Who's in Charge Here? How Motivations Shape Instances of CEO Activism

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Who’s in Charge Here?
How Motivations Shape Instances of CEO Activism

A thesis submitted in partial fulfillment of the requirement
for the degree of Bachelor of Arts in Government from
The College of William and Mary

by

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Abstract

CEO activism is an exists within the relationship between the CEO and their stakeholders. Through a case study analysis, I seek to understand how a CEO’s motivations to engage in activism shape its delivery and structure. In the case of Apple CEO Tim Cook speaking out about the Indiana Religious Freedom Restoration Act, I find that Cook’s altruistic motivation to speak out publicly against the bill is indicative that the CEO activism was used as a tactical maneuver to influence stakeholders. In the case of BlackRock CEO Larry Fink, I find that Fink’s client-driven motivations to issue his annual letter to CEOs reveals that the activism was used as a tactical maneuver to respond to his stakeholders’ motivations. Through this study we see that the motivations behind the CEO activism largely contributes to the delivery of the activism itself.

Thesis Committee:
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Introduction

“Bezos” is a household name. As the CEO of Amazon, Inc., Jeff Bezos possesses not merely significant personal wealth and corporate resources, but also the power to impact political discourse and motivation to participate. On February 17, 2020, Bezos announced on Instagram the launch of his $10 billion Bezos Earth Fund to combat climate change, writing, “we can save Earth. It’s going to take collective action from big companies, small companies, nation states, global organizations, and individuals” (Bezos 2020). While publicized as a personal philanthropic endeavor, this initiative came only five months after Amazon committed to meeting the goals of the Paris Climate Agreement a decade earlier than necessary and becoming carbon-neutral by 2040 (Weise 2020). Through his personal philanthropy, Bezos positioned himself at the financial helm of the fight against climate change and directly aligned his personal values with those of his corporation. The extent of his personal investment brought attention not only to his own values, but also to Amazon’s work to fight climate change, and to climate change itself. And Bezos is not alone. Some of the most visible and powerful CEOs are growing into a new facet of their job: activism.

CEO activists represent economically powerful participants in American politics, who generally use their voice and resources to enact change and persuade politics to respond to stakeholder interests. These CEOs are both influenced by and influence their stakeholders: employees, shareholders, customers, and community members. While there is a breadth of literature on the role that CEO activism plays in consumer behavior, further research is necessary to understand the dynamic relationship between stakeholders and CEOs, specifically regarding how CEO activism plays into this dynamic. I argue that CEO activism is a tactical maneuver that reflects the CEO’s motivation to influence or respond to influence by stakeholders.
Theory

I conceptualize CEO activism as CEOs speaking out publicly about political and social issues that are not directly related to their central business purpose. “Speaking out” involves a public speech act intended to reach and influence stakeholders. Stakeholders, as I explain later in the argument, include a company's shareholders, employees, customers, partners, and the communities they operate in. Speaking out can be, but does not have to be, accompanied by another action. By speaking out about social or political issues that do not address central business interest, CEO activism is a tactical maneuver to respond to or address a certain event or issue, based on certain motivations represented by the feedback loop that I proffer.

I extend the conclusions of existing scholarly work on CEO activism (Chatterji and Toffel 2019; Larcker, et. al 2018; Global Strategy Group 2016) by arguing that CEO activism is situated in a feedback loop which depicts the levels of interaction between a CEO and their stakeholders. I use the term “feedback loop” to encompass the circular relationship between CEOs and stakeholders. Because I focus on the CEO as the political actor, the feedback loop and the directionality of the influence it describes is framed from the vantage point of the CEO. CEO activism involves both the influence by stakeholders on the CEO to speak out and the CEO’s influence on stakeholders by speaking out. In the “positive” side of the feedback loop, the CEO is cognizant of their power to influence the public and wields that power with the intent to change or enforce the public’s opinion surrounding—or the outcome of—a political or social issue. In the “negative” side of the feedback loop, the CEO is cognizant of the public’s power to influence the CEO in some way, either politically or economically, and is tactically addressing and responding to the power of public opinion.
CEOs take both sides of the feedback loop into consideration, but how they weigh and prioritize one side of the loop over the other shapes the execution of CEO activism as a tactical maneuver. Chatterji and Toffel focus on how CEOs, through CEO activism, influence consumer purchasing activity and political opinions. My argument extends their work to focus on the feedback loop that demonstrates the tactical purpose of CEO activism by including the potential for CEOs to be influenced by stakeholders as well. While I am limited by the explicit motivations that a CEO cites for their activism, and not privy to any internal or nonpublic motivations, the grounds on which they justify their speech acts shape their activism and provide context for an analysis of their motivations.

**Figure A: CEO Activism Feedback Loop**

My literature review proceeds as follows: first I establish that, within the context of the stakeholder model of the firm, some corporations operate politically, and their CEOs can be political actors. Next, I address existing work on CEO activism and its relationship with consumers. Finally, I extend existing theories on CEO activism to argue the existence of a
feedback loop and analyze how the CEO’s perspective of that feedback loop shapes their activism.

Literature Review

Corporations are not just profit-making engines. The business community and business leaders have largely abandoned Freidman’s once-heralded shareholder responsibility theory, which argued that a corporation’s only social responsibility is to maximize shareholder profits (Friedman 1970). Instead, corporations are embracing the more inclusive stakeholder theory that considers the firm’s responsibility to employees, consumers, distributors, shareholders, and any other entities affected by the firm (Business Roundtable 2019; Scherer and Palazzo 2011; Freeman 2017; Cieply 2013; Lyon, et al, 2018). This stakeholder model of corporate responsibility, partnered with a near-universal adoption and codification of Corporate Social Responsibility (CSR) and Environmental, Social, Governance (ESG) practices and strategies among the business community, situates the corporations’ role in society outside of mere profit-making. By adopting a stakeholder theory of the firm, business executives inherently must take into consideration employees, consumers, shareholders, and other relevant parties when making decisions for their firm. I frame my argument under this understanding that corporations have widely adopted a stakeholder model of the corporation.

Corporations can be political. Scholars have argued that Corporate Political Advocacy (CPA), defined as “corporate political involvement beyond the company’s immediate economic interest,” is a “tactic of last resort” because it could “alienate stakeholders who disagree” with the stances the corporation takes (McDonnell 2016; Wettstien and Baur 2016). While these scholars position CPA as constrained by potential customer disapproval, “companies cannot and
do not strive to be liked by everyone” (Wettstein and Baur 2016). While corporations cannot exist if they alienate all stakeholders, examinations of CPA establish that corporations have normalized engaging in politics, even at the cost of losing some customers.

In fact, there is a growing desire for and approval of political corporations. According to recent studies, Americans are “overwhelmingly supportive” of corporate political engagement and are increasingly aware of the stances taken by corporations (Global Strategy Group 2016; Edelman 2018). Sceptics of CSR doubt whether there is any long-term positive effect of social corporate responsibility (Karnani 2011; Porter and Kramer 2006). However, studies have found that CSR has a weak positive correlation with Corporate Financial Performance (CFP) and acts as an insurance against any potential corporate social irresponsibility, (Baron, Hajoto, and Hoje 2011; McDonnell 2016). As such, there are both monetary and publicity incentives for corporations to participate in politics, and corporate responsibility is increasingly becoming required as awareness of corporate political engagement grows (Weber Shandwick 2018). The increase in consumer approval and awareness of political engagement suggests that there is clearly an increased importance for investors and stakeholders that corporations are not only financially successful, but also politically aware. With this understanding, it stands to reason that CEOs, as economic leaders and the “face” of their respective companies, are faced with an imperative to contribute their opinions on political topics.

