

# The impact of CEO Activism in brand reputation: the PROZIS case

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## Abstract

Citizens are increasingly demanding that companies take a stand on controversial socio-political issues. But CEOs face a major dilemma, as their opinions are those of a citizen and a leader, with no clear boundaries. After posting an opinion welcoming the repeal of the law protecting the right to abortion, the CEO of Prozis created a case that dominated social media trends in Portugal for weeks. As a result, Prozis suffered numerous censorship, cancellations of contracts with influencers who didn't want to be associated with these statements, and thousands of ordinary people who publicly declared that they would stop consuming Prozis products and unfollowed the brand on social networks. This study aims to understand Portuguese society's perception, understanding and level of agreement with this phenomenon. Based on a quantitative approach (n=550), through an online questionnaire, this study concludes that although 69.1% of the participants disagree or strongly disagree with the statements made by the CEO of Prozis, 73.5% believe that any CEO has the right to publicly express his or her opinion. Also, more than ¾ believe that Prozis' reputation has been affected by these statements, but more than half (51.6%) said that they have not (or would not) stop buying Prozis' products. A significant difference was found in that only 34.7% of Baby Boomers felt they had stopped buying Prozis products, compared to 58.5% of Gen Z.

Keywords: CEO activism; digital marketing; brand activism; political consumerism; Prozis.

## 1. Introduction

Marketing has changed rapidly in recent years (Swaminathan et al., 2020; Kalaignanam et al., 2021). According to Mertz et al. (2009), the focus of companies and brands shifted from a goods and services perspective (1900-1930), where brands were seen as mere identifiers, to an era where the focus shifted to their value (between the 1930s and 1990s of the last century). At this stage, brands began to recognize the importance of the image and its functional but also symbolic value. In a third phase, somewhere between 1990 and 2000, the focus shifted to the relationship. According to the authors, from the year 2000 we entered what they call the stakeholder focus, where brands are seen as dynamic and social processes. In this current era of marketing and branding, consumers are becoming more driven and motivated by their own personal values and beliefs every day, and demanding that organizations behave in a moral, ethical, and sustainable way (Duarte, 2023). In this context, they are forcing companies to take positions on often controversial issues.

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Nevertheless, taking a public stance is often a true double-edged sword, as organizations are made up of people, who are first and foremost citizens, and the line between private and public is often blurred. CEOs (Chief Executive Officers), the “most visible face” of organizations, now face the dilemma that their private opinions and attitudes are often confused with those of the organizations they lead, without clear boundaries, as seen in the case of the CEO of Prozis, analyzed in detail in this article.

The public declaration by Miguel Milhão, CEO of Prozis, in favour of the anti-abortion laws in the United States, has generated a huge debate in Portuguese society, with several news stories in the main Portuguese media and, consequently, the brand he manages has become a “victim” of these statements, with many people stopping following the brand on social media, publicly criticising it, consumers boycotting it and even celebrities cancelling their advertising contracts with Prozis.

Starting from the framing of the construct of CEO activism, this study explores Portuguese perceptions of the phenomenon, their attitudes towards the personal vs. institutional role of corporate leaders, and their political consumption response. A second part is dedicated to the “Prozis case” itself, where the reactions to the situation and to the brand were studied and analyzed by age, gender, professional situation and political identification.

## **2. Activism in marketing**

The notoriety, focus and importance given to social causes is something that cannot be denied today (Chan, 2023). No person, community, organization, government or even brand can remain immune to this reality. Global issues have invaded the public sphere in a very significant way and the debate takes place every day, on all channels, on the most diversified topics, which no longer concern only the small community, region or even country, but the entire planet in a transversal and global way. As observed by Duarte and Chambel (2023), a quick look at history shows that companies and brands have always been outside the public debate, outside the external controversies, away from socio-political discussions. It happens that consumers today are more aware, more concerned, and more exigent, demanding that organizations take a stand on issues that affect people’s lives, that are beyond their own sphere of influence or control, and therefore demanding a clear position from brands and companies, that are now under pressure to take a stand (Paris, 2022).

Companies engage in brand activism for three main reasons. The first one is to respond to the increasing pressure from consumers, who are becoming more aware of social, political, and environmental issues, and are demanding that companies and brands respond to the global challenges. The second is positioning. By choosing and publicly defending a particular cause, a company can create a distinctive image in the marketplace by occupying this space in the minds of consumer, thereby differentiating itself from its competitors. Finally, by using a specific cause, companies are likely to attract consumers who identify with these values and defend the same causes, benefiting these brands and companies by choosing to buy their products over those of the competition. In this way, it helps to increase the sense of trust and further loyalty (Eyada, 2020), as consumers perceive the company not just as a profit-driven organisation, but as an entity committed to something ‘bigger’.

### **2.1. From brand activism to CEO activism**

Despite the importance that brand activism has recently received, another phenomenon has been increasingly discussed in academia: CEO activism. According to Rumstadt and Kanbach (2022), the public expects CEOs to take a stand on social debates, regardless of their business connection, with 65% of consumers assuming that they want CEOs to speak out on important social issues (Hou & Poliquin, 2023). Thus, the authors hypothesize (H1) that consumers want CEOs to take a stand on socio-political issues.

