

Profit-Fueled Corporate Cynicism

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ABSTRACT

We study Americans' cynicism toward public companies, examining its scope, causes, and consequences. In a nationally representative survey of U.S. adults ($N = 1,225$), we find evidence of widespread cynicism, with respondents estimating that half of all public companies engage in financial misreporting and other misconduct annually. Corporate cynicism predicts lower willingness to invest in stocks and financial wealth. We conduct six pre-registered experiments ($N = 1,197$) to further examine these cynical beliefs. Our experiments reveal that negative views about corporate pursuit of profit—often seen as central to American capitalism—fuels corporate cynicism. As a result, interventions can reduce corporate cynicism by shifting beliefs about either the pursuit of profit or the concept of profit itself. For example, corporate cynicism is reduced when companies disclose their commitment to responsibilities that go beyond profit generation and when the financial press focuses their coverage on how corporate profit benefits a majority of Americans instead of focusing on the unequal distribution of those benefits.

Keywords: Corporate cynicism, views of profit, stock market participation, financial well-being

Data availability: Contact the authors.

I. INTRODUCTION

The historical average difference between stock market returns and risk-free investments has consistently exceeded four percentage points per year (Bai and Zhang 2022). Still, many individuals and households allocate a suboptimal fraction of their assets to stocks, and a substantial portion do not participate in stock markets at all (Campbell 2006; Guiso and Soldini 2013). While various factors contribute to this so-called limited participation puzzle, the literature has identified trust-related constructs as key factors contributing to this dynamic. For instance, prior research finds that general trust in others predicts stock investments (Guiso et al. 2008) and that exogenous shocks to general levels of trust in financial markets affect market participation (Christensen et al. 2019; Giannetti and Wang 2016; Gurun et al. 2018).¹ We extend this literature by conducting a survey and six pre-registered experiments to examine the scope of general trust perceptions linked to market participation, their underlying causes in the absence of market-level shocks, and how to minimize their effects.

We propose that people hold cynical beliefs about public companies that extend beyond mere distrust or skepticism, and that these beliefs reduce their willingness to invest in stocks and thus their financial well-being. We further argue that corporate cynicism is fueled, at least in part, by negative views of corporate pursuit of profit—a cornerstone of American capitalism. Building on these theoretical propositions, we develop and test theory-driven and practice-relevant interventions aimed at mitigating corporate cynicism. Understanding and addressing corporate cynicism is important because limited market participation carries profound economic and societal consequences, including heightened wealth inequality, reduced capital flow, slower

¹ Other factors previously studied include transaction costs (Andersen and Nielsen 2011; Vissing-Jorgensen 2003), risk preferences and beliefs about future returns (Malmendier and Nagel 2011), social influences (Hong, Kubick, and Stein 2004; Kaustia and Knüpfer 2012), and cognitive abilities (Grinblatt, Keloharju, and Linnainmaa 2011).

innovation, and constrained economic growth (Campbell 2006; Favilukis 2013).

Cynicism is the tendency to expect that others are ultimately motivated by self-interest and will exploit others in pursuit of their goals, without regard for moral or ethical principles (Ert, Creary, and Bazerman 2014; Stavrova, Ehlebracht, and Vohs 2020). Cynicism shares similarities with distrust as both imply a lack of confidence in others and a concern that people may act in a hostile manner (Kramer 1998, 1999). However, its unique focus on the power of self-interest and activation of disproportionately negative appraisals of the targets' values, motives, and behavior make cynicism distinct from distrust and other related constructs (Stavrova and Ehlebracht 2016, 2018, 2019). While prior studies place cynicism toward different institutions under the conceptual umbrella of social cynicism (Leung, Ip, and Leung 2010; Stavrova and Ehlebracht 2016), little is known about cynical beliefs toward specific social institutions like public companies. We address this gap by conceptualizing *corporate cynicism*—the tendency to expect that corporations and their leaders are ultimately driven by self-interest and will exploit others to achieve their goals, without regard for ethical or legal obligations.

Drawing on theories from psychology (Albarracín and Shavitt 2018; Albarracín et al. 2019; Bhattacharjee et al. 2017; Hart et al. 2009; Stavrova et al. 2020; Wyer 2019), we propose a conceptual model of corporate cynicism that yields four overarching predictions. First, we predict that people, on average, have cynical beliefs about corporations, expecting levels of self-serving, exploitative, and unethical behavior that far exceed documented rates. Second, we predict that these cynical beliefs are consequential, reducing individuals' willingness to invest in stocks and their financial wealth. Third, because cynicism focuses on selfish motives, we predict that corporate cynicism is fueled by negative views about a salient corporate motive—the pursuit of profit. Finally, we predict that interventions can effectively reduce corporate cynicism either

by shifting beliefs about the extent to which companies prioritize profit or by reshaping perceptions of profit itself.

To test these ideas, we conduct a series of studies that examine: (i) the scope and consequences of corporate cynicism, (ii) the theoretical mechanisms underlying it, and (iii) theory-based interventions aimed at reducing it (see Figure 1 for an overview). To assess the scope and consequences of corporate cynicism, Study 1 conducts a nationally representative survey of 1,225 U.S. adults. Participants complete a corporate cynicism scale adapted from prior research and estimate the prevalence of misconduct by public companies, including financial misreporting, insider trading, tax fraud, and greenwashing. On average, respondents believe that roughly half of all public companies engage in such practices annually—far exceeding documented rates—and these beliefs are strongly correlated with responses to the corporate cynicism scale. Moreover, corporate cynicism negatively predicts participants' willingness to invest in stocks and their financial wealth, controlling for income, financial literacy, investment experience, and other covariates.

We next investigate the theoretical mechanisms that underlie corporate cynicism. Study 2 examines whether corporate cynicism stems in part from negative views of companies' profit-seeking motives. Leveraging prior evidence that people view smaller companies as less profit-driven than larger companies (Freund et al. 2024), we manipulate company size as an instrument to induce different levels of profit-seeking motives. As expected, participants perceive stronger profit-seeking motives for large companies than for small ones, and these perceptions significantly predict corporate cynicism. Mediation analyses provide evidence that profit-seeking motives explain the relation between company size and corporate cynicism, suggesting negative views about profit motives are a key factor influencing corporate cynicism. Two supplemental

experiments explore theory-relevant psychological factors as alternative mechanisms—compensatory control and social comparison—but do not find support for either mechanism.

Having identified negative perceptions of profit motives as a key factor of corporate cynicism, we next test whether theory-based interventions can reduce these beliefs by reshaping beliefs about the extent to which companies prioritize profit or by reshaping perceptions of profit itself. Testing these interventions allows us to simultaneously assess the validity of the proposed theoretical mechanism and identify strategies that could be implemented in practice (Asay et al. 2022). We examine interventions that are applicable across a range of settings, including corporate narrative disclosures, financial media coverage, and general messaging to potential investors about the societal value of corporate profit.

Studies 3 and 4 examine whether corporate disclosure that deprioritizes profit can reduce corporate cynicism and explore factors that influence the effectiveness of such disclosures. In Study 3, participants first watch a video promoting either a positive-sum view of corporate profit (where profits benefit many stakeholders) or a zero-sum view (where profits come at others' expense), adapted from prior research (Andrews-Fearon and Davidai 2023). They then read a summary of corporate disclosures that either endorse a “profit-maximizing” approach to business or a “beyond-profit” approach emphasizing broader stakeholder goals. Results provide evidence that beyond-profit narrative disclosures reduce corporate cynicism, regardless of whether participants are primed with positive-sum or zero-sum views of profit.

Study 4 builds on Study 3 by testing whether the influence of beyond-profit disclosures varies depending on the perspective individuals adopt—investor or observer. Theory suggests that adopting an investor perspective may make individuals more receptive to profit-maximizing firms by increasing the personal relevance of profit (e.g., Bocian and Wojciske 2014). Consistent

with this view, Study 4 provides evidence that prompting participants to adopt an investor perspective reduces corporate cynicism toward profit-maximizing companies. Moreover, we find that beyond-profit narrative disclosures reduce cynicism even among investors and political conservatives, groups that are typically resistant to such messaging.

Study 5 examines how financial media coverage of corporate performance influences corporate cynicism, given the media's significant and varied attention to this topic (Call et al. 2022). While roughly 60 percent of U.S. adults own stock and benefit from corporate profits, the wealthiest 10 percent hold the majority of equity and gain the most from corporate profits (Gallup 2023; Sor 2024). Media narratives often highlight this inequality (see Appendix A), but we predict that highlighting the broad-based benefits of corporate profit can improve perceptions of profit and reduce cynicism. Consistent with this prediction, we find that media coverage emphasizing the widespread benefits of corporate profit reduces cynicism relative to coverage highlighting wealth concentration. Together, Studies 3-5 suggest that although corporate cynicism is resistant to change, it can be meaningfully tempered by reshaping beliefs about the extent to which companies prioritize profit or by reshaping perceptions of profit itself.

Our study contributes to the literature in accounting, finance, and psychology. First, we extend research linking general trust perceptions to market participation (Campbell 2006; Christensen et al. 2019; Giannetti and Wang 2016; Guiso et al. 2008; Guiso and Soldini 2013; Gurun et al. 2018) by providing evidence on the prevalence of corporate cynicism, identifying its underlying theoretical mechanisms, and exploring its consequences for investment intentions and wealth. We also test theory-based interventions aimed at mitigating these beliefs. Second, we add to research on stakeholder theory and related CSR disclosure (Christensen et al. 2021; Parman et al. 2010). U.S. firms often use CSR disclosures to signal broader stakeholder commitments (Cho

et al. 2007; Mallin et al. 2013; Huang and Watson 2015). Our findings suggest these disclosures can reduce corporate cynicism, offering insights into the outcomes of CSR communication.

Third, we contribute to psychology research on cynicism (e.g., Chen et al., 2016; Dean et al. 1998; Stavrova and Ehlebracht 2016, 2018, 2019), which links cynical beliefs to health, well-being, and social functioning. We advance this literature by focusing on a specific social institution—public companies—while providing novel evidence on the scope, causes, and consequences of corporate cynicism. We refine the broader concept of social cynicism (Chen et al. 2016; Stavrova and Ehlebracht 2016), identify perceptions of corporate profit as a key domain-specific factor (Fetchenhauer and Dunning 2010; Stavrova et al. 2020), and test interventions targeting beliefs in the norm of self-interest (Critcher and Dunning 2011; Miller 1999). Finally, we build on research on the financial media (see Miller and Skinner 2015 for a review) by examining how media framing of corporate performance shapes cynicism.

