

# Taking a Stand: How Corporations Speak Out 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 2016, the nonpartisan Public Affairs Council conducted a survey of major corporations to better understand how and why companies speak out on social issues such as discrimination, environmental sustainability, human rights and access to quality education. This study examines the sources of stakeholder pressure on companies, which issues companies are advocating for and what specific actions they have taken.

## Key Findings

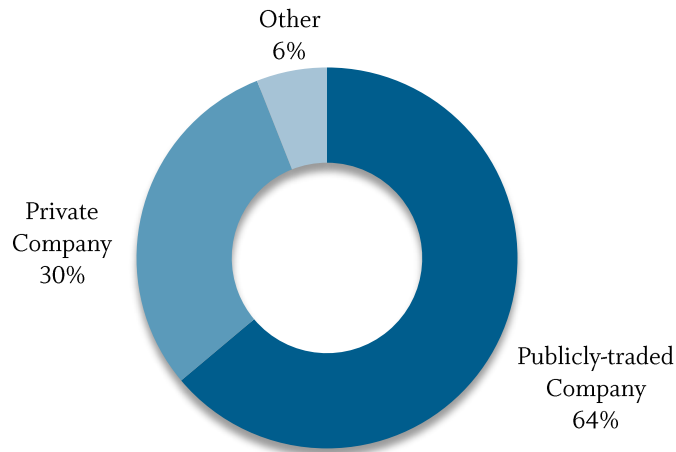
- Over the last three years, 60 percent of responding companies have experienced rising stakeholder pressure to get engaged in social issues such as discrimination, sustainability, human rights and education. None of the respondents reported that pressure had decreased.
- Seventy-four percent of respondents said they expect pressure to get involved in social issues will increase over the next three years.
- Stakeholder groups with the most influence over a company's decision to get involved are senior management, employees and customers.
- Expectations for involvement are highest among companies with more than \$15 billion in annual revenue. More than three-quarters of these firms said they experienced increased pressure to weigh in on social issues. Eighty-six percent of large companies expect it to increase further over the next three years.
- High percentages of companies said they were most involved recently in efforts to protect the environment (74%); end discrimination/restrictions based on sexual orientation (59%), gender (54%), gender identity (52%) or race (50%); improve access to quality education (59%); and protect human rights abroad (49%).
- Publicly traded corporations were more likely than private companies to experience growing pressure to engage, and they were more likely to be involved in efforts to support various social issues.
- While both U.S.-headquartered companies and non-U.S.-headquartered companies experienced similar pressure to get engaged in social issues, U.S.-headquartered companies were more influenced to do so than their non-U.S. peers by shareholders (39% vs. 9%), political leaders (22% vs. 9%) and advocacy groups (41% vs. 18%). (Note that the sample size of non-U.S. companies is small.)

It's clear the business community is having an effect on the tenor and pace of awareness, acceptance or rejection of laws and policies related to social issues. One example is the recent law eliminating LGBT anti-discrimination protections in North Carolina, which led many companies to publicly oppose the decision and even boycott business activities in that state. As expectations rise for companies to engage via communications, advocacy or legal means — and as the implications for business become more clear — companies' ability to influence the discussion about social causes is likely to increase.

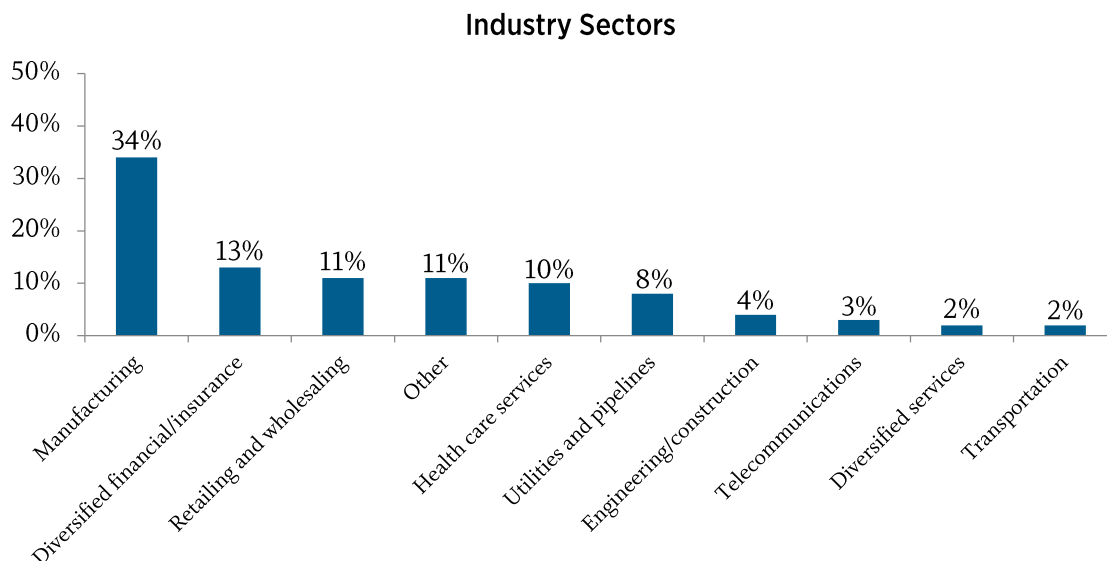
## Methodology and Profile of the Survey Group

