Critical Race Theory & Brand Activism

An In-Depth Analysis of Corporate Response to the Black Lives Matter Movement

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1. Introduction

On May 26, 2020, individuals around the world bore witness to a series of protests after a Black man, George Floyd was murdered by police officers. Millions of messages and images were shared on social media, individuals took to the streets across the country, and hundreds of companies issued statements in support of the Black Lives Matter movement. Although Americans had been down this path previously, this moment seemed to take on an increased fervor, urgency, and magnitude. White Americans joined the protests in numbers not previously witnessed (Harmon & Tavernise 2020) and companies issued swift statements both condemning the killing and pledging to be part of a "race solution" (Harmon & Tavernise 2020). Of particular interest in this work is the role of firms at this critical juncture.

Broadly and prior to this moment, there was increasing interest in brand activism in the United States as more brands engage with social justice issues ranging from environmental conservation to immigrant rights to voting behaviors and racial equality. There is a sense that this activism helps brands reinforce their identity, engage more deeply with targeted customer groups, and garner publicity (Shetty, Vekataramaiah, and Anand 2019). However, the reality is brands are highly visible cultural symbols backed by powerful institutions that shape cultural norms and roles. Thus, brand activism when positioned within the broader context of racial understanding and reckoning, likely impacts social structures and individual perceptions through cultural power and symbolism (Knight 2020). Hence the impact of brand activism is more than increased customer engagement and relevance which benefits the brand, it also affects society as companies seek to both better understand and respond to race. Critical Race Theory (CRT), provides one lens for building context and helping firms examine the complex structures embedded in race, racism and power (Delgado and Stefanic, 2017). This idea and theory are examined in the first section of the paper and used to create context for brand activist activities related to race and other social justice issues.

However, brands can face backlash when they engage with more politically charged activism or risk alienation if the actions are deemed insufficient, hypocritical, or in contrast with the target audience's beliefs. In 2015, Starbucks #Racetogether campaign was designed to spark discussion on race relations through barista conversations, yet it was quickly met with twitter backlash as many saw it as hollow and inauthentic. While in 2018, NIKE used the face of Colin

Kapernick and told the world to "Believe in something, Even if it means sacrificing everything." Although the company received over 80 million views on Twitter, YouTube and Instagram in the month following the release of the campaign, some users posted videos burning their Nike shoes and apparel, while others applauded the company for taking a stand against the NFL, the President of the United States, and supporting civil rights. Additionally, Dick's Sporting Goods advocates for gun control, Hobby Lobby supports limits on birth control, and Chick Fil A advocates an anti-LGBTQ perspective. These cases illustrate the complexity of the new face of brand activism, one where companies and brands are increasingly expected to support controversial causes and take a stand. The importance of this issue is clear from the increasing attention it is getting in popular press as well as the Marketing Science Institute's identification of brand activism as a critical emerging issue in 2016 (Marketing Science Institute). The Corporate Social Responsibility (CSR) literature helps to build the more firm-related context necessary for studying this issue, while work on hypocrisy and messaging strategy provide a more theoretical framework for the subsequent analysis and model development. These issues are addressed within the broad frame of CRT and linked to both internal and external messaging and actions of firms.

This paper seeks to better understand this new activism through depth case studies situating corporate actions in the context in which they occur. This work focuses on issues related to racial justice and the BLM movement, however, the theory and subsequent model can be applied more broadly to other social justice issues. More specifically, we examine the impact of two relevant dimensions: 1) symbolic and substantive actions, and 2) proactive and reactive behaviors. It is important to understand that brand activism is a both a catalyst and response to the social and cultural environment, particularly as it relates to broad social movements and Millennial and Gen Z consumers. This work is organized as follows: *Contextual Reference* section with review of Critical Race Theory and contemporary social movements; *Theoretical Foundation* section with a review of relevant CSR, brand advocacy and hypocrisy literature; *Methodology* section with an overview of the case selection process and specific cases, *Analysis and Results* section with the specific case analysis, *Model Development* section which presents a diagnostic predictive model for examining risk; *Concluding Thoughts* section.

2. Critical Race Theory

As noted, race, racism and power were critical conversations in the United States in 2020 and firms responded to these dialogues both out of necessity and interest. In this section, Critical Race Theory is examined as a framework for understanding race, racism and power both within society and more specifically as related to business strategy and brand activism.

The term "race" refers to a group of individuals who share common *physical* attributes and characteristics, while "ethnicity" is a broader term used to describe people that share racial, religious, linguistic, or tribal origins. (Morin 2020). This distinction is important in that the lived experiences of race and ethnicity often differ. For example, one can be considered White as their race, but their ethnicity is not caucasian, but rather middle eastern arabic. Furthermore, two individuals can be the same ethnicity, both hailing from South Africa, yet be considered as different Races, based on their physical attributes and external look. Most people want and choose to believe that the experiences of all people are rather similar since the Civil Rights Movement in the 1970's, however different races have been treated very differently and continue to face discrimination to this day.

