

# Trickle-Down Ideology: How CEO Politics Shape the Workforce

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## **Abstract**

We study how leadership ideology shapes workforce composition in publicly listed U.S. firms. Using matched CEO–employee voter registration data, we show that CEO party changes are followed by a substantial increase in the share of workers who are politically aligned with the new CEO party affiliation. This realignment effect is driven primarily by a composition change among new hires, though within-worker changes in political affiliation also play a meaningful role. The effect remains robust when we exploit CEO deaths and illnesses as exogenous drivers of CEO party changes. The results reveal a “trickle-down ideology” mechanism through which leadership ideology influences the allocation of talent across firms, contributing to partisan segregation in the U.S. labor market.

Keywords: corporate leadership, allocation of talent, political ideology, labor market sorting

# 1 Introduction

Recent research shows that U.S. firms have become increasingly politically segregated at the top (Fos, Kempf, and Tsoutsoura (2025)). This finding suggests that partisanship plays a growing role in shaping the allocation of executive talent across firms. Yet much less is known about how the political leaning of corporate leadership operates within firms—for example, how it influences workforce composition and career outcomes of rank-and-file employees. Understanding whether leadership ideology “trickles down” to shape the workforce matters for economic efficiency—by influencing the allocation of talent across firms—and for the political segregation of U.S. labor markets and the broader polarization of society.

Empirically, identifying how leadership ideology affects worker composition is challenging. CEO ideology is endogenous to firm characteristics: boards may choose leaders whose political preferences match the firm’s workforce: CEOs with certain political leanings may self-select into certain industries or regions; and changes in the political leaning of corporate leadership may coincide with shifts in firm strategy that also affect workforce composition. Establishing a causal link requires exogenous variation in the political leaning of corporate leadership, together with comprehensive data on both CEO and employees’ political affiliations.<sup>1</sup>

We overcome these challenges by combining individual-level voter registration records with employment histories from Revelio Labs and CEO identities from Execucomp. The resulting matched dataset covers 48 million worker–year observations at 2,028 publicly listed firms between 2000–2022, allowing us to observe both the party affiliation of the CEO and the partisan composition of the firm’s workforce over time. We classify individuals as Democratic or Republican based on their voter registration status and voting history in primaries, and track how the political composition of workers evolves around changes in CEO ideology.

We document three central findings. First, when the party affiliation of a firm’s CEO switches—from Republican to Democrat or vice versa—the share of workers aligned with the

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<sup>1</sup>Political science commonly distinguishes political ideology from party affiliation. Because our data measure registered party, and because party and ideology are highly correlated in contemporary U.S. politics, we use the terms interchangeably for expositional simplicity.

new CEO ideology rises sharply by 3–4 percentage points (ppt) in our baseline specification and up to 5 ppt among senior employees. We estimate these effects using control firms that experience no CEO ideology switches from the same industry and year and verify that there are no differential pre-trends between treated and control firms. Moreover, this result holds within the same role and firm, suggesting changes in the composition of roles at the treated firm are not driving the result.

Second, this adjustment operates primarily through hiring: the inflow of new workers becomes more aligned with the new CEO party, while separation rates remain largely unchanged. Within-worker changes in political affiliation account for at most 10–30% of the overall realignment, underscoring that the primary channel is matching rather than ideological conversion.

Third, the results are robust to using unexpected CEO departures, driven by deaths and serious illnesses, as plausibly exogenous shocks to CEO ideology. In a difference-in-differences framework, we show that unexpected CEO departures are followed by a sharp increase in the likelihood of the firm experiencing an ideology change, as well as by a 2.5 ppt decline in alignment with the departing CEO’s party. We then combine unexpected CEO departures with the ex-ante political composition of the executive bench to instrument for realized CEO party changes and obtain estimates that closely mirror our baseline results.

What explains these patterns? The broad scope of the effect—visible across the entire corporate hierarchy—suggests that social interactions or informal networks outside of work are unlikely to account for our findings. Instead, the results point to mechanisms operating within the firm. One possibility is political homophily in hiring, whereby managers prefer to recruit—or candidates prefer to join—individuals whose political views align with their own, beginning with the CEO and cascading down through the corporate hierarchy. Another, not mutually exclusive, explanation is that workers derive nonpecuniary utility from ideological alignment with their corporate leaders, making firms with politically aligned CEOs more attractive employers. In both cases, changes in leadership ideology reshape the political composition of the workforce through the matching process between workers and corporate leaders.

Together, these results reveal that leadership ideology affects not only corporate policies

but also the *people* who make up the firm. When the CEO’s party changes, the firm’s workforce composition adjusts quickly toward greater ideological alignment with the new CEO party affiliation, largely through the hiring margin. We refer to this mechanism as “trickle-down ideology”—the diffusion of political ideology from corporate leaders to the broader organization.

The implications are twofold. First, our findings uncover a previously unrecognized channel through which politics enters the firm: leadership ideology shapes the workforce itself, thereby reinforcing ideological homogeneity within organizations. Second, the results suggest that partisan segregation of U.S. workplaces is driven not only by workers’ sorting across firms, but also by workers aligning with corporate leaders.

Our paper contributes to the literature examining how political preferences shape firm behavior and the composition of the workforce. Babenko, Fedaseyev, and Zhang (2019) show that CEOs affect the political contribution behavior of their employees. Closer to our paper, Fos, Kempf, and Tsoutsoura (2025) document rising political segregation at the top of the corporate hierarchy, as Democratic and Republican executives increasingly sort into different firms. Their analysis focuses on polarization among CEOs and directors. We extend this work by showing that political ideology at the top does not remain confined to executives: changes in CEO party affiliation propagate throughout the organization, shifting the composition of the entire workforce. Our findings also complement Colonnelli, Pinho Neto, and Teso (2025), who show that the political preferences of business owners in Brazil influence hiring decisions and the composition of employees across firms. Their analysis is conducted in a setting of privately held firms and owner-managers. In contrast, we study large, publicly listed U.S. firms with professional CEOs and formal HR practices, where the overlap of political and social networks is less likely. Our study further relates to Kagan, Frake, and Hurst (2024), who document rising partisan segregation across U.S. workplaces driven by worker sorting and job-search behavior. Their evidence is largely cross-sectional. We build on their insights by showing that a substantial component of workplace political sorting arises within firms in response to changes in leadership ideology. Thus, our findings highlight that political segregation is not only a product of worker-driven matching but also reflects top-down ideological influence.

Our paper also contributes to the broader literature on managerial fixed effects and corporate culture. A long tradition beginning with Bertrand and Schoar (2003) shows that CEOs imprint their “style” on corporate outcomes such as investment, leverage, and risk-taking. Subsequent work, (e.g., Malmendier and Tate (2005)), demonstrates that managerial traits systematically affect firm decisions. We complement this literature by showing that leadership traits also influence the composition of the workforce and the ideological profile of employees. Leadership ideology affects who enters and rises within the firm, implying that executives’ political preferences have organization-wide effects on personnel flows. In this sense, political ideology represents an additional dimension of corporate culture transmitted from the CEO downward. Our findings are consistent with research demonstrating that cultural values and social norms within firms are shaped by leadership and managerial practices (e.g., Guiso, Sapienza, and Zingales, 2015).

Finally, our work connects to research on sorting and homophily in labor markets, which documents that workers match with firms based on preferences, co-worker characteristics, and non-pecuniary amenities (e.g. Mas and Pallais (2017); Colonnelli, McQuade, Ramos, Rauter, and Xiong (2025)). We show that political ideology operates similarly: following a CEO party switch, new hires disproportionately share the CEO’s political affiliation, and aligned workers are more likely to be promoted. These patterns reveal that ideological affinity is an important—and previously overlooked—dimension of worker–firm matching, leading to partisan segregation in the workplace and contributing to the broader political polarization of society.

## **2 Data Sources and Sample Construction**

### **2.1 Political Affiliation**

Our primary measure of ideology comes from voter registration records provided by L2 Inc., which contain information on registered voters in all 50 states and the District of Columbia. L2 assigns political affiliation based on party registration in 34 states and information from primary participation in six states. In the remaining states, L2 infers party affiliation using a predictive algorithm based on demographics, primary participation, and lifestyle data

from commercial sources.

Using information on party affiliation from L2, we classify both CEOs and employees as *Democrat*, *Republican*, *Unaffiliated* (which includes individuals who are unaffiliated or are registered with a party other than the two major parties), or as *Unregistered* if they do not appear in the voter registration records at all.

## 2.2 Employee–Firm Data

Employee-level information is obtained from Revelio Labs, which harmonizes résumés, HR records, and online profiles into a longitudinal dataset covering millions of U.S. white-collar workers from 2000 to 2022. We expand the data into a worker-year panel and link it to U.S. public firms using the crosswalk provided by Revelio labs. For each worker–firm–year observation, we observe job title, seniority, location, O\*NET occupation codes, and imputed compensation. Revelio assigns each job a seniority score between one and seven based on the job title, job description, and other details.

