Business & Politics
Do They Mix?

GLOBALSTRATEGYGROUP
LEAD THE WAY℠

NAVIGATING A NEW POLITICAL ENVIRONMENT

Over the past four years, Global Strategy Group's Annual Business & Politics Study has closely monitored corporations' increasing involvement in political and social issues, and the communications and reputation implications of this trend. In asking Americans their opinions about the role that businesses should play in the political discourse, our research has documented a seismic shift in the public's expectations for corporations to take a stance — and to take action — to benefit society.

This year's study continues to track these trends. In addition, taking a cue from the growing public expectation of corporations to "do good," we took a deeper dive into how taking a political stance can relate to corporations' corporate social responsibility efforts — and how, in turn, corporations communicate these efforts to their employees, stakeholders, and customers.

On the heels of a very contentious election, and transitioning into the uncharted waters of a Trump presidency, the question is how this trend will continue and what shape corporate political and social activity will take over the next few years.

In the immediate days since the election, corporate America has already taken action — in a way we haven't seen before. For example, many CEOs have moved quickly to communicate directly with their employees — through open letters and other employee communications — to reaffirm corporate values and purpose and assure team members in an uncertain time.

The tone, perspective, and timeliness of these recent communications underscore the findings of this year's study. The public is looking to corporations and CEOs for their leadership more than ever before on the pressing issues of the day, and there is real corporate impact and potential for reward in doing so.

GSG's Corporate Impact Practice and our *Business & Politics* study will continue to track this trend as the new Administration takes office in early 2017. We hope you find the report compelling and useful and we welcome your thoughts and feedback.

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The World We Live In

On the heels of what has been dubbed the most negative Election cycle of all time, Americans remain deeply disenchanted with our political institutions and increasingly frustrated with the elected officials who represent them. After years of steady decline, just 17% of Americans now approve of the job Congress is doing — 79% disapprove — and just 19% trust government to do what is right, an all-time low. [Gallup, 2016] [Pew, 2015]

Perhaps the only entity more villainized than Washington is big business. Only 6% of Americans have a great deal of confidence in big business [Gallup, 2016]. A punching bag for candidates on the Left and the Right, Corporate America has become synonymous with greed and self-interest. Its perceived influence on our government is viewed as significant and, to most, harmful. Nearly nine of 10 Americans (89%) believe that big business has too much influence over the decisions politicians make in Washington and an equal number (88%) say the government in Washington prioritizes the interests of big business over the interests of regular people.

But even in the face of these highly negative perceptions and in spite of the prevalent anti-business rhetoric, Global Strategy Group's fourth annual *Business & Politics* study finds that individual companies have an opportunity to change the conversation. Individual companies can take steps to strengthen their reputation by demonstrating positive corporate impact in a way that resonates with their employees, customers, investors, regulators and other stakeholders.

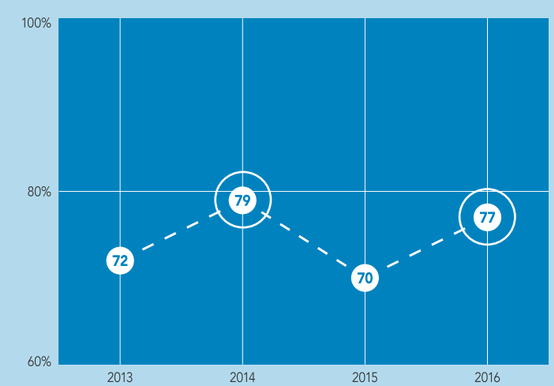
Nearly nine of 10 Americans believe that big business has too much influence over Washington.

81% of Americans believe that corporations should take action to address important issues facing society; 88% believe corporations have the power to influence social change.

Taking a stand in election years

Election years bring with them an elevated conversation around political issues. During these "on" years, we find that Americans are especially receptive to corporations taking a stand on political issues that affect their business, and are more inclined to say it's important for companies to do so.

