Corporate Activism

research, case studies and solutions for communicators to address a rising trend

Prof. Dr. Ana Adi

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Corporate activism: the trend and its implications

foreword
by Ana Adi

In recent years, corporate activism has intrigued, puzzled and challenged communicators. While in the past, activism and corporate communications were often presented as incompatible if not totally opposed (for that, all you need to do is leaf through any book of PR history published before 2000), a shift into what corporations can and should acknowledge seems to have haven taken place around 2010. Whether this is related to changes in technology (and more specifically, the rise of social media) or the increased visibility and success of social movements, or a combination of both, is still up for debate. It is also questionable whether critical PR scholarship calling for an integration of activism and communication (see my recent edited collection on Protest Public Relations, for example) has finally reached practitioners and corporations.

What is certain is that the term 'corporate activism' has entered the mainstream, implying not only that the time 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. Perhaps there is a logical, natural evolution here: from the early days of PR (when PR was seen as essentially a slightly more sophisticated version of propaganda deployed by and on behalf of organisaitons in a one-way direction towards the public) to the belated realization that mutually-beneficial relationships between people, organisations and interest groups are necessary, and that a world without alliances and values is a bleak one. At the beginning of PR history, around 1900, business leaders such as railroad tycoon William Henry Vanderbilt unapologetically calling for the public to be damned ("one of the great public relations disasters in American business history", according to American Heritage magazine); today – with extreme voices from both political extremes on the rise and the youth calling for a better, cleaner, sustainable future – business must tread a more nuanced path. Or perhaps corporate activism is just a new fashion cynically adopted √by corporations in a scenario reminiscent of Naomi Klein's "No Logo" world.

What are the examples that come to mind when corporate activism is mentioned? What does corporate activism actually mean?

In 2014, Procter & Gamble focused on the empowerment of women with their social media #likeagirl campaign (CampaignLive 2015; Always), an expansion of the idea of confidence into a wider emotional territory, beyond just female hygiene products. In 2018, Ben & Jerry's launched a "protest ice cream" called Pecan Resist (the proceeds from the ice cream sales go to organizations who oppose the Trump administration) (Dommu 2018). The same year, Starbucks closed its stores for racial bias training (Calfas 2018, This American Life 2018) and Nike started a collaboration with athlete Colin Kaepernick to highlight their pro-diversity commitment.

Is this truly activism or just another way to increase sales by forging closer connections with a community or consumer group? Seen through Chris Anderson's Long Tail perspective, these examples show companies opting for a conceptual, ideological or political niche, putting pressure on their consumer base, forcing out those who do not agree or align with another choice. This leaves them with

smaller consumer communities that are more loyal and easier to connect with due to the shared interests and values identified. This means that, through activism, companies willingly embracing division. While this division might be desirable externally – it might turn, after all, into a matter of better, clearer positioning – this presents many challenges and risks, internally and internationally.

Let's revisit the examples above, all US-based and thus addressing political, cultural and historical specificities. What if Ben & Jerry's would roll out their protest ice cream anywhere else where protests have been occupying the public's imagination and spaces – Bucharest, Budapest, Hong Kong? What if Starbucks decided to go for racial bias training in France or in any of the Gulf countries where they are so popular? And what if that story of empowerment and confidence by Procter & Gamble would not apply to equal pay or parental leave?

Can activist stances be exported? And what if organizations become the focus of another organization's activism or even another state?

This reader aims to tease out answers from practitioners, members and alumni of Quadriga University of Applied Sciences' network. Conceived as a collection of research updates, opinion pieces, case studies and practical insight geared at communication practitioners and communication students, this reader has been designed as a conversation starter as well as classroom material. It is therefore structured in three parts: research updates, case studies, and tools and solutions from practitioners.

To cover the background and evolution of corporate activism, there are two introductory articles: Anthony Gooch's exploration of radical uncertainty and its influence on corporate activism, and Hemant Gaule's article about corporate activism in India, focusing in particular on the drivers, risks and repercussions with some fantastic examples.

The *Research* section is dedicated to some of the studies often referred to by contributors to this series: Weber Shandwick and KRC's research into employee and CEO activism covered by Stephen Duncan and Johanna Hille; BRC's research into creating a culture of purpose covered by Phil Riggins; and Kerstin Lohse-Friedrich's study of China's public diplomacy and its reactions to activism by western corporations. They all provide rich insight into perceptions and expectations of corporate activism as well as new perspectives.

The *Case Studies* section is designed as classroom material. Joyce Costello reviews the evolution of Nike's corporate activism over the past 30 years and some of Nike's actions that conflicting with its declared values. Sebastian Biedermann and Sergiy Smetana's case takes us into the future, discussing alternative sources of protein. They provides a detailed background on the issue and raise questions from a German's association perspective.

Finally, the *Tools and Solutions* section puts forward a variety of solutions from practitioners, for practitioners. Here, Jo Detavernier reviews his five questions around embracing corporate activism; Mike Klein focuses on internal audiences and their reactions to corporate involvement with corporate activism; and Virginie Coulloudon proposes a new, all-inclusive approach. Finally, the closing of the section and the reader is made by Thomas Stoeckle, who focuses on ethics and the seven traits of ethical leaders.

Ana Adi

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She is the Chair of the Digital Communication Awards in Berlin since 2015 and a member of the Institute for Public Relations Measurement Commission since 2018. She has just launched Protest Public Relations: Communicating Dissent and Activism (Routledge) and is currently working on a podcast series called Women in PR.

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Corporate activism in an age of radical uncertainty*

by Anthony Gooch

The need for strong leadership has never been more urgent than in today's age of radical uncertainty: globalisation, technological change, immigration issues and the rise of populism demand clear reactions and responsibility. Increasingly, corporations – particularly their CEOs – are stepping up to meet this leadership challenge.

"Radical uncertainty" is a concept that has come back into fashion in recent years. When asked for my thoughts on how to navigate this era of "radical uncertainty", my mind immediately turned to the work of Hyman Minsky, a relatively unknown economist back in the 1950s, who spent his life trying to understand financial crises. He was uneasy with the predominant thinking at the time, which viewed the market economy as stable, and efficient and only vulnerable to external shocks such as the rise of oil prices, war etc. Minsky was convinced that economic booms ultimately sowed the seeds for economic crashes because of the mounting complacency shown by banks, firms and other economic actors during the good times. In other words: "stability was destabilizing" (see Minsky, 1982). Sound familiar?

This resonated with old school "influencers", such as Paul Krugman, who, following the 2008 crash, urged people to (re-)read Minsky (see his New York Times blog posts and columns), finally granting him his moment of fame, unfortunately for him, 13 years after his death.

This seems relevant at a time when we have been looking back on 10 years since the global financial crisis, with the political payback that began in 2016 fresh in our minds. We might have heeded Minsky's warning earlier, but 2008 was certainly a wake-up call for my organisation, the OECD, and others, still consumed with the comforting notions of a world based on the utopian idea of "Homo Economicus", eminently rational human beings working to equally rational economic models based on market equilibrium as the national state of affairs.

Just as it took the cataclysm of 2008 to remind us that we live in a world of radical economic uncertainty, so since 2016, we have witnessed a series of political explosions, raw not liberal democracy and the success of populist political offers and parties. This cannot be dissociated from the alarming erosion of public trust in traditional institutions driven in large part by increasing inequalities and divides in our societies that we can trace back to the years prior to the global financial crisis. What is unquestionably new is the digital and technological turbo charge that has revolutionised information and communications contributing to this greater sense of uncertainty.

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*   The current material is an update to a previously published article on OECD Forum. Available from: https://www.oecd-forum.org/users/40211-anthony-gooch/posts/49022-corporate-activism-in-an-age-of-radical-uncertainty.

Against this backdrop, communicators cannot conceive the future as a linear journey. All of us here are in the same boat – we cannot afford to be complacent. In Actes et Paroles (1875) Victor Hugo reminded us that, "Everything that augments our freedom augments our responsibility".

Radical uncertainty pushes us to do things differently. To equip ourselves to survive and, who knows, thrive in this new normal, we need to carve out a clear and unwavering purpose, reestablishing our social licence to operate. We also need to adjust our mindsets and find new ways to create deeper and more emotional connections with the people we serve. Be it in a company, an NGO, a media organisation, as an elected representative or public official.

Why are we talking about CEO activism now?

The OECD's mission is Better Policies for Better Lives – and at the moment if I'm frank, we're asking ourselves some serious questions about our ability to deliver on this in the current environment. We are facing the potential unravelling of international norms and standards developed over decades, and in some cases by the very countries that were their biggest advocates and architects building from the ashes of World War II. From the moment I joined in 2008, governments knew it was misguided to think that we can achieve our goals working with governments alone. Policy-shapers are as influential as traditional policy-makers in delivering public policy and more importantly in ensuring the policies are implemented to have impact.

But who might we turn to as a societal compass? Is this the right moment to make "corporate activism" the new normal?

In reaction to this new normal, I detected a movement growing in the United States in the first half of 2017, now termed "CEO activism" (Chatterji & Toffel 2018). This has blossomed in recent years. Moving well beyond traditional forms of corporate social responsibility, and responsible business conduct, a number of prominent CEOs are speaking out on social issues, often beyond the areas of their core business.

» Arne Sorenson of Marriott noted that a more political role for chief executives today is "unavoidable and essential". He said, "You can say it shouldn't exist, or try to hide from it, but neither approach works. There is enormous anxiety right now among our guests and our community all over the world. They want to hear a voice that is welcoming and affirming".

» Rediscovering its rebellions origins, Nike made the deliberate decision to feature and lead support to Colin Kaepernick, the NFL quarterback who first knelt during the national anthem to highlight racial injustice (BBC 2018).

» Marc Benioff at Salesforce decided to spend USD 6 million dollars of company money to close the gender pay gap at his company, Salesforce, over a two-year period (Bort 2018).

» Leading fund manager Mellody Hobson (Tugent 2017) is using her position to advocate for more inclusive corporate leadership, when barely 6% of fellow CEOs in Fortune 500 companies are women.

» Ahead of last year's United States midterm elections, a coalition of major companies — including Walmart, Patagonia and Lyft — took a leading role in the #TimetoVote campaign, to encourage a big increase in voter participation in elections.

» And for the second year running, Blackrock Chair & CEO Larry Fink explicitly linked the prosperity of companies over time to a tangible positive contribution they make to society beyond financial performance.

Twenty years ago, it was rare to see businesses taking a public stand on emotionally charged social issues. Our relationship with brands was different then. Geography constrained our choices and without the internet, our way of sourcing information was more limited than it is today. In other words, our knowledge about brands resulted more from our physical proximity to it or our experience using the product.

Benetton were first movers in this respect, with the Colours of Benetton campaigns of the mid-1980s to embrace multi-ethnicity and reject racism, moving on to raise awareness on HIV in the early 1990s. Today, this type of "shockvertising" would be less surprising to many of us as corporate activism has become more mainstream.

But rather like the concept of "post truth", it leads us to ask just how novel is CEO activism?

Already back in 1943 Robert Wood Johnson, former chairman and a member of Johnson & Johnson's founding family (see the company Credo), understood that corporate activism "Is more than just a moral compass. We believe it's a recipe for business success".

And over fifty years before that, businessman and philanthropist, Joseph Rowntree, was demonstrating his commitment to creating a better society. He built New Earswick, a village in York, for people on low incomes, including staff who worked in his factory, giving them access to decent homes at affordable rents.

Why is this the era of corporate purpose?

It seems that a fundamental realignment is taking place in the balance of power between corporations and customers. From the 1950s and 60s, corporations became the central actor and focus of the marketplace. For the most part, information and influence travelled in one direction, from businesses to shoppers, whose self-worth was tied to what they bought and how much of it they owned: the age of negative consumerism and consumer culture. The 1990s were defined in large part by self-interested "celebrity" corporate leaders. Its negative apogee was perhaps reached with Gordon Gekko's "greed is good". 2008 changed all that for good.

Today, information and influence are not unidirectional. It is more of a two-way street. Brands no longer dictate the terms, and this has made it more important for them to draw in consumers by talking to them personally, earning their trust and seeking that all elusive authenticity.

The day when NGOs were lone consciences are over. There is a clear demand from current and prospective employees and consumers, from elected officials and from the media who want to know where companies stand on the big questions shaping

our society. As a business leader, it is no longer possible to view your economic activity in a social vacuum. Consumers can instantly inform themselves about your social position and "compromises" and weigh up whether or not they align with their values.

Research by Weber Shandwick and KRC (see following chapters in this reader) finds that large percentages of millennials believe that CEOs have a responsibility to speak out on political and social issues. They say that CEO activism is a factor in their purchasing decisions.

This is also becoming an increasingly important consideration when people are choosing where to work. Whereas baby boomers sought out workplaces that offered stability and high pay, millennials have new priorities. According to a PwC report Millennials at work – Reshaping the workplace, "Millennials want their work to have a purpose, to contribute something to the world and they want to be proud of their employer".

This also holds true for institutional investors. A 2017 report by Edelman found that 76% of investors expect companies to take a stand on social issues, such as the environment, gender equality, diversity and globalisation. They have an expectation that CEOs take a stand on issues beyond making money and creating jobs. Are they are looking to the big societal actors in the business community to fill the void left by the implosion of trust in government and, dare I say it, the state?

I took advantage of the OECD's Annual Forum 2019, to convene two influential business voices – Isabelle Kocher from ENGIE and Jacques Van den Broek, from Randstad – to explore the concept of CEO Activism & New Forms of Leadership. Both agreed that two essential ingredients for a company to achieve success today is to embrace clear purpose and to actively listen to its closest constituents, starting with its employees. For Isabelle Kocher: "As leaders, we need to listen, understand the system in which we operate (...) otherwise there is a risk that the company does not embody the future our societies want".

Beyond the domestic agenda – CEO activism on an international stage

When I joined the OECD in 2008, I was surprised to learn that the Marshall Plan that created the organisation was actually pushed strongest by businesses, despite the fact that many Americans were against it at the time. Many business leaders are becoming increasingly engaged on international issues. Unilever CEO Paul Polman has pioneered a shift away from quarterly reporting and short-termism more broadly. He has also been a high-profile figure advocating for reporting on the advancement of the Sustainable Development Goals.

Michael Bloomberg, founder, CEO, and owner of Bloomberg L.P., famously offered to fill the budgetary hole of USD 15 million following the United States' departure from the COP21 Agreement.

Indeed, former US Secretary of Commerce and CEO of Kellogg's, Carlos Gutierrez, has argued that multinational companies should be encouraged to develop and execute their own "foreign policies" as well as to engage more actively with their "home" governments to build support for their interests, including maintaining an open, rules-based trading system. This in practice means translating their international strategy at the domestic level.

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During the Paris Peace Forum convened by President Emmanuel Macron in November last year, the OECD announced a new Business for Inclusive Growth initiative, together with Emmanuel Faber, CEO of Danone, for whom: "Business has a pivotal role to play in shaping a new model of economic growth that fosters social justice – a model that is more inclusive and therefore more resilient". Companies are now not a million miles away from organisations such as the OECD. In fact, you could credibly argue that they stand at the crossroads between standard setting and implementation.

The need to reframe growth in broader societal terms is at the origin of the OECD work on well-being. The OECD has taken the process forward through internationally comparable well-being indicators and the Better Life Index (BLI). The BLI is an open and interactive platform designed to inform citizens on multiple aspects of their well-being. It is also a space for people to share what they value most in a range of well-being topics – from clean air to education, from civic engagement to health, and see how countries perform according to their preferences. By humanising data, we make it easier to relate to global challenges and reduce the psychological distance between the "me", the "we" and the world. In the last eight years, millions of individuals all over the world have become part of our BLI family.

CEO activism is not without its risks

Whereas more socially active CEOs might be music to many people's ears, as always, beauty is in the eye of the beholder.

CEOs need to think about the risks and how their statements and actions will be received in a politically polarised atmosphere. There are also some clear no-go zones.

According to a 2016 Global Strategy Group report, when companies are associated with political issues, customers tend to view this connection through the lens of their party affiliation. For example, in the US, Democrats were twice as likely to view Howard Schultz's Race Together campaign positively, and Republicans were three times as likely to view it unfavourably.

The cost of inaction

The decision to engage in activism also needs to be weighed-up against the cost of inaction. The risk of inaction can in fact be far higher than the risk of engaging in political or social advocacy. If you decide not to take a stand on an issue, you run the risk of your position being decided for you in the public eye, becoming complicit in actions that are deemed socially and societally unacceptable.

Employee activism, a growing phenomenon in its own right, can result precisely from a decision by a company not to take a stance. Recent events at US furniture manufacturer Wayfair bear witness. In late June, when employees discovered that a US government contractor had bought $200K worth of bedroom furniture to equip a detention centre in Texas to house young migrants at the Southern Border. They quickly organised a mass walkout in protest. Arguing, as co-founder Steve Conine did, that "we are not a political entity. We're not trying to take a political side on this" did not wash with the workforce.

Similar situations have arisen among workers at Amazon and Google, over immigration, gay rights, and the perceived support for censorship in China.

It will be necessary for companies to establish clear criteria and processes for deciding on which issues to be vocal on but opting out across the board won't be an option for any CEO.

Limitations of the personalised approach

It is evident that that the role of corporate leader is evolving in the current context, but to what extent is it sustainable to rely so extensively on a single individual to represent a company's social values?

In October last year, I was struck by the high-profile departure of Sacha Romanovitch, the first woman to run a big City accountancy firm, who stepped down as chief executive of Grant Thornton. Her departure was the result of an anonymous memo, which accused her of pursuing a "socialist agenda" and "misdirecting" the firm, which it said was "out of control" and had "no focus on profitability".

In responding to these accusations (Deans and agency 2018), she said that some would find it hard to accept decisions that may depress profits in the short term but boost them over the long term. She argued, "If profits get unhinged from purpose it might not hurt you now, but it will come back and bite you on the bum".

This raises important questions about the degree to which values promoted by CEO advocates are truly assimilated by the organisations as a whole and the potential risks for sustainability where this is not the case.

As Andrew Edgecliffe-Johnson, the Financial Times' US business editor, warns "If corporate purpose remains the reserve of a small group of western chief executives on the Davos circuit, it will fall short". So we must be mindful that in order for CEO activism to play a transformative role, it must be long-term, sustained and systemic.

Conclusion

Perhaps radical uncertainty is the new normal, but let us not forget the lessons from Minsky: activism will be as necessary during the good times as the bad. Just as in economics we talk of the importance of fixing the roof while the sun is shining, we need to stay engaged with purpose well beyond times of crisis. In an era of uncertainty, we need to create a deeper connection with the people we ultimately serve – appealing to the heart as much as to the pocket. We will need to reach out beyond our comfort zone.

We must also heed the great Albert Einstein, "The world is a dangerous place to live; not because of the people who are evil, but because of the people who don't do anything about it".

Anthony Gooch

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Since joining in 2008, Anthony has played a key role in managing the OECD's major international public campaigns in response to the Global Financial Crisis and sensitive issues such as the fight against tax havens and to establish fairer tax systems, combatting international bribery. He's the Director of the OECD Forum and of OECD's Global Parliamentary Network and is also the pioneer of OECD Better Life Index, a ground-breaking and initiative to put citizen at the heart of efforts to improve the well-being and quality of Life.

Prior to joining the OECD, he worked for the European Commission, and studied Political Science & International Relations at SciencePo Paris and Modern History at Cambridge University.

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Corporate activism in India – risks and rewards

by Hemant Gaule

Earlier this year, I was part of the jury of Public Relations campaigns for "Abby Awards"; self-proclaimed as the Oscars of creative excellence in communications campaigns in India. Two things stood out in most campaigns we reviewed and selected as winners:

1. *High orientation towards Environment, Society and Governance (ESG):* Many organisations created initiatives that highlighted their social purposes and their commitments towards the same. One such initiative was by Uber India called Jersey Knows No Gender (which won a Silver at Abbys), aimed to bridge gender disparity in sports.