The Council distributed the survey to more than 1,000 private and publicly traded companies across a wide variety of industries in June and July of 2016. 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 92 companies provided usable responses.

Nearly two-thirds of responding companies were publicly traded:



Survey respondents represented many different industry sectors. The largest were manufacturing (34%) and diversified financial services/insurance (13%).

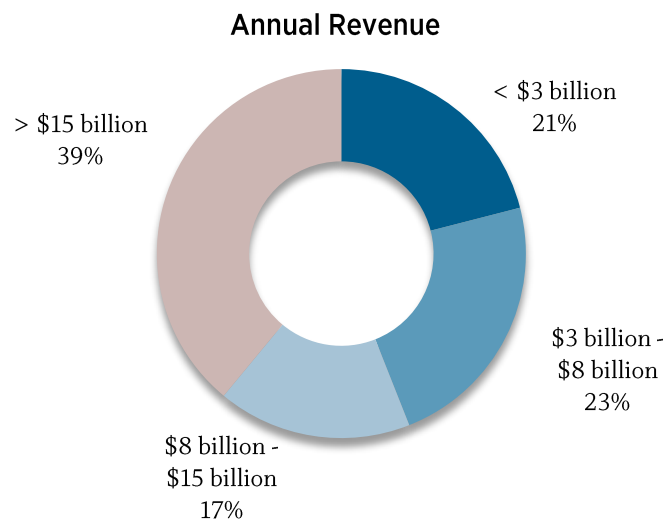


*Due to rounding, responses do not add up to 100%.*

Major sub-sectors under manufacturing included food and beverage (20%), motor vehicles and parts (13%), pharmaceuticals (13%), aerospace and defense (10%), chemicals (10%) and software, hardware and communications equipment (10%).

Eighty-five percent of companies reported that they are headquartered in the U.S., but only 75 percent indicated that the majority of their revenue comes from the U.S.

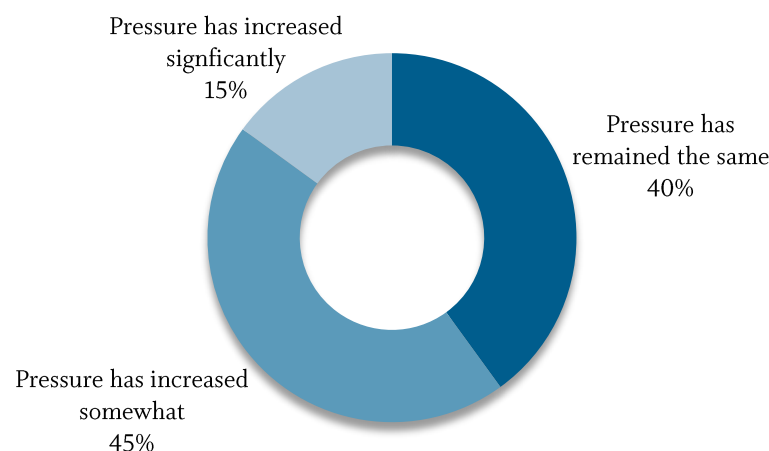
Responding companies were also analyzed based on the previous year's annual revenue. More than one-third (39%) of respondents had annual revenue greater than \$15 billion for their most recent fiscal year:



## Major Survey Findings

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

### Pressure to Engage on Social Issues in the Last Three Years



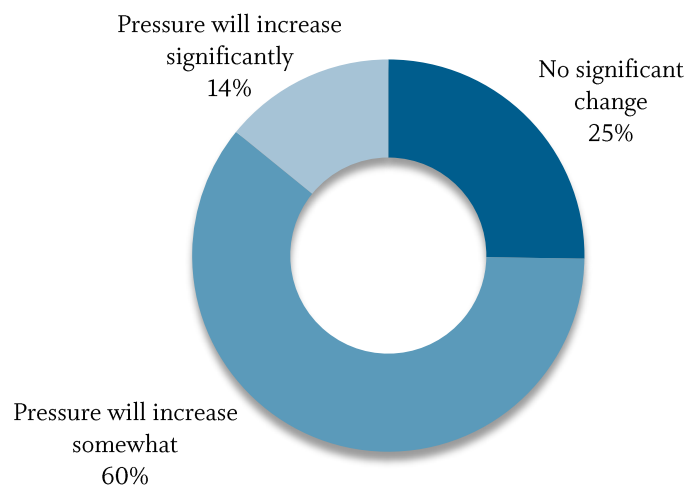
The vast majority of companies reported that pressure from stakeholders had increased somewhat or significantly. None of the respondents said pressure had decreased. Nearly half (48%) of private companies said pressure remained about the same in the last three years, while only 33 percent of publicly traded corporations stated that pressure remained the same.

Sixty percent of U.S.-headquartered companies saw an increase in pressure — either somewhat or significant — in the last three years, while 55 percent of non-U.S.-headquartered companies gave that response.

Additionally, the largest companies (i.e., those with revenue greater than \$15 billion annually) were the group most likely to report they received increased pressure in the last three years. More than three-quarters (76%) indicated that pressure had increased to some degree, with 26 percent of these companies indicating that it had 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?**

#### Expectations for Stakeholder Pressure to Engage on Social Issues in the Next Three Years



The majority of responding companies (74%) said they expected pressure to increase. Seventy-seven percent of publicly-traded companies believed the level of pressure to engage on social issues will increase somewhat (57%) or significantly (20%) over the next three years. Seventy-four percent of privately-held companies believed pressure will increase somewhat (67%) or significantly (7%) in that same time period.

One-quarter of U.S.-headquartered companies surveyed did not expect significant change in the next three years, while only 17 percent of non-U.S.-headquartered companies did not expect significant change.

No smaller companies expected a significant increase in pressure over the next three years, whereas 21 percent of the largest companies did expect a significant increase in pressure. Seventy-two percent of the smaller companies, however, expected pressure will increase somewhat. Sixty-five percent of the largest companies expected pressure to increase somewhat.

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

Survey participants were asked to indicate whether they were very involved or somewhat involved in favor of a position, somewhat or very involved against a position, or not involved in the issue at all.

Position	Very involved in favor of this position	Somewhat involved in favor of this position	Somewhat involved against this position	Very involved against this position	Not involved in this issue
Support for end to discrimination/restrictions based on race	16%	34%	1%	0%	49%
Support for end to discrimination/restrictions based on gender	18%	36%	1%	0%	46%
Support for human rights abroad	10%	39%	1%	0%	50%
Support for end to discrimination/restrictions based on sexual orientation	23%	36%	3%	0%	38%
Support for end to discrimination/restrictions based on gender identity	18%	34%	1%	0%	47%
Support for access to quality education	24%	35%	1%	0%	41%
Support for environment and sustainability	41%	33%	4%	1%	21%
Support for access to affordable housing	10%	12%	6%	0%	72%
Support to relieve hunger and improve food security	19%	21%	3%	0%	57%
Support to increase access to social services	8%	20%	3%	0%	69%
Other	30%	11%	0%	1%	57%

Publicly-traded corporations were more likely than private corporations to be involved (either somewhat or very involved) in favor of every issue except affordable housing and increased access to social services (and only slightly less than privately-held companies in those areas). Few companies took a significant stand *against* a position listed. The issue related to support for the environment and sustainability had the most *against* responses: 11 percent of private corporations had taken actions against this issue vs. four percent of publicly-traded companies.

Companies with more than \$15 billion in annual revenue were most involved recently in favor of the following positions (either somewhat or very involved):

- Environment and sustainability (85%)
- End discrimination/restrictions based on sexual orientation (82%)
- End discrimination/restrictions based on gender (73%)
- Access to quality education (73%)
- Human rights abroad (71%)
- End discrimination/restrictions based on gender identity (65%)

The smallest companies were most involved in favor of these positions (either somewhat or very involved):

- Environment and sustainability (56%)
- Relieve hunger and improve food security (50%)
- End discrimination/restrictions based on race (44%)