How much do you agree or disagree with the following statement? It is important for corporations to take a stance on political issues that affect their business.



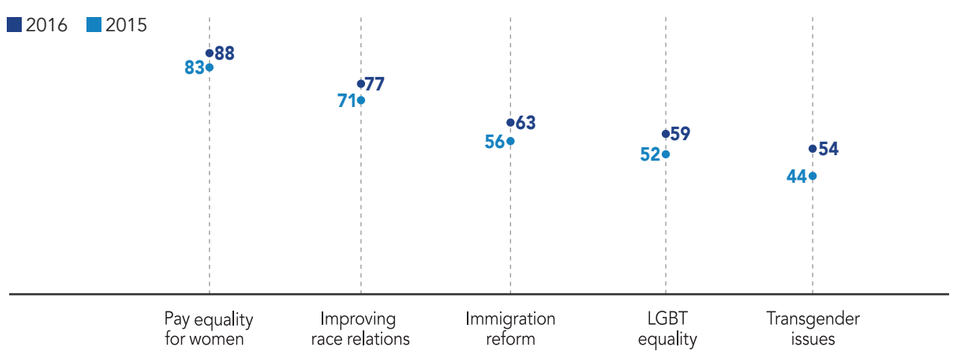
Americans' desire for corporate engagement is not just an expressed preference, but an expectation. Fully eight of 10 Americans (84%) believe that businesses have a responsibility to bring about social change on important issues facing society, just behind the President (89%) and Congress (92%).

While it is most intuitive that companies engage on issues that relate directly to their business — think McDonald's and raising the minimum wage or CVS and its tobacco ban — more and more, Americans are willing to accept corporate positions on a wide range of issues, even those that are more politically charged. In fact, seven of 10 Americans (70%) say that corporations should stand up for what they believe politically, regardless of whether or not it is controversial.

And it is not just about proactive outreach. There can also be great value in reacting to breaking news. A majority of Americans believe that it is important that corporations make a public statement about current events and in real time.

Millennials are especially attuned to this kind of real time corporate engagement. They are more inclined to view a public statement on current events as important and place a premium on a company's ability to respond quickly. Fully 62% of Millennials think companies should respond to a current event within 72 hours.

Americans are increasingly willing to accept corporate positions on a range of issues

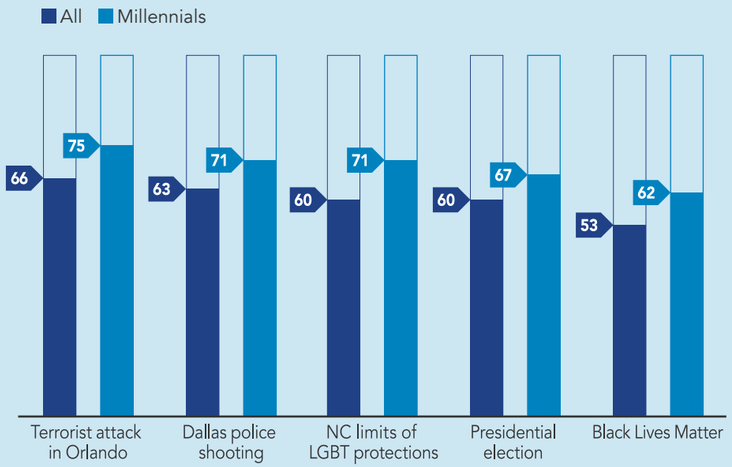


Who is responsible for driving change on important issues?

Millennials place a premium on real-time corporate engagement

Americans believe it is important for companies to make a public statement on current events.

Thinking about specific current events facing society, how important is it to you that a corporation make a public statement about each of the following?