II. THEORETICAL BACKGROUND AND HYPOTHESES DEVELOPMENT

Cynical Beliefs and Attitudes Toward Corporate Institutions

A belief is a person's subjective probability that another person, group, or entity has an *attribute* or will behave in a certain way, and an attitude is an *evaluation* arising from the beliefs engaged at the time a judgment or decision is required, so that prior beliefs can affect new beliefs and attitudes (Albarracín 2021; Albarracín et al. 2019; Fishbein 1963; Fishbein and Ajzen 1975). Beliefs and attitudes are shaped by cultural norms, observed or experienced interactions with the environment, and the logical integration of these factors. As a result, their strength and susceptibility to change depend on various factors, including individuals' goals, dispositions, core values, and the frequency and recency of exposure to relevant ideas (Albarracín and Shavitt 2018; Hart et al., 2009; Howe and Krosnick 2017; Wyer 2019).

A key set of beliefs and attitudes concerns other people and social institutions. Prior research suggests that general beliefs about whether most people are good and trustworthy or selfish and dishonest vary widely between individuals (e.g., Chen et al. 2016; Dean et al. 1998; Stavrova and Ehlebracht 2016, 2018, 2019). Individuals worldwide increasingly hold cynical beliefs about others, believing that most people are ultimately motivated by self-interest and will exploit others in pursuit of their goals, without regard for moral or ethical principles. These cynical beliefs are influential, as they predict negative physical, economic, and psychological outcomes (Bunde and Suls 2006; Guiso et al. 2008; Li et al. 2011; Neves 2012; Zaki 2022).

Likewise, academic research and public opinion polls indicate that views of social institutions are worsening; however, people hold different views of different institutions, such as the news media, religious groups, congress, and major companies (Fleck 2024; Gallup 2023; Twenge, Campbell, and Carter 2014). These results are consistent with evidence of differing beliefs about different human groups (Cricher and Dunning 2013; Jago, Kreps, and Laurin 2019; Klein and Epley 2016). For instance, people are more likely to defect in a prisoner's dilemma game labeled the Wall Street versus Community Game, suggesting that people hold different beliefs about other people in different contexts (Lieberman, Samuels, and Ross 2004).

Accordingly, we expect people to hold specific beliefs about corporations. Since social categorizations and beliefs are culturally transmitted and socially learned (Bodenhausen, Kang, and Peery 2012), we expect beliefs about corporations to be cynical, reflecting the steady deterioration of Americans' confidence in large companies over the last decades (Fleck 2024; Gallup 2023). These cynical beliefs should also reflect the numerous high-profile corporate scandals during the same period (Amiran et al. 2018; Ball 2009; Miller 2006), which have been publicized by the media and portrayed in many books and Hollywood films (CCR 2021; Stewart

2024). Based on this conceptualization, we define corporate cynicism as a set of beliefs that corporations and their leaders are ultimately driven by self-interest and will exploit others to achieve their goals, without regard for ethical or legal obligations. These beliefs tend to instill a broad aversion to the corporate sector that deters people from considering an equity investment. We predict, therefore, that cynical beliefs toward corporations will reduce people's propensity to consider stock investments, which should negatively affect financial wealth. More formally:

H1a. Cynical beliefs about corporate institutions will reduce people's propensity to invest in stocks.

H1b. Cynical beliefs about corporate institutions will reduce people's financial wealth.

H1c. People's propensity to invest in stocks will mediate the effects of cynical beliefs about corporate institutions on financial wealth.

Although cynical beliefs about corporations can be accurate and protect individuals from poor investment choices when directed at companies involved in misconduct, forgoing equity investments altogether to avoid a minority of bad actors constitutes a suboptimal decision with adverse consequences for both individuals and society (Bai and Zhang 2022; Campbell 2006). In this context, it is critical to distinguish corporate cynicism from skepticism. Skepticism involves the deliberate suspension of judgment, unbiased information seeking, and openness to multiple interpretations (Bobko et al. 2014; Sinaceur 2010); whereas corporate cynicism reflects an overreliance on preconceived, disproportionately negative beliefs about corporations. We predict in H1a that individuals high in corporate cynicism tend to disengage from considering equity investments, thereby bypassing the objective evaluative processes that characterize skepticism. In contrast, those low in corporate cynicism may or may not engage in skeptical thinking when evaluating stocks, depending on situational and dispositional factors (e.g., Koonce et al. 2023).

Our study also differs from prior research on how specific reporting practices influence

investor perceptions of disclosure credibility and willingness to accept vulnerability to individual firms (Mercer 2004, 2005). We focus on preexisting beliefs held by the general public, including individuals who may not see themselves as investors. Rather than studying impressions formed by those already comfortable participating in financial markets, we shift attention to preconceived beliefs of individuals who may be hesitant to engage with equity investments.

Driving Forces and Mitigating Factors of Corporate Cynicism

We draw on research in psychology to propose that profit-related beliefs constitute a major channel through which people form cynical beliefs about corporations. Subtle signs that a merchant has for-profit rather than not-for-profit goals lead consumers to activate beliefs of lower warmth, which include generosity, honesty, and trustworthiness, and thus lower purchase intentions (Aaker, Vohs, and Mogilner 2010). Closer examinations of these beliefs reveal that consumers associate profit-seeking activities with selfish and immoral intentions that are harmful to societal interests, overlooking the role profits play in incentivizing value creation (Bhattacharjee et al. 2017; Wang and Murnighan 2011). People seem to equate the idea of company size with corporate success and, thus, with greedy and unethical pursuits of profit (Freund et al. 2024). Thus, we expect that even when not taking a consumer perspective, people will associate corporations with predatory profit-seeking activities, and these beliefs will at least partially explain cynical beliefs about corporate institutions.² Thus, we predict that:

H2. Negative perceptions of corporate pursuit of profit increase corporate cynicism.

Our prediction in H2 suggests that it may be possible to reduce corporate cynicism by changing people's beliefs about profits. Negative beliefs about profit tend to be strong and less susceptible to change as they address core societal values such as not harming others (Boninger,

² Theory suggests that other psychological factors can explain corporate cynicism. We explore two of them in supplemental studies in the next section.

Kroskick, and Berent 1995; Hart et al. 2009). However, theory suggests that persuasive messages from credible sources can effectively change even strong beliefs and attitudes (Johnson et al. 2019; Petty and Cacioppo 1986). In line with this notion, reminders that for-profit firms have incentives to maintain positive reputations while creating innovative products help consumers appreciate the societal value of profits (Bhattacharjee et al. 2017). Building on this research, we propose several interventions aimed at mitigating corporate cynicism.

First, we leverage the notion that public companies' narrative disclosures vary widely in their emphasis on profits and related concepts (Benioff 2019). Companies voluntarily provide narrative disclosures with contextual information about their goals, strategies, and performance, and these disclosures significantly influence investor judgment (Kadous, Krische, and Sedor 2006; Merkley 2014). For instance, investors form different impressions of companies depending on whether and how narrative disclosures provide corporate social responsibility information (Elliott, Jackson, Peecher, and White 2014; Elliott, Grant, and Rennekamp 2017; Guiral, Moon, Tan, and Yu 2020), management acceptance of responsibility for bad news (Elliott, Hodge, and Sedor 2012; Tan and Yu 2018), forthcoming earnings news (Mercer 2005), and others.

Key for our purposes, narrative disclosures often outline either a shareholder or stakeholder approach to defining corporate priorities and responsibilities. Some companies adopt a shareholder approach that echoes Milton Friedman's views on corporate responsibility. For example, Blackstone Group's Chairman and CEO Stephen Schwarzman stated, "I know why we're in business: because people give us money to manage. They want us to earn a lot of money to give them back or else they would give us nothing" (Sorkin 2019). Similarly, Turing Pharmaceuticals' former CEO Martin Shkreli said, "Investors expect me to maximize profits, not to minimize them, or go half or go 70 percent" (Keown 2015). We expect this type of narrative

disclosure, which frames companies' strategies in terms of profit-maximizing motives, to reinforce cynical beliefs about corporate institutions.

In contrast, many companies increasingly use narrative disclosures to signal a stakeholder approach that outlines commitments and responsibilities that go beyond profit generation (Mallin et al. 2013). For example, Salesforce Chairman and CEO Mark Benioff said, "There has been a mantra for too long that the business of business is business, but today the business of business is improving the state of the world" (Salesforce 2021). Likewise, Unilever's former CEO Paul Polman stated, "I do not work for the shareholder, to be honest; I work for the consumer, the customer" (Stern 2010). Despite the anticipated strength of cynical beliefs about corporations, as previously discussed, we expect beyond-profit messages to sound persuasive to the general public because people are motivated to learn about practices that align with their core values (e.g., caring about others) and to rely on executives' expertise and reputational costs (Chaiken 1980; Hart et al. 2009). We predict, therefore, that narrative disclosures endorsing a "beyond-profit" rather than a "profit-maximizing" approach will reduce corporate cynicism. Formally:

H3. Narrative disclosures that endorse deprioritizing profit generation will reduce corporate cynicism relative to narrative disclosures that endorse prioritizing profit generation.

For our second intervention, we build on evidence that people tend to adopt zero-sum views of the world, perceiving that one party's gains unavoidably come at other parties' expense (Davidai and Ongis 2019; Johnson et al. 2022; Ongis and Davidai 2022). This previous research also finds that arguments in favor of win-win, positive-sum views of the world can mitigate the influence of zero-sum thinking in some settings (Stefaniak, Mallet, and Wohl 2020). For instance, an animation video that prompts people to see social status as a positive sum (i.e., an unlimited resource like a broad stairway in which many people can move up or down

simultaneously) reduces people's willingness to use dominance to pursue social rank (Andrews-Fearon and Davidai 2023). Given the evidence that profits are inherently seen as zero-sum (Bhattacharjee et al. 2017), we predict that persuasive arguments about positive-sum aspects of profits will reduce cynical beliefs toward companies, especially toward those that publicly endorse profit-maximizing rather than beyond-profit strategies and goals. Specifically,

H4. Positive-sum (vs. zero-sum) views of profits will reduce corporate cynicism, especially toward companies that endorse prioritizing profit generation (vs. companies that endorse deprioritizing profit generation).

Our third intervention draws on evidence that people change their beliefs and attitudes, including ones grounded in core values, in response to changes in the direction of their interests (Campbell et al. 2023; Darke and Chaiken 2005). For instance, negative attitudes toward immoral behavior become significantly more lenient when evaluators benefit from the immoral action (Bocian and Wojciske 2014). Our theory implies that cynical individuals are unlikely to consider stock investments, suggesting that corporate cynicism may prevent these individuals from contemplating the personal relevance and, thus, the self-interest of profits from an investor perspective. We predict that when prompted to take an investor (rather than observer) perspective, individuals will form less cynical views of companies, especially when companies endorse profit-maximizing rather than beyond-profit strategies and goals.³ Formally,

H5. Taking an investor (vs. observer) perspective when evaluating public companies will reduce corporate cynicism, especially toward companies that prioritize profit generation (vs. companies that deprioritize profit generation).