CEOs, as leaders of corporations and as public figures, can be activists. CEOs have considerable influence on their corporation’s governance policies and political activities (Cohen, et al. 2019; Rudy and Johnson, 2016; Chin, Hambrick, and Treviño 2013; Di Giuli and Kostovetsky 2014). Scholars have also established that CEOs' personal politics can influence firm positions on CSR (Chin, Hambrick, and Treviño 2013; Scherer and Palazzo 2011). It is
clear the CEOs have considerable political influence on how their companies address social and environmental issues that are not directly related to the firm’s bottom line. Using the same rationale, it makes sense that CEOs can use their political influence outwardly as the primary voice of their firms.

Research on celebrity activism establishes that America has a history of accepting and expecting political opinions from non-government leaders. Scholars contend that celebrity advocates, under appropriate circumstances, successfully bring political issues to public attention and thereby shape the political agenda (Goodman and Barnes 2011; Atkinson and Dewitt 2018). This suggests that there is societal precedent of public figures who gained recognition through non-political methods to enter and be important members of public rhetoric. CEOs, in their position as public figures and in the context of an increased politicization of corporations in American society, are positioned to engage and influence public opinion on political and social issues.

CEO activism is not a widespread phenomenon, but highly-visible CEOs are repeatedly engaging in instances of CEO activism. As one study focusing on CEO Twitter activity concludes, not all CEOs are activists; only 11% of S&P 1500 CEOs have an active personal Twitter feed, and only 68% of those have tweeted at least once on social, environmental, or political issues (Larcker, et al 2018). However, there is a small group of high-profile CEOs who are “repeat activists,” including but not limited to Lloyd Blankfein of Goldman Sachs, Jim Rogers of Duke Energy, Marc Benioff of Salesforce, Tim Cook of Apple, Howard Schultz of Starbucks, and Larry Fink of Blackrock (Larcker, et al 2018). This study does not attempt to argue that all CEOs of all companies are becoming activists, but instead focuses on examining a
small contingency of highly-visible and widely-recognized industry leaders who are entering political discourse.

CEO activists likely have similar motives as corporations for engaging in political discourse. Baron, Harjoto, and Hoje find that corporations incorporate CSR strategies for moral and altruistic reasons, in anticipation of a threat, for a reward in the marketplace, or for a mixture of these motives (Baron et. al 2011).

Just as corporations are motivated by these factors to engage in non-economic issues, I argue that CEOs are motivated by these same factors, and that CEO activism is a tactical maneuver to address their motivations. These motives for engaging in activism as a tactical maneuver suggest that CEOs are caught in a “feedback loop,” in which they both influence and react to stakeholders.

The “positive side” of this feedback loop represents instances in which the CEO is conscious of their political and social power, and wields it to influence a political or social issue. I term it “positive” not because it is necessarily “better,” but because of the flow of the relationship in terms of the CEO as the subject and stakeholders as the object of political pressure. In other words, it is “positive” in that the CEO holds the power in producing and enacting influence onto others.

The “negative side” of the feedback loop represents instances in which the CEO is cognizant of the public’s power to influence them and their organization, and uses activism as a tactic for addressing and responding to the power of public opinion. This is “negative” in that the CEO is viewing themselves as subject to the will of their stakeholders around them rather than exerting power over the stakeholders. Again, this is not negative in terms of value, but in that the CEO is the object of influence by stakeholders. Whether the CEO is responding to the threat of
stakeholder backlash for not speaking out, or is using activism to gain a reward in the marketplace or in public opinion, the CEO is relying on the “negative” side of the loop because the CEO is being influenced. As such, a reliance on the positive side of the loop will equate to CEO activism being used as a tactical maneuver to influence stakeholders, whereas a reliance on the negative side of the loop reflects CEO activism being used a tactical maneuver in response to or in anticipation of stakeholder influence. This loop reflects what CEOs consider when they instigate CEO activism.

Chatterji and Toffel, the leading scholars in the field of CEO activism, have addressed two elements of CEO activism: the role CEO activism plays in (a) consumer purchasing intent; and (b) swaying public opinion on the social or political issue being addressed (Chatterji and Toffel 2019). The former relationship addresses CEO activism’s role in the negative side of the feedback loop because CEOs would be influenced by consumer rewards or penalties. The latter relationship examines the positive side of the feedback loop, in which the CEO uses activism to influence public opinion. To examine these two relationships, Chatterji and Toffel developed a framed field experiment survey in which they asked respondents whether they supported Indiana’s new religious freedom law, priming certain respondents with the preamble that either Apple CEO Tim Cook opposed the law by claiming it could “discriminate against gays and lesbians in the state.” Another segment of respondents, some of whom had been primed with the Tim Cook question, received a second follow-up question asking how likely they were to buy Apple products in the future. The research found that exposure to Cook’s opposition to the law led to decreased support for the legislation and almost twice as high levels of Apple purchase intent among established same-sex marriage supporters advocates. Chatterji and Toffel's
findings to contextualize my theory that CEO activism is a tactical maneuver reflective of a CEO’s position in a feedback loop.

Existing research has established that CEO activism influences individuals’ opinions on public policy, reflecting the positive side of the feedback loop. A study by Weber Shandwick found that over half of Democrats and Republicans surveyed perceive CEO activism as “legislatively influential” (2018). This research suggests that consumers are paying attention to what CEOs are saying, and that CEOs can use activism to influence their beliefs. However, while CEO activism can sway public opinion against policies viewed as discriminatory and can attract brand loyalty, it is at the cost of alienating stakeholders who do not agree with the stance (Chatterji and Toffel 2019; Global Strategy Group 2016).

Existing research on the “negative” side of the loop concludes that CEO activists are influenced by stakeholders to speak out. Consumers are increasingly interacting with what CEOs are saying; they encourage them to speak up and, at times, penalize them when they do not (Gaines-Ross 2016; Edelman 2018; Larcker, et. al 2018; Weber Shandwick 2018). A 2018 study by Weber Shandwick found that 48% of Americans think “CEO activism has an influence on the government,” meaning that individuals recognize the influencing power of CEOs. Chatterji and Toffel’s research supports the existence of a relationship between CEO activism and consumer purchase intent. Individuals who were primed with Cook’s RFRA statement exhibited significantly higher levels of purchase intent, unless they were pre-existing supporters of the policy.