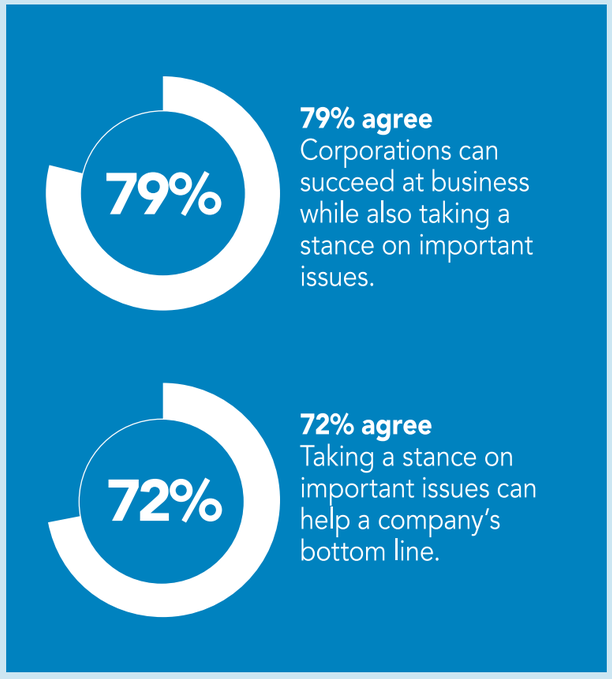


companies should respond by taking action/a stance within 72 hours following a current event

The tradeoff between driving profits and doing the right thing is no longer part of the public's calculus. In fact, Americans support the notion that doing good can also benefit a company's financial success. Nearly eight of 10 Americans (79%) believe that corporations can succeed at business while also taking a stance on important issues and 72% believe taking a stance on important issues can actually help a company's bottom line.

Americans' desire for corporate engagement is not just a preference, it's an expectation.

