

# Business & Politics

ANNUAL STUDY 2023

## The Shifting Politics of Doing Good in America

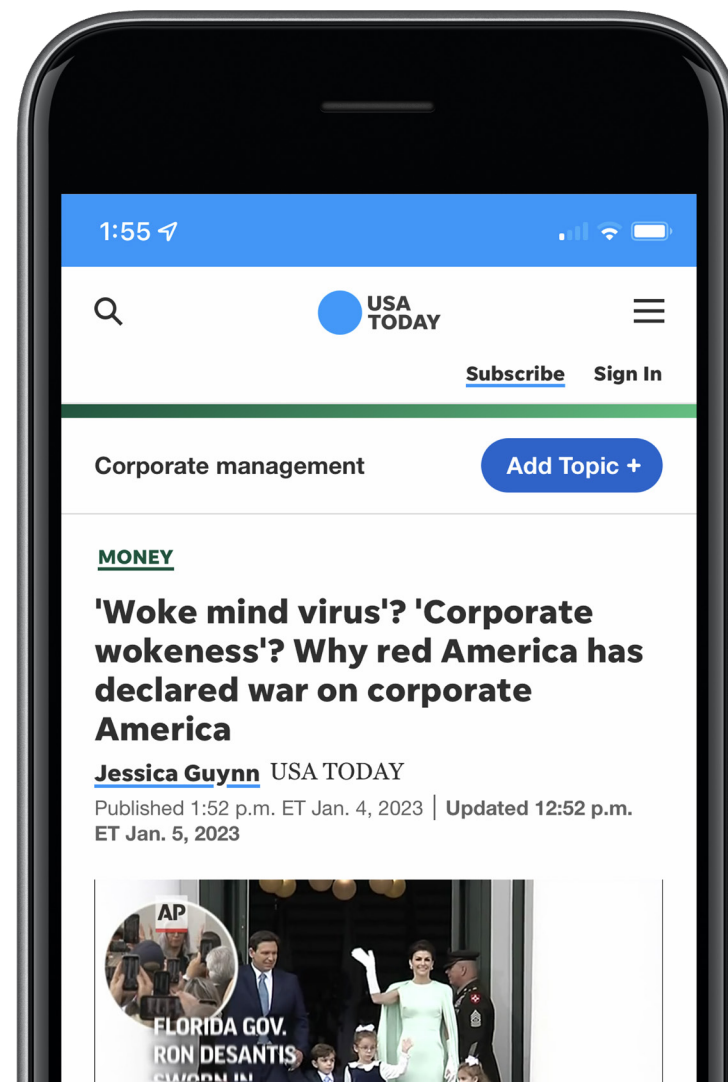
Understanding the divide  
between public opinion and  
political rhetoric on ESG

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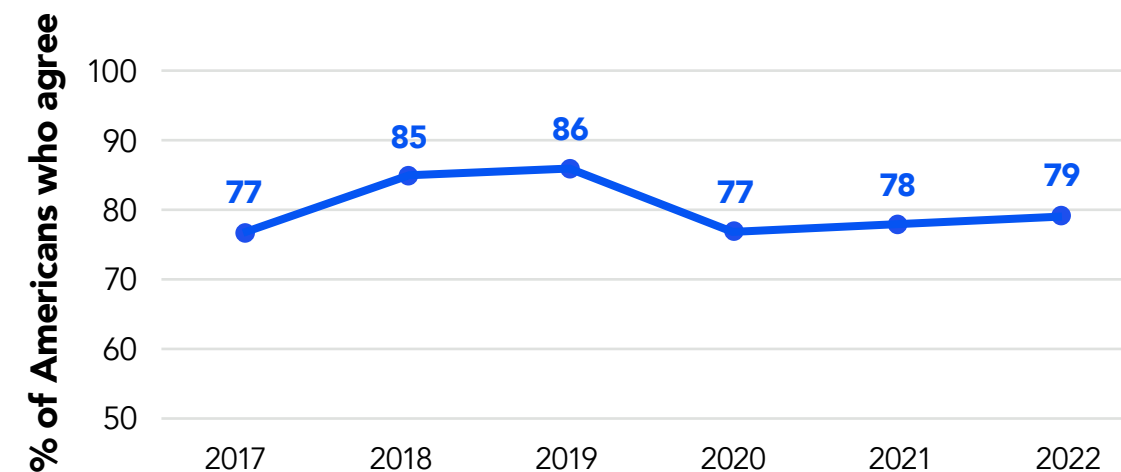
A vocal group of ultra-conservatives are attacking companies for their environmental, social, and governance (ESG) initiatives. It's gaining some media attention, but is it posing a real threat to businesses that want to do the right thing for their employees, customers, and communities?

