



An Essay by

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This essay explores the evolving role of CEOs in a world shaped by global challenges, asserting that today's CEOs are already entrenched in the political sphere. Focusing on civil engagement and sustainable business, European CEOs actively promote liberal democratic values. The essay contends that the politicization of the economy is inevitable, with CEOs needing to navigate global challenges and political realities. Implementing political engagement offers economic advantages, impacting employee recruitment, customer acquisition, and brand reputation. However, promoting democratic values in non-democratic countries poses challenges, requiring CEOs to balance company values and strategic partnerships. The essay emphasizes the CEO's role in shaping corporate reputation, highlighting the importance of CEO activism and responsible lobbying for transparency. In conclusion, the CEO of the future is urged to fortify corporate reputation with liberal values, integrate CPR initiatives into CSR strategies, and establish a dedicated CPR department.

In a constantly changing world shaped by global challenges, the role of CEOs is becoming increasingly complex. There is a growing call in public discourse for CEOs of (multinational) companies to enter the political sphere. This essay argues that the today's CEOs have already entered the political sphere. In the realm of civil engagement and sustainable business with a focus on social balance, European CEOs are often already politically involved. New is a direct focus on promoting liberal democratic values.

When CEOs hear about politics, they often recoil and argue that they want to keep the political issues out of their companies. Most of them think that they should not advocate for a specific party or political direction in their company or discuss controversial topics such as gender or abortion during working hours; however, this only demonstrates a limited understanding of politics. When asked about civil engagement or values like inclusion and diversity, CEOs from western countries quickly list a range of measures that their respective companies are already implementing. Among those are ESG criteria, Sustainable Development Goals (goal 16: strong institutions) or supply chain laws that force companies and CEOs to consider their business holistically – and thus politically (Bohnen 2020: 5).

The inevitability of the politicization of the economy means that CEOs are no longer expected or able to be apolitical. In times of global supply chains and the resurgence of geopolitics in international relations – exemplified by the Russian war in Ukraine or tensions between China and Taiwan – it is imperative for the CEO of the future to consider political realities. The strategic analysis and anticipation of these political realities are not only unavoidable for the new generation of CEOs, but they also present a compelling business case that offers essential (economic) advantages to today's and tomorrow's entrepreneurs.

Implementing political engagement can bring various benefits to a company. Civil and democratic ethics are gaining increasing importance, both for employee recruitment and retention, as well as for the acquisition of new customers (Bohnen 2020: 26).



Employees are increasingly aligning themselves with a company's brand and its implemented principles such as openness, transparency, inclusion and diversity. Many multinational companies have understood this notion and advertise civil and democratic corporate ethics in job postings

However, promoting democratic values in countries that are not classified as democracies could strain economic relationships with companies from these respective countries such as China or Saudi Arabia. Especially in key industries such as the automotive sector or raw material extraction, Western companies depend on Chinese and Arab companies as a market, or production location. Here, CEOs need to balance their company principles on one side and strategic partnerships with companies from undemocratic countries on the other side. In times of global supply chains, a CEO must strategically approach the naming of these standards, as economic partners are no longer interested in a one-sided lecture on democratic values. Therefore, it is imperative that the modern CEO can balance these tensions and navigate through political as well as economic aspects of commerce through CEO activism.

However, no CEO can ignore that the politics determine the prerequisites for their business (Bohnen 2020: 29-36). The state ensures the existence of companies through state-protected private ownership of the means of production (which was considered incompatible with democracy at the beginning of the 19th century and has transformed into a mandatory democratic right) (Krahé 2022: 65-169), a secure legal framework, and thus overall, the long-term conditions for successful business activity. An open competition for the best ideas is a Business Case for a company to develop the best solutions.

Simultaneously, the intangible value of a corporate brand - corporate reputation - is gaining increasing significance for Western companies. Scientific literature widely concurs that a positive corporate reputation influences stakeholders' behavior in a desirable manner, thereby positively impacting the company's long-term success (Schwaiger & Raithel 2014: 225-230). The substantial trust of employees and customers in their own company cannot be overstated. Companies relying on intangible assets can scale and grow much more rapidly (Lorenzen 2021).