## 2.3 CEO–Firm Data

We identify each firm’s CEO using data from ExecuComp. The ExecuComp database, compiled by Standard & Poor’s (S&P), covers firms in the S&P 1500 index and draws on information disclosed in companies’ annual proxy filings (Form DEF 14A), which report compensation for the chief executive officer, chief financial officer, and the next three highest-paid executives. In addition to compensation data, ExecuComp provides each executive’s name, gender, age, and position within the firm. We match the Revelio Labs data with ExecuComp using *GVKEY* identifiers.

## 2.4 Sample Construction

We match workers in Revelio Labs and CEOs from Execucomp to voters in L2 using full name and location. The matching process, described in more detail in Internet Appendix Appendix B, yields a match rate of 43%. For the final sample, we focus on firm-years with a Republican or Democratic CEO. The resulting panel contains over 48 million

worker–firm–year observations.

## 2.5 Summary Statistics

Table 1 reports descriptive statistics at the firm–year level (Panel A) and at the worker–firm–year level (Panel B).

At the firm-year level, partisan workers are evenly split between Democrats and Republicans (50% share). 40% of the employees are women and 18.8% are minorities (non-white, including Hispanic workers). More than half of the employees have a college or graduate degree, which reflects Revelio covering primarily white-collar employees. The average employee age is 38 years. The vast majority of CEOs are Republican (70%). Only 4% of CEOs are women and 8% are minorities.

At the worker-firm-year level, approximately 25% of observations are newly hired at the firm. 3.5% of employees are promoted within a firm (defined as a salary increase of at least 10%) in a given year and 13.0% separate from the firm. When we include all employees, 16% are Democrats, 13% are Republicans, 26% are unaffiliated, and 45% have no voter registration record. The average tenure of employees at the firm is 6.4 years.

## 3 Empirical Methodology

Our goal is to identify the causal effect of CEO ideology on the political composition of the workforce, which is empirically challenging because CEO ideology is not randomly assigned. Boards may select CEOs whose political views are aligned with the firm’s existing culture or location; CEOs may self-select into certain types of firms; and CEO transitions can coincide with strategic shifts, restructurings, or external shocks that also affect hiring and separations. Our empirical strategy addresses these concerns in two steps.

First, we exploit within-firm changes in CEO ideology in a stacked difference-in-differences event–study framework. This design absorbs time-invariant firm characteristics and allows us to test for pre-trends in workforce composition around CEO party switches. Second, to further mitigate concerns that the timing and direction of CEO party changes may coincide with time-varying firm shocks, we develop an instrumental-variables strategy

based on unexpected CEO departures due to death or severe illness interacted with the ex-ante partisan composition of the executive bench. This approach provides plausibly exogenous variation in CEO party changes and allows us to estimate a causal effect of leadership ideology on worker ideology.

### 3.1 Stacked Difference-in-Differences Design

We begin by studying how workforce alignment evolves around the CEO party switches from Democrat to Republican or vice versa. The key identification challenge is that cross-sectional correlations between CEO and worker ideology may simply reflect persistent firm characteristics (e.g., industry, geography, or corporate culture) or long-run sorting patterns of workers across firms. To address this, we focus on within-firm changes in CEO ideology and compare treated firms that experience a party switch to observationally similar control firms that do not.

Our baseline specification uses a stacked difference-in-differences design around CEO ideology changes. We restrict attention to firms that experience at least one change in CEO party affiliation during the sample period.<sup>2</sup> For each treated firm–event, we select up to five control firms from the same NAICS3–year cell that never experience a CEO party switch and have the closest total worker count in the event year.<sup>3</sup> This matching procedure helps ensure that treated and control firms are comparable along industry, size, and time dimensions. We apply this framework at different levels of aggregation (firm–year, firm–occupation–year).

Specifically, we estimate the following equation:

$$Aligned\_Workers(\%)_{f,e,t} = Treated_{f,e} + Post_{e,t} + Treated_{f,e} \times Post_{e,t} + \alpha_{f,e} + \theta_{e,t} + X'_{f,t} \gamma + \epsilon_{f,e,t}, \quad (1)$$

where  $f$  denotes a firm,  $e$  an event, and  $t$  a calendar year. The dependent variable  $Aligned\_Workers(\%)_{f,e,t}$  is the share of partisan workers whose political ideology matches

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<sup>2</sup>If more than one change happen within the same firm, we only keep events that are at least 10 years apart.

<sup>3</sup>In additional tests, we require the control group to experience a CEO turnover without an ideological change and obtain qualitatively and quantitatively similar results.

that of the *new* CEO party in a given firm–year (or firm–occupation–year) cell.  $Treated_{f,e}$  is an indicator for treated firms that experience a CEO party switch;  $Post_{e,t}$  is an indicator equal to one for years in the post-event window and zero for years in the pre-event window. The coefficient of interest is on  $Treated_{f,e} \times Post_{e,t}$ , which captures the change in workforce alignment in treated firms relative to matched controls after the CEO party switch.

The specification includes firm–event fixed effects  $\alpha_{f,e}$ , which absorb all time-invariant firm characteristics as well as event-specific levels, and event–year fixed effects  $\theta_{e,t}$ , which absorb common shocks in the event year across treated and control firms within a cohort. The vector  $X_{f,t}$  includes time-varying firm-level controls such as the fraction of female, minority, and college-educated workers, as well as average worker age. Standard errors are clustered at the firm level.

To study the dynamics of workforce adjustment and test for pre-trends, we estimate a dynamic event–study specification:

$$Aligned\ Workers(\%)_{f,e,t} = \sum_{k=-4}^4 \phi_k D_{e,t}^k \times Treated_{f,e} + \alpha_{f,e} + \theta_{e,t} + X'_{f,t} \gamma + \epsilon_{f,e,t}, \quad (2)$$

where  $D_{e,t}^k$  is an indicator equal to one if year  $t$  is  $k$  years relative to the event year (with one pre-event year omitted as the reference point). The coefficients  $\phi_k$  trace out the path of worker alignment before and after the CEO party change. The absence of significant pre-trends in  $\phi_k$  for  $k < 0$  supports the identifying assumption that treated and control firms would have followed parallel trajectories in the absence of the CEO party switch. The post-event coefficients for  $k \geq 0$  document how quickly and by how much workforce alignment adjusts following the change in leadership ideology.

We also estimate outcomes at the worker level, specifically, new hires' political alignment, within-worker political affiliation change, separation, and promotion using the following specification:

$$Y_{w,f,e,t} = Treated_{f,e} + Post_{e,t} + Treated_{f,e} \times Post_{e,t} + \alpha_{f,e} + \beta_{e,t} + X'_{w,f,t} \gamma + \epsilon_{w,f,e,t}, \quad (3)$$

where  $w$  denotes a worker,  $f$  a firm,  $e$  an event, and  $t$  a calendar year.  $Treated_{f,e}$  is an

indicator for treated firms that experience a CEO party switch;  $Post_{e,t}$  is an indicator equal to one for years in the post-event window and zero for years in the pre-event window. The coefficient of interest is on  $Treated_{f,e} \times Post_{e,t}$ , which captures the change in the outcome variables for workers in the treated firms relative to workers in the matched control firms after the CEO party switch. The vector  $X_{w,f,t}$  includes worker-level controls such as an indicators for gender, minority, and college-educated, tenure in the current employer. In finer specifications, we could further control for the MSA location and occupation for each worker. Standard errors are clustered at the firm level.

The above event study design addresses several key concerns: it differences out time-invariant firm characteristics: it flexibly controls for common time and industry shocks; and it allows us to verify that changes in workforce composition do not precede CEO party switches.

However, one concern remains: even within firms, the timing and direction of CEO party changes may be correlated with time-varying shocks to strategy, performance, or local labor markets that simultaneously affect hiring and separations. For example, boards might appoint a CEO from a particular party precisely when the firm undertakes a new strategic initiative that would have changed workforce composition even absent a shift in ideology. To address this remaining source of endogeneity, we turn to an instrumental-variables strategy.

### **3.2 Instrumental-Variables Strategy Based on Unexpected CEO Departures**

To isolate plausibly exogenous variation in CEO party changes, we exploit unexpected CEO departures due to death or severe illness. Such events are unlikely to be driven by contemporaneous changes in firm fundamentals or workforce composition and are typically unanticipated by boards and employees. At the same time, they often trigger a leadership transition and, potentially, a change in the CEO party affiliation.

We use unexpected CEO departures, interacted with the pre-existing partisan composition of the executive bench, as an instrument in a two-stage least squares (2SLS) framework. The underlying assumption is that when a CEO departs unexpectedly, the likelihood and direction of a CEO party switch depends on the ideological makeup of potential internal

successors. Let the endogenous regressor be

$$CEO\ Dem\ Change_{f,t} \in \{-1, 0, +1\},$$

which equals +1 if the CEO party switches from Republican to Democrat between  $t - 1$  and  $t$ , -1 if it switches from Democrat to Republican, and 0 otherwise.

