Stakeholder use of Social Media:

A Communicative Catalyst of Corporate Social Responsibility

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To my loving family, for whom I owe it all.
Throughout the body of work that follows, terms such as company, firm, business, corporation, etc., can all be interpreted to embody one of the 100 global brands listed above.

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Introduction

Social Media’s reach can be felt in almost any sphere of life. Celebrities are now born on YouTube channels and Twitter parodies like @GSElevator (Goldman Sachs Elevator Gossip) attract thousands of followers. Careers like Justin Bieber’s can be catalyzed by getting discovered by record executives and just as easily careers can be destroyed as documented by Anthony Wiener’s Twitter fiasco. Similar to a society or culture, SNS are populated by common citizens, corporations, celebrities, politicians and parodies alike. However, for the first time, SNS and social media present a platform for all of society’s actors to communicate and exchange ideas at near instantaneous speeds, twenty-four hours a day, seven days a week, three hundred and sixty-five days a year. Social media can be understood as the many “overlapping communication platforms that rapidly developing ICT’s have enabled since the turn of the century”\textsuperscript{2} like Facebook, Twitter, YouTube, Instagram, Wikipedia, Tumblr, Snapchat, etc. Social media has popularized new terms and phenomenon like the concept of ‘virality’, the “spread through pre-existing networks via social media.”\textsuperscript{3} It is becoming more and more common for stories that become viral online to then be reported on by traditional media outlets. As more and more people see issues starting and then transcending social media platforms into real-world forums or demonstrations, the power of ‘virality’ will continue to flourish.

Facebook and Twitter, launched in 2004 and 2006 respectively, have grown exponentially in the past decade and have achieved unprecedented levels of market penetration both domestically and abroad. This year the Pew Research Center released two studies documenting social media’s ever-increasing exposure to American adults. The Pew Research

\textsuperscript{2} Whelan et al., 778
\textsuperscript{3} Whelan et al., 779
Center’s *Social Media Update 2013* was published on December 30, 2013 and was based on a sampling of 1,801 Americans ages 18 and up conducted from July 18 – September 30, 2013. The survey found that 73% of online American adults use a social media site of some sort and 42% of online Americans use multiple social networking services. The United States Census Bureau reported that in 2012 74.8% of American households had Internet use at home. Though this statistic does little to prove the importance of social media to the lives of American adults, it does lend credibility to the claims about the impressive reach/spread of social media throughout modern American society. The Pew Research Center’s findings indicate that Facebook is the United States’ most popular SNS amongst adults, as 71% of online adults reported they had a profile on the site, while 42% of online American adults reported that they had a presence on two or more social media sites. 63% of Facebook users and 46% of Twitter users, reported accessing the sites on a daily basis. Social media participation and/or observation are becoming a daily part of the 21st century American day.

As social media becomes more engrained as a daily essential into modern life, its role in society will have to grow accordingly. According Facebook’s own company information webpage their mission statement is “to give people the power to share and make the world more open and connected.” Facebook has done an incredible job connecting global citizens together on a common platform. With 1.3 billion active monthly users, Facebook has the reach to achieve their goals. Providing a platform for the masses to create, display, and discuss their own user-generated content (UGC), Facebook, like all forms of social media, has created limitless

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4 http://www.pewinternet.org/2013/12/30/social-media-update-2013/
5 https://www.census.gov/hhes/computer/files/2012/Computer_Use_Infographic_FINAL.pdf
6 http://www.pewinternet.org/2013/12/30/social-media-update-2013/
7 http://www.pewinternet.org/2013/12/30/social-media-update-2013/
8 http://www.pewinternet.org/2013/12/30/social-media-update-2013/
9 https://www.facebook.com/facebook/info
10 http://www.statisticbrain.com/facebook-statistics/
societal possibilities. People of every background now have an arena to have their personal opinions, stories, or images viewed by interested individuals or groups worldwide. UGC can be understood as “media content created by the general public rather than by paid professionals,” and as demonstrated by social media’s short by explosive history, companies like Facebook and Twitter have lent themselves to the masses as vehicles to convey and carry their messages. Twitter’s mission statement according to their S-1 from October 2013 is “to give everyone the power to create and share ideas and information instantly without barriers. Our Business and revenue will always follow that mission in ways that improve-and do not detract-from a free and global conversation,” While only allowing messages of 140 characters or less to be ‘Tweeted’, Twitter and the impact of other SNS on modern politics and businesses has had shockingly large ramifications.

This Thesis seeks to address the intersection of the public, politics, and corporations on SNS and answer the question of how social media is changing the relationship between consumers and corporations, with specific regard to corporate social responsibility?

