

## THE RISE OF CORPORATE ACTIVISM: A DOUBLE-EDGED SWORD FOR MULTINATIONAL CORPORATIONS

Ivana Jolović<sup>1</sup>, Nevena Jolović<sup>2</sup>

### *Abstract*

*It seems that multinational corporations in the “VUCA era” have moved quite rapidly from a state of “apathy” to a state of “activism” when it comes to socio-political and environmental issues. Their leaders are increasingly expected to express views on climate change, gender equality, political trends, and similar topics that, mostly, are not necessarily related to their core business operations, and the silence - that in certain cases may be the only response - often causes more complex, multiple, and unforeseeable negative consequences for corporations than any stated attitude. Therefore, corporations’ decision-makers are expected to be intelligent and insightful enough, as well as to react quickly. The aim of the research is to examine the controversial two-sidedness of corporate activism as an emerging phenomenon. The subject of the research refers to the analysis of (in)direct business effects caused by socio-political and environmental statements and public appearances of corporations and/or their CEOs. The result of the research is reflected in the presentation of the potential impacts of such activities on the performance and reputation of corporate brands; in a review of corporations’ employees and consumers consequent behavior; and in the analysis of the relations of corporate activism with BA, CSR, and CPA as similar but independent phenomena.*

**Key words:** *corporate socio-political activism, corporate social responsibility, corporate political activity, brand activism, corporations.*

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<sup>1</sup> Faculty of Technical Sciences, University of Novi Sad, ivanajolovic@uns.ac.rs

<sup>2</sup> Institute of Economic Sciences in Belgrade, nevena.jolovic@ien.bg.ac.rs

## Introduction

*“It is easy to dodge our responsibilities, but we cannot  
dodge the consequences of dodging our responsibilities.”*

*(An allusion to corporate activism issues)*

*- Josiah C. Stamp (Visser, 2011)*

Our generation lives in an ever-changing modern era, recognized for its interestingness, uncertainty, and volatility. Growing populism, accelerating technological innovations, the tangible expressions of climate change, and the various effects of globalization create challenges, but also opportunities for organizations and their communicators. With widespread “VUCA” (short for volatility, uncertainty, complexity, and ambiguity) and the decrease in trust comes a global sense of anxiety and an urge to act. This manifests itself, for example, in the growing popularity of (and support for) alternative business models that put sustainability and purpose at their core. Another expression of this mindset are assertive corporational campaigns that don’t shy away from potentially divisive topics. In what can be seen as forays into the risky realm of so-called corporate activism, leading multinational corporations now openly address issues such as race, gender equity, human rights, or abusement (Stoeckle & Adi, 2019). The reason is apparent - silence becomes unacceptable. In the third decade of the 21st century, multinational corporations are expected to use their power and direct it, not to activities that enable them to enrich themselves enormously, but to those that will help ordinary people realize the right to a fairer, easier, and more equitable life. This may not bring any material benefit to the corporation, perhaps the only result will be significant condemnation and misunderstandings, but it may also bring colossal chain positive effects that will provide a lasting competitive advantage. Corporations must learn to deal with this risk.

The aim of the conducted research is to examine the controversial two-sidedness of corporate activism as an emerging phenomenon. The subject of the research refers to the analysis of direct and indirect business effects caused by socio-political and environmental statements and public appearances of corporations and/or their CEOs. The starting point of the research is the most developed country in the world - the United States of America (U.S.) - with the largest number of multinational corporations, a state in which the socio-political expression of leading companies is already presented as a common business activity. The importance of research is reflected in the clear emphasis on the effects of corporate behavior of this kind, as well as in increasing awareness of the scientific and professional public about the opportunities and challenges of corporate activism, which will sooner or later be imposed on many business entities - companies and large corporations - operating in the Republic of Serbia. The relevance of the research is supported by the fact that in the last few years, the conception of corporate activism has been developing at lightning speed, and that numerous authors around the world are just establishing its

theoretical postulates and researching its business implications. The initial research hypothesis refers to proving that in the domain of corporate activism there are both positive and negative influences of public expressions of views on the performance and reputation of brands; and that there are significant discrepancies in the conduct of corporate employees/consumers after the abovementioned views have been expressed.

## **Defining corporate activism**

Gone are the days when corporations could be neutral bystanders - let alone the days when they could solely concentrate on producing commodities, creating jobs, and maximizing their profits. In today's polarized, globalized and hypermodern world, corporations are instead regarded as so-called "corporate citizens" who have, in addition to the pursuit of profit, their roles to play in advancing positive change in society (Ketola, 2021; Matten & Crane, 2005). Moreover, according to several global surveys, corporations are not only expected to consider their impact on society in the form of already widespread and well known corporate social responsibility (CSR), but also to speak out, take clear stances, and to actually participate in solving social and political issues from climate change to gender pay inequality (Ketola, 2021). In line with such events, over the past decade, large-scale companies have taken a new kind of social stand and publicly spoken on issues unrelated to their core business activities. Climate change, gender equity, domestic job growth, and race relations, among others, have become hot topics on the corporate agenda. An increasing amount of corporate statements, campaigns, public comments by the chief executive officers (CEOs), and participation in demonstrations and marches reveal that speaking out on current social issues is becoming more common than unusual. This corporate activity is not intended to happen behind closed doors with lobbyists or regulators, but instead among and for the general public. The explained phenomenon has been titled "corporate activism" (Kettunen, 2020).