2. *Focus on driving change:* Overwhelmingly these campaigns strived to drive a behavioural change with their stakeholders, and occasionally influence their regulatory environment. For example – a campaign for a feature film called URI tackled the rampant issue of movie piracy. Not long after the movie's release a regulation banning torrents which was passed.

This zeal of organisations to stand by their social purpose has been at the forefront of many Indian businesses. It is indicative of a shift from the Friedman school of thought to the Freeman school. The former dominated the nineties and the naughties (when the stock markets boomed, and India grew at nearly 8 percent). For organisations that focussed on the latter corporate activism has been an integral practice.

The journey of Indian corporations from focussing primarily on profit maximisation to uplifting their stakeholders has been a long and transformative one. To understand the current scenario, it's worth a brief look back at this journey.

Corporate activism in India – A brief history

A crucial moment in the history of India Inc., and how it operated, was the Economic Liberalisation of 1991. It marked the end of the Licence Raj or Permit Rule, wherein many aspects of the economy were given to a select few (Aiyar 2001). The Government of India heavily regulated the corporate sector and decided who could set up a business and how. Yet there was little bureaucratic bandwidth, capability and often ethics, to monitor how businesses ran. Many businesses abused environmental norms, labour laws and standards of corporate governance (Chidambaram 2001).

There was little incentive for businesses to self-regulate and the duty to hold them accountable lay on activists. The pre-liberalisation brand of activism focussed on social mobilisation and was often confrontational. Their goal was to either change the impact that the firms had on them, or to be compensated for it. Impacting regulation was a distant possibility and hence not a priority.

As the economy opened up, corporate India embraced not only investments and business practices from the West, but also values of governance, ethics and inclusivity. These values gradually seeped deeply into the core of many Indian businesses. However, the degree to which they act on it has been a function of inherent risks. I discuss these risks in subsequent sections of this article.

Until recently only the largest organisations had the clout to navigate these risks for corporate activism. Organisations such as the $90 Billion-dollar "salt to software" conglomerate Tata Sons, are entrenched into the far reaches of India over their 150-year-old history. Consequently, they share the responsibility of addressing social issues with the state and used their resources to create change.

Their subsidiary Tata Tea is one of the few private organisations to partner with the Election Commission of India to run a voter registration drive called *Jaago Re* (Wake Up). Tata Steel set up their first steel plant over a century ago in central India, in a city practically built by the company and eventually named after their founder – Jamshedpur. The group has also run one of India's most successful employee volunteering programme, called Tata Engage.

Over time many organisations have discovered their own reasons for playing their part. Organisations realise that taking a stand is good optics, something that helps them enhance top line and shareholder value. Companies with higher focus on ESG tend to perform well on commodities exchanges (Somvanshi 2019).

According to a study by Weber Shandwick and KRC Research, about two-thirds of Indian consumers (highest globally) want CEOs or companies to express opinion on or act on issue that maybe controversial. It is a table stake for the new age Indian CEO to have a (progressive) view on, if not take actions on issues related to ESG. Rise of CEO Activism is one of the many undeniable evidences that India Inc. is striving towards activism.

What is driving this shift in India?

The shift in organisations' focus towards has been ushered by a combination of four key factors.

1. Organisations' understanding of their role in society

Organisations' self-image and self-perceived role in society are constantly evolving and responds to societal changes. As society changes its priorities, organisations expand the domains in which they take stands. Old organisations are looking for purpose in the new era and new age brands are finding their purpose beyond commercials. To a certain degree, it is about creating a differentiation – if they are at par with the competition in business metrics, how else can they create an edge? For many organisations, corporate activism has been the answer.

2. Evolution of stakeholder mindset

Three key stakeholders are leading the change that is increasingly inspiring corporations towards corporate activism.

A. Consumers

Millennials constitute nearly 34 percent of the India's total population (Deloitte, Retailers Association of India 2018). Their formative years happened with a boom in technology, information and social consciousness. They tend to respect and gravitate towards organisations that, like them, have a high sense of purpose and the will to act on it; and do not hesitate to penalise the organisations that don't. Phillip Kotler and Christian Sarkar presented a framework that shows how brand activism works and how consumers today boycott or buycott with zeal (Kotler & Sarkar 2018).

A FRAMEWORK for HOW BRAND ACTIVISM WORKS

"Brandshaming: The Kids vs. The NRA" – Philip Kotler and Christian Sarkar, The Marketing Journal

Buycotts are rising: 83 percent of consumer agree that it is more important than ever to show support for companies by buying from them instead of boycotting them (Weber Shandwick; KRC Research, 2018). The financial impact of these boycott/buycott may be short lived but it does leave a reputation impact. It can be enough to incentivise organisations to align themselves to the value systems of the consumers, in hopes of being reward with their patronage.

This demography is not fooled by mere promises; they will hold organisations accountable to act on it. In words of the Santosh Desai, CEO of Future Brands, millennials have "a high bullshit detector" (Tewari 2018). Advent of inexpensive smartphones and the world's cheapest internet plans have ensured that most of India's 440 million odd millennials are online and constantly connected. The implication is that organisations must be proactive, not reactive at activism.

B. Employees

India has the world's largest millennial population in absolute terms, and this group constitutes nearly half of India's workforce. In exchange for their efforts, they expect something larger than paycheques from their employers – clarity of the employer's vision towards ESG.

India's fast growth has been driven by the success of organisations in attracting, retaining and nurturing quality talent. In 2019 Zomato, an Indian restaurant finder and food delivery app present in over 24 countries become the first Indian company to give paternity leave of 26 weeks (Gurung 2019).

Around the same period, media group Star India extended Mediclaim benefits to partners of their LGBTQ employees (Jha 2019). The policies themselves are not as surprising as is their swift creation and seamless integration into these organisations, indicating a conducive shift in mindset of the employees.

|C.   Shareholders

Shareholders wield a lot of influence in India, and their interest usually trumped ideological standing of organisations. But overtime they've come to see profit and activism as two sides of the same coin and it is common for Indian shareholders to use their influence to hold firms accountable, often in matters of ESG.

Institutional investors tend to be more powerful and focus on governance as much as profitability. Coal India Limited – a state-controlled coal miner was taken to court one of their institutional investors, alleging poor corporate governance (TNN 2012). Shareholder activism is a powerful tool in India and organisations acknowledge that to stay one step ahead.

3. Regulatory environment

In 2013, the Government of India mandated Indian corporations, meeting certain criteria, to spend at least 2 percent of their net profits on Corporate Social Responsibility. Subsequently many organisations unleashed the powers of their economic and knowledge resources, reach and influence on their ecosystems. A recent update to the regulation holds organisations accountable to a greater degree for compliance. The value of corporate activism has grown beyond self-interest, to enrichment of stakeholders.

As far as legitimate ways of lawmakers nudging organisations to invest in society go, it ends there. Sadly, the culture of rent-seeking and extortion by abuse of office has plagued India Inc. for generations. However, India may be inching away from this. Reducing bureaucratic red tape and therefore corruption has been the key agenda of the current government. Clubbed with greater transparency, influx of global practices and shareholders' insistence on ethical corporate governance, it is changing the way policy making is influenced. To put it bluntly, it's not as easy as it was before for organisations to buy their way into a conducive policy environment. Lobbying is an unregulated grey area in India, and lobbying efforts typically include garnering public influence. In greenfield areas of regulation, such as net neutrality, blockchain, drone technologies etc., the scope is immense for organisations to influence policy decisions via corporate activism.

4. Role of activists

As highlighted earlier, traditional brand of activism in India was confrontational and obstructive. Grassroots activists can be handicapped by an authority deficit, unless organisations and general public recognise them as credible; the impact they create will be limited (Paynton & Schnurer 2010).

However, new dimensions are getting added to this aspect. In the last decade India has seen resurgence of seemingly small activists or activist groups take down

global behemoths. In 2015, an NGO Jhatkaa.org shook global FMCG giant Unilever for their Indian subsidiary Hindustan Unilever's (HUL) their alleged mercury contamination in Kodaikanal lake. They got public attention (and ultimately a response from HUL) by releasing a rap video on the issue "Kodiakanal Won't", to the tune of the song Anaconda, by Nicki Minaj. Eventually HUL had to respond (Iyer 2015). It's not silly if it works.

Activists today can mobilise greater and better-informed masses, without coming across as a nuisance. In addition to aiming for organisational level changes, they are striving for policy level changes. That is another motivation for organisations to be proactive.

Risks

It is difficult to visualise the socioeconomic, ethnic, geographic, corporate and political diversity of India. It makes businesses operating in India truly remarkable. Combine that with a dynamicglobal trend of corporate activism, we get a world that presents as many risks as opportunities. Below are discussed some such risks, which can also serve as a set if heuristics for organisations to follow.

Choice of issues

When organisations take a stand on an issue in India, it is often and quickly judged from religious, cultural and political ideological lenses. Opining on socio-political issues in India can be like walking a tightrope, with thin ice on one side and banana skins on the other.

Eagerness of brands to dial up their messaging during festivals can sometimes land them in controversy. Take for instance Diwali, the Hindu festival celebrated with fireworks, and Eid, the Muslim festival marking the end of a month of fasting. On the former, some organisations preach the importance of protecting the environment and animals and celebrating a "cracker-less Diwali". On the latter, the messaging inclines towards practicing kindness to animals – celebrating a "blood-less Eid". Neither goes down well with practitioners of respective faiths. Similarly, agreement or disagreement with the policies or performance of the government can sometimes label an entity as aligned to a particular political philosophy.

The heterogeneity of religions, cultures and political ideologies brings about sensitive boundaries. Even when there is no intent to take a stand, corporations can inadvertently find themselves under scrutiny. Twitter's co-founder and CEO Jack Dorsey found this out the hard way on his visit to India. As journalist Barkha Dutt put it: "..his PR dream soon became a PR nightmare... He also managed the impossible; he enraged both liberals and right-wing Indians"

Dutt was one of the several women changemakers invited by his team, to talk to him about their experiences of abuse on Twitter. Another was lower caste activist Sanghapali Aruna, who handed Jack a poster right before a photo op. The poster read "Smash Brahmanical Patriarchy" – a call for anti-caste politics. The phrase was seen as an attack against the Hindu upper caste, minority community of Brahmans, and Jack, Twitter and all those in the picture were accused of bigotry (Dutt 2018).

Twitter India and Twitter's Global Head of Legal subsequently apologised but the damage was done. Much of the backlash they faced was noise; but the impact on

their reputation was irreparable. The pre-existing notion of Twitter's left leaning bias did not help, and in-fact, it only got strengthened evidently.

When flirting with socio-political issues in India, organisations must go out of their way to separate their stance from political ideologies. It helps to be aware of any pre-existing reputation hazards, regardless of its propriety, that they may be suffering from, and recognise the criticism they are likely to attract naturally.

Figure 1. Twitter CEO Jack Dorsey holding a poster that reads "Smash Brahminical Patriarchy" (Vetticad 2018)

Credibility

Corporate activism efforts are more credible when their stand emerges seamlessly from their values and their capability to be a torchbearer of the issue. Dove's #RealBeauty campaign was much lauded but the underlying reality was that it is owned by Unilever, which also owns Axe – a brand thriving on messaging that contradicts that of Dove's campaign. Many brands cash in on ongoing trends. Commoditisation of hope is a trend.

A different type of credibility deficit exists in India with organisations considered close to political elites. Any of their positions or actions on social issues risk being seen as unsolicited attempts to influence policies to benefit them and not necessarily other stakeholders. Facebook's Free Basics in India campaign is a perfect example of such credibility handicap.

Ulterior motives

It's fair for corporations to expect activism to benefit their business goals, but not as a primary objective, and certainly not if it is obvious. Facebook's failed campaign against net neutrality in India has many such lessons. The case study that follows has extracts from Rahul Bhatia's report for the Guardian, which I highly recommend for insights into what he labelled as the "biggest stumbling block the company had hit in its 12-year-history".

Facebook projects 30 percent of their global userbase to come from India within this decade. In 2016, they decided to bring to India Internet.org with the stated goal to provide free access to basic internet services to millions of Indians. Prima facie it was an altruistic effort. Bundled amongst useful websites and apps was Facebook as the only social network. Nikhil Pahwa, the architect of the activist movement against Free Basics, summed it up: "What Zuckerberg means by internet for all, is essentially Facebook for all, along with a few non-profit services thrown in to give it the appearance of philanthropy". But it wasn't just the ulterior motive that led to its failure, it was how they were veiled.

Figure 2. A full page ad by Facebook in Deccan Herald, December 2015. (Facebook 2015)

From the outset, the effort was based on little understanding of regulatory, civil societal and consumer minsets, and instead went overboard on bells and whistles.

In the early days of its launch in India, Zuckerberg took a chopper ride to a village and chaired an orchestrated meeting with locals to understand their internet usage habits. He travelled to New Delhi to a warm reception from politicians who were eager to appear progressive by association, a planned press conference and India media which, as Bhatia put it, "churned out puff pieces about Facebook's noble plans to get millions of Indians online".

The joyride ended as technology activists and journalists started paying attention to the fine print of Internet.org and started asking real questions. When Indian regulatory authorities consulted the general public for new regulations around net neutrality, Facebook doubled down with bombardment of advertisements showing various manifestations of what free internet would do for a variety of people. India's online community retorted with brutally honest translations of those ads, just one of the ways that the tech activists in India fought back.

Figure 3. A satire of Facebook's ad posted on Reedit by user 'snorlaxusedrest'. (snorlaxusedrest 2015)

Ultimately the clandestine nature of Facebook's tactics, and the perception of a global goliath trying to throw their weight around a third world market whose levels of awareness they underestimated, did not go down well. It did not hide their ulterior motive, and ultimately honest and focussed activism by the technology activists triumphed.

Walking the talk

The term Greenwashing was coined by environmentalist Jay Westervelt over 30 years ago to describe corporate practice of making exaggerated claims to make themselves seem environmentally friendlier than they really are. It was demonstrated extensively in the 1980s by Chevron, who showcased their employees protecting flora and fauna around them, in a campaign titled People Do (Watson 2016). It took years for people to realise that the company had done more harm than good. Pinkwashing, a term coined more recently, refers to a similar practice by organisations to appear to work for LGBT rights. As Radhika Radhakrishnan, AI policy research at Centre for Internet and Society put it (Radhakrishnan 2019):

> *"Pinkwashed marketing campaigns fuel people's social conscience and let them feel good about their consumer choices without actually having to change anything about their lifestyles or sacrifice anything for the cause — it makes 'activism' convenient by lowering the standard for what constitutes activism in the first place."*

It is much tougher than before to run on rhetoric in the connected age we live today. Stakeholders will appreciate organisations taking a stand on issues, as much and as rapidly as they will hold them accountable to tangible action on those issues.

In September 2018, the Supreme Court of India struck down Section 377 of the Indian Constitution, decriminalising same sex relationships. Immediately thereafter, several brands unleashed their show of solidarity to the LGBT community. But several audiences questioned these organisations on their commitment beyond marketing gimmicks. Zomato too had joined the bandwagon. But it was soon revealed that the company had failed to conducted workshops to sensitise employees on sexual harassment.

Stakeholders do not have unrealistic expectations from organisations to act on their stands, but they do expect action and for them to walk the talk. It could range from throwing their weight around to ensure their supply chain complies to ethical norms or having their chief spokespersons to keep the conversation going for policy change.

Figure 4. Image Tweeted by Zomato as support for decriminalisation of same sex relationships (Zomato 2018)

Collateral damage

Large corporations are in unique positions of power to influence behaviour of members of their value chain, but that comes with a price. When any member of a value chain decides to recalibrate their position on a certain way of doing business, it has a ripple effect. For instance, Indian manufacturing sector thrives on availability of cheap skilled labour, and therefore conversations about better labour laws are double edged swords.

Tata Nano Singur Controversy caused such a collateral damage. In 2008, Tata Sons pulled the plug on their original manufacturing site for the world's cheapest car due to political unrest and allegations of corruption. Their intention was to stay consistent with their reputation of air-tight corporate governance. However, the move meant that hundreds of jobs and valuable income to the state were lost (Bommakanti 2016).

Repercussion

India's financial capital, the city of Mumbai is nicknamed the Maximum City – as everything from living spaces to public transport is stretched to its capacity here. Historically, the city's municipal corporation, BMC, has been underprepared for the Monsoon rains. This was the theme of a satire video created and aired by one of Mumbai's most popular radio jockeys, Malishka Mendonsa. Though it stirred up controversy, the radio channel stood by her and the message. Unsurprisingly, BMC did not approve of it and threatened to sue her for defamation, but it did not end there. A few days later the body issued a notice to her the RJ Malishka's mother, for a health violation at her house. BMC claimed the violation was found in a "routine survey" (Venkatraman 2017).

It's a small example of how taking a stand against authorities can have swift vindictive repercussions. Its threat is real, as the power of state and central authoritie continues to be high. Just like Maximum City, the Indian bureaucracy is stretched and can be sensitive to criticism. So, organisations must tread cautiously. Certain high-profile CEOs who are otherwise vocal on a variety of issues are extra cautious not to antagonise authorities. I reside in Mumbai, and I certainly hope that this article is not read by anyone at BMC.

Conclusion

As a consequence of the aforementioned risks, many efforts in corporate activism end up as being safe commentary on broad issues, instead of taking hard stance followed through with action. It boils down to erring on the side of caution and having strong counsel on your side. A superficial understanding of Indian ecosystem is not enough and a deep dive is necessary, which incorporates the diversity

in thoughts and motivations. The ecosystem is also fast changing. It pays for organisations, especially those thinking long term, to establish a strong foundation based on clear understanding of their vision, and actions they take to be consistent with their philosophies.

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CEO and employee activism

by Stephen Duncan
and Johanna Hille

A quick scan of the news headlines is all we need to realise that we live in highly partisan times. Populists, nationalists and progressives dominate debates suffused with accusations of fake news, spin and manipulation. Our opinions on some of the most pressing existential issues of our time – globalisation, gender equality, LGBT+ rights, climate change, economic growth, migration, automation – are dictated by our tribal loyalties, rather than a rational analysis of the available data.

Navigating this complex landscape has become a serious concern for the boards and executives who lead the corporations of today, not least because pressure is increasingly coming from within. Increasingly, we see employees exerting pressure on their employers to take a stand on issues they feel are important.

Effectively, organisations are being held to account when they fail to live up to their employee expectations, and the values they espouse.

The traditional response of most corporations and their leaders has been to try to avoid public controversy. However, this posture appears increasingly unsustainable; indeed, we are seeing a trend towards Corporate Activism – in this context defined as companies (whether a leader or spokesperson representative) expressing an opinion or taking a stand on a societal issue.

United Minds has worked with its research partners KRC Research and Weber Shandwick to define and track the trend for both employee and CEO activism. In this article, we outline the main findings of this research and its implications for leaders and corporations.

The tech Effect: Attracting and Retaining Talent

"As I look at the world, many of the problems of the world come down to the lack of equality. It's the fact that the kid that's born in one zip code who doesn't have a good education because they happen to be born in that zip code. It's someone that is maybe part of an LGBT community, that is fired because of that. It's someone that has a different religion than the majority, and therefore they're ostracized in some way. "[1]
– Tim Cook, CEO, Apple Inc.

Apple CEO Tim Cook is a prime example of a leader who uses his media profile to make public stands on major societal issues, including racial equality, privacy, environmental protection, access to education and LGBT rights. On becoming Apple CEO, Cook accepted that this role meant giving up much of his privacy but in return provided the opportunity to be a role model. Leaders who can find ways

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1   The David Rubenstein Show: Tim Cook, June 13th, 2018is

to connect with their employees as people; be true role models, representative of their company's values; have a point of view on the issues that matter; and communicate with empathy about the business's priorities and focus, have come to be the ones that find themselves among a loyal, engaged and productive workforce. As the CEO activism movement builds momentum, companies have a rare opportunity to make an impact on tech professionals in particular, a group that can be a hard to attract and retain.