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11 O’Brien, 33
Chapter One: Motivations

My motivations in writing this Thesis are rooted in my own observations about the world as I interpret it. During the time in which this Thesis was written “trust in government fell globally…to an historic low (44%)”\(^{13}\) according to the 2014 Edelman Trust Barometer, while President Barack Obama’s approval ratings fell to an all time low of 41% in March 2014. In the wake of the 2008 global financial crisis, trust in big business according to the 2014 Edelman Trust Barometer is 61%. The public’s growing trust in big businesses comes at a time when their cash reserves rival the central banks of the many of the world’s developed nations as represented in the chart below.

![Exhibit 2: Global Cash Reserves – Top U.S. Companies vs. Nations.](image)

As companies, especially technology companies, continue to acquire monetary capital, the technologies, particularly those social media technologies that they provide I believe are


leading to an accrual of new social capital by *networked* individuals. Throughout the course of this year I have observed an increasing amount of CSR focused advertisements and messages on social media platforms. On social media I’ve noticed that companies aren’t advertising their products as superior to the products of their competitors. Instead on social media companies are branding their products as more socially responsible/beneficial than the products of their competitors.

Modern society is in my opinion very much a consumer society. Nearly every daily activity in western countries requires the use of some sort of purchased product or material good. If the major brands of the world are beginning to publicly attract new customers on social media by flaunting their concerns for furthering the goals of civil society, then I believe consumers active on social media can possess the ability to influence the long-term actions made by that company.
Chapter Two: Research Design

Having just identified some of social media’s emerging themes and briefly introducing the reader to Facebook and Twitter (two of many SNS), I will now contextualize social media’s rise within today’s network society as described by Manuel Castells. Castells’ argues that theories surrounding industrialism and the information age are inadequate in truly understanding the early decades of the 21st century in which we live today. I will frame my argument through the theoretical lens of a network society, demonstrating ways social media pertains to power, networks/nodes, and the space of flows in a network society.

After establishing the network society as the framework for which to interpret modern society, I will then present a literature review on the related notions of Disruptive Innovation and Digital Disruption, Stakeholder Theory and Corporate Social Responsibility (CSR). Situating social media companies as what Clayton Christensen calls a disruptive innovation, allows me to claim that social media is creating a digital disruption in the global network society. James McQuivey’s concept of digital disruption, developed out of disruptive innovation, contends that the growing incorporation of digital technologies into modern society is fundamentally changing the perceptions individuals have about their own ability to voice their opinions or stimulate change/momentum. The corporations featured on the Interbrand Best Global Brands 2013 list all share one distinct commonality, they’re driven by profit-generation. For those companies represented on the Best Global Brands 2013 list, the driving force behind profitability is consumer consumption of their products/goods. Originating in academic and business discourse during the times of industrialism and the information age, a description of Stakeholder Theory and CSR in a network society is crucial for my Thesis as many of the world’s most visible brands were also established before the development of the network society. Traditionally companies have sought profit by making decisions predicated solely in the interests of their
stockholders. Milton Friedman famously championed the efficacy of stockholder theory beginning in the 1960s. In 1984 R. Edward Freeman presented his stakeholder theory in opposition of the stockholder theory. Urging companies to consider not just those financially bound to the firm when making business decisions, but also other stakeholders in the firm like their employees or the communities and environments in which they operate. I argue that social media has made stakeholder theory a much more profitable management strategy than stockholder theory, due to social media’s redefining of the modern stakeholder. Stakeholder theory has become a popular rationale and explanation for a respective company’s commitment to CSR. By extrapolating the effects of social media on Stakeholder Theory and CSR, I can then begin to provide Case Studies emphasizing the increasing importance of Stakeholders and CSR to corporate success.

Up to this point I have introduced social media as a disruptive innovation to the network society and have displayed ways in which social media is digitally disrupting traditional understandings and relations between stakeholders and CSR. Now I will present a series of Case Studies highlighting just how social media is enhancing the modern corporation’s conception of the contemporary stakeholder. To substantiate social media’s societal impact I will first examine examples of social media’s impact on politics in the United States, Middle East, and Europe. Then I will demonstrate how social media’s affordability, immediacy, and dialogic nature are impacting the world’s biggest brands and mass media companies.

Now that I have theorized social media’s relevancy to stakeholders and consumers in a network society, I will then propose that the increasing visibility/transparency allowed for by social media will contribute to an increase in global CSR. Social media is providing visibility/transparency to consumers (stakeholders) into the corporate actions and corporate
executives of today’s major global brands. Images of rights/wrongs carried out by a company can now spread amongst millions of social media users at a moments notice. Each one of those users represents a potential stakeholder depending upon what action(s) that individual takes after being exposed to such information. Social media is also providing visibility/transparency to corporations into the habits/needs/desires of their consumers, or other potential stakeholders. The individual activities of users across all modes of social media are increasingly becoming vital business information to corporations that try to attract consumers by appealing to their personal preferences as displayed on public social media.

