ELSEVIER

KELLEY SCHOOL OF BUSINESS
INDIANA UNIVERSITY

Risky business: Taking a stand on social issues

Laurence G. Weinzimmer [a,*], Candace A. Esken [b]

[a] Foster College of Business, Bradley University, 1501 West Bradley Ave., Peoria, IL 61625, U.S.A.
[b] E.J. Ourso College of Business, Louisiana State University, 2700 Business Education Complex, Baton Rouge, LA 70803, U.S.A.

Abstract   When company executives take a stand on social issues, the repercussions can be significant. Not only does the company run the risk of alienating employees, but taking a stand on a controversial issue can impact the company's image and ultimately consumer purchasing behaviors. However, research on corporate social responsibility generally supports the notion that when companies get involved in societal issues, it can positively influence bottom-line financial performance. This article evaluates the advantages and disadvantages of taking a corporate stand on sensitive social issues and suggests guidelines that leaders should consider to increase the probability of success. Specifically, we found that oftentimes it is not the stand a leader takes but rather how that leader takes that stand. Moreover, we encourage business leaders to consider the delicate balance between fiduciary responsibility and social activism, to use a strategic approach, and to understand the legal repercussions before taking a stand on a social issue.

1. Risky business: Taking a stand on social issues

Howard Schultz, CEO of Starbucks, walks a very fine line between his fiduciary responsibility to his stakeholders and his social advocacy role in fostering discussions regarding race relations, education, same-sex marriage, and gun control. Steve Cook, CEO of Apple Computers walks the same fine line between his CEO role and his opposition to religious objection bills. While it is now commonplace for CEOs to publically take positions on controversial social issues (Dodd & Supa, 2014), oftentimes the CEO and social activist roles do not mesh particularly well.

Historically, certain select business leaders have taken stands on social issues. For example, in the late 18th century, industrialist Josiah Wedgewood played a key role in the abolitionist movement by taking a stand against the slave trade (Guyatt, 2000). In the early 20th century, Henry Ford took a stand and supported the Women's Suffrage Movement by allowing regional meetings to be held in his home (Curcio, 2013). In the 1940s, businessman Branch Rickey took a stand against racial inequality

* Corresponding author
  E-mail addresses: lgw@fsmail.bradley.edu
(L.G. Weinzimmer), cesken1@lsu.edu (C.A. Esken)

by signing Jackie Robinson to play for the Brooklyn Dodgers. He put major league baseball in the center of the civil rights movement (Lowenfish, 2009).

However, until recently, most business leaders have avoided becoming deeply involved in social issues, as this type of behavior has been viewed as distracting from a company's primary purpose. But in the past few years, there has been a shift as business leaders have been experiencing mounting pressure to weigh in on social issues, a pressure that is coming not only from employees but also from the consuming public. The Global Strategy Group (2012) surveyed 806 consumers and found that 72% believe it is appropriate for companies to take a stand on social and political issues. Using a sample of 4,875 respondents, the Edelman Trust Barometer (2010) found that 76% of consumers believe that companies should take an active role in influencing socio-political issues. Whether a company uses a planned strategy to take a stand on a social issue or a company leader makes a spontaneous remark, the result is the same—the company may be put in the middle of a highly publicized debate and the corporate image and reputation can be affected (Dodd & Supa, 2014). Business leaders have brought their organizations not only into the news but also into potential political debate when their companies decide to take positions on social topics.

1.1. An illustrative example of taking a stand

Recently, there have been numerous examples illustrating the prevalence of corporate involvement in socio-political debates. Marriage equality is a particularly salient example due to the attention it receives in the media and its elevation to international dialogue. When issues such as this one become influential and prevalent, many organizations and their leaders choose to participate in the debate. What we find is that the different consequences for organizations are dependent upon whether the organization decides to take a position and the actual position it takes and upon whether the organization holds firm to its position when challenged by stakeholder groups.

Consider what transpired in the pasta industry in September of 2013. Barilla Group, the world's largest producer of pasta, made public remarks regarding same-sex marriage. When asked in an interview whether Barilla would include a same-sex couple in its advertisements, Guido Barilla, the chairman of the international pasta company, stated that Barilla would "never do (a commercial) with a homosexual family" because their company supports the idea of "a classic family where the

woman plays a fundamental role" (Heller, 2013, p. 1). Both consumers and, interestingly, competitors were quick with their responses to the public stand taken by Barilla. The very same day of the interview, activists and politicians launched a boycott of Barilla products, and by mid-afternoon the hashtag #boicottabarilla (boycottbarilla) was trending on Twitter (Lettore, 2013).

The next day, three of Barilla Group's largest competitors took to the media to express their support of same-sex marriage. Buitoni posted an image on Facebook of tortellini used as the male and female gender symbols (♂ and ♀) to depict both opposite- and same-sex couples with text that translates to "Pasta for all" (St. Amand, 2013, p. 1). Garofalo released an advertisement that depicted penne and bowtie pasta arranged in various couplings with the caption, "To us, it doesn't matter with whom you do it, it only matters that you do it al dente" (Ford, 2013, p. 1). Finally, Bertolli Germany posted imagery on its social media pages pushing the slogan, "Love and pasta for all" (McVeigh, 2013, p. 1). A spokesman for Bertolli's social media agency claimed that the company wanted to "welcome everyone, especially those with an empty stomach." The most interesting aspect of competitors' reactions to Barilla's public remarks on same-sex marriage is that all three did not directly mention Barilla or the incident that occurred the day before. Rather, they all focused on a legitimate business issue, the inclusivity of customers, rather than on exclusively taking a stand on same-sex marriage. Consequently, the responses of Barilla's competitors were highly effective and received a great deal of support from consumers, who praised the inclusive imagery while simultaneously proclaiming their intentions to boycott Barilla products.

When consumers boycott a company, they are threatening the company's public image and reputation, which can ultimately hurt the bottom line. Guido Barilla quickly became aware of the negative impact his words had on the public and issued several apologies. One was posted the same day as the interview. The other was in the form of a video posted on the website of the family-owned pasta giant. In his message, Barilla states that he has seen the reactions to his interview and was depressed and saddened by the feedback. Further, Barilla promised to educate himself on the evolution of the family and reflect that in his organization (Grindley, 2013).

The quick recovery made by Barilla prevented the company from experiencing potentially severe negative consequences. In fact, Barilla's aggressive campaigns in the year following the interview put the company in a favorable light because the