To analyze the corporate response to the Black Lives Matter movement and related brand activism, it is essential to understand the history of race relations in the U.S. It is no secret that the U.S. was built on the back of racism and caste-based policies which denigrated blacks and reinforced white supremacy both legally and culturally. Historically economic gains have been the result of these policies, starting with free slave labor, moving to sharecropping, and continuing with discriminatory labor practices. Isabel Wilkerson, author of the book *Caste*, describes slavery as "an American innovation, an American institution created by and for the benefit of the elites of the dominant caste and enforced by poorer members of the dominant caste who tied their lot to the caste system rather than to their consciences." (Wilkerson 2020). As the country moved past slavery to sharecropping and segregation, African Americans were still seen as lesser beings and faced consistent discrimination, especially in access to economic resources which would allow them to move beyond their historical secondary position. By the 1960s, the Civil Rights Movement brought legislative changes in employment law and forced corporations and their officers to begin to shift hiring practices and policies. However, the managerial class had socially constructed a system on plantations and in early factories in which "imperial

projections of whiteness" drove vast sustained racial differences in the labor market (Roedinger and Esch 2012), despite the changes in employment law. In fact managerial and industrial science publications echoed the prescriptive benefits of efficiency as certain classes of labor were homogenized (Roedinger and Esch 2012). Thus, despite the legislative changes, issues of employment and race were so tightly and deeply embedded in the social constructions of society, that discriminatory practices continued and were left virtually unchecked.

Racism did not end in the 1970's with the civil rights movement, and little progress was made in the following years to equitably integrate many Black Americans into society in a sustainable way. This led to a White-dominated society, where the people who hold the most power are the same race and ethnicity, while others are left generationally struggling without proper representation in local, state, and federal governments as well as businesses. Although companies made some efforts to build diversity, they are a long way from achieving a truly equitable work environment, and communities are still steeped in institutionally structured racist policies. In response to the limited progress made by governments and communities, some scholars began the development of Critical Race Theory (CRT), providing a broader perspective and holistic view of race, racism and power in relation to economics, history, emotions, and the unconscious (Delgado and Stefanic, 2017).

Critical Race Theory, a concept that describes *race* as a socially-constructed idea used to push the agenda of White dominant groups, was developed as a new lens through which to witness and analyze the struggles of Black Americans. CRT posits that race is a socially constructed and pervasive idea that will be difficult to "cure" in that it is so deeply embedded in social-cultural norms, symbols and institutions (Delgado and Stefancic 2017). Of particular importance is the theory's focus on hierarchical societal power based on caste-like distinctions, such as race, religion, ability, and socioeconomic status, as these are important in business relationships and often reinforced through marketing campaigns. Similar to feminist theories which examine power in gender relationships, CRT seeks to go beyond simply identifying and describing. CRT race theorists suggest that racism is normal, ordinary, and often embedded in the unconscious from years of unchallenged norms and behaviors, making it difficult to analyze (Delgado and Stefanic 2017). In fact, one often does not perceive race as part of the decision calculus.

Being a controversial topic in a society that systematically favors White men, Critical Race Theory has been met with all sorts of resistance and clashing ideas. One African American scholar by the name of Randall Kennedy, questioned the theory and the expertise of the founders of the movement. Kennedy expressed a concern that individuals claimed to have expertise in race relations and the development of race theory simply by being a minority. Kennedy believes that scholars can study race and contribute to race theory without being a racial minority themselves (Delgado and Stefanic 2017). Another criticism of the theory is that all people of a minority population do not share the same beliefs. While this may be true, it is crucial to follow the trends and understand how race theory describes a visual trend, rather than a singular theorist's beliefs. Critical Race Theory uses a compilation of data and first hand accounts to create an idea that would allow individuals to see the true nature of racism and how systematically deep-rooted it goes. Although the theory was designed for racial minorities, it has become diversified in its discourse to include other minority groups in the U.S. such as the LGBTQ+ community, Latino, and the Muslim and Arab community; this expansion is important in that it allows institutions such as businesses to think not just about how they might better integrate and respond to issues of "blackness" but think about race in a more holistic manner and devise strategies and policies that work to address equity and power-based issues more braodly.

2.1 CRT and Business Strategy.

Firms serve as social institutions which wield great power and impact race relations through employment practices, corporate culture, and marketing messages. Business publications are encouraging companies to think more critically about hiring and promotion policies and actions, while consumers are calling on firms to rethink iconic brands such as Aunt Jemimah and Uncle Bens. Harvard Business Review featured numerous articles on race, management practices, leadership, and business strategy. In one key article titled, How to Hold Your Company Accountable, the authors suggest a series of steps and measures to ensure the success of companies based on diversity, equity and inclusion (Knight 2020). Similarly, CEOs issued statements highlighting their commitment to Diversity, Equity, and Inclusion both within and across the business. One example includes the founders of Ben & Jerry's, whose statement of solidarity became one of the more prominent corporate messages in the Black Lives Matter movement.

One of the key tenets of CRT most closely aligned with business strategy that challenges firm's commitments and ability to make progress on racial equity is the idea of "interest convergence." In this case the dominant group benefitting from racism does not feel the same urgency to eradicate it as the minority groups being compromised. As suggested previously, white managers have purposefully created differences which keep them in power, and have used racist tropes as a way to take advantage of these existing norms strengthening interest convergence. There is a natural tendency to mentor and privilege people who are most similar to one's self, which creates a loop that leads to groupthink, rather than individuality and diversity. However, more recently, investors and boards have called on companies to be accountable for racial justice related and suggested it is in the strategic interest of the firm to be more mindful of meeting these goals (Knight 2020).

