CEO Religiosity and Corporate Misconduct

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ABSTRACT: Using graduation from a Christian-affiliated university as a measurement, we provide evidence that there is a negative association between corporate misconduct and whether firms have a Christian CEO. The effect is more substantial when the CEO has a longer tenure, or firms are located in highly Christian-influenced areas. We also examine the association between Christian CEOs and different types of misconduct; we find similar results for labor-related and financial misconduct.

KEYWORDS: Christianity, corporate misconduct, religiosity, CEO, shalom

INTRODUCTION

Understanding how religiosity might influence business leaders' decisions has been an important topic in academic research for a long time (e.g., Heubeck, 2024). According to upper-echelon theory (Hambrick & Mason, 1984), business leaders' personal values and cognitive styles, such as those of CEOs, can affect organizational choices and business outcomes. Additionally, numerous anecdotes suggest that business leaders often use their Christian faith to guide their decisions in the workplace. For instance, Donnie Smith, the former CEO of Tyson Foods, publicly stated, "My faith influences how I think, what I do, what I say" (as cited in Kilman, 2010). However, empirical evidence regarding the impact of a CEO's religiosity on corporate business outcomes is relatively scarce. This study aims to extend existing research by examining the relationship between CEO religiosity, specifically Christianity and corporate misconduct.

The reasons for our interest in studying corporate misconduct are twofold. First, existing literature suggests that Christian CEOs positively influence companies by promoting goodness, resulting in better financial performance (Slater et al., 2022) and higher quality in financial reporting (e.g., Chen et al., 2022). However, there is limited empirical evidence on how the religiosity of CEOs may help mitigate negative behaviors within firms. We aim to address this gap by providing data from a corporate misconduct perspective. Second, corporate misconduct represents a significant economic issue that can create substantial negative externalities affecting the public interest, such as pollution, illness, injury, or even death. Consequently, it is an important focus for government intervention. For instance, in 2020, the U.S. government allocated $26 billion towards social regulations aimed at consumer safety, health, transportation, workplace standards, energy, and environmental protection (Albuquerque et al., 2020). Therefore, it is crucial to understand the factors associated with corporate misconduct, including whether CEO religiosity plays a role.

The contributions of our study are as follows: First, our findings provide the first empirical evidence of the relationship between CEO religiosity and corporate misconduct, directly addressing the call from Heubeck (2024) for more research on CEO religiosity and corporate social responsibility. Second, our paper reinforces the idea that Christian values have an impact in the context of public firms, as suggested by Slater et al. (2022). We provide empirical evidence that the religiosity of CEOs adds value to their corporations by helping to limit sinful decisions. Additionally, the spiritual values of CEOs can positively influence both the industry and the local community. This might include adhering to regulations and treating employees well. Third, our research offers limited evidence to encourage Christian educators by suggesting that Christian education can make a difference. Last but not least, we contribute to the growing body of research on factors associated with corporate misconduct (e.g., Heese & Perez-Cavazos, 2020; Raghunandan, 2021) by identifying CEO religiosity as a new influencing factor.

To understand whether a CEO's religiosity affects decisions related to misconduct, it is essential to consider Christian doctrines regarding sin and God. According to Hoekema (1986), sin is an act of rebellion against God that distorts the gifts and talents given by Him in both the physical and ethical dimensions. Furthermore, sin is defined as a lack of conformity to God's law (Kuyper, 2018). Question and Answer 5 of the Heidelberg Catechism (1989) states that humankind has a natural tendency to hate both God and their neighbor. This idea is supported by Scripture in multiple passages, such as Romans 8:7, which indicates that the mind of humanity is hostile to God and unable to submit to Him. Other passages highlight this rebellion in terms of deceitfulness or evil, including Jeremiah 17:9, which asserts that the heart is deceitful; Matthew 15:19, which states that evil thoughts abound; and Luke 6:45, which mentions that evil is stored in one's heart.

Corporate misconduct, such as failing to comply with state or federal regulations, poses severe threats to society and the environment, potentially resulting in disasters or harm to employees and customers. Such misconduct is generally viewed as a sin against God's law. Thus, human sin can still drive people to pursue short-term competitive advantages, despite the potential consequences of misconduct.