For a decade, the data has been clear and consistent: the vast majority of Americans believe corporations should take action to address important issues facing society. And despite the recent political rhetoric, Americans still believe that today.

Faced with this divide between Americans' expectations of companies and political rhetoric on the far right, what is the best path for business? In this report, Global Strategy Group (GSG) will provide:

- Data-backed insights on the role Americans want companies to play in political and social discourse
- Analysis of the political landscape
- Recommendations about how to navigate the increasingly polarized world of ESG

Corporations have a responsibility to bring about social change on important issues facing society



GSG's Business & Politics Report

# Key Findings

→ **Strategically speak out**  
Americans overwhelmingly want companies to speak out on issues that are important to their employees and customers and try to have a positive impact on their communities.

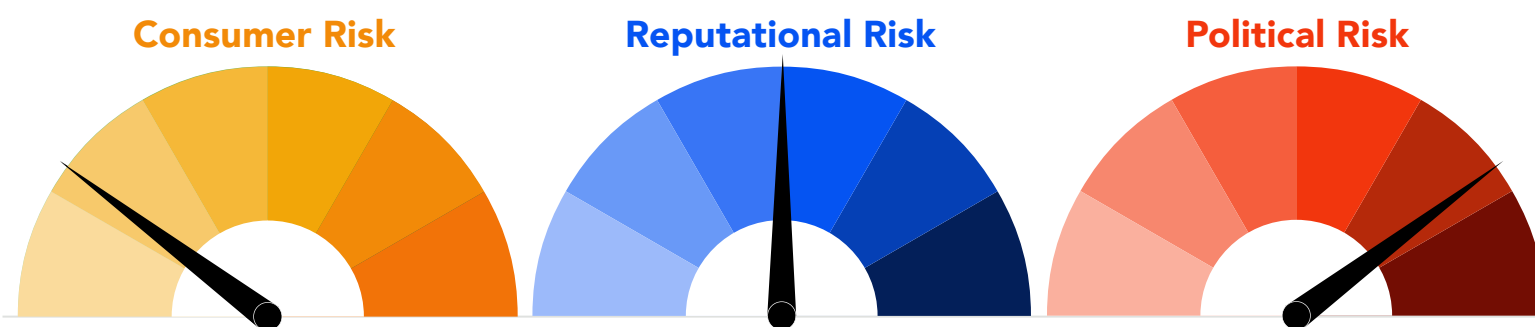
→ **Those who disapprove are a small minority**  
A small group of Americans who identify as “very conservative” (15%) disapprove of companies that speak out on social and political issues.

→ **Most Americans don't want Congress to investigate companies' ESG spending**  
Even for voters who say companies are too “woke,” there is little appetite for policymakers to do something about it. Only 8% of Americans think investigating how US companies spend money on ESG issues should be a priority for Congress.

→ **Most Americans trust companies**  
Most Americans (83%) say they trust companies more than politicians when deciding whether they agree with a company's stance on an issue.

There are steps companies can take to engage in social impact campaigns and minimize the political risk.

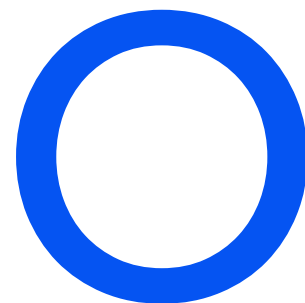
Together, these findings demonstrate differing risk levels for companies that want to engage in ESG.



