

Corporate Social Responsibility in the Digital Age



Why did Nike challenge the pre-conceived wisdom of Corporate Social Responsibility (CSR) by engaging politically and resisting the government?

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Abstract

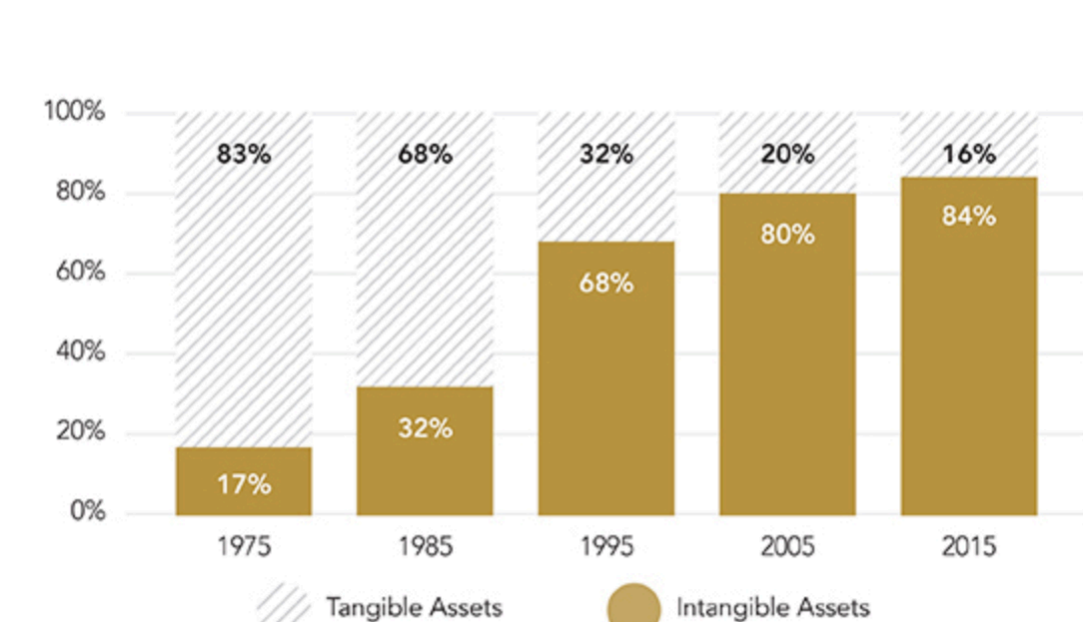
In 2018, Nike Inc. and Colin Kaepernick released the viral ad “Believe in something. Even if it means sacrificing everything.” Within hours, the ad went viral because of its support of a seemingly unpatriotic act, kneeling for the National Anthem. The ad angered some while drawing praise from many others. This act marked an inflection point in the conventional wisdom of Corporate Social Responsibility (CSR). Historically, firms steered away from engaging in highly controversial political issues. However, today, because of the deterioration of political leadership due to party polarization, corporations are expected to fill the void. Three influencing factors to this new corporate behavior are, 1) the increased value and fragility of a firm's reputation, 2) the increased availability of information at lightning speeds, and 3) consumers now expect corporations to engage in political issues at a much greater rate than traditionally expected by consumers. Using these influences, a new definition of CSR will better describe corporate behavior in the digital age, in which more knowledgeable consumers require political action from major corporations. This new definition will, not only, act as a guide to corporations as they begin to engage in political discourse, it will also act as a warning to government actors as corporations continue to resist their lead and side with the public.