We construct the instrument as:

$$Z_{f,t-1} = Unexpected\ CEO\ Departure_{f,t-1} \times Dem\ Bench_{f,t-2},$$

where  $Unexpected\ CEO\ Departure_{f,t-1}$  is an indicator equal to one if the CEO departs due to death or illness in year  $t - 1$ , and zero otherwise; and  $Dem\ Bench_{f,t-2}$  captures the ex-ante partisan composition of the top management team at the end of year  $t - 2$ . Specifically,  $Dem\ Bench_{f,t-2}$  equals the share of Democratic top-five executives (excluding the CEO) if the departing CEO is a Republican, and minus one times the share of top-five executives (excluding the CEO) who are Republicans if the departing CEO is a Democrat. Intuitively, an unexpected CEO departure “activates” the partisan composition of the bench: the higher the share of opposite-party executives, the more likely the firm is to experience a CEO party switch if the successor is chosen internally.

In the first stage, we estimate:

$$CEO\ Dem\ Change_{f,t} = \pi Z_{f,t-1} + \alpha_f + \theta_t + W'_{f,t}\delta + u_{f,t}, \quad (4)$$

where  $\alpha_f$  and  $\theta_t$  denote firm and year fixed effects (or the corresponding firm–event and event–year fixed effects in the stacked setting), and  $W_{f,t}$  includes controls analogous to those in the baseline specification.

In the second stage, we regress changes in workforce political composition on the instrumented CEO party change. Our main outcome is the change in the average share of Democratic workers over a window of four years before and after the current period:

$$\Delta Dem\ Workers_{f,t} = \beta \widehat{CEO\ Dem\ Change}_{f,t} + \alpha_f + \theta_t + \eta_{f,t}, \quad (5)$$

where  $\Delta Dem Workers_{f,t}$  is computed as the mean Democratic share over the current and subsequent three years minus the mean Democratic share over the four years preceding the CEO departure. The fixed effects  $\alpha_f$  and  $\theta_t$  absorb persistent firm heterogeneity and common time shocks, respectively.

## 4 Results

### 4.1 Univariate Analysis

We begin by documenting descriptive evidence that CEO ideology is systematically related to the political composition of the workforce. Figure 1 compares the share of Democratic workers across firms led by Democratic versus Republican CEOs. The first bar shows a partisan gap of roughly 5.6 percentage points, indicating that firms with Democratic CEOs employ a more Democratic-leaning workforce compared to firms with Republican CEOs in the same calendar year. The second bar demonstrates that this gap is not merely the result of differential industry composition: after controlling for industry  $\times$  year fixed effects, the gap narrows to 3.8 percentage points but remains sizable. Finally, the third bar shows that the pattern also persists within headquarter state, suggesting that geographic sorting of firms into areas with different political environments cannot fully explain the observed gap in the partisan composition of the workforce.

### 4.2 Stacked Difference-in-Differences

Although Figure 1 shows that the partisan gap in the partisan composition of the workforce persists within industry and geography, it does not control for many other CEO, employee, and firm characteristics, which could drive the relationship between CEO and workforce ideology. In order to establish a more direct link between the CEO ideology and employees' political views, we exploit within-firm variation in CEO ideology by studying changes in the partisan composition of workers in firms that experience a change in CEO ideology during the sample period.

During our sample period, we observe 299 changes in CEO ideology. In 153 (146) cases,

the ideology changes from Republican to Democrat (Democrat to Republican), respectively. 210 events involve CEO turnovers, while the remaining 89 involve no CEO turnovers and represent within-CEO ideology changes.

Table 2 reports the results of estimating equation (1), discussed in section 3 above, which examines the effect of the change in CEO ideology on the political alignment of workers. The stacked difference-in-differences design compares treated units experiencing a flip in CEO ideology (from Democrat to Republican or from Republican to Democrat) with matched control units from the same NAICS3-year that never experience such a change.

The coefficient on the interaction term  $Treated_{f,e} \times Post_t$ , which represents the effect of a CEO ideology change, is consistently positive, sizable (between 3.1–3.4 ppt) and statistically significant at the 1% level across all specifications. The estimates in column (1) indicate that, when the CEO party changes, the percentage of the partisan workers that is aligned with the new CEO ideology increases by 3.4 ppt on average, representing a 6.5% increase relative to the unconditional average alignment of 52.6%. This result cannot be explained just by industry- or firm-level differences in workforce composition, because firm fixed effects combined with industry-matched control firms already absorb those differences. In column (3), we estimate the regression at the firm–occupation–year level, which allows us to use more granular fixed effects (occupation  $\times$  firm and occupation  $\times$  year, respectively). These fixed effects mitigate concerns that the CEO party changes might coincide with corporate restructuring or business strategy changes that lead to changes in the composition of occupations within the firm, which could affect workers’ political alignment. Overall, Table 2 shows that after CEO changes, the workforce adjusts to align with the new CEO ideology.

Figure 2 examines the dynamics of workforce composition changes around CEO party switches, by estimating equation (2). The figure reveals a sharp increase in the percentage of workers who are politically aligned with the new CEO party in the year when the CEO party changes ( $k = 0$ ). After four years, the percentage of aligned workers is more than two percentage points higher than in the pre-event period. Importantly, we find no evidence of pre-trends, which mitigates concerns about CEO party changes being a result of changes in firm characteristics or workers anticipating the ideology change.

### 4.3 Robustness

We conduct two important robustness tests in the Internet Appendix. In Internet Appendix Table B.1, we replicate the analysis in Table 2, after redefining the dependent variable as the share of aligned workers among the total number of employees (including partisan, unaffiliated, and unregistered workers). The point estimates are somewhat lower (1.1–1.3 ppt) due to the lower unconditional mean of the dependent variable, but the relative economic effect is very similar (around 10%). This indicates that our results are not sensitive to the inclusion of nonpartisan workers.

In Internet Appendix Table B.2, we isolate CEO ideology changes that arise from CEO turnover; i.e., where a departing CEO is replaced by one from the opposite party, rather than the incumbent CEO changing their party affiliation. To further separate the effect of a CEO ideology change from the effect of a leadership transition, we additionally require the control firms to experience a CEO turnover in the same year but without a change in CEO ideology (i.e., a Democratic CEO is replaced with another Democrat or a Republican CEO with another Republican). The results are similar in magnitude and significance to those in our baseline specification.

### 4.4 Mechanism: Hiring, Within-Worker Changes, Separations

The previous analysis shows a sharp change in the political composition of the firm’s workforce around CEO ideology changes. Workforce composition changes can arise for three reasons: greater political alignment among new hires, within-worker changes in party affiliation, or more separations among newly misaligned workers.

We begin by analyzing the hiring margin as a mechanism for workforce realignment. Table 3 follows the event-study analysis, but focuses exclusively on new hires and estimates the regression at the worker level according to equation 3. The dependent variable is coded as -1, 0, +1 for newly hired workers’ political ideology being misaligned, neither misaligned nor aligned, and aligned with the new CEO ideology.

In column (1), in which we include worker ideology fixed effects, occupation-by-year fixed effects, and firm fixed effects, the probability of new hires being aligned increases

by 4.8 ppt after the CEO switches parties. The magnitude remains large and statistically significant after introducing MSA-by-year and OCC3d-by-year fixed effects in columns (2) and (3) respectively. Hence, the shift in alignment is not explained by changes in local political environments, role composition, or persistent firm characteristics. In column (4), we additionally control for alignment in gender and race and show that although alignment along these dimensions also matters, they do not meaningfully attenuate the political alignment effect.

In column (5), we interact  $Treated_{f,e} \times Post_t$  with the variable *Seniority* to examine whether the partisan realignment effect is stronger at the top of the corporate hierarchy. *Seniority* refers to the workers' seniority group (de-measured for interpretability). The positive coefficient on  $Treated_{f,e} \times Post_t \times Seniority$  demonstrates that the realignment among new hires is indeed stronger for more senior hires, with the share of aligned workers among new hires increasing by 0.8 ppt for each seniority group. Combined, Table 3 shows that much of the workforce realignment effect operates through more ideologically aligned hiring, with firms disproportionately hiring workers whose political affiliation matches that of the new CEO's ideology, especially at the top of the corporate hierarchy.

Next, we assess whether workers change their party affiliation to align with the new CEO party. Table 4 assesses this possibility by applying our event-study framework to the worker level and defining the dependent variable (*Worker Ideology Change*) as -1, 0, +1 for worker switching ideology to be misaligned, neither misaligned nor aligned, or aligned with the new CEO ideology after the change, respectively. The results with our finest set of fixed effects, reported in column (3), indicate that workers are 1.2 ppt more likely to switch their party affiliation in the direction of the new CEO party. Column (4) shows that this effect is significantly stronger among more senior employees.

In Appendix Table B.3, we quantify how much within-worker party changes contribute to the overall workforce realignment effect documented in our main analysis in Table 2, by re-estimating our baseline regression using a time-invariant definition of worker ideology. Specifically, we use each worker's modal party affiliation across all years. The coefficient decreases by about 10-30% relative to our baseline, suggesting that part of the observed increase in alignment reflects employees changing their party affiliation in the direction of

the new CEO’s party.

CEO ideology changes could also affect workforce composition via employee separations. In particular, we test whether employees who are aligned with the new CEO are less likely to leave the firm relative to employees who are misaligned with the new CEO. Table 5 implements this test, by applying our event-study framework to the worker level and using an indicator equal to one if the worker departs from the firm in year  $t + 1$  as the dependent variable. We then interact the treated  $\times$  post interaction with an indicator equal to one for workers whose ideology is aligned with the new CEO ideology (*Aligned Ideology*), as well for other measures of alignment (gender, race). Because we include all workers in this analysis, we further include an interaction with an indicator for nonpartisan workers, to ensure that this group does not drive the estimated effect. Across all specifications, we find that political alignment with the new CEO does not significantly affect separation probabilities, suggesting that the main mechanism operates through differential hiring rates rather than retention.

