

Corporate Sociopolitical Activism and Resulting Effects on Organizations

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Abstract

Modern organizations find themselves under increasing pressure to respond to current and developing sociopolitical movements. This shift in the way organizations are expected to involve themselves in the sociopolitical sphere has created questions for communications practitioners about when it is or is not appropriate to take a public stance on pressing issues. Based on a review of existing literature, this paper examines the possible advantages and risks of corporate sociopolitical activism that organizations must consider before deciding to make public their position on a divisive topic.

Corporate Sociopolitical Activism and Resulting Effects on Organizations

Organizations are under increasing pressure to participate in or show support for emerging sociopolitical movements. According to Bhagwat et al. (2020), “customers and other stakeholders are increasingly concerned about firms’ contributions to society as a whole and are placing mounting pressure on firms to take sides on hot-button sociopolitical issues such as immigration, gun control, LGBTQ rights, and climate change” (p. 1). Additionally, social media has presented stakeholders with a direct avenue to participate in dialogue exchange with organizations (Cornelissen, 2017) and has facilitated the creation of viral trends intended to demonstrate support for social movements. The combination of these phenomena is described by Juan Luis Manfredi-Sánchez (2019) as the corporate political shift, or “a series of communication practices [which] have emerged in the intersection between politics, the corporate world, and activism” (p. 344). A recent example of this shift can be observed in “Blackout Tuesday,” during which organizations within the entertainment industry posted a black square on social media to demonstrate support for the Black Lives Matter movement (Savage, 2020). The trend quickly spread beyond the entertainment industry, with organizations in other sectors posting black squares on enterprise accounts. However, participation in “Blackout Tuesday” backfired for many organizations; the trend was declared problematic as it began to drown out important information being shared by activists, and many participating organizations were accused of virtue signaling while doing little to advance racial justice within their companies (Ho, 2020). With increasing expectations from stakeholders to take a public stance on sociopolitical issues and the ability of social media users to create a swift and devastating public backlash, organizations may find themselves in an ethical quandary about what and when to communicate concerning sociopolitical issues. This paper intends to establish

guidelines for organizations about when it is or is not appropriate to deliver statements on sociopolitical issues or participate in related social media trends. A review of existing literature suggests that organizations must examine the potential positive and negative results such participation may generate, as well as the congruity of the sociopolitical issue with the organization's existing values, to determine whether participation in any given sociopolitical movement will advance or hinder organizational goals.

Literature Review

Definitions

Several terms are key to the discussion of the corporate political shift, corporate participation in sociopolitical movements, and the resulting impact on organizations.

Corporate Sociopolitical Activism

Corporate sociopolitical activism (CSA) is defined by Bhagwat et al. (2020) as “a firm’s public demonstration (statements and/or actions) of support for or opposition to one side of a partisan sociopolitical issue” (p. 1). It is important to note that CSA differs from the more established concept of corporate social responsibility (CSR). Bhagwat et al. (2020) noted:

A chief difference between traditional CSR and CSA is the extent to which the focal issue is widely favored (e.g., community resources, education, donations to research for curing disease) rather than partisan (e.g., gun control, transgender rights, gender equality, racial equality). (p. 3)

Therefore, CSA can be understood as a public stance by a firm on a partisan issue; i.e. an issue that may not be widely favored or may be disagreed upon by key stakeholders.

Corporate Reputation

According to Cornelissen (2017), corporate reputation can be understood as the establishment of an “authentic, unique, and distinctive corporate identity” among stakeholders (p. 84). Corporate reputation is an intangible asset that serves to protect the organization in times of crisis and is difficult to imitate, ensuring acceptance and legitimacy from stakeholder groups and setting the organization apart from competitors (Cornelissen, 2017). Corporate reputation is built over time and involves a process of “symbolically crafting and projecting a particular image for the organization” (Cornelissen, 2017, p. 85).

Organizational Identification

Organizational identification is defined as “a cognitive identification between a person and an organization” (Bhattacharya & Elsbach, 2002, p.26). Organizational identification occurs when an individual begins to define themselves in terms of their relationship to an organization or integrates an organization into their own self-concept. On the other hand, organizational disidentification is “analogously defined as a sense of separateness” (Bhattacharya & Elsbach, 2002, p. 26) and occurs when an individual perceives themselves as being intrinsically separated from or in opposition to an organization and its values or goals. A third “neutral” orientation also exists, in which an individual neither identifies nor disidentifies with an organization. In this case, the individual can be viewed as an opportunistic target for “transition to either positive or negative polarization” (Bhattacharya & Elsbach, 2002, p. 26).

