Top-Down Ideology:
How CEO Politics Shape the U.S. Workforce

Preliminary Draft *

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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 switches are followed by a substantial increase in the share of workers politically aligned with the new CEO, with remarkably little heterogeneity across hierarchical levels. The effect is robust to analyses that exploit retirement-age departures as plausibly exogenous variation in the timing of leadership transitions. We further show that the workforce realignment operates through a geographic channel: following a CEO party switch, firms expand employment more in areas politically aligned with the new CEO. These findings highlight a "top-down ideology" effect through which corporate leadership shapes the geographic allocation of talent and contributes to partisan segregation in the U.S. labor market.

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

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1 Introduction

A large literature in finance documents that individual managers leave a personal imprint on the firms they lead, shaping corporate policies such as investment and financing (Bertrand and Schoar (2003); Malmendier and Tate (2005)). These policies concern how the firm sources and deploys capital. Whether corporate leaders also shape who the firm employs, and in particular the political composition of the workforce, remains underexplored. Prior work documents that CEO political affiliation influences employees' political contributions (Babenko, Fedaseyeu, and Zhang (2019)) as well as the gender composition of the executive suite (Cohen, Hazan, and Weiss (2021)), and that political segregation is rising among senior corporate executives (Fos, Kempf, and Tsoutsoura (2025)). But whether leadership ideology propagates beyond the executive suite to the broader workforce, and through which channels, remains unknown. There is reason to doubt that it does, especially in large, publicly listed firms, where CEOs are far removed from most hiring decisions, which are delegated to line managers and human-resource departments and governed by formal procedures and legal constraints. These features could confine the influence of CEOs to the top of the organization, leaving the partisan composition of the rank and file largely unchanged.

To study these questions, we combine individual-level voter registration records with employment histories from Revelio Labs and CEO identities from ExecuComp. The matched panel covers over 110 million worker-year observations at 2,028 publicly listed U.S. firms from 2000 to 2022, allowing us to observe both CEO party affiliation and the partisan composition of the workforce over time. We classify individuals as Democratic or Republican using voter registration status and primary participation, and we track how workforce composition evolves around CEO transitions. Our research design compares firms in which a CEO turnover changes the party of the CEO to firms in the same industry and year that experience a CEO turnover without such a change.

Our main finding is that a change in CEO party is followed by an increase in the share of the workforce aligned with the new CEO's party. Among partisan workers, alignment rises by 1.6 percentage points, a 3% increase relative to the sample mean, and the adjustment

is larger among new hires, where alignment rises by roughly 3.0 percentage points, a 6% increase. Event-study estimates show no differential pre-trends between treated and control firms, and the realignment emerges only after the transition. The effect appears below the executive suite, in ranks where the CEO plays no direct role in hiring, contrary to the view that leadership ideology remains confined to the top of the organization.

Second, the realignment is unlikely to be an artifact of the endogenous selection of party-switching CEOs. A concern with the baseline design is that boards may appoint a CEO of a particular party precisely when the firm is undergoing a strategic shift that would have changed hiring on its own. To address this, we restrict treated events to party switches that follow the retirement-age departure of the outgoing CEO (Acemoglu, He, and Le Maire (2022)), isolating transitions whose timing is driven by the CEO's age rather than by contemporaneous firm conditions. The realignment survives in this subsample and is, if anything, larger (2.8 percentage points). It is also robust to absorbing time-varying local political and labor market conditions through headquarters-state-by-year fixed effects.

Third, the realignment operates through firm-wide adjustments rather than the CEO's direct involvement in hiring, and geography is central to it. If the effect ran through the CEO personally recruiting copartisans, it would concentrate among senior hires, where CEOs participate in selection. Instead, the increase in alignment is similar across the corporate hierarchy, including at junior and mid-level positions far removed from the CEO. Consistent with an organization-wide channel, firms expand employment disproportionately in metropolitan areas already aligned with the new CEO's party following a switch. At the worker level, adding MSA-by-year fixed effects absorbs about half of the realignment among new hires, indicating that much of the adjustment operates through where the firm grows rather than whom it selects within a given location.

Taken together, the political identity of corporate leaders extends beyond firm policy to the composition of the workforce itself. We refer to this as top-down ideology: a process through which the partisanship of the CEO propagates into the broader organization, in large part by tilting the firm's geographic expansion toward politically aligned labor markets. The results also reframe how political segregation arises across U.S. workplaces. Existing work attributes this segregation to workers sorting across firms. We show that employers

contribute as well: the same firm's workforce shifts toward the party of its new leadership, holding the external pool of workers fixed.

Our paper contributes to several strands of literature. First, it adds to research on how political preferences shape firm behavior and workforce outcomes. Babenko, Fedaseyeu, and Zhang (2019) show that CEOs affect the political contribution behavior of their employees, and Cohen, Hazan, and Weiss (2021) find that Democratic CEOs are more likely to hire women in the executive suite. Most closely related, Fos, Kempf, and Tsoutsoura (2025) document growing political segregation among CEOs and senior executives. We extend this work below the executive layer, showing that leadership partisanship reshapes the broader workforce. Our findings also complement Colonnelli, Pinho Neto, and Teso (2025), who show that business owners in Brazil are more likely to employ and promote copartisans. Their setting centers on privately held firms with owner-managers, where hiring often draws on personal networks. We study large public U.S. firms with professional CEOs and formal personnel systems. We show that the political alignment of the workforce is not driven by homophily in hiring or preferential promotion of copartisans, but by organization-wide adjustment and differential geographic expansion.

Second, our paper speaks to work on sorting and segregation in labor markets. Kagan, Frake, and Hurst (2024) document rising partisan segregation across U.S. workplaces and emphasize the role of worker-side sorting. More generally, a broader literature shows that workers match with firms on the basis of co-worker characteristics and nonpecuniary amenities (e.g., Mas and Pallais, 2017; Colonnelli, McQuade, Ramos, Rauter, and Xiong, 2025). We show that segregation also arises on the demand side: workforces realign within the same firm following leadership transitions, distinct from the worker-side sorting across firms that this literature emphasizes.

Third, we contribute to the literature on managerial imprinting and corporate culture. Beginning with Bertrand and Schoar (2003), this work shows that individual CEOs shape firm policies such as investment, financing, and risk-taking (see also Malmendier and Tate, 2005; Guiso, Sapienza, and Zingales, 2015). We add a new dimension to this literature: CEOs shape not only how the firm sources and deploys financial capital, but whom it employs. Political ideology propagates from the top down, transmitted through firm

decisions that reshape who the firm employs.

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 B, yields a match rate of 43%. The resulting panel contains over 110 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 slightly more likely to be Democrats (52.94% share versus 47.06% for Republicans). 40.57% of the employees are women and 20.85% 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 39 years. 45% of CEOs are Republican. Only 4% of CEOs are women and 11% are minorities.

