



Social Responsibility

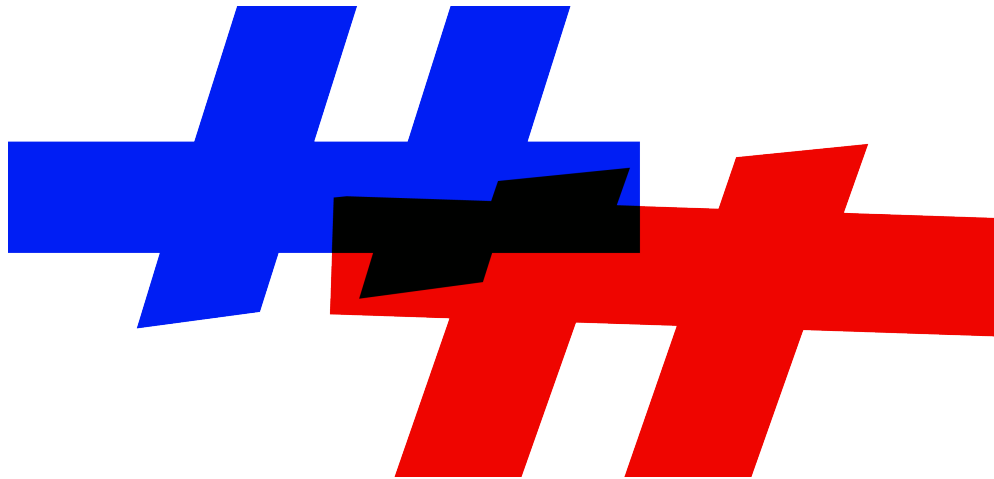
# Managing Political Misfits

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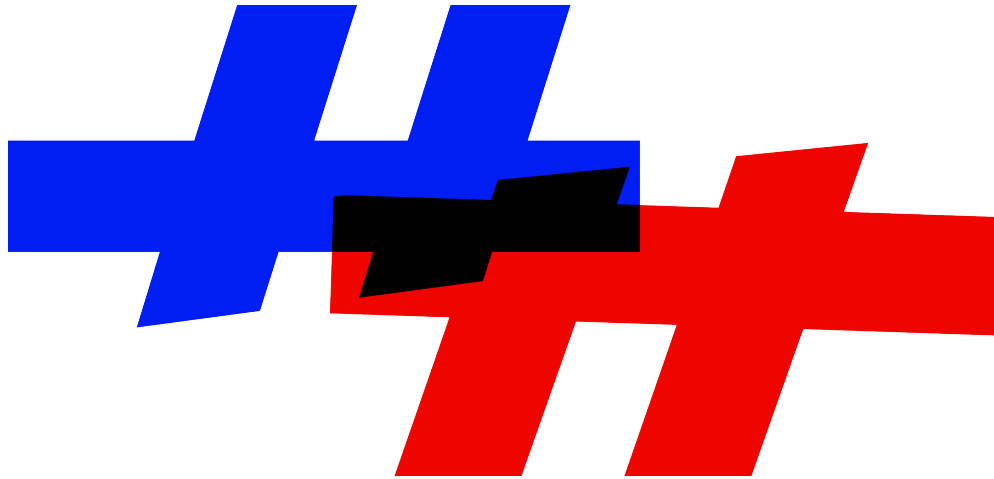
# Managing Political Misfits

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**When CEOs weigh the decision to speak** out on a hot-button issue, they tend to focus on how their words and actions might affect brand reputation and customer behavior. But an equally significant question is how CEO activism affects employees. If the stance a leader takes leaves key employees feeling angry or disengaged — or if it provokes them to start looking for another job — the business effects may well be severe. For example, after Delta ended a discount for NRA members in the wake of the school shooting in Parkland, Florida, [CEO Ed Bastian](#) acknowledged the effect of his action on employees. “Our people and our customers have a wide range of views...and we are not taking sides,” he wrote in a companywide memo, explaining that the decision was meant to distance Delta from the issue. “I know it is not comfortable to be caught in a highly emotional debate.”



We began studying political ideology in the workplace in 2016, to understand the effects on employees of being a political outlier. Established research tells us that people who mesh with an organization’s culture are more likely to be satisfied in their jobs and perform better and, conversely, that those who feel they don’t “fit” have negative work outcomes. To find out whether this holds true for ideological misfits, we analyzed data on the career histories of more than 40,000 private equity investment professionals over 10 years. We then identified their political ideologies using data from the U.S. Federal Election Commission, which records individual contributions to candidates, campaigns, political action committees, and political parties. We also conducted in-depth interviews with 25 people working at various levels in the industry.