Importantly, researchers have questioned what makes CRT so "critical," and subsequently issued a call for institutions to be more "critical" and purposeful in their policies, procedures and actions (Trevion, Harris and Wallace 2008). In that firms act as socializing institutions, they need to understand that their actions, symbols and messages all impact racial perceptions. Just as investors, boards and legislators have forced firms to be more cognizant of race, racism and power in employment practices, consumers are demanding the same with regard to marketing and branding.

2.2 CRT and Branding

Beyond employment and managerial practices, CRT provides a strong framework for thinking about branding, CSR related activities, and messaging related to race and social justice. As noted, this work has as its primary goal an analysis of how companies responded to the BLM movement and focuses on brand-related activism, activities and messages. Thus, understanding the importance and historical power of brands as cultural symbols tied to identity is critical. It has been suggested that "brands are important complex cultural symbols that we skillfully use in our daily social life" (Schaefer and Rotte 2010), and that brands are used to help build and reinforce one's identity (Elliott and Wattanasuwan 1998). In that brands have historically been created by white males, they are often deeply embedded in "whiteness" as they represent an "organized set of racialized ideas, stereotypes, emotions, and inclinations to discriminate" (Feagin 2013). Within this whiteness frame is a pro-white and anti-other demarcation which

tends to align with the embedded social construction of race (Feagin 2013). The use of "thug" and "ghetto" imagery paired with black actors in commercials sends a clear message of who a product is designed for. Although the use is often masked with humor or a "colorblind" lens, it is rarely linked to luxury brands where images are overwhelmingly white (Oshiro, Weems and Singer 2020). Further, the branding literature demonstrates how brands allow consumers to reframe collective histories so they are more palatable and provide a collective connection across real and imagined communities (Beverland, Eckhardt, Sands and Shanker 2020). It is clear that brands are more than symbols to simply sell products, they are iconic cultural elements that represent norms and values and help individuals express who they are. They both reflect and reinforce cultural stereotypes and tropes, thus providing a point for understanding race and the response of corporate America to the BLM movement.

As the move to brand activism has intensified in the last five years, it is important to understand the context in which this move has occurred. In 2016, the United States voted in a President who campaigned on a populist agenda and used divisive rhetoric which took advantage of social and cultural divides related to many social justice issues and climate. Immigration, race, gender, and climate took center stage as millions protested and spurred movements such as #metoo, and #blacklivesmatter, while counter movements supporting more conservative perspectives emerged. The divisions intensified creating a highly polarized social climate where individuals increasingly wanted to know which side neighbors, colleagues, and brands supported.

In May of 2020, this division took the spotlight after George Floyd, a black man in Minnesota, fell victim to police brutality. Immediately, the uproar began and took form in massive physical protests and social media campaigns. Companies, schools, governments, and other organizations were pressured to take a look at their internal structure and become more racially inclusive. As more victims of police brutality were identified, the protests only became louder, and companies were struggling to put out diversity statements to prevent any public backlash for their brands.

3. Understanding the Smart Consumer

To properly assess the Black Lives Matter movement, it is essential to analyze the age demographics and the trend in generational behaviors in regards to social change. Leading the BLM movement are Millennials and Generation Z.

The term "Millennial" refers to any individual born from 1982-2000 and makes up nearly 80 million consumers in the United States alone. (United States Census Bureau). Typically, Millennials are known to be well versed in technology, self confident, and highly energetic. Millennials seek challenges, yet understand the importance of free time and social interaction outside of work. Millennials are often seen as masters of digital communication, and make up a large percentage of those who use social media platforms. Almost 70% of Millennials say that giving back to their communities and doing good are some of their highest priorities (Gilbert 2011). Millennials will demand change where they see fit, and are not afraid to speak out against corporations for not doing their part in tackling social or environmental justice issues. With Millenials making up the largest group of consumers outside of baby boomers, companies have been placed under constant pressure to ensure they are giving back to communities. Millennials are very quick to call out companies if they are not doing their part in advocating for social change, such as supporting the Black Lives Matter movement. This was apparent in June of 2020 following the death of George Floyd. When the Black Lives Matter movement was gaining traction, many companies were asked to show their support for the movement on social media. If companies were reluctant to speak up, they were met with backlash.

According to the U.S. Census Bureau, Generation Z spans from 2000 to 2020 and makes up 44 billion dollars in discretionary spending each year (Thompson 2019). This generation is considered some of the most tech-savvy kids. Due to their easy access to technology and media, Generation Z has matured faster than other generations and is starting to find their way into the job market and as the target market to many corporations. Gen z has also become the most conscious generation regarding social and environmental justice including the Black Lives Matter movement. This access to the internet at such a young age has allowed gen z to become powerful buyers and demanding consumers in the market. Firms, in an effort to meet these generations where it matters, began to commit to social issues and started supporting causes that

their target consumers advocated for, such as women's reproductive rights, gun control, and the Black Lives Matter movement. Their goal is to create a deeper connection with Millennials and Gen Z and gain trust so that more consumers are inclined to purchase from their company to feel that satisfaction of "doing the right thing".

