The business case for so

Taking an authentic stance

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Illusion of understanding

Taking a stand on social issues – Why? When? How?

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About the Canadian Centre for the Purpose of the Corporation

The Canadian Centre for the Purpose of the Corporation (the Centre) is an initiative of Navigator, Canada's leading high-stakes strategic advisory and communications firm. The Centre's mission is to equip Canadian businesses and organizations with insights, tools, and support as they work to redefine and strengthen both the scope of their purpose and the contributions they make more broadly to society. The Centre releases regular analysis and guidance for business based on the expectations of Canadians. These insights inform the design of tailor-made strategic solutions for businesses and organizations to define, advance, and implement their purpose. The Centre is led by Navigator Principals Andre Pratte (Chair) and Graham Fox (Vice-Chair), alongside a panel of experts in policy, governance, business, law, communications, equity and diversity, sustainability and social responsibility.

One of the most difficult challenges leaders face today is managing a host of diverse and diverging stakeholder perspectives.

Foreword

Society's expectations of businesses are higher, more complex and, crucially, more uncertain than ever. The Canadian Centre for the Purpose of the Corporation (CCPC) exists to help CEOs and their teams navigate those agitated waters. In addition to playing an advisory role, The Centre provides unique Canadian thought leadership through surveys and research reports.

The CCPC publishes applied research reports that aim to be immediately and concretely relevant to CEOs and their teams. Such is the case with this paper, written by Rachel Ruttan, assistant professor at the Rotman School of Management. Professor Ruttan explores the advantages and risks, for corporations, of taking a stand on sensitive social or political issues. Whether it be the Black Lives Matter movement or Russia's illegal invasion of Ukraine, it is increasingly difficult for companies to stay silent. Employees, customers, and investors demand that corporations speak up and, more importantly, that they act in accordance with their public statements.

That said, Professor Ruttan shows that taking a stand is a delicate exercise that "carries great risks". The key to success, her research shows, is "authenticity". Speaking up on a controversial issue will backfire if the public perceives that the position expressed is fake: "Authenticity judgments are hard earned and easily lost". The report offers a framework - the 5Cs - that will help executives avoid the most common mistakes.

The surest guide to making such an important decision, Professor Ruttan asserts, is the company's purpose. "Purpose provides a lens through which leaders can determine whether, why and how to speak up about specific social issues", she writes. Indeed, for this as for other types of decisions, purpose should be a corporation's guiding North Star.

The movement towards what is sometimes called "stakeholder capitalism" is gaining traction because it helps to frame an organization's response to the immense challenges that face the world today, from climate change to wealth inequalities. This movement is full of potential, but it also raises complex questions. Through both its advisory and its thought leadership roles, the CCPC seeks to tackle those problems and offer concrete, realistic solutions.

André Pratte
Executive Chair, Canadian Centre for the Purpose of the Corporation

Executive summary

In this paper, Assistant Professor Rachel Ruttan, from the Rotman School of Management, explores the evolving trend of corporate involvement with the socio-political debates of our time. Specifically, the paper focuses on the role authenticity plays when corporations enter the discussion of social issues, and how corporate activism can serve to both the benefit and detriment of a company's bottom line, depending on the way it is conducted.

Ruttan recommends that businesses adopt the 5Cs to aid in developing a framework for an authentic and deeply embedded purpose. The 5Cs refer to:

- **Collecting perspective** from a bottom-up nature, rather than top-down, as research shows that leaders tend to insufficiently adjust away from their own perspectives if they do not engage in a process of broadening their perspective.

- **Collaboration:** Recognizing the importance of actively collaborating when corporations decide to engage with relevant social movements.

- **Costly signalling:** companies need to put their money with their mouth is, as a cost signal is a reliable way of confirming the honesty of the signal to audiences.

- **Consistency** calls on corporations to embed their organizational stances into their routines and hiring.

- Stating corporate values **concretely**, as research shows that vagueness contributes to negative public reactions to corporate activism.