Influences to a New Model

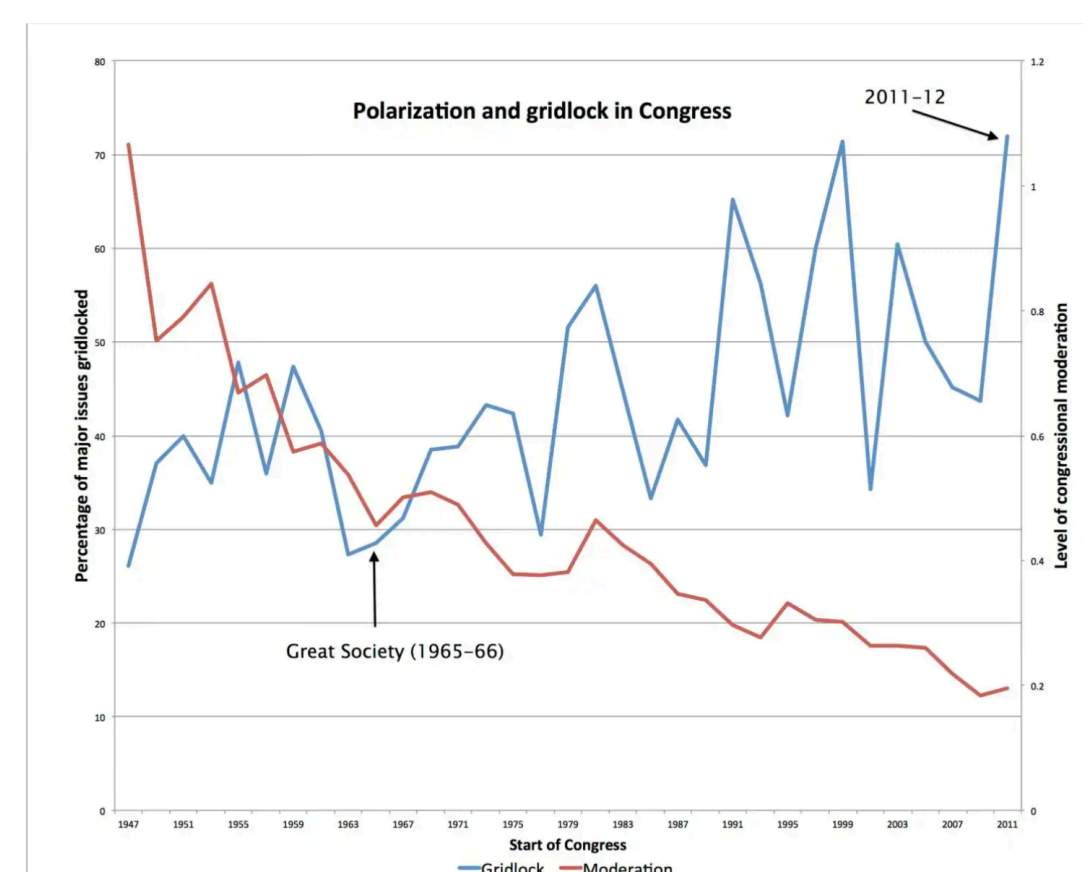
1. Political Polarization has led to a society that is more ideologically separated than ever before.