## 4.5 Career Progression

We also test whether political alignment with the CEO is associated with faster career progression. Table 6 presents the relationship between CEO-worker political alignment and promotions around CEO ideology changes. We define a *promotion* as an increase in compensation of at least 10% within the same firm and year. Table 6 shows that workers aligned with the new CEO ideology are consistently more likely to be promoted after the CEO party change. Across all specifications, aligned workers are about 15 basis points more likely to receive a salary increase of at least 10%. This represents a relatively modest effect relative to the unconditional promotion likelihood of 3.5 ppt.

## 4.6 Unexpected CEO Departures

Our core analysis already mitigates many of the concerns of omitted variables driving both the CEO selection and the workforce ideology. Because we study CEO party changes *within firms over time*, our estimates are insulated from persistent firm heterogeneity, such as stable cultural, industry, or geographic differences. The absence of pre-trends in Figure 2 further

indicates that changes in workforce composition do not precede leadership transitions, which would be the case if evolving business strategy or employee characteristics were driving the likelihood of a party change. The remaining concern is that firm characteristics may change precisely in the year of the CEO party switch. For example, boards could appoint a politically aligned CEO to implement a strategic initiative or respond to an external shock that occurred precisely in the same year of the CEO appointment and would have affected hiring decisions even in the absence of the leadership change. In this case, our baseline estimates would conflate the effect of the new CEO's ideology with that of the contemporaneous strategic shift, thus obscuring the causal impact of CEO party changes.

To address this remaining concern, we exploit unexpected CEO departures due to death or severe illness as a plausibly exogenous shock to the CEO's continued tenure and, consequently, to the party affiliation of the firm's leadership. The sudden nature of these events makes them unlikely to be driven by underlying firm fundamentals or changes in worker composition and their timing is typically unanticipated by the board or employees. We classify CEO departures as unexpected when they result from death or illness, using manually collected data provided by Jenter, Matveyev, and Roth (2024) and Chulkov and Barron (2024). This approach allows us to isolate variation in leadership ideology that is orthogonal to the firm's strategy or to economic shocks.

We first verify that unexpected CEO departures are indeed predictive of subsequent changes in leadership ideology using a stacked difference-in-differences framework very similar to our baseline. Specifically, we compare the likelihood of a CEO party switch (from Democrat to Republican or vice versa) before and after the unexpected CEO departure to changes in the same outcome for firms without such a departure. Control firms are selected from the same NAICS3-industry and year as the treated firms, and each treated firm is paired with up to five control firms with the closest total worker count. In other words, we re-estimate our baseline specification 1 after replacing the dependent variable with an indicator equal to one if the party of the CEO switches, and zero otherwise.

Figure 3 plots the results. The likelihood of a partisan transition spikes sharply in the year following a sudden CEO departure, consistent with these departures acting as a trigger for leadership change.

Next, we assess how workforce alignment evolves around these shocks. Using the same stacked difference-in-differences framework, we compare changes in the share of workers aligned with the departing CEO’s party before and after an unexpected departure between the two sets of firms. The main deviation from the previous specification is that we aggregate worker shares at the firm-seniority-year level rather than at the firm-year level, in order to be able to study heterogeneity across the corporate hierarchy. Specifically, we estimate the following specification:

$$\text{Aligned Workers}(\%)_{f,e,s,t} = \beta \times \text{Unexpected CEO Departure}_{f,e} + \alpha_{f,e} + \theta_{e,t} + \gamma' X_{f,s,t} + \epsilon_{f,e,s,t},$$

where  $f$  represents a firm,  $e$  an event,  $s$  a seniority group, and  $t$  a calendar year.  $\alpha_{f,e}$  represents firm fixed effects, and  $\theta_{e,t}$  represents year fixed effects, both interacted with treatment event year indicators.  $X_{f,s,t}$  is a vector of control variables that includes average worker characteristics for a given firm–seniority–year cell along the dimensions of age, gender, race, and college education.

Table 7 reports the results. Consistent with the evidence that unexpected CEO departures are often followed by changes in leadership ideology, we find that alignment with the departing CEO among the firm’s workforce declines significantly following such an event. Across all seniority levels, the average decline in the share of aligned workers is 2.5 percentage points once we control for other workforce characteristics (see column (2)). We interpret this reduced-form evidence as the organizational counterpart to an “intent-to-treat” effect: unexpected CEO departures increase the likelihood of a partisan leadership change and reduce alignment with the prior CEO’s party.

We next examine how the effect of unexpected CEO departures varies across the corporate hierarchy. We find that the decline in alignment with the departing CEO’s party following an unexpected death is much larger among more senior employees (column (3)): the share of aligned employees declines by an additional 1.2 ppt for each seniority group.

The above documented patterns indicate that unexpected CEO departures can be used as an exogenous shift in the probability of a CEO party change, which we can exploit in an instrumental variable setting. We thus go one step further by estimating a two-stage least squares (2SLS) specification in which we instrument actual CEO party changes with the

interaction between unexpected CEO departures and the pre-existing partisan composition of the executive bench. The logic is straightforward: when a CEO dies or leaves unexpectedly, the probability and direction of a subsequent party change depend on the ideological makeup of potential successors within the top management team. Formally, our endogenous regressor is *CEO Dem Change*, which is equal to one if the CEO party switches from Republican to Democrat, minus one if the CEO party switches from Democrat to Republican, and zero otherwise. Our instrument is  $Z_{f,t-1} = Unexpected\ CEO\ Departure_{f,t-1} \times Dem\ Bench_{f,t-2}$ , where *Dem Bench*<sub>*t*-2</sub> equals the share of top-five executives (excluding the CEO) affiliated with the Democratic party if the CEO is a Republican, and minus one times the share of top-five executives (excluding the CEO) affiliated with the Republican party if the CEO is a Democrat. Intuitively, an unexpected CEO departure activates the existing partisan composition of the bench: the higher the share of opposite-party executives, the more likely the firm is to experience a switch in CEO party affiliation if a successor is chosen among the existing bench. This interaction generates exogenous, firm-specific variation in the probability of a party change that is unrelated to contemporaneous shocks to firm performance or workforce composition.

Table 8 reports the results from our second stage (equation 5) and Table B.4 in the Internet Appendix reports the first stage. As can be seen from Internet Appendix Table B.4, our instrument satisfies the relevance criterion: an unexpected CEO departure is significantly more likely to switch the party of the CEO if the executive bench consists of more executives with a different party than that of the CEO. In terms of magnitude, the coefficients in column (4) indicate that an unexpected CEO departure raises the likelihood of a CEO party change by 59.4 ppt if the executive bench consists entirely of the opposite party. In contrast, such a departure does not significantly raise the likelihood of a party switch if the executive bench contains no executives of the opposite party. The first-stage *F*-statistics, reported at the bottom of Table 8, confirm that our instrument passes standard weak-instrument tests.

The second-stage results of our instrumental-variables design, reported in Table 8, confirm our baseline findings. The dependent variable is the change in the average share of Democratic workers within a firm–seniority group, computed as the mean Democratic

share over the current and following three years minus the mean Democratic share over the preceding four years. Using our strictest specification in column (4), we estimate that a CEO party change towards the Democratic (Republican) party increases the share of Democratic (Republican) workers by 3.6 ppt over the course of four years, respectively. These estimates are thus relatively close to our baseline. Taken together, the evidence from our instrumental variable regressions supports the interpretation that changes in workforce political composition are causally driven by shifts in leadership ideology rather than by coincident economic or organizational shocks.

## 5 Conclusion

This paper provides new evidence that the political ideology of corporate leaders shapes not only firm policies but also the ideological composition of the workforce, even in large, publicly listed U.S. firms. Using a dataset that combines voter registrations, CEO identities, and longitudinal employment records, we document that when a firm’s CEO switches party affiliation, the share of workers aligned with the new CEO’s ideology rises sharply. This workforce realignment occurs quickly, is sizeable, and visible across the corporate hierarchy. The results hold when controlling for detailed firm, industry, and occupation characteristics. To establish a causal link between CEO and worker ideology, we exploit unexpected CEO departures due to death or severe illness as plausibly exogenous shocks to leadership ideology. These events sharply increase the probability of a CEO party switch and are followed by a significant decline in alignment with the departing CEO’s party. Using this source of variation in a 2SLS framework, we recover estimates that are very similar to our baseline results, reinforcing the interpretation that shifts in worker ideology are causally driven by changes in CEO political affiliation rather than firm-level shocks.

Our analysis shows that this shift in political alignment is driven primarily by selective hiring rather than changes in retention. New hires become substantially more politically aligned with the incoming CEO after an ideology change, and the effect is especially pronounced in higher levels of the corporate hierarchy. In contrast, we find no evidence that aligned workers are less likely to leave after a CEO party switch. Within-worker

party affiliation changes also contribute to the increase in alignment. Finally, we show that alignment affects the career progression of employees: politically aligned workers are significantly more likely to be promoted after the CEO party change. Together, these results reveal that political alignment shapes employment relationships inside the firm through both sorting at entry and differential career advancement. Hence, leadership ideology meaningfully influences the allocation of talent across firms even among U.S. public firms, thus reinforcing partisan segregation in the U.S. labor market.