However, Christians are called to a new life in Christ, as mentioned in Romans 6:4. This new life is meant to be in service to God and should produce tangible fruit, as referenced in Galatians 5:22-23a. According to 2 Corinthians 5:14-15, believers are to live for Christ rather than for themselves. Therefore, one's choices and ultimate purpose, as outlined in Scripture, should focus on seeking first the kingdom of God (Matthew 6:33). This is also emphasized in Question and Answer 1 of the Heidelberg Catechism (1989), which indicates that one's only comfort in life is to live for Christ. Plantinga (1995) further supports this idea, stating that we are to live for Christ and glorify Him, which Plantinga connects to the concept of human flourishing or shalom. Consequently, we hypothesize that there is a negative association between a Christian CEO's beliefs and the occurrence of corporate misconduct.

Historically, the biggest challenge in studying Christian business leaders has been the lack of direct measures of an executive's religiosity, as this information is not publicly available (e.g., Dyreng et al., 2012). To address this issue, we use whether a CEO graduated from a religious university or college as a proxy for measuring their religiosity, following the approach of Chen et al. (2022). This method is reasonable for two main reasons. First, college students often choose universities that align with their value systems, as supported by psychology and sociology literature (Cairns & Cairns, 1994; Ennett & Bauman, 1994). Second, attending a religious college may strengthen students' faith. For instance, a non-believing student might come to know Christ through peer influence in a Christian educational environment (Barry et al., 2010). Furthermore, compared to other measures, such as census data or social media searches, this proxy is more objective and enhances the generalizability of the study's results (Chen et al., 2022). To provide evidence of this prediction, we examine how firms' likelihood of misconduct and the total penalty amount assessed for misconduct change when these firms have a Christian CEO. The corporate misconduct data comes from Violation Tracker, the first wide-ranging database on enforcement actions by 47 federal agencies. Using an OLS model with industry- and year-fixed effects, we find that the likelihood of corporate violation was reduced by 6.6% when the firm has a Christian CEO. In terms of dollar amount, we also find a 35.6% decrease in penalty amount.

We next study the association between a Christian CEO and different types of misconduct to explore the vibration within corporate misconduct. We find significant evidence for labor-related misconduct and financial misconduct. However, we did not find significant results pertaining to environmental and other forms of misconduct. This study builds upon the initial research by contributing additional insights into the findings.

There are two significant concerns about the results. First, while our model uses a lag and lead format and fixed effects, the results could still be driven by other characteristics besides the top executive, such as corporate culture. To address this concern, we conducted a cross-sectional analysis based on the tenure of the CEOs. We anticipate that with longer tenure, the influence of the CEOs will be greater, leading us to expect more pronounced effects for those with longer tenures. Our findings support this hypothesis.

Secondly, while the measure of college education is grounded in previous research, there are still questions about whether graduating from a Christian college is a reliable indicator of a CEO's religiosity. To further address this concern and enhance the validity of our results, we examined the cross-sectional variation in effects based on whether the firm's headquarters is situated in the "Bible

Belt." The rationale behind this test is that if the baseline results are indeed stemming from the religiosity of the CEOs, we would expect to see stronger effects in regions where Christianity wields more influence. We continued to find significant results consistent with this hypothesis.

HYPOTHESIS DEVELOPMENT

The upper-echelon theory, introduced by Hambrick and Mason (1984), suggests that executives' cognitive limitations affect their perception of available information. As a result, they rely on their own experiences, values, and personalities to process information and make strategic decisions. Building upon this theory, the beliefs of business leaders may lead to different corporate behavior and business outcomes. Corporate misconduct can serve as a good example, illustrating how differing perspectives among CEOs can influence decision-making. On one hand, misconduct—such as environmental damage or workplace abuse that violates state or federal regulations—creates negative externalities for individuals and society. Therefore, CEOs should strive to comply with the relevant regulations. On the other hand, many violations, particularly those related to labor, often carry only minor penalties for companies (Huang et al., 2023). Compliance with these regulations may require firms to allocate additional resources, and the potential for increased profitability and competitive advantage from non-compliance can incentivize some CEOs to take shortcuts.

The question at hand is whether Christian CEOs can make a difference in reducing corporate misconduct. To explore this question, it is essential to refer to Christian teachings about sin. According to Hoekema (1986), decisions and choices are expressions of "the will," and the choices of fallen humanity tend to be self-centered. Sproul (1992) adds that choices are influenced by our desires. After the fall, humanity's ability to choose became enslaved to evil and corrupted (Calvin, 2008), leading to a tendency to engage in corporate misconduct for temporary gains.