At the worker-firm-year level, approximately 20% of observations are newly hired at the firm. 3.3% of employees are promoted within a firm (defined as a salary increase of at least 10%) in a given year and 15.8% separate from the firm. When we include all employees, 25% are Democrats, 18% are Republicans, 19% are unaffiliated, and 38% have no voter registration record. The average tenure of employees at the firm is 6.3 years.

3 Empirical Methodology

Our goal is to identify the 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 of CEO party changes may coincide with time-varying firm shocks, we exploit retirement-age CEO departures as plausibly exogenous variation in the timing of CEO party changes.

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 party switches. We restrict attention to firms that experience at least one change in CEO party affiliation during the sample period.[1] During our sample period, we observe 288 CEO party switches. In 156 (132) cases, the ideology changes from Republican to Democrat (Democrat to Republican), respectively. By construction, all our CEO party switches are associated with CEO turnovers. For each treated firm–event, we select up to five control firms from the same NAICS3–year cell that also experience a CEO turnover but without a party switch and have the closest total worker count and same new CEO party in the event year. This matching procedure helps ensure that treated and control firms are comparable

[1] If more than one change happens within the same firm, we only keep events that are at least 10 years apart.

along industry, size, and time dimensions.

Specifically, we estimate the following equation:

$$Aligned\_withNewCEO(\%)_{fet} = \beta\, CEOPartySwitch_{fe} \times Post_{et} + \alpha_{fe} + \theta_{et} + \epsilon_{fet}, \quad (1)$$

where f denotes a firm, e an event, and t a calendar year. The dependent variable $Aligned\_withNewCEO(\%)_{fet}$ is the share of partisan workers whose political ideology matches that of the *new* CEO party in a given firm–year cell. $CEOPartySwitch_{fe}$ is an indicator for treated firms that experience a CEO party switch; $Post_{et}$ 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, β, is on $CEOPartySwitch_{fe} \times Post_{et}$, 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 α_{fe}, which absorb all time-invariant firm characteristics as well as event-specific levels, and event–year fixed effects θ_{et}, which absorb common shocks across treated and control firms within a cohort. 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:

$$Aligned\_withNewCEO(\%)_{f,e,t} = \sum_{k=-4}^{4} \phi_k\, D_{et}^{k} \times CEOPartySwitch_{fe} + \alpha_{fe} + \theta_{et} + \epsilon_{fet}, \quad (2)$$

where D_{et}^{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 ϕ_k trace out the path of worker alignment before and after the CEO party switch. The absence of significant pre-trends in ϕ_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:

$$Y_{wfet} = CEOPartySwitch_{fe} + Post_{et} + CEOPartySwitch_{fe} \times Post_{et} + \alpha_{fe} + \beta_{e,t} + \epsilon_{wfet}, \quad (3)$$

where w denotes a worker, Y_{wfet} refers to a worker-level outcome variable, such as worker political alignment with the new CEO, and all other variables are defined as above. In additional specifications, we further control for the MSA location and occupation of the worker. Standard errors are again 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 switches 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 retirement-age CEO departures as a plausibly exogenous variation in the timing of firm leadership transitions.

4 Results

4.1 Univariate Analysis

We begin by documenting descriptive evidence that CEO party 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 6.9 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-by-year fixed effects, the gap narrows to 3.9 percentage points but remains sizable. Finally, the third bar shows

that the pattern also persists within headquarter-state-by-year, 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 party and employees' political views, we exploit within-firm variation in CEO party by studying changes in the partisan composition of workers in firms that experience a CEO party switch during the sample period.

Table 2 reports the results of estimating equation (1), discussed in section 3 above, which examines the effect of CEO party switch on the political alignment of workers. In Columns (1)-(2), the dependent variable is the fraction of partisan workers whose political ideology aligns with the new CEO party, and in Columns (3)-(4), the fraction of newly hired partisan workers whose political ideology aligns with the new CEO party. The stacked difference-in-differences design compares treated units experiencing a CEO party switch (from Democrat to Republican, or from Republican to Democrat) with matched control units from the same NAICS3–year that undergo CEO turnovers without such ideology flips. By restricting the control group to firms that also experience a CEO turnover, we account for changes in worker composition driven by CEO turnover itself, thereby isolating the change in worker alignment attributable to the CEO party switch.

The coefficient on the interaction term $CEOPartySwitch_{f,e} \times Post_t$, which represents the effect of a CEO ideology change, is consistently positive, sizable (between 2.011–1.571 ppt) and statistically significant at least at the 5% level across all specifications. The estimates in column (2) indicate that, when the CEO party changes, the percentage of the partisan workers that are aligned with the new CEO ideology increases by 1.571 ppt on average, representing a 3% increase relative to the unconditional average alignment of 51.0%. 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 Columns (3)-(4), we repeat the analysis for new hires and show that the alignment with the new CEO party is more pronounced when we examine new hires. The interaction coefficient rises to 3.040 and 2.961 percentage points under the same specifications, again significant at the 5% level. The estimates represent a 6% increase relative to the unconditional average new hire alignment of 49.3%. Together, Table 2 shows that workforce realignment is sizable and operates especially strongly through the hiring margin, with the inflow of new partisan employees adjusting in the direction of the new CEO party.

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 partisan workers who are politically aligned with the new CEO party in the years after the CEO party changes. The workforce alignment with the new CEO's party adjusts quickly after the transition, the realignment persists and grows, and 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.

We assess the robustness of the baseline realignment result along two dimensions in the Internet Appendix. First, our matching process restricts control firms to CEO turnovers in which the incoming CEO shares the same party as the treated firm's new CEO. Internet Appendix Table B.1 relaxes this requirement, matching treated firms instead to any CEO turnover without a party switch from the same NAICS3-year. The estimated realignment remains positive and statistically significant: the coefficient on $CEOPartySwitch \times Post$ is 1.126–1.272 ppt for partisan workers (Columns (1)–(2)) and 1.744–2.538 ppt for partisan new hires (Columns (3)–(4)), again stronger among new hires.

Second, Internet Appendix Table B.2 replaces the event-year fixed effects with headquarters-state × year fixed effects, absorbing time-varying local labor-market and political conditions in the firm's headquarters state.[2] The estimates are larger: 1.971 ppt for partisan workers

[2]Given that treatment and control firms almost always have different headquarter states, interacting headquarters-state with event-year does not provide us with sufficient variation.

and 3.393 ppt for partisan new hires, both significant at the 5% level. Together, these tests confirm that the workforce realignment we document is not driven by the specifics of the control-group construction or by time-varying conditions in the firm's home state.