In a complex, hyper-connected world, technologically savvy talent can be keenly aware of changing norms, and are attracted to leaders who are solving the commercial and societal challenges of tomorrow. This new generation of technology professionals is a highly coveted group for companies in every market and every sector. Because of their highly specialisedand advanced skill set, employers of all sectors - not just traditional technology companies - are hiring these candidates in ever-increasing numbers.

CEO Activism in 2018: The Tech Effect is the second report issued in the 2018 annual poll conducted by Weber Shandwick in partnership with KRC Research about CEO activism. In May/June 2018 we conducted an online survey of 502 adults employed in one of the following professions: software/application developer, software engineer, web developer, database administrator, computer systems analyst, computer programmer, software QA engineer, network system administrator, business intelligence analyst or data scientist across seven global markets: Brazil, Canada, China, India, Mexico, the UK and the US. The survey describes CEO activism to respondents as follows:

> *In the past year or so, some chief executive officers (CEOs, or top leaders of companies) have spoken out publicly and taken a stand on controversial issues. For example, CEOs have spoken up about social, political and environmental issues such as climate change, gender pay equity, same-sex marriage, immigration, gun control and discrimination.*

The Tech Effect finds high levels of positivity among technology professionals, in all markets, toward CEOs who speak out on hotly-debated current issues. In fact, 88 percent of tech professionals agree CEOs need to speak out when their company's values are threatened; furthermore, 78 percent expect CEOs to speak up on employees' behalf. The top-ranked issues tech professionals want to hear CEOs address are very similar across all sample markets: tech workers in and outside of the technology sector all rank job training, equal pay, and data privacy as their top three issues. This suggests that these are issues endemic to the profession itself, and not specific to industry-specific challenges.

% TECH PROFESSIONALS AGREE THAT…

- CEOs need to speak out when their company's values are violated or threatened
- Employees today expect their CEOs to speak out publicly on their behalf

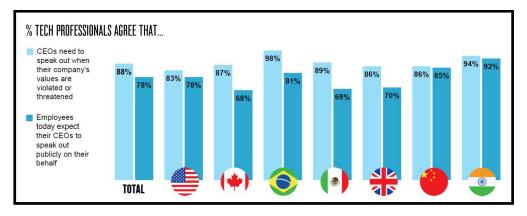|	TOTAL	USA	Canada	Brazil	Mexico	UK	China	India
CEOs need to speak out	88%	83%	87%	98%	89%	86%	86%	94%
Employees expect CEOs to speak out	78%	78%	68%	81%	69%	70%	85%	92%

Table 1. 88 percent of tech professionals agree that CEOs need to speak out when their company's values are violated or threatened (sample size – 502 tech professionals; Weber Shandwick and KRC 2018). Reproduced with permission.

Women in tech have especially high regard for CEO activism: female technology professionals are significantly more likely than their male colleagues to agree that CEOs need to defend company values; to have a more favourable opinion overall of CEO activism; and to feel that CEOs have a responsibility to speak out. 80 percent of women say their loyalty to their employers would increase if their organisations were led by so-called CEO activists.

% TECH PROFESSIONALS

Agree that CEOs need to speak out when their company's values are violated or threatened	WOMEN	94% ◄
	MEN	85%
Have a more favorable than unfavorable opinion of CEOs who take a public position on a hotly debated current issue	WOMEN	86% ◄
	MEN	81%
Agree that CEOs have a responsibility to speak up about issues that are important to society	WOMEN	88% ◄
	MEN	77%
Loyalty to employer would increase if the CEO took a public position on a hotly debated current issue	WOMEN	80%
	MEN	78%

◄ Significantly higher than men

Table 2. Gender differences reported on whether CEOs should speak out (sample size – 502 tech professionals; Weber Shandwick and KRC, 2018). Reproduced with permission.

Inside Comms & Marketing: Earning Competitive Reputational Advantage

As expectations grow for business leaders to speak out on political and social issues, companies must anticipate which issues affect their businesses and challenge their values, and be prepared to address them. There is a new reality that everything a company does – from its formal advertising, to its CEO's statements – are now brand communications and tie back into brand image.

Realising that employees, customers, and communities are expecting CEOs to speak up has been a game-changer for companies. This is where communications and marketing professionals enter in to the discussion.

Earlier this year, the shaving brand Gillette found itself in a heated debate after launching an advertising campaign that took the company's 30-year-old slogan, "The Best a Man Can Get," and turned it into an introspective reflection on toxic masculinity, engaging with the #MeToo movement.

P&G chief marketing officer Marc Pritchard commented on the reactions to the ad, saying that consumers now expect brands to take principled stands and have points of view:

> *"I hope people take the time to look at the whole ad. If a brand's intentions are focused on doing what's right, they have a responsibility to stand up, take the heat and keep going. We'll keep working and good intentions will prevail."* (Rooney 2019)

Weber Shandwick's third report, CEO Activism: Inside Comms & Marketing, provides an inside look at how companies fare with regards to earning competitive reputational advantage through CEO activists. We partnered with KRC Research in May 2018 to conduct an online survey of 500 communications and marketing professionals in the US (n=300), UK (n=100) and China (n=100). These executives work in a variety of industries and titles range from manager to chief communications officer and chief marketing officer. More than half of communications and marketing executives (53 percent) report their companies spend time discussing whether their CEO should speak out on hotly debated current issues. Meanwhile, 67 percent of communications and marketing executives whose CEOs have spoken out say the activism had a positive impact on their company reputation.

Impact on company reputation of CEO/other leader speaking out
(% Communications/Marketing Executives whose CEO has spoken out)

	Total	USA	UK	China
Had a positive impact	67%	63%	54%	81%
Had a negative impact	7%	10%	8%	
Did not have an impact	19%	23%	27%	9%
Not sure	7%	4%	12%	11%

■ Had a positive impact ■ Had a negative impact ■ Did not have an impact ■ Not sure

Table 3. Impact on company reputation of CEO/other leader speaking out (total sample = 500 communication and marketing executives; Weber Shandwick 2018 - CEO Activism: Inside Comms & Marketing). Reproduced with permission.

Communications and marketing executives acknowledge there are risks associated with CEO activism, but for the majority of those whose CEOs have taken a stance on an issue, the reputational advantages were strong. Organisations need to be aware that perceived risk of activism declines among those whose CEO has spoken out, and consider how their company might benefit from the CEO expressing a public opinion, particularly if aligned with the company's corporate values and principles. A majority of respondents (58 percent) think the risk is advantageous, because although the risk of silence may be less dangerous, it can prompt opprobrium.

External CEO pronouncements can catch the headlines; the internal reality of activism, however rests not only with the CEO but with the employees, who should be consulted and endorsed early on. When CEOs broach an issue, they must make certain it is authentic: one aligned with the values intrinsic to their business. They will need to make sure their own house is in order; their message will be swiftly

undermined if there are products or practices contradicting their chosen point of view. Companies should start by talking about activism internally, actively listening to employees ahead of speaking out.

With companies increasing the amount of time spent discussing this dynamic, other companies are left at a competitive disadvantage if they leave CEO activism off the table entirely. While much of the public focus on CEO activism revolves around emerging issues in the US, companies around the world are faced with deciding whether their leaders should respond. Our research shows that there is increased planning and preparation in China and the UK, in addition to the US.

The Purposeful CEO

Over the past year, it has become more common for leaders of companies to speak out on policy issues. The American public in particular is paying attention to this new brand of CEO activism; indeed, Americans are beginning to believe that such actions can influence government policy.

Weber Shandwick partnered with KRC Research in May 2018 to conduct an online survey of 1,006 U.S. adults 18 years of age and older, representing the general population of America to provide companies with insights into how the public expects business leaders to respond to hot-button issues of the day and how it impacts their purchasing behaviour *(see CEO Activism in 2018: The Purposeful CEO)*. Nearly half of Americans (48 percent) believe CEO activism influences the decisions and actions of government. This perceived influence on government has increased significantly since 2017 (38 percent). Democrats and Republicans alike see CEO activism as legislatively influential (54 percent and 51 percent, respectively), although Independents are less likely to agree (28 percent).

INFLUENCE ON GOVERNMENT OF CEOs SPEAKING OUT ON HOTLY DEBATED CURRENT ISSUES
(% TOTAL AMERICANS)

	Don't know	It depends	No influence	Minor influence	Major influence	
2018	11%	23%	18%	32%	16%	Significantly higher than 2017 (48%)
2017	15%	28%	19%	25%	13%	(38%)

Table 4. Perceived influence on government of CEOs speaking out on hotly debated issue (sample = 1,006 US adults; Weber Shandwick and KRC 2018). Reproduced with permission.

Whether it is Starbucks closing stores for racial sensitivity training (April 2018), or Patagonia suing President Trump to make an environmental statement over his administration's plan to reduce the size of protected land in Utah (Marcario 2017) – there are more and more examples of CEOs who have taken high-profile stands on major social issues. Unilever's former CEO Paul Polman has become one of the most prominent voices in the corporate world, advocating on issues around climate change and sustainability by encouraging big companies to reduce emissions, embrace renewable energy, improve conditions for workers, and produce healthier products (Vassileva 2018).

CEO activism is not purely the domain of liberal causes. John Hutson, CEO of Wetherspoons, the UK's largest pub chain, was an outspoken Eurosceptic voice during the Brexit debate, even using the organisation's marketing materials to promote his opinions during the UK's EU Referendum in 2016 (Gapper 2019).

While most CEOs are not accustomed to participating in the political arena, they and their companies need to be prepared to navigate these uncharted waters - whether they remain silent or not.

CEOs HAVE RESPONSIBILITY TO SPEAK UP ABOUT ISSUES THAT ARE IMPORTANT TO SOCIETY
(% TOTAL AMERICANS)

Year	Not Sure	No	Yes
2018	19%	42%	39%
2017	21%	44%	35%
2016	19%	43%	38%

■ Not Sure ■ No ■ Yes

Table 5. Only 19 percent of Americans believe CEOs have the responsibility to speak about issues that are important to society) sample = 1,006 US adults; Weber Shandwick and KRC 2018). Reproduced with permission.

In the US, our research shows that people are still divided on activism as a CEO responsibility: 39 percent believe it is and 42 percent disagree (CEO Activism in 2018: The Purposeful CEO). Positive effects, however, can be observed: data would suggest that CEO activism influences purchasing decisions. Nearly half of consumers (46 percent) would be more likely to buy from a company led by a CEO who speaks out on an issue they agree with. Only 10 percent would be less likely to buy. This rate of positive purchasing behaviour has risen significantly since 2017 (46 percent vs. 38 percent).

LIKELIHOOD OF BUYING FROM A COMPANY WHOSE CEO SPEAKS OUT ON HOTLY DEBATED CURRENT ISSUE YOU AGREE WITH
(% TOTAL AMERICANS)

Year	Don't know	Would not make a difference	Less likely	More likely	
2018	12%	32%	10%	46%	◀ Indicates significant difference from 2017
2017	17%	33%	12%	38%	
2016	14%	37%	9%	40%	

■ Don't know ■ Would not make a difference ■ Less likely ■ More likely

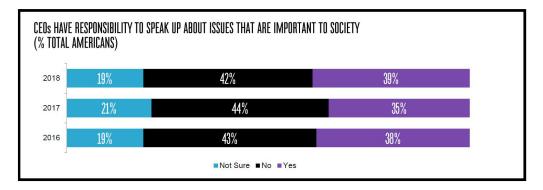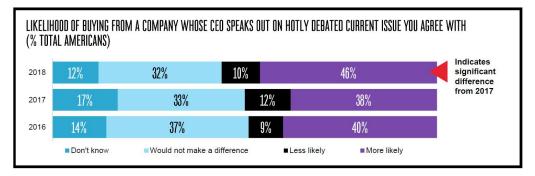*Table 6. Likelihood of buying from a company whose CEO speaks out on hotly debated current issues (sample = 1,006 US adults; Weber Shandwick and KRC 2018). Reproduced with permission.*

CEO activism is also more likely to benefit employee loyalty than to erode it: 31 percent of employed Americans would be more loyal to their organisation if their CEO took a public position on a hotly debated issue.

Employee Activism in the Age of Purpose

It is not just CEOs who have started to adopt a more activist position; their employees have also joined the trend. In recent times, we have seen employees at a number of well-known brands becoming willing to challenge actions they feel are in conflict with their employers stated purpose:

» Following a New York Times report in October 2018, detailing a $90 million compensation package which Google gave to a senior vice president after he was accused of sexual harassment, 20,000 Google employees in 50 offices across the world walked out in order to elevate concerns of unchecked sexual harassment, pay inequity, and racial and gender-based discrimination in the workplace (Google Walkout for Real Change 2018).

» Earlier this year, 8,000 Amazon employees signed an open letter to Amazon's board of directors, and CEO Jeff Bezos, asking the company to adopt a wide-ranging plan to fight climate change (Amazon Employees for Climate Justice 2019).

» Hundreds of Microsoft workers signed a petition criticising a contract with US Immigration and Customs Enforcement that Microsoft had originally said included some of its AI software. Furthermore, a blog post written by Microsoft employees urged the company not to bid on a multi-billion dollar US military cloud contract (Menegus & Confer 2018).

These examples of employee activism are part of a broader trend, which we explore in our research project Employee Activism in the Age of Purpose. Weber Shandwick partnered with KRC Research to conduct an online survey in March 2019 among 1,000 employed American adults. Employees work full-time and in organizations with at least 500 employees in a variety of industries and at different job levels. The survey described employee activism to respondents as follows: Some companies and other organisations have recently experienced something called 'Employee Activism'. Employee Activists are people who speak out for or against their employers on controversial issues that affect society. Respondents were then asked about their awareness of recent examples of Employee Activists, their attitudes toward employee activism and their own experiences with employee activism.

The critical findings from this US research are twofold:

1. 71% of employees believe that they can make a difference in the world. This percentage increases to 77% for millennials.

2. 62% of employees believe that they can have a greater impact than business leaders.

3. Nearly half of millennial employees (48 percent) are "Employee Activists".

4. Most US employees believe it is right to speak up about their employers. This can take the form of support (by 84%) if the employer is doing what employees think is right or opposition (by 75%) is they are doing something employees disagree with.
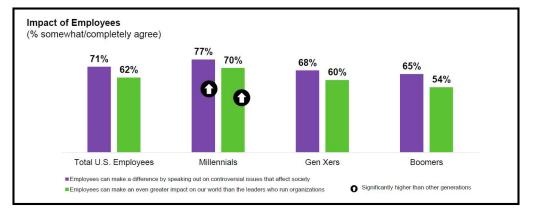
Table 7. Employees believe they can make a difference by speaking out (sample = 1,000 US adults; Weber Shandwick 2019). Reproduced with permission.

Clearly many employees, millennials in particular, believe that their actions have the power to make change in society. And they expect their employers to be agents of change also. If their employers do not meet these expectations, millennials are making their opinions clear through walkouts and other group actions or on a more personal level, the decision to find a different, more personally aligned employer.

Employee Activists take action in a variety of ways, both internal and external. In fact, 76 percent of Employee Activists have taken action towards their employer in the past 12-18 months on the company's action or stance on a societal issue. The most common single action is initiating conversation with other employees (36 percent), opening the possibility for activism to grow internally and gain momentum externally

Have taken any of the following actions toward an employer regarding their actions or stance on a controversial issue that affects society in last 12-18 months

	Employee Activists	Millennials	Gen Xers	Boomers
Have taken any of the following actions in the last 12-18 months	76%	78%	80%	62%
Initiated a conversation with another employee or other employees	36%	36%	40%	33%
Shared an opinion or comment about your company that was initially posted by someone else on social media	26%	32%	23%	11%
Expressed an opinion at a company-wide meeting or forum (including online forums)	22%	21%	28%	12%
Contacted your employer's human resources department	21%	26%	20%	16%
Posted an opinion or comment on social media	17%	18%	23%	8%
Contacted one or more of your employer's top leaders	16%	15%	25%	10%
Posted an opinion or review on a career site	15%	16%	13%	9%
Signed a petition	12%	13%	10%	12%
Posted a video on social media	11%	12%	9%	5%
Encouraged others not to work for your employer	10%	12%	9%	4%
Said something to the news media (e.g., by talking to a reporter, posting a public comment, or writing a letter)	6%	9%	3%	1%
Participated in a demonstration, protest or march	5%	6%	6%	3%
Quit your job and let your employer know you were leaving because you disagreed with its stance on an issue	3%	6%	2%	-

Green bold signifies higher than other generations

Table 8. Actions taken toward an employer regarding their action or stance on a controversial issue that affects society in the last 12-18 months (sample size = 1,000 US adults; Weber Shandwick 2019). Reproduced with permission.

Social media has opened a number of avenues for employees to engage with others, voicing their opinions publicly and online. Millennials in particular are adept at this new arena: 18 percent report having posted an opinion or comment on social media, while 32 percent have shared an opinion about their company that was initially posted by someone else. The most common targets of their attention were other employees (46 percent) and the top leaders of their organisation

(43 percent). Approximately one-third of those who took recent action were also hoping to get the attention of the general public (35 percent).

When action was taken toward employer…

	Employee Activists	Millennials	Gen Xers	Boomers
Received any sort of response from employer (among those who took action)	44%	47%	42%	22%
Received response from… (among those who received response)				
Direct supervisor/manager	64%	72%		
Head of organization, or CEO	32%	32%	(base size too small to report)	(base size too small to report)
Human resources department	21%	23%		
Other	2%	-		
Response received was supportive of actions or not (among those who received response)				
Yes, response was supportive	72%	77%		
No, response was not supportive	17%	11%	(base size too small to report)	(base size too small to report)
Neither supportive nor not supportive	11%	12%		

Table 9. When employees took actions towards their employer. (sample size = 1,000 US adults; Weber Shandwick 2019). Reproduced with permission.

Likewise, social media provides an opportunity for employers to engage with their workforce, and to react to employee activism. In this regard, our research shows that 44 percent of Employee Activists who recently took action received a response from their employer. Of those Employee Activists who received a response, the communication most often came from their direct supervisor or manager (64 percent); and one-third (32 percent) received a response from the head of their organization or CEO. The majority of those activists who received a response stated that it was supportive (72 percent).

Yet there remains a notion that employee activism is not without risk. 79 percent of respondents agree that those who speak up on a controversial topic against their employers are risking their jobs. Perhaps the reason for this perception is that employers do not encourage employee activism, with just 35 percent believing their employer does so.

While most of the research about employee activism has been conducted in the US, it would be wrong to see this as a purely American phenomenon. The Google and Amazon examples cited earlier involve many thousands of European based employees. What is different in Europe, continental Europe in particular, are the levels of government involvement in business, higher levels of worker consultation and trade union representation in decision making and different governance and regulatory climates. In Europe, we also have a longer history of 'industrial activism' aimed at improving working conditions for employees.

These may deflect or blunt some of the trend towards employee activism but they are unlikely to prevent this from becoming a growing feature of the business dialogue in Europe, particularly if there a number of well reported, successful examples of employee activism.

Conclusion

Our ongoing research has revealed that CEO activism is an important dynamic that can drive and differentiate corporate and CEO reputation today. Overall, there are a few guiding principles organisations can follow as they are looking to engage with CEO activism:

Make sure the CEO and other top leaders know which issues they need to prepare for.

Companies need to be prepared to respond to issues whether they pre-emptively decide to speak out or not. The media, as well as consumer groups, increasingly press companies for their leaders' stances on particular issues. A response of "no comment" invites misinterpretation; organizations should have a plan in place in the event stakeholders demand a perspective.

Shape your response around employee expectations.

Companies need to have their finger on the pulse of employee sentiment around societal issues, before they make a move that may not be in line with employee attitudes and expectations.

Clearly define your company's values, both internally and externally.

CEOs and companies are finding that they need to be accountable for their values. Employees are values-driven and believe a CEO has a responsibility to defend the values of his or her organisation.

Recognise the advantage of CEO activism when it comes to attracting and retaining employees.

Employees have become more enthusiastic about CEOs speaking out on today's hotly debated issues. Notably, they express increased loyalty to an employer whose CEO is a public advocate.