As Bhagwat and co-authors; Wettstein and Baur argue (mentioned in Ketola, 2021) corporate activism or corporate advocacy, can be defined at its simplest as a corporation's proactive and visible support for certain socio-political issues - individuals, groups, ideals, or values. Typical for this type of corporate political involvement is that it goes beyond corporation's immediate economic interests. Instead, it primarily concerns what the corporation perceives as the public good and the values it wishes to manifest and be associated with. The involvement in advancing issues that the corporation "holds dear", can be shown either through communications or concrete actions (Ketola, 2021). As defined by Eilert and Nappier-Cherup (mentioned in Villagra et al., 2021), corporate activism is "a company's willingness to take a stand on social, political, economic, and environmental issues to create societal change by influencing the attitudes and behaviors of actors in its institutional environment" (Villagra et al., 2021). As Hoppner and Vadakkepatt; and Stanley claim (mentioned in Villagra et al., 2021), corporate activism addresses a social demand

which expects corporations to play an active role in society beyond profit maximization. Consumers and society want brands to engage in socio-political issues and choose brands with values and behaviors they trust (Villagra et al., 2021).

What is certain is that the term “corporate activism” has entered the mainstream, implying not only that the time for the act is right but also that it is increasingly expected that corporations are more explicit and more consistent about the values they have, the causes they promote, and the ideas, ideals, and ideologies they support (Adi, 2019).

### **1.1 Why do corporations engage in activism?**

The world changes and business has to change as well. Corporations that fail to reflect the social values and priorities of their workforce and their customers are unlikely to thrive (Davis & White, 2015). The reasons behind the rise of corporate activism are most likely multiple. One could be dwindling general trust among the public. According to the Edelman Trust Barometer (mentioned in Kettunen, 2020), the global trust of citizens in governments and public institutions significantly decreased in 2018. Simultaneously, more people are placing mounting expectations on businesses and many among them feel that CEOs of multinational corporations should take the lead on societal changes (Kettunen, 2020).

Another potential reason behind the rise of corporate activism and the answer to the question “Why do corporations engage in activism?” is the growing presence of Generation Z and Millennials in work and consumer life. Studies suggest that millennial employees expect multinational corporations to focus less on profit and more on impact and contributions to society. They are more willing to express their concerns about the social influence of their workplaces and vocally advocate for change. Generation Z and Millennials’ consumer practices might also increase the incentive for corporate activism. Compared to the U.S. average, Generation Z and Millennials are likelier to select responsible products and believe that corporations should take the lead if government regulations are absent. Their perception of a corporation’s activism efforts can influence whether they purchase the company’s products and services or not (Kettunen, 2020; Ketola, 2021; Chatterji & Toffel, 2018). Since these generations of young people are the “world’s future” i.e. the basis of the consumer society in the following decades, and the information about corporations and their policies are increasingly transparent, involvement in corporate activism from the aspect of multinational corporations is more than justified.

## **Relations between corporate activism and brand activism, corporate political activity, and corporate social responsibility**

As corporate activism still is a relatively novel phenomenon that has been documented and analyzed scarcely in the academic world, there is no longstanding, pronounced theoretical base nor consensus on how to define it precisely. To further

complicate matters, various names have been used for the more or less same phenomenon. Some scholars call the phenomenon of corporations taking a stance simply “corporate activism”, whereas some particularize it further and talk about “corporate socio-political activism”, “corporate advocacy”, “CEO activism”, “brand activism (BA)”, or “corporate political activity (CPA)”. The terms are quite intertwined, which is supported by the claims of Dodd and Supa (2015) that corporate activism most often occurs in the form of CEO statements; and Moorman (mentioned in Ketola, 2021) that brand activist efforts can be “made by or on behalf of a company using its corporate or individual brand”. Corporate advocacy is already emphasized as an alternate name for the phenomenon of corporate activism; and CPA has its own characteristics that will be presented below in detail. To conclude, although these terms are essentially different, there are many similarities and touchpoints between all of them (Ketola, 2021), and it is important to ensure the delimitation of their postulates. The focus of this research will be on corporate activism as an umbrella conception of the aforementioned terms, but regardless, a clarification of all concepts will be given in the tabular presentation that follows (Table 1).

*Table 1: Clarification of corporate activism, brand activism, corporate political activity, and corporate social responsibility concepts*

<b>Clarification of concepts</b>						
		<i>Related to the company's core business</i>	<i>Individual CEO rather than company initiative</i>	<i>Contentious issue</i>	<i>Public statement</i>	<i>The public at large as an audience</i>
<b>Corporate activism</b>	CEO activism	✘	✓	✓	✓	✓
	Company activism	✘	✘	✓	✓	✓
	Brand activism (BA)	✓	✘	★	✓	✓
	Corporate political activity (CPA)	✓	✘	★	★	✘
	Corporate social responsibility (CSR)	✓ (★)	✘	✘	✓	✓
✘ = No ✓ = Yes ★ = Can be both						

*Source: Bjørnstad-Vrangen & Kähler-Rusten, 2019.*

It is important to point out the connection between corporate activism and CSR since several researchers (Olkkonen & Jääskeläinen; Moscato; Dodd and Supa) view corporate activism as something that originates from CSR. Olkkonen and Jääskeläinen (mentioned in Ketola, 2021) refer to corporate activism as an interesting development of CSR; and Moscato (mentioned in Ketola, 2021) describes the relationship between CSR and activism as “increasingly fluid”. According to Dodd and Supa (mentioned in Ketola, 2021), corporate activism is an outgrowth of CSR and strategic issues management (SIM). Yet, the main distinction between them, as Wettstein and Baur elaborate (mentioned in Ketola, 2021) is the fact that the focus of CSR is heavily on the core business - that is, on minimizing the harm and negative impact that corporations’ operations have on people and the planet - whereas corporate activism is, vice versa, characterized by the disconnection to the core business, i.e. it focuses on issues in a more proactive manner than CSR and strives to do more than just avoiding harm or sanctions for wrongdoings (see Table 1) (Ketola, 2021; Wan-Jan, 2006). The extended comparison between the main features of CSR and corporate activism is given in the tabular presentation that follows (Table 2).

