

# Silence, A Statement:

## The Business Cost Of Not Taking A Stand On Social Issues

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### Problem of practice

Commenting on a social issue which is peripheral to core business activities is always a risk for any organisation or a business leader. The communication, or the lack of it, may result in a group of offended stakeholders, which, in turn, may affect the core business. Many leaders prefer to remain silent unless a social issue directly affects their core business. However, an organisation's silence on a prominent social issue can also be a risky (non)action, especially when it is highly visible, e.g., when competitors are expressing their views. Recent [research](#) by Marco Shaojun Qin, Xueming Luo, Todd Schifeling and Yang Wang shows how the stakeholders, irrespective of their ideological position, may assume an organisation's silence indicates support for the other side.<sup>1</sup> This can have a negative impact on the organisation. So, how can top management and CEOs navigate the two-edged sword of communication on salient social issues? The research suggests that leaders should clearly state their positions on prominent social issues rather than remain silent

<sup>1</sup> The article 'When corporate silence is costly: Negative consumer responses to corporate silence on social issues' by Marco Shaojun Qin, Xueming Luo, Todd Schifeling and Yang Wang, featured in Volume 46, Issue 4, of *Strategic Management Journal* talks about how whether and when consumers will negatively respond to corporate silence on a social issue based on the visibility of the company's silence

## The CEO's litmus test

An organisation commenting on a social issue always carries risks. The comment, or the lack of it, may result in offended stakeholders, which may also impact the core business. For example, during the [Arab Spring](#) protests, the [silence](#) of telecommunication and internet service providers like Vodafone Egypt was strongly criticised.<sup>2,3</sup> Although the communication team designs the organisation's communication, the decision on whether, where and what to communicate comes from the top leadership. Hence, the big question is: Should CEOs speak out on social issues that are peripheral to their core business but salient to stakeholders, such as consumers? And how can one reach consensus on the salience of a social issue?

A 2024 survey on perceptions of [corporate activism](#) by USC Annenberg Center for Public Relations found that 61% of consumers believe companies are responsible for addressing social issues.<sup>4</sup> Hence, a company's communication on social media about a controversial social issue, or, its absence, is significant for satisfying consumer expectations. So, how should organisations respond to salient social issues? Should they remain neutral or silent in their communication, or take a stance, especially if the issue is controversial?

The organisation's response can be based on whether the issue:

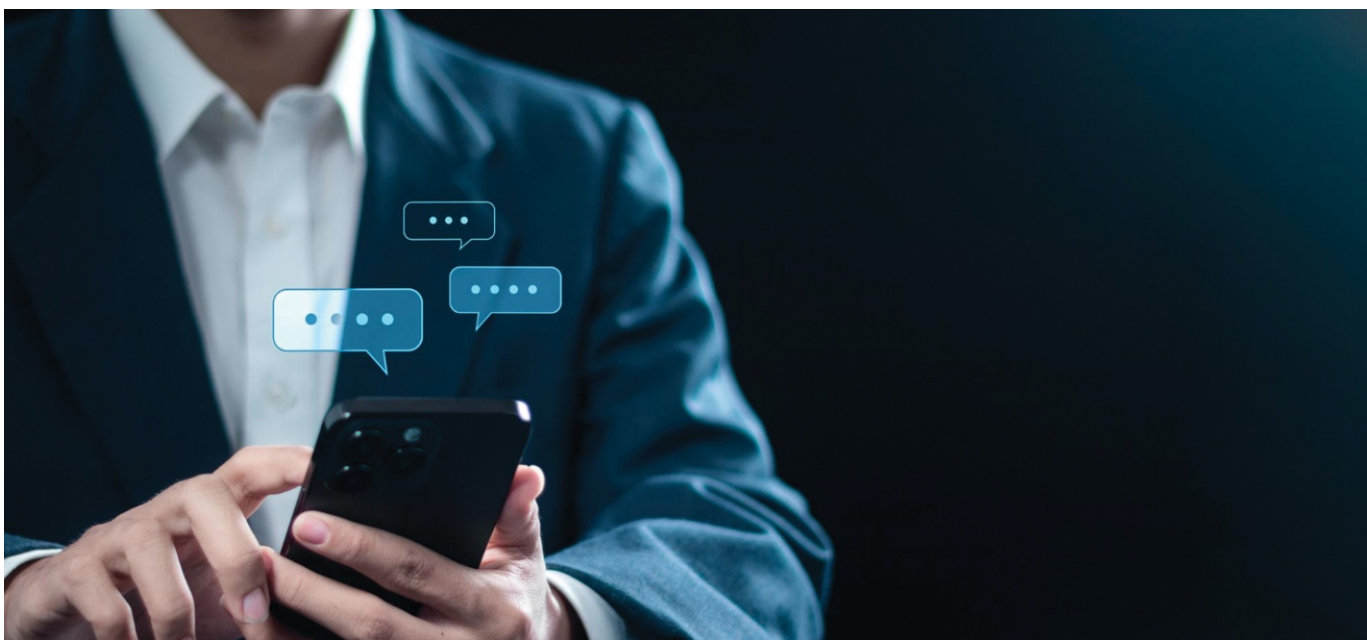
- Results in protests and counter-protests like [#BlackLivesMatter](#) (movement to highlight racism and discrimination faced by black people) vs. [#BlueLivesMatter](#) (a countermovement to [#BlackLivesMatter](#), which supports protecting the law enforcement).<sup>5,6</sup>

