

URL: <https://ecorner.stanford.edu/clips/navigating-social-and-political-pressure-with-purpose/>

Harvard Business School professor Ranjay Gulati observes that companies with clearly articulated purposes are better able to navigate increasing pressure from customers and employees to take stances on global and domestic social and political issues. Rather than responding reactively to complex situations, he finds, companies with deep purpose are able to proactively define the social and political issues with which they will engage.



## Transcript

- Can you address whether or not leaders 00:00:04,557 and corporates should take stances on issues of social injustice and how do they navigate that? - So without even offering my own opinion on that, 00:00:13,154 I will tell you, we in a new world and Ukraine, the tragedy in Ukraine and what's happening now with Russia, I think has been a game changer in that, suddenly now businesses are being forced to take geopolitical stances, right? Not just kind of local domestic politics.. This is geopolitical, we are choosing sides.. Now in some level, this one is a black and white issue, as you said Ravi, the answer of what is right or wrong was pretty clear and you gotta commend businesses for being a ahead of governments.. They moved fast and the ones who didn't move fast were penalized quickly and moved quickly after that.. So you had Zara saying we're outta of Russia, we're shutting down right now.. And UNIQLO saying, "Well, clothing is a human right "and maybe we wanna hang around "and we wanna sell clothes to Russians, come on." And five days later, they're gone too, right? But these were easy ones.. The harder ones are gonna be where now, businesses have to choose between domestic political issues, and you can see where the answers are not so clear and I think it's not governments.. I thought it was gonna be governments who are gonna pressure us, business is to suddenly say, "Listen, stop being this, "I run a business, I don't get involved." Sidelines is not acceptable anymore.. But you see now employees and customers becoming much more vocal and pressuring companies to say, "You gotta take a position." Disney's a great example of that.. What happened recently, Spotify, employee rebellion..

Spotify was not a fidget and say, "No, Joe Rogan, it's okay.. "He's so popular.. "We spent so much money on it." And they're like, "No, not acceptable." Right? And so you're seeing much more or Delta Air Lines with voting rights.. Now, here is the dilemma I think for businesses is, you can either be reacting to pressure and say, okay, when the pressure is too much, we gotta do something, right? So there you are entirely reactive.. What I discovered was organizations that have a clearly articulated purpose, have an easier time navigating through this complexity, saying, "That's not what we do." So Etsy for instance, is a company I looked at.. And as Etsy they've made, they have their economic goals.. They want to build a thriving marketplace, but they have three social goals that are also outline and they're measuring themselves on them by the way.. The three are diversity, equity, inclusion, sustainability, and enabling our sellers economic impact, improving that.. That's it.. We don't know any four issues, five issues..

And that's it, so any other issues come our way, "Sorry, not our thing." We got three, we measure them.. We do this, we go

deep in these three, we're not doing four or five, six issues, so we're not involved.. So you know how by articulating a purpose, it also gives you a little bit of buffering from what is now going to be a barrage of expectations on you, on walking this multi-stakeholder, moral economic decision making, political decision making that is gonna come our way...