Although conventional wisdom holds that CEOs should avoid wading into society's debates (Hambrick & Wowak, 2021), CEOs of major companies around the world, such as Disney, Nike, IBM, Starbucks, GAP, Amazon, Patagonia, Microsoft, Unilever, Siemens, Netflix, or Apple, among others, have taken public positions on some controversial issues, such as politics, diversity, gun control, immigration, abortion, or equal pay, just to name a few. Mark Benioff, the CEO of Salesforce, for example, holds periodic dinners to explain why he believes public activism is part of the modern CEO's job.

By publishing a list of numerous CEOs who have recently become involved in socio-political causes, Mkrtychyan et al. (2022) showed an upward trend in the proportion of CEOs who have engaged in some form of activism, rising from 0.98% in 2011 to 37.53% in 2019. In fact, CEOs speaking out to influence social issues seems to be here to stay, with an increasing number of leaders speaking out every day about causes that are not directly related to the core business of the organization they lead, on topics ranging from climate change to respect for sexual orientation, from race to gender equality, among others (Chatterji & Toffel, 2019).

Furthermore, CEOs' socio-political activism attracts a great deal of public interest, mainly due to their extreme influence, which is a consequence of their enormous public visibility and positional power (Branicki et al., 2020). These public positions have given rise to the so-called "CEO activism", which Hambrick and Wowak (2021, p.34) define as "a business leader's personal and public expression of a stance on some matter of current social or political debate, with the primary aims of visibly weighing in on the issue and influencing opinions in the espoused direction". This definition highlights the "*symbolic dimension*" of a leader's role, whose actions affect the trajectories of their organizations at least as much as their substantive actions (Pfeffer, 1977, 1981, cited in Wowak et al., 2022).

Although Kathy Bloomgarden (2019) questioned on the World Economic Forum website, whether CEOs – whom she called activists – should talk about social issues that affect the whole community and, ultimately, the entire planet, the fact is that CEO activism, probably because of its impact, leads to positive market reactions and higher company valuations (Mkrtychyan et al., 2022). The same conclusions were reached by Rumstadt and Kanbach (2022), who found that CEO activism appears to have a direct impact on consumers' willingness to buy from a company. Perhaps as a result, business leaders have become increasingly involved in taking public positions on various social and political issues affecting their employees, customers, communities, the environment, etc. over the past decade. To investigate this, it is hypothesized (H2) that the public's reaction to Prozis' CEO statements has been positive. Interestingly, as Melloni et al. (2019) refers, when a CEO takes a position on one side of a debate, is considered as "CEO activism", but when they don't take a position, it is considered as "strategic ambiguity".

Nevertheless, it's important to remember that taking a stand on controversial issues is different from simply supporting some social issues, even if they are related to global social problems, as is the case with Corporate Social Responsibility (CSR). It is generally accepted that CSR is better accepted than corporate activism, mainly because the former is usually associated with causes that everyone agrees on (protecting the environment, supporting local communities, etc.), while the latter is associated with divisive issues that polarise society. Another difference is that activism is unapologetically visible, not discreetly hidden like some other forms of corporate influence, such as donations or lobbying (Hambrick & Wowak, 2021), to name a few.

But what prompts a CEO to speak out? For Hambrick and Wowak (2021), the CEO's own values system is of paramount importance, but CEOs also analyse the possible reactions of the closest and most important stakeholders, such as employees and customers, by weighing up the extent to which these publics share the same values and would (or would not) support a specific action. In this way, they try to reduce the potential for backlash. Even so, taking a stand always raises a number of issues. For Melloni et al. (2019), there are at least two consequences: the first is that, of course, there will always be audiences that don't agree with the CEO's point of view and therefore may refuse to buy products from that company. This is corroborated by Rumstadt and Kanbach (2022), who remind us that one of the possi-

ble risks that executives take when they publicly comment on political issues is to irritate stakeholders, which can lead to negative reactions or sales boycotts. This reaction of buying products to express an opinion or to make a statement, as an extension of their beliefs, values, and lifestyles, known as political consumerism (Clarke, 2008; Manfredi-Sánchez, 2019; van Deth, 2014, Vázquez, 2014), is growing (Stolle & Micheletti, 2005) and it is an opportunity for consumers to make an impact and exercise their power (Eyada, 2020).

The second consequence is that CEO activism may be seen as profit-driven, and if so, consumers tend to avoid or, at least, relativize CEOs communications. Even so, for Mukherjee and Althuizen (2020), although brand activism may involve a degree of uncertainty, the potential payoff is usually worth the risk. The author hypothesize that the Prozis' CEO statement influenced brand consumption (political consumerism) (H3).