4. Theoretical Foundation

This section focuses on the theory behind Corporate Social Responsibility and hypocrisy. Companies have been quick to jump into the Black Lives Matter discussion during 2020, but it is important to recognize that the theories surrounding CSR are applicable to controversial topics and ideas outside the realm of social justice.

Brand activism is loosely defined as the pairing of a brand with a particular cause and is related to the brand's stand on that issue (Mukherjee and Althuizen 2020). Brand activism is important to consumers in that brands are often used to help build social identity. When brands and their associated causes align with a consumer's identity, the consumer will tend to hold stronger, more favorable attitudes toward the brand (Bhattacharya & Sen 2003). Consumers will quickly punish a company for a stance they do not agree with, but are far less likely to reward a company that does stand for their values and shares similar political beliefs on controversial issues.

4.1 Symbolic vs. Substantive Activism

Corporate social responsibility can be broken up into two fundamental categories: Symbolic actions and Substantive actions. Symbolic actions, such as marketing campaigns or general announcements to the public, are what most consumers and investors will use due to the fact that the information is available quickly and conveniently for the public. Substantive CSR occurs when a company allocates resources or financial assets toward a cause that further pushes the social agenda and goals of a corporation, which can take place in both the external and internal environments of a company (Shabana 2016).

Both of these actions send a message to the public and general stakeholders about what a firm or company is doing in regards to a movement or controversial topic, however the effectiveness and accessibility factors of each category vary significantly. Oftentimes, large corporations will designate funds and resources towards substantive social responsibility efforts, yet only be recognized for symbolic public statements they release on the matter (Akhlaghpour 2018). In regards to the Black Lives Matter movement, there were many companies following the tragic murder of George Floyd that actively created initiatives and allocated significant sums

of financial assets towards developing black communities and smaller black owned businesses, however the corporations that released statements and took a more symbolic stance attracted more of an audience that would dig deeper into the efforts made by the company. Symbolic actions may not directly contribute to any real social or environmental change, but key stakeholders in the company will appreciate the easy access to symbolic information, as opposed to the more in depth research into the substantive actions of the same company.

When investigating the symbolic and substantive actions of large companies and conglomerates, it is crucial to recognize the difference in external and internal activism, and how that is perceived by the public. The external environment of a company refers to any stakeholder that is not directly paid by the company, but has significant interest in the initiatives and actions set forth by the firm, such as consumers, investors, and media platforms. Internal environments encompass individuals who actively work for and are paid by the company itself (Burmann 2009 Identity and Branding). In 2020, there has been a rise in external actions made by various businesses in regards to BLM, however many proactive companies skipped over the internal environment initiatives, which led to heavy backlash and decreased motivation and loyalty from both employees and consumers. Since employees understand the culture of the company well and are familiar with the inner workings of a firm, they can often be the most critical, therefore it is essential for employers to implement internal actions that keep employees happy and passionate about their work and the company. Since there are so many stakeholders to think about in terms of CSR, in addition to the financial obligations to investors from a firm, it is much easier to break down the division into the external and internal environments. By balancing both of these, companies can ensure that consumers are satisfied with their service and responsibility, while also committing to the betterment and development of their employees and work atmosphere. It is imperative for firms to remember that both the external and internal substantive or symbolic actions can influence organizational behavior and ultimately lead to fewer public relations issues.

4.2 Hypocrisy and Backlash

When a company makes a statement regarding social justice issues as a means of corporate social responsibility, it may seem apparent that being proactive is vital when advocating for change. There are some companies that will wait for controversial events to

become mainstream to show their support for that movement, often leaning in the direction they believe their target consumers closely align with. This lapse in time is often seen as disingenuous from the perspective of consumers. The average everyday consumer is getting more and more investigative and critical with the expansion of technology and the increased accessibility to information due to the internet (Chen et al. 2020). Therefore, companies have to be very cautious when taking a firm stance on issues that are otherwise controversial to the public. If information regarding a company's stance on social justice is released, they will be examined on a deeper level by experts in the field as well as their consumers and run the risk of being classified as hypocritical if this information is inconsistent with their current policies, actions, and initiatives (Higgins 2020). Despite the emphasis placed on companies by consumers to advocate for social justice, consumers will show more negativity for hypocrisy and a lack of advocacy than positivity in the presence of advocacy (Mukherjee & Althuizen 2018). Consumers expect that companies will have substantial corporate social responsibility, and will shift their focus towards any hypocrisy a company may show when advocating for a cause.

Substantive and Symbolic actions are not easily differentiable. It is possible to have actions that are seen as both symbolic and substantive, like a simple donation of money to a cause. Due to this lack of clarity, companies need to ease their way into a new cause, allowing time to internally and externally develop initiatives that showcase the message they want their stakeholders to perceive. After the BLM movement picked up momentum in the Summer of 2020, companies and small businesses all over the country were making statements in support of BLM immediately, wanting to display how proactive they were being, however a large number of those companies had been known for internal discrimination, a lack of diversity, or had a target market of individuals who lacked diversity. These companies faced backlash on both fronts, with BLM supporters calling them out for hypocrisy, while their Consumer Relationship Management significantly decreased due to the misalignment of the companies values with their everyday consumers'(Andersen 2020). For a firm to properly prepare for non hypocritical CSR, it is critical to first assess the position of the firm in relation to that cause, as well as their target market, and how they will perceive the actions made by the company.