4.2.1 Retirement-Age CEO Departures

A remaining concern is that CEO party switches may be endogenous to contemporaneous firm shocks that also shape hiring. To address this concern, we follow Acemoglu, He, and Le Maire (2022) and restrict the set of treated events to party switches that occur within two years of the departure of a CEO aged 65 or older. The timing of such retirement-age departures is plausibly driven by the age of the outgoing CEO rather than by unobserved firm shocks, in contrast to departures arising from forced turnover or strategic repositioning, so the timing of the change in CEO party is more likely to be exogenous to the firm's hiring trajectory. Matched control firms are selected exactly as in our baseline design and inherit the treated event's timing. This restriction leaves us with 44 CEO turnover events.

Table 3 reports the results, and Panel B of Figure 2 plots the corresponding event-study dynamics. We again observe a sharp increase in the share of aligned workers in this subsample of CEO transitions, with no differential pre-trends. The estimated realignment is, if anything, larger than in our baseline: the event-study coefficients peak at about 5 ppt in event year $\tau = +3$, and the difference-in-differences estimate is 2.830 ppt, significant at the 5% level. This evidence indicates that workforce realignment is not an artifact of the endogenous timing of party-switching transitions: it arises even when the transition follows a retirement-age departure, whose timing is plausibly unrelated to firm conditions.

4.2.2 Cross-Sectional Variation by Firm Size

We next ask whether the workforce realignment varies with firm size. We split treated events at the median of the treated firm's total assets in the event year and re-estimate the baseline static specification separately for the two groups, retaining each treated firm's matched controls. Figure 3 reports the results. The realignment is concentrated in smaller firms: the coefficient on $CEOPartySwitch \times Post$ is 2.50 ppt for below-median firms (statistically significant at the 5% level), compared with 0.65 ppt for above-median firms (statistically

insignificant). The contrast is economically large and intuitive: in smaller organizations, the CEO exerts greater influence over hiring and firm culture, so a change in leadership ideology propagates more strongly through the workforce.

4.2.3 Separations and Career Progression

CEO party changes could also affect workforce composition via employee separations. Internet Appendix Table B.3 examines whether partisan employees aligned with the new CEO are less likely to leave the firm relative to misaligned employees. We apply our event-study framework at the worker level, with an indicator equal to one if the worker departs from the firm in year $t + 1$ as the dependent variable. We interact the CEO Party Switch $\times$ Post interaction with an indicator equal to one for workers whose ideology is aligned with the new CEO ideology (*Aligned*). We control for worker characteristics such as gender, race, education (an indicator for having a college degree), age, and tenure in the current position. Across all five specifications, including those that add MSA-year and occupation-year fixed effects and worker-level controls, the triple interaction CEO Party Switch $\times$ Post $\times$ Aligned is economically small and statistically indistinguishable from zero. Political alignment with the new CEO therefore does not measurably affect the probability that an existing employee leaves the firm, suggesting that the main mechanism operates through differential hiring rates rather than retention.

Internet Appendix Table B.4 examines whether politically aligned partisan workers experience faster within-firm advancement after a CEO party switch. We define a *promotion* as an increase in compensation of at least 10% within the same firm and year. The triple-interaction estimates CEO Party Switch $\times$ Post $\times$ Aligned are positive but economically small and statistically insignificant in most specifications, reaching marginal significance (at the 10% level) only in the most saturated specification with worker-level controls in Column (5). The CEO Party Switch $\times$ Post baseline coefficient, which captures the change in promotion rates for misaligned workers after the CEO party switch, is negative in most specifications but statistically significant (at the 10% level) only in Column (3). Overall, Table B.4 finds no robust evidence that political alignment with the new CEO translates into faster promotions for incumbent employees.

5 Mechanism

We now turn to the question of how leadership ideology propagates via hiring to the broader workforce. One potential mechanism is that the new CEO screens candidates and steers individual hiring decisions toward politically like-minded employees. This would be consistent with homophily affecting hiring decisions or with the social networks of the CEO, which are likely to consist of people with similar political views (Iyengar, Lelkes, Levendusky, Malhotra, and Westwood (2019)). A second potential mechanism is that CEOs affect the partisan composition of the workforce via organization-wide decisions and policies. For example, new CEOs may choose to expand employment disproportionately in areas with more politically aligned workers. This could be driven by CEOs being more optimistic about economic conditions in politically aligned areas,[3] or by their having stronger political connections in those areas, or by CEOs deriving greater nonpecuniary utility from interacting with politically aligned workers, citizens, or politicians.

We begin by studying heterogeneity across seniority levels, where a direct hiring channel should be strongest at the top of the hierarchy. We then examine whether firms shift employment growth toward geographic areas that are more politically aligned with the new CEO, and whether this helps explain the realignment among new hires. These tests allow us to distinguish a direct hiring channel from a geographic expansion channel.

5.1 Heterogeneity by Seniority

If workforce realignment were operating through the CEO's direct involvement in hiring—for example, through homophily in the CEO's personal network, recommendations from politically aligned contacts, or hands-on screening of candidates—we would expect the effect to be concentrated at senior levels of the organization. CEOs are typically directly involved in vetting executives, senior managers, and other high-rank hires, but they are far removed from the hiring of junior employees, where decisions are delegated to mid-level managers and

[3]Voters' assessment and interpretation of economic conditions and economic policies depend on whether they are politically aligned with the government (e.g., Bartels (2002); Gerber and Huber (2009); Mian, Sufi, and Khoshkhou (2023)). This extends also to financially sophisticated professionals (e.g., Kempf and Tsoutsoura (2021); Rice (2023); Engelberg, Guzman, Lu, and Mullins (2021)).

HR. A network- or homophily-driven mechanism therefore implies an increased realignment effect in high-seniority positions, with little or no effect on rank-and-file hiring.

Figure 4 re-estimates the stacked difference-in-differences specification in equation 1 separately for two seniority groups defined using Revelio's seniority score: junior and mid-level employees (Seniority 1–4), and senior employees (Seniority 5–7). The y-axis plots the change in the fraction of partisan workers whose party aligns with the new CEO's party in each seniority group. The increase in alignment with the new CEO around CEO switches is positive across both groups: 1.7 ppt for junior and mid-level employees, and 1.9 ppt for senior employees. The estimates are statistically significant for the junior-to-mid-level group, and the two estimates are economically close and not statistically distinguishable from one another.

Overall, Figure 4 shows that workforce realignment is similar across the corporate hierarchy, including at seniority levels where the CEO is unlikely to play a direct role in individual hiring decisions. This pattern suggests that the effect operates primarily through firm-wide policies rather than direct CEO involvement in selecting specific hires.