## 2.2. Brand Reputation

To be successful in the market, brands need to have a good reputation, since brands and organizations with a better reputation attract more customers (Herbig & Milewicz, 1993). To this benefit, Doorley and Garcia (2020, p. 4), added “the attraction of more and better candidates for employment, pay less for supplies, gain essentially free press and social media coverage that can be worth much more than advertising, and accrue other benefits that actually contribute to profits.”

For the present study, we'll use the definition of corporate reputation as “a collective assessment of the attractiveness of a company for a specific group of stakeholders relative to a reference group of companies with which the company competes for resources” (Fombrun, 2012: 100). Although the construct of corporate reputation has been defined in several different ways over the years, and therefore, makes it difficult to agree in a concrete and single definition, it is commonly accepted that a good reputation enhances the value of the organization (Dowling, 2016). In 2019, Veh et al. have analysed 5885 publications on corporate reputation, published until 2016, and found that this construct is a valuable intangible asset that contributes to a competitive advantage in the market, which enhances a superior financial performance (p. 316).

Doorley and Garcia (2020, p.37) advanced with this interesting formula of reputation:  $R = (P+B+C) \times Af$ . For the authors, reputation is the sum of Performance, Behaviour and Communication, all of this multiplied by the Authenticity factor. Authenticity is the indicator of how well an organization lives up to its intrinsic identity. This is, when there is authenticity, the organization is whole, undiminished, but when it fails, its reputation will decline, once it will be a fraction of the sum of  $P + B + C$ . So, if any one of these factors is pinched, this has consequences on the company's reputation.

Therefore, it is hypothesized (H4.1) that the Prozis' reputation has been affected by the statements of his CEO. Moreover, it is also hypothesized (H4.2) that even if this specific CEO leaves the company, the reputation won't be changed, and that if this same CEO moved to another company, the new one will be affected (H4.3).

Since performance can be seen as the functionality (in this case of Prozis' products) and those didn't have any functional problem, change, or decrease in quality, this research focus on communication and behaviour, to try to understand its impact in this specific case. By one hand, how the CEO statements were received by the consumers. On the other hand, which consequences it brought in terms of costumers' conduct, both in buying behaviour and attitude towards the brand.

The fact that the Prozis' CEO statements have, or not - and which - consequences on the organization's reputation is precisely the relationship that this study aims to unravel.

### 2.3. The Prozis case

Prozis is a Portuguese brand, founded in 2007 by Miguel Milhão (CEO) which operates in the field of sports food supplements. Based in Esposende, Portugal, it is one of the biggest sports nutrition brands in Europe. In addition to the online sale of sports food supplements, it is also dedicated to their production at its factory located in Póvoa de Lanhoso, also in Portugal.

On June 26, 2022, Miguel Milhão posted on his personal LinkedIn page, a message (figure 1) in support of the decision of the Supreme Court of the United States of America that reversed the decision in the case “*Roe vs. Wad*”, allowing several states to move forward with anti-abortion laws.



This controversial opinion gave rise to a chorus of criticism from the most varied sectors, with numerous personalities publicly criticizing this action, several digital influencers distanced themselves from this statement, many of which even broke the large advertising contracts they had with the brand. Also, thousands of common people unfollowed the brand on social networks and publicly assumed that they would no longer consume products from that company.

The case made the news and had the spotlight in the press and especially on social media for a couple of weeks in Portugal.

As seen in this case, the line that separates what's private from what is public is not clear. Although Miguel Milhão affirmed, in an interview<sup>1</sup> to the economic Portuguese newspaper *Jornal de Negócios* that their personal opinion has nothing to do with the company he leads: “These are my ideas, not those of Prozis. It is a private company, it has shareholders, it has workers, and everyone has different opinions. I am a person who is against abortion.”, the fact is that those statements have had consequences, as seen back the backlash in several social media platforms.

### 3. Research Question and Methodology

To answer the research question “What was the impact of the so-called “*Prozis case*” in Portuguese society and on brand reputation?”, this study relies on a quantitative approach, conducted in Portugal between March 13 and April 12, 2023, carried out through an (online) questionnaire survey, available via *Google Forms*. Initially tested by two respondents, the organization, presentation and understanding of the questions were validated.

1. <https://www.jornaldenegocios.pt/multimedia/negocios-tv/detalhe/entrevista-na-integra-a-miguel-milhao-dono-da-prozis>

Also, the following hypothesis were proposed:

(H1) Consumers want that company leaders (CEOs) take a stand on socio-political issues.

(H2) The reaction of the public to the Prozis' CEO statements have been positive.

(H3) Prozis' CEO declaration affected brand consume (political consumerism).

(H4) A leader's reputation directly affects the company he leads:

(H4.1) Prozis' reputation has been affected by the statements of his CEO.

(H4.2) Even if this specific CEO leaves the company, Prozis' reputation won't be changed.

(H4.3) If this specific CEO moved to another company, the new one will be affected.

(H5) There are differences between the perception and attitudes towards CEO activism regarding: age, gender, professional status, and political identification.