*Table 2: Comparison of corporate social responsibility and corporate activism*

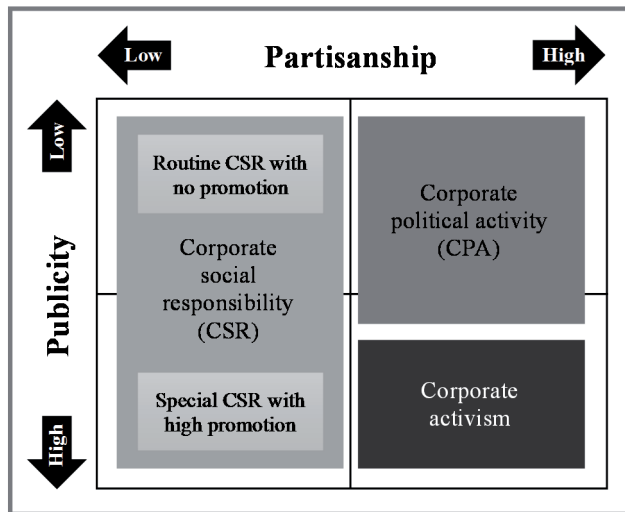
	Voluntary	Primarily benefitting the common good	May lead to competitive advant.	Open, vocal engagement	Pursuit of legitimacy	Supported issue	Likelihood of negative feedback	Use of influence strategies	Motivation
<b>Corporate social responsibility (CSR)</b>	✓	✓	✓	(✓)	✓	<b>Widely adopted and/or accepted in institutional environment</b>	<b>Low unless mismanaged</b>	<b>Low</b>	<b>To support</b>
<b>Corporate activism</b>	✓	✓	✓	✓	✓	<b>Not widely adopted and/or controversial in institutional environment</b>	<b>Moderate to high</b>	<b>Moderate to high</b>	<b>To create change</b>

*Source: Authors, according to Ketola, 2021; Eilert & Nappier-Cherup, 2020.*

Another chief difference between “traditional” CSR and corporate activism 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, gender equality, racial equality). Rather, CSR and corporate activism lie on a continuum in terms of their degree of partisanship - CSR is low in partisanship, because it involves high societal consensus, whereas corporate activism is polarizing. As Mishra and Modi; Bhattacharya and Elsbach claim (mentioned in Bhagwat et al., 2020), while CSR is intended to improve relationships with most stakeholders, stakeholder responses to corporate activism are highly variable and depend on the stakeholders’ socio-political values. The risks differ as well. Luo and Battacharya state (mentioned in Bhagwat et al., 2020), that some investors may view CSR as a nonoptimal use of financial or human resources (i.e. without a clear link to corporations’ financial value), but CSR has been found to reduce company-idiosyncratic risk. Alternatively, corporate activism can involve a much lower level of initial monetary investment (e.g. a press release, an open letter), but it can potentially increase a company’s risk due to an increase in uncertainty stemming from punitive actions (e.g. customer boycotts, employee walkouts, legislative backlash) (Bhagwat et al., 2020).

On the other hand, Bhagwat and co-authors suggest that CPA and corporate activism differ in the extent to which each activity is publicized. While the underlying motivations to engage in corporate activism may vary, this type of activism is publicly promoted as a communication of the company’s values. By contrast, companies execute CPA quietly. For example, Lawton and co-authors (mentioned in Bhagwat et al., 2020) describe lobbying as “a sensitive and often discreet activity” that, though publicly available, is often obfuscated. If CPA is made public, it is usually by “accidental disclosure”. Furthermore, as Lux and co-authors; and Werner state (mentioned in Bhagwat et al., 2020), CPA is generally aligned with the company’s interests and has a positive effect on its value. By contrast, corporate activism can be diametrically misaligned with regulators or policymakers, and its lasting effects on company value are unknown.

In summary, corporate activism is related to CSR and CPA but it represents a distinct construct that has yet to be clearly elucidated. Graph 1, based on levels of publicity and partisanship, shows that CSR is low in partisanship and can be low or high in publicity, depending on whether it is routine or notable. In contrast, corporate activism and CPA are highly partisan, yet CPA is not meant to be publicized, whereas corporate activism is highly publicized. Given corporate activism’s novel characteristics, it could be contended or empirically confirmed that corporate activism exerts unique effects on a company’s value (Bhagwat et al., 2020).



Graph 1: Levels of publicity and partisanship of corporate social responsibility, corporate political activity, and corporate activism

Source: Bhagwat et al., 2020.

## Public response to CSR and corporate activism

Public interest in CSR and corporate activism from the corporate perspective is indicated by the Governance & Accountability Institute which, in 2018, reported that 86% of S&P 500 firms released sustainability or corporate responsibility/activism reports compared with just under 20% in 2011 (Gillan et al., 2021).

