




CEO Leadership Redefined

Part 4



Under pressure to solve societal problems, leaders must develop credible strategies to address issues without creating new business risks



Increasingly, Americans are turning to the private sector for leadership as the boundaries between the political, social, and business arenas blur, as explored in the earlier installations of FTI Consulting's [CEO Leadership Redefined](#) series.

Viewed in the best light, this is a search for value-based leadership. At worst, the forces of polarization have now crept into companies, which makes it particularly challenging for CEOs to determine how to engage on issues – particularly ones that can be seen as political – without creating new business risks.

In this fourth installment of our series, we use our research of two of a company's most important stakeholders – professionals and investors – to explore what CEOs must consider when wading into politics and policy discussions.

“ Investors and professionals have evolved their views on how a CEO should engage around critical issues that impact society – including those that are focused on federal and state policy, as well as those that are more overtly political. As a result, CEOs and other senior leaders need to reconsider and carefully calculate how to talk about issues that were once seen as unrelated to business performance.”

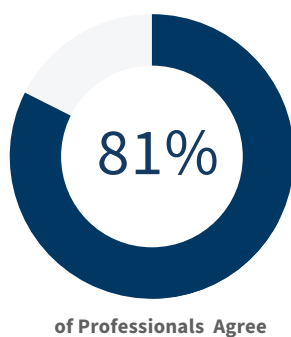
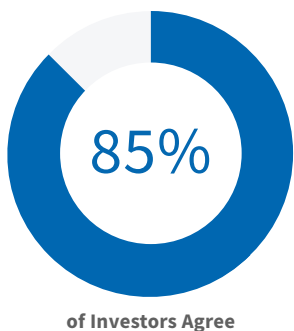
Christine DiBartolo

Senior Managing Director,
Americas Head of Corporate Reputation

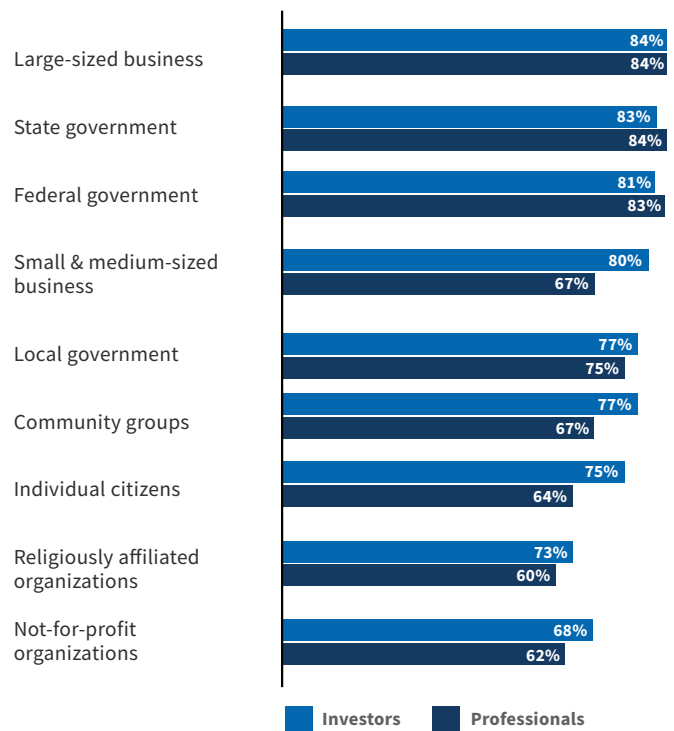
Demands on CEOs are being driven by the belief that businesses can influence the United States' future

Investors and professionals see large businesses having real impact. In fact, they are perceived to have influence on the future of the country equal to—or even exceeding that of—federal, state and local government. This sentiment goes one step further in current times. Investors and professionals look to businesses to partner with the government to help manage and overcome crises and major social change. CEOs are expected by stakeholders to take their responsibility to the country, not just their business, seriously.

CEOs should cooperate with government authorities during moments of a national crisis or significant social change



Play a role in shaping the future of the United States



“As confidence in national and global institutions continues to slide, there is a growing recognition of the relevance and value of having business leaders engaged and at the table with government, especially during moments of change and disruption.”