The negative side of the feedback loop captures the double-edged sword of CEO activism, in that CEOs can also be penalized for not speaking out on certain issues. Nearly 42% of consumers have changed their purchasing behavior—buying either more or less product from
a company—because of CEO activism (Weber Shandwick 2018). Another study found that of consumers surveyed, 72% considered themselves more likely to buy a product from a company whose CEO speaks out about an issue they agree with, but 62% are less likely to purchase from a company whose CEOs speak out about an issue they disagree with (Larcker, et. al 2018). Consumer-identified risks for not speaking out about an issue include potential criticism in social and traditional media, criticism from employees, customers and the government, and boycotts, employees quitting, and public protests. CEO activism can thus be seen as a tactical maneuver to ward off negative stakeholder sentiment that would exist if they remained silent, or to gain publicity or monetary rewards for contributing to national political dialogues (Weber Shandwick 2018). While most existing research focuses on consumers, CEO activism extends to the entire scope of stakeholders: employees, customers, and community members.

**Case Studies**

I chose two cases that reflect the opposite sides of the feedback loop to understand how a CEO’s motivation for speaking out influenced the execution of their activism. My first case, Apple CEO Tim Cook speaking out on Indiana’s RFRA, reveals that Cook’s activism is a tactical maneuver to address the positive side of the feedback loop, his power to influence stakeholders. My second case analysis finds that Larry Fink, CEO of BlackRock, uses CEO activism as a tactical maneuver to respond to stakeholder influence. My case analysis depends largely on the CEO’s self-stated motivations for their activism. Although it is possible that CEOs may have ulterior motives other than what they profess, in the absence of evidence proving so, I take these motivations at face value.
CASE I: Apple CEO Tim Cook and the Indiana Religious Freedom Restoration Act

The case of Tim Cook and the Indiana Religious Freedom Act (RFRA) is a quintessential instance of CEO activism. The following case study offers an in-depth analysis of the context in which Cook spoke out against the passage of Indiana’s RFRA and warned against other states from passing them. Tim Cook speaking out against RFRAs is a tactical maneuver to influence consumers and citizens to care about this issue, representing the positive side of the feedback loop.

In the following case, I first provide an overview of Apple, Inc. and its CEO, Tim Cook. Next, I contextualize Cook’s relationship with politics, CEO activism, and stakeholder theory, prior to becoming CEO in 2011. I then offer a primer on state Religious Freedom Restoration Acts (RFRAs), specifically focusing on Indiana’s RFRA and its surrounding controversy in

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1 Chatterji and Toffel use this case in their field survey to gauge consumer purchase intent in relation to CEO activism, and the Global Strategy Group analyzes the polarization of Cook’s activism.
March and April of 2015. Finally, I discuss Cook’s CEO activism regarding the Indiana RFRA and the public response to it. Following the case, I provide a full analysis as to how Cook’s prioritization of the positive side of the feedback loop, in which the CEO seeks to influence stakeholders, affected the delivery and composition of the activism.

Apple, Inc. and Tim Cook

Technology company Apple Inc. (NASDAQ: AAPL) was first founded by Steve Jobs, Steve Wozniak, and Ronald Wayne in 1976 and is headquartered in Cupertino, California. Known for its innovative products and personal electronic devices, it is one of the world’s largest and most valuable companies, valued at $309.53 billion in 2019 (“Apple, Inc.” 2019). Apple’s mission statement reads: “Apple’s more than 100,000 employees are dedicated to making the best products on earth, and to leaving the world better than we found it” (Apple, Inc. 2020). Timothy (Tim) D. Cook joined Apple as a senior executive in 1998, and had served as the company’s chief operating officer before becoming CEO in 2011.

Cook’s CEO-Activist Background

Tim Cook fits the description of a “repeat CEO activist” (Larcker, et. al 2018). Upon assuming the position of CEO of Apple, Cook made a clear effort to expand Apple’s responsibilities beyond the traditional shareholder model and into a global stakeholder model. Under his leadership, Apple increased its commitment to curbing its environmental impact. In 2014 Cook told shareholders who were climate change sceptics that they could “ditch their stocks” if they did not support his pledge to reduce the company’s greenhouse gas emissions (Shankleman 2014).
Cook has previously emphasized his prioritization of social and moral obligation over bottom-line profits and losses, stating, “when we work on making our devices accessible by the blind, I don’t consider the bloody ROI.” He explained that the same sentiment applied to environmental, health, and safety issues (Shankleman 2014). He is also reported to have told shareholders who were worried about how his nonbusiness initiatives would affect Apple’s bottom line that it “is important for Apple to do things ‘because they’re just and right’” (Benner and Perlroth 2016).

Cook believes that businesses’ have a “very important responsibility to society” which has “grown markedly” as the government “has found it more difficult to move forward” (Benner 2015). In advocating for social, environmental, and political issues, Cook has also filled a role as an advocate for the industry’s “moral responsibility to help grow the economy… to contribute to this country and to contribute to the other countries that we do business in,” (Sorkin 2017).

Cook’s actions and statements provide insight into his social values as CEO, and situate Apple’s adoption of a stakeholder view of the firm.

Although perhaps not CEO activism, Cook established his willingness to speak out on and stand up for social topics, in October 2014, when Cook became the first openly gay Fortune 500 CEO. In an open letter in Bloomberg Businessweek, Cook wrote:

\[
I \text{ don’t consider myself an activist, but I realize how much I’ve benefited from the sacrifice of others. So if hearing that the CEO of Apple is gay can help someone struggling to come to terms with who he or she is, or bring comfort to anyone who feels alone, or inspire people to insist on their equality, then it’s worth the trade-off with my own privacy.} \quad \text{(Cook 2014)}
\]
The announcement was “widely seen as making a statement about gay rights” (Benner and Perlroth 2016). This is relevant because it indicates Cook’s willingness to involve himself in political discourse not related to Apple’s central business purpose. Cook has expressed his “tremendous” sense of personal responsibility to advocate for gay rights and equality (Benner 2015). His emphasis on sustainability initiatives and his moral responsibility to society, coupled with his advocacy for and participation in politics surrounding gay rights, establishes Cook as a CEO willing to involve himself in social dialogue outside of his company. We see this to be true in his involvement in condemning Indiana’s Religious Freedom Restoration Act.

**State Religious Freedom Restoration Acts**

The Religious Freedom Restoration Act (RFRA) originated as a federal bill that was passed by Congress and signed by President Clinton in 1993. The aim of the bill was to “protect the religious liberty of religious minorities based on actions that could be taken by the federal government” and to prohibit the government from substantially burdening “a person’s exercise of religion” except for a “compelling government interest” (Schwarz 2015, Montanaro 2015). The Supreme Court later ruled that the federally-passed law only applied to actions by federal agencies, prompting state governments to begin enacting similar versions of legislation. As of April 1, 2020, 21 states have enacted state legislation intended to mimic the federal RFRA (Griffin 2017; Eckholm 2015).

However, some state RFRAs, such as those proposed in Indiana, Arkansas, Arizona, Texas and Georgia in 2014 and 2015, incorporate provisions not included in the federal bill that are a “significant expansion” of the protections granted in the federal law (Eckholm 2015). In particular, Indiana’s law states that a “person” such as an “individual, church, limited liability
company,” whose exercise of religion has “been substantially burdened… may assert the violation or impending violation as a claim or defense in a judicial or administrative proceeding, regardless of whether the state… is a party to the proceeding” (Montanaro 2015). These expansions are potentially capable of enabling “corporations to deflect antidiscrimination rules and providing religious believers with a possible weapon in private suits” (Eckholm 2015). These bills, particularly Indiana’s, received a tidal wave of attention and criticism for this expanded language, which could potentially legally protect discrimination against individuals in the LGTBQ+ community.