For our final intervention, we exploit media coverage of corporate performance. Prior research provides evidence that financial journalists dedicate considerable attention to covering

³ By endorsing beyond-profit purposes, companies may raise concerns from those taking an investor perspective if beyond-profit purposes are seen as detrimental to profits. However, these concerns are unlikely to imply cynicism, since beyond-profit strategies signal a commitment to societal values. We acknowledge, however, that conservative political ideologies can increase cynicism toward beyond-profit purposes. We address this possibility in Study 4.

company profit and performance, and that this reporting often exhibits a “negativity bias” (Call et al. 2022; Goetzmann et al. 2016). When covering bull markets, wherein companies report record profits, journalists must choose how to frame corporate success, including who benefits from it. Over 60 percent of Americans own stock in public companies and see meaningful benefits to their wealth from corporate success. However, the wealthiest 10 percent own 80-90 percent of total equity value (Sor 2024; Gallup 2023), so the vast majority of benefits from corporate profit flow to the richest Americans. Interestingly, the media often focuses their discourse on the inequalities of wealth distribution accentuated by corporate profits rather than focusing on the broad-based benefits of corporate profit (see Appendix A for examples).

As a result, people tend to focus on how corporate profit benefits rich Americans, fueling their corporate cynicism. We propose that media coverage highlighting the broad-based benefits of corporate profit can temper this profit-fueled corporate cynicism by appealing to Americans’ self-interest. Specifically, we propose that media coverage emphasizing that corporate profit benefits most Americans, rather than that it disproportionately benefits the richest 10 percent, will allow average Americans to see themselves as potential beneficiaries of corporate profit, reducing their corporate cynicism. Thus, we make the following prediction:

H6. Media coverage emphasizing that corporate profit benefits most Americans (vs. coverage emphasizing that it mostly benefits the rich) will reduce corporate cynicism.

III. EMPIRICAL STUDIES

We conduct seven pre-registered studies with representative samples of American adults to test our hypotheses.⁴ Figure 1 summarizes the studies reported in this section, indicating their overall goals and the hypotheses they seek to test. The sample size for all our studies was

⁴ We pre-registered the studies on AsPredicted.org. The preregistrations can be viewed at https://researchbox.org/4178&PEER_REVIEW_passcode=GIOCBX.

determined a priori to ensure sufficient statistical power and representativeness. The Institutional Review Board at the authors' institution approved the studies.

Study 1

Participants are 1,225 Americans (51.8 percent female, $M_{\text{Age}} = 46.25$, $SD_{\text{Age}} = 17.22$) recruited via Lucid Theorem, which employs quota sampling procedures to ensure census representativeness based on age, gender, ethnicity, and region demographics.⁵ They receive a small payment determined by Lucid (around \$1.50) in exchange for their participation.

Survey Design and Measurement

The survey starts with a brief explanation of public companies. Next, participants report their beliefs about public companies on two scales used to measure corporate cynicism (*Corp. Cynicism*) and beliefs about U.S. public companies' reporting and executive activities (*Beliefs REA*). We measure *Corp. Cynicism* as the average score for questions C1-C4 in Table 1, Panel A (Cronbach's $\alpha = 0.79$), which we adapt from previous research (Rosenberg 1956; Stavrova and Ehlebracht 2016; Stavrova et al. 2020). We measure *Beliefs REA* as the average score for questions B1-B8 in Table 1, Panel A (Cronbach's $\alpha = 0.90$), which we devise based on typical cases of corporate misconduct (e.g., Amiran et al. 2018).⁶ The scales appear on separate pages and in random order. Scale items are displayed in random order in all our studies.

After completing the *Corp. Cynicism* and *Beliefs REA* scales, participants answer how much they currently have invested in savings accounts, bonds, stocks, ETFs, mutual funds, etc. on a scale from "(1) *Less than \$14,999*" to "(24) *\$250,000 and above*" (*Fin_Assets*). Next, they indicate their likelihood of investing in stocks if they had \$10,000 available on a scale from "(1)

⁵ Lucid has been validated and extensively used by researchers in multiple areas (e.g., Coppock and McClellan 2019; Haeder 2023; Pennycook et al. 2021).

⁶ Participants receive a brief instruction about relevant terms and concepts and must answer three attention-check questions correctly before completing items B1-B8.

Extremely unlikely” to “(5) *Extremely likely*” (*Likely_Stocks*). They also answer whether they have ever invested in stocks of public companies (*Ever_Stocks*) or in stock funds (*Ever_Funds*) (Yes = 1, No = 0). Finally, they take a five-question financial literacy quiz (Krische 2019) in which scores range from 1 to 5 (*Fin_Lit*). We capture demographic data from Lucid Theorem for annual *Income* (on the same scale as for *Fin_Assets*), *Education* (“*Some high school or less*” = 1, “*Doctorate degree*” = 8), *Age* in years, and *Gender* (“*Male*” = 0, “*Female*” = 1).

Results and Discussion

Table 1 reports descriptive statistics for individual items for *Corp. Cynicism* (C1-C4) and *Beliefs REA* (B1-B8). Means and standard deviations for *Corp. Cynicism* suggest that cynicism toward public companies and its variability are sizable. On average, participants believe that 47 percent of public companies had unreliable financial statements and thus restated or should have restated their numbers in the previous year. This rate is notably higher than the actual annual rate of restatements, which has been historically close to 6 percent (Audit Analytics 2023). In addition, participants believe that insider trading is pervasive and oftentimes goes undetected despite the SEC’s efforts to inhibit these activities (SEC 2023). They also believe that over half of U.S. corporations engage in tax underpayment or fraud. IRS reports suggest that corporations are responsible for only a small portion of tax noncompliance cases (IRS 2023). Beliefs about public companies’ greenwashing actions and CEO overpay are similarly gloomy. The correlation matrix in Panel B suggests that *Corp. Cynicism* and *Beliefs REA* items are positively correlated, as expected, except for a few items involving B1-B3, as we elaborate below.⁷

Table 2, Panel A reports descriptive statistics for the composite variables *Corp. Cynicism* and *Beliefs REA* and for the other variables of interest. *Corp. Cynicism* is positively correlated

⁷ Participants use a slider bar starting at 0 (zero) to answer *Beliefs REA* items B1-B8. Measurement errors would bias against finding the pattern of correlations reported in tables 1 and 2.

with *Beliefs REA* ($r = 0.17, p < 0.01$) and negatively correlated with financial asset holdings ($r = -0.13, p < 0.01$) and with the likelihood of investing in stocks ($r = -0.21, p < 0.01$). Regression analyses in Panel B (Columns 1-2) reveal that *Corp. Cynicism* is associated with lower levels of income ($\beta = -0.01, p < 0.05$) and younger ages ($\beta = -0.01, p < 0.01$), replicating the pattern for general cynicism (Stavrova and Ehlebracht 2016). We do not find evidence that *Corp. Cynicism* varies with education ($\beta = -0.001, p = 0.92$) or gender ($\beta = -0.02, p = 0.74$), differing from prior evidence for general cynicism (Stavrova and Ehlebracht 2018). We also find that *Beliefs_REA*, *Fin_Lit*, *Ever_Stocks*, and *Ever_Funds* have incremental explanatory power over general traits. These results suggest that our measure of *Corp. Cynicism* captures elements uniquely related to the financial domain while preserving the conceptual underpinnings of the cynicism construct.

Columns 3-4 in Table 2, Panel B indicate that *Corp. Cynicism* has a significant positive effect on *Beliefs REA* and increases the explanatory power of the regression model that includes predictors of cynical beliefs. *Corp. Cynicism* is positively associated with each of the items of *Beliefs REA* in separate multiple regressions or in a multivariate linear regression that better controls for type I error (untabulated). The only exception is for B3. However, estimates for B3 and B4 together suggest that corporate cynicism includes cynical beliefs about U.S. public companies and about the watchdog institutions overseeing these companies. That is, cynical individuals appear to question the extent to which the SEC enforces insider trading regulations.

Columns 5-6 in Table 2, Panel B present regressions of *Fin_Assets* on *Corp. Cynicism*, *Beliefs REA*, and covariates. We find that *Corp. Cynicism* negatively predicts *Fin_Assets* ($\beta = -0.46, p < 0.05$) and adds explanatory power to a model that includes *Beliefs REA*, *Income*, *Education*, and other predictors of financial wealth, in line with hypothesis H1a. In untabulated analyses, we estimate a logistic regression of *Ever_Stocks* on *Corp. Cynicism* and covariates and

find a significant coefficient ($p < 0.01$), indicating that a one-unit increase in *Corp. Cynicism* is associated with a 5.5 percent decrease in the odds of having experience investing in stocks.

Columns 7-8 in Table 2, Panel B present regressions of *Likely_Stocks* on *Corp. Cynicism*, *Beliefs REA*, and covariates. Consistent with our prediction in H1b, we find that *Corp. Cynicism* negatively predicts *Likely_Stocks* ($\beta = -0.27$, $p < 0.01$) and has incremental explanatory power to a model that includes several predictors of investment choice.

Finally, the mediation analysis in Figure 2 is consistent with H1c. Using Hayes' (2022) bootstrapping approach, we find that *Likely_Stocks* fully mediates the effects of *Corp. Cynicism* on *Fin_Assets* as indicated by the significant indirect effects ($c - c' = -0.15$, $SE = 0.048$, 95% CI = $[-0.25, -0.07]$) along with insignificant direct effects ($c' = -0.31$, $SE = 0.210$, $p = 0.14$) in a model that includes all the covariates in Table 1, Columns 5-8.

Overall, Study 1 indicates that American adults hold cynical beliefs about public companies and that, like other proxies for trust-related constructs (e.g., Guiso et al. 2008), these beliefs negatively predict people's propensity to invest in stocks of public companies and wealth accumulation. We find that corporate cynicism, as measured by the scale we adapted from prior research, is uniquely associated with cynical beliefs about companies' reporting and executive practices, as well as financial literacy and investment experience. However, these context-specific variables explain only 4.5 percent of the total variance in corporate cynicism, while demographic variables explain another 4.3 percent. Study 2 experimentally tests the prediction that corporate cynicism is attributable at least in part to negative perceptions of corporate profit.