# The Political Landscape

Highly coordinated attacks from right-wing activists and MAGA politicians are forcing some companies to reexamine ESG carefully and recalibrate how and when to engage on social and political issues. Unfortunately, it's not just rhetoric. The warnings have turned into threats of legislation, regulation, and investigation.





rganizations like Consumers' Research are pumping millions of dollars into public campaigns to make ESG a dirty word. Funded by a network run by activist Leonard Leo, Consumers' Research<sup>1</sup> is coordinating attacks on companies like BlackRock, Levi Strauss, and State Farm with the goal of getting policymakers to weigh in.

Some politicians have taken the bait. Texas, Louisiana, Florida, West Virginia, and Missouri have taken action against BlackRock and other ESG-conscious financial institutions, prohibiting them from managing state pensions. This movement has trickled up to the federal level with Republicans on the Senate Banking Committee recently issuing a report<sup>2</sup> scrutinizing the ESG practices of the big three asset managers.



### How did this happen?

Right-wing activists took advantage of the fact that 59% of Americans have never heard the term ESG and then defined it on their own terms.



### What is ESG?

According to McKinsey, environmental, social, and governance (ESG) measures a company's progress toward achieving social goals in addition to creating shareholder value. However, some conservatives are attempting to redefine ESG as "woke capitalism" or "corporate wokeness," saying these initiatives "lead the charge against more and more conservative ideas" and it's "how companies signal their support for progressive causes in order to maintain their influence in society."<sup>3</sup>

## What Some Republicans Are Saying



### Policymakers

"If you're using your power as a corporation, and you're leveraging that to try to advance any ideology, I think it's very dangerous for this country."

— **Florida Governor Ron DeSantis**<sup>4</sup>

"Over the coming months and years, Congress will increasingly use its oversight powers to scrutinize the institutionalized antitrust violations being committed in the name of ESG, and refer those violations to the FTC and the Department of Justice."

— **Senators Cotton, Lee, Grassley, Blackburn, and Rubio**<sup>5</sup>



### Right-wing Advocates

"It's time that businesses that are out of step with the sentiments of most Americans pay a price for their standing up for woke special interests instead of consumers."

— **Leonard Leo**<sup>6</sup>



## Business Leaders Respond

"'Woke' is simply a synonym for 'something that I disagree with.'"

— **Neil Bradley, Chief Policy Officer of the US Chamber of Commerce**<sup>7</sup>

"It is not a social or ideological agenda. It is not 'woke.' It is capitalism, driven by mutually beneficial relationships between you and the employees, customers, suppliers, and communities your company relies on to prosper."

— **Larry Fink, CEO of BlackRock**<sup>8</sup>

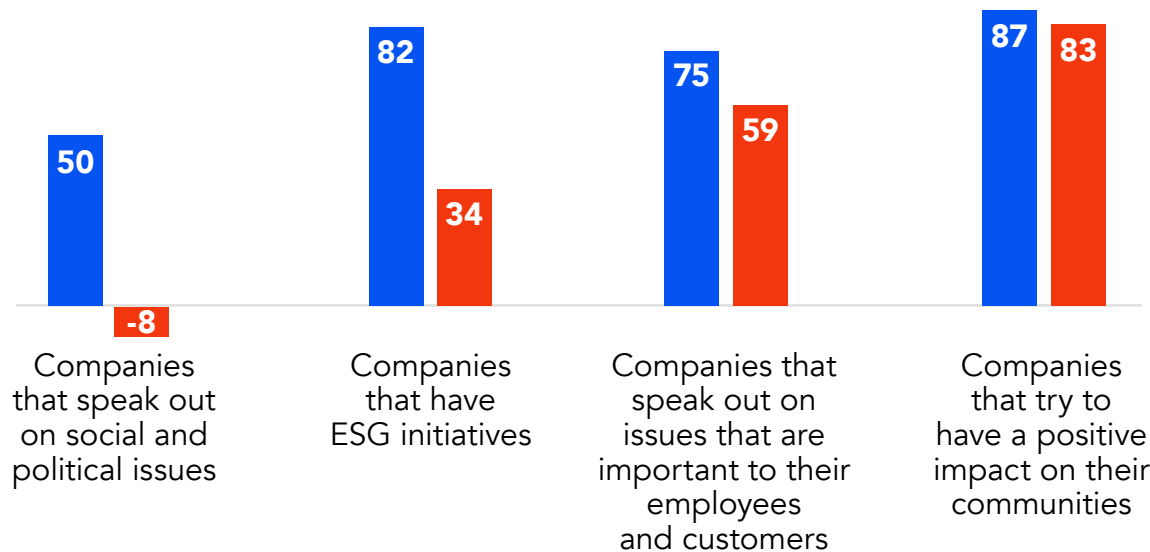
# Language Matters

88% of Americans approve of companies that try to have a positive impact on the communities where they operate, and 77% approve of companies that speak out on issues that are important to their employees and customers.