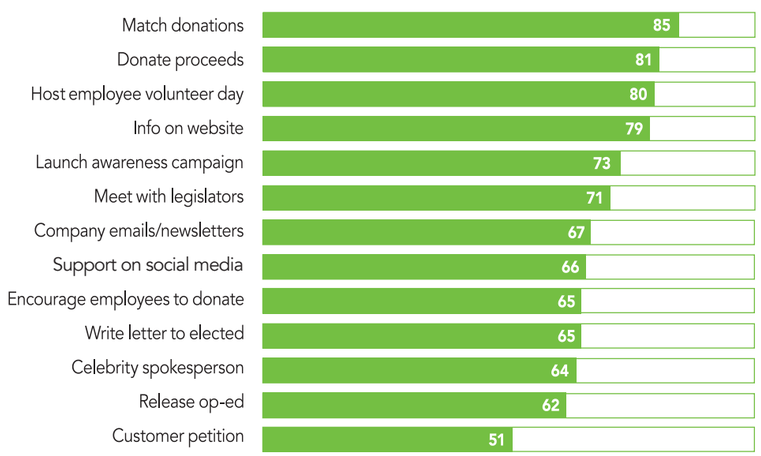
Good for good and good for business



Doing What Matters

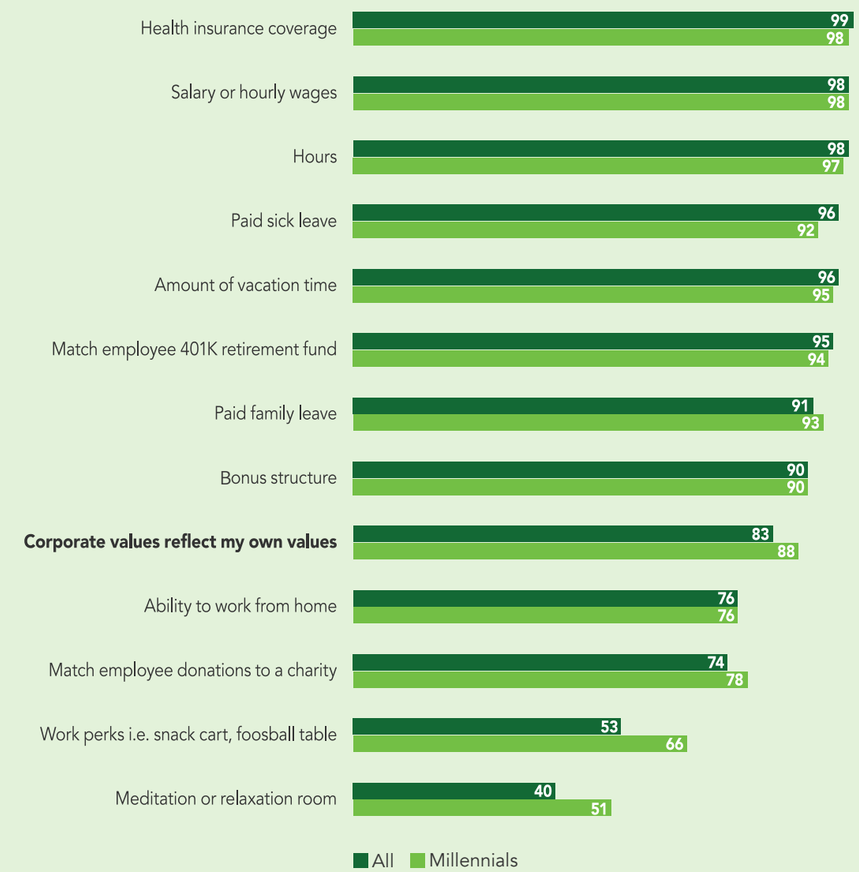
There is no singular prescription for how companies should engage on issues of the day, and companies must ultimately communicate their corporate stances in a way that is authentic to their brand, their employees and their consumers. Americans give companies broad latitude when it comes to participating in issues. They are supportive of everything from volunteer days and charitable contributions to meetings with legislators or asking customers to sign a petition.

Companies can engage on issues in many ways



Corporate values are a job perk

Today's companies work hard to attract and retain talent, promoting everything from traditional benefits to new age perks. So what do Americans actually care about? We find that working for a company whose corporate values reflect their own is right up there with flexible work policies and bonus structure, and ahead of snack carts, meditation centers and game rooms – yes, even among Millennials.



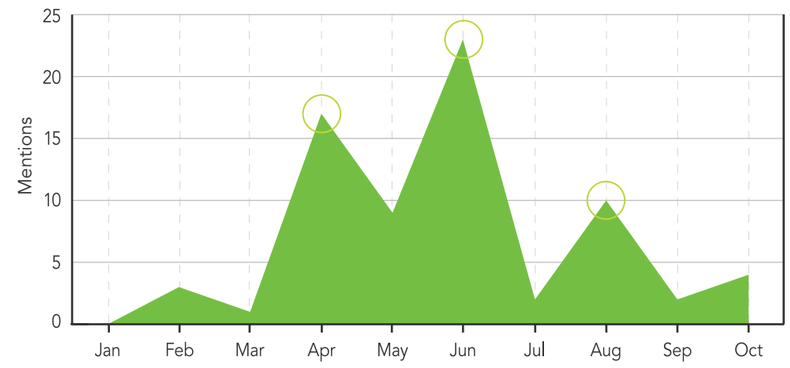
Regardless of the type of engagement activity, here's what matters most:

1 Give employees space to pursue and support issues that matter to them.
Americans want to work for companies whose values are consistent with their own. Giving employees space to engage on the issues that matter most to them is an important way for companies to signal their alignment. This environment is good for employee retention and recruitment and engenders goodwill among any companies' most valuable brand ambassadors.

2 Communicate internally around company values and activity.
Given the benefits of corporate engagement, companies should proactively communicate with employees about what they are doing. Establishing ongoing communications with employees keeps them involved and activated, and helps to build a reservoir of good will, should a future crisis arise.