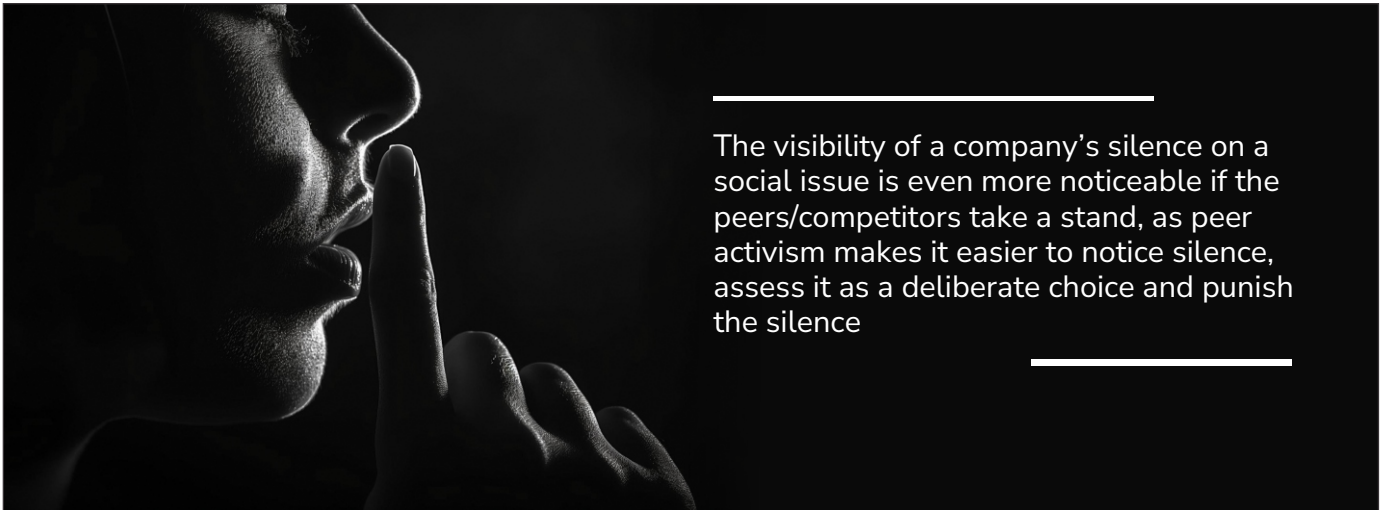
- Highlighted by competitors (especially in highly competitive industries) like the [stand](#) Lyft took on US President Trump's order on refugees and immigrants in 2017-18 and how Uber lost due to its silence.<sup>7</sup>
- Gets strong support/condemnation by the state or federal governments (e.g. environmental degradation and [COVID-19 vaccination](#)).<sup>8</sup>
- The brand's followers are discussing a related topic (e.g. Dove's [#RealBeauty](#) campaign, where the followers shared their own stories and images, aligning with the brand's mission to challenge existing beauty standards).<sup>9</sup>