5. Methodology

This case reviewed the social actions of four major corporations: Starbucks, Sephora, Ben & Jerrys, and Nike. The focus in this work is in seeing how their BLM messaging and programs align both with their history and the theoretical constructs of corporate social responsibility. These four companies have varying experience in overall CSR and each one had divergent responses to the Black Lives Matter movement. Additionally, the companies differ in their primary activities which allows for a deeper understanding of CSR within both consumer products and primary manufacturers. Sephora and Starbucks are primary retailers with strong brand recognition and vast history in various CSR related issues, but not much experience on the BLM movement specifically. Ben & Jerry's and Nike have experience in regards to social justice and are manufacturers with similarly strong brand recognition. The mix of these contrasting companies provides accurate information to analyze and develop conclusions.

The data presented in the analysis was gathered from the official websites for each company, as well as news articles that displayed the companies response to the BLM movement and how it was perceived by the public.

6. Company Overviews

Starbucks is the most widely known coffeehouse chain in the world and it was founded in 1971 in Seattle, WA. Today, there are 22,519 Starbucks locations spanning the globe. As the company expanded, Starbucks has remained on the forefront of corporate social responsibility. In the 1980's, Starbucks was one of the first businesses to offer healthcare benefits to both full time and part time employees, and offer tuition assistance to their underprivileged employees. Additionally, the company became widely known for their hiring of refugees and veterans, groups who may have otherwise had trouble finding full time positions. Starbucks still actively works to create a more equitable internal and external environment for their consumers and employees (Mohn 2017).

Sephora was founded in France in 1970 and was bought by the conglomerate LVMH (Louis Vuitton) in 1997. Since then, the company has been leading the beauty industry in Diversity, Equity, and Inclusion. In 2016, the beauty company released their Sephora Stands branch, a division dedicated to social impact strategy. In their first year, this new division dedicated over 300 hours of mentorship to help women business owners grow their companies. Additionally, the new division has highlighted Sephora's consistent devotion to sustainability. Currently, 100% of Sephora retail stores are powered by renewable energy and 2.9 million pounds of waste have been diverted from landfills in 2019 alone (Sephora Stands: Inclusion).

Ben & Jerry's was originally founded in Vermont in 1978 by two men named Ben Cohen and Jerry Greenfield. The initial $12,000 investment that helped found Ben & Jerry's has now grown into 615 dedicated locations and shelf space at major retail stores all across the world. Ben & Jerry's has used their growing business to support causes that they care about, and are partnered with many organizations to combat social justice issues facing society today. Currently, Ben & Jerry's shows overwhelming support for racial justice, climate change, refugees, small farmers, and more. The company believes that their economic, social, and product missions must thrive equally in order to create a successful company on both a business and social level (Ben & Jerry's is a values-led company).

Nike was founded on January 25th, 1964 and has grown into one of the biggest and most recognizable brands across the globe. Since their founding, Nike has become the largest supplier of athletic shoes and apparel in the world and yield billions of dollars in revenue every year in

addition to having a multitude of famous athletes sporting their attire. Nike has used their brand recognition to create a platform that stresses their values, which stem greatly from diversity and inclusion. Nike strives to provide equal opportunities for all athletes, regardless of body type or social/ethnic background. Along with this, Nike has looked to build a team of diverse employees and they work to educate them about social justice issues and encourage them to speak out against the injustices that occur around the world (Koltun 2020).

7. Analysis & Results

The following analysis examines the aforementioned four companies and their response to BLM across the theoretical domains of symbolic/substantive and proactive/reactive. The discussion is not company centered but through the lens of theories previously mentioned.

7.1 Substantive vs. Symbolic

Substantive and symbolic actions were a key tool used to analyze company responses during the peak of the Black Lives Matter movement in the Summer of 2020. Some companies that have never been outspoken on racial issues chimed in with changes to their mission statements, or public statements from their chairman or president. It is crucial for companies to keep in mind how the public will view their activism. Stakeholders can easily gain access to a company's symbolic messaging and statements, however, if the proper substantive steps are not taken prior, the company leaves itself vulnerable to public backlash.

This year, Ben and Jerry's stayed in the media spotlight for their immense proactive support of the Black Lives Matter movement. The company, which has a history of being progressive and utilizing CSR practices in the workplace, put out a general statement in response to the death of George Floyd in May of 2020 (Stewart 2020). In addition, individuals recognized their founders, Ben Cohen and Jerry Greenfield, at BLM protests. The Ben and Jerry's Foundation have taken substantive steps by funding many Black owned small businesses even before 2020, yet their symbolic actions from this year are what stuck with the general public and what the company will be known for in regards to CSR.