Advantages of CSA

With a basic understanding of the above terminology, we can begin to examine how CSA has the potential to impact corporate reputation and organizational identification among stakeholder groups. Based on current knowledge in existing literature, it is apparent that CSA can have positive effects on organizational identification and organizational reputation.

Additionally, CSA may have more widespread implications; when implemented correctly and thoughtfully, CSA activity may serve to benefit society as a whole.

A primary advantage of CSA is its potential to increase organizational identification among key stakeholder groups, particularly consumers and employees. Research has demonstrated that “customers favor brands that reflect their own lifestyles and identities” (Bhagwat et al., 2020 p. 5). CSA, therefore, can serve to strengthen the relationship a consumer has with a brand when the sociopolitical opinions of both parties align. This favoritism is increasingly apparent in younger generations; millennials and members of Generation Z in particular are more likely to demonstrate their political commitments by purchasing from brands that openly support their views (Manfredi-Sánchez, 2019). CSA, therefore, has the potential to turn an individual with an inert, neutral orientation toward a firm into a brand evangelist and loyal consumer. These increasingly socially aware generations also carry with them an expectation that corporations will participate in sociopolitical activism, particularly on social media (Bhagwat et al., 2020). Silence on an issue is often now equated to complicity and could potentially alienate stakeholders who look to corporations for thought leadership on issues they consider critical.

The benefits of CSA are not exclusively external. CSA has the potential to strengthen organizations by building and enhancing corporate identity (Cornelissen, 2017). Acts of sociopolitical activism can build upon existing organizational values, further developing a company’s image and differentiating its position from competitors (Cornelissen, 2017). This enhancement of corporate identity may also plausibly lead to increased organizational identification among internal stakeholders. According to Cornelissen (2017), organizational identification occurs when there is a significant degree of “overlap between the personal identity

of the employees and the identity of the organization” (p. 178). Employees who see their values and political views reflected by their employer are more likely to identify with the organization, leading to greater satisfaction, cooperation, and behavior that is helpful to the organization (Cornelissen, 2017). Furthermore, research conducted by Brower et al. (2017) demonstrated that firms that have a strategic and integrated approach to CSA are likely to see positive financial returns over time, meaning that CSA can be viewed not only as an opportunity for personnel management but also as a means toward capital gains.

CSA also offers an opportunity for organizations to look beyond themselves toward the greater good. Manfredi-Sanchez (2019) argues that when political affairs are brought to the forefront by corporations through advertising campaigns, public statements, and more, politicians are more likely to create “a swift response to a burning issue” (p. 356), thereby generating meaningful societal change. According to a case study by Ciszek and Logan (2018), although some backlash may be generated by CSA, “dissensus surfaces dominant ideology and encourages resistance to oppression, and, in doing so, it sows the seeds of social change” (p. 124).

Risks of CSA

While the concept of CSA is supported by numerous advantageous outcomes, it is not without inherent risks. A firm may find that some stakeholder groups would prefer not to participate in CSA at all. Investors and shareholders in particular may feel that CSA is too risky and diverts efforts from the maximization of returns (Bhattacharya & Elsbach, 2002). When critical stakeholders disagree with CSA, it is important to manage the issue of disagreement internally before taking a public stance on a sociopolitical issue, lest these groups feel excluded and unheard, or even decide to terminate their relationships with the organization.

Another internal risk comes in the form of alienating employees. If CSA activity presents a significant deviation from employees' own beliefs, it can cause employee disidentification and negative internal sentiment (Bhattacharya & Elsbach, 2002). Employees who do not identify with their organizations or feel opposed to their firm's public stances can experience decreased morale and productivity (Cornelissen, 2017).

Numerous external risks accompany CSA activity. First, if CSA does not align with external stakeholders' opinions, organizations risk "alienating a part of [their] constituencies by explicitly taking positions against the values they may be holding dear" (Wettstein & Baur, 2015, p. 208). Therefore, organizations must be confident that their publicly stated sociopolitical opinions will closely align with those of the majority of their external stakeholders or risk alienating a large customer base. Furthermore, CSA that is incongruous with a firm's prior reputation may activate the boomerang effect discussed by Sohn & Lariscy (2012), creating amplified backlash and significantly damaging the organization's public standing. When stakeholders come to expect certain values from an organization, a breach of these expectations constitutes a breach of trust. In this case, CSA could backfire and cause an uproar resulting in boycotts, negative publicity, and other unfavorable outcomes from which it would be difficult to recover.