Study 2

Participants are 300 American adults (50.0 percent female, $M_{Age} = 45.47$, $SD_{Age} = 15.79$) recruited via Prolific Representative Sample, which relies on a stratification algorithm to sample

a group of participants that matches demographic data from the U.S. Census Bureau in terms of age, gender, and ethnicity.⁸ They receive \$1.00 in exchange for their participation. Leveraging prior evidence that people perceive larger (vs. smaller) companies as more intensely focused on profits (Freund et al. 2024), we randomly assign participants to one of two *Firm Size* conditions to examine how perceptions of profit-seeking motives affect corporate cynicism.

Procedure, Manipulation, and Dependent Measures

Participants first receive an instruction that the study is interested in their impressions about either large companies, defined as “*massive organizations that operate in multiple locations with thousands of employees earning hundreds of millions of dollars in annual sales,*” or small companies, defined as “*organizations that operate in just a few locations with no more than 50 employees earning less than a million dollars in annual sales.*” On the same page, they are asked to write three examples of either large or small companies that first occurred to them. This writing task seeks to ensure participants contemplate companies of different sizes while enabling us to screen out inattentive participants (Simone et al. 2024).

Next, participants complete an adapted version of the corporate cynicism scale used in Study 1. Specifically, we replaced all instances of the phrase “public companies” from that scale with either the phrase “large companies” or “small companies”, depending on condition.⁹ Participants also completed a scale to measure perceptions of profit-maximizing motives (*Profit_Max*) adapted from prior research (Bhattacharjee et al. 2017; Freund et al. 2024). The profit motives items are: (1) “*Large (Small) companies’ main goal is to maximize profit;*” (2) “*Large (Small) companies are focused on increasing the bottom line;*” (3) “*Large (Small)*

⁸ Prolific and its representative sample tool have been validated and extensively used in accounting and many other areas (e.g., Barcellos and Kadous 2022; Chapkovski, Khapko, and Zoican 2024; Douglas, Ewell, and Brauer 2023; Freund et al. 2024; Stavrova et al. 2020).

⁹ This design choice seeks to avoid weakening our *Firm Size* manipulation, as most public companies are large.

companies' practices reflect a desire to contribute value to society" (reverse coded); (4) "*Large (Small) companies' practices reflect a strong desire for profit at the expense of others.*" These items are rated on 7-point scales (1 = "*Strongly disagree*", 7 = "*Strongly agree*"). The *Corp. Cynicism/Profit_Max* scales appear on separate pages and in random order, and their items load in the expected direction onto one component in a principal component analysis, which explains 83.0/69.1 percent of the variance with an eigenvalue of 3.32/2.76 and Cronbach's $\alpha = 0.93/0.84$. We measure *Corp. Cynicism* and *Profit_Max* as the average for the respective scale items.

Participants complete the study by answering demographic questions and a question on the size of the companies they had in mind when completing the study on a 7-point scale (1 = "*Very small*," 7 = "*Very large*"), which we used as a manipulation check.

Results and Discussion

The manipulation of *Firm Size* was effective, as participants had larger companies in mind in the *Large Companies* condition ($M = 6.79$, $SD = 0.42$) than in the *Small Companies* condition ($M = 2.00$, $SD = 0.70$, $t(298) = 72.58$, $p < 0.01$). H2 predicts that beliefs that companies prioritize profit will increase corporate cynicism. Figure 3 depicts means, standard deviation, and standard errors for *Corp. Cynicism* and *Profit_Max* by *Firm Size* condition.

The visual patterns in Figure 3 indicate that larger companies elicit greater cynicism and perceptions of profit-maximizing motives than smaller companies. A multivariate analysis of variance (MANOVA) shows that these differences are statistically significant (Pillai's $V = 0.58$, $F(2,297) = 200.69$, $p < 0.01$, $\eta_p^2 = 0.58$). Follow-up ANOVAs indicate that the effects of *Firm Size* on *Corp. Cynicism* ($F(1,298) = 216.52$, $p < 0.01$, $\eta_p^2 = 0.48$) and on *Profit_Max* ($F(1,298) = 286.45$, $p < 0.01$, $\eta_p^2 = 0.56$) are both significant. Moreover, the Roy-Bargmann Stepdown F-test shows that the effect of *Firm Size* on *Corp. Cynicism* remains significant after accounting for

Profit_Max ($F(1,297) = 12.83, p < 0.01, \eta_p^2 = 0.04$), and so does the effect of *Firm Size* on *Profit_Max* after accounting for *Corp. Cynicism* ($F(1,297) = 63.15, p < 0.01, \eta_p^2 = 0.18$).

Mediation analyses in Figure 4 show that the effects of *Firm Size* on *Corp. Cynicism* are mediated by *Profit_Max* as indicated by the significant indirect effect ($c - c' = 1.29 (0.10)$, 95% CI = [1.10, 1.49]). Despite leaving a significant direct effect ($c' = 0.41^{***} (0.12)$), the indirect effect explains about 47.1 percent of the variance in *Corp. Cynicism* (Hayes 2022, 150).

Study 2 provides evidence consistent with the prediction in H2 that negative views of companies' profit-seeking motives influence corporate cynicism, supporting the premise that changing people's beliefs about profits is a promising avenue to reduce corporate cynicism. Study 2 also demonstrates that corporate cynicism is malleable as our theory predicts, and not simply a set of generalized, fixed beliefs about all businesses. Yet, Study 2 does not allow us to rule out the possibility of reverse causal effects of cynicism on profit-related beliefs or offer insights into how to mitigate corporate cynicism. We examine these questions in studies 3-5.

Study 3

We recruit 297 American adults (49.2 percent female, $M_{Age} = 45.44, SD_{Age} = 15.71$) via Prolific Representative Sample and offer them \$1.40 in exchange for participation. We randomly assign participants to one of four conditions in a full-factorial design to test the effects of *Views of Profit*, i.e., views that profits are win-lose (*Zero-Sum*) or win-win (*Positive-Sum*), and *Narrative Disclosure* (*Profit-Max* vs. *Beyond-Profit*) on corporate cynicism.¹⁰

Procedure, Manipulation, and Dependent Measures

Participants first watch a short animated video adapted from Andrews-Fearon and

¹⁰ We set the sample size to be 300 participants a priori. We excluded incomplete responses from 3 participants who submitted their responses on the Prolific platform even after being screened out for failing attention-check questions.

Davidai (2023) that we use to manipulate *Views of Profit*. The video describes companies' profits through the lens of either "a zero-sum world, where one group's gain means another group's loss," or a "positive-sum world, where one group's gain creates gains for other groups as well." See Appendix B for links to the videos. On the same page, participants complete an instructional manipulation check question, used to screen out those not following experimental instructions as per our pre-registration (e.g., Oppenheimer, Meyvis, and Davidenko 2009).

Next, participants read a short article used to manipulate narrative disclosure (*NarrDisc*). In the *Profit-Max* condition, the article states that "Many public companies endorse the view that 'the only social responsibility of business is to increase its profits.'" In the *Beyond-Profit* condition, a similar article states that the "[...] social responsibility of business extends beyond generating profits." These statements are followed by supporting quotes adapted from actual communication by real companies, which we label A, B, and C (see Appendix B). On the same page, participants answer a pre-registered comprehension-check question used to further screen inattentive participants (Thomas and Clifford 2017). Participants then complete the corporate cynicism scale, which we adapted to assess impressions of "companies like A, B, and C." We measure *Corp. Cynicism* as the average score (Cronbach's $\alpha = 0.92$).

Results and Discussion

H3 predicts lower corporate cynicism for companies that use a beyond-profit (vs. profit-maximizing) approach in their narrative disclosures, whereas H4 predicts that positive-sum (vs. zero-sum) views of profits will reduce corporate cynicism, especially toward companies that endorse a profit-maximizing (vs. beyond-profit) approach. Table 3, Panel A reports descriptive statistics for *Corp. Cynicism*, and Figure 5 plots observed means. Table 3, Panel B reports an ANOVA model with *Views of Profit* and *NarrDisc* as independent variables and *Corp. Cynicism*

as the dependent variable. Panel C reports simple main effects.

Table 3, Panel B reveals an insignificant main effect of *Views of Profit* ($F(1,293) = 0.07$, $p = 0.79$, $\eta_p^2 = 0.00$), a significant main effect of *NarrDisc* ($F(1,293) = 154.50$, $p < 0.01$, $\eta_p^2 = 0.35$), and a significant interaction effect on *Corp. Cynicism* ($F(1,293) = 6.39$, $p = 0.01$, $\eta_p^2 = 0.02$). Simple main effects in Panel C indicate that *Beyond-Profit* messages drive significantly lower *Corp. Cynicism* than *Profit-Max* messages regardless of *Views of Profit* ($p < 0.01$), whereas a *Positive-Sum* view of profit drives significantly lower *Corp. Cynicism* than a *Zero-Sum* view when companies endorse *Beyond-Profit* messages ($p < 0.05$), but not when they endorse *Profit-Max* messages ($p = 0.11$). These results support H3 but not H4.

Study 3 provides evidence that corporations can reduce corporate cynicism by framing narrative disclosures around broader stakeholder responsibilities rather than profit maximization. *Beyond-profit* messages weaken overly negative assumptions about corporate motives and may encourage openness to equity investment without undermining critical thinking. In complement to Study 2, Study 3 also provides causal evidence linking perceptions of profit motives to corporate cynicism. However, contrary to H4, priming participants with a positive-sum view of profit does not reduce cynicism toward profit-maximizing firms—a surprising null effect given evidence in other domains (Andrews-Fearon and Davidai 2023; Stefaniak et al. 2019). This result suggests that cynical beliefs about corporations are resistant to change and predictive of behavior (Howe and Krosnick 2017). Study 4 examines whether adopting an investor perspective—known to increase personal relevance—can shift these beliefs.

Study 4

We recruit 300 American adults (51.0 percent female, $M_{Age} = 45.40$, $SD_{Age} = 16.06$) via Prolific Representative Sample and offer them \$1.20 in exchange for participation in Study 4.

Participants are randomly assigned to one of four conditions in a between-subjects design that tests the effects of *Perspective* (*Investor* vs. *Observer*) and *Narrative Disclosure* (*Profit-Max* vs. *Beyond-Profit*) on corporate cynicism.

Procedure, Manipulation, and Dependent Measures

We manipulate *Perspective* by informing participants that they will read and make judgments about companies taking either “*the perspective of an investor*” or “*their own perspective*.” To ensure participants assimilate the perspective they will take, we ask them to write on the same page a short list of their criteria to evaluate companies. As in Study 3, we use a pre-registered instructional manipulation check question to ensure participants take the study seriously (Oppenheimer et al. 2009). Next, participants read a slightly adapted version of the article used to manipulate *Narrative Disclosure* (*NarrDisc*) in Study 3 (see Appendix B). Participants answer a pre-registered comprehension-check question, which we use to further screen inattentive participants (Thomas and Clifford 2017).