3 Engage your customers.
Customers today have lots of brands to choose from when considering a product or service to buy, and for many (83%) a brand's values are an important factor when making their choice. Americans now expect companies to help drive social change, and brands have an opportunity to leverage these expectations, distinguish themselves and engage their customers.

Employees use Twitter to compliment Target on its progressive policies



We built a panel of 500 Target employees on Twitter and tracked their commentary on Target's corporate stance on LGBT rights. Employee engagement on the issue was highest in months where the corporate handle was active and engaged on the issue.

April 19
Target releases statement "Continuing to Stand for Inclusivity" following passage of laws seen as anti-LGBT

June 15
Target donates $250,000 to OneOrlando Fund

August 18
Target announces it will spend $20M to add private bathrooms to all its stores

Many employees complimented Target on its progressive policies and noted that working for Target provided freedom to "speak up."

Communicating for Credit

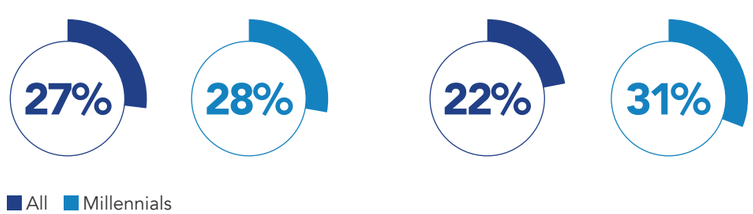
Here, as in our past surveys, we find that companies' stances on political and social issues can have a positive impact on brand favorability. Certainly, some stances are more polarizing than others (see GSG's Third Annual Business and Politics Study) but, for the most part, actively communicating around corporate values provides real benefits.

Given these benefits, why then are so few Americans aware of the stances companies take?

Only one out of four Americans (27%) is aware of corporate stances and just 22% actively seek out information about positions corporations take on important political and social issues facing society. Millennials are more inclined to actively seek out this information (31%), but even so, broad majorities remain uninformed.

The bottom line is this: Companies benefit from engagement on social and political issues and they should do more to communicate — internally and externally — about the work they are doing.

Millennials are more inclined to actively seek out information on corporate stances



Here's what companies need to know when it comes to communicating for credit:

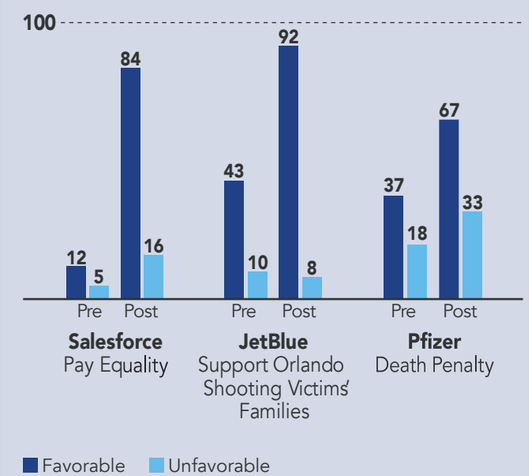
1 Consider the source.
News coverage still plays an outsized role in informing the narrative. In addition to news coverage, Americans find out about positions corporations take on important social and political issues via social media, as well as from their friends and family offline. Paid advertisements and owned channels are still important, but may not fully provide the authentic endorsement people are looking for or trust.

Companies benefit from engagement on political and social issues, and they should do more to communicate about the work they are doing.

Corporate stances help drive brand favorability

At the start of the survey we asked respondents to rate the favorability of each company. We then informed respondents of the positions taken by companies over the past year. After hearing about the positions, respondents were asked once again to rate the favorability of each company.