Jackson Dunn
Senior Managing Director,
Americas Head of Public Affairs

CEOs will have to navigate a rapidly evolving landscape of stakeholder pressures to respond to “hot button” issues

In the past we have seen CEOs largely avoid using the bully pulpit or even individually commenting on policy or political issues, unless it directly involved their business. With the increasing focus on corporate responsibility and the public looking to the private sector for solutions to societal challenges, CEOs have had to take on a more prominent role in these discussions. While it is true that there are issues which CEOs may choose not to comment on or address, they will certainly face greater pressures moving forward. And in today’s real-time information economy, there is no such thing as an internal statement

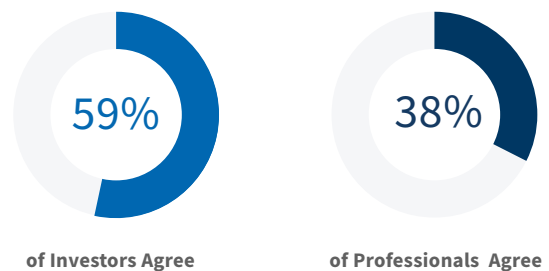
that stays internal. Anything a CEO says, even strictly to internal audiences, may very well be shared externally.

Our CEO Leadership Redefined survey shows significant generational differences when it comes to addressing political issues, and many CEOs may not yet grasp that their under-40 employees likely expect them to address these issues head-on. Similarly, Democrats are more likely to endorse CEOs engaging in politics than Republicans are. In fact, half of both Millennials and Democrats even go as far as to say that they would not work for a CEO with different political views.

CEOs should engage in politics



I would not work for a CEO that held social or political views different from my own



CEOs must consider the expectations of all stakeholders before speaking out on issues – with a particular focus on employees

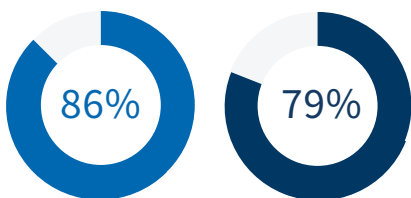
According to investors and professionals, even the personal values CEOs express should align with those of the company overall, especially with those of employees.

America today, as with any individual business, is comprised of diverse and widely polarized opinions—politically, socially and economically. Not every message will land with every stakeholder positively or in the same way. CEOs need to be prepared to carefully consider the expectations of all stakeholders: employees, investors, customers and partners, media, public officials and politicians, and even competitors. How will they react to specific issues? What will lose their support? What are the impacts of alienating a certain stakeholder sub-group

with a particular message? And perhaps most importantly, who is most important within these audiences, and what can be done to connect with them?

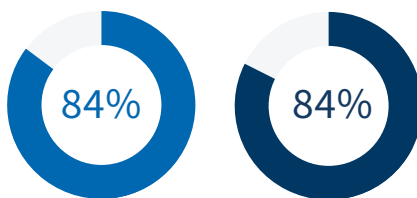
Generation and political affiliation along with other factors will play into stakeholder expectations of how CEOs should respond to hot button issues and events. Those businesses that proactively gain insight into their most important stakeholders will be best positioned to organically create greater internal alignment around the corporate purpose which will be amplified externally. In turn, the corporate purpose will serve as a north star guiding which issues to address, as well as which not to—no matter how sensitive or controversial.

Personal values expressed by CEOs should directly align with the corporate values of the company they lead



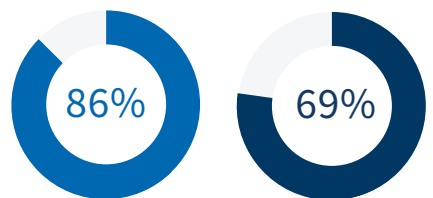
of Investors Agree of Professionals Agree

CEOs should do more to consider how their customers will react to something before they speak out



of Investors Agree of Professionals Agree

I am more likely to work for a company whose CEO is devoted to a specific cause that connects to my personal values



of Investors Agree of Professionals Agree

Millennial Professionals	80% agree
Democrat Professionals	79% agree

Stakeholders look for CEOs to address issues that will impact them individually on a broader scale



Looking at greater societal issues of today, investors and professionals differ in where they want CEOs to speak out. With investors' interest in financial success—not just of a single business, but of the market overall—they are especially interested in CEOs addressing the U.S. economy, data security and also environmental issues with ESG top of mind. Professionals, on the other hand, are looking for CEOs to address issues that improve

employee welfare, including healthcare costs, ethical business practices and addressing the minimum wage—an issue that is especially top-of-mind for Gen Z professionals, who are just starting out in the workforce. When top issues for professionals are separated by political party affiliation, Republicans are most concerned with ethical business practices while Democrats are most concerned with healthcare costs.