Next, participants complete the corporate cynicism scale and then a political ideology scale adapted from prior research (Fessler et al., 2017; Sevincer et al. 2023), in which participants rate the statement, “*Based on what I know about politics, I am...*” on a 7-point scale from “*Strongly Liberal*” (1) to “*Strongly Conservative*” (7) and the statement “*Based on what I know about politics, I am most likely to vote...*” on a 7-point scale from “*Strongly Democrat*” (1) to “*Strongly Republican*” (7). We measure *Corp. Cynicism* (Cronbach’s $\alpha = 0.91$) and *Pol. Ideology* (Cronbach’s $\alpha = 0.90$) as the average for the respective scale items.¹¹

Results and Discussion

H5 predicts that taking an investor (vs. observer) perspective will reduce corporate

¹¹ The distribution of political ideologies in Study 4 (Median = 4, Mean = 3.78, SD = 1.92) indicates that 48.7 percent of the participants fall below the scale midpoint (4), and 34.3 percent fall above the scale midpoint.

cynicism, especially toward companies endorsing profit-maximizing (vs. beyond-profit) business approaches. Table 4, Panel A reports descriptive statistics for *Corp. Cynicism*, which are plotted in Figure 6. Panel B reports an ANOVA model with *Perspective* and *NarrDisc* as independent variables and *Corp. Cynicism* as the dependent variable. Panel C reports simple main effects.

The ANOVA model in Table 4, Panel B shows significant main effects of *Perspective* ($F(1,296) = 7.06, p < 0.01, \eta_p^2 = 0.02$) and *NarrDisc* ($F(1,296) = 61.08, p < 0.01, \eta_p^2 = 0.17$) and an insignificant interaction effect on *Corp. Cynicism* ($F(1,296) = 1.36, p = 0.24, \eta_p^2 = 0.00$). The simple main effects in Table 4, Panel C indicate that, regardless of individuals' *Perspective*, *Corp. Cynicism* is significantly lower when companies endorse *Beyond-Profit* (vs. *Profit-Max*) strategies and goals ($p < 0.01$). In addition, Panel C indicates that corporate cynicism toward *Profit-Max* companies is significantly lower when individuals take an *Investor* (vs. *Observer*) perspective ($p < 0.01$), whereas corporate cynicism toward *Beyond-Profit* companies is not statistically different across levels of *Perspective* ($p = 0.31$). These findings support H5 while providing further support for the effects of beyond-profit disclosures predicted in H3.

Next, we examine the role of *Pol. Ideology* in cynical beliefs about *Profit-Max* and *Beyond-Profit* companies when people take an investor or observer perspective. Given that conservatives tend to value commitments and responsibilities that go beyond profit generation less than liberals (Desjardine et al. 2024; Josinenko et al. 2020), we anticipate that *Pol. Ideology* can illuminate the analyses in Study 4. Depending on the relevance of ideological beliefs relative to profit-related beliefs, conservatism can increase cynicism toward *Beyond-Profit* companies while decreasing cynicism toward *Profit-Max* companies, especially when people take an investor perspective and thus directly benefit from corporate profit. To test this idea, we regress *Corp. Cynicism* on *Perspective*, *NarrDisc*, *Pol. Ideology* (centered), and interactions. We find a

significant *NarrDisc*Pol. Ideology* two-way interaction ($p < 0.01$) but an insignificant three-way interaction ($p = 0.30$) (untabulated).

In follow-up analyses using data for the *Investor* level of *Perspective* ($N = 157$), we find that as people become more conservative, cynicism about *Beyond-Profit* companies increases ($\beta_2 = 0.12$, $SE = 0.06$, $t = 2.02$, $p < 0.05$) while cynicism about *Profit-Max* companies decreases ($\beta_3 - \beta_2 = -0.19$, $SE = 0.08$, $t = -2.20$, $p < 0.05$). At the *Observer* level ($N = 143$), *Pol. Ideology* is statistically irrelevant for cynicism about *Beyond-Profit* companies ($p = 0.45$), while cynicism about *Profit-Max* companies decreases as people become more conservative ($\beta_3 - \beta_2 = -0.31$, $SE = 0.08$, $t = -3.77$, $p < 0.01$). Importantly, despite the clear role that political ideology plays in people's beliefs about public companies, our results suggest that cynicism toward *Beyond-Profit* companies ($M = 2.75$) remains lower than cynicism toward *Profit-Max* peers ($M = 3.23$) among conservative-leaning participants to whom *Pol. Ideology* is higher than the midpoint ($t(152) = -3.13$, $p < 0.01$). Differences are smaller and statistically insignificant for the upper *Pol. Ideology* quartile or decile of our sample but do not change direction.

Results from Study 4 indicate that beyond-profit messages in narrative disclosures reduce corporate cynicism, even among groups that are typically less receptive to such messaging, such as investors and political conservatives. In addition, Study 4 identifies perspective-taking as a potential intervention to reduce cynicism toward more traditional profit-maximizing companies. Our findings suggest that individuals may benefit from messages prompting them to contemplate the personal relevance of corporate profit. However, given the power of self-interest emphasized in theories from economics, evolutionary biology, and related fields (Schwartz 1987), the cynicism-reducing effects of taking an investor perspective appear smaller than one might expect. Similarly, the influence of political ideology appears relatively mild in light of the

growing political divide in America (Hetrick 2023). We interpret these findings as further indication that cynical beliefs about corporations are deeply entrenched, resistant to change, and predictive of behavior. We revisit this point in the supplemental studies.

Study 5

We recruit 300 American adults (50.0 percent female, $M_{\text{Age}} = 45.32$, $SD_{\text{Age}} = 15.50$) via Prolific Representative Sample, offering them \$1.00 in exchange for participation. We randomly assign participants to one of two conditions in a between-subjects design that tests how the media's framing of corporate profit influences corporate cynicism.

Procedure, Manipulation, and Dependent Measures

Participants first receive instructions about the study and the concepts involved. The instructions contain an instructional manipulation check question, which we use to screen out inattentive participants as per our pre-registration (Oppenheimer et al. 2009). Next, participants read one of two articles designed to manipulate whether *Media Discourse* about corporate profits highlights how profits disproportionately benefit wealthy Americans (*Narrow Focus*) or how they benefit a majority of Americans (*Wide Focus*). The articles were adapted from actual media coverage (see Appendix A) and are of similar length, 193 and 188 words. Both articles are accurate, exploiting the fact that more than 60 percent of U.S. adults own stock and benefit from corporate profit and associated stock market gains, while the wealthiest 10 percent hold the vast majority of stock market value and gain the most from corporate success (Sor 2024; Gallup 2023). Following previous research (e.g., Griskevicius et al. 2011), we format the articles as a *New York Times* web story to make them genuine and engaging. See Appendix B for the articles.

Next, participants complete the corporate cynicism scale, which we adapted to assess impressions of “companies like the ones in the article you just read.” As in studies 1-4, we

measure *Corp. Cynicism* as the average score (Cronbach's $\alpha = 0.91$). Participants finished the study by answering demographic questions and a two-choice question about the article they read, which we used as a manipulation check question.

Results and Discussion

Participants remembered the topic of the article 94.7 percent of the time, which is significantly greater than chance ($p < 0.01$) and indicates the manipulation was effective. Hypothesis 6 predicts that media coverage focusing on the benefits of corporate profit for the majority of Americans (*Wide Focus*) will drive lower corporate cynicism than coverage focusing on the benefits for the rich (*Narrow Focus*). Figure 7 depicts means and standard errors for *Corp. Cynicism* by *Media Discourse* condition, indicating that a *Wide Focus* on the broad benefits of profits indeed reduces corporate cynicism relative to a *Narrow Focus* on the inequality aspects of profits. A one-way ANOVA shows that *Corp. Cynicism* at the *Wide Focus* ($M = 3.50$, $SD = 1.03$, $n = 148$) condition is significantly lower than at the *Narrow Focus* ($M = 3.83$, $SD = 0.89$, $n = 152$, $F(1,298) = 8.42$, $p < 0.01$, $\eta_p^2 = 0.03$) condition, supporting H6.¹²

Study 5 provides evidence that financial media coverage shapes corporate cynicism by influencing beliefs about who benefits from corporate profit. When media coverage focuses on the broad-based benefits of corporate profit rather than on its uneven distribution, people view companies less cynically. These results underscore the crucial role of journalistic framing in molding Americans' corporate cynicism and delve into central elements of our theorizing. Whereas narrow-focus coverage aligns with typical media narratives that reinforce prevalent corporate cynicism, wide-focus coverage appeals to people's personal and collective interests,

¹² Inferences are unchanged if we exclude responses from 16 participants who failed the manipulation check or from 13 participants who spent less than 15 seconds reading the article, except that effect size is greater ($\eta_p^2 = 0.06$).

undermining negative perceptions of profit. Moreover, the message in Study 5 comes from the news media, a source that is often seen as authoritative and shapes cynical beliefs in the first place (e.g., Johnson et al. 2019). Thus, media coverage emphasizing the broad benefits of corporate profit not only provides theoretical insights into corporate cynicism but also offers a practical, actionable strategy for reducing it.

Supplemental Studies

Our conceptual model integrates several streams of research to propose that corporate cynicism is driven at least in part by negative views of corporate profit motives (Albarracín and Shavitt 2018; Bhattacharjee et al. 2017; Stavrova et al. 2020). However, alternative theoretical mechanisms could also explain the development and persistence of these cynical beliefs.

First, compensatory control theory (Landau et al. 2015) suggests that when people feel vulnerable and lack control, they compensate by adopting structured, simplifying beliefs. Given that companies' operations and financials are complex and uncertain, people might experience a low sense of control when evaluating them, potentially leading to the adoption of cynicism as a compensatory response. We test this notion in Supplemental Study 1 by manipulating perceived sense of control (high vs. low) while retaining features of our main studies. We find no evidence that corporate cynicism serves as a psychological compensation for low control ($p > 0.27$).

Second, social comparison and self-affirmation theories (e.g., Beaugard and Dunning 1998; Fein and Spencer 1997) suggest that individuals tend to uphold their sense of self-esteem by devaluing others, especially those who succeed in dimensions in which they struggle. This implies that people might adopt cynical beliefs about corporations as a way to cope with their own lack of financial success, which contrasts with the wealth accumulated by companies and their executives. We test this possibility in Supplemental Study 2 by manipulating self-worth

threat (present vs. absent) while retaining part of the design in Study 2 and find no evidence that threats to self-worth due to lack of financial success drive corporate cynicism ($p > 0.40$). We expand on both studies and the effectiveness of the manipulations in the online appendix.