**Indiana Religious Freedom Restoration Act and Reaction**

Then-Governor Mike Pence signed the state of Indiana’s Senate Bill 101, also titled the Religious Freedom Restoration Act (RFRA), on March 26, 2015, to go into effect on July 1, 2015 (Adams 2018). Almost instantly, and often attributed to the increased media presence in Indiana at the time due to the National Collegiate Athletic Association (NCAA) Basketball Final Four, the legislation was met with a swell of national backlash from multiple sectors: the NCAA, for example, which was headquartered in Indianapolis, threatened to move events outside of Indiana. In government, The mayors of San Francisco and Seattle, as well as the governors of Connecticut and Washington, barred spending on travel to Indiana. Many music groups and entertainers cancelled their shows in Indiana to boycott the law and took to Twitter to denounce it (Payne 2015).

Many CEOs entered the conversation. Bill Oesterle, co-founder and then-CEO of Indianapolis-based internet service company Angie’s List, cancelled its $40 million headquarters expansion, which was touted to add 1,000 jobs over five years, citing the bill’s potential negative
impact on hiring and talent recruitment, as well as the message it sends to companies that Indiana
does not support economic or technological growth (Evans 2015). Marc Benioff, CEO of San
Francisco-based technology company Salesforce, tweeted from his personal account that the
company was "canceling all programs that require our customers/employees to travel to Indiana
to face discrimination." Oesterle also joined nine other CEOs with large Indiana presences—
“Joseph Swedish, CEO of Anthem; Jeff Smulyan, CEO of Emmis Communications; Dan Evans,
CEO of Indiana University Health; Tom Linebarger, CEO of Cummins Inc; Jack Phillips, CEO
of Roche Diagnostics; John Lechleiter, CEO of Eli Lilly and Co.; Scott McCorkle, CEO of
Salesforce Marketing Cloud; and Tim Hassinger, CEO of Dow AgroSciences”— to sign a letter
calling on Governor Pence to reform the RFRA (Swiatek 2015). Yelp, Inc. CEO Jeremy
Stoppleman also wrote an open letter criticizing the laws and pledging to direct expansion into
states without them (Rooney and Smith 2015).

Many of the top leaders of the Republican Party and then-presidential candidates
vocalized varying levels of support for the law. Senator Ted Cruz said that the law gives a “voice
to millions of courageous conservatives.” Florida Governor Jeb Bush claimed that outrage of the
law was misinformed and that in reality the bill was not “discriminatory at all.” On Fox News,
Florida Senator Marco Rubio backed the integrity of the bill, arguing that “people have a right to
live out their religious faith in their own lives” (Montenaro 2015). David Long, the Indiana
Senate president pro tem stated that, "this law does not discriminate, and it will not be allowed to
do so” (Payne 2015).

In an interview between George Stephanopoulos and Governor Pence a few days after
the bill had passed, Stephanopoulos asked six times whether the law would allow a business to
discriminate against gay couples, and Pence evaded the question each time (Adam 2018).
Governor Pence later published an opinion article in the Wall Street Journal explaining the bill and its history, and attempting to assuage the fears of discrimination that fueled the backlash. He stated that the law had fallen victim to “false narratives” and “misrepresentations” (Pence 2015). However, he later asked “that the language of the bill be clarified,” and a week after the original bill had been signed into action, Indiana lawmakers approved and Governor Pence signed a new version of the law explicitly stating that no “provider…may deny service to anyone on the basis of sexual orientation, race, religion or disability” (Lowery 2015).

In a 2018 postmortem analysis of the Indiana RFRA controversy, the Indianapolis Star found that the RFRA cost the city of Indianapolis up to 12 conventions and $60 million in business, and then-Governor Pence had spent $365,000 of taxpayers’ money on PR firm services “to repair the damage to the state’s reputation from the religious freedom law” (Adams 2018).

**Cook’s CEO Activism**

In late March of 2015, as the Indiana RFRA was being hotly debated on a national level, Apple CEO Tim Cook engaged in CEO activism. On March 27, 2015, Cook tweeted to his over-1 million followers from his personal account, “Apple is open for everyone. We are deeply disappointed in Indiana's new law and calling on Arkansas Gov. to veto the similar #HB1228” (Cook 2015a). According to CNN, it was retweeted and favorited over 2,000 times within the first hour (Rooney and Smith 2015).

On March 29, 2015, three days after Indiana’s bill had been signed into law, *The Washington Post* published an op-ed penned by Cook condemning the Religious Freedom Restoration Act that had been passed in Indiana, along with similar bills under consideration in other states such as Arkansas and Texas. In the article, Cook labels the RFRAs as “pro-
discrimination,” “dangerous,” and an attempt to “rationalize injustice by pretending to defend something many of us hold dear” (Cook 2015b). Cook briefly explains that “discrimination, in all its forms is bad for business.” However, he devotes most of his argument to retelling his personal experience of being raised in the Baptist church in the South during “the days of segregation and discrimination marked by ‘Whites Only’ signs on shop doors, water fountains and restrooms,” to argue that religion should not be used “as an excuse to discriminate” (Cook 2015b). The article received 9,674 comments in the 14 days after its publication.

Public Reaction to Cook’s CEO Activism

In April, following the op-ed and tweet, Cook was included in Time’s 100 Most Influential People. Of his inclusion, Congressman and Civil Rights leader John Lewis wrote that “Tim Cook is proof that even the most successful companies can and should be judged by more than just their bottom line” (Lewis 2015).

Among national press, there was relatively little negative feedback to either Cook or the wave of other public figures criticizing and speaking out against the RFRAs. However, a Senior Research Fellow at the Heritage Foundation wrote an opinion piece titled “Apple CEO Tim Cook Is Wrong About Indiana Religious Freedom Law,” saying that “the only person in favor of discrimination in this debate is Tim Cook” (Anderson 2015).

Cook Analysis

Cook’s speech act in opposition to the state RFRAs is a prime example of CEO activism. The effects of these acts that are being discussed— allowing businesses to cite religious beliefs to discriminate against gay people— are at best peripherally related to the company, and have
very little to do with Apple’s central business purpose of “making the best products on earth,”
and “leaving the world better than we found it (Apple, Inc 2020). As mentioned, Apple and Cook
clearly have adopted a stakeholder model of addressing their business, and have incorporated
policies to embrace stakeholder interests before. This suggests that Cook speaking out about a
social issue would not contradict Apple’s theory of the responsibilities of the firm, and allows
Cook to reference the company in his statements, remarking that “we” are deeply disappointed,
and explains that he, “on behalf of Apple,” is “standing up to oppose this new wave of
legislation” (Cook 2015b). In analyzing the activism, we see that Cook characterizes himself
both as a personification of Apple, Inc. and as an individual who remembers growing up in the
American South during the Civil Rights movement and feels a personal moral obligation to
confront discrimination.