Ruttan notes that authenticity in a corporation's actions and decisions is increasingly important to consumers, as people are becoming skeptical of for-profit organizations. Authenticity is hard-earned and easily lost in the market. Ruttan's research has shown that corporations that choose to be socially responsible because it is right, and not solely to increase profit, are better rated and more trusted by consumers. They also have better employee experience and recruitment.

What are best practices for corporations navigating the balance between taking a stance and managing backlash? Ruttan argues it is not that difficult, as missteps all stem from one core issue – the failure of companies to clearly articulate and

execute their organization's authentic purpose. The purpose of a company needs to serve as a compass that can help facilitate a consistent and coherent set of values as socio-political trends come and go.

Ruttan emphasizes that purpose is not simply a matter of profitability or legality; rather an organization's purpose must be a transparent lens that provides leaders a clear scope of whether, why and how to speak up about specific issues. The organization's purpose should be unique and specific; leaders should fight the urge to use buzz words and opt for a deeper reflection on the company's identity.

Corporations should emphasize the development of their values and purpose statements in collaboration with stakeholders, including employees and relevant players. The process to develop authenticity does not end at the development of purpose: corporations must ensure that their values are embodied by their employees and communications. Ultimately, through embodiment of a clear corporate identity leaders will be able to carefully and deliberately engage with socio-political issues.

There is widespread interest in corporate social activism. Beyond transparency and donation dollars, lasting change requires sustained and far-reaching commitments from organizations. Corporate stances on key social issues must include real changes to policy to be perceived as authentic by the public.

Taking an authentic stand

In recent years, there has been a rise in corporate socio-political activism, with business leaders increasingly taking a stance on important political and social issues like equality, climate change, gun control and immigration. Following Russia's invasion of Ukraine, Microsoft said it would remove Russian state-owned apps, and Facebook, Twitter and YouTube have all blocked Russian state media from running ads. In 2020, in the wake of the death of George Floyd, a significant majority of Fortune 1000 companies tweeted support for the Black Lives Matter (BLM) movement from corporate Twitter accounts. More recently, Walt Disney Co. publicly opposed Florida's HB 1557 law (known as the "Don't Say Gay" bill),[1] which would limit discussions of sexual orientation and gender identity in schools. Examples abound as corporations increasingly align themselves with important social values such as diversity and inclusion, sustainability and peace.

This shift in corporate behaviour is notable given that these types of social issues were once exclusively the domain of political organizations, non-profits and advocacy groups. It also begs the question: Should corporations speak out about these issues? Are there pros and cons to doing so?

On one hand, employees and consumers increasingly want companies to take a public stand on social issues.[2] Research suggests organizations can reap both reputational and financial rewards by aligning themselves with the day's key social issues. In general, companies that state socially responsible values are viewed as more trustworthy, are better able to hire top talent, and experience reduced wage requirements from employees.[34]

On the other hand, taking a stance on socio-political issues carries great risks. Given rising levels of political polarization,[5] taking a stance on one side of a divisive issue risks alienating and enraging those who hold the opposing position.[6] Disney is currently experiencing this risk first-hand. Republican lawmakers sought to retaliate against Disney's oppositional stance, ultimately abolishing the Reedy Creek Improvement District, which essentially lets Disney run its own private government.[78]

On top of these risks, even the benefits typically accrued from taking a stance can very quickly be undermined, particularly when these stances are perceived as inauthentic. Given rising levels of consumer cynicism toward corporations, navigating the delicate balance between positive issue engagement and judgments of inauthenticity presents a key challenge for today's organizations.

The inauthenticity liability

For the last seven years, my research team and I have examined how people evaluate the authenticity or inauthenticity of organizations. I am interested in the factors that lead individuals to perceive an organization's actions as inauthentic, particularly in the domain of espoused values, corporate stances and corporate social responsibility.