Take into account the issues that resonate most with specific audiences.

Unsurprisingly, tech professionals (for example) care most about issues that directly affect their jobs now, but are also likely to consider the impact of technology on future generations of advanced technology professionals. This influential segment does not overlook the ongoing debate about the responsible use of technology and its effects on society.

Stephen Duncan

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Stephen Duncan is the Managing Director at United Minds. Stephen joined United Minds in 2015 and has overseen the growth of the employee engagement and change management practice across the EMEA region.

He heads a team of specialists in employee engagement, organisational culture, employee advocacy, employer branding and employee experience design. With more than 25 years of management consulting experience, Stephen has helped clients across a range of industries manage change and deliver great employee experiences.

Recent projects include initiatives for Boehringer Ingelheim, Mars, Nestlé, Novartis, Olympus and Vifor. Stephen believes investing in an engaged workforce delivers great outcomes for employers and their customers, which in turn benefits all stakeholders in a business.

Johanna Hille

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Johanna Hille is an Associate Director at United Minds. Johanna joined in 2010 and during her time with the agency has worked on a range of international and national client assignments.

She has broad experience in employee engagement and change management activity, strategic consulting and content development; with specialist expertise in external and internal (re-)positioning, employer reputation, post-acquisition integration and cultural change campaigns. Johanna has helped drive successful change management processes and employee engagement activities for clients such as Mars, Olympus, Boehringer Ingelheim and Merck.

Johanna approaches internal communications remits with a focus on integrated employee experience communication campaigns, leadership readiness and training workshop development and delivery.

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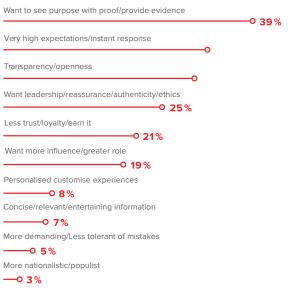
Creating a culture of purpose*

by Phil Riggins

The price of consumer and stakeholder support in an age of radical uncertainty - marked by low trust and high uncertainty – is purpose with proof, transparency and a seat at the table.

I have a new mantra: "You're only two clicks away from uncovering a lie." I learned it from a corporate executive who was describing how his company was dealing with the new communication reality. His view was that, today, everything is discoverable. There's nowhere to hide your embarrassing or illegal behaviour. It is not so much that the emperor has no clothes, but that we all have X-ray glasses and can see through them. His statement summarised the views of many of the communicators we spoke to in our research about radical uncertainty and the impact it has had on corporate communication. Radical uncertainty has led to the need for radical transparency. If you can see through them, the emperor might as well not wear any clothes. Or at least be sure that they were made sustainably.

The Brand & Reputation Collective and the EACD teamed up on a unique research project that took a deep dive look at how senior communication professionals view and are dealing with the concept of radical uncertainty.[1] How do they define it? How do they think it has affected stakeholder and consumer expectations? And what are they and their companies doing to meet the challenge? This article reviews some of the findings of the research.

In what ways do you think consumers' and stakeholders' expectations have changed over the past few years?

Want to see purpose with proof/provide evidence	39%
Very high expectations/instant response	
Transparency/openness	
Want leadership/reassurance/authenticity/ethics	25%
Less trust/loyalty/earn it	21%
Want more influence/greater role	19%
Personalised customise experiences	8%
Concise/relevant/entertaining information	7%
More demanding/Less tolerant of mistakes	5%
More nationalistic/populist	3%

(n=103) (Percentages total more than 100% as multiple responses were allowed)

The world has changed

According to the communication professionals we spoke to, the world has changed

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dramatically. They define "radical uncertainty" as a time of great uncertainty, where trust in established values and institutions is low, and everything we thought we knew about the world has been turned upside down. Communicators believe that a big driver of radical uncertainty is technological change.

It has both empowered and overwhelmed people. People may be able to uncover a lie, but they have difficulty discovering the truth – and worry that technology will put them out of a job.

The communicators we spoke to see more risk, fewer solutions and a dearth of leadership in society that opens the door to populists and others who claim to have the answers to our difficult questions. They believe society has fractured into competing tribes that mostly shout at each other.

As our world has changed, so too have our expectations. Nine in 10 (92 percent) senior communicators believe that consumer and stakeholder expectations have changed in the past few years. Now, consumers and stakeholders want "purpose with proof" – concrete evidence that organisations are living up to their promises. They expect greater transparency and openness. They want organisations to respond to their issues and concerns almost instantly. And they want a greater role in creating the brands, reputations, products and policies of the companies they interact with.

> *"Today, you have to have a strong sense of who you are as a company. Then you can be vulnerable. Everything can change around me, but I won't change. My character, my values stay the same. Radical uncertainty requires an understanding of who you are, your culture and purpose – and radical transparency."*
>
> Hans Koeleman, Chief Corporate Communications and CSR at KPN, and president of the EACD

Adapting to the change

Most communicators (71 percent) say that radical uncertainty has had an impact on them and their team. For one, they think it's made it harder for them to get consumers' and stakeholders' attention (67 percent) and support (57 percent) than before. The constant pressure from social media has led many companies (especially consumer-facing ones) to take a more reactive, crisis approach to communication. The constant barrage of incoming complaints, challenges and questions has made them more tactical than strategic.

There is a realisation that everything and everyone in an organisation communicates. Because of this, research participants think that we need new ways of communicating and engaging. When asked what they thought the best ways were to be credible, relevant and compelling in today's communication environment, participants are most likely to say having clear values that the organisation lives by (64 percent), followed by content that expresses the organisation's purpose in a human and relevant way (55 percent), transparency and openness (31 percent), deep listening/engagement (27 percent), and alignment of words and deeds (27 percent).

Communicators say their organisations are doing a variety of things to build trust and support amongst consumers and stakeholders, especially increased engagement and dialogue (35 percent), greater alignment (22 percent), richer storytelling (20 percent), and having a clear social purpose narrative (18 percent).

When asked to rate the importance of several activities to building trust and support, half or more say transparency (80 percent), alignment between words and deeds (68 percent), relevant content (64 percent), strong culture (64 percent), and meeting expectations (57 percent) are "very important".

> *"You have to be prepared to not be in control. You have to train your team, put in place early warning systems. You have to be more proactive, open and transparent. People want to get the whole picture."*

Miguel Veiga-Pestana, Senior Vice President Global Corporate Affairs and Sustainability for RB

Corporate activism: where do communicators draw the line?

Companies are increasingly asked to take positions on social issues, but they wrestle with where to draw the line on corporate activism. Whether it's Nike and "taking a knee", Patagonia and taking on the government to save a nature preserve, or Google addressing sexual harassment issues in the workplace, CEOs have to express views on issues that matter to the people that matter to them.

It's not enough to understand your customers' consumer preferences, you need to visibly share their values about social and political issues as well.

So, on what issues do communicators believe their organisations are most likely to voice a position? Half or more say their organisations are likely to voice positions on diversity and inclusion (88 percent), gender equality (85 percent) and climate change (69 percent). They say their organisations are less likely to voice a position on LGBTQ issues (49 percent), immigration (40 percent), or the #metoo movement (23 percent).

How likely do you think it is that your organisation would voice a position on each of the following issues?

Diversity and Inclusion — **88%**
48% 40%
— **85%**
45% 37%
— **69%**
42% 27%
Gender — **49%**
26% 23%
Equality
Climate Change — **40%**
15% 25%
— Very likely — Likely
LGBTQ Issues — **23%** (n=118)
9% 14%

Im-   migration Issues

#MeToo Movement

Communicators want their leadership to provide resources – and to lead

If communicators could ask leadership for and receive one thing to help them deal with the new communication challenges that they face, they would be most likely to ask for more budget/resources (38 percent). Nearly as many say they would like their leaders to lead – by providing a clear strategy, vision, values and purpose (29 percent).
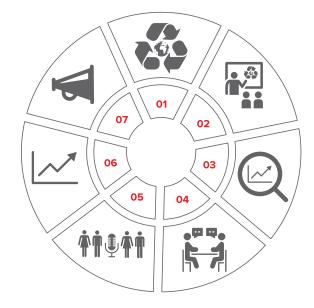
They would also appreciate leadership's trust and the freedom to try new things (17 percent), greater access and involvement with leadership (16 percent), more

team members with new skills (15 percent), and external advisors on best practice (10 percent).

Seven elements of a culture of purpose

Our view: the antidote to radical uncertainty is a culture of purpose

A quick scan of news websites suggests that the levels of political, economic and social uncertainty we are experiencing are unlikely to disappear anytime soon. They may accelerate. It is clear from this study that the changes and accompanying technological advances we are experiencing have created expectations and concerns from consumers and stakeholders that require a new approach to engagement and communication. If everyone and everything communicates, it's important that they convey the right and a consistent message about the organisation.

We think that the antidote radical uncertainty requires is understood and well defined by communicators. A culture of purpose built on clearly articulated values that makes decision making easier, response times faster and communication consistent. The graph to the left describes our seven elements of a culture of purpose.

"Purpose as marketing rather than authentic outreach – purpose for purpose sake – is not credible. It needs to be linked to the business. In terms of corporate activism, you need to have a strong point of view on where you stand. If not, you get pulled in all kinds of directions."

Torod Neptune, Chief Communications Officer, Lenovo Group

01 CLEAR VALUES AND PURPOSE
Clearly articulated sense of what the organisations stands for beyond profit. By knowing yourself, it's easier to be yourself

02 LEADERSHIP SUPPORT
Leaders that lead, give their time and dedicate resources to delivering purpose

03 TRANSPARENT AND OPEN
IP is still protected, but otherwise humble, human and open with information

04 LISTEN AND CO-CREATE
Listen to and involve your audiences to develop and test your ideas, polices, programmes, and products

05 ALIGNED AND CONSISTENT
Everything communicates. Make sure the organisation is aligned. So what you say you will do. Say the same thing across the organisation. Internal comms increasingly important to ensure alignment.

06 DATA DRIVEN
Social and online media monitoring to identify emerging issues and concerns. Opinion research to measure the degree to which people believe you are delivering your purpose.

07 ADVOCATE
Take a people-centric approach. Be seen to understand and advocate for what matters to them, not just yourself.

Making the case for a cultural of purpose

Most of the communication professionals taking part in this research understand both the challenge and the solution to varying degrees. They recognise the risks radical uncertainty brings to the entire organisation and understand the building blocks of trust and support today.

But can these communicators convince their leadership to dedicate the time and resources needed to create a culture of purpose? It can be difficult to get the executive team'sattentionwithallthe pressing day to day business concerns.

Given that consumer and stakeholder trust and support are critical to organisational success, we think increasingly the answer is communicators don't have a choice. Somehow, they have to deliver the message and get leadership's support.

We may end up with a two-track system: Those that create a culture of purpose and those that carry on "business as usual". Organisations that are clear on what matters to them and who address the issues that matter to their key audiences, are more likely to be trusted and supported. Organisations that continue to take a reactive approach to issues risk expending their energy firefighting and may struggle to connect with the people that matter most to their success. Business as usual is not sustainable.

Communicators want their leaders to lead. They say: let's create a purpose. Let's create a strategy. Let's walk the talk. Give us the freedom to experiment. Give us the budget to tell the story and the resources to execute. But what if leadership lags behind or doesn't want to hear the message?

Here are five ideas we believe can help to propel you and your organisation forward:

1. **Model change.** Advocate for purpose,transparency and inclusion with the people internally that matter to success.

2. **Provide proof that purpose matters.** Find and use evidence (like these results) to show leadership why a culture of purpose matters and what it delivers.

3. **Start with your own team.** Right skill your team and put in place the monitoring, engagement and reporting tools that will demonstrate concrete value.

4. **Look for allies in the organisation**. There will be other like-minded colleagues who see the world as you do. Get together formally or informally to share ideas and build momentum.

5. **Get advice.** There are plenty of external experts on socialmedia, reputation, brand. and cultural change. Use them to help you make the case – and to drive change from the inside out.

Phil Riggins

—

Phil Riggins is the founder and chief executive officer of the Brand & Reputation Collective (the BRC), an independent agency that provides strategy, opinion research and digital analytics for brand, reputation and issues management.

The BRC take an insight-driven, campaign approach to managing brand, reputation and business critical issues. Phil works with clients to break down the walls between organisations and their audiences – inside and outside the building – to close the gaps between what organisations do and say and how that's perceived.

China: where corporate activism can easily backfire

Beijing's public diplomacy hampers corporate activism of international companies

by Kerstin
Lohse-Friedrich

Why corporate activism is seen differently in China – some examples

Companies across the globe are becoming bolder when it comes to taking principled stands. But recent developments prove that even tentative attempts at corporate activism by foreign companies are undesirable in China.

Regardless of whether we define corporate activism as "business with purpose" (see Phil Riggins' article in this reader) finding a niche to guarantee or increase returns in the long run) or as a facet of "responsibility" (finding or renewing your license to operate) – in both cases organizations need to take a stand. They do that either to reinforce the position of their business or to provide the business with a unique selling proposition. What seems promising from a marketing, communications, and reputational perspective comes with risks for the company and its communicators in China and abroad. Going down the corporate activism route can get them into trouble with major stakeholders - the Chinese authorities, the Chinese public, potentially also the international public.

Foreign companies seem to be falling foul of Chinese sensitivities more and more frequently. The sports drink Pocari Sweat, owned by the Japanese Otsuka Holdings, was caught in a firestorm after it pulled television ads in July 2019 in apparent support of the Hong Kong protests (Hamlin 2019). Protestors praised Pocari after it ended a partnership with the Hong Kong TV channel TVB, which had been accused of having a pro-Beijing bias (a charge the outlet denies). But the campaign ultimately failed: Pocari won fans in Hong Kong, but after a backlash from Chinese state media, the brand distanced itself from the earlier statements.

A few weeks earlier, the US-sportswear maker Nike had to cancel the sale of a line of limited-edition sports shoes in China in June 2019 after their Japanese designer came out in support of the recent Hong Kong protests on Instagram (Hamlin 2019). Chinese retailers stopped sales of the trainers by the Undercover brand after Chinese Instagram users complained about the company's behavior.

German camera manufacturer Leica wanted to pay tribute to heroic photographers with an advertising video. One of the featured photographers had taken pictures of a young Chinese man standing in front of a tank in the center of Beijing in June 1989. Soon after the video became available on Chinese streaming services in April 2019, Weibo users reacted angrily: "#Leica insulting China," they posted.

In February 2018, German carmaker Mercedes-Benz published an Instagram post quoting the Dalai Lama. The marketing post was probably never meant to portray the company as taking a stand (Hanckock 2019). However, the text led to widespread indignation in China, even though the social media service is blocked there. The company had to apologize twice – in China and globally (this case will be further explored later in this article).

These cases highlight the dilemma often faced by foreign companies operating in China: maintain access to one of the world's largest and fastest-growing markets, or stand up for corporate or ethical values. It is not easy to balance these competing demands as brave statements and advertising claims can pay off – but not in China. Marketing strategies can easily polarize, sometimes offending the sensibilities of China's most important stakeholder – the government. From a geopolitical perspective, corporate activism in China can easily backfire and lead to huge reputational risks for companies in China and abroad. According to an editorial in the Financial Times, the Nike case is exemplary:

> *"While the impact on Nike's sales in China may be limited, the perception of bowing to political demands is jarring for a company that markets itself as the champion of social causes. Its action is hard to square with its own slogan in a 2018 ad campaign (…): 'Believe in something. Even if it means sacrificing everything'"* (Financial Times 2019).

A 2017 report by Edelman found that 76 percent of investors expect companies and particularly their CEOs to take a stand on social issues. CEOs of international corporations run the risk of being globally mocked if a campaign of corporate activism is criticized by the Chinese government and the company falls silent as a result.

The examples mentioned above are by no means isolated cases. The list of companies with similar stories to tell includes Audi, Delta Airlines, Dolce & Gabbana, Gap, Lotte, MAC, Marriott, Medtronic, Skoda, UBS, Zara. Not all of these international corporations engaged in corporate activism. But they all launched communication campaigns that faced public criticism or sanction, even when the campaigns were not targeted at the Chinese market. Most of the companies had no choice but to apologize to Beijing so as not to jeopardize their market positions. Beijing's efforts to use China's economic power to enforce its standards internationally are a new challenge companies have to take seriously.

This reflects two trends. Firstly, China has become an important market for many companies, if not their largest single market in the world[1] – in other words, the Chinese government and public have become influential stakeholders for many companies. Secondly, in recent Beijing years has greatly stepped up its efforts in the field of public diplomacy to convince foreign audiences of Chinese views – and the Chinese leadership has proved ever more willing to focus on international companies when it comes to asserting Beijing's geopolitical ideas or gaining support for its initiative (Wang 2018).

Public diplomacy includes instruments that can, on the one hand, coerce or incentivize cooperative behavior, and, on the other hand, sanction undesired behavior. It is essential to understand that these instruments can have an effect on corporate communications activities outside China. Public diplomacy has to be treated as a corporate risk that continually has the potential to turn into a cross-border organizational and reputational crisis and that hampers corporate activism.

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1   For example, some 15 percent of German companies say that China is their most important market in the world. See DIHK-Aktionsplan 2019+. Chinas neue Rolle in der Welt – die Chancen nutzen. 27 November 2018, Berlin.

China's diverse public diplomacy

In recent years, foreign companies have learned to deal with China's public diplomacy in various ways.[2] My sample of cases that have become public knowledge suggests that business-to-consumer (B2C) companies are more prone to outside influence than business-to-business companies. Forms of influence exerted by Beijing vary between public attacks on social media, in which alleged misconduct by companies is decried, and pressure or incentives to steer a company towards adopting the desired behavior and showing itself co-operative.

» **Criticism of alleged "misconduct":** increasingly, companies are being told that they should represent Taiwan, Hong Kong, Tibet and Macao as part of China on maps, websites or in customer surveys, in order to align with China's geopolitical understanding of those regions. Often, this is done by means of a notice to local employees. More recently, however, such instructions have been handed down very publicly using social media. Since early 2018, an entirely new degree is the care with which China has been systematically reviewing company websites to find out how companies are describing Taiwan.

» **Sanctions:** Marketing measures – like those by Daimler or Leica – that Beijing deems to constitute "misconduct" were prominently featured in party-state media in order to raise the pressure on companies. The Chinese side pressed for public apologies – apologies that were meant to be heard not only in China, but also internationally.

» **Integration/pressure to cooperate:** Foreign companies are asked by the Chinese whether they would like to join Chinese initiatives and activities such as the Belt and Road Initiative (BRI) or the China International Import Exhibition (CIIE). China did this in the midst of the trade dispute with the US to present itself as a major importing nation with an open market. But the import fair, for one, was not particularly attractive for companies. Covering many sectors, the event did not attract specialist buyers that placed orders.

In the past, China had already shown an interest in getting companies to encourage a pro-China atmosphere in their home countries. What is new is that companies are being given an active role as part of an over-arching concept. Companies such as Siemens have been very willing to pick up the ball and run with it, for example as advocates for the Belt and Road initiative (BRI), the Chinese government's pet infrastructure project, a global development strategy adopted in 2015.

What impact can China's influence have on international companies

Companies that all too publicly submit to Chinese pressure risk losses in their international reputation. But if they resist the pressure from Beijing, they risk economic losses and impediments to their operations in China – this at worst means customer boycotts or the kind of punitive measures experienced by South Korea's Lotte. The supermarket chain was weakened by a diplomatic conflict between

China and South Korea that lasted for more than a year. In 2018, Daimler suffered Beijing's censure for "only" a week – demonstrating that it can take no time at all for China's criticism of a foreign company's behavior to become a cross-border crisis. Any crisis can shift from China as the host country to the company's home country very quickly (Coombs 2015).

Infobox: What kinds of things draw Beijing's criticism?

» **Marketing campaigns** – for example, Mercedes-Benz's Instagram post with a Dalai Lama quotation; Marriott's customer questionnaire that treated Taiwan, Tibet, and Hong Kong as distinct countries; Leica's advert referring to civil unrest in 1989).