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Figure 1: Alignment with CEO Ideology

This bar graph plots the difference in the fraction of Democratic workers between firms led by Democratic vs. Republican CEOs. The Democratic worker share is the number of Democratic workers divided by the number of partisan workers (Democratic plus Republican), measured in percentage points. The blue bar plots the difference within the same calendar year, the red bar within the same NAICS3-industry and year, and the green bar within the same headquarter state and year. Vertical lines denote the corresponding 95% confidence intervals.

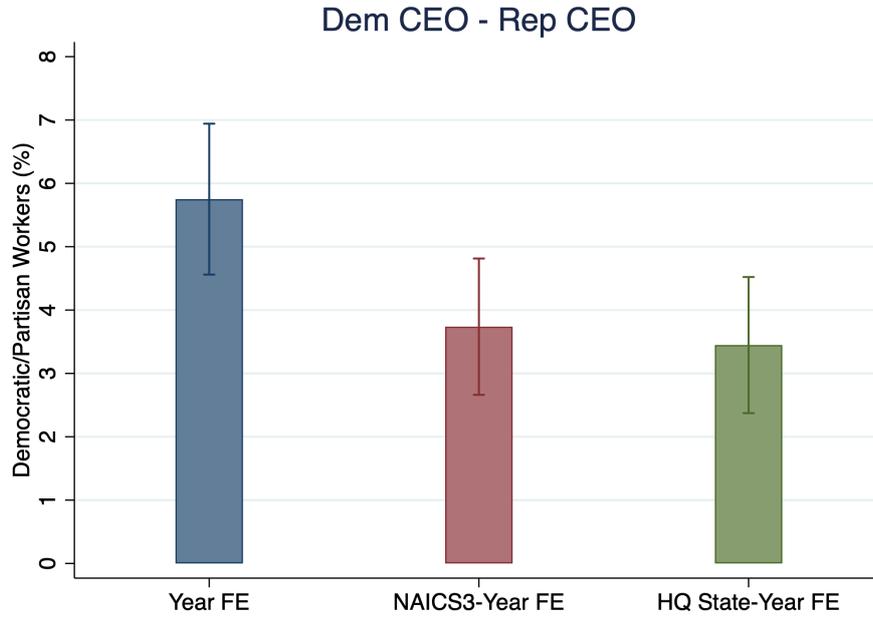


Figure 2: Worker Political Alignment around CEO Ideology Changes

This figure illustrates the dynamics of worker political alignment around CEO ideology changes. The unit of observation is at the firm-year level. The stacked difference-in-differences design compares treated firms experiencing a flip in CEO ideology (from Democrat to Republican or from Republican to Democrat) to control firms that never experience such a change. Control firms are selected from the same NAICS3-year as the treated firms, and each treated firm is paired with up to five control firms with the closest total worker count. The dependent variable is the fraction of partisan workers whose political ideology aligns with the new CEO. Firm fixed effects and year fixed effects are included, interacted with a cohort indicator of the matched treated and control observations in the same event year. The  $p$ -value for the statistical significance of the difference in coefficient estimates before and after the CEO ideology change is reported at the bottom of the figure. 95% confidence intervals are based on standard errors clustered at the firm level.

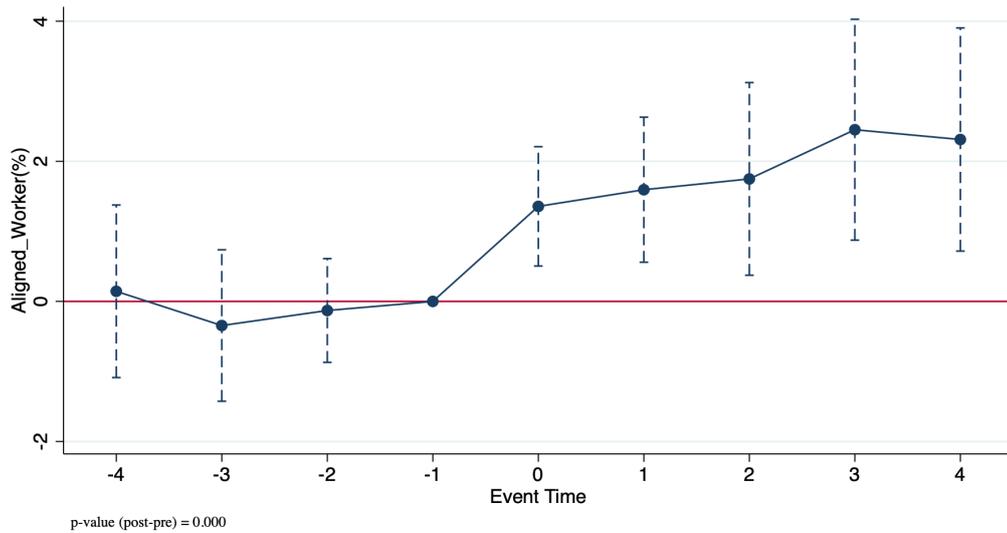


Figure 3: Unexpected CEO Departures and CEO Party Changes

This figure illustrates how the likelihood of a CEO party switch changes around unexpected CEO departures. The stacked difference-in-differences design compares treated firms experiencing an unexpected CEO departure, defined as CEO departures due to death or illness, to control firms that never experience such a departure. Control firms are selected from the same NAICS3-year as the treated firms, and each treated firm is paired with up to five control firms with the closest total worker count. The unit of observation is the firm-year level. The dependent variable is an indicator equal to one if the party of the CEO switches from Democrat to Republican or vice versa, and zero otherwise. Firm fixed effects and year fixed effects are included, interacted with a cohort indicator of the matched treated and control observations in the same event year. 95% confidence intervals are based on standard errors clustered at the firm level.

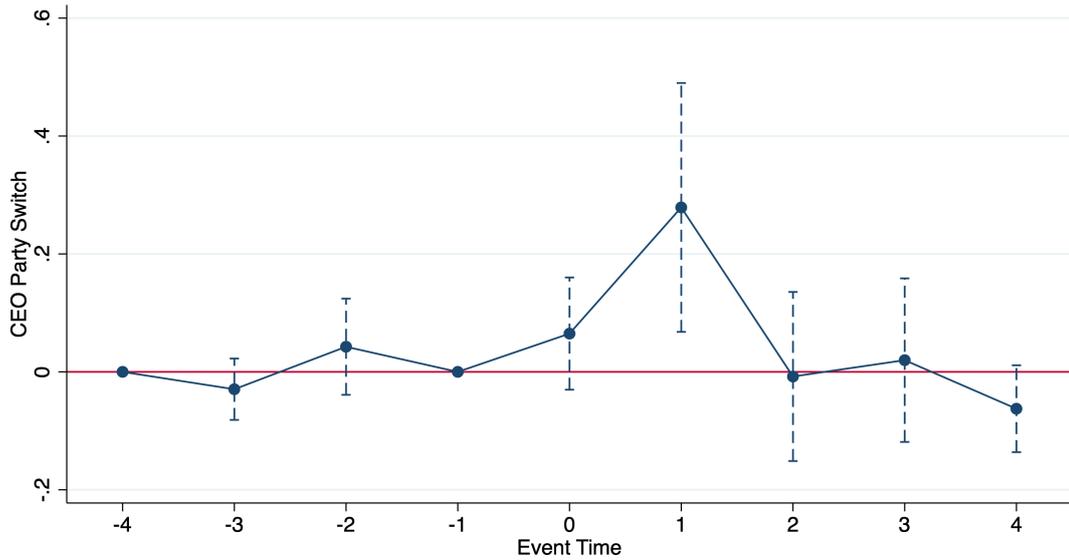


Table 1: Summary Statistics

This table reports summary statistics at the firm–year level in Panel A and worker–firm–year level in Panel B. All samples cover the period 2000–2022 and include public firms with either Republican or Democratic CEOs based on ExecutiveComp and L2. Detailed variable definitions are provided in Section Appendix A.

