



Corporate Political Responsibility

Behind closed doors, many large companies quietly use their political clout to influence public policy on social and environmental issues – often in a negative direction. This book seeks to create a new norm for responsible political behavior by corporations. It brings together leading scholars of corporate political responsibility with leading organizations that have been working to support companies in adopting more responsible political practices. The contributors present new evidence on what motivates firms to become more responsible and how markets view corporate “dark money” spending. They also explain how activists have pressed companies to play a more responsible role in politics. With a particular focus on climate change and the important role of corporate lobbying in supporting or blocking climate policy, this volume leads the way forward for researchers, activists, and citizens who seek a future in which corporate political influence is transparent, accountable, and responsible.

THOMAS P. LYON holds the Dow Chair of Sustainable Science, Technology and Commerce at the University of Michigan, Ann Arbor, with appointments in the Ross School of Business and the School for Environment and Sustainability. He is a leader in the field of corporate sustainability, and coined the phrase “corporate political responsibility” (CPR) in an award-winning article. Under his leadership, the University of Michigan’s Erb Institute is bringing CPR into the world of business practice.

“Corporations not only need to follow the ‘rules of the game’, they need to act responsibly and transparently in their efforts to shape the rules of the game through corporate political actions. This book points the way toward enlisting business leaders themselves in the cause of corporate political responsibility.”

Ed Dolan, Senior Fellow, Niskanen Center

“This collection tackles one of the central problems of our time: namely whether, given that a significant number of corporations are already vigorously engaged political actors, firms should be required to be responsible citizens and – if so – can they be made so? Carefully researched, thoughtfully presented and eminently practical, this is a masterful introduction to a critically important subject.”

Rebecca Henderson, Natty and John McArthur
University Professor, Harvard University.

“This book is the first of its kind on one of the most critical topics of our day: the billions of dollars in so-called ‘dark money’ that US companies pour into political coffers and how to create much needed transparency and accountability around these massive corporate expenditures. Lyon has gathered contributions from a broad array of experts in the field (himself included) and offers thoughtful solutions in the face of the ongoing failure of politicians and regulators to step up to this challenge. I highly recommend this book to both corporate executives and those who invest in their firms.”

Allison Herren Lee, Former Acting Chair, Securities
and Exchange Commission

“The great challenges of the modern era – from affordable health care, to climate change and functional democracy – are inextricably tied to profit. That makes the question at the heart of this book – the proper role of business in society – the essential stuff of our time. I can think of no better guide than Tom Lyon, one of our leading thinkers on the topic.”

Auden Schendler, Senior Vice President of Sustainability at Aspen Skiing
Company and author of *Getting Green Done: Hard Truths
from the Front Lines of the Sustainability Revolution.*

“As a former U.S. Congresswoman, who served on perhaps the first Campaign Finance Reform Task Force, I assure you our democracy would be enhanced if corporate campaign contributions ended and companies assumed ‘political responsibility’. I have long felt that the G of ESG (Environment, Social & Governance) needed to incorporate measures of political responsibility in how corporations govern themselves. Tom Lyon and his co-authors clarify the criticality of doing so, especially at this moment in time.”

Claudine Schneider, Former Congresswoman (R-R.I.)

“In a world that is overheating dangerously fast, it’s no longer enough for companies to simply reduce their own social and environmental impacts. The systemic changes we need require companies to step up and use their political clout not for narrow self-interest, but to advocate for the policies that drive innovative solutions to our biggest challenges. This is the first book on this critical topic, and it brings together leading scholarly voices with accounts from the front lines by leading practitioners. This is essential reading for understanding the challenges companies will face in the decade ahead.”

Andrew Winston, Sustainability strategist and best-selling
author of *Net Positive* and *Green to Gold*

Corporate Political Responsibility

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Preface

This book is the culmination of an unexpected turn of intellectual events. Around 2014, I found myself having a series of conversations with other corporate sustainability leaders that all ended up with the same conclusion: businesses had largely exhausted the opportunities for “win/win” solutions that reduce environmental damages at the same time that they increase profits. The only way to unlock further improvement was through systemic change – changing the rules of the game rather than seeking incremental change within the existing rules.