Biggest impact on favorability

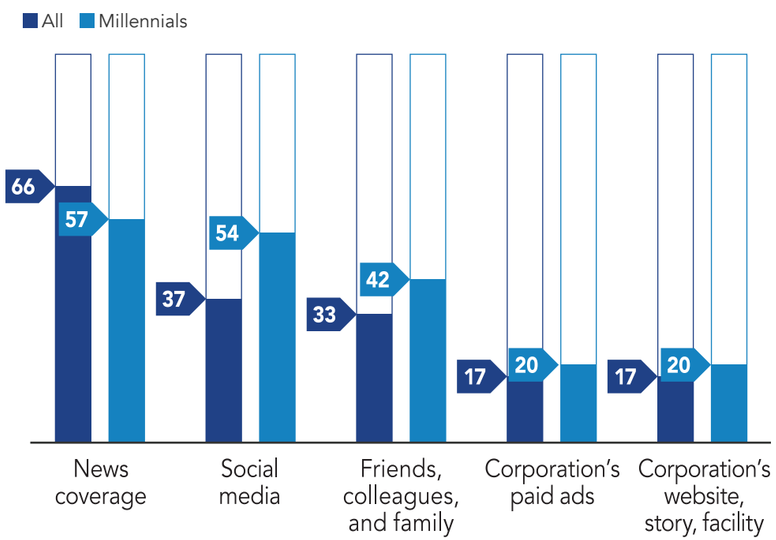


2 Employ multiple channels.
With more ways than ever to communicate with stakeholders, and with the boundaries between internal and external communications disappearing, companies must be aware of where their employees and customers are getting information. And while messages and content will need to be customized for these diverse channels, consistency and repetition are key to introducing and reinforcing a narrative.

3 Be relevant.
Timing matters. Americans want to do business with companies that are engaged in the issues of the day. In today's marketplace, waiting too long to weigh in on an important issue could limit the reward.

Making information available about programs and stances that a company is taking, in a way that can be shared, authenticated and reinforced along the way, is critically important in raising awareness, and ultimately in increasing a company's favorability.

Ways consumers find out about corporations' positions



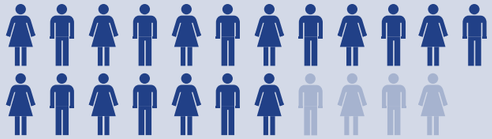
CEO responses to the 2016 presidential election results: By the numbers

In the aftermath of the 2016 presidential election, a number of CEOs of influential companies, including Apple, JP Morgan, Starbucks, LinkedIn, and Google, quickly responded by writing open letters to their employees or the public about the results.

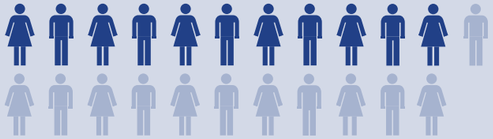
Out of 23 CEO responses, we found:

20/23 CEOs reassured their employees by promising to promote diversity, inclusion, or equality within the company.

19/23 CEOs reassured their employees by reiterating the company's continued commitment to their goals, mission, or values.



11/23 CEOs expressed their personal emotional reactions to the election results and/or commented directly on the state of politics/public policy.



6/23 CEOs expressed openness to working with the Trump administration.

About the Study

Global Strategy Group's Annual Business and Politics Study has become the authoritative voice on the role that businesses play in the political and social discourse and how this impacts brand perception. The study has been cited by leading media outlets such as the Wall Street Journal, Money, Business Insider, Politico, BuzzFeed, and others.

For this year's study, GSG conducted a public opinion survey among 801 adults 18 years and older between September 30 and October 5, 2016, plus an oversample of 255 millennials. The survey was conducted online recruiting respondents from a leading opt-in online panel vendor. Special care was taken by GSG to ensure that the demographic composition of our sample matched that of the adult population on a series of demographic variables including age, gender, region, ethnicity, income, educational attainment, partisan affiliation, and political ideology. More information on and further analysis of this study may be downloaded at globalstrategygroup.com.

About GSG's Corporate Impact Practice

GSG's Corporate Impact Practice helps corporations build and protect their brands, reframe their corporate social responsibility (CSR) programs, and manage business implications in the new political environment.

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