However, Christians are called to live for Christ rather than for themselves, as stated in 2 Corinthians 5:14-15. They are also encouraged to bear spiritual fruits, as referenced in Galatians 5:22-23a. This idea is supported by the Heidelberg Catechism (1989), which emphasizes that one's true comfort in life comes from living for Christ. Plantinga (1995) reinforces this by arguing that living for Christ and glorifying Him is connected to the concept of human flourishing or shalom. He describes shalom as "...universal flourishing, wholeness, and delight—the way things ought to be... a spread of appropriate thoughts, desires, emotions, words, deeds, and dispositions" (Plantinga, 1995, p. 10). Chewning et al. (1975) suggest that although the business world is fraught with risks, including self-interested decisions, those who follow Christ are still called to act differently, empowered by the Holy Spirit. Consequently, Christian business leaders have the potential to conduct themselves in ways that please God, recognizing that corporate misconduct, such as environmental pollution or mistreatment of employees, threatens both individuals and society. Such behaviors stand in stark contrast to the ideas of shalom or human flourishing discussed earlier. This leads to our hypothesis:

H1: Firms are less likely to have corporate misconduct if they have a Christian CEO.

This empirical prediction is not without tensions. First, while Christians may understand which actions please the Lord, they might not choose or act differently within the workplace. After the fall, their ability to make choices became corrupted by evil (Calvin, 2008). There are anecdotal instances of people making unethical business decisions, even fraud, while identifying themselves as "Christians" (Liebman, 2023). Second, Christian beliefs may not always motivate CEOs to adhere to conduct regulations. For instance, Cui et al. (2015) found that Christian beliefs can discourage managers from considering environmental impacts in their decision-making. Lastly, complying with these regulations often requires firms to allocate additional resources, which can reduce profitability. This is counter to a CEO's primary objective, which is to maximize shareholder benefits (Caskey & Ozel, 2017).

EMPIRICAL ANALYSES

To examine the association between a CEO's religiosity and the firm's corporate misconduct, we estimate an OLS model as follows:

Misconduct i,t = α + $\beta \times$ *CEO religiosity* i,t-1 + $\gamma \times$ *Controls* i,t -1+ *Industry FE* + *Year FE* + ε.

Following the existing literature, such as Raghnandan (2021, 2024), we use two measures for corporate misconduct: *Misconduct* and *Ln (1+Penalty Amt)*. The first measure, Misconduct, is an indicator variable that equals one if a firm has a misconduct incident in the

fiscal year and zero otherwise. The second measure is related to the penalty amount for corporate misconduct incidents. The higher the amount, the more severe the misconduct. We calculate the total penalty amount for all corporate misconduct incidents during a fiscal year to get *Penalty Amt*. Then, we use the natural logarithm of one plus *Penalty Amt* to calculate the *Ln (1+Penalty Amt)*. The main proxy for CEO religiosity is the *Christian CEO*, which is constructed following Chen et al. (2022). This indicator variable equals one if the firm's CEO graduated from a Christian-affiliated university or college in the fiscal year and zero otherwise.

The equation also includes a set of firm-level control variables that are known to be correlated with corporate misconduct: size (*Size*), market-to-book ratio (*BTM*), Leverage (*LEV*), return on assets (*ROA*), dummy for loss (*Loss*), and Altman bankruptcy score Z-score (see e.g., Heese & Perez-Cavazos, 2020). We include the industry-fixed effects to control for time-invariant characteristics and year-fixed effects to control for general time trends, such as changes in macroeconomic conditions in the United States. Firm-fixed effects are not feasible in this study because we do not observe many CEO turnovers during the sample period. In controlling for the firm-fixed effects, we will remove most of the variations at the managerial level we are interested in (Gormley & Matsa, 2013). Detailed definitions of all variables are reported in the Appendix. Standard errors are clustered at the firm level unless otherwise specified.

Data and Summary Statistics

Following the work of Chen et al. (2022), we compiled a list of religious universities and colleges using the Integrated Postsecondary Education Data System (IPEDS), a dataset from the U.S. Department of Education. We then manually reviewed each institution's mission statements to ensure accurate classification. Next, we gathered educational background information on CEOs from the BoardEx database and combined this with our previous list to assess their religiosity.

