

Publix

Best Practices in a New Age of Corporate Engagement

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ABSTRACT

Publix, a Florida-based grocery chain, is the largest employer in the state of Florida (Florida Commerce). This case study examines Publix's approach to the highly divisive Florida Parental Rights in Education Act, also known as "Don't Say Gay." Publix's decision to contribute funds to a political action committee to support the bill was met with disapproval from LGBTQ+ advocates and civil rights groups, leading to customer boycotts. This case will discuss best practices and examine Publix's approach in its effort to stay silent in the debate.

Keywords: Publix, Don't Say Gay, Social Activism, Politics, Business, Divisive

INTRODUCTION

On March 28, 2022, Florida Governor Ron DeSantis signed into law Florida House Bill 1557 (Durkee, 2022). The bill was titled “The Parental Rights in Education,” but proponents of the bill coined the nickname “Don’t Say Gay” for the legislation. The majority of laws passed at the state level do not generate national attention, but this legislation did, especially as Disney, one of Florida’s largest employers, got entangled in a verbal sparring match over the legislation with Governor DeSantis. The elevated level of attention created an atmosphere of awareness. According to Pew Research, 80% of Americans, both Democrats and Republicans, believe social media is effective for generating awareness about social issues (Auxier & McClain, 2020). While both sides agree that social media has an impact, those leaning Democratic tend to hold a more positive view of social media and its ability to raise awareness for underrepresented groups. According to research by Sprout Social (n.d.), 81% of Americans believe social media has increased corporate accountability.

Shortly after the bill's signing, Publix was brought into the conversation over the legislation (Kika, 2022). Publix operates over 1,200 locations in the southeastern U.S. and was founded in Florida (Kika, 2022). Social media activists brought their concerns about Publix to light by alleging that Publix donated \$200,000 to sponsors of the Parental Rights in Education bill (Kika, 2022). As momentum started to build across social media, the hashtag #BoycottPublix emerged, and additional claims of racial and gender discrimination were added as fuel to the fire. Publix did not take a public stance in support of the legislation, but their previous political donations created ties to those who sponsored the bill. The entanglement highlights the intersection of business, politics, and social activism.

LITERATURE REVIEW

In 2010, the Supreme Court decision in the *Citizens United v. Federal Election Commission* unleashed a frenzy of corporate money into politics (Lund & Strine, 2022). The result may have created an environment that American corporations might regret. The decision enabled companies to donate and help elect candidates that they hoped would support legislation that would benefit the company. According to Lund and Strine (2022), “Before *Citizens United*, the law reflected a general societal consensus that keeping corporate money out of elections was a good thing,” but “*Citizens United* upset that settled approach.” A societal norm was washed away, and the “Supreme Court exposed corporations and our political process to a new and unhealthy dynamic of interactive influence seeking” (Lund & Strine, 2022).

According to an article published in *Forbes* by Jeff Kozloff (2018), companies that are transparent with the public will enjoy a positive brand image, will help them attract and retain top talent, help boost their image with investors, keep them compliant, and it’s the right thing to do. A survey completed by Sprout Social (n.d.) shows that 86% of Americans feel that transparency is more important than it has ever been, and 73% of Americans are willing to pay more for products from companies that guarantee transparency. Consumers increasingly value transparency from businesses, and this demand for transparency extends to social media, where brands and customers interact publicly in real-time. Brands need to understand what transparency means to consumers, and social media is a vital tool for fostering transparency, as it can lead to increased consumer trust, higher sales, and a stronger brand reputation. However,

despite the power of this tool, many companies fall short of consumer expectations for transparency on social media.

While social media has become a focal point of American culture, the desire for authenticity has become critical. Younger consumers feel strongly about digital transparency, with 86% of Americans believing it is more critical than ever (Erskine, 2018). Authenticity is important to protect the brand, and a CEO's reputation is directly tied to a company's market value, so now, more than ever, a CEO must be transparent and visible in the public space of social media. Companies seemingly live and die by their social media presence, yet as of 2018, 88% of Fortune 500 CEOs are not engaged on social media (Erskine, 2018).

