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Energy Companies Caught In The Middle With Controversial Abortion Laws

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In 2016, North Carolina barred cities from outlawing discrimination against LGBTQ residents – and got strong corporate pushback from PayPal, Apple, IBM and others.

In March 2021, Georgia established new voting restrictions, and Major League Baseball promptly pulled the All Star Game.

Last month, several controversial new laws that had passed in May took effect in Texas: One limits the time period in which abortion is allowed; the second imposes new voting limits.

Response from the energy sector, with many companies based in Texas, has been muted.

It's not alone. While activist pressure ramped up soon after the legislation was signed, including calls to move the 2022 March Madness NCAA tournament out of Texas, the [Daily Beast](#) reported the new abortion law has been met with silence from the 25 largest companies in the state.

Large international energy companies – like their counterparts in other corporate sectors – recognize the importance of demonstrating a commitment to social and ethical issues, known as environmental, social and corporate governance, or ESG. This is especially true with climate change, as energy companies have received increased scrutiny from would-be employees and investors alike. European companies are leading the charge in net zero-carbon strategies, but all of the biggest U.S. companies report on their sustainability strategies and pay at least lip service to net-zero goals.

“Companies either value these measures or they are getting pressure from consumers, investors and shareholders,” said Gail Buttorff, a public policy professor specializing in gender issues at the University of Houston’s Hobby School of Public Affairs.

Abortion appears to be different, at least so far, and experts say there are no easy answers.

Some companies, including Fort Worth-based American Airlines, have been more assertive about the new voting law.

“We are strongly opposed to this bill and others like it,” American Airlines wrote in a press release as the voting bill was debated. “As a Texas-based business, we must stand up for the rights of our team members and customers who call Texas home, and honor the sacrifices made by generations of Americans to protect and expand the right to vote.”

But it's still unclear how the pressure to respond to social legislation will play out when it comes to abortion. The Texas law, which limits abortion to the first six weeks, before many women know they are pregnant, has been **blocked by a federal judge** and **reinstated** by an appellate court. It is expected to make its way to the Supreme Court.

"I think most (companies) are hoping this disappears so they don't have to take a public stance," said Scott Sonenshein, a professor of organizational psychology at the Jesse H. Jones School of Business at Rice University. "There has been much more silence on the abortion bill than the voting rights one. I think it boils down to a reluctance to get involved in issues involving religious values."

Perhaps, but big energy companies have been through these kinds of battles on social policy before. When Exxon bought Mobil in 1999, it **dismantled the policy** of giving benefits to same-sex partners. The decision generated a lot of hostility, and the company eventually changed its policy. It has since sponsored and recruited from organizations that champion same-sex rights, recognizing the importance of recruiting diverse talent.

Whether the current lack of vocal support for or opposition to the new Texas laws will have a similar evolution remains to be seen.

"We have seen in our research that the **younger generation of workers value corporate social responsibility in companies**, and they view their contribution as an added value to that," said Pablo Pinto, director of the Center for Public Policy at the UH Hobby School of Public Affairs.

International companies use their carbon-zero strategies as a **recruiting tool**, hoping to attract new talent by explaining how workers can be part of the climate change solution.

For smaller Texas-based energy companies, developing an ESG strategy with nationwide appeal is more complicated. Even within the energy industry, there has been a split in the response to climate change, with international companies looking more towards global public opinion rather than regional attitudes.

“If your base is in the coastal areas of the country which value social policies more, you are more willing to take a stand against the local government,” Pinto said. “If your money comes from local voters and local interests who are less connected to the rest of the world, you are probably going to stay quiet or support the politicians behind these policies.”

And when it comes to a potential hot potato like abortion rights, companies appear to be stepping gingerly. Changing Supreme Court precedent on abortion has dedicated support in Texas, though it is far from unanimous. [About 40% of Texas voters support further limits on abortion rights](#) beyond those established by Roe v. Wade. About half of these voters support abortion in cases of rape, incest or to protect the mother’s health. Another 10% would allow abortion in other cases.

Given that abortion is not perceived to be a core topic for energy customers, most energy companies have chosen silence.

“If you take a strong stand on some of these policy issues that are highly polarizing and cater to a specific segment of the voter population, it puts you on both sides of the political activists,” Pinto said.

Meanwhile, some advocacy groups are taking a different tack, trying to hold energy companies responsible for their political contributions and noting that these corporate donations help fund the lawmakers responsible for the new restrictions.

ExxonMobil, Marathon and ConocoPhillips have been called out by the [Center for Political Accountability](#) for their contributions to the Republican State Leadership Committee. Their \$500,000 collective donations to the Committee – which are decided by the company’s executive team - became part of the stream of \$600,000 that found its way to state Rep. Mike Schofield, a Republican who represents the western Houston suburbs and sponsored the voting bill.

“The Texas legislature is passing extreme legislation – and with the amount of corporate funds that has been given to the legislature, the companies that are doing the giving are getting pressure to be responsible for their actions,” said Bruce Freed, executive director of the Center for Political Accountability.

“Companies can no longer look at spending in narrow terms of access or a ‘pro-business climate’.”

The companies may find additional pressure coming from within, especially in a tight job market.

In recently published [survey results](#) by the public opinion research firm Perry Udem, roughly two-thirds of working adults with a college degree said they believe a ban like the Texas abortion law would discourage them from applying for a job in that state. Half said they would look to move elsewhere if such a ban were passed where they live.

That could result in an even less diverse workforce for the energy sector, regardless of efforts these companies claim to make – and that investors are increasingly monitoring - to reverse this trend.

“A lot of energy companies are trying to recruit and train more women and move them into positions of leadership, and investors are supportive of that,” said Shelley Alpern, director of shareholder advocacy for Rhia Ventures, an investment fund focused on women’s reproductive and maternal health. “There is survey data that shows that family benefits and maternal healthcare are very important when women are considering offers. It can sway someone from one offer to another.”

A [recent exodus](#) of high-level Shell employees – disappointed in the slow pace of the company’s transition to renewable power – showed that even veteran employees can vote with their feet if they feel passionate about the cause.

“If the law continues to stand, you’ll start seeing more companies try to pressure policy through their words or actions,” Sonenshein said. “Employers are waiting to see if the surveys indicating prospective employees will not consider Texas because of this law will materialize into recruiting challenges. However, with an already tight labor market in a lot of industries, it’s hard to imagine companies staying silent for too long if the law continues to stand.”

Emily Pickrell is a veteran energy reporter, with more than 12 years of experience covering everything from oil fields to industrial water policy to the latest on Mexican climate change laws. Emily has reported on energy issues from around the U.S., Mexico and the United Kingdom. Prior to journalism, Emily worked as a policy analyst for the U.S. Government Accountability Office and as an auditor for the international aid organization, CARE.

UH Energy is the University of Houston's hub for energy education, research and technology incubation, working to shape the energy future and forge new business approaches in the energy industry.