» TAKING A STAND

How Corporations Engage on Social Issues

Public Affairs Council
MANAGE YOUR WORLD

TAKING A STAND:
HOW CORPORATIONS ENGAGE ON SOCIAL ISSUES

INTRODUCTION

Major corporations are facing growing pressure to weigh in on social issues — and this pressure is coming from both internal and external sources.

In July 2021, the Public Affairs Council conducted a survey of major corporations to better understand how and why companies get involved in social issues related to discrimination, environmental sustainability, human rights, immigration reform and other issues. This study, like a Council survey conducted in July 2016, examines the sources of stakeholder pressure, which issues companies are advocating for, what specific actions they have taken and how these practices have changed over the past five years.

KEY FINDINGS

- Nine out of 10 (91%) major companies believe pressure to engage on social issues has increased in the past three years, a considerable jump since 2016 when 60% felt increased pressure. An even higher percentage of firms (96%) believe these expectations will rise further in the next three years.

- Companies are taking a stand on civil rights issues (race, gender and sexual orientation equality) much more frequently than any other category of issues. Over 80% are currently engaged in these causes — plus more than 70% are publicly supportive of gender identity equality. In 2016, the most popular category was support for sustainability. At that time, engagement in education issues was more common than engagement in efforts to end discrimination by race, gender or gender identity.

- As in 2016, the most common strategy employed by corporations to support a cause in 2021 is joining a coalition. The second most common strategy is issuing a supportive statement. While more than half (51%) of companies in 2016 lobbied for social issues at the state or local levels, this year that number dropped to 43%.

- Overwhelmingly, companies report that stakeholders — rather than reputation enhancement or business needs — are driving higher engagement in social causes. And, as in 2016, the two most influential groups of stakeholders are regular employees (83%) and senior management (79%). Corporate involvement is not primarily led by the encouragement of politicians, activists or the news media.

In the five years since this survey was last conducted, the power of the business community to impact laws and policies related to social issues has increased. The Council's first survey on corporate

involvement in social issues took place shortly after the fight over North Carolina HB 2, which prohibited transgender people from using public bathrooms that correspond with their gender identity. After the legislature refused to repeal the law, leaders from over 200 major companies joined the Human Rights Campaign in signing a letter asking leaders in the state to repeal the law — an unprecedented response and one that served as a milestone for corporate support of social causes.

In the years since, corporations have increasingly taken a stand over issues such as immigration reform, LGBTQ+ rights, racial justice issues following the murder of George Floyd, and most recently voting rights legislation. As the business community continues to engage the public, lawmakers, the media and other stakeholders through communications, advocacy or operational policies, its ability to elevate the national discussion and influence change and acceptance of its positions has strengthened.

METHODOLOGY AND PROFILE OF THE SURVEY RESPONDENTS

The Council distributed the survey to more than 1,000 private and publicly traded companies across a wide variety of industries in July 2021. The survey was shared via email to unique corporate contacts and all data were reviewed to ensure the data set included distinct corporate responses. A total of 82 companies provided usable responses.

Over two-thirds of responding companies are publicly traded:

Company Type of Survey Respondents

6%
Other

68%
Publicly–traded company

26%
Private company
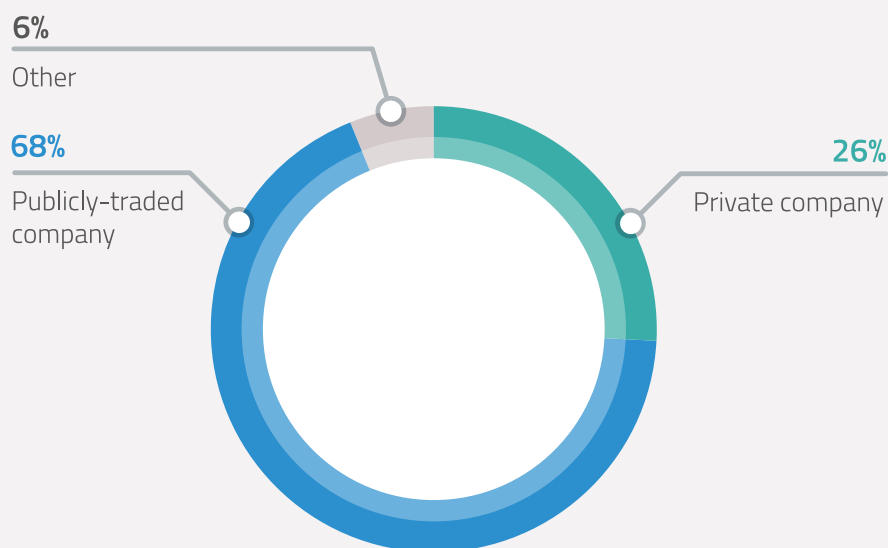
Survey respondents represent many different industry sectors. The largest are manufacturing (32%) and diversified financial services/insurance (23%).

A major sub-sector under manufacturing is pharmaceuticals at 23%.

Survey Respondents by Industry Sector
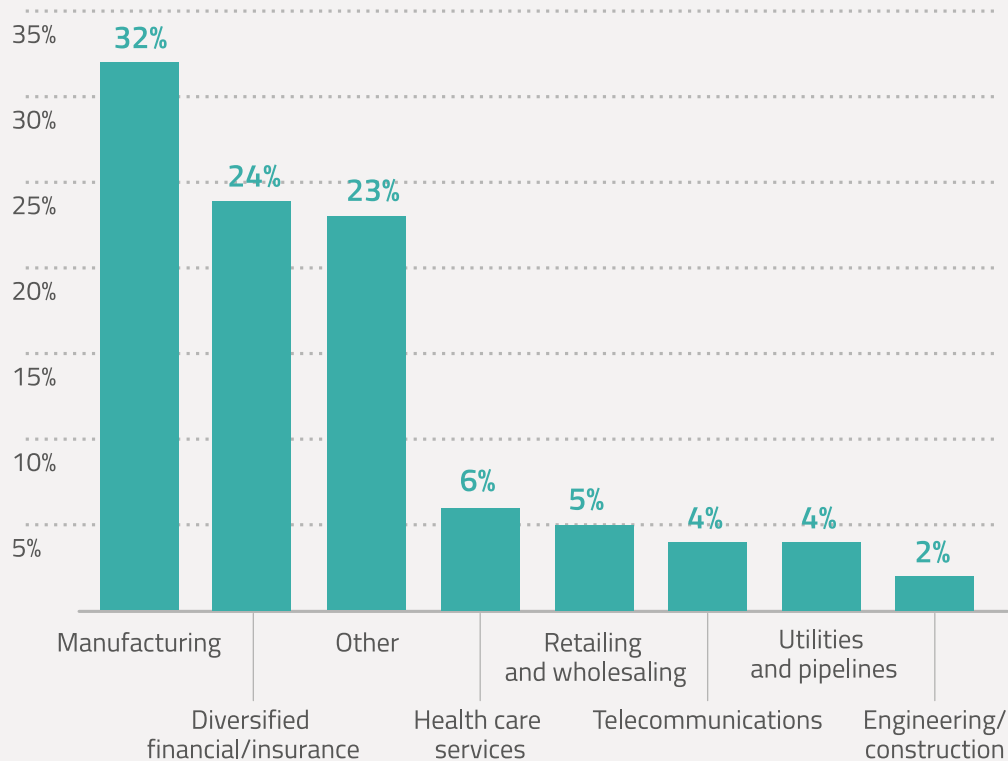
Seventy-nine percent (79%) of companies report that they are headquartered in the U.S., while 68% indicate that the majority of their revenue comes from the U.S.
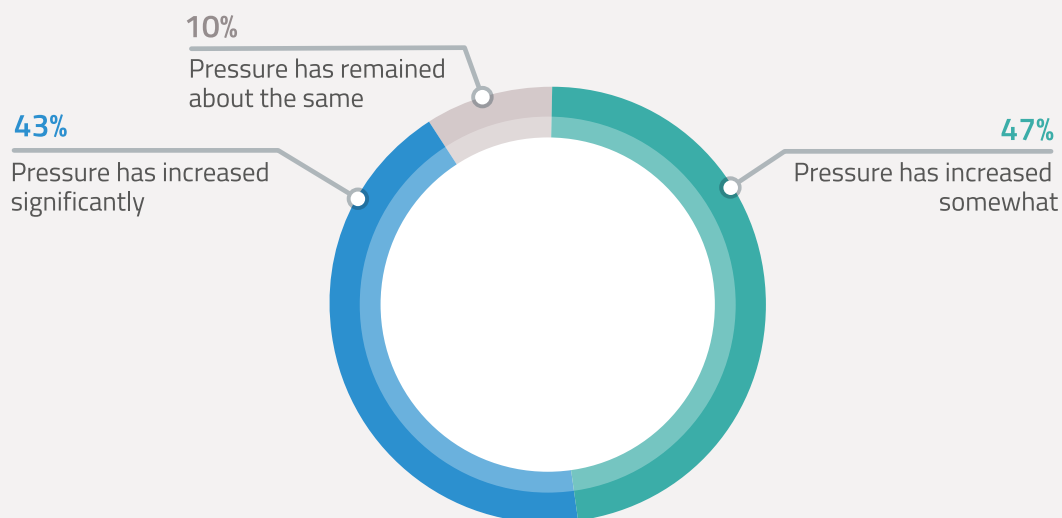
Responding companies are also analyzed based on the previous year's annual revenue. Forty-two percent (42%) of respondents have annual revenue greater than $15 billion for their most recent fiscal year.