5.2 Geographic Expansion

The evidence above points away from a mechanism based primarily on the CEO's direct involvement in individual hiring decisions and instead suggests a broader organizational channel. In this section, we examine whether one such channel operates through the geography of firm growth. Specifically, we test whether, following a CEO party switch, firms expand employment disproportionately in labor markets that are more politically aligned with the new CEO.

Several non-mutually-exclusive forces could lead CEOs to expand the firm into geographies that are politically aligned with their own party. First, CEOs may be more optimistic about economic prospects of politically aligned areas; for example, they may view policies enacted by politically aligned local governments more favorably and form more optimistic forecasts about the trajectory of local areas whose political views match their own. Second, CEOs may have stronger personal and professional networks in politically aligned areas, as well as closer ties with local politicians that can be valuable in securing local contracts.

Third, CEOs may have nonpecuniary preferences for interacting with individuals—workers, politicians, or the public—who are politically like-minded. Each of these channels predicts that, following a CEO party switch, the firm will tilt its expansion toward geographies more aligned with the incoming CEO's party.

To take this hypothesis to the data, we embed the geographic test in the same matched stacked difference-in-differences design used in our main analysis. We compare the post-switch employment growth of treated firms (which experience a CEO party switch) with that of matched control firms (which experience a CEO turnover *without* a party change), and ask whether any differential growth is concentrated in MSAs that are more politically aligned with the new CEO's party. Specifically, we estimate the following triple-difference specification:

$$\begin{aligned} Log(Emp_{efmt}) = \beta_1 Treat_{ef} \times Post_t + \beta_2 FracAlignedWorker_{efm} \times Post_t \\ + \beta_3 FracAlignedWorker_{efm} \times Treat_{ef} \times Post_t + \lambda_{efm} + \lambda_{eft} + \lambda_{emt} + \epsilon_{efmt}, \end{aligned} \tag{4}$$

where the unit of observation is firm f in MSA m and year t within matched event e, and Emp_{efmt} is the number of workers employed by firm f in MSA m in year t. $Treat_{ef}$ equals one for the treated (party-switching) firm in event e and zero for its matched control firms, and $Post_t$ equals one in years on or after the event. $FracAlignedWorker_{efm}$ is the average fraction of all Revelio-L2 linked partisan workers in MSA m who are aligned with the treated firm's new CEO party in the five years before the CEO party switch. The measure is based on Kagan, Frake, and Hurst (2024) and is provided by the authors on their website.[4] Kagan, Frake, and Hurst (2024) provide two measures. One is based on the raw data on party registration and primary participation, and a second measure where partisanship is imputed for non-partisans based on Bayesian methods using precinct-level electoral returns as well as demographic variables. The fixed effects λ_{efm}, λ_{eft}, and λ_{emt} denote event×firm×MSA, event×firm×year, and event×MSA×year fixed effects, respectively; across specifications we include λ_{efm} together with either event×year fixed effects or the more saturated λ_{eft} and λ_{emt}, and they absorb the $Treat_{ef}$ and $FracAlignedWorker_{efm}$ main effects as well

[4] ($https://dataverse.harvard.edu/dataset.xhtml?persistentId=doi:10.7910/DVN/MKTZI7$)

as their lower-order interactions. The coefficient of interest is β_3, which measures whether treated firms, relative to matched controls, grow employment disproportionately in more politically aligned MSAs after the party switch.

Table 4 reports the results. Columns (1) and (2) use the raw share of aligned partisan workers in the MSA, and columns (3) and (4) use the alternative imputed measure. All columns include event×firm×MSA fixed effects. Columns (1) and (3) additionally include event×year fixed effects, whereas columns (2) and (4) include the more demanding event×firm×year and event×MSA×year fixed effects, such that the triple-interaction coefficient β_3 is identified from differential employment growth across MSAs within the same firm-event-year, comparing treated firms to their matched controls.

The triple-interaction coefficient β_3 is positive in all four specifications and is statistically significant in the more saturated models. In column (2), the coefficient on $FracAlignedWorker_{efm} \times Treat \times Post$ is 0.535 (significant at the 5% level), implying that a 10-percentage-point increase in the share of aligned workers in the MSA is associated with roughly 5.3% higher employment at treated firms relative to matched controls after the CEO party switch. The imputed-measure counterpart in column (4) is nearly identical at 0.534. Overall, relative to otherwise-similar control firms, treated firms grow employment disproportionately in labor markets in which the pre-existing workers are more aligned with the incoming CEO than in less-aligned labor markets.

5.3 Worker Level Decomposition

Our firm-level analysis in Section 4.2 showed that workforce realignment occurs primarily through the hiring margin. Moreover, we found that realignment is driven by geographical expansion to more politically aligned areas. To quantify the importance of the geographic channel in explaining the overall realignment effect, we next analyze the partisan composition among new hires at the worker level.

Our analysis in Table 5 closely follows our main stacked difference-in-differences analysis, but focuses exclusively on partisan new hires and estimates the regression at the worker level, using equation 3. The dependent variable is coded as 0 and 1 for newly hired workers' political ideology being misaligned and aligned with the new CEO ideology. To make the

worker-level estimates comparable to the firm-level analysis, we weight observations by the inverse of the number of partisan hires in each firm-year.

Column (1) of Table 5 shows that new hires' alignment with the incoming CEO rises by 2.961 ppt after the switch (significant at the 1% level), which exactly matches our point estimate from column (4) of Table 2. Column (2) adds MSA × year fixed effects to absorb any differences in the partisan composition of workers across MSAs. The coefficient is reduced by roughly half (to 1.452 ppt) and becomes insignificant, indicating that a substantial share of the new-hire realignment operates through where the firm hires. In column (3), we add occupation × year fixed effects to absorb differences in partisan composition across occupations. The occupation fixed effects absorb less of the realignment effect than the MSA fixed effects: the coefficient shrinks to 2.225 ppt but remains statistically significant at the 5% level. Finally, in column (4) we add both MSA× year fixed effects and occupation × year fixed effects. The coefficient becomes smaller in economic magnitude and is insignificant. Overall, the results in Table 5 indicate that a substantial share of the new-hire realignment operates through where the firm hires, while the occupation mix plays a smaller role.

6 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 where CEOs are far removed from most hiring decisions. Using a dataset that combines voter registrations, CEO identities, and longitudinal employment records, we document that when the party affiliation of a firm's CEO changes, the share of workers aligned with the new CEO's party rises. The realignment emerges quickly after the transition, persists, and operates primarily through the hiring margin: new hires become substantially more aligned with the incoming CEO, while we find no evidence that aligned incumbents are less likely to leave the firm or more likely to be promoted.

The realignment is unlikely to reflect the endogenous selection of party-switching CEOs. Event-study estimates show no differential trends in workforce composition before CEO party switches, and the effect persists when we restrict attention to transitions triggered by

retirement-age departures, whose timing is driven by the age of the outgoing CEO rather than by contemporaneous firm conditions. It is similarly robust to absorbing time-varying political and labor-market conditions in the firm's headquarters state.