But what role could companies play in that process? Could they actually lead systemic change for sustainability? The only example I could think of was “DuPont and Freon Products,” the 1980s tale of a company that had an R&D lead in alternatives to ozone-depleting chlorofluorocarbons (CFCs) and persuaded regulators to accelerate the transition away from CFCs. But were there others? With the generous support of the Borchard Foundation, I worked with long-time colleagues Magali Delmas and John Maxwell to organize a retreat at the Château de la Bretesche to explore the role of the corporation in sustainability transitions. We convened ten additional scholars from the Alliance for Research on Corporate Sustainability (ARCS) and spent several intense days sifting through the evidence for a corporate leadership role in systemic change. At the end of the event, we left a bit disappointed – we had found little evidence that corporations lead systemic change. But we had found copious evidence that firms often block systemic change through their political clout. This was a far cry from where we had hoped to end up.

Flying home from the Château, I banged out a 2-page “Bretesche Manifesto” (as David Vogel later christened it) about the importance of Corporate Political Responsibility as a complement to Corporate Social Responsibility. Magali and John suggested we flesh out the argument and submit it to a journal, which we did with the help of

all 13 members of the group. The resulting paper “CSR Needs CPR: Corporate Sustainability and Politics,” went on to be selected as the best paper of 2018 in *California Management Review*. It argued that stakeholders concerned with sustainability should pay at least as much attention to what companies do politically as to what they do in their own supply chains. We aimed to raise the bar for what is considered responsible corporate political action by recognizing that it is in the long-term self-interest of the business sector to support healthy market rules of the game, a sustainable planet, and a functioning democracy. And we did so under the banner of a phrase – CPR – that seemed to resonate for most people.

A slogan does not make a movement, however. More work was required to flesh out what precisely were the political responsibilities of business, so I reached out to some of the best scholars working in this space to enlist their help exploring various dimensions of transparency, accountability, and responsibility – the three cornerstones of CPR. The result is this volume. I hope it serves to advance and deepen the discussion of CPR, an idea that seems more and more necessary every day.

As the chapters in this volume were taking shape, I received an email out of the blue from Elizabeth Doty, a Harvard Business School graduate and private consultant who had read “CSR Needs CPR” and believed it was possible to create a taskforce that would bring CPR into the public dialogue. Two conversations later, I brought Elizabeth into the Erb Institute at the University of Michigan (of which I am the Faculty Director) as the inaugural Director of our CPR Taskforce (CPRT). Our goal was twofold: to help companies deal with the rising tide of political challenges they faced in a polarized world and to create a new norm of responsible behavior that would percolate throughout the private sector. Elizabeth’s chapter of this volume describes our initial steps along this journey to create a social movement for CPR within the business sector itself. More information on the CPRT’s accomplishments since that time can be found at <https://erb.umich.edu/partner-with-erb/corporate-political-responsibility-taskforce/>

An edited volume like this would not have been possible without the support of many individuals. First and foremost, I thank the authors who contributed their thoughtful insights to the various chapters of the book. They have been a delight to work with. Particular thanks are due to Magali Delmas and David Vogel, who helped to carry

the Bretesche vision into this new volume. I also want to acknowledge the support of Wharton’s Eric Orts and Bill Laufer, who helped connect me with the Zicklin Center at Wharton and the Center for Political Accountability in DC. Bruce Freed at the Center for Political Accountability has been an ongoing inspiration for his high-impact leadership in making transparency around campaign spending a new norm in America. Steve Rothstein and Yamika Ketu at Ceres were generous in sharing their experience helping companies to align their climate advocacy with their other climate commitments. Erb Managing Director Terry Nelidov threw his support behind the idea of the CPRT and has been instrumental in making Erb a powerful incubator of this new idea. And Erb Institute students Adam Kerlin, Isha Goel, and Meg Cleary provided invaluable research and administrative support. Finally, I thank Cambridge University Press editor Valerie Appleby for her interest in and support of this project. Thanks to you all for helping to birth the new norm of CPR.