Although Cook frames his speech as “on behalf of Apple,” and acknowledges that he is
representing the company’s position, the speech comes from a personal tone and from his own
platform. Rather than the tweet coming from Apple’s official account, Cook’s tweet came from
his personal twitter account, and he alone signed the open letter in the Washington Post. As
Chatterji and Toffel established in their work, Cook’s statements on the RFRAs are a prime
example of CEO activism.

By analyzing the content and context of his speech acts, we can tell that Cook’s CEO
activism is indicative of a higher prioritization of the positive side of the feedback loop, in which
the CEO aims to influence the public. He frames the RFRAs not as “a political issue” or “a
religious issue,” but as an issue of “how we treat human beings,” suggesting that he is speaking
out and “standing up” to these pieces of legislation on moral and ethical grounds (Cook 2015b).
Cook frames his speech as sourced from internal ethics, meaning that this is not reactive to or in
anticipation of stakeholder demand. Further, Apple only had two stores in Indiana at the time, meaning that the Indiana RFRA would only minimally affect Apple employees. As such, his explicit motivation of altruism means that the primary purpose of his CEO activism was to elevate awareness and incite change in the mindset of the public about Religious Freedom Restoration Acts.

Cook’s CEO activism is a tactical maneuver to influence the public to engage in the state RFRA backlash. As mentioned, under the stakeholder model, Cook could consider employees, consumers, community members, and anyone affected by Apple’s supply chain. Whereas a tactical maneuver reflective of the negative side of the feedback loop is more anchored to stakeholder pressure or incentives, Cook's comments on the RFRA are clearly aimed to influence Americans to oppose the wave of RFRAs on ethical grounds. By delivering his speech act in both an informal tweet on his personal Twitter account and through a longer, more substantive work in the Washington Post—an official and credible news source—Cook presents himself directly to not only to consumers, but to all stakeholders nationwide. Rather than simply making a statement at a conference or releasing a press docket, Cook’s platform choice is largely telling of the tactical maneuver’s purpose because he went straight to high-profile, public platforms that would ensure visibility to even those not concerned with Apple’s corporate activity.

Cook uses his notoriety as a CEO of a major consumer-facing corporation to persuade the public to care about the issue of state RFRAs. This contrasts with other CEOs who used their economic and political power to influence state legislators and executives. As mentioned, Bill Oesterle cancelled Angie’s List’s $40 million headquarters expansion in order to signal that the RFRA sends a message to the company that Indiana does not support economic or technological growth, and Marc Benioff declared that they would cancel all programs that involved
transportation to the state of Indiana (Evans 2015; Swiatek 2015). These CEOs cast their actions as responses to the RFRA as anti-business, and justify their economic actions as such. Additionally, their public statements are tactical maneuvers to signal to stakeholders that they will not conduct business if civil rights are in jeopardy, and to alert the state of Indiana, as well as other states with similar legislation, that the law will have physical economic repercussions.

Cook’s statements however, which offer little more than harsh public condemnation, offer very little incentive or economic rationale for states to repeal or vote against RFRAs. The difference in the actions are largely representative as to what side of the feedback loop they are prioritizing. Benioff and Oesterle’s tactical maneuvers are responsive to and in anticipation of their employees' needs, indicating a reliance on the negative side of the feedback loop. They also explicitly label the bill as “anti-business” (Evans 2015; Swiatek 2015). Meanwhile, Cook is executing a tactical maneuver to raise public awareness on a national level and “in the hopes that many more will join this movement.” He further establishes both himself and Apple as ideologically opposed to the “pro-discrimination” state RFRA bills (Cook 2015b). The difference in the execution of the CEO activism largely stems from where in the feedback loop it originated. This supports my claim that where the feedback loop stems from influences how the CEO activism is executed.

This is not to say that Cook only considered the positive side of the feedback loop, seeking to politically influence the public. While CEOs may prioritize one side of the feedback loop over the other, CEOs must consider both sides of the loop. Cook made sure to express that his opinions and stance on the issue were one in the same with Apple’s. He also remarks that the laws are bad for business and jobs, as Oesterle and Benioff do, and that RFRA legislation stands in opposition to Apple’s mission to “enrich our customers' lives.” However, Cook’s tactical
maneuver and the way it was executed, highlight that his primary concern was enacting influence, rather than responding to or anticipating influence. However, looking at the second case study will provide a full analysis on how CEO activism operates differently when it is used as a tactical maneuver indicative of the negative side of the feedback loop.

**Case Study II: BlackRock CEO Larry Fink and Climate Change**

My second case study involves BlackRock CEO Larry Fink’s letter to CEOs advocating for businesses to combat climate change. Unlike the first case study of Tim Cook, who prioritized the positive side of the feedback loop, Fink’s case is an example of how CEO activism speech acts can be used as a tactical maneuver to respond to stakeholder pressure. Citing market risk and client pressure, Fink issued a letter to CEOs of the largest corporations announcing his plan to divest from coal and non-renewable energy companies and to vote against corporations that do not integrate sustainability into their agendas.

In the following case, I first provide a brief overview of investment firm BlackRock, Inc. and its founder, CEO, and Chairperson, Larry Fink. Next, I contextualize Fink’s background in CEO activism, and briefly explain his relationship with perspective activist investors.

Following the case, I provide a full analysis as to how a CEO’s activism is shaped by their prioritization of the negative side of the feedback loop, in which the CEO activism is a tactical maneuver to respond to influence by stakeholders.

**BlackRock, Inc and Larry Fink**

BlackRock, Inc. (NYSE: BLK) is an “investment management, risk management, and advisory services” firm. Its products include single and multi-asset class portfolios and the
company serves both institutional and retail clients worldwide. The company, headquartered in New York, NY, was founded in 1988 and is now the world’s largest asset manager with approximately $7 trillion in investments (BlackRock 2020; “BlackRock, Inc.” 2019). Larry Fink, a co-founder of the company, is the CEO and Chairman.

_Fink’s CEO-Activist Background_

Larry Fink, a Democrat, has previously encouraged businesses to make changes that support social issues, and at times supported and voted with activist investors’ proposals (Sorkin 2020). Following the mass shooting and murder of 17 people at Marjory Stoneman Douglas High School in Parkland, Florida, Fink released a client update explaining that the “terrible toll from gun violence” in the U.S. “requires response and action from a wide range of entities across both the public and private sectors.” He pledged to work with companies to address gun violence, and debuted new investment products that would allow “individuals and institutions to invest in market indexes without putting money into manufacturers and retailers of firearms” (Cox 2018). BlackRock was one of the largest shareholders of the largest gun manufacturers, so Fink’s decision to address gun violence and gun control issues, a highly controversial political topic, exemplified his commitment to address political and social issues.

Fink’s primary method of CEO activism comes in the form of his annual letter to chief executive officers. The letters, addressed “Dear CEO,” are sent to the chief executives of the largest corporations, and then posted on BlackRock’s website (Fink 2020). These letters are widely anticipated each year because they reflect the long-term investment vision of the head of the largest asset manager in the world. They also emphasize long-term, corporate governance agendas and reflect Fink’s insistence that corporations consider social and environmental issues.
outside the scope of their central business purpose. In 2018, Fink sent out a letter to CEOs stating that “society is demanding that companies, both public and private,” serve a social purpose, an assertion of a stakeholder theory that was later reified in a 2019 open letter by the Business Roundtable (Fink 2018; Business Roundtable 2019).