Beyond financial performance, topics most want to hear CEOs speak out on

Investors Top 3

1. US economy
2. Data security
3. Environmental issues

Professionals Top 3

1. Healthcare costs
2. Ethical business practices
3. Minimum wage

Top issue by generation:

- Gen Z: Minimum wage
- Millennials: Healthcare costs / labor rights
- Gen X: Healthcare costs
- Baby Boomers: Healthcare costs

Top issue by political party:

- Republican: Ethical business practices
- Democrat: Healthcare costs

“Understanding the priorities of your audiences at a personal level will not only enable you to speak to those priorities, but also unpack what drives them and what emerging needs you should proactively address.”

Lindsay Kunkle

Senior Director, Digital & Insights

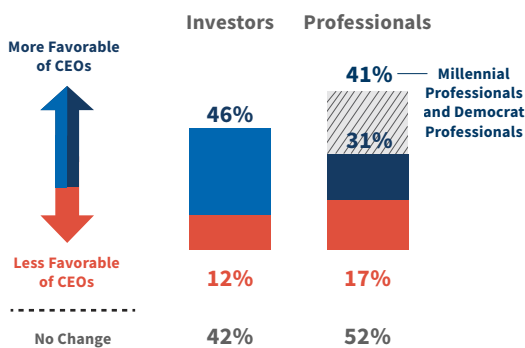
CEOs need to tread carefully; stakeholders overwhelmingly agree that what a CEO says publicly about societal issues impacts their opinion of the company

When a CEO speaks, the company’s stakeholders listen and will change their opinion of the company based on what they hear. In fact, we generally see more favorable than less favorable changes in opinions when CEOs speak out on a range of issues from the pandemic to improving DE&I efforts to politics. That said, while speaking out is generally expected, it does not mean that a CEO needs to issue a statement on every event and issue, especially politically charged ones. Fewer than a half of investors and only 3 in 10 (31%) professionals have a more favorable view of CEOs as a result of them speaking out on politics since the start of the pandemic—more favorable changes than less favorable

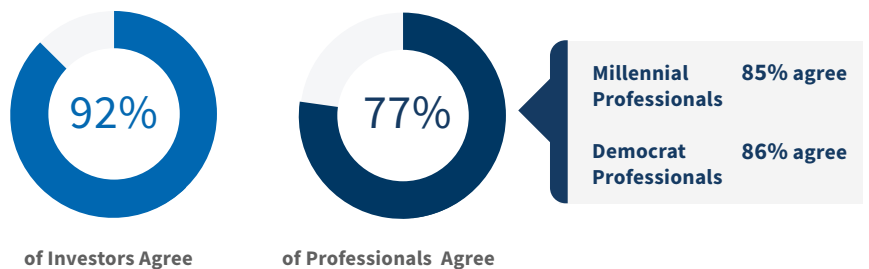
changes, yes, but largely getting a neutral response especially from professionals. Additionally, professionals’ political affiliations plays a major role in their opinion of a company based on what a CEO says publicly on societal issues. Overall, about half of Democratic professionals agree that what a CEO says significantly affects their overall opinion of a company. Republicans, on the other hand, believe public comments from a CEO matter less in forming their opinion of the company (26%).

During the last 18 months, we have seen CEOs take action on a variety of challenges facing our country and society. How has your perspective of CEOs changed based on:

CEOs speaking out on political issues



What a CEO says publicly about societal issues impacts my overall opinion of the company



“ Recruitment and retention of talent is the name of the game. Many times prospective employees base their decision on their quick assessment of the company from the public comments made by leadership. Shared values are critical to a robust and successful workforce.”

Greg Mecher
Managing Director, Public Affairs

Conclusion

FTI Consulting's team of experts work with CEOs to help them build the skills and capabilities needed to lead in this new environment of increasing pressures and create a roadmap to engage authentically with internal and external stakeholders.

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- C-Suite, Board and Leadership Excellence
- Vision and Strategy Articulation
- Employee Engagement and Internal Communications
- Leadership Communications

Personal Leadership

- Leadership Development
- Executive Coaching
- Change Leadership
- Communications Training

ABOUT THIS SURVEY

FTI Consulting's Strategic Communications segment conducted a national survey across the United States among 1,012 employed professionals of companies greater than 250 employees, as well as 253 institutional investors. The survey was conducted online between September 10 and 28, 2021.

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