

School of Business Administration
PhD in Business Administration—Concentration in Finance

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Abstract

Business Roundtable (BRT) firms have faced intense scrutiny from investors, media and the public following their 2019 “Statement on the Purpose of a Corporation,” which marked a shift from shareholder-centric governance to a stakeholder-focused approach. This shift has sparked debate over whether BRT firms are genuinely committed to social responsibility or merely using it as a branding strategy without implementing meaningful changes.

This thesis examines this debate across three chapters. Chapter 1 provides an extensive review of the BRT, tracing the theoretical conversation, historical evolution, membership composition using novel handcollected data, and growing prominence in US business, lobbying, policymaking and political contexts, with descriptive evidence highlighting their economic significance. Chapter 2 examines governance accountability (G) by analyzing whether BRT firms align their tax behavior with their 2019 pledge. Using a difference-in-differences framework on US public firms from 2004 to 2022, the chapter tests whether BRT members engage in higher levels of tax avoidance than non-BRT firms and whether their tax practices changed following the Statement. Chapter 3 extends the analysis to environmental and social accountability (E and S) by leveraging RepRisk incident data to capture media-reported controversies and assess whether BRT firms experienced changes in environmental and social incidents relative to matched non-BRT firms, including heterogeneity across industries and political contexts.

Overall, the thesis traces a theoretical path and provides empirical evidence on whether BRT firms’ public commitments are reflected in observable changes in tax avoidance and ESG incidents, thereby contributing to debates on corporate purpose, greenwashing and the credibility of voluntary corporate pledges.

