
Trump Puts Business Values to the Test



By N. Craig Smith , INSEAD Chaired Professor of Ethics and Social Responsibility

CEOs have stood up to oppose Trump’s immigration ban, will they show the same commitment to the environment?

Environmental regulations make common sense. Laws which ensure sustainable development, taking into consideration the needs of both present and future generations, bring benefits not only to the environment but to the economy as a whole.

With recent studies identifying the most significant **long-term risks** faced by the world today as environmental, corporations are embedding in their mission or values statements a commitment to reducing their footprint. It makes sense that governments should support this and that existing regulations and standards be met if not strengthened.

So when we hear the leader of the world’s biggest economy, U.S. President Donald Trump, describe environmental regulations as **“out of control”** and identify a man who has spent six years suing the Environmental Protection Agency as his **top pick** to run it, alarm bells start to ring. Hints that the Trump administration is ready to tear up the recently ratified Paris climate

change agreement, making good on his campaign pledge to boost oil and coal mining industries by [slashing regulations](#), suggest he has little concern for the development and environmental needs of future generations.

Environmental laws: Not just for the elite

Environmental regulations have been good for both the community and business in the U.S., especially given the many business opportunities created through innovation to address environmental issues; developing technologies in nuclear and renewable energy, as well as energy efficiency, storage and transmission. As noted in an [article](#) by Tuck Business School Professor Andrew King and Harvard Business School Professor Michael Toffel, American businesses are poised to be winners in the transition to a low-carbon economy. This article was endorsed by 22 business school professors from the world's leading business schools and members of the Alliance for Research on Corporate Sustainability (ARCS), including me.

The introduction of environmental regulations to support the shift to a low-carbon economy will create jobs and prevent lost work days, impugning suggestions that environmental regulations are part of an "elite" movement. The reality is they are consistent with conservative values such as fair play and market competition. Most corporations today recognise this and openly talk about their commitments to creating a better, more sustainable world.

How far companies will go to meet these commitments in the face of an openly sceptical administration has yet to be challenged.

Challenging the White House

The business world has already proved it has the temerity to stand up to Trump. Many powerful players led the outcry following the new administration's executive order to ban immigrants from seven Muslim-majority countries entering the U.S., a ban initially including "green card" holders who are legally entitled to be in the country. At the risk of offending customers, stakeholders and staff (and becoming the subject of one of Trump's vitriolic Twitter tantrums), CEOs spoke out promising to take further action should the bans go ahead.

Starbucks CEO Howard Schultz was one of the first, vowing in an open letter to staff that the company would "neither stand by, nor stand silent" as uncertainty over the new administration grows. Schultz backed up this

commitment by announcing plans to hire 10,000 refugees over the next five years.

The ride-hailing group Lyft also took action, voicing the companies' resistance in a letter to customers headed "Defending Our Values". Lyft pledged US\$1 million to the American Civil Liberties Union, one of the biggest legal advocacy groups working to fight against unlawful Trump policies.

Nike President and CEO Mark Parker emailed employees, urging them to "[stand] together against bigotry and any form of discrimination" while Goldman Sachs CEO Lloyd Blankfein led Wall Street's opposition, sending a voicemail message to all staff noting the corporation's opposition to Trump's order. "This is not a policy we support," he said, adding, "we will work to minimise such disruption to the extent we can within the law."

Reaction from the tech sector, which relies on immigrants to maintain its innovative technology, was fast and furious. Amazon, Expedia and Apple and other heavyweights joined a **legal action** to challenge the travel ban. Airbnb CEO Brian Chesky offered free housing to those affected by the order; LinkedIn CEO Jeff Weiner announced plans to expand the company's Welcome Talent programme for refugees in the U.S.; Google created a US\$4 million crisis fund for immigrant-rights organisations and vowed to "continue to make our view on these issues known to leaders in Washington and elsewhere." The list goes on with CEOs of Facebook, Etsy, Netflix, Twitter and Salesforce, among others, renouncing the new administration's immigration policy, pledging financial support to oppose it and making their commitment to diversity clear.

A Boycott Uber campaign over the company's uncertain position on Trump's executive order resulted in over **200,000 customer account cancellations** over the weekend following the travel ban. CEO Travis Kalanick's participation in Trump's business advisory council fuelled a shift to competitor Lyft and later prompted Kalanick to resign from the council because his involvement was viewed as an endorsement of Trump. As well as customers, Uber drivers – many of whom come from the countries affected by the ban – were deeply disapproving of Uber's initial refusal to condemn the executive order.

In many cases, business leaders spoke out against the executive order to be consistent with previously expressed company commitments to

antidiscrimination and diversity. However, many also remained silent, perhaps fearing a backlash from Trump supporters among stakeholders if not from Trump himself. Others clearly had interests at stake that were challenged by the executive order, as Uber's U-turn likely reflects. If nothing else, Trump's presidency appears to be testing the authenticity of company values statements.

The question now to be asked is, will these business leaders with the courage to speak out show the same passion when it comes to meeting their expressed responsibilities to a sustainable planet?

Saving the environment makes sense

Environmental laws and regulations are vital to a sustainable future. Having them is good not only for the environment but for business and the economy. If the new Trump administration threatens this future security by making good its threat to tear down many of the regulations put in place during the preceding eight years, and walking away from its obligations under the Paris accord, will business be there to challenge it? Just as they have spoken out about the threat to human rights and restrictions against immigration, it is time for corporate leaders to stick to their principles and companies' missions and stand up for the environmental values they purport to hold dear.

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