However, when we talk about “social and political issues” and “ESG,” partisan polarization begins to appear. This is largely driven by very conservative voters who are focused on social issues.

## Net Approval

■ Democrats ■ Republicans



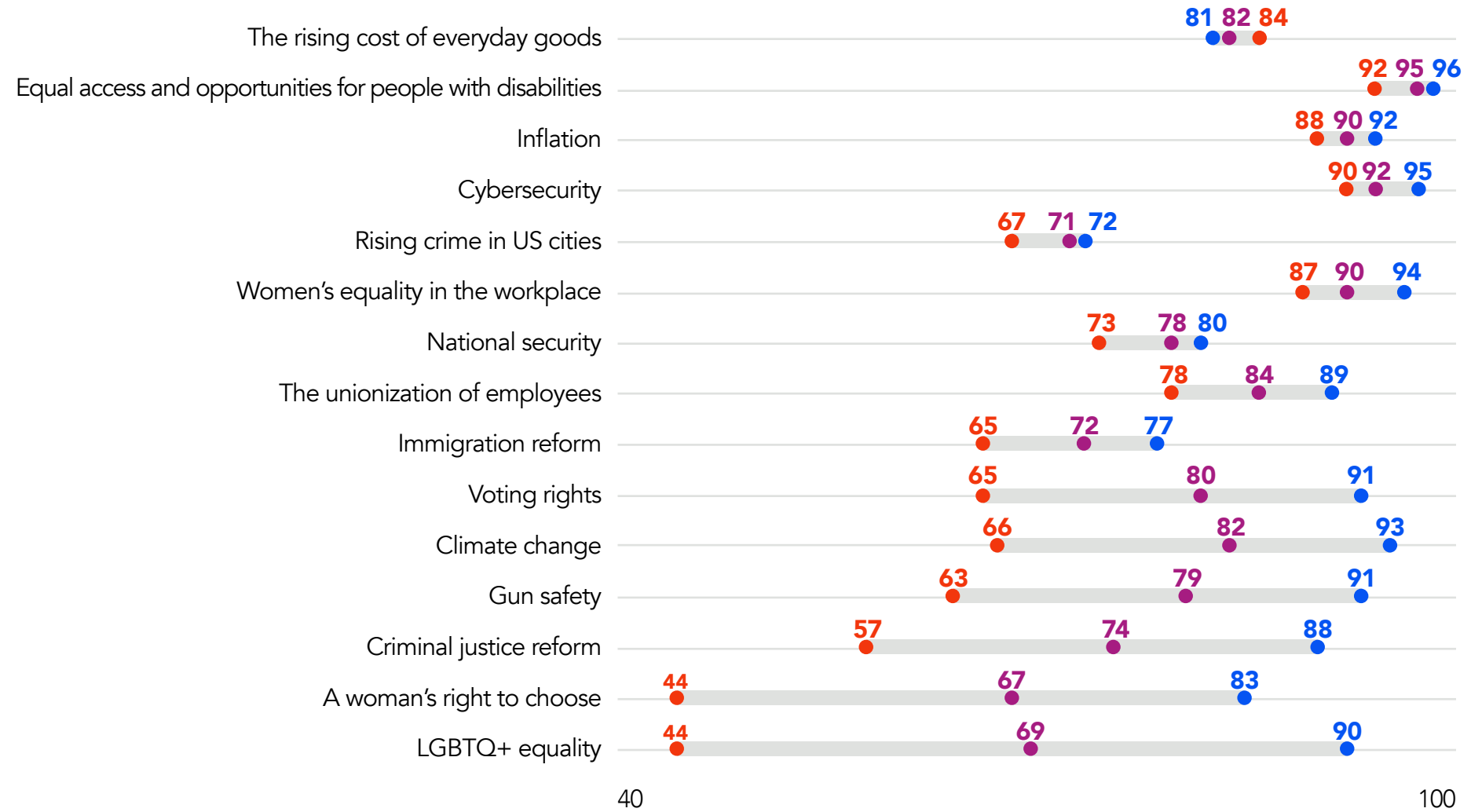
Among conservative Republicans who regularly watch Fox News, for example, approval of companies with ESG initiatives is lower (+29) than among Republicans overall (+34). Approval of companies that speak out on social and political issues is *much* lower (-29).

