

Fighting for democracy: Companies' sustainable investments in the political arena

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Abstract

Companies depend on a viable political system, which in Western democracies has come under pressure due to populist movements. In this paper, we present corporate political responsibility based on strong sustainability. To illustrate this concept, we describe how some companies operate as political actors and actively position themselves against anti-democratic forces. By investing in political activities, companies can contribute to a sustainable strengthening of Western democracies. This new political role of corporations, which goes beyond lobbying and donations, deepens our understanding of corporations as political actors.

Keywords: Corporate Social Responsibility, Corporate Political Responsibility; Corporate Sociopolitical Activism

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Companies and Their Political Responsibility

Traditionally, companies in Europe do not actively engage in political debates and, in particular, stay out of political disputes. In recent years, a different trend has emerged: more and more companies perceive themselves as political actors and engage in political activities that go beyond well-known activities such as lobbying or donations. Newcomers such as Spotify as well as established companies such as Volkswagen and ThyssenKrupp have changed their behavior; for example in the context of the previous European elections. They have called on voters to go to the polls to form an opinion on the EU. For instance, through putting up posters on streets and advertising on social media, Swedish music service Spotify urged its European users to “Use your voice” with a message and to generate its own EU election playlist (Heath 2019); carmaker Volkswagen, via a giant banner at its Wolfsburg plant, told its employees and the public that “Volkswagen chooses Europe” (Volkswagen AG 2019); and industrial company ThyssenKrupp even launched its own information campaign, picking up on various prejudices about the EU such as its penchant for bureaucracy and debunking them against the backdrop of its own business area (ThyssenKrupp AG 2019). As these examples show, a number of companies are abandoning neutrality and reserve around elections, which is well known from the past. Therefore, the question is why they are doing this.

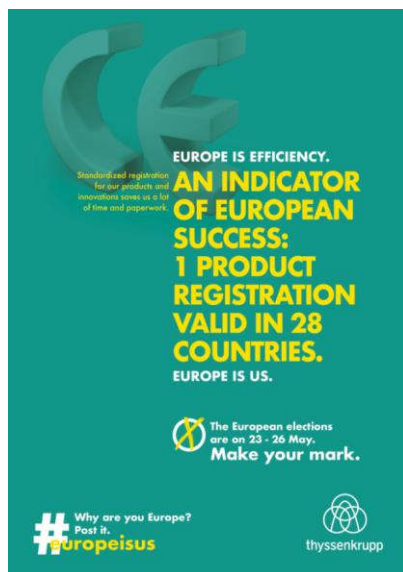


Illustration 1. Campaign ThyssenKrupp AG, European election 2019, Source: ThyssenKrupp AG (2019): European election 2019: The European idea is part of our DNA. Retrieved from <https://engineered.thyssenkrupp.com/en/europearewe-european-election-2019-the-european-idea-is-part-of-our-dna/>

Changing Political Landscape

The European political landscape is changing: populists, Eurosceptics and parties from the far left and far right are celebrating successes in many countries. Populist parties are skillfully presenting themselves as an alternative to an establishment that supposedly does not do justice to the will of the people. This populism is often accompanied by a skepticism about Europe that is intended to appeal to the so-called “globalization losers” – in other words, people who apparently do not benefit from the economic and cultural opportunities and hope for betterment through a nationalistic policy. In view of several corruption

scandals and the dwindling loyalty of traditional parties to their constituents, anti-establishment slogans of populists sound tempting and raise new voter potential. When populists call for politics for the people, this does not sound outlandish at first – what else should the task of politicians be? But pluralism and protection of minorities as elementary components of liberal democracies are subordinated to the populist fairy tale of a unified will of the people. As if this were not enough, Western democracies are also increasingly confronted by a relatively uninformed and weary electorate that is increasingly susceptible to populist movements. Consequently, companies are not untouched as the political landscape in Europe changes, which raises the pressing question of whether companies should get involved in politics.

Corporate Sociopolitical Activism

Given the increasing polarization in Western democracies, we see more and more companies taking an active stance even on highly charged political issues such as immigration, gun legislation, LGBTQ rights, or climate and environmental protection challenges (Hambrick and Wowak 2021; Kotler and Sarkar 2017; Gaines-Ross 2017). The public support of companies for or against one side through statements and actions is being labelled under the relatively new phenomenon of corporate sociopolitical activism (Hambrick and Wowak 2021). In response to a controversial immigration ban in the U.S. of the former Trump administration, Starbucks Coffee Company, for instance, made a public commitment to increase its hiring of refugees (Starbucks Coffee Company 2021). Corporate sociopolitical activism is often made through public contributions by individual company representatives such as CEOs (Hambrick and Wowak 2021). The CEOs of Intel, Merck and Under Armour publicly resigned from U.S. President Donald Trump's American Manufacturing Council after he ignored white nationalist violence in Charlottesville (Erman 2017).

Although this activism is intended to improve a balance between companies and society, it largely ignores the political role companies play in democratic systems. We argue that companies only become fully fledged political actors when they actively shape their political environment away from profit interests and also act beyond their involvement in topical political debates. Our theoretical framework combines corporate social responsibility with strong sustainability that aims to contribute to the functioning of society – including the political system – as well as the preservation of nature. It rests on a model that the economy and its companies are embedded in society and that society in turn is embedded in the natural environment (Brühl 2018).

