TAKING a STANCE

THE BUSINESS CASE FOR CEOS TAKING A STAND on social issues is growing. Whether it's calls for leaders to speak out on racism, guns or gender rights, companies are increasingly expected to have clear positions on matters affecting society as a whole. Even for concerns that don't appear to directly impact operations, and even on social issues that inflame polarized political views, customers and employees today expect that company leadership knows when and how to use its voice to shape public discourse. Corporate leaders are having to get more comfortable speaking up.

Several trends have converged that mark this as a genuine shift for businesses. For one, the rise of social media has inflamed deep divisions, leaving leadership from traditional institutions hamstrung. Governments and even religious institutions are often divided against themselves over the handling of social concerns. Society is looking to the world of business to help fill that void.

Employees want to hear their leaders speak up on societal issues, says Brunswick's MARIA FIGUEROA KÜPÇÜ.

Second, social purpose has become more embedded in all aspects of corporate enterprise—strategy, products, innovation—putting a company's values front and center. The recent surge in companies "refreshing" their corporate values and mission statements is indicative of this. Naturally, that also figures into attracting talent. Younger employees have made it abundantly clear that they prefer to work for companies that are stewards of society.

Third, to boost productivity and employee engagement, companies have spent a good deal of effort to reassure workers that they can "bring their whole selves to work." But that carries a reciprocal: When the outside world challenges issues of identity—gender, race, sexual orientation, disability and others—employees now expect that their companies will stand up for them.

As a result, social issues today affect the bottom line in ways that would not have been visible even 10 years ago. Certainly leaders are becoming more

aware of how social concerns may be affecting their business. But also, awareness among employees, customers and other stakeholders is creating more direct impacts. Hiring and employee retention, productivity, remaining competitive, relationships with partners, customers and clients—a downturn in any one of these, brought on by a lack of response or poorly considered response to a social problem, can result in reputational harm.

THE NEW EMPLOYEE RELATIONS

In a Spring 2019 survey of 2,048 US employees by Brunswick Insight, two-thirds selected "the values of the company" as the most important issue for a CEO to communicate. As a group, respondents ranked communicating values higher even than company strategy or profitability. Importantly, a majority see the CEO as the face of the organization and its values, with 58 percent selecting "setting the moral tone of the company" as important to the CEO's job.

Significantly, when asked to select factors they felt were important to consider when deciding to stay in their current job, more than 90 percent of employee respondents chose "having leadership that they recognize and respect." Further, over 70 percent also chose "having a leadership stance on social issues."

This visibility on social issues naturally impacts hiring. A majority of respondents identified a leadership stance on social issues as an important consideration when weighing a job change or joining a new employer. Our survey polled two groups: readers of finance publications, and employees at large companies. Of the two, the finance-oriented group felt social issues were *more* important—73 percent versus 61 percent in the general group.

Our respondents' top three choices for social issues company leaders should be working to address were: diversity and inclusion, gender equality and income inequality. Collectively, the group ranked those issues above more traditional business employment concerns, such as job retraining, sexual harassment and healthcare access. Moreover, between half and two-thirds of respondents agreed that it is appropriate to publicly disagree with the company if its position on social issues doesn't match their own.

Not every issue demands a public response. Employees recognize the social dimensions of their company's business model and where the company's resources can best be used. A pharmaceutical company should have a stance on access to healthcare, which means taking a thoughtful position not only on global health issues, but also on healthcare legislation, such as the proposed Medicare for All in the US.

93
percent
of finance-news readers, selected "leadership you recognize and respect" as an important reason for staying in their current job.

They also expect their business's position to be consistent, extending to employees the same level of concern on issues expressed to customers and those outside the company. No longer is it sufficient to reassure employees internally and say nothing externally. A majority of respondents indicated that internal and external audiences were equally important.

This sometimes means wading boldly into political issues. Where the lines between social and political are blurring—race, immigration, LGBTQ rights, the effects of climate change—it is critical to identify in advance where public comment from your business will be appropriate. As one corporate employee put it in a recent employee engagement project Brunswick worked on, "Every political issue has become a social issue … What is the difference anymore?"

ANTENNAS UP

Businesses could once afford to wait weeks or even months to vet the right public affairs response to a flare up; they now must be prepared to do so within hours. In social media analysis of recent situations—including the response to North Carolina's so-called "bathroom bill"—the window for attention in social media has been 48 hours or less. A corporate response that misses the mark can tarnish a company for years. And employees look to those public moments as a yardstick to measure how well their company is led and living by its stated values.

The key to addressing touchy social issues effectively in real time is advance planning. In the wake of the shooting of 12 police officers in Dallas, Texas, in 2016, PwC's newly installed US Chairman and Senior Partner Tim Ryan responded by scaling up a conversation with partners and staff firmwide to air their concerns. This resulted in a determination to move more CEOs to not only lead similar conversations in their own organizations, but work together to advance issues of diversity across all workplaces. PwC co-facilitated the creation of CEO Action for Diversity & Inclusion™, a network that now includes over 650 companies, nonprofits and academic institutions.

Then, in November of last year, 26-year-old Botham Jean, a PwC Senior Associate in Dallas, was shot and killed by an off-duty police officer in his own apartment. Mr. Jean was black and the officer, Amber Guyger, is white. Ms. Guyger says she thought she was in her own apartment and that Mr. Jean was a burglar. "All of a sudden, it was one of our own," Mr. Ryan told The Wall Street Journal earlier this year.