MAJOR SURVEY FINDINGS

» In the past three years, has stakeholder pressure on your company to get engaged in social issues increased?

Pressure to Get Involved in Social Issues

10%
Pressure has remained about the same

43%
Pressure has increased significantly

47%
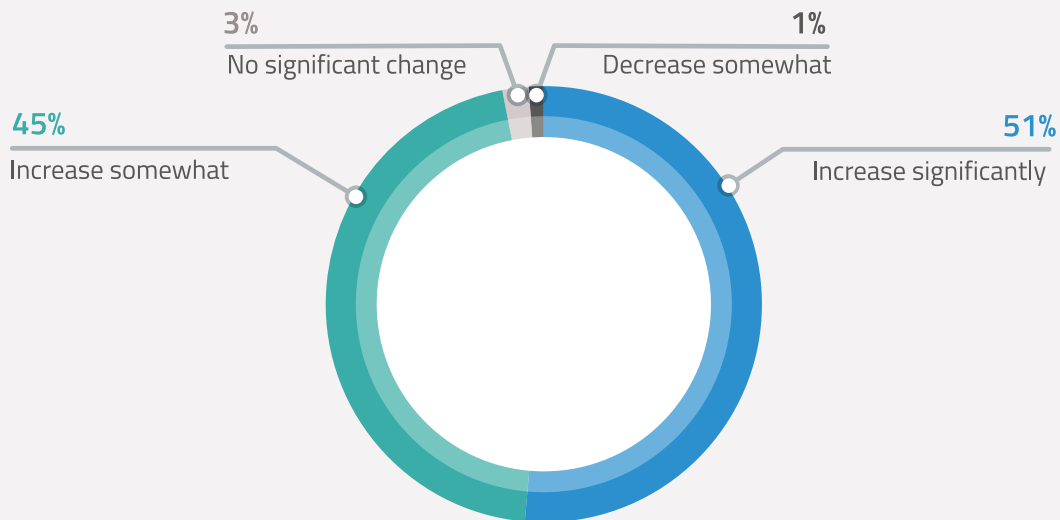Pressure has increased somewhat

The overwhelming majority of companies report that pressure from stakeholders to get involved in social issues had increased somewhat or significantly. None of the respondents say pressure had decreased. Over 90% of companies say pressure had increased significantly (43%) or somewhat (48%) in the past three years.