### 3.1. Participants

To obtain a convenience sample (Kalton, 2020), a non-probability sampling technique was applied - resorting to participants who were more accessible and more easily available, belonging to the researcher's network of contacts (Taherdoost, 2016). Then, the snowball technique was applied, through encouragement of participants to encourage others to participate. In the end, the participation of 550 valid responses was verified. All respondents agreed, through an expressed informed consent, with participation, framework, purpose of the study and subsequent data processing, respecting the guidelines of the EU General Data Protection Regulation (April 27, 2016/679) and the Portuguese law (58/2019) on data protection.

Regarding the age distribution, 33.3% of the participants belongs to Gen Z (born between 1997 and 2010), 22% belongs to Gen Y (born between 1981 and 1996), 35.8% belongs to Gen X (born between 1965 and 1980), and 8.9% belongs to Baby Boomers Generation (born before 1965). Looking to the groups in the extremes, it's important to distinguish their characteristics, as literature shows us that generational differences matter. According to Seifert et al. (2023), Baby Boomers are positive, optimistic, and idealistic, but also intellectually arrogant with a superior, important and powerful sense of self. They consider themselves as having a "live to work" philosophy and hold that hard work is the key to individual success. In contrast, Gen Z values intelligence/knowledge more than any degree, prefers a flexible schedule, is tech-oriented, more motivated by challenging projects than money, and is community minded.

In terms of gender, women represent 60.9%, men represent 37.3%, and 1.8% of the surveyed individuals prefer not to answer this question.

47.5% of the sample identified himself as an employee, 25.3% as student, 11.8% as self-employed without any dependent workers, 8.9% as self-employed with dependent workers, 3.6% as trainees and 2.9% declared unemployed.

Finally, regarding the political spectrum, the results (fig. 2) show an almost perfect normal distribution curve: 0.5% declare themselves as extreme left, 7.3% left, 23.8% center left, 37.6% center, 21.6% center right, 7.8% right and 1.3% extreme right.

Se 1 for o mais à esquerda, e 7 o mais à direita, onde se identifica/situa no espectro político?

550 respostas

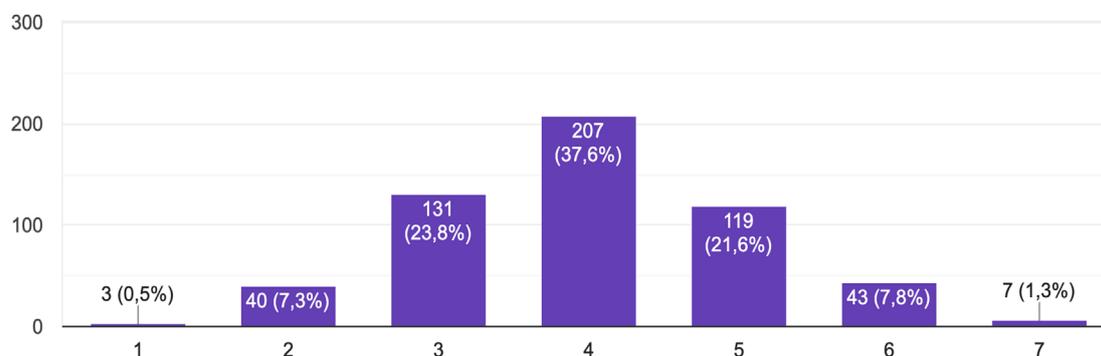


Fig. 2 – Political spectrum self-identification

### 3.2. Data collection procedures and tools

Data collection was conducted through a self-administrated questionnaire available online (Bryman, 2012), through the link provided by the author, and shared throughout email, WhatsApp groups and social media networks. The survey was written in Portuguese, it was completely anonymous and did not collect any names, e-mail addresses or geo-locations.

The questionnaire (annex 1) consisted of the three sections: (1) general questions regarding perceptions and attitudes to “CEO activism”; (2) feelings regarding the impact of the so-called “*Prozis case*” and brand reputation; (3) socio-demographic data regarding gender, age, professional status, and political identification.

The statistical analysis was performed using IBM SPSS Statistic software version 28.0.0.0.

## 4. Results

### 4.1. CEO Activism

From the 550 valid answers, about  $\frac{3}{4}$  of the respondents (72.4%) consider that CEOs should use their power and influence to take public positions on social, environmental, or political causes in which they are personally concerned. With no significant difference, almost the same number (72%) consider they should talk on causes that affects their businesses or employees.

When asked if they can differentiate the personal opinion of a leader of a company from the opinion of the organization he leads, 66.4% answered yes, against 33.6% who said no. Nevertheless, when analyzed and compared by gender, age, professional situation and political identification, some differences are noticed. 69.3% of male participants answered that they can differentiate, compared to 64.5% of female respondents. In terms of age, the percentage of answers that assume they can differentiate the opinions of the citizen from the opinion of the company he/she leads, were distributed this way: Baby Boomers, 63.3%; Gen X, 68%, Gen Y, 65,3%; and Gen Z, 66.1%.

