Group, Jim McNerney with Boeing, Kevin Warsh with the Hoover Institute, Mark Weinberger with EY and Jack Welch with GE. Members of the Manufacturing Jobs Initiative not included in the study are Mark Fields with Ford (he was succeeded by Jim Hackett in May of 2017), Klaus Kleinfeld with Arconic (he retired in April of 2017), Thea Lee with A.F.L.-C.I.O., Mario Longhi with U.S. Steel (he retired in June of 2017), Doug Oberhelman with Caterpillar (he retired early in 2017, and Caterpillar did not name a replacement), Scott Paul with the Alliance for American Manufacturing, and Richard Trumka with the A.F.L.-C.I.O.

59. In some cases, only one of these areas is set forth, as some corporations do not have a clearly articulated mission statement and instead rely on their values or principles as a guide or driving purpose. Also, for ease of reading, the author also put all items in lowercase, even if the company specifically capitalizes each letter (for instance, some corporations capitalize each letter of each corporate value).

60. E.O 13769. See also WEBER SHANDWICK, *supra* note 40.

61. Michael Shear, *Trump will Withdraw US from Paris Climate Agreement*, N.Y. TIMES (Jun. 1, 2017), <https://www.nytimes.com/2017/06/01/climate/trump-paris-climate-agreement.html>. The withdrawal was made a formality on August 4, 2017. Valerie Volcovici, *U.S. Submits Formal Notice of Withdrawal from Paris Climate Pact*, REUTERS (Aug. 4, 2017), <https://www.reuters.com/article/us-un-climate-usa-paris/u-s-submits-formal-notice-of-withdrawal-from-paris-climate-pact-idUSKBN1AK2FM>

62. Natasha Bertrand, *Neo-nazis and White Supremacists are Celebrating Trump's Remarks about the Charlottesville Riots*, BUSINESS INSIDER (Aug. 12, 2017), <http://www.businessinsider.com/neo-nazis-celebrate-trumps-remarks-about-charlottesville-riots-2017-8>

and large-sized companies spoke out, and of those statements, 84% were made by CEOs.⁶³ More striking is the fact that 48% of those companies took some tangible action, such as hiring employees, joining a lawsuit, or contributing money to advocacy organizations such as the ACLU. Of the 97 companies that signed an amicus brief against the travel ban, only one, Uber, was represented on the council.⁶⁴

Of the thirty-one corporate leaders listed in Appendices A and B, only two of them made direct comments on the travel ban. Elon Musk, the CEO of Tesla and SpaceX, tweeted, “[n]ot the best way to address the country’s challenges.”⁶⁵ The Under Armour Company, led by Kevin Plank, said in a statement, “We are against a travel ban and believe that immigration is a source of strength, diversity and innovation for global companies based in America like Under Armour.”⁶⁶ Soon after the executive order was signed, twelve of the corporations issued statements internally or directly to their employees expressing support to those impacted and/or offering assistance, including JP Morgan, GM, Walmart, PepsiCo, Goldman Sachs, IBM, Dell, Merck, Johnson & Johnson, United Technologies, GE, Intel and 3M.⁶⁷

63. WEBER SHANDWICK, *supra* note 40.

64. Maya Rhodan, *These 97 Companies Filed a Brief Against President Trump’s Travel Ban*, FORTUNE (Feb. 6, 2017), <http://fortune.com/2017/02/06/donald-trump-travel-ban-apple-google-companies/>.

65. Elon Musk (@elonmusk), TWITTER (Jan. 29, 2017, 6:34 PM), <https://twitter.com/elonmusk/status/825502400454594561>. He also released a statement that while he did not approve of all policies, “I believe at this time that engaging on critical issues will on balance serve the greater good.” Elon Musk (@elonmusk), TWITTER (Feb. 2, 2017, 7:39 PM), <https://twitter.com/elonmusk/status/827330589191704576>.

66. Press Release, *Under Armour Statement*, UNDER ARMOUR (Feb. 10, 2017), <http://www.uabiz.com/releasedetail.cfm?ReleaseID=1011024>. This statement was made shortly after backlash from comments made in praise of the President’s policies. Dennis Green, *Under Armour Made Some Huge Mistakes That are Turning into a Nightmare*, BUSINESS INSIDER (Feb. 19, 2017), <http://www.businessinsider.com/under-armour-business-mistakes-2017-2>. See also Sara Germano, *Under Armour CEO Says He Will Fight Trump Travel Ban*, WALL ST. J. (Feb. 15, 2017), <https://www.wsj.com/articles/under-armour-ceo-says-he-will-fight-trump-travel-ban-1487178808>.

67. Though Jamie Dimon was silent, the operating committee of JP Morgan sent out memo. The bank reached out to employees on sponsored visas: “We want every one of you to know of our unwavering commitment to the dedicated people working here . . .” “We understand that our country, economy and well being are strengthened by the rich diversity of the world around us, where we are dedicated to serving customers and communities in more than 100 countries every day,” the JPMorgan Chase email said. Nathan Vardi, *Wall Street Leaders Mostly Silent On Donald Trump’s Travel Restrictions*, FORBES (Jan. 29, 2017), <https://www.forbes.com/sites/nathanvardi/2017/01/29/wall-street-leaders-mostly-silent-on-donald-trumps-travel-restrictions/#736e295e5732>. GM’s head of HR issued a memorandum offering support to any affected employees. Richard Feloni, *Here’s What GM is Telling Employees about Trump’s Immigration Ban*, BUSINESS INSIDER (Jan. 30, 2017), <http://www.businessinsider.com/gm-general-motors-responds-to-trump-immigration-ban-2017-1>. Walmart, in a statement to employees, said, “We are closely monitoring the situation and assessing potential impact to our business, but especially to our

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associates and their families.” *Starbucks, Exxon, Apple: Companies Challenging (or Silent on) Trump’s Immigration Ban*, N.Y. TIMES (Jan. 30, 2017), <https://www.nytimes.com/interactive/2017/business/trump-immigration-ban-company-reaction.html>. PepsiCo CEO Indra Nooyi issued statement to employees, “I want to make clear that the values of the PepsiCo family remain intact. We are an incredibly diverse organization, comprised of men and women from all walks of life and every corner of the globe — including the countries impacted by this new policy. Not a day goes by that we don’t celebrate this diversity, and we’re deeply committed to making sure PepsiCo remains a place where everyone feels welcome and anyone can succeed.” Leigh Raper, *How Businesses Are Reacting To Trump’s Immigrant Ban*, REFINERY29 (Feb. 3, 2017), <https://www.refinery29.com/2017/01/138321/businesses-react-immigrant-refugee-travel-ban/slide-1>. CEO of Goldman Sachs, Lloyd Blankfein, issued a statement to employees: “For us to be successful, our men and women must reflect the diversity of the communities and cultures in which we operate.” Tory Newmyer, David Morris, Madeline Farber & Lucinda Shen, *23 Huge Companies That Have Responded to President Trump’s Immigration Ban*, FORTUNE (Jan. 31, 2017), <http://fortune.com/2017/01/31/donald-trump-immigration-ban-responses/>. Mr. Blankfein continued, “That means we must attract, retain and motivate people from many backgrounds and perspectives. Being diverse is not optional; it is what we must be. Now is a fitting time to reflect on those words and the principles that underlie them.” GM’s Senior Vice President John Quatrone issued a statement to employees expressing a commitment to diversity and inclusion and advocated for openness in the world. In addition, 1000 employee signatures in opposition. “Empowering these unique perspectives keeps GM on the cutting edge of technological innovation in the fast-paced automotive industry.” Richard Felloni, *Here’s What GM is Telling Employees about Trump’s Immigration Ban*, BUSINESS INSIDER (Jan. 30, 2017), <http://www.businessinsider.com/gm-general-motors-responds-to-trump-immigration-ban-2017-1>. Dell sent a memo to employees indicating support and emphasizing the importance of communicating with the President. “We will advocate for immigration reform that supports our business, our customers, our team members, and their families. We believe in creating a global business that harnesses the power of the best and brightest talent regardless of their country of origin. In the interim, we will provide HR, Legal support and resources for any Dell Technologies team member and/or family member who has been affected.” Lilly Rockwell, *Unlike Some Tech Companies, Dell Isn’t Publicly Criticizing the Trump Travel Ban*, AUSTIN AMERICAN-STATESMAN (Jan. 30, 2017), <https://www.512tech.com/technology/unlike-some-tech-companies-dell-isn-publicly-criticizing-the-trump-travel-ban/zBDdPgBBF9dsrpNtZqD0JL/>. On week prior to the executive order, Johnson & Johnson posted a personal story of a Syrian refugee on its website. “*I Escaped War-Torn Syria: The Story of a Johnson & Johnson Refugee Scientist*,” JOHNSON & JOHNSON (Jan. 22, 2017), <https://www.jnj.com/personal-stories/i-escaped-war-torn-syria-the-story-of-a-johnson-and-johnson-refugee-scientist>. According to an email acquired by Dan Haar of the Hartford Courant, United Technologies wrote, “We rely on the ability to travel to and from the United States to conduct business with our customers, suppliers and colleagues.” Greg Hayes continued, “We live in challenging and uncertain times, but I want to assure all employees that United Technologies will continue to promote an inclusive and diverse workplace.” *Dan Haar: Large Companies Describe Urgency On Travel Ban But Tread Lightly In Public*, HARTFORD COURANT (Feb. 4, 2017), <http://www.courant.com/business/dan-haar/hc-haar-companies-remain-silent-on-travel-ban-20170203-story.html>. GE released a memo on its employee blog: GE would “stand with them” and try to find a balance between security and movement of law abiding people; GE CEO Jeff Immelt posted a statement on the company’s internal blog Sunday night, pledging that his company would “work with the U.S. Administration to strive to find the balance between the need for security and the movement of law abiding people.” Immelt said to employees, “I share your concern. There would be no G.E. without people of all religions, nationalities, gender, sexual orientation and race.” Jill Disis & Cristina Alesci, *GE’s Jeff Immelt shares employee ‘concern’ over Trump travel ban*, CNN MONEY (Jan. 29, 2017), <http://money.cnn.com/2017/01/29/news/companies/trump-travel-ban-general-electric/index.html>. CEO Brian Krzanich issued a note to employees: “At Intel we believe that immigration is an important part of our diversity and inclusion efforts. Inclusion is about making everyone feel welcome

