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## The Perils Of Corporate Political Engagement

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*Dean Andrew Abela, Busch School of Business, on leadership and ethics*

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A recent report by [Gallup and Bentley University](#) on business and society adds substance to the concerns about companies expressing political opinions. The report, based on a Gallup Panel web survey of 5,835 US adults conducted in early May of this year, found that the number of Americans who say that businesses should take a public stance on current events is down ten percentage points to 38%, from 48% two years ago.

These topline findings mask stark polarization: while 53% of respondents who identified as Democrats agreed that business should take a public stance on current events, only 22% of Republican respondents did. The differences are even greater on specific issues. 75% of Democrats said that it is extremely important that companies promote diversity, equity, and inclusion, compared to only 20% of Republican respondents. 83% of Democrats, compared to 35% of Republicans support prioritizing environmental sustainability, and 74% of Democrats and 32% of Republicans support avoiding major pay gaps between CEOs and average employees.

### **Differing Assessments**

Part of the difference appears to be attributed to conflicting assessments of how good a job businesses are actually doing in each of these areas. According to additional data from the same survey provided by Gallup in response to a query, Republicans tend to take a more positive view, with 73% saying that businesses have an extremely or somewhat positive impact on people's lives, compared to 57% of Democrats. (Interestingly, the percent of Democrats' rating the Federal Government's effectiveness is only slightly higher than their rating of businesses' effectiveness, at 64%, while not surprisingly, only 32% of Republicans rate the Federal Government as having an extremely or somewhat positive impact.)

Where the differences really stand out is again on specific issues. 55% of Republicans say that companies are doing a good or excellent job on diversity, equity, and inclusion, while only 24% of Democrats say so. Similarly, only 14% of Democrats rate corporate performance on environmental sustainability as good or excellent, while the figure for Republicans is 47%.

### **Dislike of Corporate Political Endorsements**

Where Democrats and Republicans appear to be more aligned is in their dislike of corporate endorsement of political candidates. 68% and 61% of Democrats and Republicans respectively said they would be less likely to purchase from a company that endorsed a candidate from the opposing party.

These results support the view expressed in Michael Jordan's legendary quote, that "[Republicans buy sneakers too.](#)" The question facing companies appears to be whether they wish to serve the mass market or to operate a niche business that serves one side of the political spectrum. A number of businesses appear to be shifting, at least implicitly, to

the latter, with several dozen CEOs [publicly endorsing presidential candidate Kamala Harris](#) earlier this month.

## **Employee Pressure**

Companies often make political statements in response to pressure from their own employees, rather than from customers. Employees, particularly young ones, “expect companies to offer public advocacy on issues and to take concrete action on environmental and social issues,” writes Alison Taylor, Clinical Associate Professor at New York University’s Stern School of Business, in a recent [Harvard Business Review article](#). She warns, however, that given the political polarization among customers and employees, companies should think carefully before making any public political statements. She offers several considerations, including “Is the issue central to your business’s values, code of conduct, or other existing public commitments?” and “Does your company have relevant capacity and expertise to contribute to solutions for the issue?” A negative answer to any of these indicates that it would be “unwise to proceed,” she said.

The data from the Gallup/Bentley study appear to support Prof. Taylor’s recommendations. When asked about which characteristics were most important in choosing a company to work for, the highest-rated choices tended to be bipartisan ones. While Republicans and Democrats differ on the significance of companies’ DEI and environmental stances, other factors that play an important role in attracting employee candidates appear to have similar appeal to respondents from both parties.

There appears to be strong, bipartisan interest in high-quality corporate healthcare benefits (97% of Democrats consider them extremely or somewhat important, and 94% of Republicans), attractive workplace culture (97% and 93% respectively), flexible work arrangements (93% and 86%), the company making the world a better place (92% and 74%), and selling products or services that improve people’s health or wellbeing (87% and 74%).

This bipartisan consensus extends to the importance of ethics. 99% of Democrats and 97% of Republicans agree that it is extremely or somewhat important that businesses make money in ways that are ethical, although here again they differ in their assessments of how well companies are doing: 52% of Republican respondents say that companies are doing a good or excellent job at this compared to only 25% of Democrats.

## **A Matter of Corporate Culture**

This bipartisan attraction to workplace culture, mission, and ethics suggests that firms could be better off focusing on these aspects rather than on making political statements — in other words, doing the difficult work of getting their own houses in order, rather than making statements about society as a whole. According to Mark Murray, former CEO of the Midwestern grocery chain Meijer, “the Gallup 2024 results offer great reinforcement for

what many CEOs know. Work culture, including a commitment to ethical practices, is central to attracting and retaining great workers.” Murray recommends “promoting habits of good judgment, courage, fairness, and emotional stability — what philosophers call virtues, and what I’ve heard referred to as the human operating system” as the “foundation for happy and successful companies and employees.” He concludes that “I’ve seen these habits in action. They work.”

Companies appear to be facing a choice: narrow their sales and recruiting efforts to a partisan audience, or remain focused on the mass market and attempt to be inclusive of all political opinions. In the latter case, eschewing political statements and investing instead in improving their corporate culture by [upgrading their employees’ human operating system](#) could be the way forward.



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