## A. Firm-year Level

	N	Mean	Median	SD	P25	P75
Democratic/Partisan Workers(%)	18,520	50.05	50.00	14.49	41.03	58.82
Republican/Partisan Workers(%)	18,520	49.95	50.00	14.49	41.18	58.97
Female(%)	18,710	40.29	38.20	14.62	28.74	50.00
Minority(%)	18,710	18.80	17.37	9.99	11.84	24.04
College/Graduate Degree(%)	18,710	52.60	52.73	12.23	44.62	60.44
Average Worker Age	18,651	38.13	38.25	4.52	35.23	41.28
Democratic CEO	18,710	0.30	0.00	0.46	0.00	1.00
Republican CEO	18,710	0.70	1.00	0.46	0.00	1.00
Female CEO	18,710	0.04	0.00	0.20	0.00	0.00
Minority CEO	18,710	0.08	0.00	0.27	0.00	0.00

## B. Worker-firm-year Level

	N	Mean	Median	SD	P25	P75
New Hire (%)	48,076,099	24.63	0.00	43.09	0.00	0.00
Promo_Salary_10p(%)	48,076,099	3.45	0.00	18.25	0.00	0.00
Separation(%)	45,337,529	12.95	0.00	33.57	0.00	0.00
Democrat	48,076,099	0.16	0.00	0.36	0.00	0.00
Republican	48,076,099	0.13	0.00	0.33	0.00	0.00
Unaffiliated	48,076,099	0.26	0.00	0.44	0.00	1.00
Unregistered	48,076,099	0.45	0.00	0.50	0.00	1.00
D(Female)	48,076,099	0.43	0.00	0.50	0.00	1.00
D(Minority)	48,076,099	0.22	0.00	0.42	0.00	0.00
D(College/Graduate Degree)	48,076,099	0.54	1.00	0.50	0.00	1.00
Worker Age	35,043,710	37.77	36.00	13.73	27.00	47.00
Tenure in Current Employer	48,076,099	6.40	4.00	7.17	1.00	9.00

Table 2: CEO Ideology Change and Worker Political Alignment

This table reports the effect of CEO Ideology Change on worker political alignment. The unit of observation is at the firm-year level in columns (1)-(2) and firm-OCC3d-year level in column (3). The stacked difference-in-differences design compares treated units experiencing a flip in CEO ideology (from Democrat to Republican or from Republican to Democrat) with matched control units that never experience such changes. Control firms are selected from the same NAICS3-year as the treated firms, and each treated firm is paired with up to five control firms with the closest total worker count. The dependent variable is the fraction of partisan workers whose political ideology aligns with the new CEO ideology after the change. *Female (%)*, *Minority(%)*, and *College/Graduate Degree(%)* denote the fraction of workers who are female, minority, and hold a college or graduate degree, respectively. All fixed effects are interacted with a cohort indicator for the matched treated and control observations with the same event year. Standard errors are clustered at the firm level and reported in parentheses. \*, \*\*, and \*\*\* indicate statistical significance at the 10%, 5%, and 1%, respectively. Detailed variable definitions are provided in Appendix A.

	Aligned_Worker(%)		
	(1)	(2)	(3)
CEO Ideology Change X Post	3.413*** (0.610)	3.430*** (0.612)	3.082*** (0.536)
Female(%)		-0.003 (0.067)	-0.031*** (0.008)
Minority(%)		-0.043 (0.080)	-0.087*** (0.015)
College/Graduate Degree(%)		0.019 (0.061)	0.019** (0.008)
Worker Age		0.320** (0.159)	0.084*** (0.025)
Adjusted $R^2$	0.781	0.782	0.653
Firm FE	Yes	Yes	
Firm-OCC3d FE			Yes
Year FE	Yes	Yes	
OCC3d-Year FE			Yes
Observations	20,952	20,952	611,851

Table 3: Political Alignment and New Hires

This table reports the effect of CEO ideology change on newly hired workers' political alignment. The unit of observation is at the worker-firm level, focusing on the first year a worker joins a firm. The stacked difference-in-differences design compares treated units experiencing a flip in CEO ideology (from Democrat to Republican or from Republican to Democrat) with matched control units that never experience such changes. Control firms are selected from the same NAICS3-year as the treated firms, and each treated firm is paired with up to five control firms with the closest total worker count. The dependent variable *Aligned Ideology(%)* is coded -1, 0, +1 for new hires' political ideology being misaligned, neither misaligned nor aligned, and aligned with the new CEO ideology after the change. We further add *Aligned\_gender* and *Aligned\_race* to capture alignment with the CEO's gender and race in column (4). In column (5), seniority refers to the de-meaned seniority group. All lower-order interaction terms are included in the regressions but not displayed to preserve space. All fixed effects are interacted with a cohort indicator for the matched treated and control observations with the same event year. Standard errors are clustered at the firm level and reported in parentheses. \*, \*\*, and \*\*\* indicate statistical significance at the 10%, 5%, and 1%, respectively. Detailed variable definitions are provided in Appendix A.

	Aligned Ideology(%)				
	(1)	(2)	(3)	(4)	(5)
CEO Ideology Change × Post	4.848*** (0.981)	4.591*** (0.969)	4.593*** (0.899)	4.419*** (0.968)	4.287*** (0.960)
CEO Ideology Change × Post × Seniority					0.830** (0.325)
D(Minority)	-0.326 (0.250)	-0.400* (0.226)	-0.383* (0.224)	4.351*** (1.477)	4.347*** (1.487)
D(Female)	0.045 (0.190)	0.021 (0.197)	0.019 (0.188)	1.154* (0.639)	1.163* (0.634)
D(College/Graduate Degree)	0.314*** (0.112)	0.286** (0.134)	0.249** (0.112)	0.164 (0.113)	0.134 (0.111)
Worker Age	-0.021** (0.008)	-0.021** (0.008)	-0.021** (0.008)	-0.019** (0.008)	-0.022*** (0.008)
Aligned_Gender				1.346* (0.733)	1.332* (0.727)
Aligned_Race				5.191*** (1.421)	5.175*** (1.434)
Adjusted $R^2$	0.173	0.178	0.179	0.192	0.192
Worker Ideo FE	Yes	Yes	Yes	Yes	Yes
MSA-Year FE		Yes	Yes	Yes	Yes
OCC3d-year FE	Yes		Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes
Observations	7,811,321	7,791,314	7,788,787	7,535,116	7,535,116

Table 4: Within-Worker Ideology Changes

This table reports the effect of a CEO ideology change on within-worker ideology changes. The unit of observation is at the worker-firm-year level. The stacked difference-in-differences design compares treated units experiencing a flip in CEO ideology (from Democrat to Republican or from Republican to Democrat) with matched control units that never experience such changes. Control firms are selected from the same NAICS3-year as the treated firms, and each treated firm is paired with up to five control firms with the closest total worker count. The dependent variable *Worker Ideology Change (%)* is coded -1, 0, +1 for workers switching their party affiliation to be misaligned, neither misaligned nor aligned, or aligned with the new CEO ideology after the change, respectively. In column (4), seniority refers to the de-meaned seniority group. All lower-order interaction terms are included in the regressions but not displayed to preserve space. All fixed effects are interacted with a cohort indicator for the matched treated and control observations with the same event year. Standard errors are clustered at the firm level and reported in parentheses. \*, \*\*, and \*\*\* indicate statistical significance at the 10%, 5%, and 1%, respectively. Detailed variable definitions are provided in Appendix A.

	Worker Ideology Change(%)			
	(1)	(2)	(3)	(4)
CEO Ideology Change $\times$ Post	1.348*** (0.198)	1.227*** (0.199)	1.210*** (0.183)	1.194*** (0.182)
CEO Ideology Change $\times$ Post $\times$ Seniority				0.203*** (0.078)
D(Minority)	-0.124*** (0.047)	-0.133*** (0.045)	-0.131*** (0.042)	-0.136*** (0.043)
D(Female)	-0.005 (0.035)	0.004 (0.035)	-0.007 (0.036)	-0.014 (0.037)
D(College/Graduate Degree)	0.025 (0.030)	-0.002 (0.028)	0.021 (0.028)	0.027 (0.029)
Tenure in Current Employer	-0.089*** (0.011)	-0.089*** (0.012)	-0.088*** (0.011)	-0.087*** (0.011)
Adjusted $R^2$	0.090	0.092	0.093	0.093
Worker Ideo FE	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes
OCC3d-year FE	Yes		Yes	Yes
MSA-Year FE		Yes	Yes	Yes
Observations	44,025,174	44,016,012	44,015,392	44,015,392

Table 5: Political Alignment and Worker Separations

This table reports the effect of CEO Ideology Change on worker separation. The unit of observation is at the worker-firm-year level. The stacked difference-in-differences design compares treated units experiencing a flip in CEO ideology (from Democrat to Republican or from Republican to Democrat) with matched control units that never experience such changes. Control firms are selected from the same NAICS3-year as the treated firms, and each treated firm is paired with up to five control firms with the closest total worker count. The dependent variable *Separation (%)* is an indicator of separation with the firm in the next year and joining a different firm in the full Revelio Labs sample. *Aligned Ideology* is an indicator of workers' political ideology being aligned with the new CEO ideology after the change. *Aligned Ideology Others* is an indicator of non-partisan workers. In column (5), seniority refers to the de-meaned seniority group. All lower-order interaction terms are included in the regressions but not displayed to preserve space. All fixed effects are interacted with a cohort indicator for the matched treated and control observations with the same event year. Standard errors are clustered at the firm level and reported in parentheses. \*, \*\*, and \*\*\* indicate statistical significance at the 10%, 5%, and 1%, respectively. Detailed variable definitions are provided in Appendix A.