The transparency provided by social media has made branding/image/corporate reputation tremendously vital to the profit-making ability of a firm. Publicly traded companies, like those on the Best Global Brands 2013 list, are registered and traded daily on international stock exchanges. A firm’s stock price is greatly affected by public or insider knowledge concerning the firm. When companies publicly release their quarterly or yearly financial statements, the price of their stock is affected by positive/negative/neutral nature of the information. Before social media the businesses operated much more cyclically in terms of the dissemination of corporation information or intentions. However, today at any moment delicate and confidential business information can be leaked to millions. A company can unintentionally find itself in the media spotlight as a result of an executive’s, employee’s, or stakeholder’s actions made on social media platforms. CSR is emerging as a pragmatic business management strategy for global brands to preemptively prepare for any negative spotlight that may shine poorly on their business.

Finally after presenting my research I will propose some limitations surrounding my study. First, my theories are predicated on the fact that social media will continue to grow and
remain a popular ICT for consumers around the world. There are many growth projections existing today suggesting that companies like Facebook and Twitter are either plateauing or losing users. Second, there is only one other study to my knowledge (and to those author’s knowledge) that argue social media can be a proponent of CSR. For that reason I was forced to connect and analyze what I deemed to be the most important societal factors impacting social media’s effects on the relationship between consumers and corporations with specific regard to CSR.
Chapter Three: Network Society

“A network society is a society whose social structure is made around networks activated by microelectronics-based, digitally processed information and communication technologies”15

-Manuel Castells

Manuel Castells first published theories concerning the network society in his 1996 book *The Rise of the Network Society, The Information Age: Economy, Society, and Culture Vol. 1.* Castells continued to regularly engage/update his theories throughout the 18 years between 1996 and 2012, when he published his most recent book, *Networks of Outrage and Hope: Social Movements in the Internet Age.* Scholars like Felix Stalder reason that the theory of the network society must be approached openly, as a work in progress.16 No doubt, Mr. Castells has devoted a significant amount of his time and energy identifying elements of and explanations for the aspects of modern civilization, what he refers to as the network society. In trying to understand just how the network society came about, Castells identifies three separate global trends; the electronics revolutions beginning with the microprocessor’s invention in 1971; concerns stemming from the industrialism of Western capitalist and Soviet statist societies in the early 1970s; and the diverse culturally charged social movements beginning in the late 1960s. The network society is a term developed by Manuel Castells to describe the present state of global political/economic/social society as the “electronic revolution decentralized, integrated, and accelerated social interaction, and resulted in technological convergence.”17 The infusion of and expanding dependence on ICTs has rendered “postindustrial” and “information society” theories inadequate in fully characterizing the state of the world at the beginning of the 21st century. Professor Philip Howard summarizes an information society as one in which the “state

15 Castells, *Communication Power*, 24
16 Stalder et. al., 2006
17 Lapham, 1994
monopolizes the tools of information." ICTs have completely disrupted this ‘power’ of national
governments. Social media platforms have made it possible –even in countries with strictly run
government media networks – for mass dissemination of any information. As Castells writes
“we know that technology does not determine society: it is society. Society shapes technology
according to the needs, values, and interests of people who use the technology.”

Castells points to two elements of contemporary society, separate from recent influxes in
technology use(s), that have spawned the “new form of social organization based on
networking” as laid out by the network society. First, Industrialism’s emphasis on large-scale
production and manufacturing methods created a cultural expectation for the introduction of new
technologies. Second, the introduction of ICTs and other electronic goods have ushered in an era
where “wealth, power, and knowledge generation are largely dependent on the ability to organize
society to reap the benefits of the new technological system.” Castells concedes that the thirst
for information and knowledge is a historic norm representative of successful civilizations since
the dawn of time, but reasons that “what is new [today] is the microelectronics-based,
networking technologies that provide new capabilities to an old form of social organization:
networks.” Castells’ observation suggests that social media-enabled microelectronics (personal
computers, laptops, mobile phones, etc.) are disruptively innovating contemporary
understandings of inter-human networks/networking by introducing radical opportunities of
utilizing them. Before the introduction of electronic consumer products that allowed users to
engage with social media, “networks were the domain of the private life, while the world of
production, power, and war was occupied by large, vertical organizations…that could marshal

18 Howard, 2011
19 Castells, The Network Society: From Knowledge to Policy, 3
20 Ibid
21 Ibid
22 Castells, The Network Society: From Knowledge to Policy, 4
vast pools of resources around the purpose defined by a central authority.”