» **Company websites and presentations** – for example, by Audi, Delta Airlines, Zara, or Medtronic that do not depict Taiwan as integral to China.

» **Products with maps of China that Beijing deems "incorrect"** – even when they are sold only beyond China's borders, like, for example, a Gap T-shirt in Canada.

» **Perceived "political misconduct" by foreign governments that leads to proxy conflicts** – for example, South Korean supermarket chain Lotte was sanctioned after the government in Seoul installed US anti-missile systems on company property.

**Daimler case:
a Dalai Lama
quotation
triggers a crisis**

Daimler's experience in February 2018 shows what it can mean for a company when its marketing and communication activities fall under the scrutiny of China's leadership. As far as the Chinese leadership was concerned, the company obviously crossed a red line when on 5 February 2018 it posted a quotation by the Dalai Lama, the 1989 Nobel Peace Prize winner, on Mercedes-Benz's global Instagram account. Although the social media service is not available in China, the post caused indignation there. The ensuing public relations crisis had to be resolved in China – but affected the company's reputation across the globe.

Figure 1. People's Daily tweet referring to Mercedes Benz's Dalai Lama quote

It is easy to pinpoint where alleged misconduct by foreign companies in China is first discussed – on social media. But it is not so easy to identify who flags such issues first – government officials or outraged citizens. In Daimler's case, the Instagram post had to be deleted – and all the readers' comments disappeared with it. But even if it were still possible to see the names and profiles behind the posts, it wouldn't be clear who these people were.

"I don't think we'll ever be able to trace it back. That's the thing with the lack of transparency. If they want to, the [party and government] can stop any topic from being discussed on the internet or in the Global Times. But they can also set off a debate about any issue if they want to. And right now, they usually want to."[3]

China can also indirectly orchestrate campaigns on social media by simply letting the censorship authorities ignore statements they would usually react to:

"They simply agree to let people discuss something. Relatively unbridled nationalism is simply allowed to run its course – and it's now very, very strong."[4]

How Daimler slipped into crisis after the Dalai Lama quotation was posted

5 February
Daimler posts Dalai Lama quotation as part of marketing campaign.

5-6 February
Although Instagram is blocked in China, Daimler found itself at the center of a firestorm on social-media platform Weibo.

6 February
Mercedes-Benz deletes the post and apologizes to Chinese citizens.

7 February
The People's Daily, the China Communist Party's (CCP) mouth-piece, declares Daimler to be "an enemy of the Chinese people."

Daimler's CEO and the head of its China operations apologize to the Chinese ambassador in Berlin.

8-11 February
Daimler is mocked and criticized by international media.

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Figure 2. How Daimler slipped into crisis after the Dalai Lama quote was posted. Reproduced with permission.

Chinese officials appear to have roadmap to deal with foreign companies' "slips"

The Chinese government chose to expose Daimler both in the domestic public space of state-controlled Chinese (social) media, and in the global arena forged by Twitter and other social media blocked in China. Interestingly, the Chinese government itself never commented on Daimler. It was the state-controlled (social) media that turned the Instagram post into a crisis – and ended it. The party's People's Daily and English-language Global Times attacked the company particularly harshly on behalf of the Chinese government.

China appears to have a script for such public diplomacy cases. Usually, criticism of a foreign company starts on Chinese social media. The state's daily newspapers and overseas TV channels report the accusations and fuel the social media discussion by repeating or escalating the charges. The media campaign abates only when the company's top executives in China and abroad apologize and offer to make further concessions.

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3   Interview 4, with expert on 19 October 2018.
4   Interview 10, with correspondent on 29 October 2018.

Figure 3. The many faces of China's public diplomacy. Reproduced with permission.

Daimler's example also illustrates a problem the company shares with other international corporations. If they bow to Chinese demands so as not to jeopardize their market access and the good will of the Chinese leadership and public, the international media and public will criticize these companies. Global publications lament the kowtowing to the Chinese leadership and the companies' "betrayal of their own values". Indeed, Daimler's apology angered Western media more than anything and as a result further fanned the crisis.

The Daimler case study is exemplary for showing that China is not interested in preventing allegations that the feelings of the Chinese people have been insulted or injured, or in having them forgotten as quickly as possible. On the contrary, the accusation of "insulting the Chinese people" is instrumentalized to keep foreign companies on their toes and to extract the greatest possible benefit from the situation.

Firstly, the Chinese side is interested in international publicity for the initial misstep and the subsequent apology – almost an act of submission – to China. Secondly, Chinese officials use the situation to force companies into making concessions, say by investing more, swapping personnel, or by strengthening Chinese operations (if usually only symbolically). The enormous dynamism and speed of Chinese state media and other players in the Daimler crisis suggests that China has some kind of roadmap. It is possible that it specifies how Chinese authorities and media can act in concert to turn the slips of a foreign company into a full-blown crisis. A slip is judged a reprehensible misstep and made public as a prelude to obtaining concessions.

How companies react to China's public diplomacy and what they need to heed

Hubert Lienhard, the former chairman of the Asia-Pacific Committee of German Business (APA) in 2018, warned the trade body's member companies that problems like those experienced by Daimler would become more common. Social media, in particular, follow very different rules in China, opening possibilities for Chinese authorities that worry PR and public affairs practitioners.

*"Of course, the Chinese government could use communications to damage
us. In China, in particular, we ultimately have fewer communications
channels and sounding boards at our disposal than the government does.
And if things were to get really bad, our use of these channels usually at our
disposal could still be restricted."[5]*

No foreign company could prevent a public diplomacy crisis if China
wanted one:

*"If a decision has been made to publicly criticize foreign companies, then I
don't think we have any power to prevent the process unfolding."[6]*

Companies practice self-censorship

Many foreign companies are trying to observe the red lines drawn by China so
as not to provoke public diplomacy crises. Self-censorship is one way of avoiding
certain topics in global corporate and marketing communication. Issues to avoid
include Taiwan, Tibet, the Dalai Lama, and human rights. Chinese employees in
China are especially aware of the red lines. They make a point of checking maps
and other content used in external presentations to ensure they could in no way
give rise to Chinese criticism.

National and cultural peculiarities of crisis management in China

There are a number of cultural and national peculiarities that PR experts advising
foreign companies need to take into account when dealing with China – especially
in times of crisis.

» **The all-powerful role of the state.** It strictly controls all media in the country
and can orchestrate their reporting in the event of a crisis. This puts foreign
companies in an asymmetrical communications situation – they are weak,
Beijing is strong.

» **The great importance of apologies in China.** As a rule, the CEO should
personally apologize, not simply the head of Chinese operations. The standing
of the person who apologizes is a decisive factor in giving the offended party
satisfaction.

» **An apology is often no longer sufficient.** A sentence like "We will learn our
lessons from this and act accordingly in the future" must be added – even at
the risk of becoming a liability in the international media. The Daimler case
showed that.

» **Not all required actions are culturally rooted norms.** Some are newly created
rituals that the Chinese leadership insists upon (such as pre-formulated
excuses or even personal confessions that CEOs of international companies
have to give in public not only in China but also abroad) – sometimes more,
sometimes less – to put companies under pressure. Numerous recent cases
demonstrate this.

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5   Interview 2, with a director of government relations in the chemicals industry on 10 October 2018.
6   Interview 6, with head of external relations, automobile industry on 22 October 2018.

Conclusion: China could become a reputational risk for companies who dare to take a stand more often

Since the start of 2018, China's leadership has made a point of taking action against foreign companies. It has successfully enforced what it considers to be correct behavioral norms and (geo)political ideas. Many companies have complied with Beijing's stipulations and now practice self-censorship. They are aware that in China they can quickly be on the defensive.

The Chinese economist Meng Zhao pointed out as early as 2013 that multinationals operating in China can be dragged into crises through no fault of their own (e.g. following a product recall or an accident at a manufacturing plant) (Zhao 2013). He said this was mainly because of:

» Increased stakeholder awareness

» The globalization of corporate social responsibility (CSR) issues

» Rising nationalism and deep feeling of cultural discrimination

» The inconsistent regulatory framework and arbitrary behavior of the authorities

» Public distrust of government and business that, for example, leads to consumers overreacting on social media

I have also identified other factors that make it likely that global companies will be confronted by a crisis in or engendered by China. The operating environment for foreign companies and their communications work has changed considerably in recent years:

» Political control and state intervention in the economy are increasing

» Competition between Chinese and foreign companies has become more intense

» Foreign companies are highly dependent on the Chinese market while at the same time being aware of competition between the economic and political systems

» The growing rivalry between China and the USA and other developed countries is turning companies into instruments that can be activated to realize geopolitical goals

» By being able to initiate and stop public debate in very a targeted manner, the Chinese government has immense power to deal with foreign organizations, whereas state control over the media and the internet makes it difficult for foreign companies to address Chinese stakeholders and the public – especially in crisis situations.

» Obviously, Beijing practices a zero-tolerance policy towards international companies that practice corporate activism that runs counter to its own positions.

Corporate activism of international companies can only be successful in China if it follows Beijing's agenda. CEOs speaking out on behalf of food safety, environmental protection or the Belt and Road Initiative can potentially earn brownie points. But even with these issues, companies have to be very careful as Beijing

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China: where corporate
activism can easily backfire

reacts very sensitively to even the slightest hint of political messaging. Furthermore, new red lines are continually being drawn by Beijing, as the protests in Hong Kong (2019) proved.

It is an open question whether China's current economic slowdown will in the foreseeable future lead to a repeat of the Daimler controversy. The Chinese leadership is intent on creating a business-friendly climate. But if the trade dispute between China and the U.S. continues, U.S. companies will likely come under special scrutiny and should be prepared to counter moves by Beijing to exert its influence.

Recommendations: How communicators can better prepare to avoid communication crises following corporate activism

Many companies have not conducted systematic analyses of developments in China or adapted crisis scenarios and crisis-prevention training. Based on experiences of company representatives and conclusions, the following recommendations are meant to help corporate public relations and public affairs managers:

» Analyze negative experiences and crises faced by peers and develop scenarios that could affect your company.

» Use Chinese employees or China experts at headquarters to gauge early possible reactions of Chinese stakeholders to communications and marketing initiatives.

» Also use mixed public relations and public-affairs teams in China to factor in possible international reactions to communications and marketing measures.

» Keep up to date about new red lines defined by China.

» Extend social media activities to Chinese channels like Weibo and WeChat to reach stakeholders and build a community.

» If problems do arise, decide with your company headquarters how to proceed in such cases and identify what costs need to be weighed against one another.

» Actively use social media to inform and mobilize your own community during a crisis.

» Proactively inform the international media.

» Never deny your own values: proper regard for Chinese stakeholders means they should never hear the wording demanded by China. Companies need to find the right tone towards the Chinese, but also towards the international media and public.

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Professed or actual corporate activism

by Dr Joyce Costello

An examination of when Nike's actions conflict with social marketing efforts

In an era where an organization's reputation can influence the longevity and ability to survive economic turmoil and crisis, communicating one's corporate activism in advertisements can be viewed as means of improving reputation and societal legitimacy. This activism often manifests when organizations seek to advocate contested political and social values (Wilcox 2019). The normalization of organizations engaging in social responsibility means there is a greater demand for organizations to display how they contribute back to society. Wilcox (2019, p. 3) asserts that corporate activism is

> *"an outgrowth of 24/7 news, real-time conversations on current events and issues being amplified on social media and a rising tide of consumers and other stakeholders who are now demanding that organizations articulate their values by taking stands on current social and political issues."*

Indeed, many firms highlight their organization's professed values and corporate activism in annual reports as a part of reputation management (Kim 2014), enhancing brand value (Abrams 2009) and differentiating their employer branding (Kim and Park 2011). However, as few stakeholders outside of shareholders tend to read annual corporate reports, activism is mainly communicated through advertisements as part of social marketing. The problem arises when stakeholders must determine if this corporate activism is actual or just professed.

This case study looks at how Nike's corporate activism evolved from the Just Do It commercials where they started to release stories and research about how girls being involved in sports were less likely to fail out of school or get pregnant (Nayak 2017) up to the modern day campaigns of Dream Crazy. Through the past three decades, it is clear that Nike is no stranger to social cause marketing. However, this example of corporate advertising activism is not without its own dark side. From egregious labor practices, to cultural insensitivities and stereotyping to human resource management practices, Nike's actions appear to conflict with their stated values.

For this reason, this case study explores the social responsibility highlights in Nike's campaigns and annual corporate reports and compares them with issues and incidents that may be in conflict with Nike's stated values. In doing so, it seeks to address if their corporate activism is professed or actual. Meaning, is Nike giving lip service to align to their brand image or are they actively engaging on a multitude of levels in making a difference in society? By the end of this case study, practitioners should be able to identify if their own organizations engage in corporate activism have similarities to Nike's case and if there are actions they can recommend to ensure there are not conflicting actions.

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Nike's corporate activism campaigns

In 1988, Nike's Just Do It campaign featured a wheelchair racer competing at racquetball and basketball, a 42-year old female doing the New York City Marathon and an 80-year old who loved to run 17 miles a day (Shaw 1999). These ads showed Nike's belief that it didn't matter if you were disabled, female or old - they made shoes for everyone. At the time, there was an increasing movement in the running circles and specialty running magazine Runners World to show running was more than elite runners or college sports. The campaign theme of Just do it would continue for the next 30 years.

In September 2018, in celebration of the campaigns 30th birthday, Nike would release a commercial with Colin Kaepernick. He was a football athlete that had taken a knee in support of #BlackLivesMatter movement in 2016 and had earned the wrath of US President Donald Trump (Hauser 2016). Nike's use of Kaepernick in the "Dream Crazy" campaign spurred on the #JustBurnIt and #Boycottike with social media videos and pictures of folks burning Nike apparel. However, the campaign actually resulted in increased sales and positioned Nike as a company willing to take a progressive stance on current issues opposed to promoting product.

The most recent campaign "Dream Crazier", focused on supporting the undervalue power of women. It used famous female athletes such as Serena Williams, Chloe Kim and Alysia Montaño to name a few. It was Nike's stand against gender inequalities. It called on women and girls to follow their dreams despite any prejudices. This campaign came at a time where there were increasing pressures for gender pay equalities. Yet ironically, it also followed after Nike's own internal female employee crisis which is discussed later on.

Over the years, Nike has been consistent in using some of their campaigns to focus on messages of challenging social norms. Throughout their Just do it campaigns, there is an overarching theme about following one's dream. However, the messages Nike used in their corporate annual reports seemed to have a different message.

Nike's corporate communication

Nike understood early on the power of the shareholders opinion when it came to the value of their stock. Therefore, in the letters to shareholders the CEO often included elements surrounding Nike's corporate responsibility. In 1998, Nike decided to consolidate its community affairs, environmental action team and labour practices under the umbrella of corporate responsibility (Nike 1998). The development of a new area focusing on corporate responsibility allowed them to signal to stakeholders that they (Nike) were exhibiting values of a company that believed in making a difference. This could potentially be attributed to the labor scandal discussed later in this paper. In fact, by the following year, they had set new labor goals for their 500 contract factories (Nike 1999). By the time the 21st century came, Nike had switched its corporate messages to highlight diversity (2002), becoming more sensitive to cultural differences (2004) and fighting climate change (2011). All of these themes would follow a crisis from the year prior. In fact, the corporate communications themselves would lead to a court case.

Contrasting Values

Nike has experienced a multitude of issues that conflict with its social activism of shoes for everyone. The most common is the issue surrounding labor practices. In 1993, US media broke a story that the $130 Air Jordan's in reality only cost Nike $30 to make in Indonesia as they paid an average wage of $1.50 a day (Katz 1994). Nike's response was that they did not set the national wages for the country. This response was viewed as mediocre at best with some boycotts staged at American Niketown shops (DeTienne and Lewis 2005).

However, when investigative journalist Micheal Moore pushed Nike leadership in his documentary *The Big One*, it resulted in Nike agreeing to raise the minimum age of its overseas factory workers and adhere to US Health and safety standards (Stabile 2000). Ironically, child labor wasn't an issue in overseas factories, but low wages were. In 1999, Nike had raised the age limit to 16 and 18 in various countries, but all minors who were currently working in Nike factories at the time were not impacted by the policy due to a grandfathered clause which stated they were exempt from the new policy (Nike 1999). This ensured that the minor employees did not lose income.

Nike also engaged in a counter effort to highlight their corporate social responsibility efforts through press releases and letter to their stakeholders. This resulted in Nike being taken to court in California for misleading information. The California State Supreme Court ruled that the resulting press releases about labor conditions were considered commercial communications and thus if containing "false" or incorrect information, were deemed misleading (DeTienne and Lewis 2005). Not to be deterred, Nike submitted an appeal to the US Federal Supreme Court which eventually ruled to dismiss the case due to incomplete factual records.

While this example is only one of several labor complaints, later on Nike did cut off ties to suppliers in Bangladesh when they were found to be unsafe (Davis and White 2015). This was mainly due to internal pressure from employee activists. Although, one could argue that Nike had learned its lesson with past labor issues and knew it needed to align its values to what was being projected in their advertisements and corporate communication products, whilst Barna (2018) states most companies manage to learn from past negative publicity to change their tactics. While the example of activist employees resulted in a positive outcome, there would be other issues surrounding employees.

In the rise of the #MeToo call to action, accusations by female employees about inappropriate workplace behavior resulted in restructuring management. However, Butler-Young (2018) points out that while internal actions were taken, Nike was not transparent with the public. The full extent of the any possible backlash about employee complaints has yet to manifest in change. In fact, shortly after Alysia Montaño challenged Nike's corporate activism in contrasts to their HR polices. Montaño, one of the women highlighted in Nike's Dream Crazy campaign, spoke with the New York Times (Crouse 2019) about the double standards Nike's has towards its female sponsored athletes. Montaño states that Nike treats pregnancy as an illness, which is draconian in terms of human resource management. She added that Nike had a long history of negative policies relating to female athletes, but few others of her contemporaries would speak out due to potential loss of future sponsorship.

Finally, Nike's policies and commercials themselves have been criticized for cultural insensitivity. During the era of the "sneaker wars" in the early 1990's, inner city gangs were attacking and killing people for their Air Jordan's (Stabile 2000). Nike's reaction was to collaborate with Spike Lee on anti-racism messages and begin inner city sports programs. However, in Nike's messaging, they focused on how sports could provide the necessary "discipline" inner city children were not receiving (Stabile 2000). By focusing on stereotypes that poor children only had a choice between dealing drugs or playing sports to break the cycle of poverty, highlighted the companies use of media rhetoric opposed seeking to understand the cultural nuances behind the "sneaker wars".

Further cultural insensitivity in some advertisements resulted in Nike advertisements being banned in China in 2004 (Li and Shooshtari 2007). The "Chamber of Fear" commercial featuring LeBron James was shown defeating an ancient Kung Fu master and Chinese dragons, which gave the impression of America dominating over Chinese key cultural symbols. This resulted in Nike's commercial being banned by the State Administration of Radio, Film, and Television (SARFT). However, the contradiction in Nike's values was when their response to the ban was that they regretted the misunderstanding of the ad. Consequently, the response was viewed as insecure.

**Professed or
Actual - You Decide**

Nike Stakeholders have been exposed to conflicting messages over the years. One the one hand, Nike has produced campaigns that highlight diversity of top athletes as well as anyone can be an athlete. They have developed programs to help combat inter-generational poverty (Nike 2010) as well tackle climate change by using 13 million plastic bottles from Japanese and Taiwanese landfills to make jerseys (Nike 2011). Recently they have begun equality campaigns to promote fairness and justice in every community as well as expressing their commitment to the LGBTQ by producing a BETRUE collection (Nike 2017). Yet, despite all of their positive corporate responsibility programs, Nike has experienced issues and crises with employee and labor relations and cultural insensitivity's. When they do respond to the media, it has often been viewed as half-hearted and lackluster. The question remains, is Nike an activist organization or are they good at making socially relevant campaigns?