One theme emerged from our research right away: CEO activism is the tip of the iceberg. Our interviewees acknowledged that companies themselves can have a dominant political ideology. For example, one partner at a private equity firm we spoke with noted that his company was “in alternative energy, so leans toward the liberal spectrum,” though he personally identified as conservative. (Some well-known examples outside the PE world are Starbucks and Google, on the liberal side, and Chick-fil-A and Hobby Lobby, on the conservative side.) Respondents were readily able to identify their firm’s ideology – liberal and conservative leanings

were reported in roughly equal proportions — and discussed how it aligned (or not) with their own.

We also found that political ideology is a salient part of work interactions. One respondent, for example, reported that politics came up “when discussing possible investment ideas — such as investing in health care, which is very closely tied to politics.” A principal at a large investment firm elaborated: “Politics can affect the businesses in which we invest, so it matters for our portfolio companies and potential industries of interest. We talk about the implications of policy decisions — how they will impact our strategy and investments.” Others reported that political discourse routinely arose in casual, everyday conversations. “I was at my [previous] firm during an election season,” explained an investment associate. “It was a time where everyone was quite active in politics.”

None of our respondents spoke of being overtly harassed for their views, but people described subtle repercussions. “I was one of two [ideological] outliers that I know of,” an interviewee told us. “Usually, [we] hid in the shadows.” Another said, “There is not much political diversity where I work, so those who do feel differently are just quiet and uncomfortable.” A conservative investment associate reported being laughed at after disclosing whom he had voted for in the 2008 presidential race. “Everyone was talking about the election, and I told them who my vote was for,” he said. “The response was not disdain or anything harsh; it was laughter. My coworkers would sooner think I was cracking a joke than voting for anyone but a liberal.” Rather than correct his colleagues’ mistaken assumption, the associate “continued with a wisecrack to sell it.” He expressed frustration that in this organization, “Statements were made about politics in such a way that they precluded any dialogue or debate on the other side.”

Using statistical techniques, we studied the ultimate measure of disengagement — departures from the firm. Our hypothesis was that misfits are more likely to move on than those who feel comfortable with a

firm's dominant ideology. That turned out not to be the case: Under certain conditions, they are actually *less* likely to quit. However, conservative misfits are more likely to leave than liberal misfits; in fact, liberals were significantly less likely to move on than conservatives regardless of how well they fit ideologically within the organization. The reasons for this await further research.

Our overall findings have several implications for managers. On the most basic level, leaders should be aware of their company's dominant ideology, if one exists, and be sensitive to the fact that some employees may feel they don't fit in. Executives and managers should create an environment in which different views are respected. This is particularly important in light of increasing demands on CEOs to take activist stances. While not the sole determinant of a company's political culture, leaders' public statements typically both reflect and reinforce it. Imagine, for example, that it is September 2017, and the CEO of a large company has just spoken out in opposition to the U.S. Justice Department's decision to rescind the DACA program protecting immigrants who were brought illegally to the United States as children. Employees who disagree with the CEO's position would undoubtedly find it more difficult to openly support the Justice Department's action. This kind of dampening atmosphere can be toxic for ideological misfits, and it is up to leaders to prevent its emergence.

Leaders might go a step further and encourage misfits to engage with and harness the tensions between the firm's dominant viewpoint and their own. After all, strong organizations value vigorous debate. When someone argues the business case for a proposed investment, for example, others rightly seek to poke holes in it. The same expectations should apply to political discussions — that debate is healthy, disagreements can often be resolved, and people with opposing viewpoints have a valuable role to play.

As for employees, our research revealed two coping strategies respondents used to manage the pressure and discomfort of being an ideological outlier. Some became "discreet dissenters," supporting political causes in

ways that didn't draw unwanted attention, such as by privately donating to a candidate or party. Others became "workplace missionaries," striving to engage, educate, and perhaps even convert fellow employees. A principal at a large private equity firm likened working at his organization to attending a liberal Ivy League college if one were a conservative. "It provides an intellectual challenge," he said. "It can be a good thing to stand out and to be approached as the token conservative or liberal."

Ideological tensions at work may even create a unique opportunity to reduce the political polarization we are experiencing in society at large. Work is one of the few places where people with differing worldviews are in regular communication. If we learn to disagree constructively in the workplace, perhaps we can do the same elsewhere. | **THE BIG IDEA**



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