However with observable institutional and grassroots phenomenon spanning the interconnected realms of politics, mass media, and international business, it has become evident that ICTs and “digital communication networks are the backbone of the network society, as power networks (meaning energy networks) were the infrastructure on which the industrial society was built, as it was demonstrated by historian Thomas Hughes.”

Web 2.0 and SNS have effectively disrupted how individuals, organizations, corporations, and states have conceived of social movements, social relationships, and social interactions.

Three aspects of Manuel Castells’ definition of the network society will greatly add to the argument to follow. As the inquiry to follow will consistently harp upon and point to ways in which social media has facilitated significant social change, the understanding of “Power” in the network society will allow for a theoretical explanation for success/failure of past/future events.

The second aspect of the network society integral to the success of this paper is the new sense/understanding of human networks that have always existed in society. For today, “networks constitute the new social morphology of our societies, and the diffusion of networking logic substantially modifies the operation and outcomes in processes of production, experience, power, and culture.”

The third aspect of the network society that social media is disrupting/innovating is what Castells’ calls the space of flows, which refers to the “technological and organizational possibility of practicing simultaneity without contiguity.”

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23 Castells, The Network Society: From Knowledge to Policy, 4
24 Castells, The Network Society: From Knowledge to Policy, 4
25 Castells, The Rise of the Network Society, 469
26 Castells, Communication Power, 34
**Power as understood in the Network Society**

A clear and thorough understanding of how ‘power’ exists within the network society will provide support to this paper’s key claim that social media can provide the leverage necessary for consumers/masses (the New Stakeholders-to be detailed) to influence multinational corporations (significant global political actors) to conduct business in a socially beneficial manner – hence, place a greater emphasis on the role of CSR to TNC’s business plan. The communicative effect of ICTs should not come as a surprise. As in the traditional societal hierarchy existing before ICTs “communication and information have been fundamental sources of power and counter-power, of domination and social change...because the fundamental battle being fought in society is the battle over the minds of the people.”27 Before SNS widespread information dissemination was confined to an extremely restrictive selection of the world’s population that included national governments and media corporations/conglomerates with the significant resources (capital, location of reporters, technology). The inherently communicative nature of social media, coupled with its global popularity, has only lent credence to the fact that traditional information networks are being disrupted.

In his work, *Communication and Power*, Castells defines power as the “relational capacity that enables a social actor to influence asymmetrically the decisions of other social actor(s) in ways that favor the empowered actor’s will, interests, and values.”28 In the past, large social institutions like the nation-state, houses of worship, and corporations had a monopoly over the exercise of social power, as they were generally the only organizations with the necessary resources to reach, dictate, or inspire a global audience. However, as demonstrated by the network society traditional hierarchies of power are dissolving resulting from the global rise in

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27 Manuel Castells, *Communication, Power, and Counter-Power in the Network Society*, 238
28 Manuel Castells, *Communication Power*, 10
mass self-communication, which made possible by social media, is “self-generated in content, self-directed in emission, and self-selected in reception by many that communicate with many.”

Counter-power, what Castells defines as the “capacity of a social actor to resist and challenge power relations that are institutionalized,” has seen significant gains in its effectiveness against traditional systems thanks in large part to the unique capabilities of social media.

**Networks/Nodes in the Network Society**

The word ‘network’ is extremely popular in contemporary society due in large part to the rise of ICTs. In terms of infrastructure Internet or WIFI networks support ICTs and SNS. When interacting with a social media platform, a user is most commonly engaging networks of friends or other individually determined networks of information. In 2010, *The Social Network*, a major motion picture documenting the early days of Facebook took the contemporary familiarity of the term ‘network’ upon the film’s release. Yet, what may come as a surprise to some is that “networks are not specific to twenty-first century societies …the network is a pattern that is common to all [biological] life.” As explained by Castells, a network consists of a “set of interconnected nodes of varying relevance, with the most important nodes referred to as ‘centers.’” The three centers of the network society proposed by this paper are modern political structures, traditional mass media, and multinational corporations for “in a social structure organized in global networks, whatever the hierarchy is between the networks will become the rule in the entire grid of networks organizing/dominating the planet.”

Before social media, the three identified centers clearly were the undisputed actors in the international stage as between

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30 Castells, *Communication, Power, and Counter-Power in the Network Society*, 239
31 Castells, *Communication Power*, 20
32 Castells, *Communication Power*, 19
33 Castells, *Communication Power*, 27
the three of them; they possessed a top-down monopoly on information dissemination amongst global networks.