## Logic of inaction

There are times when inaction on trending social issues by organisations, such as maintaining [silence](#), is a safer bet:<sup>10</sup>

- First, stakeholders have limited capacity to check and assess whether the corporation is responding to the issue. Considering the number of social issues and the corresponding corporate responses, in most cases, a corporate non-response would go unnoticed by stakeholders, since it is difficult to notice something that did not happen.
- Second, even if noticed, inaction can be ambiguous to stakeholders as there is no explanation about the company's decision.
- Third, if the corporation takes a position on a social issue, there is always a possibility that the position would contradict the ideology of a majority of stakeholders. Companies would like to avoid such dissonance that negatively affects the core





The visibility of a company's silence on a social issue is even more noticeable if the peers/competitors take a stand, as peer activism makes it easier to notice silence, assess it as a deliberate choice and punish the silence

business due to topics that are peripheral to their core activities.

Unfortunately for any organisation, if a social issue directly affects their core business, the silence of the top management can undermine the business' success.

## Quantifiable cost of silence

Research by Qin and colleagues shows that now staying silent is no longer an **option** in the real world.<sup>11</sup> Some examples are consumer backlash on **Uber** for their 'communications misfire' during the protest at JFK airport against the 2017 US immigration issue, **Walt Disney's** 'tone-deaf' stance on Florida's LGBTQ bill and **Nike** executive's 'massacring civilians' response on the Israel-Hamas conflict.<sup>12,13,14</sup>

During the 'Black Lives Matter' movement in the US, a salient social issue due to protests and counter-protests following the police killing of George Floyd in May 2020, some companies from the **fashion** sector showed their support by posting a black square on their Instagram feeds during the 'Blackout Tuesday' social campaign, while other companies remained silent.<sup>15</sup> Qin et al measured the adverse effect of silence by comparing the change in the follower counts of businesses who posted the black square on Instagram vis-à-vis those who did not, and also the follower counts on X, where no such campaign was running.

The data showed that the organisations that stayed silent on Instagram faced 33% slower follower growth and received 12% fewer likes. Hence, the difference in stakeholder opinions is greater when peers in the sector speak and less likely to have any effect when the silent organisations are in a niche market.

## Real-world consequences

Recent **research** has shown that stakeholders pay more

attention to a company's responses to social issues, which can have a meaningful impact and are more visible.<sup>16</sup> They take time to assess the meaning of corporate responses and invest more effort in rewarding or punishing the organisation based on their stance on a trending social issue.

If an organisation takes no action on a social issue, stakeholders, regardless of their stance, may view the organisation's silence as opposition and punish it. A prime example is when former professional football quarterback Colin Kaepernick, in 2016, refused to stand during the national anthem in protest of **discrimination** against minorities.<sup>17</sup> The league's silence was seen by supporters as 'opposition to racial justice' and by the opposition as 'tacit approval'. Hence, the National Football League (NFL) faced boycotts, public criticism and political pressure from both sides.

The visibility of a company's silence on a social issue is even more noticeable if the peers/competitors take a stand, as peer activism makes it easier to notice silence, assess it as a deliberate choice and punish the silence. Like the example of companies' **response** to Russia's invasion of Ukraine.<sup>18</sup> Organisations that stayed silent or delayed their response were seen as making a 'moral choice' and their silence/delay had a negative **impact** on these companies and their reputations.<sup>19</sup>

Also, as most companies operate in markets across the globe, their silence on social issues will be viewed negatively. Hence, they are more likely to face stakeholders' criticism than players in niche markets. The stance of **Disney**, a global, high-visibility organisation, on Florida's LGBTQIA+ bill was initially seen as intentional.<sup>20</sup> The **backlash** from employees and consumers was swift and led to **reshuffling** of the top management.<sup>21,22</sup> Table 1 indicates the different positions an organisation's top management should take in terms of remaining silent in various situations.