As to the professional situation, while 81.3% of the unemployed and 80% of the trainees answered they can differentiate the opinions, only 64% of employed participants answered the same. Finally, more people from the extreme right (57.1%) assumed they can differentiate the opinions, compared with only 33.3% of the extreme left.

Regarding the causes people consider more adequate to be spoken by the CEO's, Environmental issues (with an average of 3,86 in a scale from 1 – least important, to 5 – most important), Diversity and Inclusion (with an average of 3,71), and Immigration and Human Rights (with an average of 3,61), were the most ranked causes. Around the middle of the scale appears Other Causes such as abortion, animal rights, or wage inequality (with an average of 3,08), and at least, above the scale middle point was Politics, with an average of 2,69.

About the channels where respondents think CEOs should speak out about a social issue, 73.6% consider they should use their own personal channels, such as twitter, Social Media Networks, LinkedIn, etc., and 13.6% assuming they should use institutional channels such as the organization's website, newsletters, internal publications, or corporate events. 12.7% said that they should use traditional media as TV, press, etc. While 74.9% of Gen Z think they should use personal channels, only 61.2% of Baby Boomers answered the same. On the other hand, more Baby Boomers (16.3%) think they should use traditional media vs. 10.9% of Gen Z. The same results appear regarding the use of the organization channels, with 22.4% of the Baby Boomers assuming CEOs could/should use them vs. only 14.2% of Gen Z.

As to the political identification, 0% of the extreme left think they should use the organization channels, but 42.9% of the extreme right said they can/should. About the use of personal channels, it was approved by 66.7% of the extreme left vs. 42.9% of the extreme right. Finally,

More than the double (33.3%) of the extreme left compared to the extreme right (14.3%) think they should use traditional media.

#### 4.2. Political Consumerism

In a Likert scale from 1 (not likely) to 5 (very likely), when asked about their attitude towards a company or brand whose CEO had made public statements contrary to their personal values/beliefs, more than half of the respondents (53.1%) assumed they likely (28.9%) or very likely (24.2%) consider stop buying/consuming products from that organization. 30.2% answered neither likely nor not likely, while 10.9% said unlikely and 5.8% answered not at all likely.

When cross compared these results with the age, 20.4% of the Baby Boomers said not at all likely (6.1%) or unlikely (14.3%), while only 15.8% of the Gen Z answered the same (4.9% not at all likely and 10.9% unlikely). On the other side, 48.9% of the Baby Boomers said it is Likely (22.4%) or Very Likely (26.5%) to stop buying/consuming, compared to 53% of the Gen Z (34.4% Likely and 18.6% Very Likely).

Regarding the gender, 23.9% of the male respondents assumed that it is not at all likely (7.3%) or unlikely (16.6%), while only 12% of the female respondents answered the same (4.2% not at all likely and 7.8% unlikely). On the opposite side, more female respondents (54.6%) said that it is Likely (30.1%) or Very Likely (24.5%) to stop buying/consuming, compared to 50.2% of male respondents (27.3% Likely and 22.9% Very Likely).

As to the political identification, 33.3% of the extreme left respondents answered that is not at all likely to stop buying or consuming, with only 28.6% of the extreme right answered the same, but on the other hand, 42.9% of the extreme right respondents said it is very likely to stop buying/consuming products from a company or brand whose CEO had made public statements contrary to their personal values/beliefs, against 0% of the extreme left.

To compare the attitudes on boycotting and buycotting, another question was made, but reversing the action: "To what extent (1- not likely to 5 - very likely) would you consider buying/consuming products from a company/brand whose CEO *had made public statements* aligned with your personal values/beliefs?"

In this case, even more people (58.9%) answered they likely (30%) or very likely (28.9%) consider start buying/consuming products from that organization. 28.9% answered neither likely nor not likely, while 7.5% said unlikely and 4.7% answered not at all likely.

The cross comparison with age, gender and political identification was repeated, and again more respondents of the Baby Boomers (18.4%) said that is not at all likely (10.2%) or unlikely (8.2%), comparing to only 9.9% of the Gen Z (4.4% not at all likely and 5.5% unlikely). When analyzing the opposite answers, only 40.8% of the Baby Boomers said it is Likely (24.5%) or Very Likely (16.3%) to start buying/consuming, compared to 63.9% of the Gen Z (33.3% Likely and 30.6% Very Likely).

As to the gender, less than half of the female respondents (7.8%) answered that it is not at all likely (3.9%) or unlikely (3.9%), compared to the male respondents (19.1%) that assumed the same (5.4% not at all likely and 13.7% unlikely). On the opposite side, again, more female respondents (64.4%) said that it is Likely (32.8%) or Very Likely (31.6%) to start buying/consuming, compared to 50.8% of male respondents (25.9% Likely and 24.9% Very Likely).

When we look to the political identification, less than half (14.3%) of the extreme right respondents answered that is not at all likely to start buying or consuming, comparing to 33.3% of the extreme right that answered the same. Again, 26.8% of the extreme right respondents said it is very likely to start buying/consuming products from a company or brand whose CEO had made public statements aligned to their personal values/beliefs, against 0% of the extreme left.