On the other hand, George Floyd's death led to a societal pressure for companies to defend their actions and get ahead of the message. Companies like Starbucks issued statements regarding their unwavering commitment to diversity and inclusion. Despite the coffee company's long history in CSR, their specific social justice initiatives were questioned and the company received negative PR for their public statements that the public perceived as empty promises.

7.2 Abstract vs. Concrete

In 2016, Nike CEO Mark Parker sent a letter to all employees denouncing racial injustice and reaffirming the company's strong foundation of diversity, equity, and inclusion. This was well before the peak of the BLM movement in 2020 that followed the death of George Floyd and focused heavily on police brutality. This internal message was an abstract idea that showed how the company would not stand for racism of any kind, but did not take any concrete stances on any political matter at the time.

When Nike decided to use Colin Kapernick for its 2018 marketing campaign, the company had to weigh the highly public conflicting and controversial response to their brand. By using the player who just caused an uproar around the country, Nike built on their previous commitment to diversity and inclusion by taking a concrete stance on the BLM movement. Although the company received over 80 million views on Twitter, YouTube, and Instagram in the month following the release of the campaign, some users posted videos burning their Nike shoes and apparel, while others applauded the company for taking a revolutionary stand against the NFL and the President of the United States by supporting the new civil rights movement (Koltun 2020). The campaign was a symbolic action taken after already implementing substantive initiatives, positioning Nike as a partner in the racial equality fight and generating millions of likes and shares. The ad campaign was also proactive and consistent with corporate values of racial equality. At a time when companies were relatively silent on racial justice and the Black Lives Matter movement, Nike took a calculated risk to support Kapernick and the movement and it paid off with their extremely positive PR among their target market of Millennials and Gen Z.

7.3 External vs. Internal

Sephora is one of the first large companies that has been extremely active and outspoken in the BLM movement. The cosmetics retailer has made strides in the external environment, allocating money and resources to black owned make-up startups, however they have received significant backlash for their shortfall in internal substantive actions. Many of the comments they received stemmed from the lack of diversity on their executive board and in-store personnel. While Sephora has worked to fix this internal problem, the company as a whole still faced a widely known public relations issue.

The key to maneuvering the external and internal corporate struggle is by assessing the history of CSR in the topic at hand within the company. Sephora received so much criticism due to the fact that they were very outspoken on the BLM movement. For years, they have recognized the need for supporting Black beauty suppliers, however their lack of corporate inclusivity when it comes to race caused an even bigger uproar due to their far under-developed internal initiatives when it comes to Black Lives Matter.

7.4 Proactive/Reactive

One company that has been very susceptible to public backlash due to their hypocrisy has been Starbucks. Starbucks is a prime example of how reactive actions as opposed to proactive steps will lead to an increased risk in hypocrisy for the company. Starbucks took a stance against social justice back in 2018 with their substantive decision to shut down 8,000 stores for racial bias training following an incident at one of their locations. This action garnered attention from many consumers, as it showed that Starbucks cares about issues regarding racism in the country. However, recent decisions by the company have made Starbucks seem hypocritical and inconsistent in their social stance.

When the Black Lives Matter movement began to gain traction after the death of George Floyd in 2020, Starbucks made a decision to ban employees from wearing any clothing or merchandise in support of BLM while on shift. This was seen as hypocritical not only because of the past support they have shown for the movement, but also because of their unwavering support of employees for wearing items in support of the LGBTQ+ community on their uniforms (Lucas 2020). This issue was immediately reported on by the media and Starbuck's social justice stances were questioned by many of their consumers as their message was contradictory to previous stances they had taken regarding BLM. Eventually, Starbucks backtracked on this choice and printed over 250,000 new shirts for their employees to wear to show support of BLM while at work. While reversing this rule was appreciated by many, it was still deemed disingenuous by many strong supporters of the BLM movement.

Starbucks has a decent history in CSR and uses a differentiation strategy with their business model to attract customers using brand loyalty programs, as well as their robust brand recognition. Additionally, their target market are Millennials and Gen Z individuals who are smart and value social progress. Starbucks substantive actions, both in the internal and external

environment have been responses to incidents that occurred. While Starbucks has issued an apology for their hypocrisy accusations, the company must continue to practice CSR to keep up their brand loyalty and continue expanding with their business strategy.

