

## FORTUNE

# Merck's Ken Frazier Just Gave Other CEOs a Blueprint for Standing Up to Trump

By DAVID M. MAYER August 14, 2017

Merck CEO Kenneth Frazier recently stepped down from President Donald Trump's manufacturing council amid concerns that the president did not sufficiently condemn the behavior of white nationalists this past weekend in Charlottesville, Va.

Not only did Frazier step down, but he offered a powerful statement: "America's leaders must honor our fundamental values by [clearly rejecting](#) expressions of hatred, bigotry, and group supremacy, which run counter to the American ideal that all people are created equal."

In addition to positive responses on social media, Merck's [stock price rose approximately 1%](#), its biggest improvement in nearly a month. Given the positive response to Frazier's courageous actions, why are many business leaders reticent to speak up about issues of social justice?

Research demonstrates that when people in organizations speak up about moral issues, they are often castigated. For example, employees who take a moral stand when others do not are often viewed as [holier than thou](#). Research also shows that most [whistleblowers](#) often face scorn and retaliation from their employers rather than being celebrated for their courage. Given that speaking up can also open someone up to claims of [hypocrisy](#) if they ever act in a less than virtuous manner, many people in organizations are hesitant to voice their opinions on ethical issues.

But there's an important caveat: [Research](#) I coauthored, led by W.P. Carey School of Business professor Ned Wellman and including Ross School of Business Dean Scott DeRue, finds that although lower-level employees may be vilified for raising issues, organizational leaders are generally praised for taking a moral stand. Given the legitimacy of their roles as organizational authorities, we want leaders to speak up and respect them when they do.

Further, research demonstrates that a CEO's moral values are [positively associated with firm performance](#). CEOs who focus on doing good for all

stakeholders—including society at large—are more likely to be seen as visionary and have employees who exert extra effort not formally required in their job descriptions. Ultimately their companies perform better financially, as compared to those of leaders who focus almost exclusively on economic outcomes.

Fortunately, Frazier is part of a new generation of CEOs who have the courage to speak up about moral issues. After hearing a shareholder complain that [Starbucks](#) had lost customers for supporting gay marriage, then-Starbucks CEO Howard Schultz said, “[Not every decision is an economic decision.](#) ... The lens in which we are making that decision is through the lens of our people. We employ over 200,000 people in this company, and we want to embrace diversity.”

Similarly, Sheryl Sandberg, COO of [Facebook](#), recently instituted a 20-day [bereavement leave policy](#) for employees to grieve losing an immediate family member. She has also made great strides to not only have equal pay for men and women at Facebook, but to encourage top leaders in other businesses to do the same.

As I write this article, 422 new full-time MBA students at Michigan Ross are beginning the [Impact Challenge](#)—a four-day project aimed at inspiring future business leaders to have a positive impact on society through business. Much like Frazier showed the courage to speak out against racism, I am hopeful and optimistic that our future leaders will have valor to stand up for their principles.

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