By authentic I mean perceptions of an organization (or its leadership) being genuine or real, as opposed to being bogus or fake. An increasing body of research has underscored the importance of authenticity judgments for brands and corporate image. A 2013 study by the Boston Consulting Group found authenticity to be one of the top qualities attracting consumers to a brand. A 2017 survey found that 62 per cent said they were more likely to purchase from a brand they perceived to be authentic.[9] This was particularly true of younger consumers, with 90 per cent of millennials saying brand authenticity was important to them when choosing which companies to support[10].

Authenticity is also a source of competitive advantage for niche firms, new enterprises and organizations undergoing diversification.[11] Academic research shows that greater perceived authenticity by consumers can draw more customers to restaurants, boost attendance at sporting events and museums, engender more positive reviews of products online, and secure price premiums for consumer goods.

Despite growing evidence of the importance of authenticity, people are also increasingly cynical of for-profit organizations. Public trust in organizations is at an all-time low, as is employees' trust in their leaders[12]. When it comes to stating values, terms like "greenwashing" and "pinkwashing" have emerged to describe the public support of sustainability and LGBTQ-related issues, despite an absence of discernible action (or even negative actions). In the book "Authenticity," Gilbert and Pine argue that North America has reached "toxic levels of inauthenticity," and people have a deep yearning for the true and real.

Our research has yielded insights about how people think about authenticity, and, in turn, the implications for firms in terms of sales, support on social media, hiring and retention. Together, this work has highlighted the fragile nature of authenticity judgments: they are hard-earned and easily lost. Taken together, we have found five features that are prevalent and problematic when it comes to organizational authenticity perceptions.

The business case for social values. The first is perceptions of instrumentality or viewing the organization's stated position as driven primarily by concerns about its reputation or bottom line. Take, for example, the popular business case for social values such as diversity and sustainability. The business case suggests that organizations should promote diversity or sustainability because it is good for the bottom line. This can be contrasted with the moral case, which suggests that these values should be promoted because it is the right thing to do. In a series of experiments, we found that not only do observers rate organizations that espouse the goal to profit less favourably, but they also subsequently demonstrate diminished concern for the values themselves.[13] In other words, the business case for taking a stand on social issues does not seem to be very persuasive for winning over the public.

Besides eroding concern for the values themselves, other research has found that the business case may shape employee experience and recruitment success. For example, recent research has found that the business case for diversity may also lead underrepresented minorities to identify less with organizations and, paradoxically, lose interest and motivation on the job.[14] Other work has found that that the moral case for diversity increases promotion and recruitment of people from underrepresented groups above a business case baseline.[15]

Interestingly, these findings are not particularly intuitive to managers. One study recruited a sample of participants with managerial experience and incentivized them to correctly predict the results of these previous studies on the relative success of the business and moral cases for diversity — specifically, how many women and minorities were hired and promoted under the different cases. These managers predicted that the business case was roughly 20-30 per cent more effective than it actually was. Thus, although the average consumer and employee finds the moral case for values to be more convincing, managers tend to greatly overestimate the effectiveness of the business case in motivating support.

Jumping on the bandwagon. A related category involves the perception that for-profit organizations have co-opted social movements once those movements have reached perceptions of acceptability by the majority. Be it Pride Day, International Women's Day, Black Lives Matter or Earth Day, corporations can be quick to jump on social movements or issues, sometimes creating the perception that those movements have shifted from engines of protest to engines of profitability.

There are many real-world cases that underscore this tension. One relevant example stems from the development of Nike Skateboarding (SD), when Nike attempted to promote skateboarding and align itself with a set of traditionally counter-culture values like freedom and individuality. Nike's entrance was met with a backlash from the skate community, which launched a counter "Don't Do It" campaign (see below).

Incidentally, Nike's eventual response will, later in this article, serve as a helpful case and framework for navigating the delicate balance between embracing social values versus co-opting them.