	Separation(%)				
	(1)	(2)	(3)	(4)	(5)
CEO Ideology Change × Post × Aligned Ideology	0.128 (0.171)	0.072 (0.157)	0.212 (0.155)	0.223 (0.162)	0.207 (0.163)
CEO Ideology Change × Post × Aligned Ideology × Seniority					0.034 (0.101)
CEO Ideology Change × Post × Aligned Ideology Others	-0.128 (0.376)	-0.217 (0.395)	-0.129 (0.370)	-0.118 (0.387)	-0.112 (0.368)
D(Minority)	0.333*** (0.090)	0.355*** (0.117)	0.272*** (0.097)	-0.121 (0.221)	-0.276 (0.218)
D(Female)	-0.480*** (0.089)	-0.132 (0.093)	-0.489*** (0.083)	-0.557*** (0.101)	-0.798*** (0.094)
D(College/Graduate Degree)	4.823*** (0.201)	4.613*** (0.195)	4.867*** (0.197)	4.925*** (0.192)	5.151*** (0.196)
Tenure in Current Employer	-0.546*** (0.021)	-0.567*** (0.024)	-0.534*** (0.021)	-0.539*** (0.021)	-0.510*** (0.020)
CEO Ideology Change × Post × Aligned Gender				0.635** (0.297)	0.587** (0.266)
CEO Ideology Change × Post × Aligned Race				0.369 (0.336)	0.364 (0.336)
Adjusted $R^2$	0.055	0.055	0.060	0.061	0.062
Worker Ideo FE	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes
OCC3d-year FE	Yes		Yes	Yes	Yes
MSA-Year FE		Yes	Yes	Yes	Yes
Observations	41,435,338	41,426,569	41,425,973	39,906,088	39,906,088

Table 6: Political Alignment and Worker Promotion

This table reports the effect of CEO Ideology Change on worker promotion. The unit of observation is at the worker-firm-year level. The stacked difference-in-differences design compares treated units experiencing a flip in CEO ideology (from Democrat to Republican or from Republican to Democrat) with matched control units that never experience such changes. Control firms are selected from the same NAICS3-year as the treated firms, and each treated firm is paired with up to five control firms with the closest total worker count. The dependent variable *Promo\_salary\_10P(%)* is an indicator of within-firm promotion with a more than 10% salary increase. *Aligned Ideology* is an indicator of workers' political ideology being aligned with the new CEO ideology after the change. *Aligned Ideology Others* is an indicator of non-partisan workers. All lower-order interaction terms are included in the regressions but not displayed to preserve space. All fixed effects are interacted with a cohort indicator for the matched treated and control observations with the same event year. Standard errors are clustered at the firm level and reported in parentheses. \*, \*\*, and \*\*\* indicate statistical significance at the 10%, 5%, and 1%, respectively. Detailed variable definitions are provided in Appendix A.

	Promotion(%)			
	(1)	(2)	(3)	(4)
CEO Ideology Change × Post × Aligned Ideology	0.150** (0.070)	0.156** (0.075)	0.152** (0.071)	0.151** (0.076)
CEO Ideology Change × Post × Aligned Ideology Others	0.097 (0.062)	0.112* (0.065)	0.107* (0.059)	0.087 (0.064)
D(Minority)	-0.272*** (0.027)	-0.363*** (0.025)	-0.236*** (0.023)	-0.148*** (0.045)
D(Female)	0.178*** (0.025)	0.173*** (0.033)	0.178*** (0.024)	0.228*** (0.031)
D(College/Graduate Degree)	1.764*** (0.043)	2.017*** (0.052)	1.668*** (0.043)	1.659*** (0.044)
Tenure in Current Employer	-0.050*** (0.006)	-0.042*** (0.006)	-0.051*** (0.006)	-0.053*** (0.006)
CEO Ideology Change × Post × Aligned Gender				0.028 (0.058)
CEO Ideology Change × Post × Aligned Race				-0.016 (0.063)
Adjusted $R^2$	0.017	0.014	0.018	0.018
Worker Ideo FE	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes
OCC3d-year FE	Yes		Yes	Yes
MSA-Year FE		Yes	Yes	Yes
Observations	44,025,174	44,016,012	44,015,392	42,372,655

Table 7: Unexpected CEO Departures and Worker Political Alignment

This table reports the effect of unexpected CEO departures on worker political alignment. The unit of observation is at the firm-seniority-year level. The stacked difference-in-differences design compares treated units experiencing an unexpected CEO departure, defined as firm-years in which the CEO departs due to death or illness, with matched control units that never experience such a departure. Control firms are selected from the same NAICS3-year as the treated firms, and each treated firm is paired with up to five control firms with the closest total worker count. The dependent variable is the fraction of workers whose political ideology aligns with the CEO's party in the year prior to the event. *Female (%)*, *Minority(%)*, and *College/Graduate Degree(%)* denote the fraction of workers who are female, minority, and hold a college or graduate degree, respectively. In column (3), seniority refers to the de-measured seniority group. All fixed effects are interacted with a cohort indicator for the matched treated and control observations with the same event year. Standard errors are clustered at the firm level and reported in parentheses. \*, \*\*, and \*\*\* indicate statistical significance at the 10%, 5%, and 1%, respectively. Detailed variable definitions are provided in Appendix A.

	Aligned Ideology(%)		
	(1)	(2)	(3)
Unexpected CEO Departure $\times$ Post	-1.952*	-2.497**	-1.311
	(1.026)	(1.038)	(0.944)
Unexpected CEO Departure $\times$ Post $\times$ Seniority			-1.159*
			(0.596)
Adjusted $R^2$	0.329	0.347	0.746
Year FE	Yes	Yes	No
Firm FE	Yes	Yes	No
Year $\times$ Seniority FE	No	No	Yes
Firm $\times$ Seniority FE	No	No	Yes
Worker Characteristics	No	Yes	Yes
Observations	8,863	8,863	8,784

Table 8: Instrumental Variable Regression

This table reports two-stage least squares (2SLS) estimates of the effect of a CEO Party change on the change in the firm’s share of Democratic workers. The dependent variable is the change in the average share of Democratic workers within a firm–seniority group, computed as the mean Democratic share over the current and following three years minus the mean Democratic share over the preceding four years. The endogenous regressor, *CEO Dem Change<sub>t</sub>*, is coded -1,0,+1 for CEO party switches from Democrat to Republican, no change, and Republican to Democrat, respectively. *Unexpected CEO Departure<sub>t-1</sub>* is an indicator equal to one if the firm’s CEO departed due to death or illness in the previous year, and zero otherwise. *CEO Dem<sub>t-1</sub>* equals one if the CEO in the previous year was a Democrat, and zero otherwise. The instrument is *Unexpected CEO Departure<sub>t-1</sub> × Dem Bench<sub>t-2</sub>*, which equals zero in years without an unexpected CEO departure and, in years with such a departure, equals the share of Democratic top-five executives (excluding the CEO) if the CEO is a Republican, and the share of Republican top-five executives (excluding the CEO) if the CEO is a Democrat. First-stage *F*-statistics are reported at the bottom of the table and the complete first-stage regression output is reported in Internet Appendix Table B.4. Standard errors are clustered at the firm level and reported in parentheses. \*, \*\*, and \*\*\* indicate statistical significance at the 10%, 5%, and 1%, respectively. Detailed variable definitions are provided in Appendix A.

	$\Delta$ Dem Share <sub>(t,t+3)-(t-4,t-1)</sub> (%)			
	(1)	(2)	(3)	(4)
CEO Dem Change <sub>t</sub>	4.599** (2.205)	3.217* (1.701)	3.485** (1.670)	3.628** (1.744)
CEO Dem <sub>t-1</sub>	-0.426 (0.324)	0.898 (0.713)	0.925 (0.711)	0.653 (0.713)
Unexpected CEO Departure <sub>t-1</sub>	0.944 (1.103)	-0.102 (0.977)	-0.196 (0.970)	-0.511 (0.964)
Dem Bench <sub>t-2</sub>	-0.535** (0.271)	-0.276 (0.352)	-0.336 (0.353)	-0.623* (0.358)
Industry × Year FE	Yes	Yes	Yes	No
Firm FE	No	Yes	Yes	No
Industry × Year × Seniority FE	No	No	No	Yes
Firm × Seniority FE	No	No	No	Yes
Worker Characteristics	No	No	Yes	Yes
Observations	80,708	80,702	80,648	77,528
<i>F</i> -statistic	9.93	10.13	10.12	10.12

# Appendix A Variable Definitions

## Firm-year Level:

- *Democratic\_All Workers(%)*: Fraction of Democratic workers relative to all workers
- *Republican\_All Workers(%)*: Fraction of Republican workers relative to all workers
- *Democratic\_Partisan Workers(%)*: Fraction of Democratic relative to partisan workers
- *Republican\_Partisan Workers(%)*: Fraction of Republican relative to partisan workers
- *Female(%)* :Fraction of workers that are female
- *Minority(%)* :Fraction of Workers that are minority
- *College/Graduate Degree(%)*:Fraction of workers with college or graduate degree
- *Worker Age*: Average Worker Age. Age information is obtained from L2 and then supplemented with age inferred from graduation years in Revelio Labs
- *Democratic CEO*: an indicator of Democratic CEO
- *Republican CEO*: an indicator of Republican CEO
- *Female CEO*: an indicator of female CEO
- *Minority CEO*: an indicator of minority CEO