# Know Your Issue and Audience

Some issues are more politically charged than others.

How appropriate would it be for a company to take a public stance on each of the following issues?

■ Democrats ■ Republicans ■ Overall



# All Political Talk, Not Much Consumer Action

This recent anti-ESG rhetoric has not had much impact on Republicans' purchasing behavior.

## % of Republicans who...

Overall voters Republicans Habitual Fox viewers

Have boycotted a company because of social or political stances

November 2022



Have purchased from a company because of social or political stances

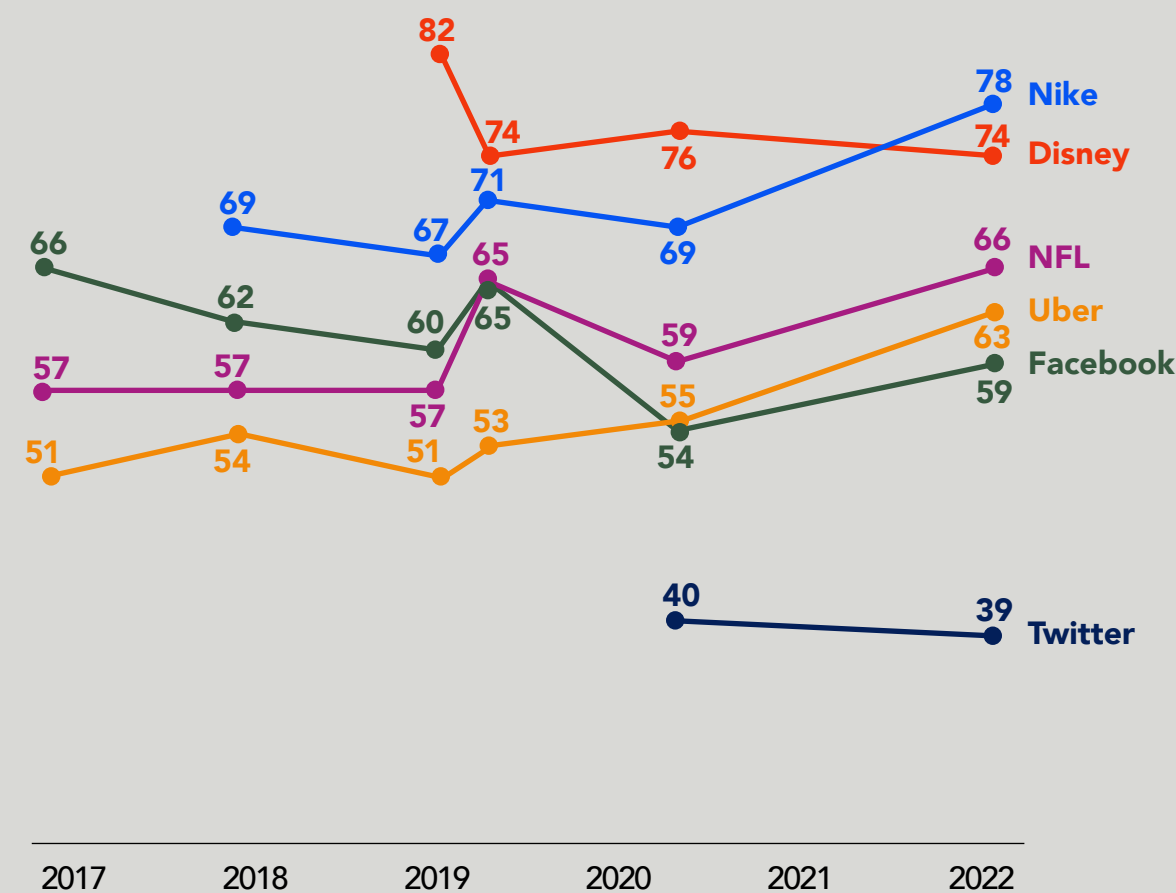
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## The Benefits of Taking Action