Many more did not comment or did not disclose their position on the travel ban.⁶⁸ Companies who did not comment include Blackstone, IHS Markit, Harris, Nucor, Whirlpool, Lockheed, Timkin, Dow, Campbell, Boeing, Newell, International Paper and Corning. Of those thirteen companies, seven of them have corporate values or principles that include terms such as inclusion, diversity and/or respect. Three of the corporations released statements in response to media inquiries, including Blackrock, Disney and Merck.⁶⁹

B. *Withdrawal from Paris Climate Agreement*

In the case of President Trump's decision to withdraw the United States from the Paris Climate Agreement, more corporate leaders expressed their policy positions and a majority of them expressed disagreement. The decision prompted two members to leave: Elon Musk with Tesla and Bob Iger with Disney. Musk tweeted, "Am departing presidential councils. Climate change is real. Leaving Paris is not good

and a part of our community. There are employees at Intel that are directly affected by this order." Mike Rogoway, *Intel CEO Denounces Trump's Immigration Order: 'This is not a policy we can support'*, THE OREGONIAN (Jan. 30, 2017), http://www.oregonlive.com/silicon-forest/index.ssf/2017/01/intel_ceo_promises_full_support.html; Anita Balakrishnan, *Intel CEO on Trump Travel Ban: 'This is not a policy we can support'*, CNBC (Jan. 30, 2017), <https://www.cnbc.com/2017/01/30/intel-ceo-brian-krzanich-on-trump-muslim-ban-this-is-not-a-policy-we-can-support.html>. 3M indicated it was monitoring the impact of the order on its workforce. Kristen Leigh Painter, *Cargill, 3M Keep Close Eye on U.S. Travel Ban*, STAR TRIBUNE (Jan. 30, 2017), <http://www.startribune.com/cargill-food-companies-keep-close-eye-on-u-s-travel-ban/412182853/>.

68. Devika Krishna Kumar & Ross Kerber, *Trump Travel Ban Stirs Faint Corporate Outcry Beyond Silicon Valley*, REUTERS (Jan. 30, 2017), <https://www.reuters.com/article/us-usa-trump-immigration-companies/trump-travel-ban-stirs-faint-corporate-outcry-beyond-silicon-valley-idUSKBN15E0CJ>.

69. Blackrock issued a statement to Forbes: "We, of course, all want to promote security and combat terrorism, but we believe it needs to be done with respect for due process, individual rights and the principle of inclusion." The statement continued, "We are reviewing potential implications for our employees and will take necessary precautions to ensure their safety while also continuing to meet our commitments to clients." Larry Fink, BlackRock's CEO, did not make any public statements about the travel restrictions. Nathan Vardi, *Wall Street Leaders Mostly Silent on Donald Trump's Travel Restrictions*, FORBES (Jan. 29, 2017), <https://www.forbes.com/sites/nathanvardi/2017/01/29/wall-street-leaders-mostly-silent-on-donald-trumps-travel-restrictions/#736e295e5732>. "Look, this nation was founded by immigrants," Bob Iger said Tuesday during an interview with CNBC following Disney's fiscal first-quarter earnings release, "and I think where we are as a nation is due to having an openness to the people of the world. It is incredibly important. And I have, and I firmly believe, that we cannot shut our borders to immigrants." Natalie Jarvey, *Disney CEO Bob Iger on Trump's Travel Ban: 'We Cannot Shut Our Borders to Immigrants'*, HOLLYWOOD REPORTER (Feb. 7, 2017), <http://www.hollywoodreporter.com/news/disney-ceo-bob-iger-trumps-travel-ban-we-cannot-shut-borders-immigrants-973111>. "We are committed to our employees of all nationalities and religions," Merck's CEO said in statement to Fortune. "We are actively reaching out to employees who may be affected . . . To provide legal advice and other assistance." Sy Mukherjee, *Biopharma Leaders Are Slamming Trump's Immigration Ban*, FORTUNE (Jan. 30, 2017), <http://fortune.com/2017/01/30/trump-immigration-ban-biopharma/>.

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for America or the world.”⁷⁰ Iger tweeted, “As a matter of principle, I’ve resigned from the President’s Council over the #ParisAgreement withdrawal.”⁷¹

In addition, several business leaders expressed their dissention, including leaders of JP Morgan, Blackrock, Walmart, Goldman Sachs, Pepsico, Campbell Soup, GE, Dow, International Paper and Under Armour.⁷² For instance, Jamie Dimon with JP Morgan said, “I abso-

70. Elon Musk (@elonmusk), TWITTER (June 1, 2017, 3:02 PM), <https://twitter.com/elonmusk/status/870369915894546432?lang=en>.

71. Stuart A. Thompson & Vikas Bajaj, *Opinion: Why Are These CEOs Still Standing With Trump on Climate?*, N.Y. TIMES (Jun. 2, 2017), <https://www.nytimes.com/interactive/2017/06/02/opinion/trump-paris-climate-reacts-advisors.html>.

72. Blackrock Statement: “I do not agree with all of the President’s policies and decisions, including today’s announcement to exit the US from the Paris Agreement which I believe is a critical step forward in addressing climate change.” Portia Crowe & Elizabeth Pfeuti, *Goldman and BlackRock Chiefs Lead Finance’s Revolt On Trump’s Climate Call*, FINANCIAL NEWS (Jun. 2, 2017), <https://www.fnLondon.com/articles/goldman-and-blackrock-chiefs-lead-finances-revolt-on-trumps-climate-call-20170602>. Walmart issued a statement: “Addressing climate change is a win-win: good for society and good for Walmart. See Thompson & Bajaj, *supra* note 89. Walmart also issued a statement on Facebook: “Disappointed in today’s news about the Paris Agreement. We think it’s important for countries to work together to reduce greenhouse gas emissions. I’m proud that Walmart has led on renewable energy and emission reductions for more than a decade, and that we’re continuing to lead through Project Gigaton. It’s the right thing to do for our customers, our business, and the environment.” The company asserted it will continue to commit to its pledge to fight climate change. Christopher Flavelle, *Apple, Wal-Mart Stick With Climate Pledges Despite Trump’s Pivot*, BLOOMBERG (Mar. 30, 2017), <https://www.bloomberg.com/news/articles/2017-03-30/apple-wal-mart-stick-with-climate-pledges-despite-trump-s-pivot>. Lloyd Blankfein with Goldman Sachs said, CEO tweeted, “Today’s decision is a setback for the environment and for the U.S.’s leadership position in the world. #ParisAgreement.” Lloyd Blankfein (@lloydblankfein), TWITTER (June 1, 2017, 4:20 PM), <https://twitter.com/lloydblankfein/status/870389673193082880>. “Climate change is one of the most important issues of our time and requires coordinated global action,” said Pepsico in a statement. They continued, “The Paris Agreement was designed as a framework to help protect our planet while also spurring innovation and economic growth in participating countries. While we are disappointed with the announcement, we hope there is a way for the accord to move forward with the U.S. at the table. PepsiCo’s longstanding commitment to addressing climate change will not change. We have a science-based goal to reduce absolute greenhouse gas emissions across our value chain by at least 20% by 2030, and we will continue taking action to deliver on this goal.” Michael J. Coren, *All the CEOs Who are Staying on Trump’s Elite Advisory Board after the Paris Climate Decision*, QUARTZ (Jun. 3, 2017), <https://qz.com/997738/all-the-ceos-who-are-staying-on-trumps-elite-advisory-board-after-the-paris-climate-decision/>. Campbell Soup issued a statement: “Despite the decision by the Trump Administration to exit the agreement, Campbell will continue to take action to address climate change, and we remain focused on delivering against our sustainability commitments.” Campbell Soup website (Jun. 2, 2017), <https://www.campbellsoupcompany.com/newsroom/news/2017/06/02/position-paris-climate-agreement-climate-change/>. Dow issued a formal statement in response: “While we are disappointed in the decision to withdraw the United States from its commitments in the Paris Climate Agreement, we understand there are always many potential solutions to challenges and are eager to work toward alternative solutions.” Dow website (Jun. 1, 2017), <https://www.dow.com/en-us/news/press-releases/dow-statement-on-paris-climate-agreement>. Mark Sutton, CEO of International Paper said, “Nothing changes for us; we are continuing on our current sustainability path. We don’t agree with all decisions made by

lutely disagree with the Administration on this issue.”⁷³ Jeff Immelt, GE’s CEO, tweeted, “Disappointed with today’s decision on the Paris Agreement. Climate change is real. Industry must now lead and not depend on government.”⁷⁴