Finally, the professional situation was also analyzed, as there were some significant differences: 25% of the unemployed respondents considered not likely (12.5%) or unlikely (12.5%) to start buying/consuming products from a brand whose CEO had statements aligned with their own values/beliefs, compared to only 11.9% of employed respondents (6.2% not at all likely and 7.7% unlikely). On the opposite side, 57.5% of the employed assumed they consider start buying/consuming (32.3% Likely and 27.7% Very Likely), against only 31.3% of the unemployed (18.8% Likely and 12.5% Very Likely).

In the total, the average of answers that assume to consider stop buying/consuming products from a company or brand whose CEO had made statements against their values is 3,55 (in a 5 points scale), while the average of answers that assume to consider start buying/consuming products from a company or brand whose CEO had made statements aligned with their beliefs is higher: 3,71.

#### 4.3. Attitude towards the “Prozis case”

The second part of the questionnaire is focused on the so-called “Prozis case”. The first question asks directly how respondents assess the position of the Prozis’ CEO regarding the discussed issue in this research. Using a 5-point Likert scale from 1 (strongly disagree) to 5 (strongly agree), the results were: 58.9%, 10.2%, 20.2%, 6.5% and 4.2% respectively from 1 to 5.

From the total, more female respondents (72%) answered disagree (9.6%) or strongly disagree (62.4%), comparing to male respondents that answered the same (64.9%), with 53.7% strongly disagreeing and 11.2% disagreeing. On the opposite side, 9.3% of female respondents agreed (5.1%) or totally agreed (4.2%), while 13.7% of male respondents agreed (9.3%) or strongly agreed (4.4%).

Regarding group age, 80.4% of Gen Z disagree (11.5%) or strongly disagree (68.9%) comparing to 63.3% of Baby Boomers that disagrees (10.2%) or strongly disagrees (53.1%).

On the opposite position, 16.3% Baby Boomers agrees (12.2%) or strongly agrees (4.1%), while only 6.5% of Gen Z agrees (3.8%) or strongly agrees (2.7%).

As to the political identification, 0% of extreme left respondents disagree or strongly disagree with Prozis’ CEO statements vs. 42.9% of the extreme right. Interestingly, also 0% of participants from the extreme left fully agree with the statements vs. 42.9% of the extreme right.

Regardless of whether they agree, or not, with the public position of the Prozis’ CEO, around 3/4 (73.5%) affirm that any CEO has the right to publicly express their opinion, against 26.5% who affirms

that a CEO, as a company leader cannot/should not express personal opinions publicly. When analyzing the difference by age, we found that more Baby Boomers (73.5%) than Gen Z (67.8%) believe that CEO should be able to express himself freely. The gender doesn't show significant differences, with 72.8% of female participants agreeing with the freedom of expression, and 74.1% of male respondents. As to the professional situation, 40% of the trainees assume that CEOs should not share their personal opinions publicly, as 32.4% of students and 23% of employed, but only 12.5% of unemployed surveyed individuals having the same opinion.

Regarding the political spectrum, 100% of extreme left respondents agree that a CEO should be able to speak out freely vs. 57.1% of the extreme right. In the opposite direction, 0% of the extreme left respondents think that a CEO should not speak out publicly vs. 42.9% of the extreme right.

#### 4.4. Prozis' Reputation

About PROZIS' reputation, more than 3/4 (76.7%) believe that the brand has been affected by its CEO's statements. When this question was analyzed by age groups, the results showed that over 3 times more Baby Boomers than Gen Z believe the brand was not affected. In fact, the older the age, the more percentage of respondents thinks the brand was not affected, with 36.7% of Baby Boomers, 32.5% of Gen X, 21.5% of Gen Y and only 10.9% of Gen Z.

As for the gender, 29.3% of males vs. 19.4% of females consider that the brand was not affected.

Regarding the political spectrum, 100% of the extreme left respondents consider that the brand was not affected vs. 57.1% of the extreme right. In the opposite direction, 0% of the extreme left respondents think that the brand was affected vs. 42.9% of the extreme right.

55.8% of respondents consider that, even if the company changed its CEO, its image/reputation would not be the same vs. 44.2% who think so.

When asked if the Prozis' CEO moved to another organization, would this affect the new organization, 69.8% of respondents consider that yes vs. 30.2% who think not.

#### 4.5. Prozis' Boycott and Buycott

Despite the difference not being very significant, when asked about whether they stopped (or would stop) buying Prozis' products, due to the statements of its CEO, more than half (51.6%) said no vs. 48.4% who said yes.

Comparing age groups, only 34.7% of B.B. stopped/would buy, while 58.5% of Gen Z stated that they did/would.

As for gender, more female respondents (54%) stopped/would buy, compared to just 39% of males who did/would do the same.

Regarding the political spectrum identification, 100% of the extreme left respondents did not stop or would stop buying vs. 71.4% of the extreme right. However, 77.5% of left (77.5%) extreme left (0%) respondents have or would stop buying vs. 51.9% of right (23.3%) and extreme right (28.6%).