Responding to criticism that his letters are merely a virtue signaling ploy and that businesses should only focus on the bottom line, Mr. Fink rebutted, “I’m not a nanny... but I do believe it’s up to the company to identify what their purpose is” (Sorkin 2018a). Fink also, in his advocacy for corporate attention to social problems, often attributes the need for corporations to expand their societal and political presence to government inadequacy. In his 2018 letter, Fink wrote that many governments are, “failing to prepare for the future,” and, “as a result, society increasingly is turning to the private sector and asking that companies respond to broader societal challenges” (Sorkin 2018b). While acknowledging that companies should define their own interests, Fink’s letters leave readers across corporate spheres with little doubt as to what his opinions of their decisions would be, and who Fink believes is to blame for chaos within the industry.

Fink’s Relationship with Activist Investors and Climate Activists

Both Fink and BlackRock have been the target of protests by climate activist groups, as well as pressure by shareholder activists that use their funds to influence change in the corporate world. These groups are stakeholders, but not necessary shareholders or clients of BlackRock. In November of 2019, in the midst of the fires in the Amazon Rainforest, climate activist group Extinction Rebellion “dumped a pile of ash” outside of BlackRock’s London offices to protest the company’s financing of and contribution to the destruction of the Amazon basin.
(Faulconbridge and MacAskill 2019). Additionally, British hedge fund manager and activist investor, Christopher Hohn, has commented that it is “appalling” of BlackRock not to require companies to disclose their sustainability efforts, and that the firm’s previous efforts had been “full of greenwash” (Sorkin 2020).

However, Fink has consistently worked to attenuate his personal beliefs from those of his clients, and reject any suggestion that he is influenced by activists. At the Reuters Global Investment 2018 Outlook Summit, Fink said that “the role of activists is getting larger… in many cases their role is a good one.” However, when participating in proxy votes, which activist investors rely on to achieve their agendas, Fink asserts that BlackRock is only influenced by the “long-term interests” of its clients (Herbst-Bayliss and Kerber 2017). He maintains a respectful acknowledgement of activist groups without client primacy in BlackRock’s decision making. It is possible that these non-clientele interest groups influence clients, who in turn pressure Fink. It is also possible that Fink is influenced by these groups more than he is willing to let on. However, in the interest of this case, it is most important to acknowledge that multiple stakeholders—clients, citizen activist groups, and activist investment firms—were in fact applying pressure to him to seriously commit to increased sustainability transparency and accountability.

*The Paris Climate Agreement*

Fink’s CEO activism regarding the need to prioritize sustainability in the United States is best understood within the context of the Paris Agreement. The Paris Agreement is an international accord signed by over 195 countries with a central mission to “strengthen the global response to the threat of climate change” by managing and decreasing carbon emissions. It
furthers this mission by ensuring that all countries signed have “appropriate mobilization and provision of financial resources, a new technology framework and enhanced capacity-building” (United Nations Framework Convention on Climate Change). While each country has different goals and standards, the United States, under President Obama, pledged to “cut its greenhouse gas emissions 26 to 28 percent below 2005 levels by 2025 and commit up to $3 billion in aid for poorer countries by 2020” (Coral Davenport and Mark Landler 2014).

The agreement was penned in 2015, opened for signatures in April 2016, and put into effect in November of 2016 after receiving ratification from 55 countries that accounted for at least 55% of global emissions (United Nations Framework Convention on Climate Change). The multilateral agreement is the first global pact to reduce carbon emissions, and is largely regarded as a landmark step in environmental protection (Ellis 2017).

**United States’ Withdrawal from the Paris Agreement**

On June 1, 2017, President Trump announced his plan to withdraw the United States of America from the Paris Agreement on climate change (Shear 2017; Trump 2017). The decision received immediate backlash from the business community. Through tweets and press releases, CEOs, many of whom were serving on various presidential councils, personally condemned the decision. Jeffery Immelt, then-Chairman and Chief Executive of General Electric, tweeted that “climate change is real,” and that “industry must now lead and not depend on government” (Shear 2017; Immelt 2017). Disney CEO Bob Iger resigned from his positions on the President’s councils “as a matter of principle,” as did Tesla CEO Elon Musk, tweeting, “departing presidential councils. Climate change is real. Leaving Paris is not good for America or the world” (Thompson and Bajaj 2017; Musk 2017). Looking at their phrasing and rationale, these
CEOs based their activism largely on the positive side of the feedback loop, focusing on their moral duty to make a stand in the face of this action.

Beyond individual CEO activism, many CEOs also took group action, in a rare unification of American chief executives around a singular political cause. Over 80 CEOs, including Tim Cook, signed a joint statement reasserting their commitment to the terms of the Paris Agreement and urging the United States to remain in the agreement. Larry Fink was not a signatory of the letter. In total, Weber Shandwick recorded 118 corporate and CEO responses to President Trump’s actions in the days following his announcement of the U.S.’s withdrawal, 66% of which were personally issued by CEOs (Weber Shandwick 2017).

Following President Trump’s withdrawal from the Paris Climate agreement, BlackRock released a corporate statement declaring the Paris agreement "a critical step forward in addressing climate change.” However, according to the New York Times, Fink decided he would retain his seats on the President’s councils as long as he felt he had the “potential to have a positive impact” (Thompson and Bajaj 2017). In what seems to be the one of the largest swells of CEO involvement in a singular political action in modern history, Fink’s presence was mild at best. The strength of Fink’s delayed reaction a few years later sets him apart from the zeitgeist surrounding Trump’s initial withdrawal from the Paris Agreement.

**Fink’s CEO Activism**

On January 14, 2020, almost three years after President Trump’s announcement of plans to withdraw from the Paris Agreement, Fink’s annual letter to CEOs announced that BlackRock would divest its actively managed funds from corporations that “generate 25% or more of their revenues from coal production,” and would vote “against management and board directors when
companies are not making sufficient progress on sustainability-related disclosures and the business practices and plans underlying them” (Fink 2020). This letter effectively strengthened the power of activist investors who use board votes to influence corporate governance agendas, and signaled a significant monetary divestment from coal and oil industries.

In explaining his decision, Fink reflected on his 40 years of financial experience to claim that climate change is “different” than any other risk because “even if only a fraction of the projected impacts is realized, this is a much more structural, long-term crisis.” He also argued that “this challenge cannot be solved without a coordinated, international response” from governments and other institutions, “aligned with the goals of the Paris Agreement.” Most poignantly, Fink declared that “every government, company, and shareholder must confront climate change” (Fink 2020). These statements suggest Fink believed that there was not enough being done to address climate change, and that the United States should be following the standards set by Paris Agreement, regardless of whether the government was officially in the agreement.

Fink makes an economic case for addressing climate change. As he did in previous letters, Fink reinforced the idea of a stakeholder theory of a corporation, asserting that “a company cannot achieve long-term profits without embracing purpose and considering the needs of a broad range of stakeholders” (Fink 2020). He also attributes the letter to numerous meetings with clients in which they brought up questions about how BlackRock is ensuring that companies they invest in are paying attention to sustainability.