Case Questions to consider:

1. What are the moral or ethical responsibilities of the organization to those highlighted in corporate activism campaigns?

2. Given Nike's HR policies that run contrary to their corporate activism stance, what are future issues you foresee?

3. Thinking about your own companies'/organizations' corporate activism, how can the human resource element of it not align or be construed as a risk?

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Promoting alternative proteins in the food system and stimulating corporate activism

by Sebastian Biedermann and Sergiy M. Smetana

Animal mass production at the current scales is unsustainable for the future due to the high concentration of environmental impacts and the high consumption of natural resources. This, in turn, will most certainly lead to increased risks for further development as well as inhibit sustainability on a regional level (Smetana et al 2016; 2015). And although it could be argued that it is more economically viable to produce more out of limited resources and in limited spaces, from an ecologic and cultural perspective this is inappropriate. The rise of the sustainability-oriented consumer stands proof. Less affected by marketing and price-related promotions and more focused on improving overall sustainability through their consumption, these consumers are playing a more prominent role in their communities and, in general, influence more and more policy and political decisions (von Meyer-Höfer et al. 2015).

Additionally, current technological breakthroughs support and trigger new waves demanding sustainability. Product innovations in the area of alternative protein sources such as lab-grown meat and bleeding plant-based burgers are no longer theoretical concepts, but applied industrial cases reshaping the industry and the society. Beyond Meat, Impossible, Just Inc., SuperMeat and other Israel- or US-based start-ups are just a few examples of how technological innovation enables companies to earn money and at the same time contribute to a cleaner food production. The fast progression of some companies on the market is not only caused by technological development (e.g. a lot of technology-driven alternative protein start-ups fail to be successful). It is also facilitated by new and efficient means of communication. Future-oriented cultured-meat companies strongly rely in their marketing and communications strategies on potential environmental and sustainable benefits of their products (van der Weele et al. 2019) Which is why companies like Beyond Meat, Impossible and Just Inc. are putting sustainability at the core of their communication strategy and thus promoting all their products (Bornkessel et al. 2019; Smetana et al. 2019)

Finding such stories in Germany of companies successful in promoting alternative protein sources is much harder. This might be due to the comparably lower level of investments from the private sector, the higher complexity of funding policies in place and an already high degree of competition in the food industry.

For communicators in particular, two major questions arise:

|1. How can the protein supply be improved?

|2. How can the promotion of alternative proteins gain public support in Germany to foster such a drastic transformation?

However, before we proceed to providing our answer to these questions together with a case study, we'll have to revisit the issue at the core of the current food production problem and food systems: complexity.

Complexity of Food Systems

Industrial food production takes place nowadays on a global scale. Food, nutrition, health and ecological as well as social impacts are outcomes of the exchange between various food systems in terms of capital, mass, data and energy. The term "food systems dynamics" describes the entirety of this complex network and includes all kinds of entities on different levels. Examples include industry sectors, factories, farms, supermarkets and human-beings. The complexity of these dynamics is due to their non-linearity. Classic food chains (e.g. dairy production in smallholder agriculture) typically describe a farm-to-fork process starting from the raw material and ending with consumption.

However, due to global economic interrelations, intense competition, the need for efficiency, volatile market-demands and food safety legislations; the processes between the point of production and the point of consumption have become difficult to understand for consumers. Moreover, the mentioned drivers of complexity frequently cause critical configurations of process chains in terms of their social and ecological impacts.

Let's take soy as an example that illustrates this complexity: soy is an efficient plant, able to provide 3.2 up to 4.3 tons per hectare of high-oil and high-protein biomass in North and South America (that is about 300 – 400 full small trucks for every sport field-size plot) (Orlowski et al. 2016). Such yields demonstrate the potential to produce two times more protein and 22 times more oils per unit of land than European peas. However, climate change could negatively and dramatically affect such yields (Bhattarai et al. 2017; Schlenker & Roberts 2009). Since it does not naturally grow in Europe and current yields reach yields of 2.5 tons hectare (Berschneider 2016), large amounts need to be imported from South America, processed into oil for biodiesel and meal which is used mostly as a high-protein component (protein content is more than 50 percent) for animal feed. The intensive animal production in Europe would not be able to reach current production levels without protein supply enhanced with soybean meal (van Krimpen et al. 2016). Animals that are grown on feed composed with soy proteins are afterwards slaughtered and processed in Europe, including Germany. Further processed meat products are then shipped all over the world to consumers including those in South America and Asia.

There are a few more controversial aspects here too. Local growing conditions and environmental protection, fairness to local farmers as well as the CO_2-emission due to the transportation distance represent further impacts of the raw material and food production process. Soy supply is not a simple substitution problem: it involves complex environmental, social and economic factors as well as consequences.

Compared to soy, the meat production systems require big amounts of land for the cultivation of crops for cattle feed supply, high water consumption and they are responsible for higher

CO_2-emissions. In addition, animal welfare and individual health outcomes of meat consumption are important and are subject to public discourses. Regardless of a slight decline in the overall consumption, meat is still quite popular in Germany, and its consumption in many regions of the world is booming. In 2018, the per capita meat consumption in Germany amounted at 60.2 kg on average according to the Federal Ministry of Agriculture and Nutrition (OECD 2019), Bundesministerium für Landwirtschaft und Ernährung, Thünen Institut). Most of this meat is produced in large-scale livestock farming.

Alternative sources of protein therefore, might be a better solution all in all – solving sustainability challenges currently faced both by intensive farming and industrial meat production.

This brings us back to our questions.

How can the protein supply be improved?

Whether alternative protein sources can lead to substantial improvements in our food systems depends on different factors. The existing production systems need to be ready for new raw materials in terms of infrastructure, technology maturity and profitability. The latter can only be achieved if consumers are willing to buy and eat new food products. Thus, consumer acceptance is another crucial precondition. Food production systems could overcome technological and economic obstacles. Environmental impacts could be reduced. But if consumers do not buy and eat alternative protein products, all changes and innovations would be useless. Therefore, communication should be regarded as one of the vital activities that can promote alternative protein products with confirmed lower environmental impact on the market and at the same time as a viable path for substantial changes of the food production systems.

Complex food production systems can only be transformed through joined effects of multiple niche adaptation (products). These, in turn, would drive the sustainability transitions of the food landscape to a new stage (Markard et al. 2012; Smetana 2017). A single innovation or technological solution would not change the overall food system (e.g. a new vegan product). In many cases the system hardly "notices" a new development. However, multiple innovations and new developments, each occupying their own "niche" can enforce a holistic change of the food landscape. Such a new landscape tends to have the potential for the faster entry of alternative products on the market and would be more reflective to new food solutions.

How can the promotion of alternative proteins gain public support in Germany to foster such a drastic transformation?

The search for more efficient and sustainable alternative proteins is currently one of the main trends in the EU research policy that targets to build a low-carbon and resilient future. 32 million euros have been allocated to the topic of development and demonstration of alternative proteins for food and feed for the 2019-2023[1] period. More than 100 million euros have been devoted to the bio-based research and innovation actions in order to find new technological solutions for biomass

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1   https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/opportunities/topic-details/lc-sfs-17-2019

applications and upscaling of the alternative protein production[2]. Such initiatives resulted in multimillion support of projects focused on the search for more efficient and sustainable protein sources such as plants, insects, microalgae, mycoproteins, single cell proteins, etc.

Besides the public sector, start-ups and major companies recently tapped into the alternative protein market. Traditional meat companies such as Rügenwalder Mühle or the PHW Gruppe are now striving for market share with own product innovations or strategic investments. The increasing number of media reports about alternative protein innovations as well as food sustainability in general point out towards a high public awareness.

In order to facilitate transformations in the food systems, one needs to bundle potentials and orchestrate communications according to the different roles that specific stakeholders play in gaining public support.

We'll review below each stakeholder group with regard to the promotion of alternative proteins, and then move on to discussing the case of BalPro, the German Association for Alternative Protein Sources.

Raising Issue Awareness and Affecting Public Opinion

First of all, the issue of (alternative) protein supply needs to be put onto the public agenda. Overall awareness and understanding of the above-mentioned situation including the problems as well as potential remedies build a sound base for gaining support for alternative proteins in the food production systems. Public discourses take place in the media as well as the social media environment. Both channels can affect and interact with each other. For this reason, the form and the scope of public debates are quite dynamic and susceptible to all kinds of influences. Raising the awareness for a certain issue and framing can significantly affect consumers' attitudes and opinions. Playing the rail shot makes it easier for communicators to make their issue more vital and to activate other target groups which are critical to social, environmental and economic changes. These groups include politicians, big economic players in the agri-food industry as well as in food retail.

Facilitating Large-scale Changes and Impacts

Policy makers, the industry and food retailers largely depend on the public opinion since consumers generally rely on information provided by the media. At the same time, these target groups are the only ones who can immediately drive or inhibit infrastructural changes. With regard to the shift from animal-based towards alternative proteins, politicians could use means of regulation including taxes, nudging or even prohibitions. Major companies could use their commercial power to redirect capital flows or substitute raw materials. However, both of these groups largely depend on the public opinion. Policy makers need to gain support to be (re-)elected. Large food suppliers need costumers (retail) and consumers who buy their products. This dependency explains why many activists and movements start to target the broad public with their claims. By convincing a huge and relevant

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2   https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/opportunities/topic-details/bbi.2018.so3.f2

audience of an issue, one gets a powerful lever to activate these mighty stakeholders. Thus, opinion leadership is a force that can to a certain degree steer and affect legislative and economic powers.

Enabling Innovation and Providing New Solutions

Opinion leadership and the communication around it become even more effective when they suggest realistic remedies to a particular problem instead of merely criticizing existing economic or political situations. When it comes to the promotion of alternative proteins, communicators should win supporters who can facilitate the transformation process by concrete solutions. In this case, solutions refer to the development of new food products and production concepts which can equally replace existing animal-based products. Stakeholders who can provide these solutions include scientific institutions, R&D representatives, technology-driven start-ups as well as venture capital organizations that can empower and drive the transformation. Start-ups and scientists can have a strong impact on the reach of communications due to the novelty of their activities and their disruptively innovating results. In recent years, most of the alternative protein innovations rooted back to well-funded start-ups that developed new marketable products. Examples in Germany include the BugFoundation which has set up the first insect-meal-based burger patty based on buffalo worms. In addition, LikeMeat is worth mentioning as one of the pioneers in the field of plant-based extruded meat substitutes. It is common that larger companies consequently join the trend by using their economies of scale to produce similar competitive products. Alternatively, the big players frequently purchase successful start-ups or at least shares of them. Both of the above-mentioned companies have cooperated with research organizations and quickly found investors after their market entry.

The brief review of stakeholder groups and their potentials makes clear that the transformation of food systems can work if certain preconditions are met. First, the issue needs to be visible, vital and framed in a desirable way. This is the base to target the industry as well as policy makers. However, it neither appears sufficient to put claims towards these stakeholders nor to criticize their actions or the systems in which they operate (e.g. capitalism). It could be more effective to develop and promote new solutions to tackle challenges that relate to a more sustainable food production. These solutions can be established with innovative and facilitating stakeholders from science, the start-up community, the venture capital scene and others.

The alternative protein trend takes place globally. In Europe and the United States associations have been founded in order to facilitate this new market. In 2018, the German Association of Alternative Protein Sources (BalPro) as an attempt to foster the shift from animal-based products towards alternative proteins.

The BalPro Case

In September 2018, BalPro was founded by a small group of nine start-ups, food experts and communicators as a purpose-driven platform with the aim to promote alternative protein sources in Germany. To a degree, this qualifies as an activist issue: not yet socially fully accepted, the association's mission being to promote and support its wider adoption. Imagine for a moment that university, hospitals and

work canteens would include in their menu options featuring alternative protein sources or even have at least one day every week when only alternative protein sources based meals would be offered. We are however, not there yet.

The first steps included the handling of administrative challenges as well as the set-up of a basic communication. The initial communication mix of BalPro included a website, the publication of a position paper and background talks with food companies as well as politicians on state and federal level. The association then rapidly gained new member companies after launching the first press releases in March 2019. The members today include food start-ups, scientists, other associations in this niche as well as major companies such as PHW, Rügenwalder, Veganz and Berief. Currently BalPro counts more than 50 member companies unifying technological, economic and communication know-how. At the most recent members meeting held this July (2019), different key fields of action were defined and individual interests needed have been harmonized. The key fields represent the scope of the BalPro activities and focus on topics such as the further development of plant-based and insect-based food, funding opportunities, digital transformation and venture capital.

In the next steps, these projects will be realized by the different key field working groups. The key fields will assess topics such as food data and protein 4.0, labelling and transparency, raw materials and market development, venture capital and consumer acceptance. These projects and their results will serve as a base for a communication campaign that will involve all relevant stakeholders. Besides the publication of whitepapers and market forecasts, the association will host own events including forums and big food exhibitions such as the Anuga in Cologne and dialogues with political representatives. These actions will be accompanied by press releases and interviews. In addition, the social media activities will later be extended from business networks such as LinkedIn to consumer-centric social media channels such as Instagram, Facebook and Twitter.

Is BalPro an activist group?

In contrast to other campaigns, movements and protests of activist groups, BalPro did not start to target a broad public with its communication. The association started to address stakeholders which are powerful in terms of legislation (e.g. politicians and ministers), resources (e.g. investment fonds and major food manufacturers) and innovation (e.g. scientific community and start-ups). The reason for this approach lies in the high complexity of the topic. Since the food production today is a non-linear process, it is difficult for consumers to link the consequences of their purchases and consumption to ecological and societal impacts. Taking this path BalPro is trying to target the critical niches to direct the change of the protein landscape.

Although there are highly visible movements which articulate their concerns about the ecological footprints of our society (e.g. Fridays for Future), the overall consumption behavior of the population does not radically change accordingly. The low degrees of behavioral change do not merely root back to consumers' lack of knowledge. It might also be due to the missing availability of attractive (and affordable) alternative food products at the points of sale and places of

consumption. Although there are still cohorts among the German population that reject alternative proteins for social, cultural or political reasons, the missing availability of alternative products is regarded as the most crucial obstacle towards the transformation of the food landscape. Thus, BalPro started to target the relevant stakeholders who are able to change the situation due to their positions in the food production system.

By propagating a constructive and non-offensive communication style, BalPro sheds light on the opportunities of alternative proteins not just in terms of ecological, but also in terms of economic benefits. Thereby, the association attempts to motivate companies and policy makers to proactively getting engaged rather than pushing them by strategically steering the public opinion. Thereby, BalPro aims to make the food industry itself a driver of sustainable changes within the society. For these reasons, BalPro should be seen as an example of corporate activism. Although public relations are still regarded as a legitimacy front for the interests of major corporations and capitalists (Adi 2018); many changes, protests and dissent root back to the initiatives and to the strategic use of communication by corporations instead of system-critical interest groups.

Questions for Discussion

This brief case study sheds lights on different aspects that should be discussed by scholars and communicators.

1. BalPro uses a constructive communication approach. The initiative neither directly criticize existing (animal-based) production systems nor it excludes particular stakeholders (e.g. meat companies). Instead, the association promotes new alternatives to animal-based products and thereby exerts pressure on the "big players" within politics and the economy. In how far does this "pull-instead-of-push-campaigning" converge or diverge from other examples of corporate activism in the past?

2. The authors have identified functional target groups: infrastructural stakeholders (e.g. politics and industry) as well as innovators (start-ups, scientist, venture capitalists) and consumers as key target groups in fostering the support of alternative proteins. Are there other stakeholders that might be relevant to this issue and are their other potential functions that need to be considered in this case?

3. The case study points out to the fact that alternative proteins provide significant advantages in terms of ecologic performance. However, the footprint parameters as well as the interrelations within the stages along the value chain are too complex to simply display them on a product packaging. Thinking from a consumer's point of view: how can the complexity be reduced by communication measures?

4. Finally, it is worth questioning if there are any potential obstacles or external shocks that might make the BalPro initiative running the risk to fail or to lose its credibility?

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Sebastian is passionate about food and sustainability. He has dealt with these topics in a practical and an academic context. As Head of Communication at the German Institute of Food Technologies (DIL) he has driven topics such as food innovation, digitalization and alternative proteins.

During this time he has built up several strategic communities such as the iFood Conference (2011-2018) in cooperation with the Anuga food exhibition as well as b2b food initiatives on behalf on the government. Moreover, his scope of activities includes food trend research, entrepreneurship and public affairs.

Recently, Sebastian has gained sound experiences in the FMCG sector including crisis communication, change management and employer branding. Since 2018, Sebastian is founding member and chairman of the German Association of Alternative Protein Sources (BalPro).

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Dr. Sergiy M. Smetana is a Head of Food Data Group for the German Institute of Food Technologies (DIL). Since 2013 he works with Life Cycle Assessment of novel food, alternative proteins and emerging technologies, estimating their environmental impact in the scope of complex food system. He is a lead organizer of LCAFood2020 International Conference on sustainable food systems (Berlin 22-25.09.2020).

He is currently working on a few European and international research projects (Sustainable Transitions..., EntoWaste, SUSINCHAINS) dealing with identification and determination of sustainable production options for the alternative protein sources. He is a chair-elect of Protein Division of IFT (Institute of Food Technologies, USA) and a German Ambassador of Alternative Protein Show (USA).

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Five questions to consider before embracing corporate activism

By Jo Detavernier

Corporate activism is all the rage in the United States. Increasingly, companies from many different sectors are seen rallying around social causes that, at least at first sight, have little or nothing to do with maximizing company profits. In some instances, what companies are trying to achieve is pretty clear, at other times one is left guessing.

There is no consensus among business leaders on whether companies should put any "purpose" (I will revisit this concept later) beyond profit maximization next to, let alone above profit seeking goals. There is even less agreement on whether companies should pursue to become corporate activists, a course of action which takes (when properly conceived) the purpose driven approach to its logical conclusion. One dissenter on the purpose-driven approach is Byron Sharp, a professor in marketing science at the University of South Australia. He is of the opinion that companies are and should be natural profit seekers first and foremost, and that they are thus behaving unethically when they are pursuing causes that do not put profit maximization front and center[1].

In this article, I will look at corporate activism through the lens of a corporate communications consultant who is tasked to counsel a company on whether it should rally behind a given cause. I will treat five questions that need to be answered positively before a company should proceed pursuing an activist stance. Although finding out why and how employees and customers influence the adoption of corporate activism merits research, this is not the aim of this article. Rather, the focus of this piece lies solely on providing practitioners with a checklist that helps inform the decision-making process on corporate activism. For the cases that I reference, I will focus on the United States.

Before I continue, I need to make two things explicit, and that is both my definition of corporate activism and a fundamental axiom on which I build my counsel.

Defining corporate activism

Corporate activism is to be clearly distinguished from Corporate Social Responsibility (CSR). Companies that practice CSR are conscious of the impact they are having on their surroundings (the environment for example) and take measures to mitigate that impact. A food manufacturing company that is CSR-minded will, for example, typically invest in the sustainable sourcing of its food ingredients. These companies that embrace CSR are also called good "corporate citizens".

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1   I had on the topic a conversation with Byron Sharp on Twitter (https://twitter.com/ProfByron/status/1144312157359812609) - "It's logic. They are spending other people's money. Money that was given to them to make a return (eg to find retirement of the investor). Not given to them to hand over to a favourite charity or political cause." Sharp told me.

Corporate activism also needs to be distinguished from shareholder activism. Shareholder activists try to use their power as shareholders of a company to bring about change. This change can pertain to a wide variety of things such as divestments of parts that are not profitable, and yes, even measures in the realm of CSR.

Corporate activism is also different from employee activism, but... we are getting close. With employee activism, employees take action to support or (more often) criticize their company over its behavior regarding a social issue they hold dear. A recent example was offered by the mobilization of Wayfair employees (Wayfair is an American online furniture shop) against their employer because they would not stand for their company providing furniture to immigrant detention centers.