The emergence of mass self-communication, resulting from the incorporation of social media throughout many nodes of society has disrupted once engrained power dynamics. The amount of nodes has exploded due to social media participation and as a result the power of networks has simultaneously expanded. Mass self-communication on SNS and the ability for unknown individuals to engineer tangible change/action supports Castells’ assertion that “the relative importance of a node does not stem from its specific features but from its ability to contribute to the network’s effectiveness in achieve its goals.”

The development of the network society has led to the emergence of four forms of power. There is Networking Power, which “refers to the power of the actors and organizations included in the networks that constitute the core of the global network society over human collectives or individuals who are not included in these global networks.”

The second form of power, Network Power, Castells characterizes as “the power of the standards of the network over its components.”

This paper will examine this form of power later one when the business ambitions and corporate strategy of social media companies will be examined. Networked Power, the third form of power in the network society, describes the relationships between multiple nodes within a network. Social networking service, Twitter, provides ‘verified’ accounts for users of popular respect, celebrity status, or significant social standing (company/organization) to ensure that impersonators cannot misrepresent them online. However, other than a blue check mark, that Twitter uses to designate a verified account, every Twitter account has the same functionality and is restricted to the same 140 character message limit. The fourth form of power, Network-Making Power, is arguably the

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34 Castells, Communication Power, 20
35 Castells, Communication Power, 42
36 Castells, Communication Power, 43
most important form of power created by the network society, because it recognizes the fact that “programmers and switchers are those actors and networks of actors who, because of their position in the social structure, hold network-making power, the paramount form of power in the network society.”37 The infrastructure and technological prowess necessary to operate/maintain ICTs like Google, Facebook and Twitter is a fact that will continue to raise concerns surrounding the role of social media in contemporary society.

**The Space of Flows in the Network Society**

Social media platforms have made it possible for actors of wide-ranging backgrounds to engage, organize and support each other independent of their physical location. For Castells, “the emergence of the space of flows signifies, more than anything else, that we have passed a historical watershed and have, indeed, entered a new era”38. The dissemination of ICTs amongst consumers, politicians, and multinational businesses has greatly altered modern notions of space and time, as now the entire globe is becoming increasingly networked. The *space of flows*, Castells describes the “the technological and organizational possibility of practicing simultaneity without contiguity, by disordering the sequence of events and making them simultaneous in the communication networks”39. The fact that “space and time are the foundation of all aspects of social life”40 supports this paper’s claim that social media has disrupted and will continue to contribute to the evolution of the network society. ICTs have solidified the fact that “the media have become the social space where power is decided”41. By disrupting long-held norms regarding social understanding of space and time, SNS are solidifying themselves as viable social alternatives as their product function of connecting people together around the world.

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37 Castells, *Communication Power*, 47
38 Stalder, *Manuel Castells and the Theory of the Network Society*, 147
39 Castells, *Communication Power*, 34
40 Stalder, *Manuel Castells and the Theory of the Network Society*
41 Castells, *Communication, Power, and Counter-Power in the Network Society*
mirrors the definition of ‘space’ in social theory as that which “can be defined as the material support of time-sharing social practices; that is, the construction of simultaneity”\textsuperscript{42}. Social media is in fact a digital disruption because of how it “accelerates competing ideas even as it facilitates the entry of a previously impossible number and magnitude of ideas”\textsuperscript{43}. As theorized by Castells, the space of flows is a “material infrastructure that enables functional units to be organized into a single whole, operating in real time, independent of their geographical location”\textsuperscript{44}.

Power, networks/nodes, and the \textit{space of flows}, three aspects of the network society, are currently being disrupted by social networking services. The speed in which information is transmitted via social media, the multi-directional nature of the information, and the relatively affordable access to information provided by social media are all contributing to the disruption.

With a theoretical framework in place to conceptualize social interaction occur today, a literature review is presented in the next chapter introducing four bodies of academic study that must be elucidated before attempting to answer how social media is contributing to a change in the relationship between consumer and corporation?

\textsuperscript{42} Castells, \textit{Communication Power}, 34
\textsuperscript{43} McQuivey, \textit{Digital Disruption: Unleashing the Next Wave of Innovation}, 11
\textsuperscript{44} Stalder, \textit{Manuel Castells and the Theory of the Network Society}, 154
Chapter Four: Literature Review

I) Disruptive Innovation

In order to understand the emerging social media relationship between consumers and corporations it is imperative to contextualize the state of modern society as it relates to the relatively recent influx of Internet-enabled information communication technologies (ICTs). As set forth by Manuel Castell’s theory of the network society and the literature that supports its validity, this chapter aims to contextualize the role of social networking services (SNS) in contemporary global affairs. The network society, Castells argues, is the most effective way to understand today’s globalized culture. Castells’ theories on the network society clearly reveal the global potential social media’s capabilities harbor and by demonstrating just how social media fits Clayton Christensen’s definition of a disruptive innovation, “a process by which a product or service takes root initially in simple applications at the bottom of a market and then relentlessly moves up market, eventually displacing established competitors”[^45], I can begin to infer what competitors social media may replace.