Success on social media is not an easy task. Many companies try to engage in causes but don't back up the cause with tangible action. These empty gestures lead to negative publicity. An example of this was the #BlackoutTuesday trend. The cosmetic giant L'Oreal Paris posted the phrase "Speaking out is worth it" in white text over a black background while also posting a blank black square (Beer, 2022). The message was supposed to come off as support for the Black Lives Matter movement. In fact, over 950 companies posted a black square during this time, but many were called out for their alleged lousy track records on racial topics. L'Oreal Paris fired model Munroe Bergdorf after she spoke out about unconscious racism in the wake of numerous racially themed incidents taking place in the country. Social media took notice, and the president of L'Oreal Paris directly reached out to Bergdorf to express regret on how the company handled the situation years prior. This was likely not the way L'Oreal Paris wanted things to go. Several major companies jumped on the #BlackoutTuesday trend, hoping to catch some of the positive sentiment, but for many, like L'Oreal Paris, it backfired. Activists took to social media, urging major corporations like Ford, Target, Google, and Bank of America, which publicly showed support for voting rights, to cut ties with the U.S. Chamber of Commerce due to its opposition to the For The People Act, a voting rights bill being considered in multiple states. In 2021, Google publicly opposed legislation that could restrict voting access while simultaneously funding an election integrity initiative with Republican legislators who supported such legislation in Georgia (Lund & Strine, 2022). According to Lund and Strine (2022), "Such inconsistency - what some have called hypocrisy - has become endemic in the corporate world as a direct consequence of the U.S. Supreme Court's 2010 decision in *Citizens United v. Federal Election Commission*."

Companies need to improve, as the public's view of corporate America has become much more negative in recent years, with only 25% of Americans thinking large corporations positively affect the country (Dunn & Cerda, 2022). Companies also need to be decisive and act quickly. When an issue arises that is consistent with the stated values of that organization, the organization should make a statement early, definitively, and consistently (Scott, 2021). This will help organizations create the impression that they are not just using empty gestures and that they are backing up what they say they stand for. Lund and Strine (2022) highlight that "A 2020 report by the Center for Political Accountability offers abundant examples: corporations that have publicly demanded racial equality while making contributions to groups and candidates that promote racial gerrymandering; corporations that purport to be concerned about climate change while donating to groups that challenge the EPA's clean-power plan; and corporations that claim to protect LGBTQ rights while funding groups that helped elect supporters of the 2016 'bathroom bill,' which abolished certain antidiscrimination protections for gender identity".

The initial stages of the Florida Parental Rights in Education Act are where Disney went wrong. Indecisiveness and transparency are not seen as compatible. Consistency creates credibility, and according to Kyle Scott (2021), Vice Chancellor of Strategic Priorities at Lone

Star College, “coming out late can sometimes be worse than not saying anything at all, as the company may look timid and unprincipled if its statement comes out too late.” Bob Chapek, the former CEO at Disney, faced criticism for not taking a public stance against the law (Maruf, 2022). Many speculated that his handling of this situation led to his downfall at Disney. At the beginning of the debate on the Parental Rights in Education Act, Chapek addressed the issue internally but refused to make a public statement. At the time, Chapek suggested that corporate statements do not have much impact, so it wasn’t worthwhile. An immediate backlash ensued from within the company, and employees started staging walkouts, which led to Chapek apologizing. Once Chapek decided to put the weight of Disney behind the bill, Florida Governor Ron DeSantis went on the offensive, making matters worse for Chapek and Disney.

PUBLIX

Publix, the largest employee-owned company in the United States, is not publicly traded (Publix, N.D.). George Jenkins, the company's founder, felt that allowing employees to purchase ownership of the company would improve the company because employees would have a sense of ownership. George W. Jenkins, the founder of Publix Super Markets Inc., was born in 1907 in Harris, Georgia. He had humble beginnings but was a hard worker and a quick learner. After moving to Tampa, Florida, he started working as a stock clerk in a Piggly Wiggly store. He quickly rose through the ranks and was eventually promoted to manager of the company's largest store in Winter Haven. In 1930, Jenkins took a bold step and resigned from Piggly Wiggly to open his grocery store. He called it Publix Food Store, and it was an instant success. Jenkins was committed to providing his customers with the best possible service, and he was also innovative. He was one of the first grocery store owners to install air conditioning and fluorescent lighting. As Publix Super Markets expanded, it retained Jenkins' core principles of treating employees and customers like family. The company has grown to over 1,300 supermarkets, generating billions in revenue (Publix, N.D.). Jenkins' enduring values continue to guide the company's mission to be the world's premier quality food retailer. Publix symbolizes customer satisfaction, workplace excellence, sustainability, and community engagement.