IV. GENERAL DISCUSSION AND CONCLUDING REMARKS

An extensive literature links low levels of trust in others and confidence in financial markets to limited stock market participation and its adverse societal consequences (Campbell 2006; Christensen et al. 2019; Giannetti and Wang 2016; Guiso et al. 2008; Guiso and Soldini 2013; Gurun et al. 2018). Yet, little is known about the scope of these beliefs, their underlying causes, or how to mitigate them. Across seven studies, we provide evidence that Americans hold cynical beliefs about public companies, expecting high levels of misconduct that far exceed documented rates. These beliefs carry meaningful economic implications, predicting lower willingness to invest in stocks and reduced financial wealth.

Our results indicate that corporate cynicism is fueled by negative attitudes toward companies' pursuit of profit, and that other theoretically relevant psychological mechanisms do not significantly shift cynical beliefs, underscoring the deep-seated nature of corporate cynicism and its strong link to profit perceptions. Reframing corporate disclosures to emphasize broader stakeholder responsibilities, rather than profit maximization, reduces cynicism—even among resistant groups like investors and political conservatives. Prompting average Americans to adopt an investor perspective also reduces cynicism toward profit-maximizing companies, though less strongly than expected. We also provide evidence that financial media framing matters: cynicism declines when corporate profits are portrayed as broadly beneficial.

This study contributes to multiple streams of literature. First, we extend research on stock market participation by identifying corporate cynicism as a psychological barrier to investment,

with implications for financial decision-making and wealth accumulation (Campbell 2006; Giannetti and Wang 2016; Guiso, Sapienza, and Zingales 2008). Second, we contribute to the literature on corporate disclosures and stakeholder theory by demonstrating that beyond-profit messaging can mitigate corporate cynicism and foster more favorable perceptions of firms (Christensen et al. 2021; Parman et al. 2010). Third, we advance psychology research by establishing corporate cynicism as a distinct form of social cynicism rooted in profit-related beliefs and predictive of financial behavior (Chen et al. 2016; Stavrova and Ehlebracht 2016, 2018, 2019; Stavrova et al. 2020). Finally, we add to the literature on financial media by showing that journalistic framing of corporate profits influences attitudes toward public companies, reinforcing or alleviating cynicism (Call et al. 2022; Miller and Skinner 2015).

Despite its contributions, this study has limitations that warrant further research. While our studies provide theory-based evidence on potential interventions, assessments of whether and to what extent such interventions are effective require field studies and longitudinal designs. Future research could examine the applications of these interventions and explore how industry-specific or firm-level characteristics influence their success. Moreover, the persistence of corporate cynicism raises broader questions about whether it stems primarily from cultural narratives or individual dispositions.

Overall, our findings highlight the economic and psychological significance of corporate cynicism and offer novel insights into how firms, media, and policymakers can influence public attitudes toward corporations. By identifying the root causes of corporate cynicism and testing practical interventions to address it, this research offers valuable implications for both academic theory and real-world business practice.

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FIGURE 1
Overview of the Empirical Studies Reported in this Article

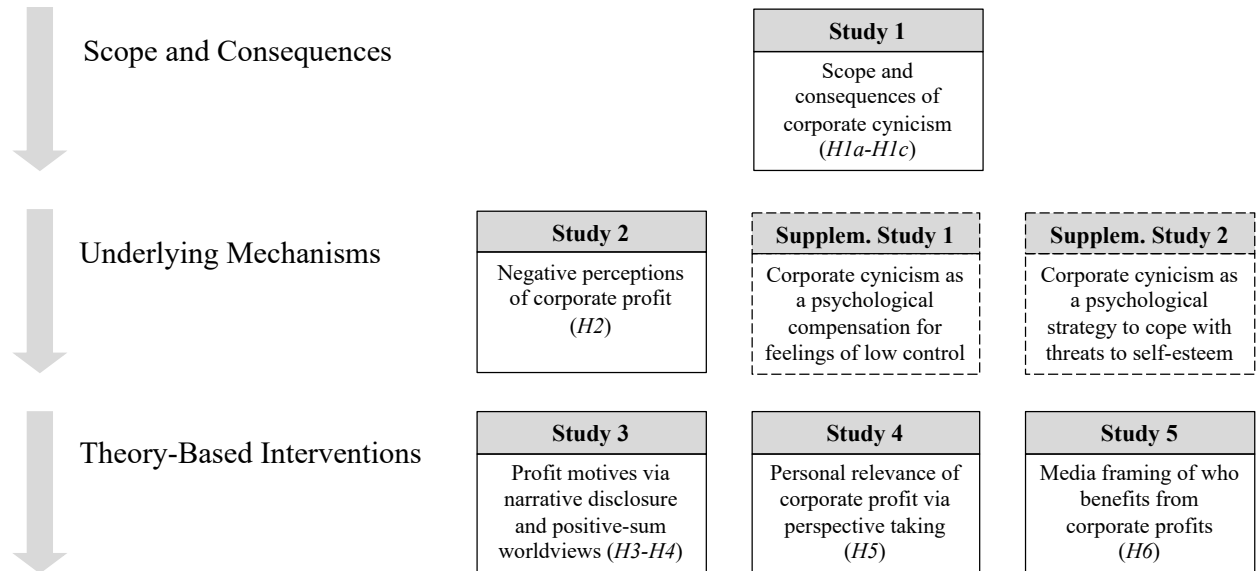


Figure 1 provides an overview of the empirical studies reported in this article.

FIGURE 2

Study 1: Likelihood of Investing in Stocks Mediates the Effects of Corp. Cynicism on Financial Assets

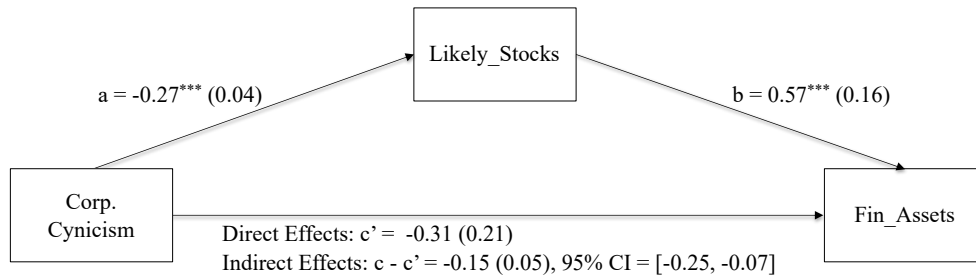


Figure 2 reports coefficients (standard errors) for tests in Study 1 of the mediation effects of individuals' propensity to invest in stocks (Likely_Stocks) on the relationship between corporate cynicism (Corp. Cynicism) and financial wealth (Fin_Assets) while controlling for Beliefs_REA, Fin_Lit, Ever_Stocks, Ever_Funds, Income, Education, Age, and Gender.

We use the bootstrapping approach for mediation analysis (Hayes 2022, model 4). Statistical significance at the 5 percent level for indirect effects is inferred when the 95% confidence interval based on 10,000 bootstrap samples does not include zero. *** indicates statistical significance at 1 percent level.

FIGURE 3

Study 2: Observed Means and Standard Errors for Corporate Cynicism and Profit-Maximization

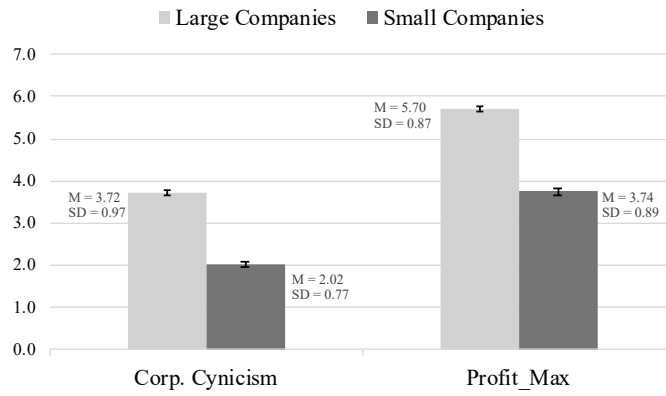


Figure 3 depicts means (bars and text), standard deviation (text), and standard errors for the means (errors bars) for corporate cynicism (Corp. Cynicism) and Profit-Maximizing motives (Profit_Max) in Study 2.

FIGURE 4
Study 2: Profit-Maximizing Motives Mediate the Effects of Firm Size on Corporate Cynicism

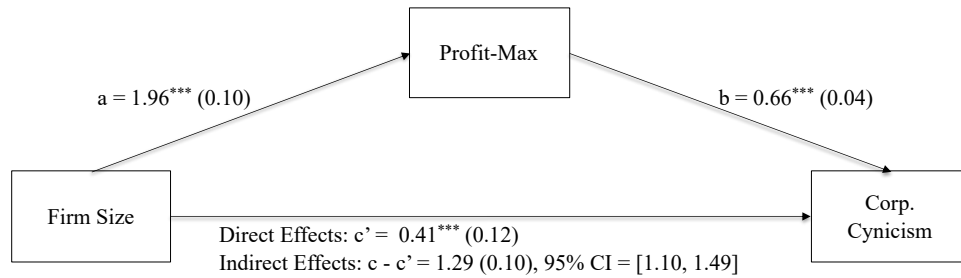


Figure 4 reports coefficients (standard errors) for tests in Study 2 of the mediation effects of profit-maximizing motives (Profit-Max) on the relationship between Firm Size and corporate cynicism (Corp. Cynicism). We use the bootstrapping approach for mediation analysis (Hayes 2022, model 4). Statistical significance at the 5 percent level for indirect effects is inferred when the 95% confidence interval based on 10,000 bootstrap samples does not include zero. *** indicates statistical significance at 1 percent level.

FIGURE 5
Study 3: The Effects of Views of Profit and Narrative Disclosure on Corporate Cynicism

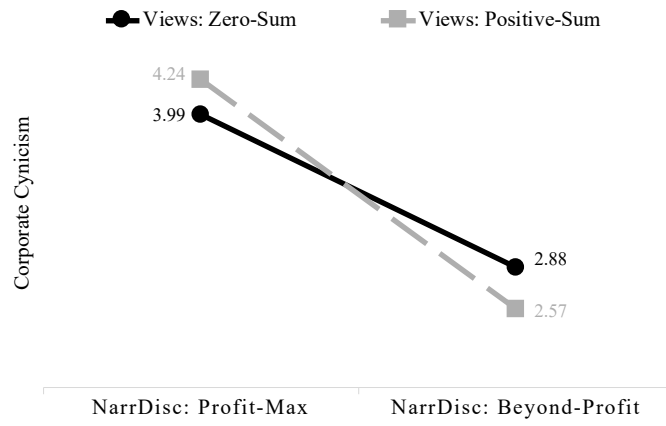


Figure 5 depicts the observed patterns of means for the dependent variable Corp. Cynicism by experimental condition in Study 3.