Authors further underscore that the responsibility for a company's reputation falls on the CEO. As society and the industry are significantly influenced by megatrends like clean energy or AI, and amidst prolonged crisis, corporate principles become more pivotal: in times of constant change, a CEO is expected to act as a stabilizing force through CEO activism (Schwaiger & Raithel 2014: 225-230). CEO activism stands a core strategy of CPR: the CEO should provide orientation and stability for both employees and stakeholders through (press) statements, interviews and dialogues with the company and the public (Bohnen 2020: 143- 146). The CEO, serving as the personalized figurehead of a company in public and media, must be capable of responding to political events to anchor their company in society as a guarantor of stability. Proactive engagement is crucial; failing to do so may result in others taking the lead, which is contrary to the essence of effective leadership (Bihler 2021: 112- 116).



In an increasingly employee-driven market, a CEO must not only credibly convey democratic principles (through CEO activism) but also embed them at the core of the company. Ethics such as tolerance, openness or flat hierarchies are gaining significance for employees when selecting their employer. A company must authentically convey that both employees and the company stand behind these values in the competition for top professionals. Notably, major German business associations caution against the far-right AfD party. Studies suggest a distinct correlation between a company's decline and a significant AfD voter turnout in the same region (Reher 2023).

Customers are also increasingly aligning themselves with corporate principles and their public image when making purchasing decisions. Companies that authentically and sustainably uphold liberal, Western values already enjoy an advantage with many customers today and this advantage is expected to grow in the future. Currently, global companies are already legally obligated to integrate democratic standards into their corporate core through Sustainable Development Goals, ESG criteria, or new EU supply chain laws. Additionally, most global companies now have their own Corporate Social Responsibility department (Bohnen 2020: 113-116). Initiating Corporate Political Responsibility (CPR) as a new strategic concept for the corporate core could commence within the CSR department, making it feasible for companies to integrate CPR into their existing CSR strategy. Moreover, some companies already allocate a portion of working hours with regular compensation for their employees to engage in civil society activities. From a diverse array of political participation projects such as refugee aid, education or sports, employees can freely choose how they want to contribute to (local) society. Consequently, the company becomes visible in the region, and citizens develop a positive perception of the involved companies. As a result of locally anchored engagement, not only does the company's value increase, but a stronger bond is also created between the company and its employees. Simultaneously, the political awareness of employees, entrepreneurs and the entire region is fostered.

Finally, the ability of a CEO and their company to holistically address global economic and social challenges enables the promotion of comprehensive political solutions. CEOs are accustomed to making efficient and prompt decisions. Politics already relies on the expertise of companies to craft economic laws tailored to the industry, thereby fostering economic innovations. Simultaneously, the business sector gains a better understanding of political decision-makers, and vice versa.

Presently, many (economic) laws are already being formulated in close consultation with companies, as the exclusive expertise in politics often proves insufficient or simply unavailable to quickly regulate emerging economic developments and innovations. However, this interaction between business representatives and political decision-makers remains largely opaque and challenging for citizens to comprehend. Consequently, most citizens hold a negative view of lobbying (WZGE 2022). If CEOs and their companies were to make their lobbying practices transparent, open and sustainable - namely responsible lobbying - this would enhance their intangible brand value and credibility in society. Citizens would be informed in a sustainable and transparent manner about economic decisions and the path towards implementation.



In summary, the CEO of the future (and present) must fortify corporate reputation with liberal ethics like diversity, open-mindedness, inclusion and liberalism through CEO activism which is crucial for employees (recruitment), customer value orientation and fostering an open-minded internal environment for devising the best solutions. Additionally, a CEO can allocate some days in the year for employee civil engagement. This engagement not only strengthens the company's reputation but also fortifies the bonds between employees and the company. Moreover, a CEO should advocate for responsible lobbying as a new core strategy for increased openness and transparency. Finally, the CEO of the future should initially integrate these CPR initiatives into the company's CSR strategy and subsequently establish a dedicated CPR department within the company, alongside to the CSR department.

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