The largest companies (i.e., those with revenue greater than $15 billion annually) experienced the most increased pressure in the past three years. While every company in the top revenue category reports an increase in pressure to engage in social issues, 55% report it increased significantly.

» In the next three years, how do you expect the level of pressure on your company to get involved in social issues will change?

How Pressure on Companies Will Change in Next 3 Years

3%
No significant change

1%
Decrease somewhat

45%
Increase somewhat

51%
Increase significantly

Over half (51%) of all responding companies say they expect pressure to increase significantly over the next three years with another 45% indicating they expect pressure to somewhat increase. Only three respondents say they expect no significant change or a slight decrease in pressure — a sharp decline from 2016 when 25% of respondents said they expected no significant change in the coming years.

» Has your company been engaged through broad-based communication or advocacy in the following social issues in the past three years?

POSITION	Very involved in favor of this position	Somewhat involved in favor of this position
Support for end to discrimination /restrictions based on gender	37%	48%
Support for end to discrimination /restrictions based on sexual orientation	36%	49%
Support for end to discrimination /restrictions based on race	44%	40%
Support for environment and sustainability	46%	32%
Support for end to discrimination /restrictions based on gender identity	38%	32%
Support for access to quality education	22%	36%
Support for voting rights	16%	31%
Support to relieve hunger and improve food security	15%	28%
Support for human rights abroad	15%	18%
Support to increase access to social services	4%	27%
Support for access to affordable housing	6%	21%
Support for providing pathway to citizenship for people brought to U.S. illegally as children (DACA)	10%	14%

Other issues respondents have been involved in: Police reform, closing the racial wealth gap, criminal justice reform, support for the disabled and terminally ill, justice and rights for farmworkers, providing opportunities for veterans, water affordability, engagement in homelessness and chronic homelessness issues.

Both publicly traded and privately held companies are most likely to be involved (either somewhat or very involved) in favor of ending discrimination/restrictions based on race, gender, sexual orientation and gender identity as well as support for environment and sustainability. The share of companies not involved in these issues at all, particularly issues relating to discrimination, declined significantly since the 2016 survey. Few companies took a significant stand *against* an issue listed.

In the past three years, what specific actions has your company taken on any of the following issues? Please select all that apply.

ACTIONS	PERCENTAGE OF RESPONDENTS
Joined a coalition	70%
Issued a press release or public statement	65%
Lobbied through a trade association on an issue	59%
Signed a petition	52%
Used internal or contract lobbyists to advocate at the state or local level on an issue	43%
Used internal or contract lobbyists to advocate at the federal level on an issue	41%
Began/stopped supporting a candidate for public office	41%
Updated PAC contribution criteria to reflect a candidate's position on an issue	40%
Issued a formal policy position	38%
Changed business practices in response to an issue	35%
Conducted media interviews on the company's position regarding an issue	31%
Activated grassroots advocates on an issue	20%
Began/stopped supporting a political group that advocates for social issues	19%
Testified before a legislative body	16%
Filed an amicus brief	14%
Stopped selling a product or service that caused controversy related to a social issue	5%
Did not take action	5%

Other actions respondents have taken on social issues:

- Expanded benefits for employees and partners, began tracking diversity of suppliers as well as philanthropic contributions, increased percentage goal for women's empowerment program in Japan

- Leveraged brand power for consumer facing campaigns

- The company started paying more attention and getting involved through internal campaigns (and somewhat publicly) to raise awareness about social issues

- Set specific company goals on gender and race

- Financial support for NGOs helping in tackling these issues

- Establishment of employee resource groups, increased focus on diversity in hiring practices

- Issued guidelines and goals for race, gender; pronoun listing internally

- Social issues are now part of business plans

- Set up a racial justice group in response to the BLM protests

- Left several business sectors based on reputational risk

- Established an employee council

- Formed a number of task forces and groups dedicated to advancing our company's involvement in, and commitment to, certain social issues