For the past six years, GSG has tracked the reputation of a range of companies that are frequently in the news for their social and political stances. While the rhetoric from Republican lawmakers might suggest otherwise, none of these companies have suffered significant drops in favorability since they've launched these attacks.

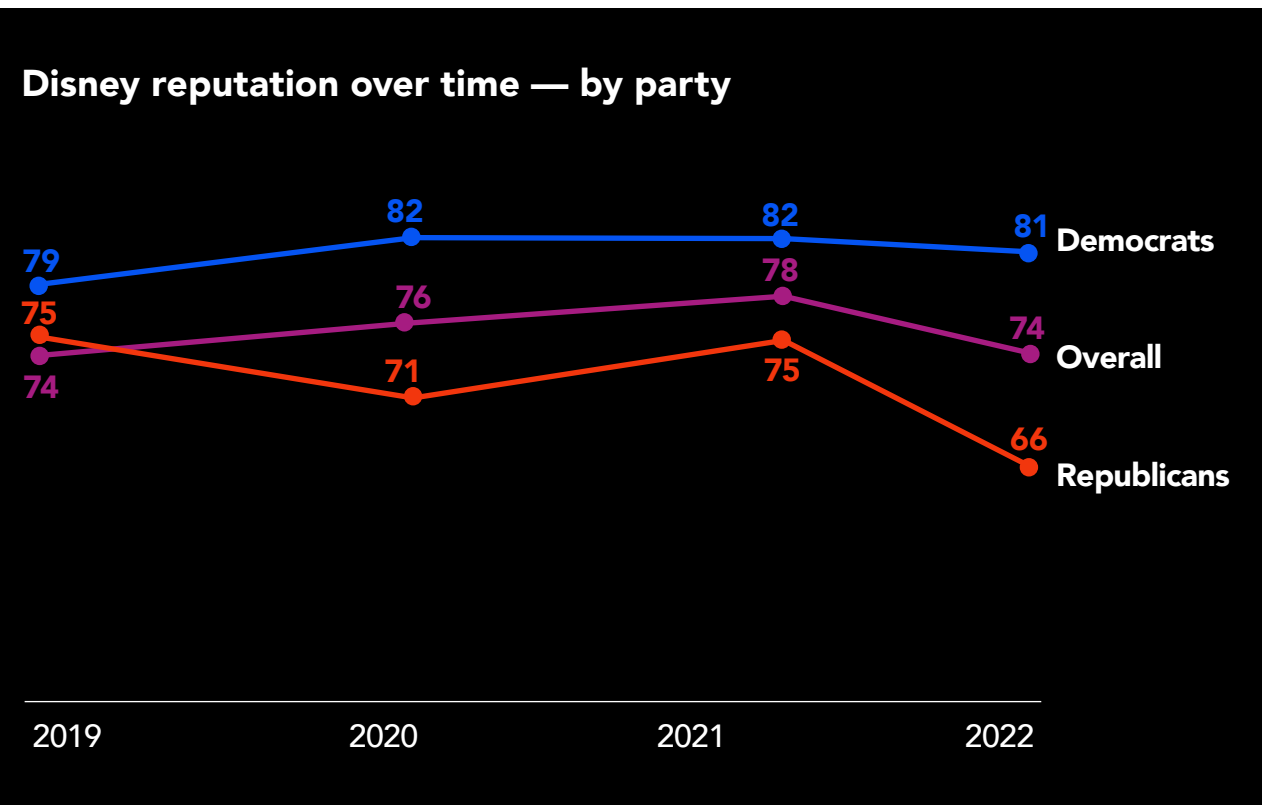
### Company reputations over time — overall



## Case Study: Disney

In one of the most high-profile examples of ultra-conservative elected officials fighting with private companies, Disney and Florida Governor Ron DeSantis have been in a public dispute sparked by the anti-LGBTQ+ “Don’t Say Gay” bill, which bans public school teachers from discussing sexual orientation and gender identity in their classrooms. Disney employees pressured the company to speak out against the bill. DeSantis has been looking for ways to retaliate ever since, culminating with a new law stripping Disney of its power to make development decisions at its Florida location.