## Worker-firm-Year Level:

- *Promo\_Salary\_10p(%)*:An indicator of being promoted within the firm with more than 10% increase in salary, in percentage
- *Separation(%)* :An indicator of separating from a firm in year t and joining a different firm in the Revelio Labs universe in year t+1, in percentage.
- *Democrat* :An indicator of worker affiliating with Democrat Party
- *Republican* :An indicator or worker affiliating with Republican Party
- *Unaffiliated* :An indicator of worker affiliating with other parties or no party affiliation
- *Unregistered* :An indicator of worker linked through L2
- *D(Female)* :An indicator of worker being female
- *D(Minority)* :An indicator of worker being minority
- *D(College/Graduate Degree)*:An indicator of worker having college or graduate degree
- *Tenure in Current Employer*: Years spent with the current employer

Table B.1: Robustness: Aligned/Total Workers (%)

This table reports the effect of CEO Ideology Change on worker political alignment. The unit of observation is at the firm-year level in columns (1)-(2) and firm-OCC3d-year level in column (3). The stacked difference-in-differences design compares treated units experiencing a flip in CEO ideology (from Democrat to Republican or from Republican to Democrat) with matched control units that never experience such changes. Control firms are selected from the same NAICS3-year as the treated firms, and each treated firm is paired with up to 5 control firms with the closest total worker count. The dependent variable is the fraction of total workers whose political ideology aligns with the new CEO ideology after the change. *Female (%)*, *Minority(%)*, and *College/Graduate Degree(%)* denote the fraction of workers who are female, minority, and hold a college or graduate degree, respectively. All fixed effects are interacted with a cohort indicator for the matched treated and control observations with the same event year. Standard errors are clustered at the firm level and reported in parentheses. \*, \*\*, and \*\*\* indicate statistical significance at the 10%, 5%, and 1%, respectively. Detailed variable definitions are provided in Appendix A.

	Aligned_Worker(%)		
	(1)	(2)	(3)
CEO Ideology Change X Post	1.077*** (0.272)	1.060*** (0.265)	1.294*** (0.283)
Female(%)		-0.003 (0.025)	0.008* (0.004)
Minority(%)		-0.024 (0.031)	-0.037*** (0.005)
College/Graduate Degree(%)		-0.008 (0.024)	-0.011*** (0.004)
Worker Age		0.338*** (0.083)	0.323*** (0.012)
Adjusted $R^2$	0.794	0.800	0.602
Firm FE	Yes	Yes	
Firm-OCC3d FE			Yes
Year FE	Yes	Yes	
OCC3d-Year FE			Yes
Observations	21,106	21,059	818,888

Table B.2: Robustness: CEO Ideology Changes Due to CEO Turnovers

This table reports the effect of CEO Ideology Change, driven by CEO turnovers, on worker political alignment. The unit of observation is at the firm-year level in columns (1)-(2) and firm-OCC3d-year level in column (3). The stacked difference-in-differences design compares treated units experiencing a flip in CEO ideology (from Democrat to Republican or from Republican to Democrat) due to CEO changes with matched control units that experience CEO changes but not ideology flipping. Control firms are selected from the same NAICS3-year as the treated firms, and each treated firm is paired with up to 5 control firms with the closest total worker count. The dependent variable is the fraction of partisan workers whose political ideology aligns with the new CEO ideology after the change. *Female (%)*, *Minority(%)*, and *College/Graduate Degree(%)* denote the fraction of workers who are female, minority, and hold a college or graduate degree, respectively. All fixed effects are interacted with a cohort indicator for the matched treated and control observations with the same event year. Standard errors are clustered at the firm level and reported in parentheses. \*, \*\*, and \*\*\* indicate statistical significance at the 10%, 5%, and 1%, respectively. Detailed variable definitions are provided in Appendix A.

	(1)	(2)	(3)
CEO Ideology Change X Post	3.785*** (1.283)	3.750*** (1.198)	2.134*** (0.805)
Female(%)		-12.272 (8.847)	-0.033*** (0.012)
Minority(%)		0.562 (10.456)	-0.042** (0.017)
College/Graduate Degree(%)		15.207* (8.529)	0.001 (0.010)
Worker Age		0.286 (0.319)	0.070* (0.036)
Adjusted $R^2$	0.611	0.653	0.684
Firm FE	Yes	Yes	
Firm-OCC3d FE			Yes
Year FE	Yes	Yes	
OCC3d-Year FE			Yes
Observations	15,771	15,258	199,024

Table B.3: Robustness: No Worker Ideology Change

This table reports the effect of CEO Ideology Change on worker political alignment. The unit of observation is at the firm-year level in columns (1)-(2) and firm-OCC3d-year level in column (3). The stacked difference-in-differences design compares treated units experiencing a flip in CEO ideology (from Democrat to Republican or from Republican to Democrat) with matched control units that never experience such changes. Control firms are selected from the same NAICS3-year as the treated firms, and each treated firm is paired with up to 5 control firms with the closest total worker count. The dependent variable is the fraction of partisan workers whose political ideology aligns with the new CEO ideology after the change. We use the mode of worker ideology to ensure no change of ideology within the same worker over time. *Female (%)*, *Minority(%)*, and *College/Graduate Degree(%)* denote the fraction of workers who are female, minority, and hold a college or graduate degree, respectively. All fixed effects are interacted with a cohort indicator for the matched treated and control observations with the same event year. Standard errors are clustered at the firm level and reported in parentheses. \*, \*\*, and \*\*\* indicate statistical significance at the 10%, 5%, and 1%, respectively. Detailed variable definitions are provided in Appendix A.

	Aligned_Worker(%)		
	(1)	(2)	(3)
CEO Ideology Change X Post	2.789*** (0.565)	2.793*** (0.565)	2.196*** (0.472)
Female(%)		0.005 (0.068)	-0.030*** (0.008)
Minority(%)		-0.046 (0.078)	-0.094*** (0.015)
College/Graduate Degree(%)		0.001 (0.061)	0.016** (0.008)
Worker Age		0.317** (0.156)	0.080*** (0.024)
Adjusted $R^2$	0.807	0.808	0.710
Firm FE	Yes	Yes	
Firm-OCC3d FE			Yes
Year FE	Yes	Yes	
OCC3d-Year FE			Yes
Observations	20,953	20,953	612,586

Table B.4: Instrumental Variable Regression: First Stage

This table reports first-stage estimates for the instrumental variable regression reported in Table 8 in the main paper.

	CEO Dem Change <sub>t</sub>			
	(1)	(2)	(3)	(4)
Unexpected CEO Departure <sub>t-1</sub> × Dem Bench <sub>t-2</sub>	0.688*** (0.218)	0.596*** (0.187)	0.596*** (0.187)	0.594*** (0.195)
CEO Dem <sub>t-1</sub>	-0.042*** (0.005)	-0.247*** (0.015)	-0.247*** (0.015)	-0.251*** (0.016)
Unexpected CEO Departure <sub>t-1</sub>	0.119 (0.117)	0.168 (0.106)	0.168 (0.106)	0.169 (0.111)
Dem Bench <sub>t-2</sub>	0.028*** (0.004)	0.027*** (0.008)	0.027*** (0.008)	0.027*** (0.009)
$R^2$	0.158	0.315	0.139	0.141
Industry × Year FE	Yes	Yes	Yes	No
Firm FE	No	Yes	Yes	No
Industry × Year × Seniority FE	No	No	No	Yes
Firm × Seniority FE	No	No	No	Yes
Worker Characteristics	No	No	Yes	Yes
Observations	80,708	80,702	80,648	77,528

## Appendix B Matching Employees to Voter Registration Data

We construct our matched employee-voter dataset as follows. We begin with all U.S. workers covered in the Revelio Labs database between 2000 and 2022 and all U.S. voters covered in the L2 database between 2014 and 2022.

Because first names in Revelio Labs may reflect a nickname or preferred name, we identify all possible first names corresponding to a given nickname using the GitHub repository [https://github.com/onyxrev/common\\_nickname\\_csv](https://github.com/onyxrev/common_nickname_csv), while giving priority to the first name as it appears in Revelio. Next, we impute birth year based on education records, using the graduation year minus the average age of degree recipients in the United States. Specifically, we subtract 21 from the college graduation year; if that is missing, we use high school graduation year minus 17; if still missing, we use associate degree graduation year minus 19.

We then use the following method to match each worker with a unique voter in a given metropolitan statistical area (MSA). We merge workers with the voter data using first name, middle initial, last name, and MSA. In case of multiple matches, we apply the following criteria to determine the correct unique match. First, we check if the difference between Revelios imputed birth year and voter’s birth year is less than or equal to three. If the worker continues to match to multiple voters but they always have the same party affiliation, we select one voter at random. For workers that still do not find a unique match and are located in a tri-state area (e.g., Connecticut / New Jersey / New York or D.C. / Maryland / Virginia), they are matched to the combined voter data of the tri-state area. For all workers who remain unmatched, we perform another merge using their first and last names only and drop matches with conflicting middle names. All other steps described above remain the same. Finally, if a worker remains unmatched or lacks MSA information, we repeat the procedure using the state as the geographic identifier instead of MSA.

Using the above procedure, we are able to match 19,766,564 of the total 46,270,680 workers in the Revelio Labs between 2000 and 2022 to a unique voter record, resulting in a match rate of 42.72%.