Our evidence on mechanism points away from the most intuitive channel. If realignment reflected the CEO personally steering hiring toward copartisans, through homophily or personal networks, the effect would concentrate at senior levels, where CEOs participate directly in selection. Instead, realignment is similar across the corporate hierarchy, appearing at junior and mid-level positions where the CEO has no plausible role in individual hiring decisions. The adjustment instead operates through where the firm grows: following a party switch, firms expand employment disproportionately in metropolitan areas aligned with the new CEO's party, and differences in hiring location account for a substantial share of the realignment among new hires.

Our findings have implications for corporate decision-making and the allocation of talent. CEOs influence not only how the firm sources and deploys financial capital but also the composition of its human capital, and they do so through a real corporate decision: where the firm expands. Whether this tilt toward politically aligned labor markets is costly; i.e., whether firms forgo attractive labor market opportunities for alignment, and whether the underlying driver is distorted beliefs about aligned areas or a nonpecuniary preference of the CEO, is a question our data cannot answer. Nevertheless, our results imply that leadership ideology is among the managerial traits that shape real allocation decisions inside the firm. As workforces shift toward the party of their leadership, firms led by different parties move apart in workforce composition, indicating that partisan segregation across U.S. workplaces reflects employer decisions and not only the sorting of workers across firms.

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Figure 1: CEO Party and Workforce Composition

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 bar plots the difference within the same calendar year, within the same NAICS3-industry and year, and within the same headquarter state and year. Vertical lines denote the corresponding 95% confidence intervals.

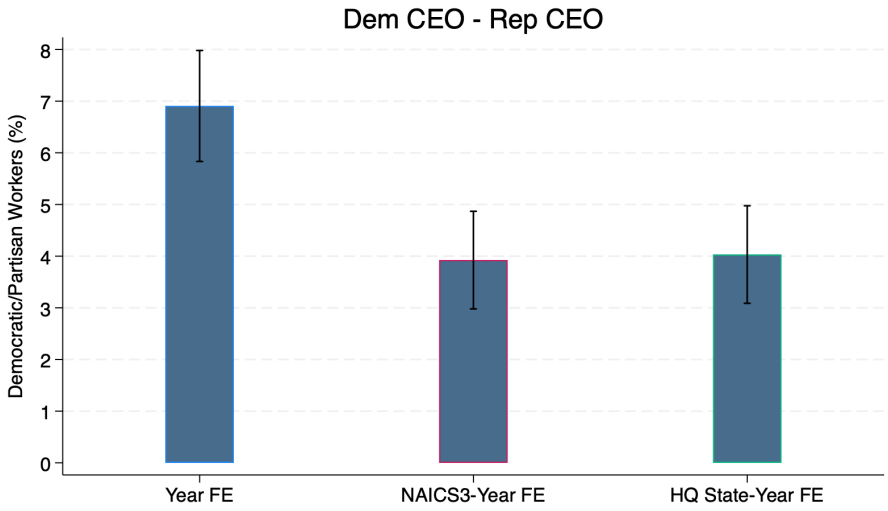
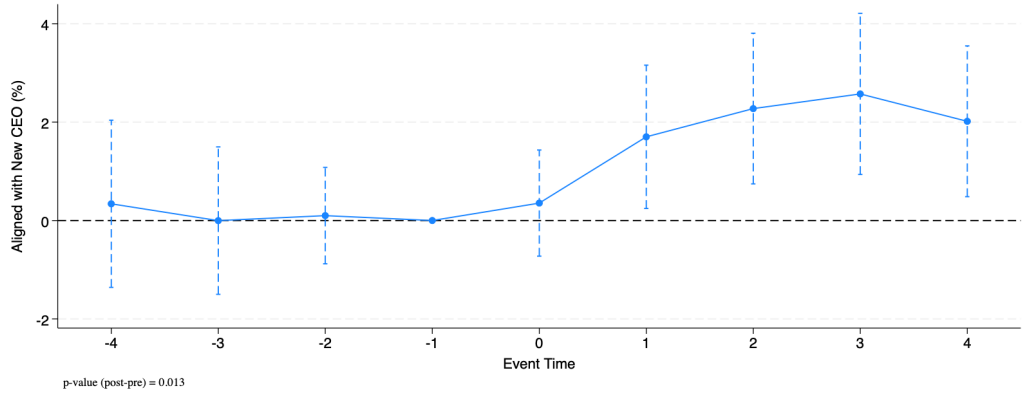
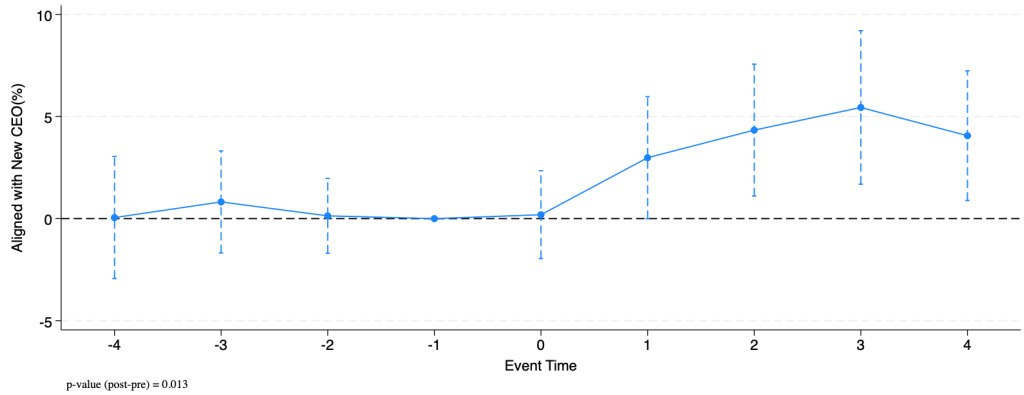


Figure 2: Workforce Realignment around CEO Party Switches

This figure illustrates the dynamics of worker political alignment around CEO party switches. The unit of observation is at the firm-year level. The dependent variable is the fraction of partisan workers whose party aligns with the new CEO party. The stacked difference-in-differences design compares treated units experiencing a CEO turnover that produces a switch in CEO party (from Democrat to Republican or from Republican to Democrat) with matched control units (from the same NAICS3-year) that undergo CEO turnovers without such party switches. Each treated firm is paired with up to five control firms with the closest total worker count and the same new CEO party at the event year. Firm fixed effects and year fixed effects are included, interacted with a group indicator of the matched treated and control observations. The p-value for the statistical significance of the difference in coefficient estimates before and after the CEO party switch is reported at the bottom of each panel. 95% confidence intervals are based on standard errors clustered at the firm level. Panel (a) plots the dynamics for all CEO party switches. Panel (b) restricts treated events to CEO party switches that follow a retirement-age departure (the outgoing CEO is at least 65) within two years, isolating leadership transitions that are plausibly less driven by contemporaneous firm shocks.