FIGURE 6
Study 4: The Effects of Perspective and Narrative Disclosure on Corporate Cynicism

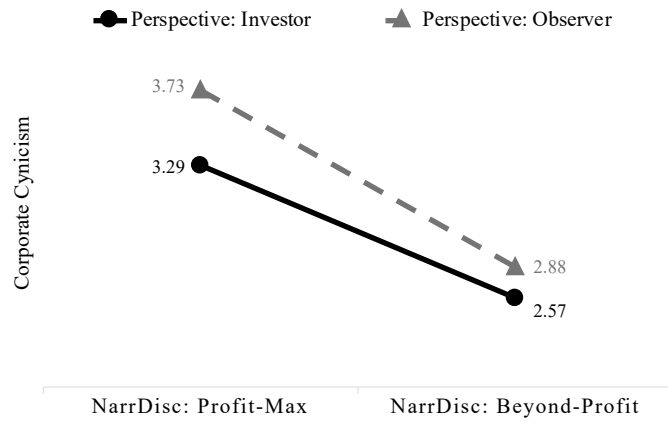


Figure 6 depicts the observed patterns of means for the dependent variable Corp. Cynicism by experimental condition in Study 4.

FIGURE 7

Study 5: Observed Means and Standard Errors for Corporate Cynicism by Media Discourse Focus

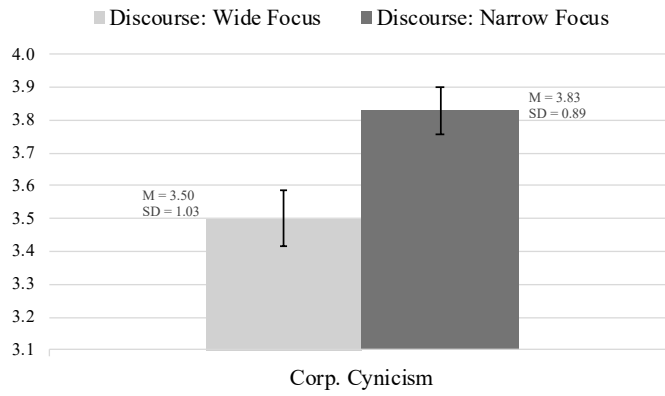


Figure 7 depicts means (bars and text), standard deviation (text), and standard errors for the means (errors bars) for corporate cynicism (Corp. Cynicism) in Study 5.

TABLE 1
Study 1: Cynical Beliefs about Public Companies

Panel A: Survey Questions, Means, and Std. Dev.			
#	Corporate Cynicism (<i>Corp. Cynicism</i>)	M	SD
C1.	Some people say that most public companies can be trusted. Others say you cannot be too careful in dealing with these companies. How do you feel about it? (1 = Most public companies cannot be trusted, 5 = Most public companies can be trusted) ¹	3.11	1.17
C2.	Generally speaking, do you think that most public companies would try to take advantage of you if they got the chance, or would they try to be fair? (1 = Most public companies would take advantage of, 5 = Most public companies would try to be fair) ¹	3.25	1.25
C3.	Would you say that most public companies attempt to be honest and fair towards their investors and consumers, or that they are mostly looking out for themselves while attempting to exploit others? (1 = Most public companies would attempt to be honest and fair, 5 = Most public companies would attempt to exploit others)	3.11	1.19
C4.	Society sometimes depicts public companies as greedy and selfish manifestations of power and domination and other times as pivotal demonstrations of cooperation in favor of the social good. What do you think? (1 = Most public companies are greedy and selfish, 5 = Most public companies cooperate in favor of the social good) ¹	3.25	1.18
#	Beliefs about Reporting and Executive Practices (<i>Beliefs REA</i>) - During 2023, what percentage (%) of public companies (0 – 100%):	M	SD
B1.	Had unreliable financial statements and therefore had to restate their financial statements?	46.71	23.37
B2.	Should have restated their financial statements but failed to do so?	47.80	25.23
B3.	Faced SEC enforcement actions for insider trading?	41.85	24.15
B4.	Should have faced SEC enforcement actions for insider trading but did not do so?	50.94	26.21
B5.	Severely underpaid taxes; that is, paid less than half of the amount they should have paid?	56.45	24.98
B6.	Engaged in fraudulent activities, such as underreporting, to reduce tax payments?	51.89	24.95
B7.	Engaged in greenwashing when reporting information about their environmental and social activities?	56.03	22.69
B8.	Compensated their CEOs or top management teams with pay that is unfairly higher than the average pay for other employees?	64.44	25.30

Panel B: Correlations between items in the Corp. Cynicism and Beliefs REA scales

Var	C1	C2	C3	C4	B1	B2	B3	B4	B5	B6	B7
C1.	-	-	-	-	-	-	-	-	-	-	-
C2.	.63***	-	-	-	-	-	-	-	-	-	-
C3.	.32***	.33***	-	-	-	-	-	-	-	-	-
C4.	.66***	.66***	.30***	-	-	-	-	-	-	-	-
B1.	.06**	.01	.18***	-.02	-	-	-	-	-	-	-
B2.	.10***	.04	.19***	.02	.68***	-	-	-	-	-	-
B3.	-.07***	-.09***	.14***	-.12***	.63***	.59***	-	-	-	-	-
B4.	.10***	.10***	.23***	.07**	.58***	.69***	.59***	-	-	-	-
B5.	.11***	.12***	.22***	.09***	.53***	.54***	.46***	.56***	-	-	-
B6.	.14***	.13***	.26***	.09***	.59***	.61***	.53***	.60***	.66***	-	-
B7.	.10***	.11***	.20***	.08***	.51***	.49***	.45***	.51***	.60***	.63***	-
B8.	.12***	.15***	.17***	.14***	.29***	.30***	.20***	.38***	.54***	.46***	.50***

Note: ¹ C1, C2, and C4 are reverse coded. *** and ** indicate statistical significance at 1 and 5 percent levels.

TABLE 2
Study 1: Corporate Cynicism, Beliefs about Public Companies, and Asset Holdings

Panel A: Means (M), Standard Deviations (SD), and Correlations												
Variable	M	SD	1	2	3	4	5	6	7	8	9	10
1. Corp. Cynicism	3.18	0.94	-	-	-	-	-	-	-	-	-	-
2. Beliefs REA	52.01	18.82	.17***	-	-	-	-	-	-	-	-	-
3. Fin_Assets	7.26	8.50	-.13***	-.03	-	-	-	-	-	-	-	-
4. Likely_Stocks	2.96	1.26	-.21***	-.01	.26***	-	-	-	-	-	-	-
5. Ever_Stocks	0.44	0.50	-.09***	-.02	.33***	.30***	-	-	-	-	-	-
6. Ever_Funds	0.38	0.49	-.09***	-.01	.42***	.29***	.46***	-	-	-	-	-
7. Fin_Lit	2.69	1.49	.03	-.15***	.31***	.14***	.29***	.31***	-	-	-	-
8. Income	9.54	7.18	-.09***	-.05*	.55***	.20***	.24***	.33***	.29***	-	-	-
9. Education	4.35	1.94	-.06**	-.05*	.41***	.17***	.26***	.29***	.32***	.46***	-	-
10. Age	46.25	17.22	-.16***	-.10***	.21***	-.07***	.04	.07**	.21***	.12***	.17***	-
11. Gender	0.52	0.50	.02	.03	-.14***	-.12***	.19***	-.14***	-.20***	-.13***	-.08***	0.02

Panel B: Regression Analyses of Corporate Cynicism, Beliefs about Companies, Asset Holdings, and Likelihood to Invest

	Corp. Cynicism		Beliefs REA		Fin_Assets		Likely_Stocks	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Corp. Cynicism				3.49*** (.613)		-.46** (.206)		-.27*** (.036)
Beliefs_REA		.01*** (.001)			.01 (.010)	.01 (.010)	-.00 (.002)	.00 (.002)
Fin_Lit		.09*** (.020)	-1.88*** (.401)	-2.15*** (.399)	.28* (.140)	.03** (.140)	.01 (.026)	.04 (.025)
Ever_Stocks		-.15** (.057)	.58 (1.25)	1.10 (1.22)	1.76*** (.466)	1.69*** (.464)	.50*** (.078)	.46*** (.077)
Ever_Funds		-.12* (.060)	1.42 (1.26)	1.80 (1.24)	3.28*** (.507)	3.22*** (.511)	.39*** (.081)	.36*** (.080)
Income	-.01** (.004)	-.01** (.004)	-.03 (.086)	.002 (.084)	.45*** (.036)	.45*** (.036)	.02*** (.006)	.01** (.005)
Education	-.001 (.016)	-.002 (.016)	.03 (.323)	.04 (.319)	.48*** (.114)	.48*** (.114)	.03 (.021)	.03 (.020)
Age	-.01*** (.002)	-.01*** (.002)	-.08** (.031)	-.05 (.031)	.06*** (.012)	.06*** (.012)	-.01*** (.002)	-.01*** (.002)
Gender	.02 (.053)	.02 (.053)	.23 (1.09)	.15 (1.07)	-.55 (.392)	-.54 (.392)	-.09 (.070)	-.09 (.068)
Order	.22*** (.053)	.22*** (.051)	-.48 (1.07)	-1.23 (1.06)				
R ²	.043	.088	.030	.059	.414	.416	.145	.183
ΔR ²		.045***		.029***		.002**		.038***
F-statistics	11.58	13.13	4.67	8.52	113.59	103.45	26.73	30.13
N	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225

TABLE 3
Study 3: Effects of Views of Profit and Narrative Disclosure on Corporate Cynicism

Panel A: Descriptive Statistics for Corporate Cynicism—Mean [Standard Deviation]

	Narrative Disclosure		
	Profit-Max	Beyond-Profit	Overall
Zero-Sum	3.99 [0.84] n = 63	2.88 [1.02] n = 82	3.53 [1.27] n = 152
Positive-Sum	4.24 [0.98] n = 87	2.57 [0.93] n = 65	3.36 [1.09] n = 145
Overall	4.14 [0.93] n = 150	2.74 [0.99] n = 147	3.45 [1.19] n = 297

Panel B: Analysis of variance

Source	Partial Sum of Squares	df	Mean Square	F	p
Views of Profit	0.06	1	0.06	0.07	0.79
NarrDisc	140.57	1	140.57	154.50	<0.01
Views * NarrDisc	5.81	1	5.81	6.39	0.01
Error	266.58	293	0.91		

Panel C: Simple main effects

Views of Profit	Partial Sum of Squares	df	Mean Square	F	p
Given Profit-Max	328.91	1	328.91	2.58	0.11
Given Beyond-Profit	539.68	1	539.68	3.88	<0.05
Narrative Disclosure					
Given Zero-Sum	6,122.65	1	6,122.65	47.99	<0.01
Given Positive-Sum	15,892.45	1	15,892.45	114.34	<0.01

All p-values are two-sided.

