

Health Equity: A Strategic Lever for Corporate Success

Tirna Purkait^{1†}, Revanth Raghupatruni^{2†}

¹ Doctoral Candidate, Department of Nutrition and Health Sciences, University of Nebraska–Lincoln, USA, tpurkait2@huskers.unl.edu

² Doctoral Candidate, Department of Marketing, College of Business, University of Nebraska–Lincoln, USA, rrevanth2@huskers.unl.edu

† Contributed Equally

Background: Integrating health equity into corporate social responsibility (CSR) is increasingly recognized as a strategic business imperative, emphasizing the intrinsic link between corporate ethics and societal health for all, regardless of socio-economic or cultural background. While CSR's positive impact on business performance is well-documented, the specific effects of health equity initiatives under CSR agendas remain underexplored.

Objective: To analyze investor reactions on corporate firms through stock returns for health equity initiative undertakings aimed at marginalized communities as part of their CSR agendas, providing insights into their impact on the overall value of business firms.

Method: We investigated the effect of health equity initiatives on stock market performance using event study methodology. Our sample included 41 health equity initiatives from 29 Standard & Poor's (S&P) 100 firms since 2019. Abnormal stock returns were assessed using the Fama-French three-factor model with data from the COMPUSTAT database, and statistical significance was tested using Patell Z scores.

Result: Significant positive association between health equity initiatives and stock performance was observed with a maximum abnormal return of 16.33% ($p < .05$) at the (-5, +5) window. Additionally, we observed that only 30% of the top 100 firms have implemented notable health initiatives targeting underserved communities.

Conclusion: The positive investor reactions to health equity initiatives suggested if more firms adopt these initiatives equity into CSR policy agendas, increased financial resources will be directed towards the healthcare sector. CSR policymakers may foster broader adoption of health equity initiatives with transparency and accountability, creating a win-win for society and businesses by aligning economic opportunity with a healthier, more equitable society.