First a description/analysis of the theory of Disruptive Innovation, made popular by Clayton Christensen, is necessary for the purpose of this paper as the theory will be used to support the claim that social media is changing the modern-day relationship between the consumer and the corporation. In September 2013 the McKinsey Global Institute identified the mobile Internet as the most disruptive technology in regards to ways it is expected to transform life, business and the global economy by 2025[^46]. Situating social media, a byproduct of the mobile Internet, as a disruptive innovation to the network society will enable the following research to substantiate its claim that the manipulation of and consequential reaction to social

[^45]: http://www.claytonchristensen.com/key-concepts/
[^46]: newsroom.cisco.com/feature/1255430/Mobile-Internet-Tops-12-Most-Disruptive-Technologies
media channels can solicit valuable social change. In 1995, when first developing the theory of disruptive innovation, Christensen differentiated between sustaining innovations and disruptive innovations. As implied by their name, sustaining innovations are those that maintain the status quo and fulfill the prevailing demands of influential stakeholders. On the other hand, “disruptive innovations challenge industry incumbents by offering simpler, good-enough alternatives to an underserved group of customers, catalytic innovations can surpass the status quo by providing good-enough solutions to inadequately addressed social problems.” 47 Most of the time, disruptive innovations are at first “used and valued only in new markets or new applications” 48. One example to follow concerns the way in which Barack Obama has successfully crafted a social media presence to make political gains. The positive impact social media has had on Obama’s presidential career is observable in both his 2008 and 2012 presidential campaigns, as well as his most recent use of social media platforms to garner support for the Affordable Healthcare Act. If disruptive innovations are typically employed in emerging markets 49, then the ability for Obama to use social media to mobilize support amongst the millennial generation speaks to this point.

Social media, undoubtedly a consumer product, as all social networking services (SNS) are owned by parent companies, has been an impactful disruptive innovation to the perceived abilities of the Internet and the ICTs that result from it. By allowing for the creation of and interaction with user-generated content (UGC), social media has completely shaken traditional norms in which information has been disseminated across social networks. In 2006 Christensen furthered his notions of disruptive innovation to include the theory of catalytic innovation, which differentiates itself from disruptive innovation, for catalytic innovations are primarily focused

47 Christensen et al. Disruptive Innovation for Social Change, 94
49 Christensen, 1997, p. 15
with creating social change whereas “the social changes caused by disruptive innovations are largely unintended; they are simply the by-products of pursuing a business opportunity.” The recent growth of social media and expansion of ICTs will effectively be defined as a disruptive innovation in regards to how users now interact and relate to the Internet. More important to the aim of this paper is to be able to justify social media as a substantial catalytic innovation multinational corporations existing and operating within the network society.

II) Digital Disruption

Published in 2013, James McQuivey’s book Digital Disruption: Unleashing the Next Wave of Innovation re-engages Christensen’s original understanding of a disruptive innovation by situating the theory in the present context of the digitally dependent modern society. Defining disruption as the means to “finding a better way to meet a fundamental need that the customer has”\(^51\), it is easy to accept the impact social media has had in serving/fulfilling needs of consumers across the world and across social classes. Digital disruption is contributing to groundbreaking trends as it is simultaneously disrupting the consumer, creating the “digitally empowered consumer”\(^52\), and accelerating the “disruption of physical things”\(^53\) as digital spaces become more legitimate social forums for driving social change. One of the most important aspects of digital disruption to the purpose of this paper is the fact that digital disruption is not a consumer product, good, or service, but instead it is a “mindset that bypasses traditional analog barriers”\(^54\). Digital disruption is not meant to define the plethora of digital electronic consumer goods marketed by technology companies around the world, but instead is used to describe the

\(^{50}\) http://hbr.org/2006/12/disruptive-innovation-for-social-change/ar/1  
\(^{51}\) McQuivey, Digital Disruption, 8  
\(^{52}\) McQuivey, Digital Disruption, 55  
\(^{53}\) McQuivey, Digital Disruption, 9  
\(^{54}\) McQuivey, Digital Disruption, 23
mindset of consumers/users of this new ‘capable’ technology. Similar to the famous idiom of

give a man to fish and he’ll eat for a day, but teach a man to fish and he’ll eat forever, “when
people adopt technology, they do old things in new ways. When people internalize technology,
they find new things to do”55. The world’s major technology companies, those responsible for
creating digital platforms like Facebook, Google, Twitter, Microsoft, Amazon and Apple, are the
enablers of digital disruption, for their products contribute to the development of social
movements/innovations.