TABLE 4
Study 4: Effects of Perspective and Narrative Disclosure on Corporate Cynicism

Panel A: Descriptive Statistics for Corporate Cynicism—Mean [Standard Deviation]					
	Narrative Disclosure				
	Profit-Max	Beyond-Profit	Overall		
Investor	3.29 [1.01] n = 83	2.52 [0.96] n = 74	2.93 [1.06] n = 157		
Observer	3.73 [1.05] n = 78	2.70 [0.95] n = 65	3.26 [1.13] n = 143		
Overall	3.51 [1.05] n = 161	2.60 [0.96] n = 139	3.09 [1.10] n = 300		

Panel B: Analysis of variance					
Source	Partial Sum of Squares	df	Mean Square	F	p
Perspective	7.02	1	7.02	7.06	<0.01
NarrDisc	60.69	1	60.69	61.08	<0.01
Perspective * NarrDisc	1.35	1	1.35	1.36	0.24
Error	294.10	296	0.99		

Panel C: Simple main effects					
Perspective	Partial Sum of Squares	df	Mean Square	F	p
Given Profit-Max	1,335.26	1	1,335.26	7.90	<0.01
Given Beyond-Profit	130.09	1	130.09	1.04	0.31
Narrative Disclosure					
Given Investor	3,504.90	1	3,504.90	23.25	<0.01
Given Observer	5,509.09	1	5,509.09	38.43	<0.01

All p-values are two-sided.

Appendix A
Example Media Coverage of Corporate Success

Outlet: *New York Times*

Headline: “Bull Market Hits a Milestone: 3,453 Days. Most Americans Aren’t at the Party.”

Key Quotes:

- “It ranks among the great boons in American market history...But the gains haven’t been spread among the masses. Stock market wealth is heavily concentrated among the richest families.”
- “And that economic strength...has translated into gushers of profits for large American companies.”

Outlet: *The Washington Post*

Headline: “The stock market is soaring to new heights. But most Americans aren’t along for the ride.”

Key Quotes:

- “I’m not trying to play bleeding heart here. I’m just trying to show you the numbers that illustrate the contrast between people (including me) who own lots of stock and have seen their wealth increase substantially...and the people who own little or nothing in the way of stocks and are suffering economically for pandemic-related reasons.”

Outlet: *Chicago Tribune*

Headline: “Dow milestone? Shrug. Most Americans don’t benefit from record stock market gains.”

Key Quotes:

- “But most of the gains are going to the wealthy.”
- “Stock ownership is ‘heavily tilted toward rich guys: doctors, lawyers, accountants. It’s not the middle class,’ says Steven Rosenthal, a senior fellow at the Tax Policy Center.”

Outlet: *The Guardian*

Headline: “Why a surging stock market isn’t making ordinary investors happy”

Key Quotes:

- “Too few Americans have profited too little from the stock market rally, while a handful of the country’s wealthiest have taken the lion’s share of the profits, simply because they have the spare capital to invest.”

Outlet: *Forbes*

Headline: “Most Americans Don’t Have a Real Stake in the Stock Market”

Key Quotes:

- “Stock indices across the world lifted higher over the past month...But the majority of Americans are not significantly affected by jumps in the stock market. The stock market bounce is passing most Americans by.”

Appendix B

Experimental Materials Excerpts

Study 3 Excerpts

Narrative Disclosure Manipulation- Profit Max Condition

Many public companies endorse the view that “the only social responsibility of business is to increase its profits.” This view is evident in companies’ communications about their missions, strategies, and practices. The quotes below illustrate this idea.

CEO MW – Company A:

“At Company A, we embrace a singular vision of our responsibilities that focuses on maximizing shareholder returns. This requires us to dedicate all of our resources and efforts to activities that increase profits for our investors.”

CEO JC – Company B:

“I work for our shareholders, to be honest. I do not work for anyone else. I drive our business model by focusing on shareholder returns. I don’t drive our business model by focusing on anything else.”

CFO AT – Company C:

“I realize that I have a mandate for shareholders. There has long been a mantra that the business of business is business. We agree—for us, the business of business is delivering maximum returns to our shareholders.”

Narrative Disclosure Manipulation- Beyond Profit Condition

Many public companies endorse the view that “the only social responsibility of business extends beyond generating profits.” This view is evident in companies’ communications about their missions, strategies, and practices. The quotes below illustrate this idea.

CEO MW – Company A:

“At Company A, we embrace a broad vision of our responsibilities that goes beyond shareholder returns by also focusing on other stakeholders. This requires us to dedicate our resources and efforts to activities that benefit our employees, local communities, and the environment.”

CEO JC – Company B:

“I work for our employees, our customers, our community, and our planet, to be honest. I do not work for shareholders only. I drive our business model by focusing on all stakeholders. I don’t drive our business model by solely focusing on shareholder returns.”

CFO AT – Company C:

“I realize that I have a mandate for all stakeholders, not just shareholders. There has long been a mantra that the business of business is business. We disagree—for us, the business of business is improving the state of the world.”

Views of Profit Manipulation

Positive-Sum Video: <https://vimeo.com/1040338133/a22642b226?share=copy>

Zero-Sum Video: <https://vimeo.com/1040338197/9d308ae212?share=copy>

Appendix B (continued)

Experimental Materials Excerpts

Study 4 Excerpts

Narrative Disclosure Manipulation- Profit Max Condition

Companies A, B, and C, like many other public companies, endorse the view that “the only social responsibility of business is to increase its profits.” This endorsement is evident in the companies’ communications about their missions, strategies, and practices. The quotes below illustrate this idea.

CEO MW – Company A:

“At Company A, we embrace a singular vision of our responsibilities that focuses on maximizing investor returns. This requires us to dedicate all of our resources and efforts to activities that increase profits for our investors.”

CEO JC – Company B:

“I work for our investors, to be honest. I do not work for anyone else. I drive our business model by focusing on investor returns. I don’t drive our business model by focusing on anything else.”

CFO AT – Company C:

“I realize that I have a mandate for investors. There has long been a mantra that the business of business is business. We agree—for us, the business of business is delivering maximum returns to our investors.”

Narrative Disclosure Manipulation- Beyond Profit Condition

Companies A, B, and C, like many other public companies, endorse the view that “the social responsibility of business extends beyond generating profits.” This endorsement is evident in the companies’ communications about their missions, strategies, and practices. The quotes below illustrate this idea.

CEO MW – Company A:

“At Company A, we embrace a broad vision of our responsibilities that goes beyond investor returns by also focusing on other stakeholders. This requires us to dedicate our resources and efforts to activities that benefit our employees, local communities, and the environment.”

CEO JC – Company B:

“I work for our employees, our customers, our community, and our planet, to be honest. I do not work for investors only. I drive our business model by focusing on all stakeholders. I don't drive our business model by solely focusing on investor returns.”

CFO AT – Company C:

“I realize that I have a mandate for all stakeholders, not just investors. There has long been a mantra that the business of business is business. We disagree—for us, the business of business is improving the state of the world.”

Appendix B (continued)
Experimental Materials Excerpts

Study 5 Excerpts

Media Discourse Manipulation- Narrow Focus Article

Q
The New York Times
GIVE THE TIMES Account ▾

U.S. Economy
State of the Stock Market
Fed Cuts Rates Again
Serious Risks Loom
Inflation Ticks Up Slightly
Job Growth Rebounds

When Big Companies Succeed, Who Benefits? The Richest 10% of Americans.

By Matthew Johnson
Jan. 10, 2025

When major companies report profits and their stock prices soar, do the gains reach everyday Americans—teachers, small business owners, and truck drivers in every corner of the country? Increasingly, the answer appears to be no: the vast majority of those gains flow to the richest 10 percent of Americans.

In 2024, for example, stock markets soared more than 150 percent relative to pandemic lows, propelled by record profits at some of the largest companies in the world. Yet, most of these gains have gone to an exclusive group of affluent Americans. According to newly released data, the wealthiest 10 percent of U.S. households own between 80 and 90 percent of total stock market value, reflecting greater concentration than in the past. These trends underscore how company profits and overall success can deepen existing wealth gaps.

“As companies innovate and succeed, we will continue to see record profits and market gains among the biggest US companies. Unfortunately, these gains will drive widening inequality among Americans,” said Simon Patterson, a professor of economics who has written about wealth in the United States.

Distribution of U.S. Equity Wealth by Net Worth Bracket (2024)

Net Worth Bracket	Percentage of Equity Wealth
Top 10%	87.0%
50-90%	12.0%
Bottom 50%	1.0%

Source: Federal Reserve, Distributional Financial Accounts (2024 update)

Media Discourse Manipulation- Wide Focus Article

Q
The New York Times
GIVE THE TIMES Account ▾

U.S. Economy
State of the Stock Market
Fed Cuts Rates Again
Serious Risks Loom
Inflation Ticks Up Slightly
Job Growth Rebounds

When Big Companies Succeed, Who Benefits? More Americans Than You Might Think.

By Matthew Johnson
Jan. 10, 2025

When major companies report profits and their stock prices soar, do the gains reach everyday Americans—teachers, small business owners, and truck drivers in every corner of the country? Increasingly, the answer appears to be yes: over half of Americans own stock and have seen tangible benefits from corporate gains.

In 2024, for example, stock markets soared more than 150 percent relative to pandemic lows, propelled by record profits at some of the largest companies in the world. These gains have significantly boosted the net worth of a majority of Americans. According to newly released data, more than 60 percent of U.S. households own stock, reflecting broader participation than in the past. These trends underscore how company profits and overall success can lift a wide swath of Americans.

“As companies innovate and succeed, we will continue to see record profits and market gains among the biggest US companies. Fortunately, these gains will benefit a growing majority of Americans,” said Simon Patterson, a professor of economics who has written about wealth in the United States.

Stock Market Participation Rates in the U.S. (2013-2024)

Year	Percentage of Americans Owning Stock (%)
2013	52%
2014	54%
2015	55%
2016	52%
2017	54%
2018	55%
2019	55%
2020	55%
2021	56%
2022	58%
2023	61%
2024	62%

Source: Gallup Polling USA (2013-2024)