

# Is corporate activism just ANOTHER FORM OF POPULISM?

Companies and CEOs are increasingly being asked to take a stand on current political issues. CEOs who are concerned with their own reputation, as well as that of the company, quickly run the risk of taking popular positions in the heat of the moment. Every company is therefore well advised to base its position on clear principles and to make these transparent. This is the only way to avoid the risk of becoming a victim of populism.

By Kai Rolker

Someone enjoying an ice cream on a late summer's evening may not necessarily be thinking about politics. And yet such a harmless treat can be a political statement: in protest against the human rights situation in the Israeli-occupied territories, Ben & Jerry's stopped selling its ice cream in the West Bank and East Jerusalem in 2021. Now B&J's parent company, Unilever, is reacting and plans to sell the business to a local licensee. In turn, B&J is suing Unilever, arguing that the sale would compromise its values of "promoting human rights" and economic and social justice – after all, the B&J brand is "synonymous with social activism."

Would B&J stick to this pledge if much larger markets were affected, such as the U.S. or China? When companies act "politically", they do not do so out of idealism, even if some stakeholders would like to see it that way. Nor should companies operate out of idealism or even for ethical reasons. It is more important to define rules according to a company's own purpose, according to which one takes a position in a current situation (or not).

This is by no means only required when it comes to ice cream, luxury cars or household products. Such brands are naturally the focus of particular attention. But B2B companies are also in the spotlight in times of increasing transparency demands across the entire value chain. They may still be able to navigate their brand under the radar. But, at the latest when it comes to reporting and the position of the CEO, every company – even B2B – inevitably faces the question of what stance it takes on political issues.

This trend has been prevalent for some time; the war in on Ukraine has merely reinforced it. Whether it's about wars of aggression, pride month or vegetarianism, people are increasingly demanding that a company, and thus a CEO, speak out on these issues. Companies, like individual citizens, are part of society, and they benefit from what society provides: qualified employees, infrastructure, legal security, subsidies, tax incentives. In this respect, one can demand that these companies earn their license to operate as good corporate citizens in an honorable manner.

Unlike individual citizens, however, corporations are less firmly tied to a country, to a place of residence, to a local value system. Corporations operate internationally, and usually not exclusively in countries that abide by the principles of international law. And even adhering only to international law satisfies neither the demands that most companies make of themselves nor the demands of their stakeholders.

## How far does positioning have to go?

Roman Geiser states in a similar context that brands have become a "zoon politikon" (Neue Zürcher Zeitung, May 27, 2022). To be a political actor, however, one must ensure that one's own political actions are more than opportunistic behavior aimed at feeding reputation. This is often the case when ostensibly moral actions ultimately serve to maximize profits, borne by the emotional solidarity of one's own outrage and the empathy of one's own stakeholders. As a workaround, Roman Geiser suggests the concept of the "honorable businessman", which he recommends be applied to management and CEOs in particular. It is right to remind people of the individual responsibility of the company's top representatives. At the same time, it must not be forgotten that management is also only human and that they are employees like everyone else. Moreover, their term of office is in most cases limited. Unlike the classic company founder (the "honorable merchant"), they often regard their employer as a stopover on their career path. If a CEO takes a position, there is always the risk that they as an individual may be influenced by their own personal ambitions.

To mitigate this risk, every company should define clear rules and principles for its statements on current political issues. The link to the company's own business must be recognizable. A steel manufacturer does not need to comment on vegetarianism, but it does need to comment on the question of whether raw materials should be imported from crisis regions. Furthermore, it is important for every company to make its frame of reference transparent. This includes reporting on its own commitments (such as the Code of Conduct) or memberships in international initiatives (such as the UN Global Compact). This enables stakeholders to understand why and how a company acts on certain issues and makes the company's future behavior more predictable.

We must recognize that political debates cannot be ignored by businesses. In a business, people are the focus, which means that CEOs in particular are challenged. They have to find the right balance between the company's point of view and their own personal voice and sensitivities. Otherwise, there is always the risk that political activity will degenerate into populism. The stakeholders rightly expect predictability, transparency and long-term positioning from their company. Because they also understand one thing: in the end, it's not about whether I treat myself to an ice cream on a summer's day, but whose interests I support by doing so.



DR. KAI ROLKER is Head of Group Communications at Clariant, a leading global specialty chemicals company. Until 2012, he was Director of Marketing Communications at Synthes. He studied philosophy and ancient history and has a master's degree in communication management.