Value incongruence. A third set of factors that lead to perceptions of inauthenticity revolve around perceptions of values incongruence. Taking a stand involves communicating a stated organizational value. The success of communicating stated values hinges on perceptions of alignment with that organization's lived values. Take one recent example. On International Women's Day, many corporations tweeted messages of support for gender equality. To the dismay of CEOs and corporate PR teams alike, a "bot" was created that promised to immediately retweet companies' tweets along with their current gender pay gap. The bot delivered on this promise and mayhem ensued (see example below). An onslaught of criticism from consumers followed, and many organizations deleted their original tweets to avoid further backlash.[16]

Curious to see whether these anecdotal observations would lend themselves to scientific predictions, we conducted studies using archival data from Glassdoor. com. We examined whether misalignment between an organization's stated values and employee perceptions of its lived values led to perceptions of inauthenticity, driving more negative public evaluations.[17] In one study, we collected the formal values statements of the S&P 500 firms and scraped the employee reviews of those workplaces from Glassdoor.com. Statistically controlling for a host of possible extraneous variables, such as firm size, employee tenure, pay and benefits, and general positive and negative sentiments toward the companies, we found that congruence between the firm's stated values (as captured by the values statements) and lived values (as captured in employees' description of their work lives) significantly predicted public evaluations, with an effect that was twice as large as general negative sentiments toward the company.[18]
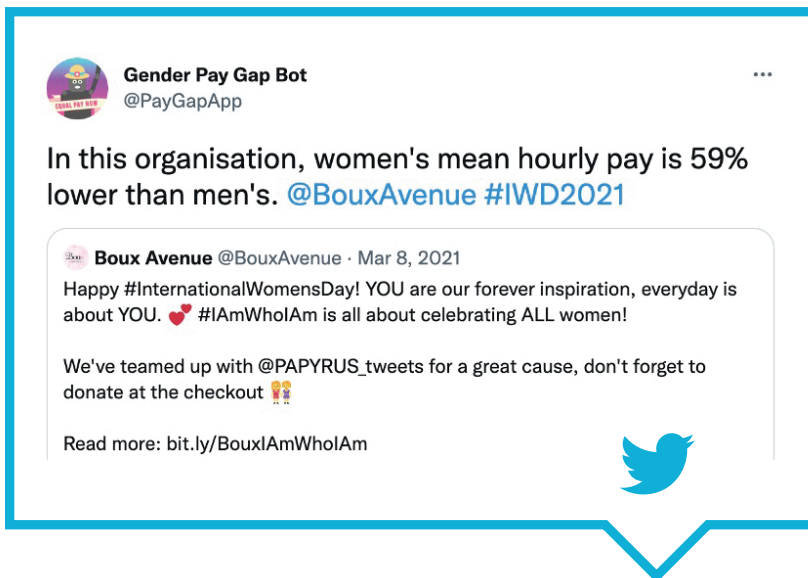
My colleagues and I have also examined whether it matters if values are articulated as currently held (e.g., "Innovation is at our core") versus aspirational (e.g., "We aspire to be a leader in innovation"). Specifically, we tested how external observers responded to tweets relevant to the Black Lives Matter movement coming from the Fortune 1000 firms. It turned out that aspirational values statements were distrusted to the same extent as current values claims (or no claims at all) when those values appear to be incongruent with currently embodied values[19]. We have replicated these results across four experiments, and observe that this effect is driven in part by beliefs that organizations (versus people) are less capable of change than individuals.

Values appeasement. One of the most difficult challenges leaders face today is managing a host of diverse and diverging stakeholder perspectives. This is particularly true for hot-button political issues, such as gun control, immigration and affirmative action, where employees and consumers may hold opposing opinions. In an era of rising political polarization, opposing stakeholders on these issues can mean backlash and even boycotts. This is especially true for organizations. Anecdotally, we've seen the backlash faced by Chick-fil-A for its historic support of charities with anti-LGTBQ stances,[20] and more recently, Disney being put in the hot seat over its handling of Florida's "Don't Say Gay" bill.[21]

Providing an elegant empirical demonstration of this, Vanessa Burbano conducted a two-phase field experiment using an online labour market platform to test the effect of an employer taking a stance about a socio-political issue on employee motivation.[22] At time 1 (the beginning of their employment), these online employees were given information that the company either supported gender-neutral bathrooms (a salient issue in the news at the time the research was conducted), opposed gender-neutral bathrooms, or was given no information about the issue (the control condition). At time 2, Burbano examined employee productivity. Specifically, she measured the quantity (the number of words the employees translated in a word translation task) and the quality (the rated quality of the translations) of the work. The results revealed primarily a demotivating effect: when employees disagreed with the issue stance, they performed worse. When employees agreed with the issue stance, there was no statistically significant motivating effect.