As Brown and Dacin; Sen and Bhattacharya; Harrison and co-authors; Jones and co-authors claim (mentioned in Eilert & Nappier-Cherup, 2020; Carrington et al., 2019), from an institutional perspective, CSR is a company's response to its societal obligations which are influenced by different actors in their institutional environment. These actors include internal stakeholders, such as the organization's leadership, consumers, employees, and shareholders, but also external stakeholders, such as competitors, and the community, nonprofit organizations, and even governments. Because the institutional environment and its actors confer legitimacy, which is important for the company's survival, it can exert influences on the company. As Bundy and co-authors; Duran and co-authors notice (mentioned in Eilert & Nappier-Cherup, 2020), while companies generally have greater discretion to conform to ethical norms instituted by the environment, whether and how they respond depends on how salient this issue is to management and how they perceive the costs and benefits of a response to this issue. According to McWilliams and Siegel (mentioned in Eilert & Nappier-Cherup, 2020), CSR involves "actions that appear to further some social good, beyond the interests of the company and which is required by law". It is generally understood that CSR goes beyond



the company's economic interest even though it has been acknowledged that these interests are compatible with being socially responsible. The support of a social, political, economic, or environmental issue as part of CSR is, as previously discussed, motivated by isomorphic influences stemming from the company's various stakeholder groups and is typically perceived as positive (or at least not negative) behavior unless the company is hypocritical and insincere in its support (Eilert & Nappier-Cherup, 2020; Bunting, 2021).

The response to corporate activism, however, can vary - corporate activism reflects a strong, public stance on an issue that the company defends even in the wake of criticism. For example, Ben & Jerry's statement to "dismantle white supremacy" leaves no doubt about the company's position, and the company has acknowledged that it has received some criticism for its support of racial justice before. As a result of taking a stand on often controversial issues - and in contrast to CSR - corporate activism can be risky. For example, Starbucks's #RaceTogether campaign was in part negatively perceived by some because it required employees to talk about race relations with patrons while they waited for their order (Eilert & Nappier-Cherup, 2020).

In general, as Bhagwat and co-authors; Carlos and Lewis claim (mentioned in Eilert & Nappier-Cherup, 2020; Li & Soule, 2021) the more strongly corporate activism deviates from values in the institutional environment, the more likely it will be perceived as risky and, thus, penalized. This risk - and the reason why corporate activism is needed - is a consequence of the type of issue that the company supports. Corporate activism focuses on issues that face barriers in their progress toward a solution, and this behavior is, therefore, more goal-oriented toward solving specific social problems or transforming the social order and "status quo". Den Hond and De Bakker note that (mentioned in Eilert & Nappier-Cherup, 2020) because the attitudes and behaviors of institutional actors present barriers in this pursuit, corporate activism requires promoting social change through "placing pressures on institutions" (Eilert & Nappier-Cherup, 2020; Dauvergne & LeBaron, 2014).

### **3.1 Public response to corporate activism - the U. S. public's general point of view**

Being a responsible corporation is about more than just good business operations. Even 70% of Americans believe companies have an obligation to take actions to improve issues that may not be relevant to their everyday business. Also, according to the researches of Werder; and Cone Communications, Americans want corporations to speak up for issues that are "near and dear to their hearts" (78% of them believe that it is important for corporations to stand up for important social justice issues). They expect corporations to support "hot-button" issues, such as domestic job growth (94%), racial equality (87%), women's rights (84%), cost of higher education (81%), immigration (78%), climate change (76%), gun control (65%), etc. Even 73% of Americans would stop

purchasing from a corporation that shared a different perspective on these specific issues (Werder, 2018; Cone Communications, 2017).

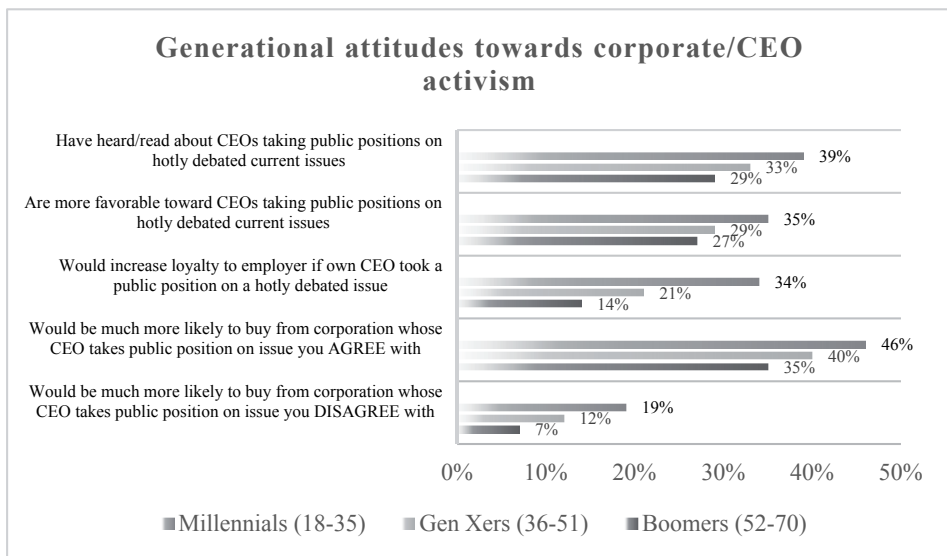
This is the core reason why corporate activism is rightly described as a “double-edged sword” - Americans are willing to reward or punish corporations based on their values and actions. Even 87% of them would purchase a product because the corporation stood up for or advocated for an issue that they care about. On the other hand, 76% of Americans would refuse to purchase a corporation’s products or services upon learning that it supported an issue contrary to their beliefs (Werder, 2018; Cone Communications, 2017). All this data speaks in favor of the increasingly sensitive, often “revengeful” behavior of corporations’ consumers.

