# From Boardroom to Public Sphere: How CEO Activism Affects Financial Analyst Evaluations

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## Abstract

CEO activism, where executives publicly engage in sociopolitical issues such as climate change, LGBTQ rights, and gun control, has become an increasingly visible aspect of corporate leadership. While prior research highlights its effects on consumers, employees, and investors, its influence on financial analysts remains underexplored. Given analysts' role in shaping investor expectations and market pricing, understanding how they interpret CEO activism is crucial.

This study examines the relationship between CEO activism and analyst behavior, focusing on coverage, forecast accuracy, and forecast dispersion. We argue that CEO activism serves as a form of non-financial voluntary disclosure that attracts analyst attention but also introduces uncertainty, making earnings projections more challenging. Using a dataset of CEO activism events matched with analyst forecasts from IBES, we analyze how these events impact analysts' evaluations.

Our preliminary findings indicate that CEO activism increases analyst coverage, suggesting heightened interest in firms where executives take public stances. However, forecast accuracy declines, reflecting uncertainty introduced by activism, while forecast dispersion widens, indicating greater disagreement among analysts. These effects are more pronounced for highly polarizing activism topics.

These findings have important implications for corporate governance and market efficiency. As CEOs engage more actively in sociopolitical discourse, they not only influence public perception but also affect financial analysts' assessments, potentially contributing to increased market volatility. By highlighting this link, our study provides new insights into the broader consequences of CEO activism on corporate financial evaluation.

**Keywords**: activism, analyst, CEO, rating, stakeholder alignment