This data suggests that taking a socio-political stance entails mostly risks. Given these risks, many people believe there are advantages to claiming neutrality — i.e., publicly declining to take a side on a socio-political issue. For instance, in one study, we asked real employees to imagine a water-cooler conversation in which they were asked their stance on affirmative action in the workplace.

When asked to indicate their stance confidentially, we found 52 per cent supported the issue, 24 per cent were neutral, and 24 per cent were opposed (see figure below). However, when asked what they would say in the conversation, the number stating a neutral position jumped to 61 per cent! That is, the number of people who claimed neutrality was more than double the number who actually were neutral.

	SUPPORT	NEUTRAL	OPPOSE
ACTUAL OPINION	52	24	24
EXPRESSED	25	61	14
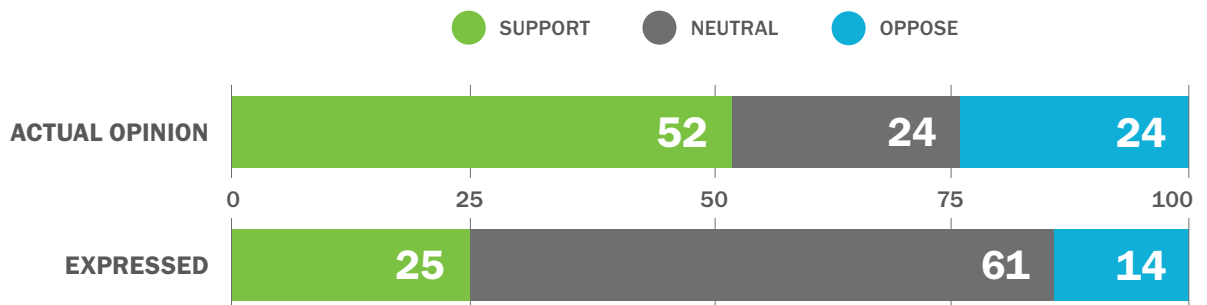
Despite the intuitive appeal of neutrality, we find people are skeptical of other people's and organizations' neutrality and tend to render similarly negative or even worse evaluations of organizations that claim neutrality versus those that oppose their positions on moral issues. This leads to the third inauthenticity trap of *values appeasement*. For example, in one study, we exposed participants to a CEO's tweet indicating they held a position in favour of, opposed to or neutral toward implementing affirmative action in the workplace. The neutral CEO was rated as less authentic than the CEO who held the opposite stance as participants, and similarly immoral. This effect is driven by the perception that neutrality is an inauthentic impression management tactic. Taken together, this research suggests that, while being in the minority position entails great risks, verbally "staying out of it" may also not be as effective as people think.

Illusion of understanding. When companies give surface-level treatment to socio-political issues, there is some evidence that suggests this creates an illusion of truly understanding the issue at hand, which leads to an absence of deep organizational learning. Evidence suggests that public-facing diversity and environmental statements or disclosures in the absence of corresponding internal changes can delay organizational learning and improvements. Why? For one, symbolically managing potential reputational threats reduces concerns over such threats, diminishing motivation to course correct. On top of this, masking problems can inhibit the opportunity for organizations to identify those problems and store this knowledge from experience.[23]

This failure to deeply embed organizational routines and practices can also result in a failure to anticipate the possible consequences of certain actions. Let's revisit the recent controversy surrounding Walt Disney's position on the "Don't Say Gay" legislation in Florida. After Disney did not take a public position on the bill, many employees and consumers protested on social media and beyond.[24] The company then quickly pivoted to take a public stance against the bill, communicating with Florida lawmakers. However, Republican lawmakers now seem to be retaliating in kind, threatening to abolish the Reedy Creek Improvement District, which essentially lets Disney run its own private government.[25] Thus, over the course of taking what seemed like a harried and reactionary stance, Disney has risked losing important governmental allies. Reactionary or surface-level issue engagement may have unintended effects.