In an interview with Andrew Ross Sorkin of CNBC and the New York Times, Fink explained his motives for the letter. As far as the factual basis and reality of climate change, Fink expressed his personal belief in the science of climate change, but actively distanced his moral
and personal beliefs from his business sense, saying “I believe in the science, but I did not write it as an environmentalist, I wrote the letter as a capitalist.” He made a point to distance his letter from his personal beliefs in order to cement his credibility as a money manager and capitalist, remarking that “politics isn’t part of this” (CNBC 2020). Nevertheless, Fink’s decision to speak out on climate change was a decision to enter a political dialogue; while perhaps motivated by capitalist ideology, the consequences of his decisions and factors he considered prior to making them were undeniably political in nature.

Fink was also quick to explain that his decision making was bound by “the rules of ERISA, where you're required to only focus on the maximization of return,” and that he understood climate activist’s claims “that we have to save the planet... but we are living under a different rule in this country and we have to live under that rule.” The closest Fink came to acknowledging the overtly political nature of his discussion was in pointing out, “actually that rule started to change under President Obama, and then reversed itself under President Trump” (CNBC 2020). Regardless of his own admittance, Fink’s letter was a political speech act because he was speaking out on a politicized and polarized issue. Fink’s statements following the letter, coupled with his language within the letter, emphasize his prioritization of the negative side of the feedback loop as his motivation for the speech act.

*Public Reaction to Fink’s CEO Activism*

During a breakout session at the 2020 World Economic Forum in Davos, Switzerland, Fink spoke on his letter, saying “I actually thought we were going to have a severe backlash,” indicating that he had calculated stakeholder backlash before instigating the act of CEO activism, but that the backlash was not as severe as expected (Meredith 2017). Compared to Cook, who
received relatively little negative press for his statements, Fink’s letter received a very mixed response.

Negative responses to the letter varied in focus. Some critics pointed out that BlackRock was not doing enough to help the environment, disregarding the letter as mere greenwashing or virtue signaling. Following the announcement, Climate activists invaded BlackRock’s Paris offices, calling for the fund to pull out of all fossil fuel investments (Libert, Protar, and Chiarello 2020). The Sunrise Project, devoted a website entitled “larrysletter.com” to issue a response to the letter, calling it a “major step in the right direction” but pointing out that BlackRock was still the “largest investor in coal, oil, gas, and the companies driving deforestation” (BlackRock's Big Problem Network 2020). The Executive Director of climate and conservation activist group the Sierra Club penned an opinion article saying that while the public “absolutely should celebrate Larry Fink’s pledge to transform one of the largest players in the global economy… he did so in large part because millions of us got up and demanded that corporations combat the climate crisis [BlackRock] had a central role in creating” (Brune 2020). Further, the organization ordered that the public needed to continue holding the company to its promises.

Other critics viewed the letter as a broad overreach of Fink’s power as a CEO in controlling other corporations’ business practices. The Wall Street Journal Editorial Board characterized the letter as “Larry Fink’s Latest Sermon” and wrote an opinion article positing that Fink’s “unsolicited” letters “lecturing” CEOs on social responsibility were just an excuse to promote himself as the “self-styled conscience of capitalism” (Wall Street Journal Editorial Board 2020). Additionally, the Wall Street Journal published “Larry Fink of BlackRock Plays Politics With Other People’s Money,” a compilation of letters to the editor, one of which called
Fink “a particularly grotesque example of virtue signaling with other people’s money” (Robins, Hestir, and Chapman Jr. 2020).

However, most commentators agreed that the “even a modest change” to BlackRock’s $7 trillion investment portfolio was “nothing to sniff at” (Taplin 2020). The New York Times favorably viewed the letter, noting that Fink was the first and only one of the largest investors in the United States to make sustainability “a central component of their investment strategy.” Fink was also credited for giving CEOs “license to change their own companies’ strategy and focus more on sustainability, even if doing so cuts into short-term profits,” as the letter could “provide cover for banks and other financial institutions that finance carbon-emitting businesses to change their own policies” (Sorkin 2020). Fink’s CEO activism may have garnered a variety of criticism, but most people agreed that the letter represented a new step in investment managers’ responsibility to incorporate environmental considerations into their business.

Fink Case Analysis

Fink’s Letter to CEOs about climate change is an instance of CEO activism. Despite his attempts to pose sustainability as a business issue, Fink’s acceptance of the science supporting climate change and affirmation of the Paris climate agreement is inherently a political act that is not centrally related to his firm’s central business purpose. Penning the letter in his name, releasing a draft to the New York Times, and posting it publicly on BlackRock’s website, indicates that while Fink’s speech is explicitly addressed to CEOs of the public corporations that BlackRock invests in, the open letter is also intended for public consumption. Furthermore, the letter is intended to put pressure not only on corporations, but also on municipalities and countries to encourage local and regional governments to work together to combat climate change.
change. This rhetoric targets the Trump administration and other officials that refuse to participate in the Paris agreement. Couched in language about business and market risk, Fink’s letter is a speech act confirming that climate change is a real and pressing issue, and that governments and businesses need to address sustainability risk imminently. Although Cook’s speech act was driven by his moral obligation to speak out against the RFRA, Fink shows that CEO activism can be driven by profits or client demand, and that moral obligation is not a necessary condition for a CEO to speak out publicly about an issue unrelated to the firm’s central business purpose.

Fink’s CEO activism is motivated by a prioritization of the negative side of the feedback loop, in which the CEO is largely responding to stakeholder pressure. Fink repeatedly claims that his clients are his motivation for writing the letter and enacting the corresponding policy changes, suggesting that the speech act is purely a response to market and client demand. In fact, in contrast to Cook, Fink makes concerted efforts to deny any suggestion that he is acting for moral or altruistic reasons, despite confirming his personal belief in climate change science. One advantage of doing so is that Fink’s explicit comments and framing of the letter as a business interest guards him from allegations of misuse of his client’s funds or litigation for not prioritizing shareholder profit. Although CEOs have power and authority because of their positions, they are beholden to their stakeholders and the market in using that power—the CEO feedback loop articulates how they manage this paradox. As Fink explains, federal regulations require that his priority as CEO is maximizing shareholder profit, indicative of the former shareholder theory. His rationale for not making a moral or altruistic argument, but instead basing his actions on market risk and economic necessity, is that he is bound by his fiduciary
duty to his clients. Fink’s words and actions are completely reliant on this negative side of the feedback loop, where the CEO is responding to stakeholder influence.

Fink’s CEO activism is best seen as a tactical maneuver to address influence by stakeholders. As previously mentioned, Fink’s letter to CEOs follows a wave of CEOs condemning the government’s withdrawal from the Paris agreement through tweets, letters, and council resignations. It also follows very public climate protests outside of BlackRock offices worldwide. While Fink claims that it was not protesters but rather his clients who directly spurred his decision to address climate change, these client requests may have been inspired by the actions and publicity of other CEOs who spoke out about climate change following the U.S. withdrawal from the Paris Agreement, publicity about protests at BlackRock offices, or other stakeholders’ actions. Regardless, Fink’s CEO activism, a tactical maneuver to respond to stakeholder influence, establishes BlackRock as a leader in sustainability market risk and provides action that addresses stakeholder desires.

