

THE TRUE PURPOSE OF A BUSINESS OR CORPORATION

Every company is at its best when it focuses on providing quality goods and services. That's how corporations improve our lives and deliver the best results for their shareholders and customers.

Overview

The last decade has seen an alarming trend of immense pressure put on companies to take political stances based on the false notion that there is a moral obligation to do so.

That has proven to be an unwise, if not detrimental practice. Not only do such actions alienate large numbers of a company's shareholders and customer base, but they also distract from the mission of providing excellent goods and services. Ending Corporate America's embrace of politicized business is doubtlessly important, but it is simply not enough. Businesses must recognize their moral duty to respect the freedoms, values, and institutions essential to American democracy and society.

“Business is not government. When we blend the two or use the wrong tool to accomplish the other's goals, we end up corrupting both and the wider society.”

STATEMENT OF PRINCIPLES ON THE PURPOSE OF A CORPORATION

Good for Business is a coalition of business and thought leaders who desire to see corporations empowered to pursue excellence in business, shareholder value, and the common good free from activist demands. G4B has outlined four core principles that will advance a strong and healthy corporate environment across the country, where innovation, talent, and the free market can thrive.

PRINCIPLE 1: Value Through Excellence

We affirm that the proper purpose of business is to advance human flourishing by creating economic value through excellence in the provision of goods and services.

PRINCIPLE 2: Principal Accountability to Shareholders

We affirm that the boards of directors and managers of traditional, for-profit business corporations, whether publicly traded or privately held, are principally accountable to their shareholders (i.e., owners) whose goals they pursue and whose resources they steward.

PRINCIPLE 3: Depoliticization of Business

We reject the politicization of business and the efforts by various campaigns and constituencies to compel corporations to the forefront of political controversies. This politicization, which places the advocacy of certain ideological programs above the generation of economic value and profit through excellence in the provision of goods and services, frequently reflects a failure of accountability to shareholders. Such politicization only drives division, imperils civil liberties, and detracts from the ability of businesses to fulfill their proper purpose. Neither business nor society is well served by such politicization.

PRINCIPLE 4: Positive Role of Business

We embrace a positive role for business to advance justice, civil liberties, and public welfare by conducting its business well—i.e., by fulfilling its proper purpose—and not by politicizing its business.

RESOURCES

TAKING STOCK

- **CONTEXT:** Leaders need to ask, “What is the right thing to do *for my company?*” and must consider long-term impacts vs appealing loud voices in the short term.
- **BALANCE:** In today’s political climate—with the country divided in half on important issues—the best a company can hope to accomplish by taking a political stand is to *alienate half the country*, including customers, employees, shareholders, and more.
- **COST:** Century-long brands can be tarnished in an instant. Consider Bud Light, Target, and Disney, which have all [suffered](#) economically from ill-fated steps.
- **MOTIVATION:** Research [indicates](#) that employees aren’t motivated to work harder or stay longer at a company that takes unnecessary political stances. Employees who disagree with a company’s public stance are demotivated and feel isolated.
- **AUDIENCE:** Too often, companies take divisive political stances based on what activists demand rather than what their customers, workforce, and shareholders want. Before issuing statements, business leaders should ask themselves: How central is this issue to our core business? How important is it to our customers, workforce, and shareholders?

TALKING POINTS TAKING STOCK

“We are focused on excellence for our customers, employees, and shareholders. This excellence comes with all types of viewpoints and ideas, which we value. By staying focused on what our mission is here at our company, we can truly unify around making the world a better place through our products and services.”

- “We all want to change the world—and that’s exactly what we’re doing by providing excellent products and services that improve people’s lives.”
- “We answer to our shareholders, customers, and employees, not outside political influencers. Shareholders invest in businesses expecting growth and profitability, not political advocacy. Let’s keep the focus on excellence in everything we do and leave the politics at the ballot box.”
- “We can contribute to societal well-being through actions like philanthropy, community support, and contributing to a culture of free speech for all without becoming entangled in polarizing debates that compromise our ability to perform.”
- “Business is not government. When we blend the two or use the wrong tool to accomplish the other’s goals, we end up corrupting both and the wider society.”