Solutions: Uncovering authentic purpose

What can organizations do to navigate this delicate tension between the importance of taking a stance and the risk of backlash? While the work reviewed above may make navigating social issues sound like a minefield, I argue that all these issues stem from one core problem: the failure to articulate and commit to the organization's true, authentic purpose. Purpose is "why" a company exists, outside of profit maximization. Purpose should be aligned with business strategy, but it should also allow a company to think through what it should stand for over the next several decades. By having a clear and overarching "why," purpose can act as a compass, facilitating choices that seem more internally consistent and aligned with a coherent set of values. Purpose is a constant and is not responsive to fluctuating social trends and fads. Think of purpose as part of the DNA of a company. Classic examples of clear corporate purpose include Patagonia's commitment to sustainability, 3M's commitment to using science and technology to improve everyday life, and Mountain Equipment Co-op's commitment to transparency.

A focus on purpose goes beyond mere questions of profitability or legality. It involves a soul-searching focus on questions at a core level. Examples of such questions may include the following. What are the business's shared identity and goals? What were the founders' philosophies and mission and how have they shaped the company? How does a sense of purpose relate to all stakeholders, and how does the business understand itself relative to society? Rather than being a soft concept, data has emerged to suggest that purpose yields hard results. Purpose-oriented companies have higher productivity and growth rates, more satisfied employees with lower turnover rates, and 30 per cent higher levels of innovation.[26]

Purpose provides a lens through which leaders can determine whether, why and how to speak up about specific social issues. Divisive social issues are divisive because there are justifications and perspectives to both sides. This means they are often framed as "right versus right" decisions as opposed to "right versus wrong" decisions.[27] Right versus wrong decisions entail clear moral violations, as in the case of corporate malfeasance, and should clearly be avoided. Right versus right decisions involve difficult moral dilemmas, where different moral values are pitted against each other. Take, for example, the decision of social media organizations to ban or allow certain types of speech online. When Reddit considered banning threads containing hate speech in 2015, the decision involved a perceived tradeoff between the value of free speech versus equality and harm avoidance.

Many also view affirmative action as a tension between egalitarian values and the values of procedural fairness and meritocracy.[28] The act of whistleblowing is often typically perceived as a tension between the value of loyalty and justice. Purpose can offer clarity in terms of which values get prioritized in these decisions. For example, when Reddit ultimately decided to ban threads associated with hate speech, they said Reddit was ultimately a "place for community and belonging" and prioritized this purpose when shaping their decision.[29]

So, purpose can offer a linchpin in helping navigate life's most difficult questions, but how do businesses arrive at an authentic, deeply embedded purpose? Below, I offer a framework based on the 5Cs of authentic purpose.

Collecting perspectives. In thinking about corporate purpose, it is important to be aggressively selective. It can be tempting to rely on a grab bag of socially desirable values. Consulting with most corporate values statements will lead to claims of "integrity," "diversity and inclusion," excellence" and "teamwork." These are, of course, all good things, but they say little about the company's identity and even less about its embodied values. Uncovering purpose will require deeper reflection on which values are core to the company's (true) identity. Leaders should, of course, set the tone and lead by example. This is now a taken-for-granted point in the leadership literature. However, one helpful and underutilized means of uncovering and clarifying purpose is more bottom-up in nature and involves actively collaborating with employees and community members. Typically, when leaders attempt to understand the minds and perspectives of stakeholders, they engage in a process of perspective taking, trying to put themselves in others' shoes. Perspective-taking is great, in theory, but has its limitations. It relies on an ability to imagine the other person's perspective accurately; a wealth of research suggests that people tend to insufficiently adjust away from their own perspectives in doing so.[30]