As set forth by Evolutionary biologist Stuart Kauffman, “an adjacent possibility is a
stable next stage in evolution or innovation that serves as a segue to the next adjacent possibility
and the one after it”56. Innovating the adjacent possible, a theory central to digital disruption,
“is a customer-focused discipline for rapidly generating many more product and service ideas
than you can generate by merely looking at your current products and wondering what else you
could do”57. Digital disruption could potentially spur companies to align their business strategies
more closely to CSR because “what your company sells is no longer just a product (or service).
The product is now at the center of a total product experience. Unless you realize this, you’ll get
outmaneuvered by digital disruptors whose products may not be as good, but who offer better
experiences”58. Digital disruptors have magnified the sphere in which consumers access and are
exposed to the companies whose products they purchase. The relationship between consumer
and corporation is no longer contained amongst the aisles of a store or online pages of a
company’s/brand’s website, but instead today the relationship between consumer and
corporation can occur on social media. “Digital disruptors think in total product experiences.

55 McQuivey, , 57
56 McQuivey, , 76
57 Ibid
58 McQuivey, , 85
This is a way to conceive of products that forces everyone involved in a product or service, whether manufacturer, marketer, or distributor, to reevaluate their role"\textsuperscript{59}. It takes relatively no physical energy for a user to communicate/interact/engage social media “because this digital component can improve the product experience so much with so little effort, it radically redefines how your customers perceive, use, and derive satisfaction from your core product\textsuperscript{60}. The relationship between consumer and corporation is radically changing due in large part to the rise, scale, and scope of social media.

Yelp, Google Reviews, and other online consumer review focused social media websites serve as example to the digital disruption occurring amongst the minds of consumers. The emergence of Yelp and Google Reviews signal a growing trend in consumer behavior, Internet reliance. Consumers aren’t just flocking to the Internet to purchase goods; they’re starting to access SNS to comment on goods/services. Or in the case of the individual that contributes a review to Yelp or Google Reviews, that consumer is returning to SNS for the sole purpose of educating other potentially like-minded consumers.

\textsuperscript{59} McQuivey. , 88
\textsuperscript{60} McQuivey. , 85
III) Stakeholder Theory

The research to follow is focused on demonstrating the ways in which social media is contributing to a change in the contemporary relationship between consumers and global brands. An introduction to stakeholder theory literature is integral in developing a theory to support social media’s social impact as “stakeholder theory has been identified by scholars as a prime conceptual framework for reviewing CSR and managerial responsibility impacting a corporation and societal well-being”\(^61\). By supplementing the existing stakeholder theory scholarship with relevant examples stemming from social media two goals are achieved. First, due to social media’s growing importance to profitability by way of managing brand/reputation; stakeholder theory is exhibited as a superior approach to corporate governance than stockholder theory. Second, the affordable, instant and dialogic nature of social media demands a broader definition/identity of today’s corporate stakeholder.

*The Stakeholder (Re)Defined*

Before jumping into a discussion of how social media is elevating the role of the stakeholder in relation to corporate activity, a definition of stakeholder in a social media infused global market must be determined. Companies have long observed stakeholders. During the Great Depression the General Electric Company (GE) first used the term in corporate dialogue by designating four stakeholder groups: shareholders, employees, customers, and the general public\(^62\). Yet the potential impact of stakeholders influence on business strategy was not effectively conceptualized until 1984, with the publishing of *Strategic Management: A Stakeholder Approach* by R. Edward Freeman. Defining the stakeholder as “any group or


\(^{62}\) Clarkson, 1995
individual who can affect or is affected by the achievement of the organization’s objectives”63. Freeman’s stakeholder theory “goes beyond the [existing] stockholder theory by including all stakeholders impacted by a corporation”64. A company’s stakeholders according to Freeman’s definition encompass not just investors, employees, and consumers, but all elements of the modern supply chain, including the local communities a firm’s production/products impact. “A stakeholder is linked to a corporation based on the fact that they both have consequences on one another”65, and because of social media these consequences are becoming more apparent and visible in the public eye. One direct result of social media is the increasing ability for any individual/organization regardless of a monetary investment, to become a stakeholder in a company if the ways in which the actors utilize social media channels have consequences on the intended firms.