Through another survey, conducted by the Rock Center for Corporate Governance at Stanford University (mentioned in Larcker et al., 2018) on the sample of 3,544 individuals, it was found that two-thirds (65%) of the American public believe that the CEOs of large companies should use their position and potential influence to advocate on behalf of social, environmental, or political issues they care about personally, while one-third (35%) do not. Members of the public are most in favor of corporate activism about environmental issues, such as clean air or water (78%), renewable energy (68%), sustainability (65%), and climate change (65%). They are also generally positive about widespread social issues, such as healthcare (69%), income inequality (66%), poverty (65%), and taxes (58%). The public reaction is much more mixed about issues of diversity and equality. Fifty-four percent of Americans support corporate activism about racial issues, while 29% do not; and only 40% support activism about gender issues, while 37% do not. Contentious social issues - such as gun control and abortion - and politics and religion, garner the least favorable reactions (the range from 31% to 45% of support) (Larcker et al., 2018).

The most surprising survey result shows that, while Americans claim to change their purchasing behavior depending on their agreement with a corporate activist’s position, respondents are significantly more likely to remember products they stopped using or use less because of the position the corporation or its CEO took, than products they started using or use more. Specifically, 35% of the American public could think of a product or service they use less, while only 20% could think of a product they use more. While self-reported purchase behavior is often an unreliable gauge, the high degree of public sensitivity to corporate activism again, in another example, confirms that this type of activism is a “double-edged sword” - corporations who take public positions might build loyalty with employees, consumers, or constituents, but these same positions can inadvertently alienate important segments of those populations (Larcker et al., 2018).

### 3.2 Public response to corporate activism - corporations’ future employees and consumers point of view

The study conducted by Weber Shandwick and KRC Research in the U.S. during 2016, showed that Millennials (18-35 year-olds) are the generation most inclined to favor corporate activism (interpretation is based on equating their evaluation of CEO activism with corporate activism as a whole). Millennials are more likely than other Americans (Gen Xers and Boomers) to be aware of CEOs having taken public positions on controversial issues, to feel favorably toward CEOs who speak out, to profess loyalty to their companies if their CEOs speak out, and to say that they will buy from corporations whose CEOs take a public position. The position taken by a CEO, however, once again matters. Millennials are more than twice as likely to buy from corporations whose CEOs take positions they agree with, than from corporations with CEO positions they disagree with (46% vs. 19%, respectively). Even so, Millennials nevertheless seem in favor of CEOs standing up for something, whether it aligns with their own point of view or not. Perhaps Millennials, who grew up in the era of social media and are intrinsically connected in the online world, are used to “wear their opinions on their sleeves” and are more comfortable with corporation leaders who do the same (Weber Shandwick & KRC Research, 2016). Insight into the generational attitudes towards corporate/CEO activism is given through Graph 2.



*Graph 2: Generational attitudes toward corporate/CEO activism*

*Source: Weber Shandwick & KRC Research, 2016.*

Finding that Millennials are more accepting of corporate/CEO activism than other generations (Gen Xers and Boomers) is a justification for heightened corporate activism, especially if a corporation wishes to focus upon this particular generation in order to attract its members as employees and/or consumers. Yet, if a company has other generations to seriously consider, corporate activism must be handled carefully. In the end, it is worth noting that Millennials may favor corporate/CEO activism but they are just as “cynical” as other generations regarding decision makers’ underlying motivations. These findings reinforce the need for better communications from CEOs and their corporations regarding their commitment to the issues they choose to speak up about (Weber Shandwick & KRC Research, 2016). The three main reasons why corporations/CEOs take public positions, viewed according to the opinion of generations, are presented in the tabular presentation that follows (Table 3).

*Table 3: Top three reasons corporations/CEOs take public positions, by generation*

	<b>Millennials (18-35)</b>	<b>Gen Xers (36-51)</b>	<b>Boomers (52-70)</b>
<b>#1</b>	To get attention in the media (34%)	To get attention in the media (40%)	To get attention in the media (37%)
<b>#2</b>	To sell more products or services (24%)	To sell more products or services (23%)	To be open and honest about how they personally feel about an issue (23%)
			To be open and honest about how an issue aligns with their corporation’s values (23%)
<b>#3</b>	To build the CEO’s reputation (21%)	To build the CEO’s reputation (18%)	To build the CEO’s reputation (22%)
	To be open and honest about how they personally feel about an issue (21%)	To be open and honest about how an issue aligns with their corporation’s values (18%)	
		To do what is right for society (18%)	