A helpful tool is to get the perspectives of employees and other stakeholders rather than making top-down assumptions. Relevant data regarding the success of getting others' perspectives comes from the 2010 decision to repeal the "don't ask, don't tell" policy for the U.S. military.[30] Aside from the moral implications, it was critical for decision-makers to understand how current soldiers would feel about and respond to the repeal. Taking the perspective-taking approach, 1,167 retired military officers expressed their strong opposition to U.S. President Barack Obama by drawing on their prior experience to infer that the repeal would negatively affect current soldiers. Taking the perspective-getting approach, the Pentagon asked 115,052 soldiers and 44,266 of their spouses. Seventy per cent believed the repeal would have no effect or a positive effect

on the military. It turned out the later approach was effective. One year after the repeal was implemented, the military released a study of its consequences, finding no negative effects. Asking the soldiers enabled understanding.

In terms of clarifying purpose, instead of assuming what matters most to employees and other stakeholders, it is helpful to ask or assess through data collection. What values pop up most consistently when employees write reviews on Glassdoor.com, or socialize new employees? What do your employees think makes you different from competitors? In terms of anticipating how your stakeholders will respond to your stance on a social issue, try to get as many perspectives as possible. Of course, various stakeholder groups may disagree. If so, contemplate and carefully weigh their relative importance to your organization (e.g., a limited customer segment versus a large investor), and its purpose.

Collaboration. The importance of active collaboration is particularly useful when attempting to engage with issues relevant to social movements or specific subcultures. Let's return to the example of Nike Skateboarding. In response to the "Don't Do It" backlash campaign launched by the skate community, Nike made some significant changes. They only sold the SB shoes in specialty skate shops, they collaborated with small, independent skate companies and they recruited famous skateboarders to occupy key leadership positions at Nike SB. Thus, instead of co-opting the skate subculture, Nike collaborated with them. The results? Nike SB is now viewed as a top brand in the skateboarding community, and it is one of the fastest growing revenue categories at Nike (going from $390 million in 2014 to $596 million by 2017). Comparisons can be made to similar brands, such as Adidas, Reebok and Converse, which had limited success entering this community. When it comes to speaking up about social issues, sometimes it is best to first partner with other organizations to have a more meaningful influence on the issue.

Costly signalling. Alignment with authentic purpose will, at points, require tough choices and sacrifice. It's helpful to think through this problem through what's known as "costly signalling" in the social sciences. Costly signals are honest signals about a company's purpose and identity that require resources and would be difficult to fake. The "cost" of a signal is a reliable way of confirming the honesty of that signal to audiences. Take, for example, Patagonia, whose stated purpose is to "save our home planet." Patagonia engages in costly product repair rather than selling replacement products, sacrificing sales for the sake of sustainability, and, in return, has a top corporate reputation.[31] Similarly, returning to the case of Nike SB, Nike actively sponsored tournaments and community events, and began spending money to produce skate videos that would yield little to no return on those investments.

Costs may be reputational as well. For example, many people threatened boycotts before Nike launched their controversial Kaepernick ad campaign. Yet, sales rose and the company reported a 10 per cent jump in income.[32] It seems consumers appreciated Nike taking a stance aligned with its purpose: "To bring inspiration and innovation to every athlete (*) in the world (* if you have a body, you are an athlete.)" These cases highlight that with a clear corporate purpose it is possible to take a stance without harming the bottom line.