We obtained data on corporate misconduct from the Violation Tracker, financial data from Compustat, and information on a CEO's age and tenure from the Execucomp database. The sample period is determined by data availability and is from 1999 to 2020. We require the availability of financial data necessary to calculate the variables in Eq. (1). We exclude financial (SIC 6000–6999) firms following existing studies. All continuous variables are winsorized at the 1% and 99% levels to mitigate the influence of outliers. The final sample consists of 6,523 firm-year observations.

Table 1 provides summary statistics: 3.4% of the firms in the sample have a CEO who graduated from a Christian-affiliated university or college during the sample period. On average, 15% of the firms in the sample had at least one corporate misconduct during the sample period. The average capitalization is $5.3 billion, and the average ROA is -0.126. Furthermore, 38.7% of firm-years report a loss. The firms have an average leverage ratio (*LEV*) of 0.237, a market-to-book ratio (*MTB*) of 3.213, and an Altman Z-score of 2.668. Table 2 summarizes univariate correlations among key variables.

Baseline Results

Table 3 reports the baseline OLS regression results of equation (1). This regression is a direct test of our hypothesis. In the columns, we use the full model that includes all the control variables, industry-, and year-fixed effects. In column 1, the estimated coefficient of *Christian CEO* is negative and significant (-0.066, t-statistic = -2.09), suggesting that the likelihood of having a corporate violation for a firm decreases if the CEO graduates from a Christian-affiliated university or college. The economic magnitude is also significant: the coefficient represents a 6.6% decrease. In column 2, we continue to find a negative and significant coefficient for a *Christian CEO* (-0.857, t-statistic = -2.03), translating to a 35.6% decrease in the penalty amount assessed for corporate misconduct of a firm. Overall, the results are consistent with the hypothesis.

Different Types of Misconduct. According to the existing literature, Christians may have various attitudes concerning different business topics. For example, Cui et al. (2015) find a negative association between the Christian percentage in the community and the firm's environmental practices by the managers. To explore the variations of baseline effect on different types of misconduct, we divided the misconduct into four classifications: environmental, labor, financial, and other types of violations. Examples of other types of violations include aviation or railroad safety violations. Thus, the association between the *Christian CEO* and environmental-related misconduct measures (*Env Mis, Ln (1+Env P)*) could be positive. In contrast, some of the existing literature finds a positive association between financial reporting quality and performance (see e.g., Chen et al., 2022). This existing research result suggests that the association between *Christian CEO* and financial

misconduct measures is expected to be negative. As a result, the regressions on subgroups of misconduct may provide incremental information additional to the baseline test.

Table 4 reports the results. Columns 1 and 2 show that the coefficients of *Christian CEO* are insignificant for environmental misconduct (see e.g., -0.018, t-statistic = -0.78, column 1). Columns 3 and 4 present the regression results using labor-related misconduct as a dependent variable. The coefficients are negative and significant (see e.g., -0.068, t-statistic = -1.79, column 3). The evidence suggests that firms with Christian CEOs are more cautious about labor-related issues in the operating room, leading to a lower likelihood of labor-related violations and damage. In columns 5 and 6, the table shows negative and significant coefficients on the variables of interest when using financial misconduct measures as dependent variables (see e.g., -0.004, t-statistic = -2.62, column 5). These results are consistent with the existing papers (see e.g., Chen et al., 2022; McGuire, 2012). In the last columns, 7 and 8 show insignificant coefficients on the variables of interest when using other misconduct (incidents that cannot be classified into the environmental, labor, and financial categories) as dependent variables. Overall, these results enriched the baseline results by showing different directions and magnitude of the association between Christian CEOs and different types of misconduct.

Cross-Sectional Tests. As mentioned in the earlier section, one potential limitation of our model is that the assignment of whether a firm has a Christian CEO is not random. To further support our central hypothesis and enhance the study's identification, we examine the cross-sectional variations in the effects of CEO religiosity on corporate misconduct, based on CEO tenure and the location of the firm's headquarters within the "Bible Belt." The cross-sectional analysis of CEO tenure aims to strengthen our identification from the CEO perspective. Meanwhile, the analysis related to the "Bible Belt" is intended to reinforce our argument from the Christian aspect.

