

# STAT

## ‘Window dressing’: Eli Lilly’s after-the-fact statement on Indiana’s abortion law sends a disingenuous message

[Eli Lilly statement on Indiana abortion law sends disingenuous message \(statnews.com\)](https://www.statnews.com/2022/08/11/eli-lilly-statement-indiana-abortion-law-sends-disingenuous-message/)



By [Ed Silverman](#) Aug. 11, 2022



The Eli Lilly headquarters in Indianapolis.

**T**alk about a delayed reaction.

For weeks, a coterie of consumers and businesses tried to convince Indiana lawmakers not to proceed with a bill that would make the state the first to enact a near-total ban on

abortion. But in a puzzling move, Eli Lilly — which is one of Indiana’s biggest employers — didn’t join the effort or speak out publicly against the measure until after Gov. Eric Holcomb signed it into law late last week.

In an after-the-fact [statement](#), the big drug company expressed concern the new law will “hinder” its ability to attract “diverse scientific, engineering and business talent.” Expanding employee health coverage to include travel for abortions elsewhere “may not be enough for some current and potential employees.” Now, Lilly worried aloud that it will have to emphasize expansion plans outside Indiana.

The Lilly C-suite may feel it did the right thing by issuing its statement when it did. But to me, the missive comes off as disingenuous.

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Rather than address the issue when there was a chance to affect the outcome, the company instead appears to have decided that it could thread the proverbial needle — and hope no one would notice.

Here’s why I say that.

On one hand, Lilly has offered generous support for Republican state lawmakers who pushed the law. The company has given more than \$3.2 million to the Republican State Leadership Committee and \$29,000 to the Indiana Republican State Committee, both of which supported state Sen. Sue Glick, who authored the bill banning abortion, and state Rep. Wendy McNamara, who sponsored the legislation. That’s according to the Center for Political Accountability, a nonprofit that studies corporate donations.

Lilly also gave \$381,715 to the Republican Attorneys General Association, which supported the election of Indiana Attorney General Todd Rokita in 2020 with almost \$1 million in donations to his campaign through the RAGA Action Fund. Rokita made national headlines recently when he investigated an Indianapolis doctor who provided abortion care to a 10-year-old rape victim.

There’s more. The Indiana Republican State Committee also contributed nearly \$1 million to Holcomb’s election and reelection campaigns over the past several years. All this largesse was not lost on Indiana media, which has [run stories](#) over the past few days detailing still other political contributions that Lilly has made to the politicians who pushed the law.

Of course, such contributions are hardly surprising.

Like any large company with numerous workers in one state — Lilly employs more than 10,000 people in Indiana — the drugmaker is going to make donations in hopes of influencing regulations and legislation. This is how politics works in the U.S., after all, for better or worse.

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But if money buys access and Lilly was so concerned about the consequences of the legislation, why didn't the Lilly team leverage its influence with these legislators to dial back the abortion law when it was still a bill? After all, the company is only *now* on record saying the law may hurt its business.

What did the company stand to lose by proactively testifying at a hearing or signing open letters that other members of the Indiana business community organized and circulated? Like much in life, the answer depends on your point of view.

Lilly won't say boo. The company, unsurprisingly, is refusing to discuss its reasoning or the timing for its statement.

To be fair, this is not a simple or easy situation to navigate.

“You're moving from a shareholder orientation to a stakeholder orientation, where employees are now part of strategy and discussion,” said David Larcker, a Stanford University professor who heads the Corporate Governance Research Initiative. “Companies are being put in a pretty tough position. It's still a fairly new set of circumstances. And the abortion issue is especially polarizing.”

In a [2018 survey](#) of American views toward corporate activism, Larcker found the public was divided about the extent to which chief executive officers should discuss abortion — 37% backed speaking out on abortion, while 39% did not. He hasn't updated the research, but said he is willing to wager that sentiment has changed in favor of more public discussion by company executives.

But if you can't please all of the people all of the time, what do you do?

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In a red state such as Indiana, Lilly's statement is also bound to alienate some of its employees and vendors, not to mention some lawmakers who will continue to legislate other issues that affect the company.

Even so, the approach smacks of a company wanting it both ways.

By failing to speak out publicly before the bill became law, Lilly may have thought it could avoid alienating some of those folks and not become a target itself as part of the larger debate.

But to me, the belated statement is empty of real resolve, even if the Lilly management team does recognize it may get harder to recruit some people. And if someone held a genuinely large position in Lilly stock, they might ask why the company failed to do more to mitigate any legislation that could make it harder to achieve corporate goals and boost the value of their shares.

“If they really believed in protecting abortion rights and the welfare of women, they had other options,” said M.K. Chin, an associate professor of management at Indiana University. “They could have lobbied or indicated they would cut off contributions to lawmakers, but they weren’t that aggressive.”

“In the end, they want to maintain good relations with both parties, so to speak,” he said. “But I think there’s a good chance they are now doing window dressing to let their employees think they care about them.”

As difficult as it may be to choose the right path, I would argue that Lilly exhibited a failure of leadership.

“Companies have to look more broadly at their role as corporate citizens. They don’t have the luxury of remaining remote on these types of issues. They can’t dodge them anymore,” said Bruce Freed, who runs the Center for Political Accountability. “They’re major influencers in their state, and given what’s happening politically and what it means for them in the broadest sense, they have to think about what they’re saying and not saying. It’s all part of risk management. This is a case study.”

Lilly may have felt there was really no good choice, but there was: stake out a position and convey it when it matters most.

Acting only after the barn door is closed sends the wrong message.

## About the Author

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