The national outrage and concern surrounding the case were fueled by a heavy burden of questions, anger and fears. Conversations that had typically

been relegated to homes and communities were encouraged in the PwC workplace. While a work in progress, Mr. Ryan's institutional commitment to openness, building trust and understanding, allowed a more honest airing of these concerns and demonstrated the firm's commitment.

PwC's experience highlights the degree to which companies must be prepared to respond quickly and confidently, with a message of clarity and compassion, on issues that affect not only their relationships with investors and regulators, but also their employees and the community as a whole. As a response to social issues becomes more expected, the need to be proactive has increased. Certainly, when a response to a major issue in current events is perceived as inadequate—whether the Parkland, Florida school shooting or a supply chain labor issue—employee morale, loyalty, retention and recruiting are affected and the business as a whole suffers. "If you're carrying all these concerns when you come to work—whether you're a woman, whether you're black—and you can't share how you feel, the fact that we have you in the seat means nothing," Mr. Ryan told the Journal. "We want you to be here mind and body."

BUILDING THE NEW BOTTOM LINE

Corporate leaders should be actively working to gauge approaching social concerns that will demand a response and plan out how they will handle them. In that process, keep three considerations in mind:

Be prepared to deeply listen—first as a fellow human being and second as corporate leader. Make sure this conversation is not a one-time event, but an ongoing process in which leadership spends time learning the context of employees' lives and gauging how feelings and views about the effectiveness of the company's stance and response may have changed. **Align your message for all stakeholders**—employees, customers, regulators, investors. With social media, what you tell any one of these groups will be received by the others. Your communications must be tailored to each stakeholder group, but you risk losing the trust of everyone if the message to each is not clearly guided by the same core set of principles. **Take the time to do scenario planning.** Any event will carry unknowable variables that will affect a company's response in some way. But you can limit the confusion by deciding now what issues are most important to the company, what an appropriate level of response might be to a particular issue, who will respond to each group of stakeholders, through what channels and, if internal review is warranted, how that will be handled efficiently before it is sent.

What's clear is that any calculation for business success must now involve how employees feel—how they are engaged, how comfortable they are being personally represented by the business. What workers think and say about their business matters.
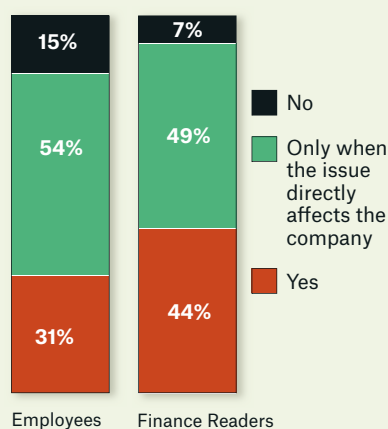
Leadership is coming to recognize that good business practice now demands understanding and engaging with the social context of their stakeholders' lives. It has to come from the top and be reiterated in actions throughout the organization. There is no substitute for leaders having a deep understanding of the values of the organization, communicating them consistently to the business and to the world, and being prepared to act quickly and effectively to stand by them when events warrant. ◆
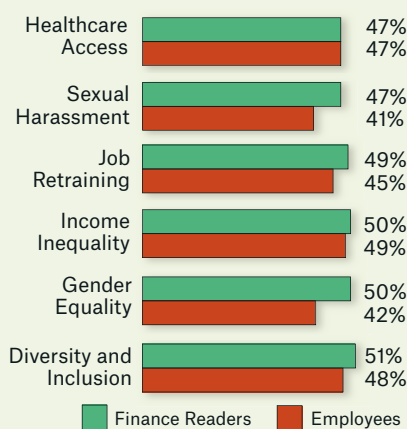
MARIA FIGUEROA KÜPÇÜ is a Partner, Head of Brunswick's New York office, and leads the firm's US Business and Society practice. Survey research and analysis by **NOAH KRISTULA-GREEN**, an Associate with Brunswick Insight in Washington, DC.
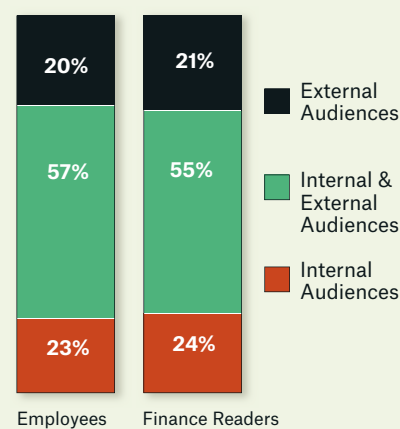
THE LEADERSHIP EMPLOYEES EXPECT

Should corporate leaders take a personal stance on social issues?

Employees: No 15%, Only when the issue directly affects the company 54%, Yes 31%

Finance Readers: No 7%, Only when the issue directly affects the company 49%, Yes 44%

Legend: No | Only when the issue directly affects the company | Yes

Which issues should corporate leaders address and potentially improve?

Issue	Finance Readers	Employees
Healthcare Access	47%	47%
Sexual Harassment	47%	41%
Job Retraining	49%	45%
Income Inequality	50%	49%
Gender Equality	50%	42%
Diversity and Inclusion	51%	48%

Legend: Finance Readers | Employees

Which audience is most important for leaders to focus on?

Employees: External Audiences 20%, Internal & External Audiences 57%, Internal Audiences 23%

Finance Readers: External Audiences 21%, Internal & External Audiences 55%, Internal Audiences 24%

Legend: External Audiences | Internal & External Audiences | Internal Audiences

Brunswick Insight Survey of 405 finance readers and 2,048 employees at large companies, conducted in April of 2019.

CHARTS: PETER HOEY