The vision statement for Publix is to be the “premier quality food retailer in the world” (Publix, n.d.). The company views the community as an “extended family member” and states that its primary charitable focus is ending hunger (Publix, n.d.). The organization outlines events that support this cause, such as a perishable recovery program and a donation campaign, as well as encouraging employees to volunteer their time to help combat hunger.

On their website, Publix outlines their commitment to diversity by pledging support to end racial injustice and made a \$1 million donation to the National Urban League (Publix, n.d.). The organization has a section of its website titled “Committed to Diversity,” where a letter to associates from CEO Todd Jones is posted. The letter affirms that the organization recognizes that “our support and compassion are required on an even deeper level.” (Publix, n.d.). This language suggests that the organization believes it can impact causes if it so chooses.

Publix never issued a public statement on Florida’s Parental Rights in Education Act, but the company has been tied to sponsors of the bill by social activists (Kika, 2022). While these contributions may not have been in support of this legislation specifically, monetary contribution creates an association whether the company likes it or not. The silence and how Publix allocated their political donations made the organization a target for social activists.

To make matters worse for the company in 2023, an employee in the bakery refused to write the word “trans” on a cake requested by two social workers who organized an event for a local transgender community event (Reilly, 2023). Numerous employees at the store cited a corporate policy that prevented them from complying with the request. The incident was highlighted by social activists and made headlines, causing Publix to issue a statement. Publix stated that the employee should have fulfilled the request and that nothing in the policy would prevent an employee from fulfilling this request. Beyond that acknowledgment, Publix didn’t offer additional comment. When an organization has clear and definitive values, it acts as a guardrail for employees and often prevents missteps because they know where the company stands on issues. While not corporately directed, issues such as this one could seemingly add credence to the belief that Publix is against LGBTQ+ rights.

RESULTS

While companies don’t need to take a stand on every social issue that generates public attention, more attention than ever must be paid to the perspectives of customers and employees of an organization. As intense employee activism and political divisions demand attention, companies can no longer avoid social and political issues (Caminiti, 2022). In the past, companies could stay silent on divisive issues, but a whirlwind of divisive topics has made it difficult for companies to remain apolitical. At the pressure of government or social activists, topics such as COVID-19, anti-abortion legislation, LGBTQ+ rights, and gun rights have made it nearly impossible to stay on the sidelines. Employee activism is also likely to increase, and 32% of employees say they support a company speaking out on social issues, even if they don’t agree with it (Caminiti, 2022). With this number likely to increase, organizations must question what matters to their employees and customers and understand how they arrived at that conclusion. Companies often believe they understand their employees and customers, but it is increasingly important for them to be 100% confident. There must be room for reflection and dialog with employees and customers to help affirm what matters and avoid blind spots. Organizations need to avoid empty gestures, even if the intent is good. If an organization does not follow through, this will be perceived negatively by employees and customers.

Companies must align their internal values with their external brand and communicate them in all channels (Scott, 2021). To avoid offending anyone, companies have historically tried to be apolitical. Still, this approach may cause more harm than good in the new age of social media and social activism. Not speaking out could make a company look like they are not genuine, and their hashtags are empty gestures. Communications teams should become strategic partners in helping organizations navigate these challenges and establish credibility. Scott (2021) states, “As someone who has led communications and public affairs strategies in the public and private sectors, I have found that the best communications strategies precede public communication.” Credibility is created by openly communicating your values and living those core values consistently. This can help organizations avoid the need to issue public statements in reaction to activists and enable them to get ahead of the narrative.

According to Scott (2021), “There should be no distance between a company’s internal values and its external brand.” It is important to practice what you preach. If a company advocates for a social cause, they need to be mindful of how other actions, which at first glance could seem unrelated, could create the impression that they are hypocrites. Everything from hiring practices to social media messaging can help support or undermine an organization’s

credibility. Establishing an environment where employees can voice their concerns is important, as those concerns can provide valuable insight and help an organization affirm its understanding and avoid blind spots. Scott (2018) suggests forming “councils throughout the regions in which they operate, but particularly within the region where they're headquartered, that can meet with members of the company's leadership team to evaluate current practices and value alignment.” As evidenced by Disney's missteps early on during the dispute in Florida, companies need to act early, definitively, and consistently to avoid having to issue a public statement to limit the damage caused to their credibility.