Several corporations previously signed open letters to the President urging him to remain in the Paris Climate Agreement.⁷⁵ These corporations include JP Morgan, Disney, Tesla, Goldman Sachs, Johnson & Johnson, United Technologies⁷⁶, Dow, 3M, Campbell Soup, Harris Corporation, GE⁷⁷, Dana, Intel⁷⁸, Newell Brands and Corning⁷⁹.

elected officials, but we believe that it’s best to continue to engage with the administration to work constructively toward the best possible outcomes.” *International Paper Response*, NAT’L RES. DEF. COUNCIL (June 12, 2017), https://www.business-humanrights.org/sites/default/files/documents/International%20Paper%20Response_1.pdf. The company distanced itself from a tradegroup — Industrial Energy Consumers of America — that sent letters to the Trump administration stating that they failed “to see the benefit” of the Paris climate agreement. Dino Grandoni, *The Energy 202: Paris Climate Accord Divides Industrial Trade Group*, WASH. POST (Jun. 13, 2017), [https://www.washingtonpost.com/news/powerpost/paloma/the-energy-202/2017/06/13/the-energy-202-paris-climate-accord-divides-industrial-trade-group/593edc18e9b69b2f\]b981dcf5/?utm_term=.f28d814b8144](https://www.washingtonpost.com/news/powerpost/paloma/the-energy-202/2017/06/13/the-energy-202-paris-climate-accord-divides-industrial-trade-group/593edc18e9b69b2f]b981dcf5/?utm_term=.f28d814b8144) The company also previously set goals to reduce greenhouse gas emissions. *Vision 2020 Goals*, INTERNATIONAL PAPER, <http://www.internationalpaper.com/planet/vision-2020-goals> (last visited Apr. 8, 2020). Under Armour issued statement: “We at Under Armour are disappointed by the Administration’s decision to withdraw from the Paris Climate Agreement as climate change continues to threaten our planet, our cities and our economies.” Press Release, *Under Armour Statement-Paris Climate Agreement*, UNDER ARMOUR (June 2, 2017), <http://www.uabiz.com/releasedetail.cfm?ReleaseID=1028849>.

73. Jamie Dimon added, “But we have a responsibility to engage our elected officials to work constructively and advocate for policies that improve people’s lives and protect our environment.” Saheli Roy Choudhury, *JPMorgan’s Dimon Says Disagrees with Trump Decision to Quit Climate Deal, but ‘We Have a Responsibility to Engage our Elected Officials’*, CNBC (Jun. 2, 2017), <https://www.cnbc.com/2017/06/02/jpmorgan-ceo-dimon-disagrees-with-trumps-decision-to-withdraw-from-climate-deal.html>.

74. Abigail Abrams & Lucinda Shen, ‘Climate Change is Real’: Business Leaders React to President Trump’s Withdrawal from Paris Agreement, FORTUNE (Jun. 2, 2017), <http://fortune.com/2017/06/01/paris-climate-agreement-business-leaders-react/>.

75. *CEOs of Major U.S. Companies Urge Trump: Stay in Paris*, THE B TEAM (May 10, 2017), <http://www.bteam.org/announcements/30-major-ceos-call-on-trump-stay-in-paris/>.

76. *US Fortune 500 Companies Public Support for the Paris Agreement*, CERES (May 10, 2017), https://www.eenews.net/assets/2017/05/26/document_daily_02.pdf.

77. According to the Financial Times, Jeffery Immelt, during a talk at Georgetown University, said, “We are for staying in the treaty. I think global engagement is a good thing.” He went on, “As a company we think that climate change is real. [Withdrawing from the Paris accord is] not going to change one thing that we do regarding energy efficiency . . . and I think all business is going to feel the same way.” Shawn Donnan & Ed Crooks, *GE’s Immelt Urges Trump to Remain in Paris Climate Accord*, FINANCIAL TIMES (May 4, 2017), <https://www.ft.com/content/245babfe-311b-11e7-9555-23ef563ecf9a>.

78. Oregon’s largest private employer indicated it would still be supportive of goals to reduce climate change. Staff Writers, *Intel, Nike, PGE, Portland State, U of O and More Pledge to Back Paris Climate Agreement*, THE OREGONIAN (Jun. 6, 2017), http://www.oregonlive.com/business/index.ssf/2017/06/intel_nike_pge_portland_state.html.

79. Corning also said they “supported the Paris Agreement during its development, we have supported it since, and we have not advocated for withdrawal.” In a response to a nonprofit,

Many of the companies have initiatives to reduce greenhouse gas emissions, such as GM⁸⁰, Walmart, IBM⁸¹, Harris Corporation⁸², Dell⁸³, Whirlpool⁸⁴, Merck, Lockheed and Intel.

Companies remaining silent included Blackstone, IHS Markit, Nucor, Merck⁸⁵, Lockheed⁸⁶, Timken and Boeing. According to the National Resources Defense Council, Nucor supported withdrawal from the Paris Climate Agreement.⁸⁷

Corning said, “The U.S. decision to withdraw from the Paris Accord does not change, in any way, Owens Corning’s commitment to achieve its greenhouse gas reduction goals. . . aligned with limiting global warming to less than 2 degrees Celsius.” *Owens Corning Response*, NAT’L RES. DEF. COUNCIL (June 6, 2017), <https://www.business-humanrights.org/sites/default/files/documents/Owens%20Corning%20Response.pdf>.

80. GM signed a climate declaration in 2013; “GM recognizes that by taking bold climate action it will benefit its customers and communities through cleaner air.” *GM and the Climate Declaration: Why We Signed*, GENERAL MOTORS (Apr. 11, 2014), http://www.generalmotors.green/product/public/us/en/GMGreen/home.detail.html/content/Pages/news/us/en/gm_green/2014/0411-climate-declaration.html

81. IBM writes that it has been a leader in addressing climate change. *Why IBM Stands Firm in Supporting the Paris Climate Agreement*, IBM (June 1, 2017), <https://www.ibm.com/blogs/policy/ibm-supports-paris-climate-agreement/>. IBM also released a statement over Twitter, indicating it would commit to “reduce its own greenhouse gas emissions and will continue to help our clients do so as well.” See Abrams & Shen, *supra* note 74.

82. “Our company’s values of excellence and integrity in all aspects of our business dealings extend to environmental conservation.” Harris Corporation website, <https://www.harris.com/corporate-responsibility/conservation>.

83. “Climate change is an issue of concern to Dell.” *Dell Updates Global Climate Change Policy Principles*, DELL (Jan. 16, 2017), <https://blog.dell.com/en-us/dell-updates-global-climate-change-policy-principles/>.

84. According to an official statement, Whirlpool Corporation will not “change in its long-standing strategic belief and operational commitment to improving the environment in light of the Administration’s decision to withdraw from the Paris Agreement on Climate Change.” *Whirlpool Corporation to Continue its Generational Commitment to Environmental Sustainability*, WHIRLPOOL (Jun. 2, 2017), <http://www.whirlpoolcorp.com/whirlpool-corporation-to-continue-its-generational-commitment-to-environmental-sustainability/>.

85. According to their website, “Scientific data support that climate change is occurring, and we are taking action to reduce the future economic and public health risks associated with a changing climate.” *Merck Corporate Responsibility Report 2016/2017*, MERCK (Nov. 2, 2017), <https://www.msdrresponsibility.com/environmental-sustainability/climate-change-energy-use/>.

According to a public policy statement, Merck supports “science-based international and national actions to address the challenges presented by climate change, including economic incentives for researching, developing and deploying low-carbon and renewable-energy technologies.” *Public Policy Statement: Global Climate Change*, MERCK (Dec. 2016), https://www.merck.com/about/views-and-positions/Climate_Change_Statement.pdf.

86. Marillyn Hewson did refer to climate change when making a speech about new initiatives aimed at the alternative energy sector. Christian Davenport and Amrita Jayakumar, *From Fighter Jets to Fish Farms: Why Lockheed Martin is Taking on Climate Change*, WASH. POST (Mar. 20, 2015), https://www.washingtonpost.com/news/business/wp/2015/03/20/from-fighter-jets-to-fish-farms-why-lockheed-martin-is-taking-on-climate-change/?noredirect=on&utm_term=.5fd76e5d438d.

87. In addition, Nucor is reported to have funded climate change denial through the Heartland Institute. Han Chen, *Companies Defend Paris Deal Because of Its Economic Benefits*,

C. *Unite the Right Rally Comments*

The President's remarks⁸⁸ following the Saturday "Unite the Right" rally in Charlottesville, Virginia, was the death knell to the advisory councils. Of the 31 publicly traded corporations represented on the councils, eight resigned, including corporate leaders from Merck, Intel and Under Armour, who resigned on Monday, and Johnson & Johnson, United Technologies, GE, Campbell Soup, 3M and Corning, who resigned on Wednesday, prior to the President disbanding the councils via Twitter.⁸⁹

The first to resign secondary to the President's comments following the Unite the Right rally was Kenneth Frazier with Merck, who tweeted, "As C.E.O. of Merck and as a matter of personal conscience, I feel a responsibility to take a stand against extremism."⁹⁰ Brian Krzanich, soon after, wrote in an Intel blog post, "I have already made clear my abhorrence at the recent hate-spawned violence in Charlottesville, and earlier today I called on all leaders to condemn the white supremacists and their ilk who marched and committed violence."⁹¹ Under Armour's CEO, Kevin Planck, also resigned that day via a tweet, writing, "I love our country & company. I am stepping down from the council to focus on inspiring & uniting through power of sport."⁹²

NAT'L RES. DEF. COUNCIL (June 1, 2017), <https://www.nrdc.org/experts/companies-did-or-did-not-defend-paris-agreement>.