(A) All CEO Party Switches



(B) Retirement-Age Departures

Figure 3: Workforce Realignment around CEO Party Switches: Firm Size

This figure illustrates worker political alignment around CEO party switches by firm size. The unit of observation is at the firm-year level. The dependent variable is the fraction of partisan workers whose party aligns with the new CEO party. Treated events are split at the median of the treated firm's total assets (Compustat) in the event year, and matched controls inherit the treated firm's size group. The stacked difference-in-differences design compares treated units experiencing a CEO turnover that produces a switch in CEO party (from Democrat to Republican or from Republican to Democrat) with matched control units (from the same NAICS3-year) that undergo CEO turnovers without such party switches. Each treated firm is paired with up to five control firms with the closest total worker count and the same new CEO party at the event year. Firm fixed effects and year fixed effects are included, interacted with a group indicator of the matched treated and control observations. 95% confidence intervals are based on standard errors clustered at the firm level.

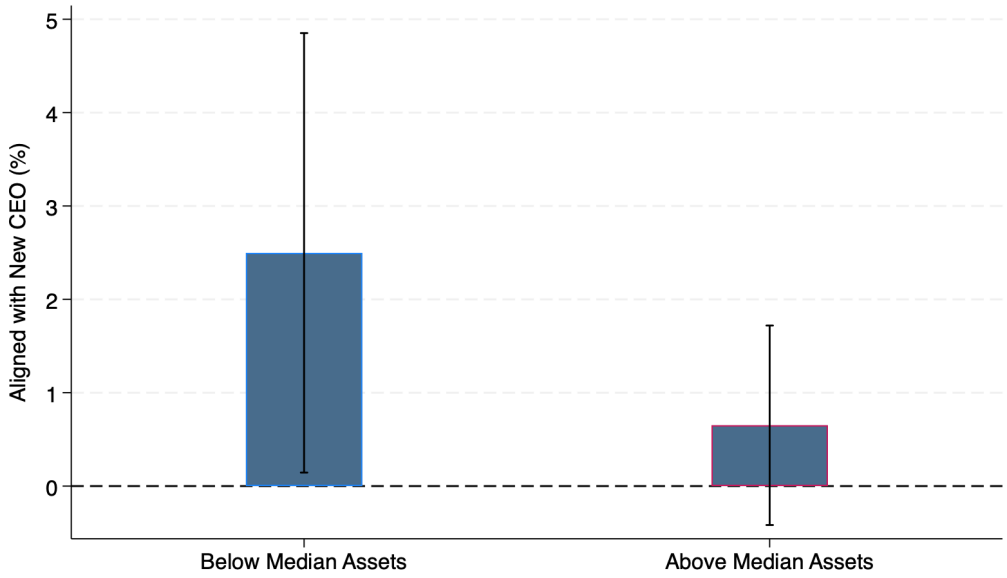


Figure 4: Workforce Realignment around CEO Party Switches: Seniority

This figure illustrates worker political alignment around CEO party switches by seniority levels. The unit of observation is at the firm-year level. The dependent variable is the fraction of partisan workers whose party aligns with the new CEO party in each seniority group. The stacked difference-in-differences design compares treated units experiencing a CEO turnover that produces a switch in CEO party (from Democrat to Republican or from Republican to Democrat) with matched control units (from the same NAICS3-year) that undergo CEO turnovers without such party switches. Each treated firm is paired with up to five control firms with the closest total worker count and the same new CEO party at the event year. Firm fixed effects and year fixed effects are included, interacted with a group indicator of the matched treated and control observations. 95% confidence intervals are based on standard errors clustered at the firm level.

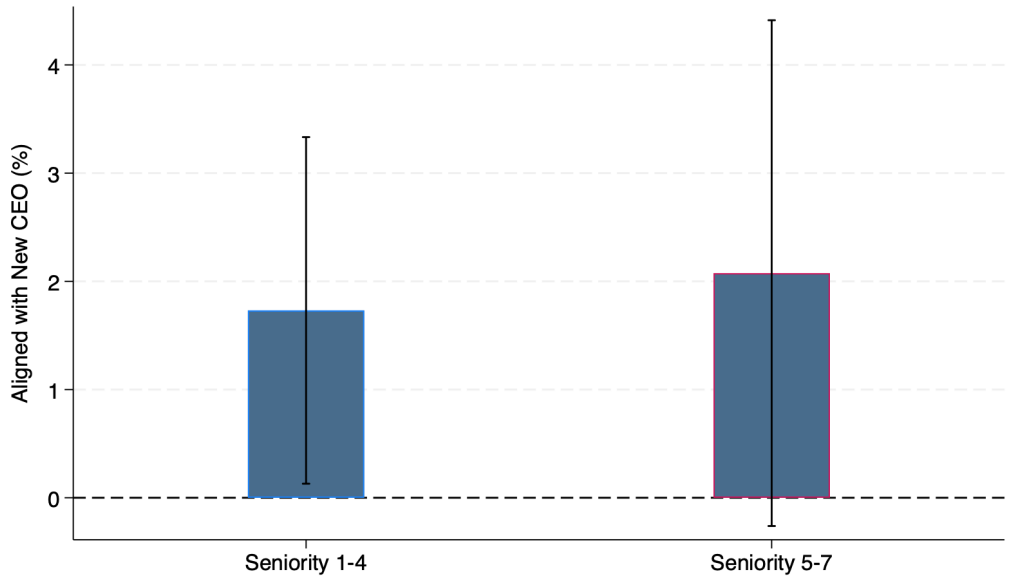


Table 1: Summary Statistics

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 based on ExecuComp and L2. Detailed variable definitions are provided in Section Appendix A.