*Source: Weber Shandwick & KRC Research, 2016.*

## **The rise of corporate activism: A double-edged sword for multinational corporations**

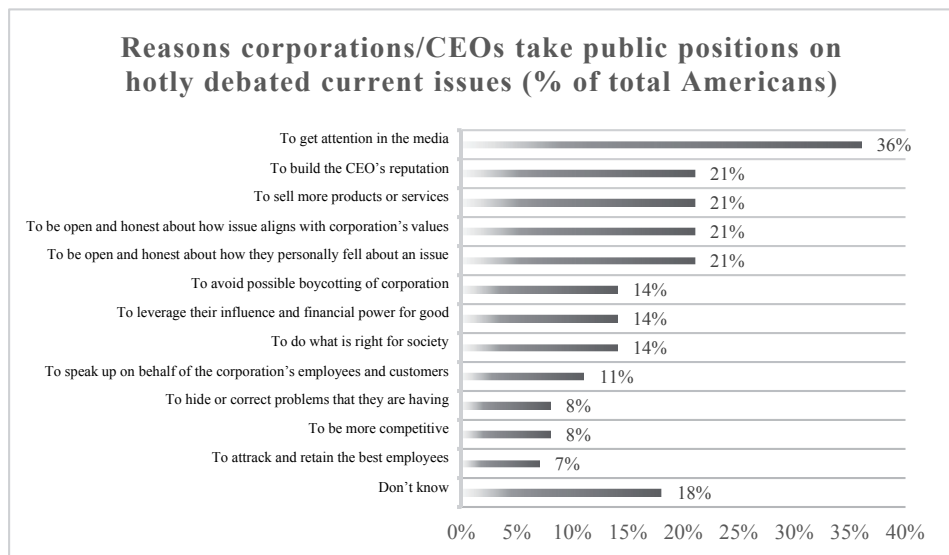
Corporate activism is a new reality - an inevitable reality. There are more and more examples of its existence. Company Ben & Jerry's educated consumers about defunding police departments; Starbucks committed to hiring refugees and immigrants; Dick's Sporting Goods removed guns from its product assortment; etc. These cases demonstrate that corporations can take and are taking stands in many forms (Eilert & Nappier-Cherup, 2020). Macnamara and Zeffass; Wettstein and Baur confirm this impression and argue that (mentioned in Ketola, 2021), just like individuals, corporations are entitled to freedom of opinion and expression. However, as they add, it should be noted that this right is not absolute - it entails special responsibilities and may also be restricted on several grounds. That is, if corporate activism is to be considered acceptable and worthwhile for companies (in the economic, legal, ethical, and philanthropic sphere), it should not aim at values clashing with liberal democracy, shared beliefs, and dominant value systems of our time. In order for this advocacy to be legitimate, to not backfire, and the corporation to simply succeed, these new "corporate citizens" cannot adhere to discrimination or exclusion, bigotry or inequality (Ketola, 2021; Carroll, 1979). Yet, the stands of corporations often are very controversial, and so far research-acquired knowledge shows that there can be backlash from the corporation's internal and external environment (Eilert & Nappier-Cherup, 2020).

Researchers such as Hoffman and co-authors (mentioned in Ketola, 2021) critique the divisiveness of corporate activism. According to these authors, corporations are too quickly granted the activist status as, in all their political correctness, their engagement still seems to aim at pleasing the majority instead of pleasing some and alienating others. Yet another point of controversy is corporate activism becoming part of corporations' marketing efforts or brand management. According to Aronczyk (mentioned in Ketola, 2021), the role of advocacy, activism, and protest can potentially deteriorate when corporations' commercial factors act like social movements or non-profit organizations and try to bring about social change. In accordance with this, as Juholin and Rydenfeltwhen claim (mentioned in Ketola, 2021) if companies with high visibility take strong stances on issues - perhaps even with insufficient knowledge and weak facts - they may risk oversimplifying and dwarfing those complex issues (Ketola, 2021). In the end, not uncommon attitude is that CEOs should not use their position as leaders of corporations to promote personal beliefs in public and that their obligation is to advance the performance of the corporation without offending customers, employees, or constituents who hold opposing views or do not wish to hear advocacy views from them (Larcker et al., 2018).

Obviously, the authenticity of and motives behind corporate advocacy are generating objection, too. The privatization of participation has raised doubts about whether there can be even such a thing as corporate activism as defined in this study - focused on the greater good and mainly void of financial interests. As Wettstein and Baur have argued (mentioned in

Ketola, 2021), often there are mixed financial and ethical motives behind corporations' engagement in social and political issues. Engaging in activism/advocacy may be tempting for self-interest and economic reasons, too - especially, for achieving longer-term financial benefits. That being said, when a corporation takes a stance on a partisan issue, initial reputational damage may well occur. Against this background, all corporate activist efforts ought to be evaluated case-by-case to see whether the greater good overshadows the business interests, or the other way around (Ketola, 2021).

In support of this observation is the fact that in recent times, the public appears to be in an anti-CEO, anti-business mood when it comes to perceiving corporation activists' motivation. The study conducted in 2016 by Weber Shandwick and KRC Research gives representative results (Graph 3). Respondents believe that the main reason for corporate/CEO socio-political activism is "to get media attention" (36%). The second most common reason is "to build a CEO's reputation" (21%). Only 14% of respondents cite "to do what is right for society" and slightly fewer (11%) cite "to speak up on behalf of the corporation's employees and consumers" as the reason for this type of corporation's activism. At the bottom of the list is a motivation "to attract and retain the best employees" (7%). Clearly, if corporations/CEOs want to signal that employee well-being is at the heart of their activism, their message is not resonating. Interestingly, a fairly large segment of respondents (nearly one in five, i.e. 18%) report not entirely understanding why corporations/CEOs are voicing their opinions in the first place (Weber Shandwick & KRC Research, 2016), which is a new problem in itself.