88. Include full explanation of remarks, including "many sides" on Saturday, the formal statement on Monday and then the doubling down bizarre press conference on Tuesday. The first question President Trump was asked following his press conference on Tuesday following the rally was, "Why do you think these CEOs are leaving your manufacturing council?" Christine Wang & Kevin Breuninger, *Read the Transcript of Donald Trump's Jaw-Dropping Press Conference*, CNBC (Aug. 16, 2017), <https://www.cnbc.com/2017/08/15/read-the-transcript-of-donald-trumps-jaw-dropping-press-conference.html>

89. Several other members, not included here because they do not represent a publicly traded company, resigned as well, including the leaders of the AFL-CIO, American Manufacturing Alliance, and private equity firms.

90. Merck (@Merck), TWITTER (Aug. 14, 2016, 7:00 AM), https://twitter.com/Merck/status/897065338566791169/photo/1?tfw_creator=NBCNews&tfw_site=NBCNews&ref_src=twsrc%5Etfw&ref_url=https%3A%2F%2Fwww.nbcnews.com%2Fpolitics%2Fdonald-trump%2Fmerck-ceo-quits-advisory-council-over-trump-s-charlottesville-remarks-n792416 August 14, 2016

91. He concludes his post with, "The current environment must change, or else our nation will become a shadow of what it once was and what it still can and should be." *Intel CEO Leaves American Manufacturing Council*, POLICY@INTEL (Aug. 14, 2017), <https://blogs.intel.com/policy/2017/08/14/intel-ceo-leaves-manufacturing-council/>.

92. Under Armour (@UnderArmour), TWITTER (Aug. 14, 2017, 7:14 PM), <https://twitter.com/underarmour/status/897250195787964416?lang=en>; Rachel Lewis, *These 18 CEOs Had Strong Words for President Trump's Charlottesville Response*, FORTUNE (Aug. 17, 2017), <http://fortune.com/2017/08/17/ceos-trump-charlottesville-criticized/>

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To clarify the timeline, President Trump made a statement on Saturday, two hours after a vehicle struck a woman at the rally, in which he condemned “hatred, bigotry and violence on many sides, on many sides.”⁹³ He then issued another statement on Monday at the urging of Chief of Staff John Kelly, this time saying, “Racism is evil. And those who cause violence in its name are criminals and thugs, including the K.K.K., neo-Nazis, white supremacists and other hate groups that are repugnant to everything we hold dear as Americans.”⁹⁴ On Tuesday, however, during a press conference on economic issues, he again said there was blame on both sides, and claimed there were “very fine people on both sides.”⁹⁵

On Wednesday, Alex Gorsky with Johnson & Johnson reflected upon the company’s corporate credo and stepped down in a statement on its website, writing, “the president’s remarks yesterday—equating those who are motivated by race-based hate with those who stand up against hatred—were unacceptable.”⁹⁶ Greg Hayes with United Technology resigned in a statement on the corporate webpage, writing, “it is clear that we need to collectively stand together and denounce the politics of hate, intolerance and racism. The values that are the cornerstone of our culture: tolerance, diversity, empathy and trust, must be reaffirmed by our actions every day.”⁹⁷

93. *President Trump Condemns Violence Charlottesville VA*, C-SPAN (Aug. 12, 2017), <https://www.c-span.org/video/?432523-1/president-trump-condemns-violence-charlottesville-va>.

94. Glenn Thrush, *New Outcry as Trump Rebukes Charlottesville Racists 2 Days Later*, N.Y. TIMES (Aug. 14, 2017).

95. Meghan Keneally, *Trump Lashes out at ‘Alt-Left’ in Charlottesville, says ‘Fine People on Both Sides’*, ABC NEWS (Aug. 15, 2017), <https://abcnews.go.com/Politics/trump-lashes-alt-left-charlottesville-fine-people-sides/story?id=49235032>; David Nakamura, *Trump Again Blames ‘Both Sides’ in Charlottesville, Says Some Counterprotesters were ‘Very, Very Violent’*, WASH. POST (Aug. 15, 2017), https://www.washingtonpost.com/news/post-politics/wp/2017/08/15/trump-again-blames-both-sides-in-charlottesville-says-some-counterprotesters-were-very-very-violent/?utm_term=.80e57f19e465

96. “I said yesterday that if we fail to speak out when the situation demands it, then we aren’t being consistent with Our Credo responsibilities. At that time, I believed the best place to speak out was as a member of the White House Manufacturing Advisory Council, by having a seat at that table. But the president’s remarks yesterday—equating those who are motivated by race-based hate with those who stand up against hatred—were unacceptable.” Alex Gorsky, *Responding to Divisions Without Divisiveness*, JOHNSON & JOHNSON (Aug. 16, 2017), <https://www.jnj.com/leadership/responding-to-divisions-without-divisiveness>.

97. Greg Hayes, *Statement from Chairman & CEO*, UNITED TECHNOLOGIES (Aug. 16, 2017), <http://www.utc.com/News/Pages/Statement-from-Chairman-and-CEO-Greg-Hayes.aspx>,

TABLE ONE: CORPORATE RESPONSES TO PRESIDENT TRUMP’S UNITE THE RIGHT COMMENTS

<i>Resigned</i>	<i>Condemned</i>	<i>Statement</i>	<i>No Comment</i>
Merck	Blackrock	GM	Tesla
Intel	IBM	Whirlpool	Harris Corporation
Under Armour	JP Morgan	Disney	Timken
Johnson & Johnson	WalMart	Lockheed Martin	
United Technologies	PepsiCo	Boeing	
GE	Goldman Sachs	Dana	
Campbell Soup	Blackstone		
3M	HIS Markit		
Corning	Dell		
	Nucor		
	Dow		
	Newell Brands		
	International Paper		

Jeff Immelt with GE resigned after initially indicating he would stay on Monday.⁹⁸ Denise Morrison with Campbell Soup said, “The reprehensible scenes of bigotry and hatred on display in Charlottesville over the weekend have no place in our society. Not simply because of the violence, but because the racist ideology at the center of the protests is wrong and must be condemned in no uncertain terms.”⁹⁹ Inge Thulin with 3M issued a statement on Twitter announcing her resignation, writing, “Sustainability, diversity and inclusion are my personal values and also fundamental to the 3M Vision.”¹⁰⁰ Finally, Wendell Weeks with Corning, in his resignation, wrote, “The display of hatred and racism from the white supremacists in Charlottesville is reprehensible. The notion of white supremacy is counter to the ideals on which the United States was founded and deeply offensive to all of us who believe in equality of all people.”¹⁰¹ Larry Fink with Blackrock sought

98. “However, given the ongoing tone of the discussion, I no longer feel that this Council can accomplish these goals. Therefore, I notified members of the council this morning that I could no longer serve.” Jon Chesto, *GE Chair Jeff Immelt Quit Trump Panel just before President Disbanded It*, THE BOSTON GLOBE (Aug. 16, 2017), <https://www.bostonglobe.com/business/2017/08/16/chair-jeff-immelt-quit-trump-panel-just-before-president-disbanded/QqDcQT38fsO5Zl2lJrowfL/story.html>.

99. Ryan Koronowski & Josh Israel, *Trump Dissolves Business Councils Following Mass Resignations Over his Press Conference*, THINK PROGRESS (Aug. 15, 2017), <https://thinkprogress.org/ceos-resign-trump-racism-25cff7278ad1/>; Denise Morrison, *Statement from CEO & President, CAMPBELL SOUP* (Aug. 16, 2017), <https://www.campbellsoupcompany.com/newsroom/news/2017/08/16/statement-denise-morrison-president-ceo-campbell-soup-company/>.

100. 3M (@3M), TWITTER (Aug. 16, 2017, 11:23 AM), <https://twitter.com/3M/status/897856267120648194>.

101. Wendall Weeks, *A Message from the CEO*, CORNING (Aug. 16, 2017), <https://www.corning.com/worldwide/en/about-us/news-events/a-message-from-our-ceo.html>.

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to disband the council and claimed to have informed Schwarzman that he too quit on August 16.¹⁰²

The Strategic and Policy Forum issued a statement at 1:42 p.m. on Wednesday, condemning the violence and agreeing to collectively disband; however, this statement was preempted by President Trump's tweet at 10:14 a.m. IHS Markit supplied the joint statement in response to the media inquiries on its position.¹⁰³

Some corporate leaders issued strongly worded statements condemning the violence and hatred, including leaders from JP Morgan¹⁰⁴, Walmart¹⁰⁵, PepsiCo¹⁰⁶, Goldman Sachs¹⁰⁷, IBM¹⁰⁸,

102. Jack Kaskey, *Why CEOs Spurned Trump's Business Councils, in Their Own Words*, BLOOMBERG (Aug. 17, 2017), <https://www.bloomberg.com/news/articles/2017-08-17/why-ceos-spurned-trump-s-business-councils-in-their-own-words>

103. Mark Harden, *IHS Markit Executive was a Member of One of Trump's Disbanded Business Advisory Panels (Video)*, DENVER BUS. J. (Aug. 16, 2017), <https://www.bizjournals.com/denver/news/2017/08/16/ihs-markit-executive-was-a-member-of-one-of-trump.html>; *Statement from the President's Strategic and Policy Forum*, BUSINESSWIRE (Aug. 16, 2017), <https://www.businesswire.com/news/home/20170816005884/en/>.