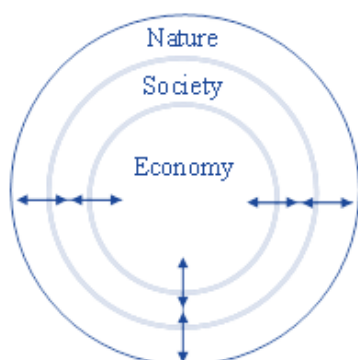


Figure 1. Alternate conceptions of the business–society–nature interface, The Embedded View, Source: Brühl 2018, modified, Marcus, Kurucz and Colbert 2010, p. 406.

Drawing on Young's perspective, corporate political responsibility is a shared responsibility between business and governmental actors to solve societal challenges (2006). Within this conceptual view, companies are called upon to invest in the political system in order to improve conditions for all actors in society. This forms the basis for a corporate political responsibility. Such a conception differs from the commonly favored instrumentalist corporate social responsibility, which calculates any investment with a business case logic. However, any political engagement can strengthen stakeholder relationships on the one hand and damage them on the other. So far, there is a lack of a theoretically sound understanding of how these companies' political activities affect relationships with different stakeholders.

How Political Can Companies Be?

The observed political actions of companies, such as in the context of the European election, go beyond issue-based activism. Companies have actively participated in the formulation and implementation of public policy and have promoted discursive activity within democratic society through their engagement. Against the backdrop of rising populism and increasingly weakened democratic discourse in Europe, companies intervened as political agents and acted in a hitherto unprecedented way, in some cases with considerable resources, as influential political actors in the political space that is usually reserved for parties, politicians and the media.

Some companies stood out for taking a clear stand against populism. However, the majority of companies took a roundabout route to encourage people to participate in the election. With this move they intended to raise voter turnout and thus keep populists out of parliaments. With our framework, we position corporate political responsibility so that companies develop their political stance in the public sphere with concrete approaches to action. As in the cases described, this is less about party political positioning and more about contributions to stabilize democratic order. This insight is related to the corporate political responsibility approach, which places companies in the economic sphere but embeds them in a democratic political system because they cannot exist in isolation from such a system in Western societies. Thus, companies do not operate free of politics but are always dependent on the political context they are embedded in.

Political Contributions of Companies

For many years, the debate about corporate political activities has been dominated by lobbying, campaign contributions or even corruption. Behind these discussions is an image of companies characterized by profit maximization and the will to take advantage of any political influence for their own benefit. While our corporate political responsibility approach based on sustainability is primarily normative, the examples show how some companies are moving in the direction of our conception.

However, companies are powerful organizations whose properties do not correspond to those of individual actors in a democracy. In particular, the difference in power between the two could lead to the assessment that corporate influence is a threat to democratic processes. On the one hand, their political activities could be seen as positive in a democratic system, while on the other hand others may see such involvement as an abuse of power and an attempt to undermine democratic processes. Our examples should have made it clear that companies are already political actors. Therefore, the question is not whether corporations should engage in politics but what the nature and purpose of such

engagements may be. The overarching question is about the legitimacy and associated social acceptability of these political actions and their underlying motives.

Past corporate abuse colours public judgment of corporate motives and limits public acceptance of a legitimate role for corporations as political actors. To change this, and to be able to leverage the democratic potential of increased corporate engagement as a political factor, companies need a political self-image that goes beyond ad hoc activist responses. Our approach goes hand in hand with companies strengthening democratic structures without advocating individual parties. In this article, we have focused on them informing citizens about the meaning and purpose of elections and appealing to them to make use of their right to vote. Certainly, objections can be raised against this.

Some may see a resurgence of political paternalism in these political activities, because they think, 'What business is it of corporations whether I vote?'

- After all, elections are free and confidential.
- After all, participation in political elections is a right, not a duty.
- And aren't these companies interfering in areas of life that are none of their business anyway?

In the voting booth, of course, everyone remains alone with his or her political judgment and conscience. But democracy, as we all know, is not just a matter of putting a cross on a ballot. It only works if political opinion and will can be formed freely.

When companies encourage people to vote and to think, democracy is not in danger but rather in the process of being lived. Election appeals are one of the many invitations to form an opinion in the first place and to make it known. Democracy thrives on public exchange of opinions, and this also means that citizens form an opinion and elect representatives which accord with that opinion. To be able to best decide which views one feels are right or wrong, it is necessary to exchange opinions with others and to engage in political discourse. Only diversity of opinions makes a political discourse a democratic one. Corporate involvement can help counteract political fatigue and revitalize democracy. In addition to leveraging potential for democratic mobilization, it is important not to neglect risks that could be mitigated, for example, through greater transparency of corporate activities or improvements in corporate democracy.

Conclusion

We still know little about the influence of the activities within the terms of corporate political responsibility which intends to foster democratic processes and institutions. Nor do we know whether and to what extent this engagement is linked to specific economic activities. For both empirical and normative reasons, it seems necessary to bring these questions into scholarly focus. Conceptually, further development of the corporate political responsibility approach can help improve our understanding of how corporations operate within the political arena and what that means for political systems. Our corporate political responsibility approach can help create a broader public awareness of the role of corporations as political actors in society and help define the scope of corporate responsibility. This stronger tying in of politics in the heart of society by companies would promote an urgently needed change in awareness, would counteract disenchantment with politics and would sustainably strengthen democracy.

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