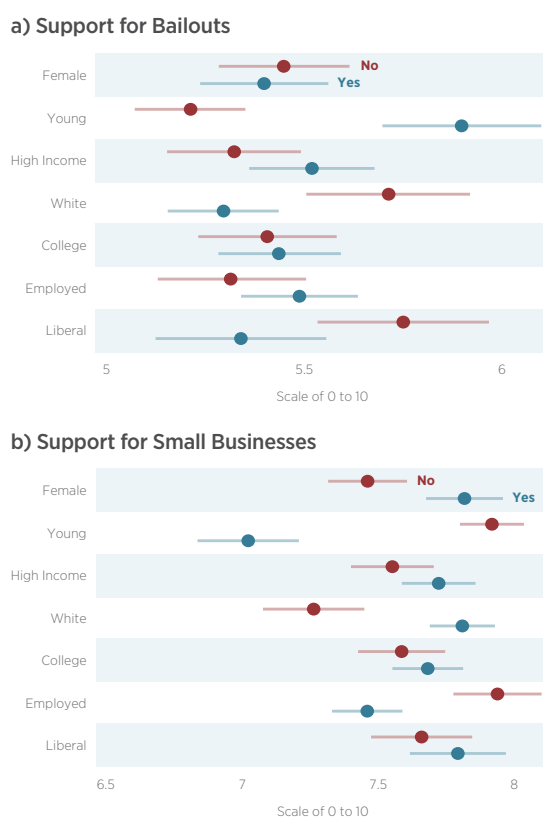


Selfish Corporations

Based on BFI Working Paper 2022-05, “[Selfish Corporations](#),” by Emanuele Colonnelli, Chicago Booth; Niels Joachim Gormsen, Chicago Booth; and Tim McQuade, University of California, Berkeley

Large-scale surveys reveal that Americans demand better behavior from corporations; also, this research shows a strong baseline link between big business discontent and the support for economic policies like corporate bailouts.

Figure 1 • Support for Economic Policies Varies Across Socio-Demographic Groups in America



Note: This figure shows how the authors' support for economic policy measures vary across socio-demographic characteristics of the respondents. For example, the bottom panel illustrates respondents' support for government initiatives providing money directly to small businesses. In general, the support for these "small business bailouts" is significantly higher than the support for bailouts of large corporations across all groups of respondents. The sample consists of respondents in the authors' Control video group. "Yes" indicates the respondent belongs to the given group in the y-axis, while "No" indicates otherwise. (See Table 1 in the working paper) for a definition of each specific socio-demographic indicator variable.) The sub-figures display the average and the 95% confidence interval. All outcomes are measured on a scale of 0 to 10, and they are defined in Section 3.2 of the working paper.

The role of large corporations in society is a current topic of much debate in the United States, driven by such issues as workplace diversity, wage inequality, environmental protection, and increasing skepticism about the power of big tech companies. At its core, the debate reflects the tension between a 2019 statement by the Business Roundtable that calls for corporations to promote “an economy that serves all Americans,” and a famous 1970 statement by Milton Friedman that “the social responsibility of business is to increase its profits.”

Motivated by this public debate regarding corporate responsibility, this research employs theoretical behavioral modeling and an experimental survey design to study the general setting where individuals form policy preferences based on highly salient issues, and where political and corporate communication strategies may shape such preferences through persuasion. The authors focus on certain types of news stories or narratives, specific aspects of a policy decision that are contextually related to that coverage and made highly salient, so that the populace will view the policy decision through that narrow lens. Moreover, the authors account for how the media, by presenting issues in either a positive or negative light, and by using language or narrative setting, can lead people to certain views.

The authors' model is inspired by a psychology model of associative memory recall that formalizes how links between communication and policy preferences can arise. Broadly described, communications and messaging provide cues that prime people to recall experiences like the cue. Policy preferences are thus dependent on the cue, since they impact the set of experiences used to evaluate the policy.

The authors then test their model against a novel, online survey of 6,727 US citizens, developed specifically to study the link between corporate responsibility and public support for corporate bailouts and related policies during the 2020 coronavirus crisis. Focusing on bailouts at a time of crisis provides an apt setting for the authors' analysis, because the stakes are high, the public is engaged in the policy debate, and media, politicians, and corporations all play an active role in shaping the debate via extensive communication efforts.

The authors' empirical analysis finds:

- Strong support from the public that corporations should behave better within society, a sentiment the authors label as "big business discontent."
- And a strong baseline link between big business discontent and the support for economic policies, with people dissatisfied with large corporations' behavior within society also opposing corporate bailouts.
- These empirical findings confirm the model's prediction that positive communications surrounding corporate behavior can lead to less support for corporation-friendly policies than providing no communication if there are sufficiently negative established beliefs regarding corporate responsibility.

This final insight has significant implications for corporate and political communication strategies, especially if positive framing of an issue cannot be separated from priming the policy domain.

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