104. Christine Wang, *Jamie Dimon Says Racist Behavior has no Place in America, in Note on Charlottesville*, CNBC (Aug. 14, 2017), <https://www.cnbc.com/2017/08/14/jamie-dimon-says-racist-behavior-has-no-place-in-america-in-note-on-charlottesville.html>; Lucinda Shen, *Jamie Dimon on Why He Parted Ways With Trump: 'Racism, Intolerance and Violence Are Always Wrong'*, FORTUNE (Aug. 16, 2017), <http://fortune.com/2017/08/16/jp-morgan-ceo-jamie-dimon-trump-charlottesville/>. Early on, he indicated he would remain or was conflicted, and then he supported dissolution. Hugh Son, *Dimon Says He Strongly Disagreed With Trump on Charlottesville*, BLOOMBERG (Aug. 16, 2017), <https://www.bloomberg.com/news/articles/2017-08-16/dimon-says-he-strongly-disagreed-with-trump-on-charlottesville>. Jamie Dimon wrote, "there is no room for equivocation here: the evil on display by these perpetrators of hate should be condemned and has no place in a country that draws strength from our diversity and humanity." *What Executives Rebuking Trump's Response to Charlottesville Are Saying*, N.Y. TIMES (Aug. 16, 2017), https://www.nytimes.com/2017/08/16/business/ceo-statements-trump.html?log_in=smartlock&auth=login-smartlock.

105. Doug McMillon wrote a statement on his website, which has since been taken down, that said, "As we watched the events and the response from President Trump over the weekend, we too felt that he missed a critical opportunity to help bring our country together by unequivocally rejecting the appalling actions of white supremacists." Hayley Peterson, *'He missed a critical opportunity': Walmart CEO Slams Trump for Failing to 'Unequivocally' Reject White Supremacists*, BUSINESS INSIDER (Aug. 15, 2017), <http://www.businessinsider.com/walmart-responds-to-trump-remarks-on-charlottesville-rally-2017-8>.

106. Indra Nooyi tweeted, "Heartbroken by the violence in #Charlottesville. Hate and intolerance are a betrayal of what we stand for as Americans." Indra Nooyi (@IndiraNooyi), TWITTER (Aug. 12, 2017, 11:00 PM), <https://twitter.com/IndiraNooyi/status/896582278637170688>.

107. Lloyd Blankfein tweeted, "Lincoln: "A house divided against itself cannot stand." Isolate those who try to separate us. No equivalence w/ those who bring us together." Lloyd Blankfein (@lloydblankfein), TWITTER (Aug. 14, 2017, 8:35 AM), <https://twitter.com/lloydblankfein/status/897089317457321984>.

108. Ginni Rometty, during a conference call with fellow members on Wednesday, suggested that the advisory council condemn and disband. Anita Balakrishnan, David Gernon & Ruth Umoh, *Here's How Silicon Valley is Responding to the Charlottesville Rally, and Trump's Comments on It*, CNBC (Aug. 17, 2017), <https://www.cnbc.com/2017/08/17/tim-cook-mark-zucker>

Blackstone¹⁰⁹, Dell¹¹⁰, Nucor¹¹¹, Dow¹¹², Newell Brands¹¹³, and International Paper.¹¹⁴ Using softer, more aspirational language, the leaders of GM¹¹⁵, Disney¹¹⁶, Lockheed¹¹⁷, Whirlpool¹¹⁸, Boeing¹¹⁹, and

berg-google-tech-ceos-respond-to-charlottesville-rally.html. Later that week, she issued a statement to employees. "The despicable conduct of hate groups in Charlottesville last weekend, and the violence and death that resulted from it, shows yet again that our nation needs to focus on unity, inclusion, and tolerance. . . . And we have always believed that dialogue is critical to progress; that is why I joined the President's Forum earlier this year. But this group can no longer serve the purpose for which it was formed." *Statement from Ginni Rometty*, CEO ACTION FOR DIVERSITY & INCLUSION (Aug. 16, 2017), <https://www.ceoaction.com/actions/statement-from-ginni-rometty/>

109. Stephen Schwarzman said, "Bigotry, hatred and extremism are an affront to core American values and have no place in this country," in an emailed statement Monday. "Encouraging tolerance and understanding must be a core national imperative and I will work to further that goal." Melissa Mittelman, *Trump Adviser Schwarzman Condemns Hatred After Virginia Violence*, BLOOMBERG (Aug. 14, 2017), <https://www.bloomberg.com/news/articles/2017-08-14/trump-adviser-schwarzman-condemns-hatred-after-virginia-violence>.

110. Dell, who did not resign, said in a statement to USA Today, "Hate is evil and we've seen far too much hate lately whether in Charlottesville, Barcelona or elsewhere." Jon Swartz, *Michael Dell weighs in on Charlottesville, Barcelona*, USA Today (Aug. 18, 2017), <https://www.usatoday.com/story/tech/talkingtech/2017/08/18/michael-dell-weighs-charlottesville-barcelona/581670001/>.

111. Ferriola said he and Nucor "reject the hate, bigotry and racism expressed at the demonstration." David Gernon, *Here are the CEOs Who are Still on Trump's Councils and Here are the CEOs Who have Left*, CNBC (Aug. 15, 2017), <https://www.cnbc.com/2017/08/15/as-ceo-exodus-from-trump-councils-continues-here-what-ceos-said-in-their-own-words.html>

112. "I condemn the violence this weekend in Charlottesville, Virginia, and my thoughts and prayers are with those who lost loved ones and with the people of Virginia . . . Dow will continue to work to strengthen the social and economic fabric of the communities where it operates – including supporting policies that help create employment opportunities in manufacturing and rebuild the American workforce." *Id.*

113. Michael Polk with Newell Brands indicated he intended to stay and wrote, "We reject and condemn all that hate stands for and hope that as a society, we can come together as one in this view. For its part, Newell Brands has always been and will always be committed to diversity and inclusion in every aspect of our business." Kellie Ell, *Statements from CEOs who served on Trump's now-disbanded economic councils*, USA TODAY (Aug. 18, 2017), <https://www.usatoday.com/story/money/2017/08/18/statements-ceos-who-served-trumps-econ-disbands-two-councils-via-twitter-after-onslaught-resignation/572496001/>

114. Sutton with International paper said, "International Paper strongly condemns the violence that took place in Charlottesville over the weekend – there is no place for hatred, bigotry and racism in our society." Also indicated they would remain on the council. *See* Koronowski & Israel, *supra* note 99.

115. Mary Barra issued a statement and tweeted, "GM is about unity and inclusion, and so am I." We must reinforce tolerance and diversity. Mary Barra (@mtbara), TWITTER (Aug. 16, 2017, 2:36 PM), <https://twitter.com/mtbarra/status/897904810619305984?lang=en>. The statement was diplomatic and aspirational.

116. Bob Iger was already out, but on August 12, the date of the rally, he tweeted, "RFK re: MLK: Let's dedicate ourselves to what the Greeks wrote yrs ago-"Tame the savageness of man & make gentle the life of this world.'" Bob Iger (@RobertIger), TWITTER (Aug. 12, 2017, 7:49 PM), <https://twitter.com/RobertIger/status/896534190572814336>.

117. Marillyn Hewson with Lockheed sent a corporate communication that indicated she would like to remain on the council to have a seat at the table. She also said "racism, discrimination and hate will not be tolerated." Lockheed Martin did not issue a public statement. *See*

Dana¹²⁰ also issued statements; however, they were not directly critical of the event or of the President's response to the event. Remaining silent on the matter included the leaders of Tesla, Harris Corporation¹²¹, and Timken. Elon Musk, the leader of Tesla, resigned from the council earlier.

IV. IMPACT OF STATEMENTS ON STOCK PRICE & ANALYSIS

A. METHODOLOGY

To assess whether the corporate communications issued in response to presidential communications had a financial impact on shareholder price, the stock price of each organization was assessed on the day of the corporate communication, including a range of three weeks prior and three weeks following the communication. This stock price was then compared to a stock composite to assess the price in comparison to an industry average, and then, to greater parse out any potential impact of the communication, the stock price was compared to the company's two most similar competitors.

This method to assess the impact of accounting statements was devised by Ray McNamara and adapted by Catherine Whelan based on Ball and Brown's process of assessing stock change based on earnings

Koronowski & Israel, *supra* note 99; Aaron Gregg & Jenna McGregor, *Why Government's Biggest Contractors Balked at Criticizing Trump*, WASH. POST (Aug. 17, 2017), https://www.washingtonpost.com/business/capitalbusiness/among-government-contractors-a-measured-response-to-trumps-charlottesville-remarks/2017/08/17/ae00fe02-82df-11e7-b359-15a3617c767b_story.html?noredirect=on&utm_term=.3f40f562c8de

118. According to CNBC, the CEO said "the company fosters an environment of acceptance and tolerance in the workplace and will continue on the council to 'represent our industry, our 15,000 U.S. workers, and to provide input and advice on ways to create jobs and strengthen U.S. manufacturing competitiveness.'" See Gernon, *supra* note 108.

119. Dennis Muilenberg with Boeing indicated he would stay on the council and did not take public stance against President. Muilenberg said, "We also remain firmly committed to the core values upon which our company and country were built, including equality and respect for all people." Danielle Paquette, *These CEOs Stuck by Trump as Others Defected. Then He Dumped Them*, WASH. POST (Aug. 17, 2017), https://www.washingtonpost.com/news/wonk/wp/2017/08/17/these-ceos-stuck-by-trump-as-others-defected-then-he-dumped-them/?utm_term=.082804c94d19.