*Graph 3: Reasons corporations/CEOs take public positions on hotly debated current issues (% of total Americans)*

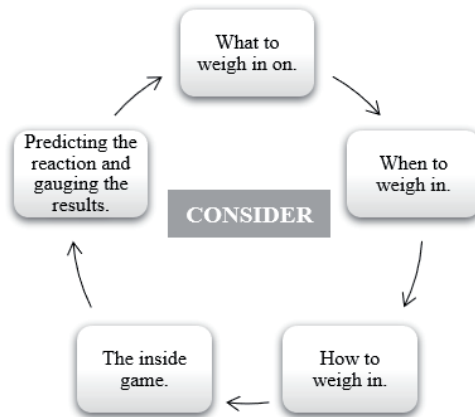
*Source: Weber Shandwick & KRC Research, 2016.*

Why do these conclusions matter? Obviously, corporate/CEO activism is perceived as a fairly limited practice, wicked and dishonest representative of socio-political issues. In order for its public perception to change radically, it is necessary to find out the answers to the following questions. How widespread is corporate/CEO activism? Are corporations really taking risky positions to advance social, environmental, and political change? (there are many authors that claim the “cost” of corporate activism might be higher than many CEOs, companies, or boards realize). How should boards measure the costs and benefits of corporate/CEO activism? If the board determines the net impact of corporate activism to be negative, should it prevent the company or its CEO from being activists? In addition, it is essential to know that not all activism is alike. Some activism is proactive, in that the corporation/CEO takes a stance that reflects a personally held belief, while another activism is defensive, in that the corporation/CEO’s position is made in response to external criticism or pressures. How accurately can employees, consumers, and members of the public distinguish between these two types of activism? Do they react differently to them? (Larcker et al., 2018). All these questions are those to which corporations, their CEOs, and board members, do not have adequate answers yet - future complex studies in this area should try to answer them.

Yet, despite all the prejudice and controversy over the participation of corporations and their CEOs in corporate activism and the negative publicity it carries, even the opposing responses of corporations to this activity (refusal to participate in them) inevitably lead the corporation to the position of a “double-edged sword”. A Wall Street Journal article (mentioned in Larcker et al., 2018) with the provocative title “You’re a CEO. Stop talking like a political activist!”, laments - business leaders who feel reluctant to join the fray, or worry that discussing divisive issues will only alienate customers, find themselves in a perilous spot. The endless, real-time conversation taking place on social media, combined with the rising tide of advocacy bubbling up from their own employees, consumers, and investors, make their silence increasingly conspicuous (Larcker et al., 2018). What each of the corporations will do, given this unenviable position, will depend solely on its ability to predict the approximate cost-benefit ratio of choosing each of the polarized choices on the sharp edge of the “corporate activism sword”.

### **A guide for corporate activism activists**

As already pointed out, deciding whether, when, and how to speak out for certain corporations can be a huge challenge, even an insurmountable problem. In order to reduce the risk in making such decisions, and to develop good business practices, the following text instructions for corporate leaders will be presented. This “plan” was created in accordance with the previous knowledge and experience of corporate managers and includes five items (Graph 4).



*Graph 4: A guide for leaders who are deciding whether, when, and how to speak out*

*Source: Authors, according to Chatterji & Toffel, 2018.*

Guidelines presented in Graph 4 are explained below (Chatterji & Toffel, 2018):

1. *What to weigh in on* - Smart corporate activists typically choose their issues - the issues do not choose them. To avoid being blindsided by news or awkwardly weighing in on a topic they know little about, CEOs should meet with their executive teams, including their chief communications officers, and decide what issues matter to them and why. This discussion should include reflection on why championing the selected topics would have a greater social impact than championing the other ones. On occasion, however, there is no time for this kind of deliberation - corporate leaders in certain circumstances need to quickly declare that they have no tolerance for certain actions/events. In addition, CEOs must balance the likelihood of having an effect and other potential benefits - such as pleasing employees and consumers - against the possibility of a backlash. As part of this assessment, corporate leaders should explicitly consider how their statements and actions will be received in, for example, a politically polarized atmosphere. CEOs should also consider the extent to which the public believes a CEO voice is appropriate on a given topic. The Global Strategy Group study found (mentioned in Chatterji & Toffel, 2018) that respondents thought it was fitting for companies to take public stances on economic issues like minimum wage and parental leave. However, there was much less consensus about the appropriateness of weighing in on social issues such as abortion, gun control, immigration, etc;
2. *When to weigh in* - Once the issue is selected, the corporate activist has to understand if there are key moments when speaking out might actually make a difference. Is it, for example, while a piece of legislation is being considered, or



- is it afterward? It was observed that a CEO activist's chances of blocking a particular policy are typically better than his/her chances of reversing legislation that has been enacted. Also, the news cycle must be considered. Being the first in some public action mainly has significant positive media coverage, while the other's similar stories are lumped together (Chatterji & Toffel, 2018). Of course, there could be a downside to all attention focused on one activist - both negative and positive multiple effects can crash down on that leader of change/declarant;
3. *How to weigh in* - An individual corporate activist needs to decide whether he/she wants all the attention resulting from the publicly stated attitude or it would be better for a coalition of his/her's non-corporate colleagues (mostly CEOs) to take that responsibility. In taking this approach, the risk of consumer backlash and increased journalistic attention, and thus the impact of their activism is mitigated. Collective action can also make it more difficult for critics to target individual corporate leaders and thus can be perceived as less risky. CEOs also may choose not to weigh in at all - some corporate leaders may feel that they do not understand the issue well enough, hold an unpopular view, or simply want to focus on other areas. All of those are credible reasons to hold back. Yet, executives should expect that employees, the media, and other interested parties may ask why the corporation's CEO has not spoken out and should be ready to explain the rationale (Chatterji & Toffel, 2018);
  4. *The inside game* - It's a good idea to ensure that internal stakeholders (such as directors, board members, investors, senior management, and employees) are aligned with corporate/CEO activism - or at least aware of it ahead of time. Though CEOs first have to decide whether they're speaking for themselves or their organizations, they should recognize that any statements they make will nonetheless be associated with their corporations (Chatterji & Toffel, 2018; Hambrick & Wowak, 2021);
  5. *Predicting the reaction and gauging the results* - Corporate socio-political activists should prepare thoughtful responses to those who disagree with them. CEOs and their teams should be ready to give the response to supporters and critics in their own organizations, the media, and the political sphere. At the very end, there is imperative for subsequent measurements, too, and for answering the question "Did our corporation make a difference?". Metrics to assess the impact of activism should be established ahead of time, whether they are retweets, media mentions, public opinion polls, or actual policy shifts. Big swings in public opinion are rare, so it makes sense to set realistic goals, track intermediate outcomes, and measure corporate activism progress over time (Chatterji & Toffel, 2018).

