



An Essay by
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The role of future CEOs in the political arena and their influence on democracy

The question of the political role of CEOs has received considerable attention in the recent literature on corporate governance and corporate social responsibility (CSR). This essay examines the debate on whether the CEO of the future should engage in politics. The essay weighs the potential benefits and drawbacks of CEO political engagement and provides policy makers with concrete advice on how to shape the role of CEOs in politics to reinforce democratic values while preserving corporate legitimacy.

The role of CEOs has changed considerably over time. Traditionally focussed on leading a company, CEOs are increasingly confronted with the question of whether they should also engage politically and thus assume a responsibility towards their society. Given the evolving political arena, the path to political responsibility should be carefully planned to promote positive change without jeopardising the company's fundamental values and legitimacy. This debate is illuminated by a variety of studies and perspectives in the corporate governance and corporate social responsibility (CSR) literature and supported by practical implications for practice.

The globalised world, as described by Andreas G. Scherer and Guido Palazzo (2011), calls on companies to rethink their political responsibility. Globalisation has not only facilitated the exchange of goods and services but has also increased the interdependence of companies and political decisions. A look at the writings of political economist Dani Rodrik shows that globalisation has led to a weakening of national regulatory capabilities, which has put corporations in a more influential position in the political arena (Rodrik, 1997). In an environment characterised by populism and political instability (Hartwell & Devinney, 2022), companies are thus increasingly being asked to consider their responsibilities not only to shareholders, but also to the whole society. The question of corporate political responsibility is also gaining importance as citizens in countries such as Germany, France, the UK, Poland and the US experience a crisis in their relationship with democracy (Robert Bosch Stiftung, 2021).

Corporate political responsibility (CPR) is proposed as a way in which companies can make a positive contribution to political integrity (Zinnbauer, 2022). This concept implies that companies should not only pursue economic interests, but also take responsibility for political processes. It is about promoting democratic legitimacy while ensuring that companies contribute to political integrity.

The importance of corporate political responsibility is also emphasised in an article by Rolf Brühl and Benedikt Kapteina (2022), which argues in favour of corporate engagement in the fight for democracy. At a time when strategy needs to be developed in a hyper-political world (Martin et al., 2022), the question of whether CEOs should engage politically is becoming a key consideration for companies.



Elizabeth Doty et al. (2022) emphasise the importance of corporate political responsibility and argue that companies need to carefully consider the impact of their political activities. This includes recognising human dignity (Neuhäuser & Siebke, 2020) and ensuring the legitimacy of companies in society. Thomas P. Lyon et al. (2019) argue that corporate sustainability and politics (CSR meets CPR) are interlinked and should not be seen as separate concepts. Companies must not only operate sustainably, but also assume political responsibility in order to ensure their long-term viability.

In order to develop a clear perspective on this debate, potential challenges and risks must also be considered. Jie Jin et al. (2022) point out that CEO activism must be authentic, moral and timed to be perceived positively. There is a risk of greenwashing or political instrumentalisation if companies do not take their political responsibility seriously.

The involvement of CEOs therefore also harbours challenges for democracy. The danger of influence exerted by powerful economic actors is a concern that has been taken up by various political theorists, including Noam Chomsky. Chomsky warns of a creeping erosion of democratic principles by powerful economic actors who try to influence political decisions through lobbying and political donations (Chomsky, 1999). In this context, the role of CEOs is crucial to ensure that political engagement is transparent and in line with democratic values.

Decision-makers are thus faced with the challenge of finding a balanced and responsible position. The recommendations for CEOs of the future are based on a comprehensive analysis of the literature:

1. Authenticity and morality: CEO activism should be authentic and moral in order to be perceived as credible (Jin et al., 2022).
2. Timing: CEO political involvement should be well-timed to be effective and avoid political instrumentalisation (Jin et al., 2022).
3. Holistic approach: Companies should assume not only economic but also political responsibility to ensure long-term legitimacy (Lyon et al., 2019)
4. Innovative approaches: Companies could promote positive change in society through political innovation (Mair et al., 2023).
5. Strengthen democratic values: CEO activism should aim to strengthen democratic values and contribute to political integrity (Zinnbauer, 2022).

With reference to point 5 of this elaboration, CEOs should endeavour to integrate their political engagement into the principles of democracy. This could be done through the following approaches:



1. Promote transparency and ethics: Companies should establish clear guidelines for political engagement based on transparency, integrity and ethics in order to comply with democratic principles.
2. Cooperation with civil society organisations: By working with NGOs and civil society groups, CEOs can ensure that their political activities are not only company- related but also in the interests of the wider population.
3. Support civic participation: A politically engaged CEO should initiate programmes to promote civic education and participation to increase democratic awareness within the workforce and the community.

Overall, an examination of the influence of politically engaged CEOs on democracy shows that the conscious and responsible integration of economic players in political processes can play a key role in a functioning democratic order. In his work "On Democracy", political scientist Robert Dahl also emphasises the importance of economic participation for a functioning democracy. He argues that broad participation by various social groups, including companies, is necessary to maintain an effective democratic order (Dahl, 1998). A politically engaged CEO who represents the interests of his or her company in line with the common good can therefore act as a catalyst for greater integration of economic interests in democratic decision-making processes and thus make a positive contribution to strengthening democratic processes. CEOs should use their political power wisely not only to promote the interests of their companies, but also to strengthen the democratic foundations on which our society is built.

And this does not have to happen on a grand scale at first, but can already make a contribution and send a message to the outside world by making changes to their own corporate culture and policies. The first steps could therefore be the following:

1. Sustainability efforts: Integrating sustainable business practices and environmental protection measures can not only provide environmental benefits, but also have a positive impact on social acceptance and political support.
2. Taking a stand on social issues: CEOs can take a stand on relevant societal issues that are in line with corporate values. This can draw public attention to important issues and promote dialogue on societal challenges.
3. Promoting ethical standards: CEOs can set high ethical standards for their company and ensure that these standards are enforced throughout the organisation. An ethical corporate culture helps to strengthen the trust of employees, customers and society.



In further work on this topic, specific concepts or training programmes for managers and CEOs on their involvement in politics could be developed on the basis of these initial approaches and tested in practice. These were only presented theoretically in this paper, which means that there is no certainty as to their suitability, and their effectiveness would therefore have to be tested in corresponding studies.

It should be noted that the postulated statements in this paper have limitations and cannot be applied to all CEOs at will. For example, the commitment of future CEOs can make an important contribution to politics, but there are also some risks to be considered and CEOs should enter the political landscape with caution and mindfulness, taking democratic principles into account.

To summarise, I agree with the statement that the CEOs of the future should enter the political landscape, but should be aware of the responsibility they bear and the recommendations made in this paper.