120. On June 13, 2017, Dana announced on Twitter that "Dana CEO Jim Kamsickas has joined the @CEOAction global initiative to advance #diversityandinclusion in the workplace. #CEOAction." Dana Incorporated (@DanaInc_), TWITTER (June 13, 2017, 9:53 AM), https://twitter.com/DanaInc_/status/874640752940339205. Kamsickas issued a statement regarding the disbanding, indicating "understanding," and wrote, "Racism, bigotry, and violence have no place in our society." *Dana CEO Issues Statement on Manufacturing Jobs Initiative*, DANA (Aug. 16, 2017), <http://dana.mediaroom.com/2017-08-16-Dana-CEO-Issues-Statement-on-Manufacturing-Jobs-Initiative>.

121. See Paquette, *supra* note 119.

announcements.¹²² More specifically, the analysis involved calculating the daily returns — $(P1-P0)/P0$ — for each of the three companies, where P = closing price per share. Then the cumulative residual was determined by subtracting the return on the market index from each company's return (this was done on a daily basis and then a cumulative total was calculated). The results for each corporation and its two competitors were then graphed. In the future, corporate announcements in the six week window will also be assessed to see if any other corporate communications could explain the trajectory of the stock price as compared to the index and competitors. In a few cases, the author has identified additional announcements that may explain certain trajectories. A future analysis will also assess communications issued by the competitors to see if they made any similar statements that might have impacted their stocks. If the statement (or lack of statement) made little to no impact, then the cumulative residual will hover around zero.

B. *Impact & Analysis*

1. Statement Impact on Stock Performance

First, in looking at the two companies of CEOs who directly responded to the travel ban order, Tesla and Under Armour, that data shows a positive trend for Tesla whereas its competitors were on a negative trend. At the time, Tesla appeared to be on schedule for its Model 3 launch and the company's self-driving software was exonerated by the NTSB.¹²³ In addition, the Financial Accounting Standards Board ("FASB") issued a decision regarding revenue recognition and leases deemed favorable to Tesla in June of 2017.¹²⁴ On the other hand, Under Armour suffered a significant dip whereas its competitors were more stable. In possible explanation, the company an-

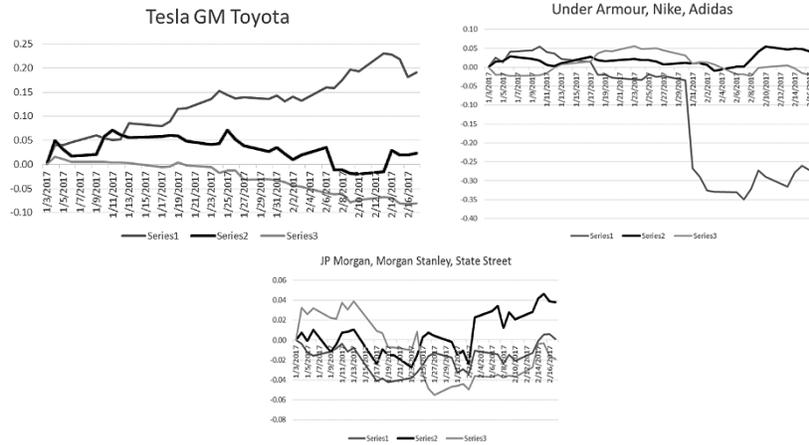
122. Ray Ball & Philip Brown, An Empirical Evaluation of Accounting Income Numbers, 6 J. ACCT. RES. 159, 166—77 (1968) (cited by Kewei Hou, Chen Xue & Lu Zhang, Digesting Anomalies: An Investment Approach, 28 REV. FIN. STUD. 650 (2015); William H. Beaver, Maureen F. McNichols & Zach Z. Wang, The Information Content of Earnings Announcements: New Insights from Intertemporal and Cross-Sectional Behavior, 23 Rev. Acct. Stud. 95 (2018); and Vivian W. Fang, Allen H. Huang & Jonathan M. Karpoff, Short Selling and Earnings Management: A Controlled Experiment, 71 J. FIN. 1251 (2016)).

123. Neal E. Boudette, Tesla's Self-Driving System Cleared in Deadly Crash, N.Y. TIMES (Jan. 19, 2017), <https://www.nytimes.com/2017/01/19/business/tesla-model-s-autopilot-fatal-crash.html>.

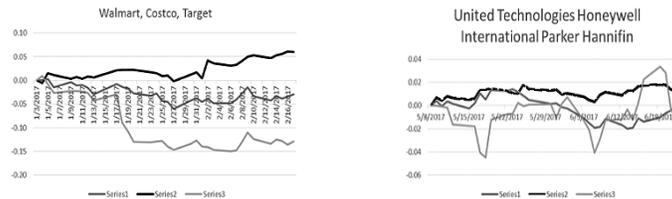
124. Tentative Board Decisions, FASB (June 17, 2017), https://www.fasb.org/jsp/FASB/FASB-Content_C/ActionAlertPage&cid=1176169147850.

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nounced that its Chief Financial Officer was resigning and that its 2017 earnings would be less than expected.¹²⁵



Looking at companies that instead issued internal communications in support of employees (as opposed to public comments), the data shows performance consistent with peers and little to no impact on share price. For instance, looking at JP Morgan on or about January 27, there was a slight increase and then fluctuations similar to Morgan Stanley and State Street. Here are three examples to demonstrate what the cumulative residuals looked like before and after the travel ban announcement:

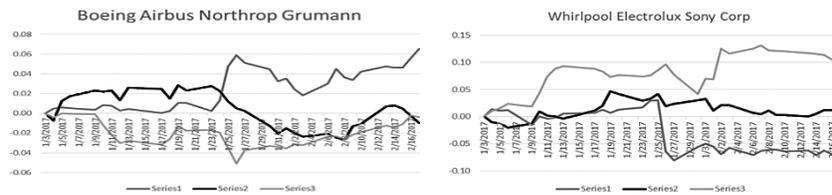


There were two findings inconsistent with the assessment above, including 3M, which appeared to have experienced a negative impact in contrast to competitors, and GM, which was experiencing negative performance prior to the travel ban and continued on the negative trend.

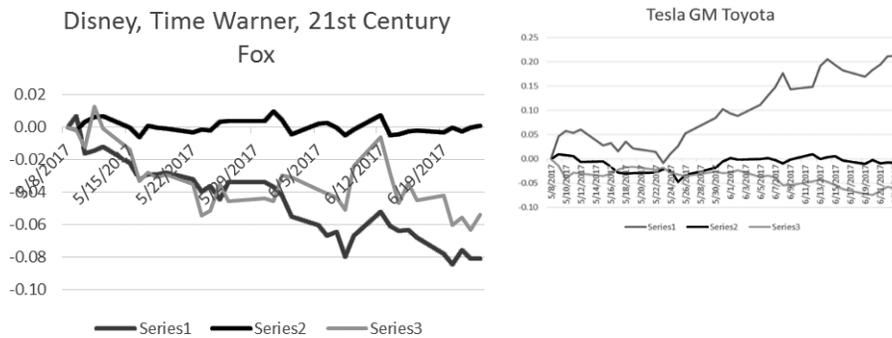
In examining the data from companies who remained silent in regard to the travel ban, the findings are similar to the companies who

125. Paul R. La Monica, Under Armour Under Siege: Stock Plunges 25%, CNN Money (Jan. 31, 2017), <http://money.cnn.com/2017/01/31/investing/under-armour-stock-earnings-nike/index.html>

issued internal statements: in most cases, the cumulative residuals were consistent with competitors and hovered around zero. Boeing, however, spiked sharply up whereas its competitors dipped down, and Whirlpool experienced a curious dip but then its performance normalized consistent with its competitors. At the time, Boeing made an announcement that its quarterly earnings were higher than expected and that it expected to generate greater operating cash in 2017.¹²⁶ Whirlpool's stock was hurt due to lower than expected sales.¹²⁷

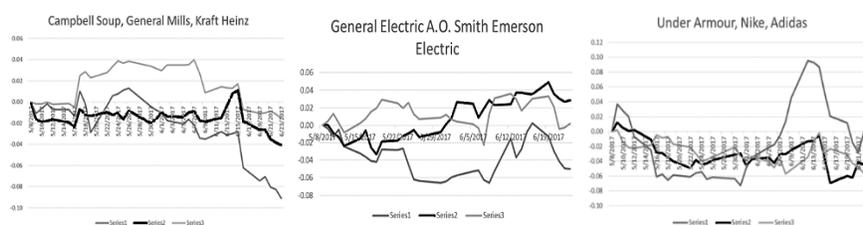


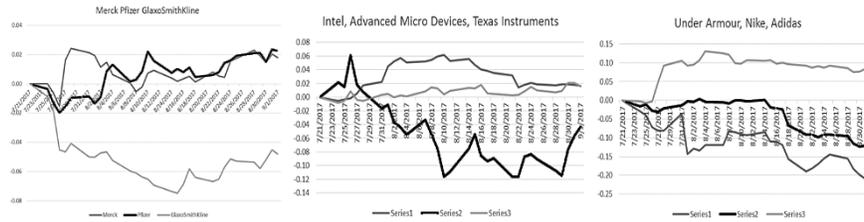
Two corporate leaders, Elon Musk and Bob Iger with Disney, resigned from the councils following President Trump's announcement that the United States would withdraw from the Paris Climate Agreement. Considering that Tesla is an electric car manufacturer and that the company seeks to create sustainable transport, Musk's announcement and position was very much consistent with the mission of the company. Musk's announcement does appear to have had a positive impact on its share price. Disney, though possessing many initiatives to reduce its carbon footprint, is not a company that people immediately associate with sustainability and climate initiatives, and its performance decreased, though, overall, its performance was consistent with its competitors.