I conclude my list of *ex negativo* descriptions of corporate activism with "CEO activism." CEO activism pertains to CEOs taking a stance on social issues, whether as the mouthpiece of their company's position or on their own account. In most instances in the United States, company CEOs limit themselves to being the voice of official company positions. There are some exceptions, however. One of them is the late CEO of Progressive Insurance Company, Peter Lewis, who advocated for a long time for the legalization of marijuana. His advocacy was a purely private undertaking. So, one could say that some forms of CEO activism are part of corporate activism while others are not.

What is then corporate activism? Here is my own definition:

> *Corporate activism is the advocacy by a corporation of social change through measures and/or statements whereby the intended social change might include or even necessitate political change.*

In my counsel on corporate activism, I depart from the axiom that corporate activism is and should be primarily construed as a device through which businesses aim to differentiate themselves towards one or more stakeholder groups in order to obtain gains with those stakeholder groups. This - some would say "opportunistic" - position is not shared by all. Where one disagrees with this axiom, part of what follows will be considered irrelevant.

Value congruence

The first set of questions that need to be answered before any company pursues an activist stance on a social issue pertain to the company values.

To what degree is the cause congruent with the company purpose?

If there is no purpose defined, then to what degree is the cause congruent with the company values?

Companies that are purpose-driven aim to achieve a social goal. This goal can pertain to sustainability or social justice for example. Their profits serve to help accomplish that social goal. Mind the difference with CSR where the company assumes social responsibility in order to safeguard its profits.

"Whereas purpose-driven marketing often encompasses corporate social responsibility and cause marketing, purpose is bigger than that, and it is an essential principle rooted in a brand. Simply put, brand purpose is an ideal that drives everything a brand does" (Hsu 2017).

A purpose that is well chosen speaks to values that the most important stakeholders of the company hold dear. An Accenture Strategy research report of 2018 teaches us that consumers worldwide want brands to align with their values. 48 percent of American consumers who are disappointed by a brand's words or actions on a social issue complain about it (Accenture 2018). Moreover, purpose-led companies outperform the market by a nine to one ratio over a ten-year period, Sheth, Wolfe and Sisodia found out (cited in Kramer and Husein-Zadeh 2017).

If there is a fit with the purpose, then the congruence with the company values can be taken for granted since the purpose will (should) have been selected in alignment with the company values. If this is not the case, all conversations on corporate activism should come to a halt and the company will have to go back to the drawing board until it reaches an understanding of what it stands for.

If there is no purpose defined, then it can be useful to take a look at the cluster of values that the company considers to be at the core of its identity. Is the cause advancing at least one of those values while not being in conflict with any others? In the instance (it happens!) that no values have been defined by the company, a reflection on those values should be sought. In this scenario, it is advisable that the company allows its values to mature and takes its time before considering to become a crusader for any cause.

Let's take a fictitious example: a value congruence exercise conducted for a New York City based energy company. The company is trying to decide whether it should openly support initiatives calling for/enabling undocumented immigrants to acquire a driver's license. The company has not defined its purpose yet. It does however know what its values are: boldness, humility, diversity and passion. Using a scale from -3 to +3 (other scales of 5, 7 or more could be used as well) where -3 is the least compatible with company values and +3 the most compatible with company values, the organization will rate the compatibility/congruence of the issue at hand with its values.

Value	Perceived congruence with the cause (from -3 to +3)
Boldness	3
Humility	1
Diversity	3
Passion	/
Average value	2.3

Table 1: Perceived congruence evaluation of undocumented immigrants' driver's license issue for fictitious New York energy company.

Table 1 shows there is very high congruence with two values (boldness and diversity). Additionally, there are no perceived conflicts with any of the values, all ratings being in the positive ranges. Finally, with an average score of 2.3, the value congruence with the issue is high, indicating that the company could/should consider taking a public stand on the issue.

How did I work this out?

» The rating was conducted by THE EXECUTIVE COMMITTEE.

» They decided that the proposed cause really makes sense for a company that calls itself BOLD and says it stands for DIVERSITY. To a lesser degree, they also decided that the stance made sense for an organization that calls itself HUMBLE.

» PASSION was considered to be a value that was not relevant to the cause at hand and was therefore kept OUT OF THE EQUATION.

» One could decide to apply additional rules here. For example, one rule could be that if there is one single negative score for any value (which was for good measure not the case here), the cause under consideration is automatically excluded from consideration. I kept things simple by NOT applying additional rules.

Credibility

When a cause has been considered by leadership to align well with the purpose or values of the company, the following question needs to be asked:

Does the company have enough credibility to pursue this cause?

In a 2018 article, Chatterji and Toffel provide a list of companies found to be perceived as less credible corporate activists. Apple is among them, due to the criticism the company CEO, Tim Cook, received from a few conservative websites such as RedState for denouncing religious freedom laws while continuing to conduct business in countries that persecute LGBTQ individuals. Cook spoke out against the Indiana Religious Freedom Restoration Act (a 2015 state law that allows businesses to assert as a defense in legal proceedings that their exercise of religion has been burdened) on grounds that it could be used to protect businesses that refuse to serve gay people. Fieldstadt (2015), a conservative blogger writing for the aforementioned RedState, called Cook a "flaming hypocrite" and included a map in his article with no less than thirty country flags representing all the countries in which Apple conducted business and where anti-gay discriminatory policies were in place (Streiff, 2015).

Whether an assessment of how any discrepancy between words and deeds could be managed by the company was made by Apple's leadership is not known. At any rate, in this instance, the company either did not feel constrained by its track record or decided that the issue raised by the conservative media was unrelated to the cause around which Cook rallied, meaning that there was never a discrepancy to begin with.

Having the credibility to pursue a cause is not just about not having done anything that goes against the cause in the past. It is also about having previously contributed to the cause in other ways, including through long-term CSR programs. The fact that Patagonia, the outdoor clothing and gear company, is so credible putting on the activist mantle is due to its long-term commitment and engagement with the causes and issues it supports. So, Patagonia's actions of suing the Trump administration for reducing the size of national monuments and endorsing political candidates, are in line with a decades long track record of CSR initiatives aimed at *inter alia* the protection of public lands.

To help decide whether a company has the credibility to pursue a cause, communicators should consider setting up an inventory listing both the negative events and the positive events meaning behaviors and initiatives that either show incompatibility or alignment with the cause over a chosen period of time (I suggest 5 to 10 years). The company's Executive Committee would then have to rate each event using a -10 and +10 scale, thus providing the company with a "net" score for its credibility as an activist for the cause.

Differentiation and brand alignment

Value congruence is a desirable good, however, it is only a hygiene factor so to speak. The choice for a cause to rally behind has a great impact on the brand. Which is why in making this decision, communicators should investigate and strive that the top management, employees and external stakeholders are aligned. Being aligned means that these three parties have a sufficient enough common understanding of what the company stands for. A brand will suffer when a cause puts in peril the delicate balance between Vision, Culture and Image that has been (or should have been) the hard work of many years (Hatch and Schultz 2001) Wayfair's staff protesting against the actions of their own company leadership (see my earlier example) is an example in case of a very visible and nefarious breakdown between top management (Vision) and employees (Culture).

The question that needs to be asked here is:

How does the cause that management considers rallying behind impact the alignment between Vision, Culture and Image?

But we don't only want companies to safeguard the delicate balance in brand perception between three different stakeholder groups. We even want them to gain a competitive advantage through a bolstered differentiation towards one or more groups. This brings us to these two questions:

Does the cause help achieve an advantage with at least one important stakeholder group?

Does the disadvantage, if any, incurred with any (one or more) stakeholder groups come at an acceptable price?

When I discussed the axiom that underpins my counsel, I indicated that corporate activism should be meant to (at least also) serve the differentiation with one or more stakeholder groups. Of course, a gain with one or more stakeholder groups might come with a loss with one or more others, which means that a calculation will have to be made in order to identify the potential company wins and losses, and

whether the net result will be advantageous or not.

The way in which different stakeholders are expected to respond to a company taking a stance on a social issue is among other things dependent on the perception of the legitimacy of the company to pick a side on the given issue to begin with.

In the United States at least, there is no agreement on this matter, with recent research undertaken by Weber Shandwick and KRC Research (2018) showing that Democrats would allow companies to take a stance on a much larger selection of issues than Republicans would[2] When asked whether companies should take position on any social issues or stick to business, 48 percent of Americans were in favor of companies speaking out on social issues while 52 percent were opposed, suggesting that they should stick to business instead.

While on average this presents a rather balanced outlook, the political affiliation and support paint a very divided country: while 64 percent of Democrats would welcome companies taking a position on social issues, it is only 32 percent of Republicans that would do the same.

With the division so stark, Americans are left expecting CEOs to speak out on other issues instead: jobs/skills training (80 percent), equal pay (79 percent) and sexual harassment (77 percent) (Weber Shandwick & KRC Research 2018). The least popular topic to talk about and show support for is abortion, with only 14 percent of Americans in favor. Needless to say, embracing such a topic would present a variety of risks for CEOs and companies alike (Weber Shandwick and KRC Research, 2018).

Understanding the expected costs and benefits of advocating for a given cause considering the expected receptions from different stakeholders is thus essential and mapping them out can be helpful. The fictitious example below applies this approach to a Texas based IT company that vehemently opposes a restrictive bathroom bill for transgender personnel which the Texas state legislator is considering passing.[3] The differentiation I propose here is between both external and internal stakeholders, nuancing their positions towards the issue and their linkage with the company. Companies do not have on their payrolls monolithic blocks of "employees" (Rawlins 2006; BSR 2011). On the contrary, within the same company, groups of employees can have very different viewpoints on social issues due, for instance, to their socio-demographic make-up. Similar to the value congruence exercise, the identification of the stakeholder perceptions of an issue involves ranking. The exception here is that it is not the Executive Committee members who deliver the input, but a sample of stakeholders (more about that later).

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2   The research probed the reception of CEO activism. I have taken the liberty, when discussing the findings, of using "companies" and "CEOs" interchangeably. I have no reason to believe that if you would change the CEO by his or her company, you would receive significantly different answers.

3   The examples referenced in this article could make one believe that corporate activism is by definition progressive activism, but this does not have to be the case. One example of conservative activism is the stance taken in recent years by fast food restaurant chain Chick-Fil-A in favor of traditional (as in: not same-sex) families.

The scale I suggest to be used in this case is from -10 to +10 (to allow for a more granular measurement than a 7 point scale), where -10 means complete opposition to the issue and +10 signifies total alignment. Of course, other Likert scales measures can be used.

Stakeholder group	Expected change in behavior toward the company caused by the position on the issue (-10 to +10 scale)
Programmers (internal)	+5
Administrative staff (internal)	-1
Prospects and clients (external)	+5
Vendors (external)	+1
Policy makers (external)	+0
Partners (external)	+1
Prospective employees (external)	+2
Average change in behavior	+ 1.86
VCI change value	0.2

Table 2: Projections of behavioral change of stakeholders of a Texas based IT company vehemently opposing a restrictive bathroom bill for transgender personnel in discussion by Texas state legislator.

Table 2 shows that there would be substantial gains with prospects, clients and programmers, while a limited optimized differentiation would be expected with other stakeholder groups. The results featured in the table also suggest that supporting the issue would incur a very limited cost with stakeholders who are opposing the cause. Finally there is very high VCI (Vision, Culture, Image) alignment as measurement by the VCI change value.

Some clarifications on how I worked all of this out:

This brief case study sheds lights on different aspects that should be discussed by scholars and communicators.

» I have kept things simple here by NOT WEIGHING the different stakeholder groups.

» I HAVE NOT ARTICULATED (but could have) additional rules such as one that says that the cause needs to be scrapped altogether if for one single important stakeholder group the score ends up being less than -5 for example (this situation did not present itself here).

» The VCI change value is a score I introduced to show us the difference between the average expected behavioral changes with the external and internal stakeholder groups as a whole (THIS LEAVES ASIDE the Executive Committee who informs the Vision; they are de facto aligned with the cause).

» The average change for the internal stakeholders is +2, for the external stakeholders it is +1.8, giving us a difference (VCI change value) of 0.2.

» I decided to use averages here and not median scores to allow outliers to weigh in. Also, it goes without saying that the questions that are going to be used to measure the behavioral change will be different for most stakeholder groups as they will aim to measure exactly how the company wants stakeholders to behave in order for them to help advance company goals. You want to know whether a customer will still buy from you, an employee will still be committed to work for you, etc.

The two tables shared earlier might create the impression that it is my aim to create formulas on an Excel sheet which would then decide for any company how it should approach its corporate activism. This is by far NOT my intention. I do however advocate for an approach that if not "data driven" is at least "data informed." I believe it is up to the leadership of any company to make the decisions that matter and it is the responsibility of the Corporate Communications function to facilitate this decision making process by inter alia helping to interpret and contextualize the data.

Finally, I recommend that companies probe a sample of stakeholders so that leadership does not need to guesstimate their projected behavioral responses.[4] Ideally, resources are available enabling the use of both qualitative and quantitative insights, where the latter would help confirm the insights of the first. For smaller companies with smaller stakeholder groups, the qualitative approach might be sufficient.

Setting objectives

There is a difference between assessing risks and setting actual objectives. The brand alignment measurement is first and foremost a risk assessment. The measurement of expected behavioral change assessment covered earlier is also a risk assessment, although it also opens the door to understanding the very tangible gains that the company could seek to acquire.

Consider this: Management wants to act on a cause. This cause is aligned with the purpose or at least the values of the company. The company is seen as credible enough to advocate for the cause. It is expected that brand alignment will not be impacted negatively. Furthermore, it is expected that a net gain in terms of behavioral changes will be acquired. In order to be able to measure whether you managed to differentiate yourself successfully, you will have to have set objectives at the start. This brings me to the last question of the workflow that I present here:

Have SMART objectives been set?

A change of behavior should always be what the company has envisioned to accomplish with at least one stakeholder group. This makes sense considering that the rationale behind corporate activism is accomplishing reputational, relational, financial or other gains through improved differentiation.

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4   I did not advocate the probing of internal and external stakeholders when it came earlier to comparing the proposed cause to rally behind with the values or the purpose of the company for the reason that I expect companies to have consulted internal and external stakeholders at the moment they defined their values and their purpose.

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Five questions to consider
before embracing corporate
activism

In some cases, there might also be a focus that is external to the behavior of key stakeholders. A company could actually aim to contribute to a lobbying effort aimed at changing legislation.[5] Here, the measurement of success would be whether the law is changed or not.

Considering recent examples of corporate activism in the US, It is not always clear which objectives underpinned these approaches, most such information being not publicly available. It could also be that objectives have simply not been set.

Let's take the example of Dove (a Unilever brand) that recently launched a campaign advocating for the introduction of parental leave in the United States. I am personally skeptical that such a policy change will be seen in the US in my lifetime, which is why I am more inclined to believe that the ultimate objective Dove had was to increase sales.

Let's take another example. In 2018, after the Parkland, Florida school shooting, the CEO of Dick's Sporting Goods, a sports retail company based in Pennsylvania, called for a series of policy measures (among which the banning of assault-style firearms). Following this, the company decided to cut down on firearms sales by no longer selling guns to customers under the age of 21 (McGregor 2018). This latter decision has made hunters and gun enthusiasts leave the chain for competitors leaving Dick's "not benefiting from an upswing in trade among those who agree with its gun policy" (Garcia 2019). So what exactly was Dick's trying to accomplish then? If Garcia is right that the goal was to curry favor with a sufficiently large group of clients and prospects who would appreciate the policy change, then it seems that some important projections of stakeholder behaviors were off.

Whatever objectives companies set, they should strive to be SMART: Specific, Measurable, Attainable, Relevant and Time-bound. Companies that set SMART objectives and measure their achievements towards those objectives are able to evaluate the outcome of their decisions objectively, copy successes and learn from any faux pas. Of course, measurement should not only happen at the end of the cycle but during the entire process. A company with an agile approach to corporate communications listens closely and constantly to how disparate stakeholder groups respond to its corporate activism in order to be able to amend execution where and when needed.

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5   I am not aiming to convey that politicians cannot be important stakeholders to a company, but simply that in the case of corporate activism the political target can find itself serving a differentiation goal that ultimately does not revolve around political outcomes. The Dove case that follows illustrates such instance.

This article has listed five important questions that companies should ideally answer positively, in the order given, should they wish to embark on a corporate activism journey:

1. Is the cause congruent with the company purpose or in the absence of one, corporate values?

2. Is the company a credible enough advocate for the cause?

3. Does advocating for the cause promote or at least not harm brand alignment between top management, employees and customers?

4. Do the projected behavioral gains with one or more stakeholder groups outweigh potential losses with one or more other stakeholder groups?

5. Have SMART objectives been set?

Jo Detavernier

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Navigating the age of activism*

by Mike Klein

It has long been said that "business and politics" don't mix.

That's a truism that I never have believed in and one that hasn't been true for a long time. But recent developments, like the #WayfairWalkout of employees opposing online retailer Wayfair's willingness to sell furniture to migrant detention camps in the US, the refusal of Italian dockworkers to load a Yemen-bound ship with arms, and the launch of Wetherspoons Workers Against Brexit in direct opposition to the political proclivities of its owner in the UK, have left it fully by the wayside. Instead, heightened attention to the willingness of employees to publicly challenge their employers on political grounds has become a hot topic in many countries.

It's not just employees.

Corporations themselves have become bolder, louder and more ambitious, like numerous Fortune 500 companies touting LGBTQ+-friendly hiring and diversity policies and supporting climate change initiatives, and banks and other institutions adjusting investment policies to head off political pressure from certain stakeholders. This goes beyond the traditional US practice of spending corporate dollars on contributions to political campaigns of varying tolerability to their employees.

Either situation has the potential to lead to a disconnect, or, even a clash, between employees and employers.

Communication professionals need to be prepared. We need to be able to identify the potential for conflict, to understand the internal dynamics involved. and, where possible, to engage with both sides in a way that creates a new mutual understanding, or at least minimizes the potential for organizational, cultural or reputational damage.

Watching out for disconnects

The first constructive role of an internal communicator in an activist environment is to constantly be on the watch for disconnects that could spark and drive activist behaviour and be aware of their implications. Some examples:

1. *Does company action/inaction contravene stated company purpose, values, principles?*

   Companies put much effort into formulating and circulating language around values, principles and, in many cases, organizational purpose.

Employee activists may oppose company actions because they violate employee-held values, which can make them problematic culturally or in the public domain.

But when these actions can be seen to conflict with the company's own stated principles, they can spark a much bigger problem. The actual issue can then morph into a questioning of the legitimacy of the organization's leaders or even of the organization's continued existence. The employee activists can ultimately emerge into the position of being the "organizational conscience".

2. *Does company action/inaction threaten the constructive support of employees in the marketplace?*

Even if management is "within its rights" to take action from a purpose/ values/principles perspective, there is a sense of whether overruling the will of a large number of employees will diminish employee enthusiasm for the brand in the marketplace.

In sectors where talent is at a premium or where many interactions with the brand are made through employees - be they brand-intensive retailers or business-to-business players heavily dependent on personal commercial relationships - a loss of enthusiasm among a "defeated" workforce could be more costly than the gain to be made through a controversial stance or decision.

3. *Could the impact of employee activism disproportionately harm the company relative to the gain to come from influencing a change in corporate action/inaction?*

When I first heard about the #WayfairWalkout, my first response was to be impressed both by the action and by the sense that employee activism - something I've predicted for years - was finally happening.

But after a short moment recalling the division in the workforce created by the teachers' strikes I saw take place as a child near Chicago, I realized that the cultural damage to Wayfair could be severe.

A principle-led walkout, for instance, instantly creates two tribes - those who walked and those who didn't. As fortunes turn for Wayfair, there is considerable likelihood that these two tribes could deepen in animosity, potentially becoming unable to work with each other, and with those who didn't walk blaming those who had for deteriorating performance and working conditions, and those who did walk blaming the management for a dismissive and patronizing response which went public.

We obviously don't know at this stage what the long-term fallout will be for Wayfair and its employees.

