



Johannes Bohnen | January 15, 2016

Corporate Political Responsibility: Why Companies Should Get more Political

Citizens expect companies to prove that they are good corporate citizens. While Corporate Social Responsibility is a nice-to-have, Corporate Political Responsibility means that companies meet societal expectations. It's not just about looking good, but rather engaging with one's own community – on one hand, to positively and transparently influence the framework conditions for the company, and on the other to strengthen the structural constitution of the community.

In 2009, McDonald's announced plans to present their yellow "M" against a green background in the future. The company spoke of a "commitment and respect for the environment." But who would have bought that from the inventors of the mass hamburger? The reactions ranged from scornful to outright angry. This is a classic example in the history of greenwashing, a term that stands for pretending sustainable action. It is quite common to just apply a fresh coat of paint instead of engaging in a future-proof strategy. Such efforts are summed up under terms such as sustainability and corporate social responsibility, CSR for short.

CSR very rarely takes place at the center of a company and is not consistently used as part of a business strategy. CSR employees often try in vain to convince strategy departments of their relevance and they rarely shape the company. Moreover, CSR is a diffuse matter. Activities under this label mix with charity initiatives, advertising and image campaigns. After all, everything is social, because everything affects society. And everyone likes to claim they are representing society's interests.

The use of soft, begging-for-compromise terms like "social" is treacherous. It shows what companies often shy away from: They don't want to appear political in any way whatsoever. They prefer to live with the vague and worn-out concept of CSR. This view is based on a widespread misapprehension. After all, companies *are* political actors. As employers and innovators, they affect the structures of the communities where they operate. They exert political influence through the growing number of business associations or their representative offices and direct contacts.

However, many business owners and managers find it difficult to define themselves as political actors. Getting involved in party politics is seen as an unsightly business taking place in the capital. But this is a missed opportunity, because saying what you want means preventing distrust. Openly declaring that you're acting politically is the stronger position. "Social responsibility" falls short as a description of the extensive relationship between company and community. A new, bold concept could help: Corporate Political Responsibility, or CPR.

By using the term "political", entrepreneurial resources could be used more effectively. Actually, it shouldn't be strange to any director or manager to think politically. Wise management is committed to the quality of its place of location. After all, companies

benefit from a functioning community, the rule of law, security and well-educated people as well as functioning transport and data networks. In a state of crisis, insecurity or lawlessness however, no business can operate successfully in the long run.

When it comes to governance in a globalized world, challenges are increasingly international by nature, going beyond the reach of national governments. Governments used to have ultimate responsibility for the governance on their territory. But today, it's more and more unrealistic that governments alone can handle the enforcement of binding rules and the distribution of public goods across continents. Even major international organizations seem to be reaching the limits of their power.

The key realization is that governance services can also be provided by private actors. The strict separation of politics, the economy and society has never been a reality anyway. So why should businesses engage themselves more politically? Many companies have enormous financial, communicative and knowledge-based resources which they can use responsibly both for their own interests as well as for the common good. This not only holds true on the local level, but also on the international stage, where responsible corporate involvement could contribute to greater stability globally.

It becomes increasingly important that a brand features a political dimension, because citizens expect companies to prove that they are good corporate citizens. Such positioning should be part of the core business. CSR is a nice-to-have, but Corporate Political Responsibility means that companies need to meet societal expectations. The concept provides companies the necessary guidance and enables them to be successful in this endeavor.

Enterprises will need to develop guiding principles by which they can not only adjust their business goals, but also their governance services. A short list of measures to create such guiding principles:

1. *Responsible lobbying*: If ethical standards, governance and compliance rules are a credible foundation for corporate action, then there is no difficulty viewing classical lobby activities as part of a company's CPR. The responsible cooperation with authorities and civil society actors in developing new legal norms means an increased legitimacy and compliance with regard to regulatory measures. The result is an adequate supply of public goods and thus a higher quality of location.
2. *Positioning via themes and dialogues*: A company should make its competencies available: Every major company should maintain analytical capacities in order to assess what political conditions are likely to have an impact on their business. A think tank in the sense of a planning committee of the Board could provide fresh ideas internally and position the company as an innovative player externally.
3. *Promoting political participation*: Companies should lead or sponsor concrete projects that promote political participation. They could, for example, support local dialogue platforms where social groups can discuss issues with politicians and share their suggestions for improvement.
4. *Providing public goods*: Next to the state, companies can and should also provide public goods. A prime example are company kindergartens. They improve the compatibility of family and work, and they contribute to early childhood education. This not only promotes loyalty and productivity among employees, but also strengthens the community.

All these measures have in common the fact that they affect the public space. And this is

natural, because political activity belongs at the center of society. This also automatically contributes to brand building. It's not just about looking good, but rather engaging with one's own community – on one hand, to positively influence the framework conditions for the company, and on the other to strengthen the structural constitution of the community.

CSR is getting sidelined, because CPR is thought centrally, from the middle and in the middle. Because that's where businesses must be again. They must be political. In one sentence: Play your part!

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