126. Alwyn Scott, *Boeing Shares Jump on Strong Fourth-Quarter Results, 2017 Forecast*, REUTERS (Jan. 25, 2017), <https://www.reuters.com/article/us-boeing-results-idUSKBN1591FV>.
 127. *Whirlpool (WHR) Beats on Q4 Earnings, Sales Lag Hurts Stock*, ZACKS (Jan. 25, 2017), <https://www.zacks.com/stock/news/290008/whirlpool-whr-beats-on-q4-earnings-sales-lag-hurts-stock>.

Examining the data in regard to the corporate leadership who expressed disagreement with the President’s position, in most cases, the corporations’ performance was consistent with competitors in terms of rises and dips. Campbell Soup seemed to have suffered a decline in performance, but the trend thereafter was similar to its competitors. GE also experienced negative performance, but its lower performance appeared prior to any statements made on the environment. Finally, Under Armour appeared to have experienced a positive trend following its statement, which may have been perceived as more proactive than its response to the Travel Ban.





For the next set of corporations who had leaders resigning from the councils, the data was similar. Their departures had little to no impact on share price with the cumulative residual hovering near zero. The results were similar for corporations condemning the President’s statements: their official statements had little to no impact. So was the case with corporate leaders issuing more generalized statements condemning hate groups, but not directly critical of the President. Among the four companies that did not issue a statement at all, only Tesla appeared to experience a dip in contrast to competitors.

2. Analysis

As aforementioned, the author’s hypothesis was that making a statement, especially if consistent with corporate values, would result in a positive gain compared to competitors, and that remaining silent, if doing so is inconsistent with corporate values, would result in a loss compared to competitors. With the possible exception of Tesla and Under Armour responding to the Paris Climate Agreement withdrawal, the data demonstrates that statements, both direct and more nuanced, and silence in regard to Presidential communications have little to no impact on share price. Instead, there are more clear markers, such as when a corporation announces layoffs or a new product, that show a clear dip or rise, but the responses to Presidential communications had a minimal impact.

Diversity and inclusivity are generally universal values for corporations and issuing a statement in opposition to the travel ban could be viewed as consistent with those values. The data, however, does not indicate a correlation between a public statement and share price. Moreover, the data does not reveal any marked difference between companies who issued statements and who remained silent, perhaps suggesting that company leaders may feel free to support or oppose the President without fear of financial reprisal. The only finding that may indicate a positive relationship between a statement or action and stock price is when Elon Musk left the council after President Trump withdrew from the Paris Climate Agreement. Curiously, prior to the announcement, Tesla’s stock started rising on May 23; therefore, other

announcements or reasons could account for the upward trend. Nevertheless, as Tesla is an electric car company that seeks a zero-emission future, making a statement in opposition to the withdrawal is very much consistent with its values and core business, and a rise in stock price compared to its competitors is an interesting finding.

However, contrary to what was noted by Chatterji et al. in their work regarding corporate advocacy and the net positive of issuing statements, the overall results do not seem to translate to the context of shareholder value. Or rather, the data does not indicate a clear positive result for making statements consistent with core values nor a clear negative impact for remaining silent even when doing so appears to be inconsistent with core values. In other words, the data appears to indicate that the market absorbs corporate activism – and lack of activism – equally in that there is very little impact. Perhaps public opinion favors statements consistent with a corporation’s mission and values, but the market is indifferent.

V. RECOMMENDATIONS & CONCLUSION

Instead of a clear increase when a statement was made consistent with corporate values and a dip when a statement was not made or a made contrary to corporate values, there was instead market indifference. Perhaps a small dip or increase was noted, but nothing in the cumulative residuals suggests that a statement or lack of statement in regard to Presidential policies or communications makes any significant impact on financial performance. Based on this analysis of the data, if a corporate leader believes that making a statement is the right thing to do, he or she should not be dissuaded from making such a statement based on a fear or concern that a statement might impact stock price. Likewise, should a corporate leader feel compelled to speak out in support or in opposition to presidential policies, then he or she is not likely to face stock market backlash. The result of this study, therefore, is generally a non-finding – a determination that the market does not seem to be impacted by corporate advocacy in the form of statements on presidential policy nor is it impacted by the decision to not speak out even when doing so appears to be inconsistent with the core values of the firm.

Appendix A - Strategic & Policy Forum Members from Publicly-Traded Companies

Mary Barra, General Motors

Mission: to earn customers for life¹²⁹

Core Values: customers, relationships, excellence¹³⁰

Jamie Dimon, JPMorgan

Mission: to be the best financial services company in the world¹³¹

commitment to fairness, integrity and responsibility and a great team and winning culture¹³²

Larry Fink, Blackrock

Mission: to create a better financial future for our clients¹³³

Principles: we are a fiduciary to our clients; we are passionate about performance; we are one BlackRock; and we are innovators¹³⁴

Bob Iger, Disney

Mission: to be one of the world's leading producers and providers of entertainment and information¹³⁵

Core Competencies: leadership, employee engagement, service¹³⁶

Doug McMillon, Walmart

Mission: we save people money so they can live better¹³⁷

Core Values: service to the customer, respect for the individual, strive for excellence, act with integrity¹³⁸

Elon Musk¹³⁹, Tesla

129. Angelo Sorbello, *General Motors Mission Statement Analysis and Vision*, GENERAL MOTORS (2020) <https://www.gm.com/company/about-gm.html>.

130. *GM's Code of Conduct*, GENERAL MOTORS (2020), https://www.gm.com/content/dam/gm/en_us/english/Group4/InvestorsPDFDocuments/WWI.pdf.

131. *JP Morgan Mission Statement and Vision Analysis*, JP MORGAN (Dec. 20, 2019), https://www.jpmorganchase.com/corporate/About-JPMC/document/business_principles.pdf.

132. *Business Principles*, JP MORGAN (2020), <https://www.jpmorganchase.com/corporate/About-JPMC/ab-business-principles.html>.

133. *What We Stand For*, BLACKROCK (2020), <https://www.blackrock.com/corporate/about-us/mission-and-principles>.

134. *Id.*

135. *About The Walt Disney Company*, THE WALT DISNEY COMPANY (2020), <https://thewaltdisneycompany.com/about/>.

136. *Discover Our Core Expertise Disney Institute Fundamentals: Work Together as a System*, DISNEY INSTITUTE (2020), <https://disneyinstitute.com/about/our-core-competencies/>.

137. *Our History*, WALMART (2020), <https://corporate.walmart.com/our-story/our-history>.

138. *Working at Walmart: Opportunity & Advancement*, WALMART (2020), <https://corporate.walmart.com/our-story/working-at-walmart>.

139. Elon Musk was the only executive who served on both councils. For purposes of this study, he is only listed once, under the Strategic & Policy Forum.

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Mission: to accelerate the world's transition to sustainable energy¹⁴⁰

Aspiration: do the right thing¹⁴¹

Indra Nooyi, PepsiCo

Mission: to be the world's premier consumer products company focused on convenient foods and beverages¹⁴²

Values: honesty, fairness and integrity¹⁴³

Adebayo Ogunlesi, Goldman Sachs

Principles: focus on clients and our people, provide superior returns, quality, creativity, recruitment, advancement, teamwork, dedication, size, adaptability, confidentiality, competitive, integrity and honesty¹⁴⁴

Ginni Rometty, IBM

Values: dedication to every client's success; innovation that matters — for our company and for the world; trust and personal responsibility in all relationships¹⁴⁵

Stephen Schwarzman, Blackstone

Core Beliefs: professionalism and integrity, focus on clients, innovation and focus on our people¹⁴⁶

Daniel Yergin, IHS Markit

Mission: delight our customers daily by delivering a powerful combination of world-class expertise, knowledge and solutions so they can make more informed decisions to enable their long-term, sustainable growth¹⁴⁷

140. *About Tesla: Tesla's mission is to accelerate the world's transition to sustainable energy*, TESLA (2020), <https://www.tesla.com/about>.

141. Tesla does not have guiding principles or values and instead references “doing the right thing” in its Code of Business Conduct.

142. *PepsiCo Mission and Values*, PEPSICO (2020), <https://www.pepsicoschool.gr/eng/pepsico-spg6/pepsico-mission-and-values-spg21/>.

143. *Id.*

144. Goldman Sachs does not have a mission statement and relies upon its fourteen guiding principles, which are abridged above. *People and Culture*, GOLDMAN SACHS (2020), <http://www.goldmansachs.com/who-we-are/business-standards/business-principles/>.

145. IBM does not have a mission statement and instead relies upon its values. *Our Values at Work*, IBM (2020), <https://www.ibm.com/ibm/values/us/>.

146. This is an abridged version of their core beliefs. Blackstone is an investment firm without a discernible mission statement. *The Firm*, BLACKSTONE (2020), <https://www.blackstone.com/the-firm/overview>.

147. *IHS Markit Business Code of Conduct*, IHS MARKIT (2019), <http://investor.ihsmarkit.com/phoenix.zhtml?c=188457&p=irol-govhighlights>.