Because of BlackRock’s investment position in many firms, Fink is positioned to have considerably more influence on fellow business leaders. The trade-off for this position is that Fink must be cautious of how both his retail and institutional clients will react to his activism. Fink does not present his CEO activism as fervently as Cook, who, as previously mentioned, once remarked that shareholders who denied the existence of climate change that they were welcome to “ditch their stocks” (Shankleman 2014). Additionally, because Fink’s activism was a response to stakeholder influence, the timing of his action occurred years later than the CEOs who spoke out immediately following Trump’s announcement of U.S. withdrawal. However, by styling his CEO activism as a response to client demand, and, therefore, the negative side of the feedback loop, he can manage backlash on the grounds of an overreach of power and construct a
legitimate basis by which to use his clients’ capital to execute his sustainability agenda. This shows how the feedback loop that I discuss influences the way the CEO activism is executed.

Juxtaposed to Tim Cook’s CEO activism regarding state RFRAs, Fink used CEO activism as a reactionary tactical maneuver to influence businesses to change their practices and incorporate sustainability measures in order to alleviate stakeholder pressure. By understanding the motives for and the ways in which Fink utilized CEO activism as a tactical maneuver, we can understand its purpose in climate change rhetoric. The letter both continued the dialogue on Paris climate agreement objectives and expanded the role of businesses in caring about sustainability. Fink demonstrates an instance in which CEOs engage in activism less because they desire to influence and more so because they are the subject of influence.

Larry Fink’s CEO activism brings to light that CEO activism does not have to come from an altruistic place or personal sense of morality. Further, the side of the feedback loop that motivates the CEO to take part in the activism do not influence the value of the activism itself, but rather shapes how the activism is executed. Fink’s explicit motivations for his activism were client demand and market risk. However, regardless of the motivations, Fink still spoke out about a political issue that is not centrally related to the firm, and contributed his voice to the political national dialogue about climate change. It is also safe to assume that this act influenced at least some stakeholders—including but not limited to clients, employees, and other corporate CEOs—to consider how climate change could affect the business world and how companies and municipalities are prepared to handle those changes. The feedback loop I conceptualize refers primarily to the motivations driving the speech act.
Limitations and Ideas for Further Research

This research provides insight into two instances of CEO activism in American politics that represent opposite sides of a circular relationship. Apple CEO Tim Cook and BlackRock CEO Larry Fink show how CEOs can favor and frame their activism in relation to one side of the feedback loop over the other. The CEOs themselves are demographically similar: both are white, men, long-time CEOs of their company who use CEO activism to support liberal stances on their respective issues, and are less than a decade apart in age.

Future research could examine if and how a CEO’s demographic makeup or ideological persuasion influences their activism, as well as instances in which the CEO’s activism supports conservative causes. If I were to expand my work to include additional cases, I would consider incorporating cases in which the CEO is motivated equally by both sides of the feedback loop, cases when the CEO is the first or only business leader to engage in activism on a specific political issue, or cases on different types of political topics. Providing this variety could help paint a fuller picture of the nature of CEO activism and the conditions that affect its delivery. Additionally, I am curious to understand how consumer actions to a CEO’s activism shapes their future activism. This paper is limited in that it focuses only on the origin of the activism, but the feedback loop theory suggests a cyclical relationship in which each instance of a CEO’s activism is refined and adjusted based on the feedback loop. Further research is necessary to further establish this claim.

While research exists on how CEO activism may influence consumer behavior, researchers would benefit from an empirical examination of the effects that CEO activism has on stakeholders’ political participation. This paper does not address how CEO activism fits into the legal theory of corporate personhood. Fink himself articulates that his motivations behind his
actions are regulated by federal legislation, and that he is obligated to make all decisions with an understanding of maximizing returns for his clients. Further research contextualizing the legal implications of the CEO as a political actor could in turn better inform scholarship on the political theory of the firm, the legislative landscape of stakeholder theory, and the future of CEO activism.

Furthermore, while I exclusively focus on Fink’s CEO activism, his role as an investor provides additional financial leverage over other corporations that Cook and many other CEOs lack when speaking up about political and social issues. A study focusing directly on CEO activism in the banking and financial service industry could better inform relationships between a CEO’s economic power and political legitimacy, and could help offer a helpful comparison between shareholder and CEO activists.

In this paper, I do not suggest that relying on one side of the feedback loop over the other influences the activism’s worth. Rather, I identify how these motivations shape the activism’s construction and execution. However, this research could, in the future, inform discussions on the circumstances under which CEO activism has maximum political and economic utility. There is still much to be addressed regarding CEO activism, a powerful phenomenon situated in the crux of business and politics.

**Conclusion**

While previous studies on CEO activism have sought to characterize the consumer demands for and reactions to CEO activism, none have articulated the circular relationship of influence between the CEOs and their stakeholders. The CEO activism feedback loop serves to portray the way CEOs are both influenced by and influencing stakeholders when executing speech acts. This relationship is fundamental to recognizing where CEO activism fits within the
American social, political, and economic landscape. Further, by interpreting which direction of this loop the CEO weighs more heavily, social scientists can understand the tactical and strategic implications of the CEO activism.

In speaking out on Twitter and in *The Washington Post* against Religious Freedom Restoration Acts, Cook used CEO activism as a tactical maneuver to raise awareness about and incite action against Indiana and other states’ RFRA legislation. In instigating this CEO activism, he paid more attention to the positive side of the feedback loop, in which the CEO acknowledges his power and uses it to influence stakeholders. Because he based his rationale on his moral obligation to use his public platform to speak up, his language was stronger and more personal, but his activism did not bear any economic weight.

BlackRock CEO Larry Fink prioritized the negative side of the feedback loop when instigating CEO activism and announcing corporate policy changes to sustainability in his annual letter to CEOs. Through my analysis, I find that because of the motivations behind the act, the CEO activism is structured largely as a tactical maneuver to respond to stakeholder influence. His speech act was temporally delayed in comparison to other business leaders who spoke out about climate change and the importance of the Paris Agreement, but attributing his actions to client demand legitimized the economic action that accompanied his speech behind his speech.

From these two cases, we can see that CEO activism is a tactical maneuver that can be used by the CEO to both respond to and influence stakeholders. Considering that studies have shown that younger generations have the greatest expectations for CEOs to be activists, we may see CEO activism becoming a more frequently-used tool and job function of CEOs. This blurring of the line between political and economic actors in the American public sphere signals a larger trend of consumer-citizens expecting businesses to fill roles traditionally saved for governments.
Policymakers, business leaders, and social scientists would be well served to understand CEO activism and its relationship with stakeholders because it represents a key component in the larger trend of the explicit politicization of American business.

Only with an understanding of the impetus for CEOs’ action will we understand how CEOs’ activism fits into the political discourse on these issues. If we continue to analyze how CEOs commence activism, we will learn more about the circumstances that give rise to their activism and about the merging relationship between politics and business. With CEOs playing noted roles as activists and political actors, it is crucial to understand more about how, when, and why these CEOs become activists.
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