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

Actions	Percentage of Respondents
Joined a coalition	64%
Lobbied at the state or local level on an issue	51%
Issued a press release or public statement	49%
Lobbied at the federal level on an issue	45%
Signed a petition	43%
Issued a formal policy position	40%
Conducted media interviews on the company's position regarding the issue	35%
Testified before a legislative body	23%
Filed an amicus brief	22%
Began/stopped supporting a candidate for public office	21%
Activated grassroots advocates on an issue	21%
Other	17%
Began/stopped supporting a political group that advocates for social issues	15%
Updated PAC contribution criteria to reflect a candidate's position on an issue	11%
Stopped selling a product that caused controversy related to a social issue	1%

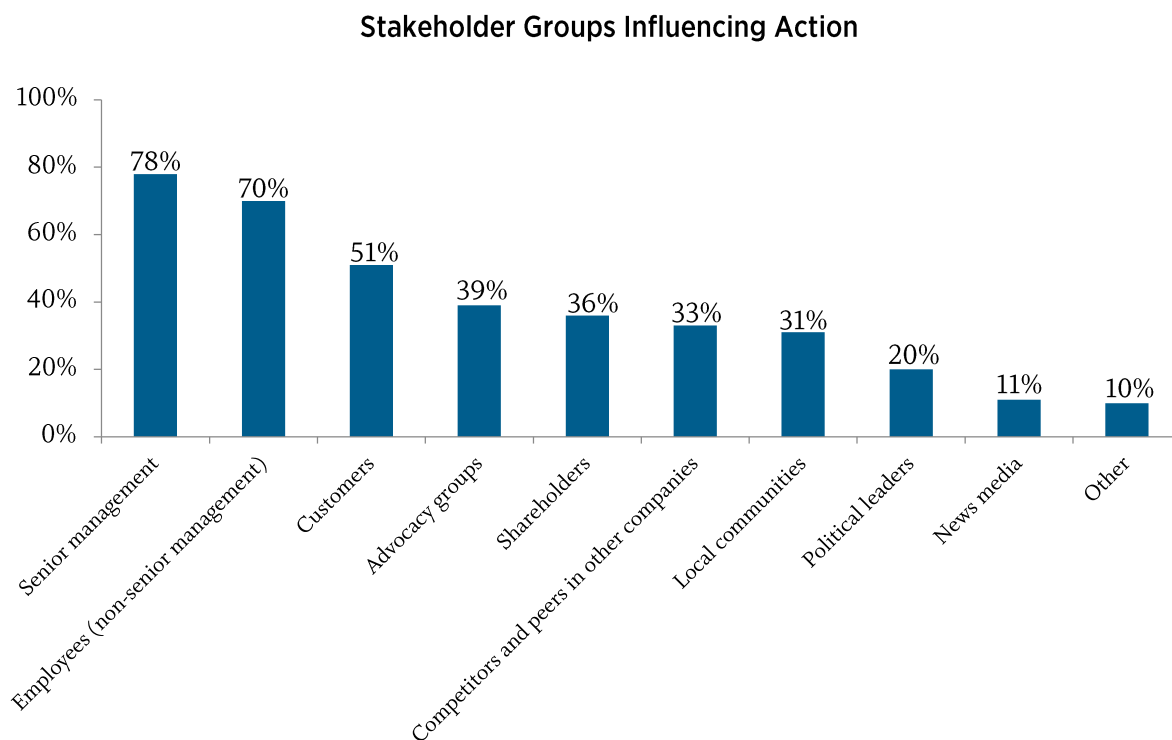
Publicly traded companies were more likely than privately held companies to:

- Join a coalition (73% vs. 50%)
- Issue a formal policy position (43% vs. 33%)
- Issue a press release or public statement (55% vs. 38%)
- File an amicus brief (27% vs. 17%)

The most common actions taken by the largest companies (those with more than \$15 billion a year in revenue) were (in descending order) joining a coalition; issuing a press release/public statement; lobbying at the state or local level; issuing a formal policy position; signing a petition; lobbying at the federal level; and conducting media interviews.

The most common actions taken by the smallest companies (those with less than \$3 billion a year in revenue) were (in descending order) joining a coalition; lobbying at the state or local level; and conducting media interviews on the company's position.

**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.**



Employees (both senior management and regular employees) have been extremely influential when companies have made the decision to get involved or not get involved in social issues. The next most influential stakeholder group has been customers. Companies headquartered in the U.S. were more influenced than their non-U.S.-headquartered peers by advocacy groups (41% vs. 18%), shareholders (39% vs. 9%) and political leaders (22% vs. 9%).

## About the Public Affairs Council

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