Nike on the other hand, has been sticking to their consistent Black Lives Matter campaign since 2016, giving them firm roots in the cause and allowing them more freedom and liberties with their actions. Since Nike has a strong foundation, they have received no significant backlash from their consumers or key stakeholders in response to any of their BLM actions, or lack thereof. This evidence shows the two opposite ends of the spectrum. Proactive activism allows the opportunity to lead to positive public relations and consumer relationship management, whereas reactive activism must be handled a particular way in order to determine the level of risk the company takes for public backlash.
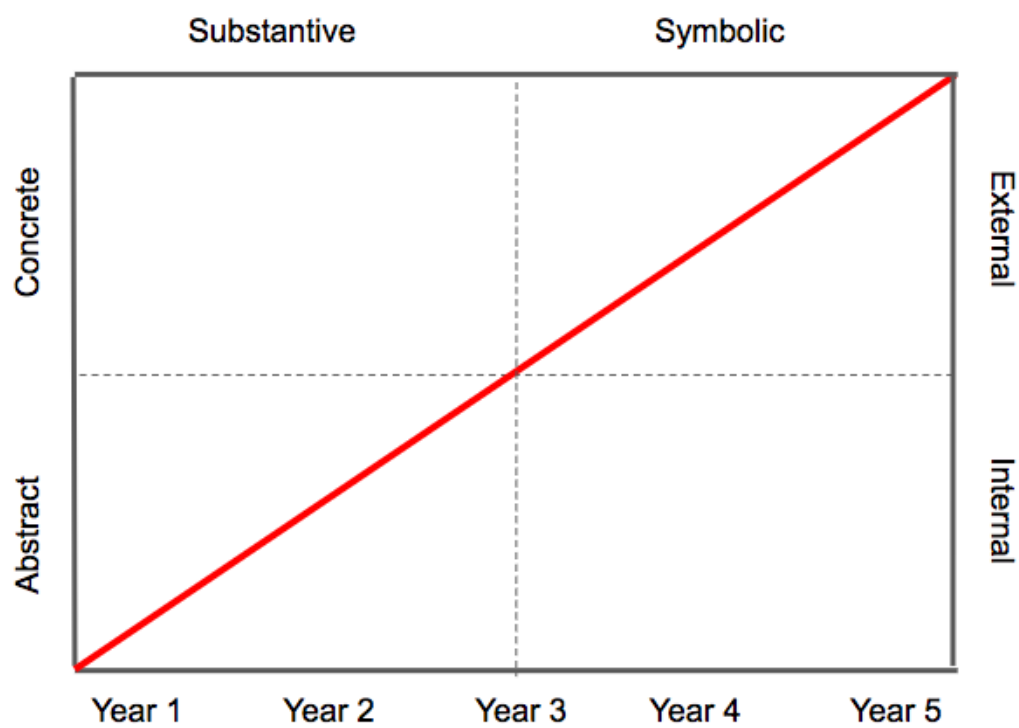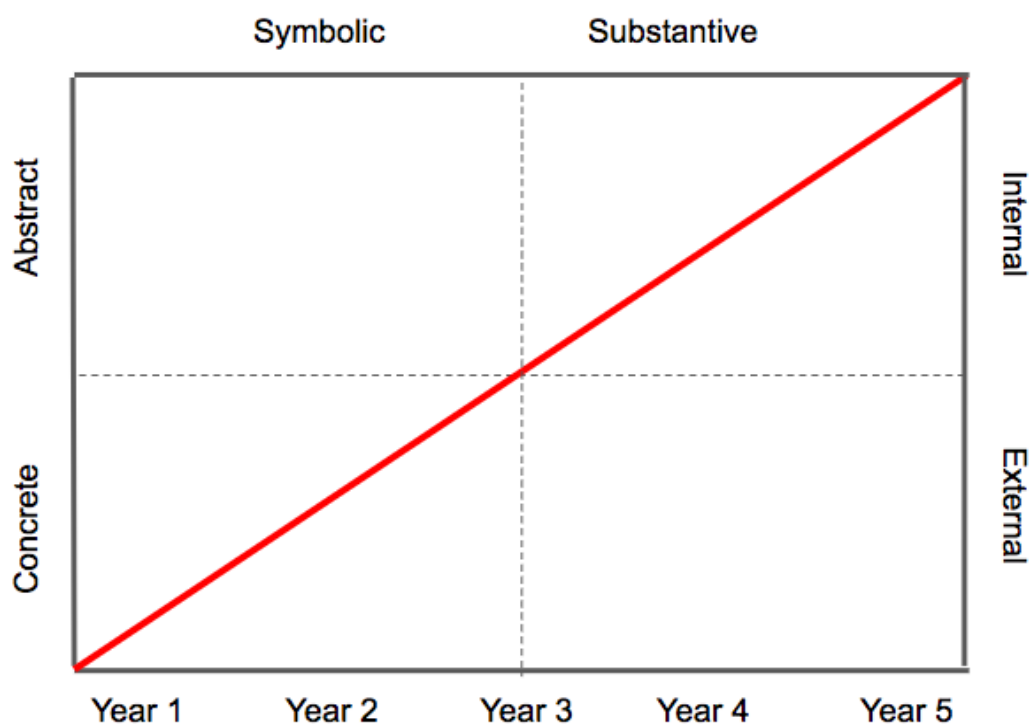
8. Diagnostic Tool & Predictive Model

8.1 Developing the Diagnostic Tool

Based on information and data collected from various companies in their individual responses to the Black Lives Matter Movement, the diagram in Exhibit 1 below showcases the typical timeline for company involvement in controversial issues. The public often witnesses symbolic actions occurring first. This is usually in the form of a public relations message from the president, CEO, or chairman. When a company makes a firm, concrete message about their support of a specific matter, without having a history in that topic, the corporation leaves itself vulnerable to public backlash and hypocrisy. Symbolic actions are the most visible, as they are the driving force of public relations between all stakeholders. Therefore, it is crucial that the company makes strong substantive actions first before sending out any public message to avoid backlash from public auditors of their company actions and initiatives.