A. Firm-year Level

	N	Mean	Median	SD	P25	P75
Democratic/Partisan Workers(%)	39,944	52.94	52.70	12.55	44.57	61.36
Repulican/Partisan Workers(%)	39,944	47.06	47.30	12.55	38.64	55.43
Democratic/All Workers(%)	40,039	22.33	22.03	5.81	18.60	25.91
Republican/All Workers(%)	40,039	20.13	20.00	6.55	15.62	24.12
Female(%)	40,033	40.57	38.54	14.57	28.93	50.19
Minority(%)	40,036	20.85	19.20	10.87	13.42	26.21
College/Graduate Degree(%)	40,039	52.99	53.08	12.41	44.70	61.32
Average Worker Age	40,002	38.64	38.79	4.10	36.11	41.42
Democratic CEO	40,039	0.14	0.00	0.35	0.00	0.00
Republican CEO	40,039	0.45	0.00	0.50	0.00	1.00
Unaffiliated CEO	40,039	0.19	0.00	0.39	0.00	0.00
Unregistered CEO	40,039	0.22	0.00	0.41	0.00	0.00
Female CEO	40,039	0.04	0.00	0.19	0.00	0.00
Minority CEO	40,039	0.11	0.00	0.31	0.00	0.00

B. Worker-firm-year Level

	N	Mean	Median	SD	P25	P75
New Hire(%)	113,429,591	19.71	0.00	39.78	0.00	0.00
Promotion_Salary_10P(%)	116,459,177	3.34	0.00	17.97	0.00	0.00
Separation(%)	108,194,854	15.83	0.00	36.50	0.00	0.00
Democrat	116,459,177	0.25	0.00	0.43	0.00	0.00
Repulican	116,459,177	0.18	0.00	0.39	0.00	0.00
Unaffiliated	116,459,177	0.19	0.00	0.39	0.00	0.00
Unregistered	116,459,177	0.38	0.00	0.49	0.00	1.00
D(Female)	109,624,887	0.43	0.00	0.50	0.00	1.00
D(Minority)	110,896,378	0.24	0.00	0.43	0.00	0.00
D(College/Graduate Degree)	116,459,177	0.55	1.00	0.50	0.00	1.00
Worker Age	88,941,060	37.92	36.00	13.63	27.00	47.00
Tenure in Current Employer	116,459,177	6.33	4.00	7.13	1.00	9.00

Table 2: Workforce Realignment around CEO Party Switches

This table reports the effects of CEO party switches on worker political alignment. The unit of observation is at the firm-year level. The dependent variable is the fraction of partisan workers whose party aligns with the new CEO party in Columns(1)-(2), and the fraction of newly hired partisan workers whose party aligns with the new CEO party in Columns (3)-(4). The stacked difference-in-differences design compares treated units experiencing a CEO turnover that produces a switch in CEO party (from Democrat to Republican or from Republican to Democrat) with matched control units (from the same NAICS3-year) that undergo CEO turnovers without such party switches. Each treated firm is paired with up to five control firms with the closest total worker count and the same new CEO party at the event year. All fixed effects are interacted with an event indicator for the matched treated and control observations. 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.

	Partisan Workers		Partisan New Hires	
	(1)	(2)	(3)	(4)
CEO Party Switch X Post	2.011***	1.571**	3.040**	2.961**
	(0.753)	(0.691)	(1.376)	(1.359)
Post	-1.878***		-2.317**	
	(0.568)		(0.981)	
Adjusted R^2	0.846	0.837	0.463	0.436
Event-Firm FE	Yes	Yes	Yes	Yes
Event-Year FE		Yes		Yes
HQState-Year FE				
Observations	3,674	3,643	3,516	3,468

Table 3: Workforce Realignment around CEO Party Switches: Retirement-Age Departures

This table replicates Table 2, restricting treated events to CEO party switches that follow a retirement-age (65+) CEO departure within two years. The dependent variable is the fraction of partisan workers whose party aligns with the new CEO party in Columns (1)–(2), and the fraction of newly hired partisan workers in Columns (3)–(4). All fixed effects are interacted with an event indicator for the matched treated and control observations. Standard errors are clustered at the firm level and reported in parentheses. *, **, and *** indicate statistical significance at the 10%, 5%, and 1%, respectively.

	Partisan Workers		Partisan New Hires	
	(1)	(2)	(3)	(4)
CEO Party Switch X Post	2.925**	2.830**	2.298	2.166
	(1.337)	(1.238)	(2.711)	(2.577)
Post	-1.716**		-0.657	
	(0.675)		(1.758)	
Adjusted R^2	0.831	0.818	0.419	0.381
Event-Firm FE	Yes	Yes	Yes	Yes
Event-Year FE		Yes		Yes
Observations	1,099	1,093	1,045	1,035

Table 4: CEO Party Switch and Geographic Expansion

This table reports the effects of CEO party switches on firms' geographic employment expansion. The unit of observation is at the firm–MSA–year level, in a matched stacked difference-in-differences design that compares treated firms experiencing a CEO party switch with matched control firms whose CEO also turned over but without a party change. We compare employment growth in MSAs more politically aligned with the new CEO's party to that in less-aligned MSAs. MSA partisan alignment is measured as the pre-event (5 years) share of partisan workers in the MSA whose party matches that of the new CEO party, in both raw (*Raw*) and imputed (*Imp*) form. The dependent variable is *Log(# Workers)* at the firm–MSA–year level, and the sample is restricted to firm–MSA pairs with an average worker count of at least three. Lower order terms are included in the regression but not tabulated to preserve space. All fixed effects are interacted with an event indicator for the CEO party switch. Standard errors are clustered at the firm level and reported in parentheses. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively. Detailed variable definitions are provided in Appendix A.

	Log(Emp)			
	(1)	(2)	(3)	(4)
Frac Aligned Worker (Raw) X Treat X Post	0.259	0.535**		
	(0.166)	(0.248)		
Frac Aligned Worker (Imp) X Treat X Post			0.280*	0.534**
			(0.163)	(0.246)
Adjusted R^2	0.908	0.920	0.908	0.920
Event-Firm-MSA FE	Yes	Yes	Yes	Yes
Event-Year FE	Yes		Yes	
Event-Firm-Year FE		Yes		Yes
Event-MSA-Year FE		Yes		Yes
Observations	59,089	25,008	59,089	25,008

Table 5: Realignment of New Hires around CEO Party Switches

This table reports the effect of CEO party switches on newly hired workers' political alignment. The unit of observation is at the worker-firm level, focusing on the first year a partisan worker joins a firm. The dependent variable *Aligned with New CEO(%)* is coded 1 for new hires' party being aligned with the new CEO party after the switch and 0 for being misaligned. The stacked difference-in-differences design compares treated units experiencing a CEO turnover that produces a switch in CEO party (from Democrat to Republican or from Republican to Democrat) with matched control units (from the same NAICS3-year) that undergo CEO turnovers without such party switches. Each treated firm is paired with up to five control firms with the closest total worker count and the same new CEO party at the event year. We weight the regression by the inverse of the newly hired partisan worker count at the firm-year level. All fixed effects are interacted with an event indicator for the matched treated and control observations. 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 with New CEO(%)			
	(1)	(2)	(3)	(4)
CEO Party Switch × Post	2.961***	1.452	2.225**	1.509
	(1.115)	(1.235)	(0.877)	(1.271)
Adjusted R^2	0.085	0.221	0.216	0.331
Event-Firm FE	Yes	Yes	Yes	Yes
Event-Year FE	Yes			
Event-MSA-year FE		Yes		Yes
Event-OCC3D-year FE			Yes	Yes
Observations	618,838	585,127	605,992	571,569

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 not 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: Workforce Realignment around CEO Party Switches: Controls Not Restricted to the Same New CEO Party

This table replicates Table 2, but relaxes the matching requirement: each treated firm is matched to control firms (from the same NAICS3-year) that undergo a CEO turnover without a party switch, *without* requiring the control firm's new CEO to share the same party as the treated firm's new CEO. The dependent variable is the fraction of partisan workers whose party aligns with the new CEO party in Columns (1)–(2), and the fraction of newly hired partisan workers in Columns (3)–(4). All fixed effects are interacted with an event indicator for the matched treated and control observations. 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.