APPENDIX

KEY DATA

1. A 2024 Gallup-Bentley University poll [found](#) that just **38% of employees** think businesses should take a stand on current events:
 - That's down **10% from a 2022 poll**, indicating that employees' appetite for their companies to speak up politically is on a definitive downswing.
 - The sharpest decline has taken place among Democrats, with a **decrease of 22%** since 2022.
 - Among the least-desired topics on which employees want their companies to take a public stand include **candidates for office** [17%], **abortion** [20%], **international conflicts** [24%], **immigration policy** [31%], and **gun laws** [32%].
 - The poll also shows **more than six in 10** Democrats (68%) and Republicans (61%) say they would be less likely to purchase from a company that endorsed a candidate from the opposing party.
2. A Weber Shandwick Collective survey found that **71% of employees** felt employers should keep the workplace politically neutral. Chief examples of backfiring corporate activism are Bud Light (InBev), Disney, and Target. All three have taken affirmative stances on the transgender issue in recent years and have yet to recover from the backlash. One 2024 analysis [found](#):
 - All three companies "suffered significant erosion of brand value," with Target losing roughly \$1.2 billion and Disney losing roughly \$2.8 billion in brand value.
 - "[C]ompanies suffer when they take divisive stands on contentious political and social issues because they alienate large portions of their stakeholders."
3. Vanessa Burbano of Columbia University suggests in her [2021 research](#) that corporations may in fact have little to gain and **much to lose** by taking a stance on a hot-button issue:
 - Among [the study's] conclusions, Burbano says: "Employees who disagree with a political stance taken by their companies are demotivated—they do less extra work and do lower quality work." On the flip side, "**Those who agree with a political stance taken by their companies are not motivated—they behave no statistically differently than a control group.**" There's similarly a downside in regard to wooing consumers, as they are likely to boycott over a political position they don't like but are not likely to 'boycott' over stances they agree with."
4. The [Freedom at Work survey](#), conducted by Ipsos and released through Viewpoint Diversity Score, found that 57% of customers say they are likely to stop purchasing products or cancel subscriptions from brands that do not respect their values.

5. [The Freedom at Work survey](#) found that companies' public stances on hot-button issues are often at odds with their workforce and customers.

- **55% support or strongly support**—compared with only 14% who oppose or strongly oppose—bills (like Florida's 2022 Parental Rights in Education bill) described as those that “aim to protect the freedom of parents to decide what their kindergarten through 3rd-grade children are taught in the classroom about sex and gender identity by limiting what teachers can discuss and requiring notification and consent of parents before sensitive topics can be addressed.”
- Despite high public support for such laws, **284 large corporations**, including The Walt Disney Corporation, Starbucks, Target, Apple, and financial institutions including Deutsche Bank and PNC Financial Services Group, signed the Human Rights Campaign's statement opposing such state-level legislation.

OTHER RESOURCES

- [Statement on the Purpose of a Corporation](#) (Good for Business Coalition)
 - The Good for Business coalition has outlined four core principles that will advance a strong and healthy corporate environment across the country, where innovation, talent, and the free market can thrive.
- [Model Policy: Off-Duty Civil Rights Policy](#) (Viewpoint Diversity Score)
 - This resource ensures that a company respects the freedom of all employees to exercise their civil rights of freedom of speech, free exercise of religion, freedom of association, peaceable assembly, and protest, outside of work.
- [Model Policy: Viewpoint Diversity Policy](#) (Viewpoint Diversity Score)
 - This resource can be used to foster a workplace culture where freedom of thought is welcomed, and all people are valued and respected, regardless of their religious or ideological views.

RECOMMENDED RESOURCES & EXPERTS

- [“The Telos of Business,”](#) Richard M. Reinsch II, Law & Liberty (June 10, 2024)
- [“The Moral Duties of Business,”](#) Jeremy Tedesco and Daniel Cochrane, Law & Liberty (Feb. 8, 2023)
- [“The Endgame of ESG: Why it Matters to Policymakers and Enforcers,”](#) Nebraska Department of Justice (Dec. 9, 2022)
- [“The Need for an Authentic Morality of Business,”](#) Andrew Abela, Faith and Business (May 30, 2023)
- [“Corporate America Continues to March Left. Here's What Can Set Them Free.”](#) Jeremy Tedesco, Townhall.com (June 28, 2023)

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