We first examine how the documented effect differs for CEOs with different tenures. According to the existing literature (see e.g., Pan et al., 2015), the influence of top managers will grow over their tenure. If the influence of CEOs drives the effect on corporate misconduct, we expect it to be more vital for CEOs with more extended tenure periods with the organizations. *High Tenure* is constructed as an indicator variable that equals one if the firm's CEO tenure is in the top tercile of the sample.

We then interact with this new indicator variable with Christian's *CEO.*

Table 5 presents the results. Though the coefficient on the interaction term *Christian CEO × High Tenure* is insignificant when using misconduct likelihood as the dependent variable in column 1, the coefficient on this interaction term is negative and significant in column 2. Overall, this result provides limited support for the central hypothesis.

Next, we examine how the effect documented in Table 3 varies with the influence of the local religious and social norms on the firms, given that the strength of local religious and social norms can provide stronger motivation for individuals to make ethical decisions (see e.g., Longenecker et al. 2004). The influence of local religious social norms is measured using the "Bible Belt" (see e.g., Tweedie, 1978). Bible Belt is constructed as an indicator variable that equals one if the firm's headquarters is in a "Bible Belt" state, zero otherwise.[1] If the religiosity of the CEO drives the effect documented in Table 2, we expect it to be more vital for firms located in the "Bible Belt" area. Columns 1 and 2 of Table 6 present negative and significant coefficients on the interaction term *Christian CEO × Bible Belt* (see e.g., -1.978, t-statistic = -1.71, column 2). Overall, the results in Table 6 further support the main story.

CONCLUSION

CEO religiosity plays a crucial role in influencing corporate behavior. We use CEOs who graduated from a Christian-affiliated university or college to provide empirical evidence on the association between CEO religiosity and corporate misconduct. We find that the likelihood and penalty amount of corporate misconduct decreases when the firm has a Christian CEO. The effect is stronger when the CEO has a longer tenure. It is also more vital for firms located in highly Christian-influenced areas. When zooming into the categories of misconduct, we find a robust negative association between CEO religiosity and labor-related and financial misconduct, respectively.

ENDNOTE

[1] These "Bible Belt" states include Alabama, Georgia, Mississippi, Arkansas, Tennessee, North Carolina, South Carolina, Oklahoma, Texas, Virginia, and West Virginia.

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APPENDIX

Chart 1: Variable Definitions

Variable	Definition
Christian CEO	An indicator variable that equals one if the firm's CEO graduated from a Christian-affiliated university or college in the fiscal year and zero otherwise.
Env Mis	An indicator variable that equals one if a firm has an environmental misconduct incident in the fiscal year and zero otherwise.
Env P	The total penalty amount for environmental misconduct during a fiscal year.
Fin Mis	An indicator variable that equals one if a firm has a financial misconduct incident in the fiscal year and zero otherwise.
Fin P	The total penalty amount for financial misconduct during a fiscal year.
Labor Mis	An indicator variable that equals one if a firm has a labor misconduct incident in the fiscal year and zero otherwise.
Labor P	The total penalty amount for labor misconduct during a fiscal year.
Leverage	Total liabilities divided by total assets at the beginning of the fiscal year.
Ln (1+Penalty Amt)	The natural logarithm of one plus *Penalty Amt*, the total penalty amount for misconduct during a fiscal year.
Ln (1+Env P)	The natural logarithm of one plus *Env P*, the total penalty amount for environmental misconduct during a fiscal year.
Ln (1+Fin P)	The natural logarithm of one plus *Fin P*, the total penalty amount for financial misconduct during a fiscal year.
Ln (1+Labor P)	The natural logarithm of one plus *Labor P*, the total penalty amount for labor misconduct during a fiscal year.
Ln (1+Other P)	The natural logarithm of one plus *Labor P*, the total penalty amount for other misconduct during a fiscal year.
Loss	An indicator variable that equals one if a firm's income before extraordinary items at the beginning of the fiscal year is less than zero, and zero otherwise.
Market Cap	The market capitalization (in billion dollars) at the beginning of a fiscal year.
MTB	The market value of equity divided by the book value of equity at the beginning of the fiscal year.