Consistency. In the research cited above, a key emerging theme of poorly received issue stances involved the perception that the stance was at odds with the internal workings of a company. Stating incongruent or misaligned values yields perceptions of inauthenticity and hypocrisy. Unfortunately, it is incredibly difficult to ensure that stated values are embodied in an organization's routines, actions and practices. For instance, as startups grow, it can be hard to maintain the community orientation baked into early cultures as external pressures rise.[33] One important part of maintaining values involves the employees you hire. Deeply embed your values and purpose in the recruitment process: list them in recruitment materials, ask questions directly about them in interviews and look for behavioural evidence that candidates embody these values in their own lives. Careful values-based employee selection was on display when Nike elected to hire high-profile skateboarders into leadership positions at Nike SB. Be careful to define fit concretely and in terms of the specific values as opposed to some amorphous sense of "fit," which has been linked to discriminatory hiring practices based on racial, gender or social class-based homophily.[34]

Socializing new and current employees with the desired values is also critically important. Values are communicated to employees through leader and manager behaviour, the reward and incentive systems, but also in the ways in which we communicate about culture — the stories shared within an organization, its rituals, artefacts or material symbols, and the language used. In a now classic example, leaders at Nordstrom, an organization deeply oriented around customer service, routinely share a story out of Anchorage, Alaska, about a customer who went to return a set of tires. Nordstrom, of course, does not sell tires, and the customer had purchased the tires at the store that formerly occupied the space Nordstrom was now in. Despite this, the store manager elected to allow the customer to return the tires. Narratives and stories like this communicate what is truly valued at an organization.

Concreteness. What we have uncovered in recent research is that negative reactions to issue stances and value statements are partially driven by their vagueness. Issue stances often read like polite, "woke-washed" language that has been through several legal and PR filters, with the resulting product sounding like every other corporate statement about the issue. This perception of generic, boiler-plate language drives audience cynicism and criticism. In our research examining responses to aspirational values statements, we later conducted an intervention study in which we examined potential conditions under which organizations may be freed to state their values-based aspirations without penalty. We found that the level of abstraction of language matters. Any communication can be stated abstractly (e.g., "we value consumer satisfaction") or concretely (e.g., "we hire interpersonally skilled employees"). While most organizations offer politely stated abstractions in their communications, we found that values stated more concretely instilled less distrust because they offered a clearer pathway for how values might become embodied by the organizations.

Taken together, I recommend asking the following questions when considering whether to take a stance on a socio-political issue:

Questions to ask before taking a stance

1 COLLECTING PERSPECTIVES	2 COLLABORATE	3 COSTLY SIGNALLING	4 CONSISTENCY	5 CONCRETENESS
Have you truly understood the relevant stakeholder perspectives? Will your stakeholders agree with speaking out?	Have you involved the people and communities closest to the issue?	Are you willing to put resources behind the issue to meaningfully influence outcomes?	Is your issue stance aligned with your company's purpose and values?	Have you articulated how your issue stance will translate into concrete behaviors and actions

Taking an authentic stance. Given rising demands from consumers and employees for corporations to take a stance on socio-political issues, along with the rising risks of doing so, leaders are right to think carefully and deliberately about how to engage. Staying out of the fray can backfire, but so can rushing to respond in a reactionary way. As a first step, I recommend processing these decisions through the lens or filter of your organization's purpose or true identity. Given "who we are," what stance makes sense for us? Is this stance consistent or aligned with our lived values? It is then important to ruthlessly critique the authenticity of how that stance is communicated, reflecting on whether you've obtained perspectives versus assumed them, involved those closest to the issue, are willing to put resources toward the issue, and have clearly articulated what exactly this means for your organization outside of articulating vague and socially desirable values. If you aren't tough on these statements, the public will be.

About the author

Rachel Ruttan holds a PhD in management and organizations from the Kellogg School of Management at Northwestern University. Her research interests include compassion and prosocial behaviour, values and moral judgment. Specifically, she studies lapses in interpersonal compassion, as well as the potential pitfalls of organizations' attempts to appeal to morals and values, showing when and how "doing well by doing good" can backfire. Her research has been published in Organizational Behavior and Human Decision Processes; Organization Science; the Journal of Personality and Social Psychology; Journal of Experimental Psychology: General; Journal of Experimental Social Psychology; and Personality and Social Psychology Bulletin. Her work has been profiled in The New York Times, NPR and The Harvard Business Review.

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Endnotes

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