### 5. Discussion

The data collected in this research showed that almost  $\frac{3}{4}$  of the participants consider that *CEOs should use their power and influence to take public positions* on social, environmental, or political causes (even if they are divisive or controversial), without distinction between what are *causes that concerns them personally* (72.4%) vs. *causes involving the organization or employees* (72%). Although this is in line with the everyday higher consumers' public conscience about societal problems, it's

activist involvement in several socio-political causes, and the bigger exigence from consumers that are demanding brands and companies to take a stance, the indifference between what is personal concerns and what is of the company and the employees is something new.

The social causes considered the most appropriate to be talked about by CEOs are, in order of importance: Environmental Issues, Diversity and Inclusion, Immigration and Human Rights, Other Social Causes, and finally Political Issues with averages of 3.86, 3, 71, 3.61, 3.08 and 2.69 respectively, on a 5-point Likert scale, where 1 is least important and 5 is most important. These results reflect the major social concerns, shown every day on the news, and social media networks. The little importance given to political issues, such as laws, taxes, justice, education, etc., reflects the distance between citizens and politics, demonstrated by the high abstention rates in most elections (for example, in Portugal, in the last elections for the European parliament, in 2019, there were 69.3% abstention<sup>2</sup>, confirming the constant upward trend since 1999).

Regarding the channels in which CEOs should speak, although the majority of the respondents (66.4%) answered that they are able to differentiate the personal opinions of the CEO from those of the company he leads, and 73.5% assumed that like any citizen, a CEO has every right to publicly express his opinions, most (73.6%) assume that the channel through which he should speak is the personal one. These percentages shows that people differentiate the importance and impact of the channel from which the message is told and therefore should be something that CEOs should pay attention.

As for the general political consumerism, although there are no differences regarding stop or start buying products or services depending on whether the CEOs' statements are aligned with people's personal values, it's interesting to see that the average of those who say will going to buy when the values are aligned is higher (3.71) than that of those who say they stop buying when the positions are opposite (3.55). These results reinforce the findings of Mkrtychyan et al. (2022) and Rumstadt and Kanbach (2022) who found that CEO activism results in positive market reactions and have a direct influence on consumers' willingness to purchase.

When analysing the specific Prozis' consumerism, more than half (51.6%) stated that they did not stop (or would stop) buying PROZIS products, due to the declarations of its CEO. Comparing generations, results show that only 34.7% of Baby Boomers stopped buying Prozis' products, while 58.5% of Gen Z did it. As for gender, only 39% of males vs. 54% of females stopped buying. When analyzed the political identification, results show that 77% of respondents from the left and extreme left would stop buying vs. 51.9% of right and extreme right who assume the same. This numbers provide valuable insights about the behavior of Portuguese population regarding age, gender, and political identification towards specific socio-political causes.

Looking to the reaction of the public towards the public statement of the CEO of PROZIS, we see that 69.1% disagree or strongly disagree, and only 10.7% agree or strongly agree. Maybe this specific case can have been influenced by the huge media coverage that the case had have, and by the fact that the subject has to do - despite the arguments of the opposite positions - with human lives (abortion). Even so, this study showed that Portuguese society seems mind-opened to different opinions, as regardless of whether agreeing or not with Miguel Milhão, almost  $\frac{3}{4}$  of the respondents (73.5%) assume that any CEO has the right to publicly express his opinions.

When analyzing the impact of this case on Prozis' reputation, interesting findings were made when comparing age, gender, and political identification. Despite 76.7% believe that the brand was affected by these statements, more than three times Baby Boomers (36.7%) than Gen Z (10.9%) respondents believe that the brand was not affected. This could be explained by the biggest involvement of the youngest generations in socio-political causes. As for gender, 29.3% of males vs. 19.4% of females consider that

2. <https://www.pordata.pt/portugal/taxa+de+abstencao+nas+eleicoes+para+o+parlamento+europeu+total++residentes+em+portugal+e+residentes+no+estrangeiro-2209>

the brand was not affected, suggesting that the feminine participants can be more involved in maternity/abortion subject than masculine ones. Regarding the political identification, 100% of the extreme left respondents consider that the brand was not affected vs. only 57.1% of the extreme right. Maybe there's a lesson in this once some social causes are directly associated with different political positions. This way, these results can help CEOs decide which causes they choose to speak about and/or what consequences they can expect from sympathizers/supporters of different political spectrums.

Focusing specifically on reputation, more than half (55.8%) of the respondents consider that even if Prozis changed its CEO, this particular construct would not be the same again. Also, seven in each ten respondents (69.8%) consider that if Prozis' CEO would move to another organization, this would affect the new organization. From these respondents, 77% of Gen Z believe that the CEO change would affect the new organization vs. only 55% of Baby Boomers.

This confirms that reputation is a communication framework that takes time to be changed and once it gets a stain, it's not easy to remove it. Also, it shows that the new generations are more willing to feel and get involved with societal issues than the oldest ones.