Chart 1: Variable Definitions (continued)

Variable	Definition
Misconduct	An indicator variable that equals one if a firm has a misconduct incident in the fiscal year and zero otherwise.
Other Mis	An indicator variable that equals one if a firm has a misconduct incident that doesn't belong to environmental, labor, or financial misconduct in the fiscal year and zero otherwise. The other misconduct examples include aviation safety or railroad safety violations.
Other P	The total penalty amount for other misconduct during a fiscal year.
Penalty Amt	The total penalty amount for corporate misconduct during a fiscal year.
ROA	Return on assets at the beginning of the fiscal year, calculated as the income before extraordinary items divided by total assets.
SIZE	The natural logarithm of the market value of equity at the beginning of the fiscal year.
High Tenure	An indicator variable that equals one if the firm's CEO tenure is in the top tercile of the sample.
Bible Belt	An indicator variable that equals one if the firm's headquarter is in a "Bible Belt" state, zero otherwise.
ZScore	Altman's (1968) bankruptcy prediction score was computed as 1.2 × (current assets minus current liabilities, divided by total assets) + 1.4 × (retained earnings divided by total assets) + 3.3 × (earnings before interest and taxes divided by total assets) + 0.6 × (market value of equity divided by total liabilities) + 0.999 × (sales divided by total assets at the beginning of a fiscal year).

Table 1: Summary Statistics

	N	Mean	Q1	Median	Q3	STD
Christian CEO	6,523	0.034	0.000	0.000	0.000	0.181
Misconduct	6,523	0.150	0.000	0.000	0.000	0.357
Ln (1+Penalty Amt)	6,523	1.779	0.000	0.000	0.000	4.366
Market Cap	6,523	5.284	0.091	0.549	2.574	15.787
SIZE	6,523	6.231	4.512	6.309	7.853	2.368
ROA	6,523	-0.126	-0.090	0.025	0.066	0.484
MTB	6,523	3.213	1.178	2.103	3.883	6.622
Leverage	6,523	0.572	0.327	0.517	0.677	0.516
Loss	6,523	0.387	0.000	0.000	1.000	0.487
Zscore	6,523	2.668	1.146	2.747	4.811	13.765

Note: The table reports summary statistics for the sample used in the baseline regression, which covers the period from 1999 to 2020. The appendix defines variable definitions. All continuous variables are winsorized at the 1st and 99th percentiles.

Table 2: Correlation Table

	Misconduct	Christian CEO	SIZE	ROA	MTB	Leverage	Loss	Zscore
Misconduct	1	0.012	0.383	0.200	0.013	0.209	-0.228	0.002
Christian CEO	0.012	1	0.073	0.038	-0.011	0.036	-0.068	-0.032
SIZE	0.383	0.074	1	0.486	0.348	0.143	-0.473	0.269
ROA	0.149	0.027	0.395	1	0.176	-0.050	-0.843	0.485
MTB	-0.011	-0.014	0.128	-0.000	1	-0.119	-0.084	0.383
Leverage	0.047	0.009	-0.128	-0.472	-0.142	1	-0.035	-0.567
Loss	-0.228	-0.068	-0.458	-0.509	0.021	0.114	1	-0.352
Zscore	0.015	0.001	0.271	0.547	0.195	-0.682	-0.169	1

Note: The table reports the correlation between variables in the baseline regression sample. Pearson correlations are below the diagonal, and Spearman correlations are above the diagonal. The sample period is from 1999 to 2020. The variables are defined in the appendix. All continuous variables are winsorized at the 1st and 99th percentiles.

Table 3: Christian CEO and Corporate Misconduct

VARIABLES	(1) Misconduct	(2) Ln (1+Penalty Amt)
Christian CEO	-0.066**	-0.857**
	(-2.09)	(-2.03)
SIZE	0.049***	0.635***
	(11.09)	(10.34)
ROA	-0.017**	-0.193*
	(-2.15)	(-1.91)
MTB	-0.001***	-0.021***
	(-2.60)	(-3.17)
Leverage	0.014	0.175
	(1.50)	(1.40)
Loss	-0.002	0.050
	(-0.25)	(0.40)
Zscore	-0.001**	-0.010**
	(-2.34)	(-2.40)
Constant	-0.155***	-2.201***
	(-5.73)	(-5.95)
Industry FE	Yes	Yes
Year FE	Yes	Yes
N	6,523	6,523
Adjusted R-squared	0.378	0.378

Note: This table represents the OLS regression results of the CEO's religiosity on the likelihood of corporate misconduct and the amount of penalty for misconduct. The sample period is from 1999 to 2020. Christian CEO is an indicator variable that equals one if the firm has a CEO who graduated from a Christian-affiliated university or college in the fiscal year and zero otherwise. The other variables are defined in the appendix. Robust standard errors are clustered by firms and are reported in parentheses below the coefficient estimates. ***, **, and * indicate significance at the 0.01, 0.05, and 0.10 two-tailed levels, respectively.