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Core Values: accountability, customer focus, inclusiveness, innovation, integrity and partnership¹⁴⁸

148. IHS Markit bills itself as “the leading source of information and insight in critical areas that shape today’s business landscape.” *Id.*

Appendix B - Manufacturing Jobs Initiative Members from Publicly-Traded Companies

Bill Brown, Harris Corp

Mission: to be the best-in-class global provider of mission-critical products, systems and services to both government and commercial customers, combining advanced technology and application knowledge to offer a superior value proposition.¹⁴⁹

Values: integrity, excellence, customers, results, innovation, and inclusion¹⁵⁰

Michael Dell, Dell

Values: customer, winning together, innovation, results, integrity¹⁵¹

John Ferriola, Nucor¹⁵²

Goal: to take care of our customers¹⁵³

Guiding Principles: commercial excellence, safety first, eliminating hierarchy, granting trust and freedom, giving all workers a stake in the company, turning everyone into a decision maker, inspiring a work ethic, employee relations¹⁵⁴

Jeff Fettig, Whirlpool

Mission: create demand and earn trust every day¹⁵⁵

Values: respect, integrity, diversity and inclusion, teamwork and the spirit of winning¹⁵⁶

Kenneth Frazier, Merck

Mission: to discover, develop and provide innovative products and services that save and improve lives around the world¹⁵⁷

149. *Who We Are*, L3HARRIS (2020), <https://www.harris.com/about/our-mission-and-values>.

150. In regards to integrity, the company further specifies, "We never compromise our values in pursuit of business performance and success." *Id.*

151. *Culture Code*, DELL (2019), <http://i.dell.com/sites/imagecontent/corporate/careers/en/PublishingImages/Infographics/Our%20Culture%20Code.jpg>.

152. Nucor is a steel and steel products company. *Who We Are*, NUCOR (2020), <https://www.nucor.com/who-we-are>.

153. *Who We Are*, NUCOR (2020), <https://www.nucor.com/who-we-are>.

154. All of these statements may be found on Nucor's website under "Chapter 4: Culture". *Our Culture*, NUCOR (2020), <https://www.nucor.com/our-culture>.

155. *Our Company*, WHIRLPOOL CORP (2020), <http://www.whirlpoolcorp.com/our-company/>.

156. *Id.*

157. *About Us*, MERCK (2020), <http://www.merck.com/about/home.html>.

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Values: patients first, respect for people, ethics and integrity, innovation and scientific excellence¹⁵⁸

Alex Gorsky, Johnson & Johnson

Credo: responsibility to customers, employees, communities and stockholders¹⁵⁹

Greg Hayes, United Technologies¹⁶⁰

Commitments: performance, innovation, opportunity, responsibility, results¹⁶¹

Values: trust, integrity, excellence, innovation, respect¹⁶²

Marillyn Hewson, Lockheed

Mission: we solve complex challenges, advance scientific discovery and deliver innovative solutions to help our customers keep people safe¹⁶³

Values: do what's right, respect others, perform with excellence¹⁶⁴

Jeff Immelt, G.E.¹⁶⁵

Mission: build, power, cure, move, and connect the world¹⁶⁶

Core Belief: We embrace simplicity and diversity and we believe great, world-changing ideas can come from anyone, anywhere in our organization¹⁶⁷

Jim Kamsickas, Dana¹⁶⁸

158. *Code of Conduct*, MERCK (2020), http://www.msd.com/pdfs/English%20_Merck_Code-Of-Conduct.pdf.

159. This is an abridged version of Johnson & Johnson's credo. *Our Credo*, JOHNSON & JOHNSON (2020), <https://www.jnj.com/about-jnj/jnj-credo>.

160. UTC claims to rank "among the world's most respected and innovative companies." *Key Facts*, RAYTHEON TECHNOLOGIES (2020), <http://www.utc.com/Who-We-Are/Pages/Key-Facts.aspx>.

161. *Our Commitments*, RAYTHEON TECHNOLOGIES (2020), <http://www.utc.com/How-We-Work/Our-Commitments/Pages/default.aspx>.

162. *Ethics and Compliance*, RAYTHEON TECHNOLOGIES (2020), <http://unitedbyvalues.utc.com/>.

163. *About Lockheed Martin*, LOCKHEED MARTIN (2020), https://www.lockheedmartin.com/us/who-we-are/ethics/our_vision_values.html.

164. *Id.*

165. Jack Welch served on the Strategic & Policy Forum, but since he is no longer the CEO, he is not included in this study.

166. *Our Culture*, GE (2020), <https://www.ge.com/careers/culture>.

167. *Id.*

168. Dana, a manufacturer of drive shafts and truck axles, describes itself as "a world leader in highly engineered solutions for improving the efficiency, performance, and sustainability of powered vehicles and machinery." *Investors*, DANA (2020), <http://phx.corporate-ir.net/phoenix.zhtml?c=66043&p=irol-irhome>.

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Values: honesty and integrity; “do the right thing”¹⁶⁹

Brian Krzanich, Intel

Mission: utilize the power of Moore’s Law to bring smart, connected devices to every person on earth.¹⁷⁰

Values: customer orientation, results training, risk taking, great place to work, quality, discipline¹⁷¹

Richard Kyle, Timken

Mission: we use our knowledge to make the world’s industries work better¹⁷²

Values: ethics and integrity, quality, teamwork, excellence¹⁷³

Andrew Liveris, Dow

Mission: to passionately create innovation for our stakeholders at the intersection of chemistry, biology, and physics¹⁷⁴

Values: integrity, respect for people, protecting our planet¹⁷⁵

Denise Morrison, Campbell Soup

Purpose: real food that matters for life’s moments¹⁷⁶

Beliefs: we believe that food should be good, delicious and accessible – all three without compromise¹⁷⁷

Dennis Muilenburg, Boeing¹⁷⁸

Mission: Connect, Protect, Explore and Inspire the World through Aerospace Innovation¹⁷⁹

Values: integrity, quality, safety, diversity and inclusion, trust and respect, corporate citizenship and stakeholder success¹⁸⁰

169. *Community*, DANA (2020), <http://www.dana.com/corporate-pages/careers/community>.

170. *What Are Intel’s Mission Statement, Values, and Objectives?*, INTEL (2020), <https://www.intel.com/content/www/us/en/support/articles/000015119/programs.html>.

171. *Id.*

172. *Mission, Vision and Values*, TIMKEN (2020), <https://www.timken.com/about/mission-vision-values-guiding-principles/>.

173. *Id.*

174. *Our Company*, DOW (2020), <https://www.dow.com/en-us/about-dow/our-company/mission-and-vision>.

175. *Id.*

176. *Investor Overview*, CAMPBELLS (2019), <http://investor.campbellsoupcompany.com/phoenix.zhtml?c=88650&p=irol-irhome>.

177. *Our Beliefs*, CAMPBELLS (2020), <https://www.campbells.com/our-values/>.

178. Jim McNerney, the former chairman of Boeing, was also a member of the Strategic & Policy Forum, but he was also not included in this study as the current CEO is also a presidential advisory council member.

179. <http://www.boeing.com/principles/vision.page>

180. *Id.*

Kevin Plank, Under Armour

Vision: to inspire you with performance solutions you never knew you needed and can't imagine living without¹⁸¹

Values: love athletes, stand for equality, fight on together, create fearlessly, always connect, stay true, think beyond, celebrate the wins¹⁸²

Michael Polk, Newell Brands

Mission: to become one of the most transformative consumer goods companies in the world¹⁸³

Principles: daring greatly, out front, own grown, at the heart of life¹⁸⁴

Mark Sutton, International Paper

Mission: To improve people's lives, the planet and our company's performance by transforming renewable resources into products people depend on every day¹⁸⁵

Core Values: commitment, ownership, respect and excellence¹⁸⁶

Inge Thulin, 3M

Vision: 3M technology advancing every company; 3M products enhancing every home; 3M innovation improving every life¹⁸⁷

Guiding Values: honesty and integrity, innovation and quality, value and service, growth, respect, employee growth, earn admiration¹⁸⁸

Wendell Weeks, Corning

Mission: another 165 years of innovation and independence¹⁸⁹

Values: quality, integrity, performance, leadership, innovation, independence and the individual.¹⁹⁰

181. Under Armour's mission is "Under Armour makes you better." *Mission and Values*, UNDER ARMOUR (2020), <https://careers.underarmour.com/mission-and-values#inPage-nav>.

182. *Mission and Values*, UNDER ARMOUR (2020), <https://careers.underarmour.com/mission-and-values#inPage-nav>.

183. *Ethics and Compliance*, NEWELL (2020), http://s1.q4cdn.com/122517005/files/doc_downloads/corp_gov/2017/codeofconduct-english.pdf.

184. *Id.*

185. *About International Paper*, INTERNATIONAL PAPER (2020), <http://www.internationalpaper.com/company/about-international-paper>.

186. *Id.*

187. 3M capitalizes every word in its vision and does not separate each clause with semicolons. *Who We Are*, 3M (2017), <http://multimedia.3m.com/mws/media/1393026O/2017-sustainability-report-Who-We-Are-Section.pdf>.

188. This is an abridged version of 3M's guiding values. *Id.*

189. *Corning at a Glance*, CORNING (2019), https://www.corning.com/media/worldwide/global/documents/corning_at_a_glance.pdf.

190. Corning capitalizes each of its values and places a period between each one. *Our Values*, CORNING (2019), <https://www.corning.com/worldwide/en/careers/our-values.html>.