## Conclusions

This research confirms H1, H4 and partially H5. H2 and H3 were not confirmed. Regarding H1, this study proved that consumers want that company leaders (CEOs) take a stand on socio-political issues. Besides confirming vast past literature, this research adds a new layer to CEO activism, not just by confirming its impact on consumers' behaviors but also showing - and this is new - that people don't make a distinction whether its causes that concerns CEOs personally or causes exclusively related to their business or employees.

As for H2, unlike previous studies (e.g., Mkrtchyan et al., 2022; Rumstadt & Kanbach, 2022), the results exposed a negative public reaction to the Prozis CEO's statements. As discussed above, several reasons can be pointed out to justify this, but it is important to highlight how a leader's public posture can create a wave of negative attitude towards the brand, even if it does not generate a consequent boycott, as seen in this case.

Indeed, regarding political consumerism, H3 was also not confirmed, since more than half of the respondents assumed that they did not and would not stop buying the brand's products, even though they did not agree with the leader's position. An insight that can be drawn from this case is that, although consumers may not identify with (and even criticize) some public statements by a company leader, this does not imply immediate negative consumption behavior.

When analyzing the impact of this case on the Brand's reputation, all H4 were confirmed. In fact, although  $\frac{3}{4}$  of the interviewees answered that they can differentiate a personal opinion from the company's position when a leader speaks out, the results show that people umbilically associate these statements with the company, affecting its reputation. Furthermore, not only is the company directly and inevitably affected, but also the "reputational stain" attaches itself to the leader and "dirty" the next companies to which he (if applicable) moves.

Finally, H5 was only partially confirmed, as the perception and attitudes towards CEO activism and the Prozis' case regarding age, gender, professional situation, and political identification shows some in different questions, but one cannot assume clear assumptions as a whole.

Looking to the importance given to the different causes, it is not surprisingly that environmental issues and diversity and inclusion are the most rated ones, as they are the most spoken and discussed themes in the media and social media. The political issues ranked below the medium scale point is also, somehow, expect, due the low esteem that these themes are receiving from the public opinion.

It is also relevant to understand the channels that the population expects to be used by CEOs to convey their messages, as well as understanding the difference in perception due to age and political identification. That is, depending on the target that the company/CEO wants to reach, it can choose different channels, since they have different impacts on different audiences.

The fact that there is no significant difference in political consumption, either in the intention to start buying/consuming, if the message is aligned with their values, or the opposite, is surprising, especially when the total average of respondents who assumed to pass to buy is greater (3.71) than that of those who assumed to stop buying (3.55). This may mean that political consumerism has a greater impact when values are aligned than the other way around.

When analyzing the reputation of the Prozis brand because of its CEO's statement, and even when more than 3 out of 4 believe that it has been affected, some differences are worth highlighting: firstly, the fact that more than 3 times more Baby Boomers than that Gen Z considered that a brand was not affected reveals the generational importance in understanding these issues. On the other hand, gender and political identification also reveals curious differences. In the first case, 10% more male than female respondents considered that the brand was not affected, suggesting a gender bias on interpreting CEO activism. In the second case, extreme right respondents are more willing to consider that the brand was affected than those of the extreme left. Again, political identification has a direct impact on CEO activism perception.

About political consumerism, this specific case revealed unexpected data: that is, contrary to most of the existing literature, and despite the difference not being very significant, when asked about whether they stopped (or would stop buying) Prozis' products, due to statements from its CEO, more than half say no. In other words, this demonstrates an incongruity between the interpretation of the act (the vast majority do not agree) and the consequent reaction (more than half would not take any action towards the brand) regarding the consumption of its products. This has a meaning that cannot/should not be overlooked, since it shows that, also in political consumerism, there is often a great distance between what people say and what they do.

From a managerial point of view, this study is particularly relevant for companies, since the leaders' statements (eventually controversial) will become associated with the organization, as well as the CEOs themselves will be stuck with their statements for a long period of time. This study proves, therefore, the relationship between CEO activism and corporate reputation.

### **Limitations and further developments**

In further research, several aspects can be developed and/or could be deepened. From the outset, it would be interesting to compare these results with a situation in which the CEO's statements were not as controversial as in the Prozis' case, to see if the impact and degree of involvement of society with the cause affect the resulting reactions and attitudes.

Secondly, although this study did not confirm H3, the results were not clear about the intention of consumers to consider stopping consuming the brand's products, after the declarations of its founder and leader. That is, even with almost 7 out of 10 people surveyed (69.1%) responding that they disagree or completely disagree with the statements made by the CEO of Prozis, more than half (51.6%) assume that they did not and would not stop consuming the brand's products due to this fact. Also, the opposite question could also be studied, i.e., the public who agrees with the position of the Prozis' CEO are more willing to buy Prozis' products? This issue could deserve further investigation.

Finally, one can also analyze and try to understand whether, in addition to differences in gender, age, professional occupation and political identification, there are other variables that could influence and differ in the results.

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