Corporate Activism When the Stakes Are High

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How traditional organizations can navigate the space of corporate activism.

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As the world witnesses growing socio-political challenges, many organizations have expanded their societal role by taking public stances on issues such as immigration, Black Lives Matter, and anti-abortion laws. One of the most notable examples is Patagonia, which has famously declared itself as an activist company and its founder, Yvon Chouinard, recently donated the company to fight the climate crisis. Mission-driven organizations, like Patagonia, have always been engaged in corporate activism which has been integral to their organizational identity.

But, most businesses are not Patagonia. How can they – especially those holding potentially more conservative commitments borne of their long histories – engage with corporate activism? What are the opportunities, threats, and key challenges to acting authentically and distinctively on the issues of today?

We conducted a series of interviews with several organizations founded over one hundred years ago to explore these questions. These companies, while long-lived, had a global presence and an active involvement in social and sustainability initiatives. Based on our findings, we shed light on key arising tensions and how leaders and employees navigate these to credibly engage in corporate activism while sustaining a valuable and long-established organizational identity.

Corporate activism can be risky, causing some leaders and organizations to approach it with caution. The divisiveness that occasionally results from activism can alienate stakeholders who disagree with the company's stance. For example, consumers criticized Gillette's 2019 "The Best Men Can Be" campaign for its effort to align with the #MeToo movement. Larger, more visible, and more traditional organizations may face higher risks due to the increased public scrutiny they are often subjected to. Moreover, given that

activism seeks to catalyse transformational change, older organizations with more traditional structures may face tensions between proactively promoting change whilst maintaining a sense of continuity with their long-established identity. Thus, the decision to engage in activism requires strategic change which could disrupt an organization's established identity, or employees' sense of "who we are" and "what we do".

However, avoiding taking a stand or remaining neutral on highly divisive issues is equally risky. Consumers, employees, and the wider public now expect the companies they care about to speak up or act; remaining silent can backfire given shifts in societal norms, heightened expectations, and the rapid spread of sentiment on social media. Leaders may be driven to become more vocal in order to maintain legitimacy in the face of an uncertain environment.

What strategies can leaders of any business deploy to address these tensions and credibly engage with the issues of our times?

Connecting Past Identity with Present Issues:

Organizations with long-established identities tend to have formal structures and lengthy decision-making processes that may hinder the rapid response that many arising issues demand. But being strategic about corporate activism does not mean being reactive.

Businesses can leverage their long-lived identities to help prioritize issues they will be proactive on. For example, in part due to the founder's disadvantaged background, one of the organizations we interviewed partners with an NGO that hires people from disadvantaged backgrounds and works to to decrease homelessness and social exclusion in the community. Such actions are congruent with the organization's identity yet accelerated via strategic partnerships.

Moreover, the organization has established a foundation, through which it works with non-profits and social enterprises worldwide to address overlapping inequalities. Thus, through the adoption of an identity-alinged and collaborative approach, the organization is able to bypass traditional structures and decision processes, and promote new strategies without compromising its employees' sense of who it is and how it acts.

Balancing Top-down and Bottom-up Efforts:

Given the urgency of many arising social and sustainability issues, employees are increasingly the voice of these issues by driving organizational attention to them from the bottom-up. Issues that are driven by leadership risk sometimes being seen as out of touch.

To address this, one of the organizations we interviewed – in a conservative and relatively slow-changing industry sector – was very progressive in giving employees freedom to come up with ideas around corporate activism *and* the ability to implement them. Younger employees were invited to share their ideas with the executive team, who would subsequently coach and guide new initiatives on social and sustainability issues. The benefits cut both ways. Having input from younger employees also supported and evolved leadership's decision-making to ensure it was socially and strategically relevant.

While other organizations may use employee resource groups to enable employees to come together on issues that matter to them (including the Black Lives Matter movement and LGBTQ+ rights), our research suggested that not all such groups have access to influence senior leadership nor freedom in implementing actions.

Leaders looking to credibly engage in issues must unleash their employees' energies, relinquishing some control, yet also provide experienced guidance to enable actions to be both strategically effective and engaging. By creating an internal ecosystem, including processes and structures, for this, corporate activism efforts can drive unity, not divisiveness, within the organization, while nudging its evolution in line with organizational purpose and identity.

Navigating Explicit vs Implicit Communication:

Urgently amplified issues – like the Black Lives Matter movement that emerged in the wake of George Floyd's death – pose heightened challenges to how organizations communicate, especially those who have historically been discreet. Discretion may be a sign of measured, intentional internal decision making, and can support an identity and

external image of authenticity and continuity with the past. Yet, it might also be a liability when all organizations moved to show support for Black Lives Matter but some had much more rapid internal processes and comfort with proactive external communication.

Our research showed that support for organizations taking a stand on such issues may be common, but the communication pathways need not be. In fact, employees of a company known for its discretion acknowledged the need for more external communication on topics of diversity and inclusion, but appreciated their organization waiting to communicate authentically after action and not using activism as a PR effort. Leaders must decipher how to balance an explicit versus implicit communication approach to arising issues, and can do so by leveraging the organization's existing identity, ensuring that the adopted approach is deemed authentic by employees and other audiences, diminishing the risk of woke washing. Having effective ways to tune into employee sentiment, through tapping bottom up energies, will enable this approach and diminish the opposing risk, of being too conservative in communications.

As businesses face mounting pressure to tackle social, environmental, and economic challenges, there has been a rise in corporate activism wherein businesses are expected to take public stances and instigate substantive actions on issues such as social inequalities, climate change, or human rights. Effective, authentic responses are not straightforward, nor one-size-fits-all. For businesses with valued organizational identities built over the long term, corporate activism can challenge leaders' and employees' sense of organizational identity, potentially pushing them to confront and question "who we are" and "what we do".

To leverage this as a healthy tension, rather than a disruptive one, organizations must hold a mirror to themselves, and ask how they can add value and strategically and authentically evolve their voice and actions. We explored three tensions that arise around identity (past versus present), action (top-down vs bottom-up) and communication (explicit vs implicit) and the strategies organizational leaders can use to navigate these as they guide their long-established organizations towards an ever-evolving future.

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