	Partisan Workers		Partisan New Hires	
	(1)	(2)	(3)	(4)
CEO Party Switch X Post	1.126**	1.272**	1.744*	2.538**
	(0.529)	(0.523)	(0.987)	(0.990)
Post	-0.607*		-0.611	
	(0.341)		(0.545)	
Adjusted R^2	0.861	0.856	0.476	0.452
Event-Firm FE	Yes	Yes	Yes	Yes
Event-Year FE		Yes		Yes
HQState-Year FE				
Observations	6,501	6,462	6,258	6,197

Table B.2: Workforce Realignment around CEO Party Switches: HQ State × Year Fixed Effects

This table replicates Table 2, replacing the event-year fixed effects with headquarters-state × year fixed effects (interacted with an event indicator for the matched treated and control observations) to absorb time-varying local labor-market and political conditions in the firm's headquarters state. The dependent variable is the fraction of partisan workers whose party aligns with the new CEO party in Column (1), and the fraction of newly hired partisan workers in Column (2). 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.

	Partisan Workers	Partisan New Hires
	(1)	(2)
CEO Party Switch X Post	1.971**	3.393**
	(0.826)	(1.515)
Post	-0.222	-2.282
	(0.462)	(1.386)
Adjusted R^2	0.861	0.512
Event-Firm FE	Yes	Yes
Event-Year FE		
HQState-Year FE	Yes	Yes
Observations	3,473	3,322

Table B.3: Political Alignment and Worker Separations

This table reports the effects of CEO party switches on partisan worker separation. The unit of observation is at the worker-firm-year level. The dependent variable *Separation (%)* is an indicator of separation from the firm in the next year. *Aligned* is an indicator of workers' political ideology being aligned with the new CEO party. The stacked difference-in-differences design compares treated units experiencing a CEO turnover that produces a switch in CEO party (from Democrat to Republican or from Republican to Democrat) with matched control units (from the same NAICS3-year) that undergo CEO turnovers without such party switches. Each treated firm is paired with up to five control firms with the closest total worker count and the same new CEO party at the event year. We weight the regression by the inverse of the partisan worker count at the firm-year level. All fixed effects are interacted with an event indicator for the matched treated and control observations. 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 Party Switch × Post × Aligned	0.001	-0.001	0.001	0.000	-0.000
	(0.004)	(0.005)	(0.004)	(0.005)	(0.005)
CEO Party Switch × Post	0.007	0.014**	0.005	0.014**	0.017***
	(0.005)	(0.006)	(0.005)	(0.006)	(0.006)
Aligned	-0.009***	-0.006**	-0.008***	-0.005*	-0.003
	(0.003)	(0.003)	(0.002)	(0.002)	(0.002)
CEO Party Switch × Aligned	0.007*	0.005	0.006	0.002	0.002
	(0.004)	(0.004)	(0.004)	(0.003)	(0.003)
Post × Aligned	-0.001	0.000	-0.000	-0.001	0.001
	(0.003)	(0.004)	(0.003)	(0.004)	(0.003)
D(Female)					-0.008***
					(0.001)
D(Minority)					-0.000
					(0.002)
D(College/Graduate Degree)					0.039***
					(0.002)
Worker Age					-0.001***
					(0.000)
Tenure in Current Position					-0.004***
					(0.000)
Adjusted R^2	0.030	0.105	0.077	0.147	0.162
Firm FE	Yes	Yes	Yes	Yes	Yes
Year FE	Yes				
MSA-year FE		Yes		Yes	Yes
OCC3D-year FE			Yes	Yes	Yes
Observations	2,819,706	2,774,037	2,806,651	2,760,472	2,554,498

Table B.4: Political Alignment and Worker Promotion

This table reports the effects of CEO party switches on partisan worker promotion. The unit of observation is at the worker-firm-year level. The dependent variable *Promo_salary_10P(%)* is an indicator of within-firm promotion with a more than 10% salary increase. *Aligned* is an indicator of workers' party being aligned with the new CEO party. The stacked difference-in-differences design compares treated units experiencing a CEO turnover that produces a switch in CEO party (from Democrat to Republican or from Republican to Democrat) with matched control units (from the same NAICS3-year) that undergo CEO turnovers without such party switches. Each treated firm is paired with up to five control firms with the closest total worker count and the same new CEO party at the event year. We weight the regression by the inverse of the partisan worker count at the firm-year level. All fixed effects are interacted with an event indicator for the matched treated and control observations. 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_Salary_10p(%)				
	(1)	(2)	(3)	(4)	(5)
CEO Party Switch × Post × Aligned	0.222	0.221	0.249	0.238	0.361*
	(0.208)	(0.208)	(0.200)	(0.205)	(0.210)
CEO Party Switch × Post	-0.112	0.026	-0.282*	-0.124	-0.175
	(0.153)	(0.171)	(0.156)	(0.188)	(0.196)
Aligned	0.057	0.006	-0.002	-0.018	0.023
	(0.109)	(0.112)	(0.096)	(0.105)	(0.100)
CEO Party Switch × Aligned	-0.206	-0.171	-0.139	-0.120	-0.202
	(0.161)	(0.166)	(0.155)	(0.163)	(0.158)
Post × Aligned	-0.029	0.031	-0.031	-0.010	0.003
	(0.130)	(0.133)	(0.125)	(0.133)	(0.134)
D(Female)					0.102
					(0.079)
D(Minority)					-0.241**
					(0.106)
D(College/Graduate Degree)					1.311***
					(0.066)
Worker Age					-0.072***
					(0.004)
Tenure in Current Position					0.015***
					(0.005)
Adjusted R^2	0.010	0.027	0.039	0.057	0.062
Firm FE	Yes	Yes	Yes	Yes	Yes
Year FE	Yes				
MSA-year FE		Yes		Yes	Yes
OCC3D-year FE			Yes	Yes	Yes
Observations	2,942,158	2,894,904	2,928,726	2,880,945	2,666,002

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`, 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 Revelio's 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%.