A relatively new phenomenon has been observed in the digital realm that should be considered another risk of CSA. Such activity may be decried by online communities as virtue signaling, i.e. taking action in order "to be thought of a certain way" instead of taking the issues to heart and creating meaningful organizational change (McClay, 2018). Organizations that participate in CSA open themselves to scrutiny of whether or not the practices they advocate for publicly are present within their organizations. If they are not, this discrepancy is likely to be

discovered and could lead to a significant public relations issue. Furthermore, virtue signaling is risky in its own right, as it has several negative potential outcomes including the encouragement of extremism among audiences (Levy, 2020). However, virtue signaling is not universally understood as a negative action. Levy (2020) argues that the practice can in a way be beneficial, as it can help to expose moral wrongs within a society.

Other Considerations

After thoughtful consideration of the advantages and risks of CSA, an organization must consider several other factors before deciding to issue public support of a sociopolitical movement. The first is that CSA cannot be implemented and then quickly forgotten. According to an analysis of sales growth conducted by Bhagwat et al. (2020), “CSA can have a lasting impact on firms: customers continue to reward or punish firms long after CSA is implemented” (p. 17). Customers are likely to hold a long-term memory of CSA, altering their purchase decisions well into the future. This could present as either a positive or a negative event for an organization; CSA could create life-long customers and advocates or spark a devastating boycott.

Another important consideration is that CSA should not be pursued solely as a means to enhance organizational reputation; rather, ideals and sociopolitical movements should be promoted based on their intrinsic merit outside of business purposes (Wettstein & Baur, 2015). Organizations should truly believe in and stand behind the values they promote and must engage in CSA with the intent to advocate for what is good and just beyond appearance benefits for the firm. Wettstein & Baur (2015) also note that:

The benchmark for the legitimacy of a company’s advocacy must indeed be the most basic ethical principles of equal human dignity and moral worth of all human beings. In order for advocacy to be a part of corporate responsibility, it cannot espouse

discriminatory and exclusionary ideals, it cannot take a stand in favor of bigotry and intolerance, and it cannot diminish the equal fundamental dignity of all human beings. (p. 210)

Ensuring that a public sociopolitical stance is free of bigotry and intolerance is not only moral, but also critical for business. For example, companies that have publicly announced support of LGBTQ+ rights have faced relatively little backlash. On the other hand, Chick-Fil-A's public stance against marriage equality has caused a significant backlash and resulted in decreased profits (Wettstein & Baur, 2015).

In their article about political advocacy as a component of corporate responsibility, Wettstein & Baur (2015) also establish a framework for successful CSA. Organizations wishing to participate in CSA must evaluate whether three key components of successful CSA are present: consistency, plausibility, and authenticity. According to the authors, "the legitimacy of a public advocacy campaign derives from its consistency with the foundational values of the company" (p. 211). They also state that "a company's advocacy for a specific cause becomes plausible only if it is part of and embedded in a long-term strategy to promote specific values or causes" (p. 211). Finally, the authors claim that to be perceived as authentic, companies participating in CSA must have earned the so-called "right to advocate," meaning that "their advocacy efforts appear as credible in light of their stated philosophy and their lived culture and thus can legitimately be pursued as a part of their corporate responsibility" (p. 211).

Organizations with a strong integrated communications strategy, defined by Christensen et al. (2009) as "aligning symbols, messages, procedures, and behaviours in order for an organization to communicate with clarity, consistency, and continuity within and across formal organizational

boundaries” (p. 207) are more likely to have a grasp on these key components and therefore may be more successful in their CSA efforts.

Conclusion

In conclusion, there is no one-size-fits-all approach to CSA. Organizations must weigh the pros and cons of issuing public statements in support of or in opposition to sociopolitical movements or staying silent. Firms must also address whether or not their CSA activity would be supported by existing organizational values and initiatives, or whether they intend to accompany their CSA activity with meaningful action to support social change. If these requirements are met and the benefits outweigh the risks to the organization, CSA activity may have a positive impact on both the organization and the broader society in which it operates.

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