- Updated D&I policies and HR hiring practices

- Joined the American Sustainable Business Council

- Grounded political engagement in corporate values

- Established and funded philanthropic initiative to address racial disparities in healthcare

- Pay equity

The most common actions taken by companies in 2021 are joining a coalition; issuing a press release or public statement; lobbying through a trade association on an issue; signing a petition; using internal or contract lobbyists to advocate at the state, local, or federal levels; and began/stopped supporting a candidate for public office.

The most common actions also increased over the past five years with 70% joining a coalition compared to 64% in 2016, 65% issuing a press release/public statement versus 49% in 2016, and 52% signing a petition versus 43% in 2016.

⟫ Which factors influenced your decision on whether or not to get involved in the issue? Check all that apply.
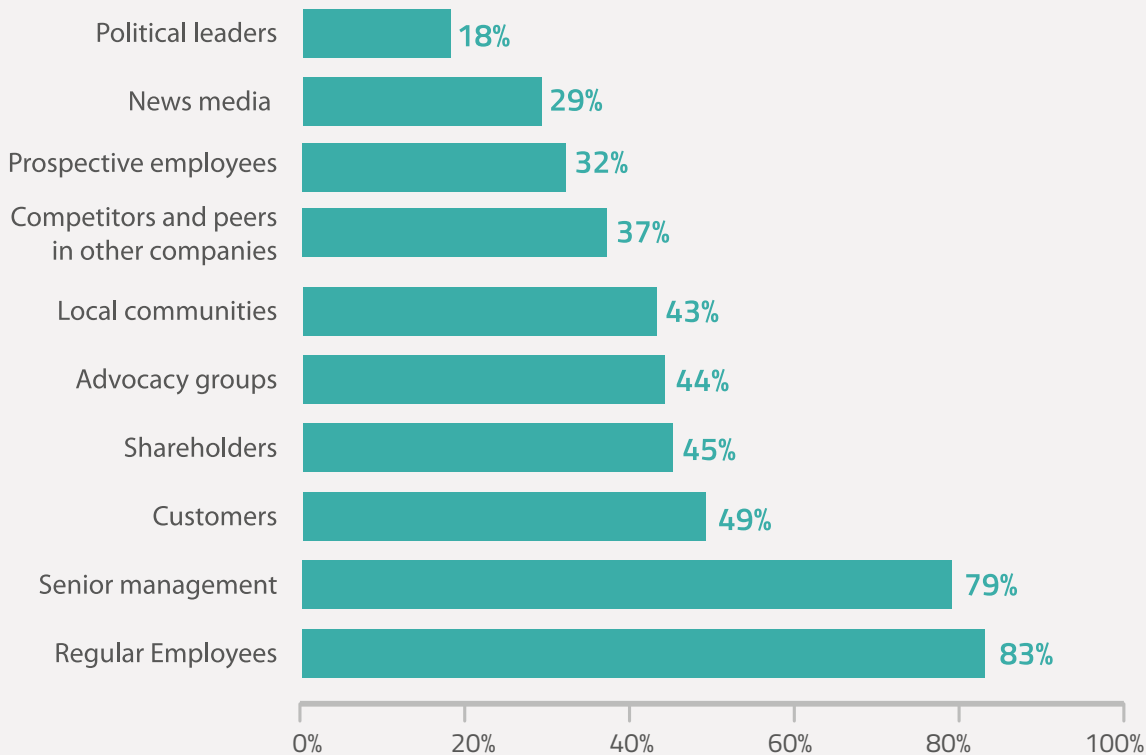
Factors Influencing Engagement
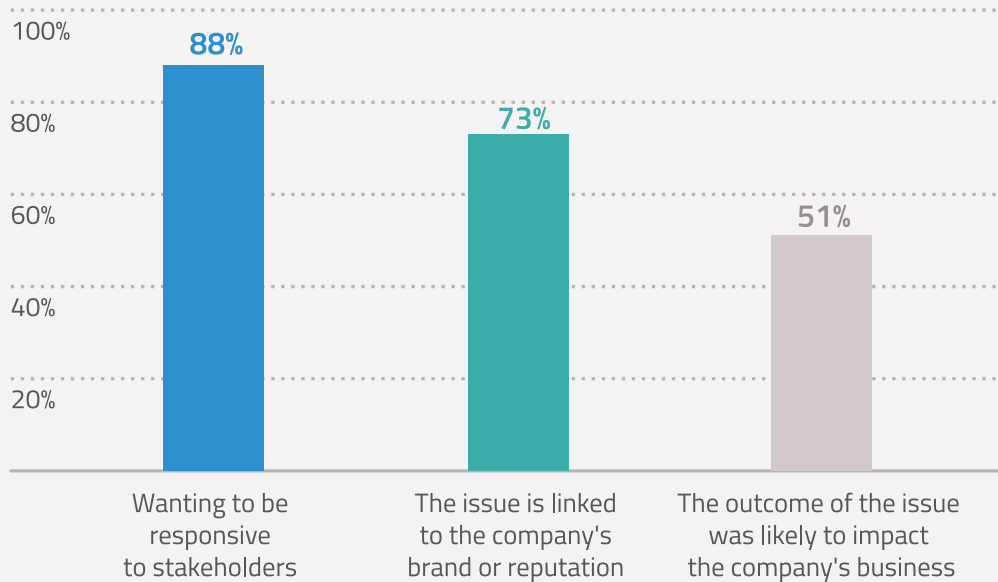
Other factors that influenced respondents' decisions on involvement:

- We generally only go as far as "advocacy" not "activism" on controversial matters
- It was the right thing to do
- Desire to reflect changes in society
- Workforce development and talent attraction
- Ability to positively contribute to achieve the objective(s) of the underlying issue (e.g., equitable healthcare for all)
- Employee pressure to take a position, hiring and recruiting on race, gender
- Reaction to a few vocal and very powerful pressure groups
- Perceived impact on reputation is a driving force
- Our associates and customers needed to hear our position to ensure they felt safe and supported
- Employee engagement, alignment with our values, charitable strategy, pressure from ESG/investors
- Issue linked to core values of company and employees
- CEO and CHRO dedication to issue and "alignment" with corporate values
- As a leader we felt we had no choice but to get involved, albeit initially internally to employees.

>> **Which of the following stakeholders have influenced your company's decision to get involved or not get involved in social issues? Please select all that apply.**

Stakeholders Influencing Involvement

Stakeholder	Percentage
Political leaders	18%
News media	29%
Prospective employees	32%
Competitors and peers in other companies	37%
Local communities	43%
Advocacy groups	44%
Shareholders	45%
Customers	49%
Senior management	79%
Regular Employees	83%

Employees (both senior management and rank-and-file employees) continue to be extremely influential in whether companies get involved in social issues. One notable change in this year's survey is that regular employees surpassed senior management as the stakeholders with the most influence, rising to 83% compared to 70% in 2016. Senior management influence held steady at 79% compared to 78% five years ago. The influence of shareholders and local communities also increased in the last several years, surpassing the importance of advocacy groups and competitors/peers in other companies.

» Did your organization do any of the following in reaction to the insurrection at the U.S. Capitol on Jan. 6, 2021?

ACTIONS	PERCENTAGE OF RESPONDENTS
Communicated with employees about the events of Jan. 6	66%
Temporarily or permanently paused PAC contributions to all federal candidates	41%
Temporarily or permanently paused PAC contributions to legislators who voted to decertify the election	39%
Made a public statement in support of democratic principles	33%
Made a public statement condemning those who supported or encouraged the insurrection	16%
Communicated with non-employee stakeholders about the events of Jan. 6	9%
Joined a coalition or other organization	1%

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