It is recommended that companies use the exact opposite of this model, as seen in Exhibit 2 as a basis for their implementation timeline. By starting off with an abstract message while implementing internal substantive initiatives, the company will have a strong foundation to grow and expand on that particular issue. Once a robust base is built, the company can start to work on PR with public, concrete messages complemented by substantive external actions. By following this recommended timeline, corporations can work to increase their CSR efforts and their market share, with minimal risk for hypocrisy and public backlash. Because a massive demographic of consumers include smart buyers such as Millennials and Gen Z, corporations must do everything in their power to stay up to date on political and controversial topics and trends, and work to keep their consumers content and satisfied with their efforts.

8.2 Understanding the Predictive Model

Companies often have a difficult time deciding how to move forward with issues that are mostly controversial, such as the Black Lives Matter movement. Exhibit 3 displays a diagnostic tool that allows a company to categorize their CSR actions to determine a general prediction of whether or not they will receive positive PR, and whether they will face an increased risk of public backlash. Using this tool, companies can become more aware of their actions and how consumers and stakeholders will respond to them.

The first step on the measurement tool is to determine how much experience the company has in the issue they want to take a stance on. For example, in the year 2020, Nike already had 4-5 years of experience working with the BLM movement, whereas Starbucks was just beginning to get into the issue. After exploring the experience, companies will categorize the action they have as symbolic, concrete, and external, or substantive, abstract, and internal. These combinations are the most commonly seen based on the data collected and each has certain strengths and weaknesses. If a company is new to an issue, but has made no substantive, internal movement, they are very susceptible to backlash from consumers. On the other hand, if a company already has history in a certain issue, they must send out symbolic, concrete, and external messages to take advantage of their position and utilize their history for positive PR and increased market share.
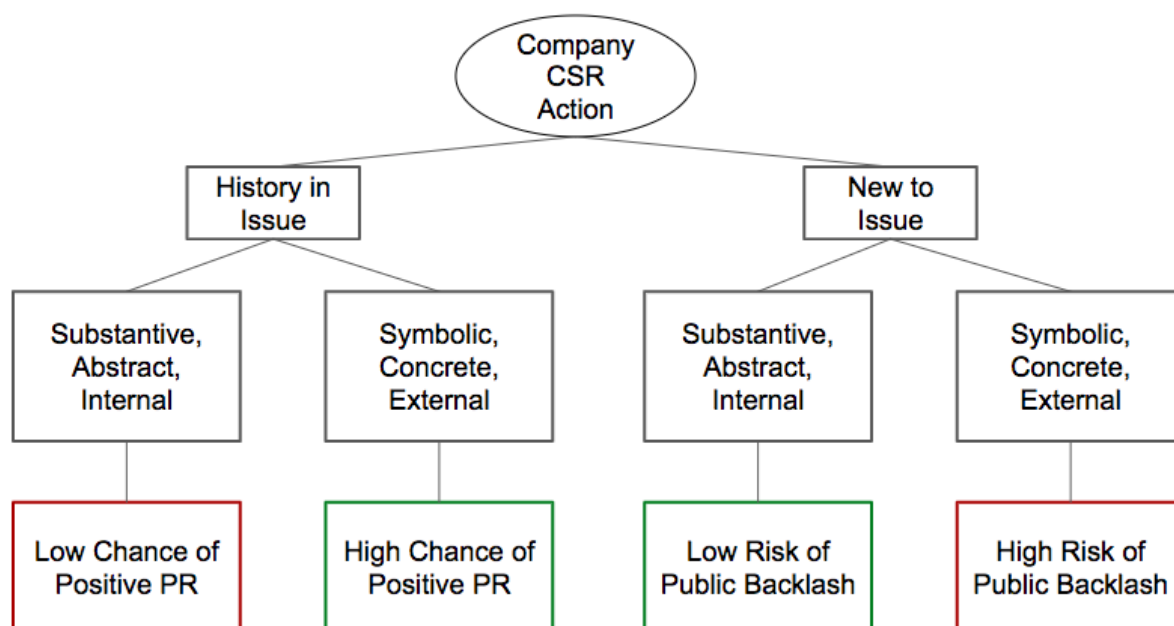
9. Conclusion

This paper has focused on race relations as a CSR domain within the context of "business and society", specifically paying attention to the role of businesses as critical socializing institutions. Additionally, Critical Race Theory was analyzed and related to the idea of corporate activism. By using Critical Race Theory as a lens to analyze business actions, corporations are able to identify threats and opportunities to their brand reputation in regards to social corporate responsibility. It is important to recognize that people of certain races are treated differently, so while business moves forward, it is critical for employee relations as well as overall stakeholder relations to maintain a diverse, and inclusive workplace community (Knight 2020). As demonstrated, corporate social responsibility can have both negative and positive effects that vary based on context and the history the company has with that topic. The Black Lives Matter movement is a prime example of how corporations need to do better in society as consumers in each generation continue getting smarter and more tech-savvy. Race relation issues in the U.S. have stemmed from the immense history of racism in the country, and it is crucial that each company works to create a more equitable working environment in the U.S. for all people. By steering clear of interest convergence, boards of directors can set aside their qualms with racial equity and find innovative ways to decrease discrimination, while increaseing positive PR for their brand.

10. Resources

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