Does Corporate Political or Social Activism Pay-Off?

Hosted by The Institute for Enterprise Ethics
1. There was a lot of skepticism around the table regarding the appropriateness of such activism and the degree to which it might be motivated simply by the desire to influence market position and financial return rather than corporate values and responsibility.

2. At the same time it was clear that the participants around the tables personally cared a great deal about the issue of corporate activism.

3. Published research (“The Dawn of CEO Activism.” KRC Research/ Weber Shandwick) indicates that the public identifies a wide range of motivations for “CEO’s taking public positions on hotly debated current issues” ranging from 36% saying “To get attention in the media” to 7% saying “To attract and retain the best employees.” Eighteen percent say they “Don’t know.” (See slide #13 in Professor Seaborne’s presentation.)

4. It is important that before making activist comments regarding social or political issues, the CEO assures himself, the organization and the board that the motivations behind the statements are well aligned with the goals and values of the company.

5. Boards should have a protocol for action prepared and in place to deal with impulsive or ad hoc social or political statements made by any senior executive of the company.

6. It was clear that the increase in corporate political or social activism has some very powerful drivers including:
   a. Increased corporate transparency, executive visibility and social media / news coverage
   b. Huge generational shifts in the expectations of corporations regarding social responsibility
   c. The new role of some CEO’s as actual celebrities
   d. Consumer demand for more information regarding corporation’s positions on issues
   e. People educated at enlightened business schools twenty years ago actually taking positions on what they were taught.
7. It is important that the CEO, the organization and the board are of a single mind regarding what role the CEO should adopt with respect to statements on social and political issues. 
   a. Speaking as the company’s CEO with the confidence that the organization and the board are of the same opinion 
   b. Speaking as the company’s CEO but voicing their own personal opinion 
   c. Speaking as an individual citizen who just happens to be the CEO of an influential company

8. An important question is: What is the source of the activist position taken by the CEO (or any other senior executive in a public forum)? The employee population? The senior executive group? The board of directors? The CEO individually? And, should the CEO speak out when he or she does not know whether the other senior executives, the employee population or the board shares his or her positions?

9. Does the CEO have the right, or the responsibility to take a public position on an issue that might be detrimental to the company’s financial performance?