According to Lund and Strine (2022), “Even the classic justification that corporate donations maximize shareholder wealth is on shaky ground: emerging evidence suggests that they can destroy value by suppressing innovation and distracting managers from more pressing tasks.” Having to issue public statements about why you donated to a politician who supports causes that do not align with your corporate values can take the life out of an organization. An argument can be made that if you donate to political causes, you go all in, like Ben & Jerry's. Ben & Jerry's is considered by many to be a pioneer in incorporating social justice causes into their brand (Marquis, 2020). The company has always been early, definitive, and consistent. The company has found that the increased loyalty of customers who share their values far outweighs the possibility of losing customers. Utilizing this approach has allowed Ben & Jerry's to establish a large and dedicated base of customers. Practicing what they preach, Ben & Jerry's integrated social justice causes into their supply chain and sourcing practices. Ben & Jerry's has demonstrated that taking a strong stance on social issues can be a successful strategy.

Not all companies need to be as vocal as Ben & Jerry's, but organizations should avoid trying to please everyone and making the mistake Bob Chapek made at Disney. Be early, definitive, and consistent. Know your identity and customer. Ben & Jerry's has mastered how you can take a stand and be profitable. They do not focus on pleasing everyone - they are all in. If organizations want to avoid getting wrapped in political activism, they should pay special attention to where their political contributions are directed or avoid political spending. Success can be found either way, but it cannot be found by playing both sides.

Lund and Strine (2022) state, “In an era when customers, employees, and investors are increasingly scrutinizing companies' records on employee, environmental, social, and governance issues, the threat of blowback from political contributions has become too great for executives to ignore.” Today, political contributions will likely destroy value as more transparency and scrutiny are placed on corporate involvement in politics. Playing both sides seems to be impossible in today's transparent corporate environment. Publix attempted to remain impartial, and it leaves open the possibility of future gaffs, like the cake incident. Publix's mistake was not their unwillingness to take a political position; their error was not being clear about it.

CEOs can play a significant role in enhancing transparency efforts on social media and setting an example for others in the organization (Sprout Social, n.d.). A CEO's social media presence can positively impact the company's image and consumer loyalty. Additionally, millennials expect transparency from brands and their CEOs, and social media is the perfect place for CEOs to engage this audience. Increasing transparency efforts will help organizations gain consumer trust, increase loyalty, and protect the organization's reputation. Transparency can mitigate risks and improve the brand's perception, even during crises. To effectively implement a culture of transparency, organizations should make it a holistic strategy rather than just a

marketing one. CEOs should be engaged on social media and focus on connecting with millennials with significant purchasing power and influence.

CONCLUDING COMMENTS

Publix has made public comments on diversity, seemingly focusing on racial diversity. Venturing into one social justice cause, but not others can create speculation around why the others are not supported. This approach opens the door for criticism and allows activists to create a narrative that these are empty gestures and that the organization is not fully committed to social justice. Additionally, the Publix website outlines that a commitment to diversity can not only benefit the organization with “fresh ideas and unique perspectives,” but the organization can also have an impact on the community (Publix, n.d.). Often, organizations, such as Disney, have cited that corporate statements do little to change minds, but this statement invalidates any attempt by the company to utilize a similar argument in the future (Maruf, 2022). If the organization believes it can have an impact, it could become problematic if they are not seen as active enough. This is where organizations can benefit from having clearly outlined values or attempting to stay completely removed from all issues.

Publix has not been early, definitive, and consistent. In one of the hottest political topics in their state, the grocer was silent. This opens the door to speculation and assumptions. This paper is not suggesting that organizations like Publix need to support a specific side; instead, evidence suggests that they pick a side and be clear about it. From there, the company can address how that position aligns with the organization's and its stakeholders' values.

As corporations become more political, they become less popular with the public, but employees are demanding action. Which is more valuable: your employees or your customers? Future research should be focused on employee attitudes toward political donations and how to navigate public perception.

If it is not feasible to end political activity, companies must evaluate political donations' cost-benefit. Companies must acknowledge that when they donate to a candidate, they are now supporting everything that candidate stands for in the eyes of the public. Use the example of Publix donating to sponsors of the parental rights bill. Publix wasn't donating to endorse the bill, but that didn't matter.

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