2. The increased value being placed in a firm's reputation.

COMPONENTS of S&P 500 MARKET VALUE



SOURCE: INTANGIBLE ASSET MARKET VALUE STUDY 2017



3. Today, consumers are exposed to more information than ever before at lightning fast speeds.

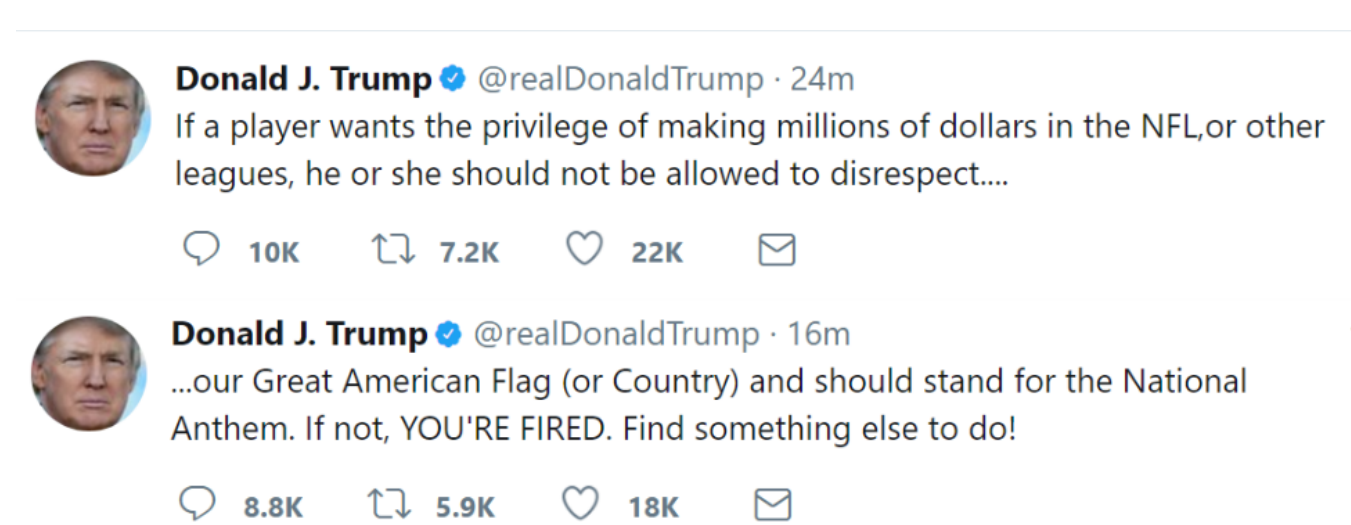
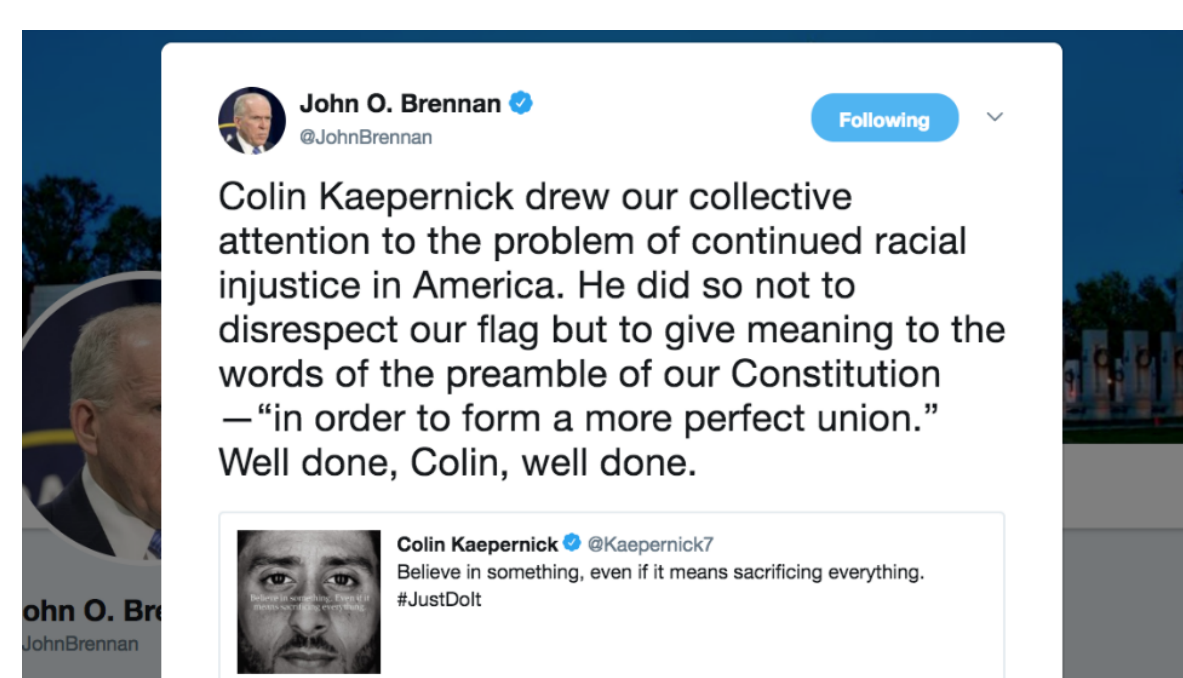
4. Consumers expect firms to politicize and pick a side in the Digital Age.



The Kaepernick Case

August 26, 2016, during a pre-season game, Colin Kaepernick, a promising, young, star NFL quarterback for the San Francisco 49ers, sat during the National Anthem. Chaos ensued. He told the media he would not “stand up to show pride in a flag for a country that oppresses black people and people of color” and within weeks, other athletes such as Megan Rapinoe and Eric Reid followed Kaepernick's lead and began to kneel for the National Anthem. As the saga continued, Kaepernick became a lightning rod of political controversy.

Two years later, in a support of Kaepernick, Nike released the ad, “Believe in something. Even if it means sacrificing everything.” Much like the initial reactions to Kaepernick's protest, reactions were varied from praise to anger and little in between.



A New Definition

Corporations not only have the responsibility to be voluntary activists for environmental sustainability, social issues, economic fairness, and stakeholder transparency, they must also engage in political rhetoric and motivate change desired by their consumers.

Counter Arguments

There are many arguments that reject increased corporate engagement in the modern era...

1. Is Nike really a socially responsible company?
2. Nike commodified activism when Nike took advantage of Kaepernick's message and profited immensely from the ad campaign (\$6 billion according to Vox).
3. By targeting their consumer base and alienating communities that are not primary consumers of a firm, the firm will effectively increase polarization in society.

What's so Wrong with a Win-Win?

What's so wrong with a win-win? Incorporating new, innovative approaches to corporate social responsibility, Multi-National Corporations profit and do good at the same time. Hemal Jhaveri, a writer for USA Today argues that blending activism with capitalism threatens the legitimacy of true activism. If capitalistic systems embrace the modern brand of activism which lives online, in ad campaigns distributed through social media outlets, instead of conducting risky, complicated protests, consumers can engage in activism through simply liking or sharing a post on Facebook. Furthermore, as firms blend their brands with activism and social issues, the firm commercializes that issue. This is a dangerous precedent, according to Jhaveri, but why? According to Vox, as of September of 2018, Nike profited approximately \$6 billion from the ad. In doing so, they brought issues of racial injustice and political inaction to the forefront of American society, a seemingly win-win scenario.