Table 4: Christian CEO and Different Types of Corporate Misconduct

VARIABLES	(1) Env Mis	(2) Ln (1+Env P)	(3) Labor Mis	(4) Ln (1+Labor P)	(5) Fin Mis	(6) Ln (1+Fin P)	(7) Other Mis	(8) Ln (1+Other P)
Christian CEO	-0.018	-0.200	-0.068*	-0.806*	-0.004***	-0.060**	0.003	-0.074
	(-0.78)	(-0.74)	(-1.79)	(-1.65)	(-2.62)	(-2.39)	(0.09)	(-0.17)
Control Variable	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	6,523	6,523	6,523	6,523	6,523	6,523	6,523	6,523
Adjusted R-squared	0.284	0.304	0.406	0.415	0.007	0.007	0.121	0.115

Note: This table represents the OLS regression results of the CEO's religiosity on the likelihood of different corporate misconducts and the penalty amount for different types of misconduct. The sample period is from 1999 to 2020. Christian CEO is an indicator variable that equals one if the firm has a CEO who graduated from a Christian-affiliated university or college in the fiscal year and zero otherwise. The other variables are defined in the appendix. Robust standard errors are clustered by firms and are reported in parentheses below the coefficient estimates. Intercepts and control variables are not reported. ***, **, and * indicate significance at the 0.01, 0.05, and 0.10 two-tailed levels, respectively.

Table 5: Cross-sectional Tests Based on CEO Tenure

VARIABLES	(1) Misconduct	(3) Ln (1+Penalty Amt)
Christian CEO	-0.043	-0.509
	(-1.18)	(-0.97)
Christian CEO ×High Tenure	-0.067	-0.988*
	(-1.49)	(-1.74)
High Tenure	0.059***	0.649***
	(4.03)	(3.53)
Control Variables	Yes	Yes
Industry FE	Yes	Yes
Year FE	Yes	Yes
N	6,523	6,523
Adjusted R-squared	0.382	0.381

Note: This table reports the cross-sectional tests based on CEO tenure for the effect of CEO's religiosity on the likelihood of corporate misconduct and the penalty amount for misconduct. The sample period is from 1999 to 2020. The variables are defined in the appendix. Robust standard errors are clustered by firms and are reported in parentheses below the coefficient estimates. Intercepts and control variables are not reported. ***, **, and * indicate significance at the 0.01, 0.05, and 0.10 two-tailed levels, respectively.

Table 6: Cross-sectional Tests Based on Firms Located in the Bible Belt

| VARIABLES	(1) Misconduct	(3) Ln (1+Penalty Amt)
Christian CEO	-0.042	-0.531
	(-1.23)	(-1.19)
Christian CEO ×Bible Belt	-0.147*	-1.978*
	(-1.77)	(-1.71)
Bible Belt	0.052*	0.625*
	(1.84)	(1.68)
Control Variables	Yes	Yes
Industry FE	Yes	Yes
Year FE	Yes	Yes
N	6,523	6,523
Adjusted R-squared	0.379	0.379

Note: This table reports the cross-sectional tests based on whether the firm's headquarters is located in the Bible Belt state for the effect of the CEO's religiosity on the likelihood of corporate misconduct and the penalty amount for misconduct. The sample period is from 1999 to 2020. The variables are defined in the appendix. Robust standard errors are clustered by firms and are reported in parentheses below the coefficient estimates. Intercepts and control variables are not reported. ***, **, and * indicate significance at the 0.01, 0.05, and 0.10 two-tailed levels, respectively.

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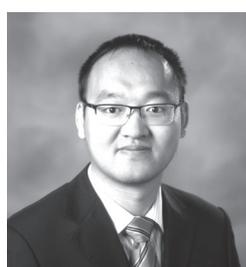
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