From where I sit, it doesn't appear either side gave any consideration to the long-term organizational impact of the #WayfairWalkout. Internal

communicators, as those who understand internal dynamics best, have much to add to counsel both sides in order to avoid unnecessary cultural and operational damage.

4. *Are company leaders willing or unwilling to discuss with employee activists? Do they have a record of responding appropriately to feedback?*

Organizations that have a track record of collecting a lot of feedback and not acting on it, and those with weak or declining employee engagement scores come into this "age of activism" at a disadvantage, as employee activists will likely to initiate such activities without any expectation of meaningful or constructive engagement with leadership. Communication professionals can play a critical role in ensuring that leaders respond with higher-than-expected agreeability, or at the very least, a meaningful dialogue that addresses some if not all concerns and leaves open a framework for further discussion.

Alternatively, if the leadership wishes to push back the activist initiative, IC pros can ensure the responses are as grounded in organizational values and principles as they can be. Above all they can make sure that the CEO or at least one key individual takes ownership of the response.

Opportunities to improve the situation

As communication professionals with an understanding of the internal dynamic - the dynamic between followers, leaders, tribes and generations in a workplace - internal communication pros are well positioned to improve the situation, either by helping to neutralize the dispute before is becomes a public cause celebre, or at least by making sure both sides are well informed about the business context and the longer-term organizational implications of going ahead with actions that are commercially or operationally disruptive.

Context setter/sense maker

Corporate and employee activism rarely arises out of nowhere. Instead, it tends to arise out of two things - a desire to publicly support changes in public policy, and a desire for the organization to take a specific action in the hopes it will help accelerate the desired public policy changes. Each element of this story warrants discussion and examination, along with the views expressed by those on both sides, and needs to be put into the context of the organization's stated values/purpose/mission and of its internal change journey.

Pulse taker/monitor/heat mapper

Many internal communicators have the ability to test organizational opinion, either through qualitative or quantitative means. When organizations or employees begin to move into activism mode, internal research to assess the popularity of such moves and to map the intensity of opinion could bring real data to the table that could clarify or slow down the path to action.

Organizational citizen

More so than any other role in an organization, the role of an internal

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communication pro is driven by the need to support the best interests of the organization, rather than any individual leader or manager. It may not always feel that way, given the intensity of the relationship with one's line manager. But taking the perspective of an "organizational citizen" who recognizes that the organization succeeds when all of its stakeholders are satisfied to a sustainable extent can allow the IC pro to:

Help support educated decisions - especially about risks of action and inaction

In the age of the internet, internal social movements like #WayfairWalkout can arise and emerge in moments. But the cultural and operational implications can be far deeper - and must be acknowledged consciously

Minimize gratuitous damage and excessive grandstanding

The potential for these issues becoming about winning, losing and score-settling is substantial. A defiant, dismissive or triumphalist tone of a quickly written message could sting for years or provoke unneeded attrition or negative word of mouth. It might not be possible to please everyone, but one must remember that it is entirely possible to piss everyone off.

Focus on resilience and reconciliation

Whatever decisions are ultimately made, they will have organizational repercussions. It is crucial for a communications pro in this situation to be able to assess the implications honestly, in terms of leadership credibility, operational integrity, and cultural resilience.

Saying "the decision is made and we don't ever want to hear about this again" doesn't mean the action will be forgotten and life will "return to normal", only that the organization doesn't have any desire to acknowledge the crisis and heal from it.

Divisive, polarizing actions fundamentally change the ways organizations communicate, engage and organize. Recovering from them requires hard work and honest, interactive conversations. Fortunately, that's well in the "sweet spot" of good communication pros.

Stand for your own credibility

At the core of a communication professional's ability to contribute in an activism situation is one's personal and professional credibility. As I've written before, the loyalty of a communication pro is to their organization and its values, purpose and objectives, not just to management, and not just to employees. It's about helping the organization move in the agreed direction, and supporting everyone in working together along the way.

Remembering this is critical to your own credibility. Your head and your heart may want to choose sides. My advice: choose the side of principles, purpose and values, and make it clear when management or employees are out of line, especially if you find yourself having to compromise when the crunch comes.

Your role will be at least as important after the action takes place, so long as you are true to your mission.

The most important thing: be prepared. An activism situation may seem to arise suddenly, but it is still possible to prepare for one and perhaps even anticipate it.

Be prepared

Take the time to learn as much as possible about crisis management, your organization's public affairs and sustainability agendas, and brush up on your change management fundamentals. Make the effort to get an understanding of the social, political and labor-relations dynamics of your major markets and the extent to which your organization is engaged in more controversial markets. Look for any inconsistencies between values, practices and actions. And, be sure you have the necessary external expertise available in case things develop into a crisis. These are things which will complement your understanding of internal dynamics and put you in a position to make a positive difference as the "age of Activism" evolves in various ways in different parts of the world.

Mike Klein

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Public value for all*

by Virginie Coulloudon

A new, all-inclusive approach to corporate activism puts public value at its heart, with society and the environment accepted as active stakeholders of any corporation. It's time to join the sustainability revolution.

Imagine a world, where everything we buy is produced without any unfair treatment. A world, where consumerism no longer destroys our planet; where business is driven by what the public values and where business addresses the needs of society and the environment; and where transparent and inclusive business practice leads to growth.

This is not science fiction. The call for public value is growing around the world. All of us, citizens and consumers, experience the increasingly damaging effects of climate change and over-exploitation of resources. And some of us have started to take action.

The 2018 Edelman Earned Brand study shows that a large majority of consumers around the world say they now either buy or boycott a brand because of its position on a social or political issue. Such behaviour, the report says, is a staggering increase of 13 points from last year. Belief-driven buyers are now the majority across markets, including the US, Japan, the UK, and Germany. This trend comes across all age groups and income levels.[1]

Such belief-driven attitudes can be found in other instances. In France, over 12000 students recently committed to refuse any job in one of the multinationals whose impact is considered predatory for the environment and society.[2]

The students wrote in their manifesto:

> *"Today, we can all choose between either perpetuating the destructive trajectory of our societies, being satisfied with the commitment of a minority of people and awaiting consequences; or collectively deciding to embrace a social and environmental mission in our daily lives and our businesses, and by so doing bringing change and avoiding any dead-end".[3]*

The sustainability revolution

Today, corporate social responsibility is a given in all multinational corporations, but ethical business has only become central to corporate strategies in around eight percent of them.4 In these companies, addressing the needs of society and the environment is considered a priority, a way to generate growth and remain

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1   https://www.edelman.com/earned-brand
2   https://www.edelman.com/earned-brand
3   https://pour-un-reveil-ecologique.fr/index.php
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sustainable. This trend started in the aftermath of the 2008 financial crisis. Some CEOs, such as Unilever's Paul Polman or Danone's Emmanuel Faber, understood the dangers of short-term thinking in business strategies. They foresaw that putting the interests of others ahead of their own would be in their self-interest.

Ten years later, external pressure often forces companies to transform. In October 2018, following an Oxfam campaign denouncing a lack of transparency in their supply chains, Aldi announced their intention to appoint a senior international director responsible for human and labour rights and to publish an international human rights policy. Oxfam had singled out Aldi for not having any senior executive in charge of human rights in their supply chains, and not having made any explicit commitments to the UN Guiding Principles and Human Rights.

"Brands are now being pushed to go beyond their classic business interests to become advocates", Edelmann writes in its report. It is now a fact that companies and consumers have developed a new kind of relationship based on the brands' willingness to live their values and act with a purpose that resonates in their ecosystem.

When the United Nations launched the Sustainable Development Goals (SDGs) three years ago, it became clear that the global challenges they were defining – ranging from climate, water and food crises, to poverty, conflict, corruption, and inequality – were in need of solutions that only the private sector could deliver. These challenges represent a growing market for business innovation, and the figures speak for themselves: the UN Global Compact leadership initiative argues that SDG-related market opportunities could be worth at least $12 trillion a year in revenue and savings by 2030. Its forecast breaks this down into $1.8 trillion in the field of health and wellbeing, $2.3 trillion in food and agriculture, $3.7 trillion in cities and urban mobility, and $4.3 trillion in energy and materials.

Public value considers both society and the environment as active stakeholders of any corporation and offers an all-inclusive approach of value creation for the benefit of society. With this approach, companies are not seen as being 'good' or 'bad' and there is no longer any blaming and shaming. Instead, collaboration among all stakeholders, dialogue and mutual understanding help find appropriate solutions.

> *"Public value considers both society and the environment as active stakeholders of any corporation."*

What does public value mean to you?

Ahead of our Berlin Public Value Lab last September, we reached out to experts in large and medium companies, consulting firms, research institutions and NGOs and asked them what public value meant to them. We received over a hundred answers to our qualitative survey and the results were quite unexpected.

Although literature on public value is vast, the results of our survey show confusion over the concept of public value creation in the corporate sector. Answers to our first question: "What does Public Value mean to you?" point to either an emotional, value-based dimension or to a very concrete and tangible space, where proposed solutions are tested and impact future generations.

In the tangible space of public value, the words that came most often were "impact", "positive effect", "KPIs" and "impactful". Repeatedly, respondents saw that addressing the needs of society and the environment should be seen as potential growth opportunities. They articulated a long-term perspective that could increase the credibility of their organisation or corporation.

One word regularly appeared in respondents' answers: for many, public value is about the "common use of best value", the "common good" or the "shared commons". In the emotional space of public value, respondents see public value as being "positive" and "benefiting society". In a context of fake news, marketing techniques are no longer enough to inform corporations of what their stakeholders expect from them. Here, both inclusiveness and a multi-stakeholder approach are key in the mind of respondents.

In all cases, respondents acknowledged the new emotional dimension of business and its impact on their own life, on their community and nature. They agreed that successful companies are those able to bridge emotions and solutions. That is exactly what

CSR has been doing for the past 10 years. To build trust, however, it appears that transparency is no longer enough. Companies now need to include participation and a multi-stakeholder approach in their corporate strategy.

Public value and growth opportunity

How can companies implement genuine dialogue with their ecosystem and reach mutual understanding with their customers without being seen as trying to green-wash their brand?

An interesting example came from France last year. France is a country where milk and cheese are essential, not only key to nutrition and gastronomy, but also a symbol of France's national pride. The milk industry in France has a turnover of almost 30 billion EUR per year. With over 56,000 employees, it is the second biggest food-related industrial sector after meat processing. Milk producers, however, do not experience any of this pride, as the situation has become tragic: in France, one farmer commits suicide every other day.

"C'est qui le Patron?" [Who's the Boss?] is a new initiative that quickly became successful, while breaking all traditional marketing rules.[4] Its initiators call themselves a "useful brand that gives meaning to consumption" and offer only healthy and responsible products, even if they are more expensive than similar products. Their competitive advantage is not on production costs, but on "doing good". Over a year after their creation, success is here: consumers increasingly prefer to pay up to 30 cents more a litre of milk so that farmers are decently paid.

To ensure the success of their marketing, prior commitment by consumers is essential. "C'est qui le Patron?" ask customers to fill a questionnaire on their website before the launch of any product. Once validated, products are manufactured by partner organisations sharing identical values and embracing the sustainable and responsible specifications selected by consumers. Advertising costs are replaced

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4   https://lamarqueduconsommateur.com

by a network communication that makes significant savings on the selling price.

In their world, network communication, sustainability and empathy are key, the keys to the new world we have imagined and now want to build together.

Sharing knowledge via our respective networks, relying on empathy to understand what works and what does not – we know these are successful features of activism. As the new business initiatives show us, corporate activism can also be a useful approach. It is now up to each citizen and consumer – to each one of us – to decide whether we want to be active in shaping the world we want to live in.

Dr. Virginie Coulloudon

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Dr. Virginie Coulloudon is the executive director of Your Public Value, a Berlin-based NGO focusing on business ethics and developing dialogue between business and society through Public Value Labs. Previously, she was group director for external relations at Transparency International, spokesperson of the Organisation for Security and Co-operation in Europe, and head of communications, Europe, at Radio Free Europe/Radio Liberty. A former investigative journalist and permanent correspondent in Moscow, she then was research director at the Harvard Davis Center for Russian Studies.

Do the right thing*

by Thomas Stoeckle

In an age of disinformation and filter bubbles, navigating a fragmented and disrupted media landscape requires, more than ever before, a finely tuned moral compass. So where does that leave the ethical communicator?

The birth of public relations was dominated by Edward Bernays and Ivy Lee – often referred to as the fathers of PR. Bernays saw the PR practitioner as having a distinct social purpose: "The conscious and intelligent manipulation of the organised habits and opinions of the masses is an important element in a democratic society" (in Propaganda, 1928). However, it was Lee, rather than Bernays, who introduced ethics to public relations with his 1906 Declaration of Principles to distinguish his practice from advertising: "...to supply the press and public of the United States prompt and accurate information concerning subjects which it is of value and interest to the public to know about."

In modern times, several organisations, such as the European Association of Communication Directors and the Arthur W. Page Society, promote principles and guidelines on standards for public relations and corporate communications. However, 'ethical PR' is a phrase many see as an oxymoron. A practice that never really managed to shake off its close ties with propaganda surely can't claim to be ethical at its core? Preparing a course on PR, Ethics and Professional Responsibility for the University of Florida College of Journalism and Communications this winter semester made me reflect on the ethical challenges and dilemmas – some new, some not so – that surround and pervade the field of public relations.

Where we are today

First, there is the question whether or not PR is actually a profession, with formal standards of professionalism – such as law, accountancy, medicine or architecture. Unlike professions that require formal certification, a young practitioner can join a PR firm with, say, a history or a biology degree and with no practical experience. No formal and controlled barriers to entry exist, no professional qualifications and conversion into practice. There are, however, attempts to establish continual professional development, the operation within an ethical framework and a code of conduct, an open exchange between research and practice, and a sharing of knowledge.

Then there is PR's problem with its own PR: the perception that this is a discipline struggling to adhere to its own professional and ethical standards. Recent examples of malpractice, such as the shutting down of two British communication firms, Bell Pottinger in 2017 and Cambridge Analytica in 2018, as a result of unethical behaviour has only added to an already murky reputation.

There is a sense that old school Anglo-Saxon PR has always been and will always be a bit rough around the edges. Sir Tim Bell, founder of Bell Pottinger and formerly Margaret Thatcher's spin doctor and campaign strategist, is known for the statement "Morality is a job for priests, not PR men".

Third, there is the sense that trust in institutions by stakeholders and citizens is shrinking, and that public relations and communication – rather than fostering trusted relationships between organisations and their publics – are contributing to the continued erosion. When PR is about building and maintaining relationships, and truth is the key to successful trusting relationships: then it becomes clear why the public erosion of trust in an age of post-truth is so problematic and so dangerous for the PR and communication function (I recommend the Edelman Trust Barometer, and various recent contributions by Edelman CEO and industry thought-leader Richard Edelman, for further reading).

And lastly, there are ethical considerations arising from the rapid and disruptive innovation cycles in information technology and social media, from the privacy rights of users to the consequences of filter bubbles and the promises of psychographic microtargeting of highly segmented publics.

So the need for ethics is immediate, and hands-on. Ethics is not a collection of abstract statements, to be framed and hung on a wall. Ethics is everyday practice, small decisions adding up to larger decisions, adding up to an organisation's character. In a market starved for talent, young practitioners seek out organisations that align with their own values and principles. Stakeholders and shareholders increasingly care about values and hold companies to account for their products and services.

In her textbook Ethics in Public Relations, Patricia Parsons describes applied ethics as the ability to draw a black line through a grey area. As a practitioner, when faced with an ethical dilemma, how do you make your decision? Where do you draw the line?

The challenges are manifold, to do with a practitioner's accountability, duties and loyalties. For example, the duty and loyalty to their company or client (what happens if my morals come in conflict with professional duties?). Or to their professional field: what are the agreed standards of practice? Then there is the area of social responsibility: the duty to society, to the public interest, to do no harm.

Most important, though, is a practitioner's duty to themselves. It starts with our own norms and values, our own moral compass. The better we know our moral selves, the better we will become in ethical decision making personally and professionally. An ethical business is ultimately a collection of moral individuals. And as individuals, we learn to juggle our loyalties when faced with difficult decisions and dilemmas: do we take the well-paid job in spite of the company's poor public image? Are we prepared to promote products that can cause harm to consumers? And what about defending 'alternative facts' on behalf of our client?

Ethical decision-making comes down to three basic steps: one, moral awareness, that is recognising the existence of an ethical dilemma; two, moral judgement, i.e. deciding what is right and wrong; and three, ethical behaviour: taking action to

do the right thing. This is where professional codes help. They are a contract with society, rather than an instruction manual.

Harvard ethics professor Ralph Potter's four step process, known as the Potter Box, is an established framework to make ethical decisions. It starts by establishing facts – define the situation you're in. Then it looks at values – do they differ among stakeholders and potentially affected parties? Next is the application of principles. For example, do we take a utilitarian or consequentialist approach which considers potential outcomes first, or are we bound by duty ethics where rules and processes are the main consideration? The final step in the Potter Box relates to loyalties, where the practitioner is back to juggling the loyalties to self, company or client, profession and society. In every single case, then, a conscious ethical decision comes down to that black line that we draw through an area of grey – and under which circumstances we are prepared to moved it. Education and training – on personal and on professional level – are central to ethical decision-making. In an industry (re)establishing itself in a world in flux, ethical standards are also constantly being revisited, revaluated and redefined by professional bodies worldwide. The new Global Capabilities Framework by the Global Alliance for Public Relations and Communication Management, is the latest overview of required knowledge, skills, attitudes and behaviours for public relations practitioners. One of the main capabilities: "To work within an ethical framework on behalf of the organisation, in line with professional and societal expectations."

Where to from here?

As Professor Ana Adi writes, our VUCA world demands new approaches, both in education, and practice. Institutions leading the way will focus on models of networked collaboration and values-based choices, where accountability, reliability, transparency, fairness and flexibility are handled in a more self-organised way, and the role of trusted advisor and consultant to the organisation becomes the key function.

However, theory must prove itself in practice. In his now infamous BBC Newsnight interview about Bell Pottinger's deal with the Guptas in South Africa, Lord Bell explained how he attended a critical meeting as a "father figure", as these meetings always needed to have someone senior in them. That approach leaves little scope for less senior corporate communicators to make the right decision, based on an ethical framework, in situations they feel uncomfortable with.

Ethical thinking and doing in organisations start with leadership. In a 2014 article on ethical leadership for the Institute of Public Relations, Dr. Rita Linjuan Men describes leadership as "a nestedinfluenceinanorganisationthataffects organisational culture, structures, communication climates, systems, and the attitudes and behaviors of employees."

She goes on to define the seven traits of ethical leaders:

» **Be fair.** Treat employees fairly, don't practice favoritism, and don't hold employees accountable for things they shouldn't be responsible for.

» **Empower employees.** Give opportunities for employees to join in organisational decision-making and to express their opinions, concerns, and feelings.

» **Clarify roles.** Be crystal clear about what you expect from employees, including their performance levels, responsibilities, and boundaries.

» **Genuinely care.** Show respect, support, care, understanding, and compassion. Make employees feel included and appreciated.

» **Be accountable.** Always deliver on what youpromise, be consistent in what you say and do, and be accountable for your words and actions.

» **Give ethical guidance.** Lead by example, explain ethical standards clearly, and promote and reward ethical conduct among employees.

» **Be environmental-friendly.** Pay attention to sustainability issues, consider the effect of your actions beyond yourself or the interests of the organisation, and care for the welfare of the society.

Without leaders walking the talk of ethical practice, practitioners cannot be expected to up their games in ethical terms. However, leadership doesn't just mean 'C-suite'. Leadership happens on all levels of organisations, and the seven traits apply everywhere. Taking responsibility for one's actions is the first step.

Richard Edelman made a strong point in a keynote speech at USC Annenberg in May this year, when he called for highly established and publicly stated ethical standards. Such standards, whether they are called Page or Global Principles, code of conduct or code of ethics, will put the discipline – if not profession – of public relations in a good position for its practitioners to thrive with ethical focus in an ever-challenging, ever-changing environment

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