**Table 1: Corporate response to social issues**

Factor driving action	Level of factor	Brief description and impact on action	Recommended action	
			Speak out	Maintain silence
Company's market presence	Large	Companies with significant market share in prominent markets are more likely to be punished for inaction as they don't get the 'benefit of the doubt'	✓	
	Niche	If a company serves a niche market, the pressure to respond is lower, and the risk of 'misinterpretation' by stakeholders is reduced		✓
Peer response	Vocal	When direct competitors take a stance, silence by a company is likely to be interpreted as opposition to all stakeholders, regardless of their position	✓	
	Passive	If competitors are also silent, it is unlikely that the stakeholders will 'punish' a company that does not voice their stance		✓
Issue's relevance to the business	Core	If the issue directly affects core operations, silence may be detrimental to long-term success, as suppliers and customers may view the company negatively	✓	
	Peripheral	If the social issue has no direct impact on core operations, then the organisation will suffer no harm for being silent		✓
Issue's salience to stakeholders, public	Across platforms	Check whether the issue is being discussed across media channels (traditional and/or social). If yes, taking a stance provides clarity to all stakeholders	✓	
	Limited platforms	If the issue is not being discussed on a specific platform, then staying silent on that channel may be a valid choice		✓

Source: Created by the author based on Marco Shaojun Qin, Xueming Luo, Todd Schifeling, Yang Wang. "When Corporate Silence Is Costly: Negative Consumer Responses to Corporate Silence on Social Issues." *Strategic Management Journal*, ahead of print, December 2, 2024. <https://doi.org/10.1002/smj.3683>.

## How to decide on silence

Once an organisation identifies its standing in the market, here is how the top management can take a call on how to decide its stand on relevant, trending social issues:

- **Scan the environment and monitor the social media feeds of your direct competitors.** Check their stance on trending social issues and whether they are posting statements using campaign hashtags (e.g. #BlackLivesMatter). Organisations should back up their **stance** on social issues with concrete actions.<sup>23</sup>
- **Check the stakeholders' expectations.** Keep an eye on social media posts and hashtags to see what your brand's followers are talking about specific social issues. When consumers realise that your brand is **listening** to them, they come to trust and value your brand, opening the door to new opportunities.<sup>24</sup>
- **Check the stance of your competitors and your brand followers on the same social issue on the social media platforms.** Perform a **social media audit** to identify what is working and what needs to be fixed, hence helping an organisation understand the big picture and make better decisions.<sup>25</sup>

### How can an organisation decide on silence

- Monitor your direct competitors on trending social issues
- Check the stakeholders' social media posts
- Check the stance of competitors and brand followers on the same social issue
- If all of the above are yes, check whether your brand/customers are related to the campaign issue



- If all of the above are yes, check whether your brand/ customers are related to the campaign issue. It is better to take a stance than to remain silent. For example, increased use of Artificial Intelligence (AI) is expected to increase the energy demand for running massive servers. AI companies regularly face questions about the [impact of AI](#) on climate and energy emissions, as increased energy use will lead to more pollution.<sup>26</sup> In his speech at Harvard, [Sam Altman](#), the CEO of OpenAI, clearly indicated his position in the ongoing debate:<sup>27</sup>

*“It is true that AI needs a huge amount of energy, but (it’s) not huge relative to what the rest of the world needs... If we spend 1% of the world’s electricity training powerful AI, and that AI does figure out how to get (to*

*carbon goals), that would be a massive win, (especially) if that 1% lets people live their lives better.”*

## Making a choice

The era of ‘default silence’ as a safe harbour for a brand is no more. As social media platforms increase the visibility of corporate (in)action, silence no longer provides a perception of neutrality. Silence has become a loud, interpretable choice that carries quantifiable risks. Ultimately, the decision to speak out should not be an emotional reaction but a calculated strategic response. Therefore, for broad-market players in a vocal competitive landscape, a well-aligned, authentic stance is often safer than the ‘visible silence’ that stakeholders are increasingly unwilling to forgive.



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