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**How Corporations Could Improve their Public Affairs**

How should corporations respond to contentious social issues? As we have seen in the Target example, external company communication is often times complicated and can be troublesome if done incautiously. In this short essay, we try to offer specific guidelines to CEO’s on how to engage in controversial issues like gun control, LGBTQ rights, or religious believes. More specifically, we will focus our attention on two different but interrelated questions. First, we will examine *when* a company should take a public stand on a specific problem. Afterwards, we will look at *how* a corporation should communicate their opinion to outside agents.

In order to come to a conclusion on when companies should address certain contemporary problems publicly, we can start by analyzing the two possible extreme cases of external corporate communication. On the one end, a corporation could implement a policy which would entirely prohibit any political or social comments or statements. We believe this cannot be right for multiple reasons. First, a firm could lose customer and employee trust by not responding to certain issues. As we have seen in the reading, Target’s large LGBTQ workforce as well as its diverse customer base were rightfully worried after Target donations to the conservative Minnesota Forward group were made public. If Target’s CEO Gregg Steinhafel would not have addressed this issue, public criticism could have had a severe impact on its financial performance and its employee turnover rate. However, we claim that ignoring social issues cannot only harm company culture (and thus simultaneously have a negativ impact on its financial statements), it is also not right from an ethical standpoint. Companies are more than just financial institutions and thus they have a responsibility to communicate their beliefs about certain issues. Therefore, not taking a public stand, no matter what the situation is, cannot be justified from our perspective.

But what about the other extreme case: companies which are constantly commenting on even the smallest social issues? Even though this might sound reasonable after we just rejected to opposite extreme case, we argue that taking a public stand on every possible problem is also contra productive. Not only do most companies not have the resources to issue frequent corporate statements, doing so could also impair their public image and their financial statements (of course, media companies and similar firms are excluded here). Since there are usually no clear right or wrong answers to political issues, companies can often not benefit from releasing too many statements. Essentially, we believe that too many political comments will dilute the company’s credibility. If a corporation releases too many statements, it is tough to distinguish when a firm is truly serious about an issue. Hence, taking a public stand on every issue seems unrealistic and dangerous to us.   
Therefore, we conclude that companies need to find the right balance when it comes to releasing statement on public issues. Not commenting, as well as constantly engaging in social problems are no good options for us. Specifically, we would argue that businesses only take a public stand when their corporate values or their mission statements are endangered. For Target, this meant speaking up when the rights of LGBTQ people seemed to be threatened. By following this simple rule, companies are ideally guaranteed that they are acting in correspondence to company culture and customer expectation. However, exceptions prove the rule and we recognize that there will always be special cases in which company values are not endangered, but a firm should still issue a public statement. Terror attacks, natural disasters, or human catastrophes are examples of when a company should take a stand even though their principles might not be threatened directly. Lastly, we want to note that there are also times when a company should not issue a public statement. For example, companies should not get involved in certain issues purely to increase their brand awareness. We believe that this is the wrong way of approaching external communication. Issuing a public statement should never be a means to an end. Rather it should reflect t true company values. Hence, we augment our guidelines by mentioning that CEO’s need to differentiate between marketing strategies and external company communication. At no times should a corporation issue a public statement simply to “make a marketing move” or to increase brand awareness.

Besides identifying moments at which it is appropriate for a given company to take a stand on a certain issue, it is also critical how a corporation goes about communicating their beliefs. For instance, in 2016 Target CEO Brian Cornell was not notified that the company would release a statement on HB2. This left him vulnerable and exposed to questions and inquiries. Therefore, we claim that companies should always notify all of its employees prior to releasing a public statement to outside agents. Again, we saw in the Target example how non-transparent company donations can cause trouble and anger among employees. Hence, firms should always disclose their public affairs to their workforce and their investors.

Next, we argue that a CEO should never have to make decisions on external company communication by himself. Even though most executives rely on multiple advisors and consultants when it comes to decision making, we believe that establishing an “external communication panel” can help corporations to make better choices on their public affairs. Ideally, the committee would be elected through an internal and transparent corporate election process. Furthermore, members of this board should bring diverse backgrounds and experiences to the table. We then propose that it would be the responsibility of this panel to decide on what contentious issues the firm should take a stand. However, there are two key rules the panel has to follow. First, all decisions should be made in the best interest of the company. This goes beyond financial results and includes factors like public image and community involvement. Second, it is critical that the members of the committee base their decisions on company values and not on their own personal opinions. In the end, it is the corporation as a legal entity which is releasing the public statement and this should be reflected in the decision making. In combination with communicating their decisions to employees prior to the media or other outside players, these rules will help firms to make more transparent, logical, and just decisions.

To summarize our proposed guidelines, we conclude that there are three key points. First it is crucial that corporations find the right balance commenting on contentious social issues. We suggested that in theory companies shall only release public statements when their company values are endangered. However, we also acknowledged that there will be exceptions to this rule. Natural disasters, human catastrophes or events of similar overarching magnitude clearly justify a public company statement, even though corporate values might not directly be threatened. Next, we argued that companies should always notify internal members prior to outside agents. This is a matter of respect and helps to uphold a healthy company culture. Lastly, we argued for the establishments of “external communication panels”. This committee would be responsible for deciding when and the firm will respond to certain problems. We claim that this panel will have a broad view on issues and therefore can make effective and just decisions. In summation, these three principles could lead to more transparent, logical, and effective external company communication.