The approach that implies the best practices of corporate socio-political activists (primarily CEOs), and an upgrade to the already presented leaders guide, is shown in the tabular presentation that follows (Table 4).

*Table 4: The best practices of corporate socio-political activists*

<b>Practice</b>	<b>Explanation</b>
1. Corporate activists must be proactive.	Recognize that corporate activism is an emerging trend that is only going to increase. Address it now.
2. Corporate communication managers must be strategic in advising corporate leaders on issue advocacy.	Decide now what issues matter to the corporation and why they matter.
3. Establish a fit between the issue and the corporation's values and mission.	For corporate activism to gain credibility and support, it is important to communicate why the issue is related to the corporation's mission and values.
4. Consider employees.	Assess how employees will be impacted by the corporate stance and gauge their support. If some employees disagree with the position taken, they may feel excluded, less productive, and less loyal.
5. Know public opinion on salient issues.	Taking a public position on a "hot-button" issue may not be fully understood or endorsed by all stakeholders. Research on key stakeholders is vital.
6. Discuss the pros and cons with decision-makers.	Communication professionals must lead the discussion about goals, objectives, strategy, and tactics.
7. Conduct a risk-benefit analysis of the effects on corporation reputation.	Corporate activism can influence a corporation's reputation. Forecasting analyzes are more than significant.
8. Fully commit the necessary time and resources.	Big issues require long-term, bold, and focused dedication. And advocacy is costly.
9. Look in the mirror.	If your corporation needs to make improvements, say so before your critics do.
10. Find partners to gather momentum.	Consider engaging other business leaders or experts in the cause. Form relationships with non-profits that have credibility and are perceived as legitimate.
11. Consider the channels, messages, and tone used.	Ensure that the reasons behind corporate activism are clearly and transparently voiced over time, not just one time when the issue first appears in the news.
12. Have a plan for a potential social media storm.	Social media and the 24/7 news cycle require corporations to operate at lightning speed. Media inquiries, Facebook and Twitter activity, social protests, employee questions, and NGO backlash are all but guaranteed when addressing politically charged issues. Social media teams must be prepared and supported.
13. Expect backlash and be prepared to respond.	As much as there will be genuine support and admiration for taking a public stance, the criticism can be stinging as well. Don't back down or change positions.

*Source: Werder, 2018; Weber Shandwick & KRC Research, 2016; Chatterji & Toffel, 2018.*

## Conclusion

Enthusiasm and readiness to support specific socio-political issues, i.e. ideals, values, and interests of smaller or larger groups of people, corporations cherish and increasingly draw from the desire to acquire the epithet of “active” entities. Corporate activism, as a visible act aimed at changing society and supporting movements that the corporation and/or its customers perceive as important, in the 21st century gained in importance and became one of the main assets of obtaining a competitive advantage. However, this type of corporate socio-political involvement is not always purely idealistic and voluntary. Namely, in the last decades, corporations are progressively becoming subject to social pressures and expectations of consumers, even and their own employees, who believe that the corporation they trust/they work for must take a side in disputed social matters and fight for certain social changes. Yet, and the “other side of the coin” should not be neglected - the immediate economic interests inspire many corporations to become corporate activists.

Inspired by this issue, this paper investigated the strengths and weaknesses of corporate activism and provided insight into the motives of corporations’ engagement in this sphere, especially paying attention to the precise definition of corporate activism as an emerging phenomenon. The research question’s significance was reflected in the findings that Millennials and Generation Z as the future of the world, support, listen carefully, and remember corporate activities in the domain of socio-political and environmental activism; and that they are aware of the not always sincere intentions of corporations in this field. The research value of this paper was found in the theoretical analysis of the relations of corporate activism with BA, CSR, and CPA as similar but independent phenomena, observed from aspects of their connection to the company’s core business, individual CEO or company initiatives, contentious issues, public statements, etc. Furthermore, a guide for corporate socio-political activists and a thoroughgoing presentation of their best practices presented at the very end of the paper further reinforced the value of conducted research.

Summarized, it is possible to draw a twofold conclusion - that on the one hand, being a corporate activist usually makes business sense, often economic interest as well; and that on the other hand, it can take the company into a downfall overnight. This research projects that in the near future it can be expected an increase in the number of corporations that will join activities of this kind, many with a personal desire to get involved, and many with less enthusiasm and energy - in response to the growing number of “calls” and “open demands” of stakeholders who do not accept their socio-political silence. This could be the final answer to a question that has long been asked in scientific circles “Why do companies engage in corporate activism and not just in socially responsible behavior, which is generally received as positive by its stakeholders?”. One thing is for sure - corporate activism is a corporations’ (dark or bright) future.

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