While this has been a big news story in the political press, the impact on Disney’s overall favorability has been muted. The biggest impact has, unsurprisingly, been among Republican voters, though still a majority of them hold positive views of the company. Meanwhile, Democrats and Independents remain very positive. As this continues to evolve, we will continue to monitor whether this scenario caused a one-time dip in favorability or if there is longer-term reputational harm.



## Risky Politics

Some Republicans in Congress have threatened to investigate and penalize companies for their ESG practices. However, data shows they could easily overplay their hand and take their attacks too far.



**Only 8% of Americans and 7% of Republicans** think investigating how US companies spend money on ESG issues should be a priority for Congress.



**Less than half (42%) of Republicans** support Congress passing legislation fining or penalizing US companies who have been vocal about social and political issues.



Politicians aren’t trusted arbiters on these issues. **83% of Americans** say they trust companies more than politicians when deciding whether they agree with a company’s stance on an issue.





# Navigating the New Landscape

- **Don't use the term "ESG"**  
Instead, talk about "issues that bring about social change."
- **Frame your initiatives**  
Focus on your customers, employees, and communities.
- **Choose your issues carefully**  
Ensure they are authentic to your company, your workforce, and your customers and are not polarizing among the audiences most important to your brand.
- **Weigh the political and reputational risks**  
While taking a stance on an issue may increase favorability and help your business, there may be political risks that carry regulatory and legislative implications.
- **Know your audience**  
There are many audiences to consider (customers, employees, shareholders, the general public, policymakers, and the media) when communicating about ESG.
- **Include your teams**  
Include communications, government relations, human resources, and legal teams when making decisions about weighing in on controversial issues. These decisions cannot be made in a vacuum.
- **Develop a strategy**  
Detail which issues your company will engage in, how to talk about those issues externally, and specific examples of how your company has had and will have a positive impact.

# About the Report

Now in its tenth year, Global Strategy Group's Business & Politics Study has become the authoritative voice on the role that companies play in political and social discourse and how this impacts brand perception. The study has been cited by leading media outlets, including The Wall Street Journal, Harvard Business Review, The New York Times, USA Today, Money, Business Insider, CNBC, CBS News, Axios, and Politico, among others.

Global Strategy Group conducted an online survey of 1,003 US adults nationwide. The margin of error on this sample is +/-3.1%, and the survey fielded from November 30 to December 6, 2022. Care has been taken to ensure that the geographic and demographic characteristics of the US population are properly represented.

## About GSG

Global Strategy Group is the go-to public affairs, communications, and research partner for companies, causes, and campaigns. We work with our clients to build their reputations, tackle big challenges, and win.

### Our corporate impact practice helps companies:

- Reframe or elevate their ESG programs
- Create impact-driven initiatives that resonate with key audiences
- Build and protect their brand in a political environment

#### Citations:

<sup>1</sup>Washington Post: This group is sharpening the GOP attack on Woke Wall Street, 1/30/23 <sup>2</sup>The New Emperors: Responding to the Growing Influence of the Big Three Asset Managers, 12/22

<sup>3</sup>Heritage Foundation: Woke Corporate Capitalism, accessed 2/8/23 <sup>4</sup>Tampa Bay Times: DeSantis blasts corporate 'wokeness' in talk with business leaders, 10/29/21

<sup>5</sup>Letter from Senators to law firms, 12/3/22 <sup>6</sup>Washington Post: This group is sharpening the GOP attack on Woke Wall Street, 1/30/23

<sup>7</sup>Washington Post: Top Chamber lobbyist talks Kevin McCarthy, immigration reform and 'woke capitalism', 1/13/23 <sup>8</sup>BlackRock: Larry Fink's 2022 Letter to CEOs: The Power of Capitalism, accessed 2/8/23

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