Embracing the stakeholder theory of a corporation’s relationship with society advocates that “managers are agents of all stakeholders and have two responsibilities: to ensure that ethical rights of no stakeholder are violated and to balance the legitimate interest of the stakeholders when making decisions”66. To be expounded upon in the following selection, stockholder or shareholder theory sets forth the notion that the actions of those who control a company’s direction must always be motivated by the thirst for generating the most profits possible in accordance to the law. With focus restricted to pleasing the interests of those with a financial connection to the firm, stockholder theory greatly overlooks the potential impacts in today’s network society that those without financial ties can have on a company.

The viral nature of social media has significantly increased the role of stakeholders in

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63 Freeman, Strategic Management, 1984, p 25
65 Grunig, Excellence in public relations and communication management 2013
66 sloanreview.mit.edu/article/the-shareholders-vs-stakeholders-debate/
corporate interests by creating a visible platform in which any individual or organization can voice their discontent with a firm’s action/decision. One example originates from Italy in September 2013. In an Italian radio interview Guido Barilla, chairman of Barilla (@Barilla), the world’s largest pasta maker\(^67\), stated that he would never consider using a same-sex couple in any of his company’s advertisements. Just hours after Barilla made his statement the hashtag “boicotta-barilla”\(^68\) began trending on Twitter around the world. Andriof et al. states that the stakeholder relationship is assumed to consist of “interactive, mutually engaged and responsive relationships that establish the very context of doing modern business, and create the groundwork for transparency and accountability\(^69\).” Social media’s virality exposed consumers across the globe to Barilla’s homosexual remarks during a local radio interview that before may have gone unheard. The transparency social media equips stakeholders with, who consequently are a firm’s potential customers, accentuates the significance of melding CSR with the drive to increase profits\(^70\). Though Barilla has not disclosed whether or not profits were affected by the international boycott (as represented by ‘boicotta-barilla’ being tweeted around the world\(^71\)), the incident presented the company in a negative light, which threatens the brand and reputation so integral to profit-generation that Barilla has been molding for generations.

The boycott of Barilla’s products was felt even on the campus of Haverford College campus as the dining center displayed posters announcing their decision to stop in using Barilla goods as a result of the chairman’s remarks. With only 1,200 students to feed, the decision of the Haverford College dining center to cease buying Barilla goods had no effect on Barilla’s profitability. However, the dining center’s actions embodies the increasing stakeholder influence

\(^{67}\) http://www.nydailynews.com/life-style/eats/barilla-fix-anti-gay-scandal-article-1.1506397
\(^{69}\) Andriof et al., 2002, p.9
\(^{70}\) Freeman, Strategic Management, 1984,
on corporate management decisions/actions that social media is stimulating.

Max Clarkson categorizes stakeholders as primary stakeholders and secondary stakeholders. With primary stakeholders representing those who without their consistent participation in the business, the firm would fail and secondary stakeholders as those who “influence or affect, or are influenced or affected by, the corporation, but they are not engaged in transactions with the corporations and are not essential for its survival.” The instantaneous speeds in which social media disseminates relevant information between millions of interested individuals has greatly increased the role of secondary stakeholders relative to a firm’s business strategy. As signaled by Haverford’s dining center, secondary stakeholders, whether individuals or organizations, are beginning to replicate attitudes displayed on social media in their daily lives.

Secondary stakeholders, those without direct monetary investments in the firm, can represent potential customers to a corporation and the money spent on goods by consumers typically drives business. This connection is important in understanding the stakeholder approach to business management “as an answer to the need for businesses to be more proactive to changes in their operating environments, and [that] the increased importance of stakeholders is linked to the concept of CSR.” In relation to a corporation, the term stakeholder has begun to take on a much greater role than simply the shareholders, customers, employees and general public described be GE. “Stakeholder theory proposes a corporation move past the solitary drive of wealth creation by adding the resolve to develop societal benefits,” forming the foundations for Corporate Social Responsibility.

72 Clarkson, 106
73 Clarkson, 107
74 http://studenttheses.cbs.dk/bitstream/handle/10417/2696/maren_loewen_heradstveit_og_kine_hagen.pdf?sequence=1 (p.13)
75 Harting et al., Innovative Stakeholder Relations, 2006
**Instrumental vs. Normative Stakeholder Approach**

After extensively analyzing the existing stakeholder theory literature, and acknowledging “the idea that corporations have stakeholders has now become commonplace,”76 Thomas Donaldson and Lee Preston in 1995 advanced their notion that three distinct classifications of stakeholder theory—descriptive, instrumental, and normative77—are observable. The literal impacts of corporations on their stakeholders are described by descriptive stakeholder theory. Analyses of the trends/results of corporate leadership are covered by instrumental stakeholder theory. The social and cultural norms corporations should philosophically abide by are covered by normative stakeholder theory. The research conducted in this study was framed using the instrumental and normative lenses of stakeholder when contextualizing ways modern businesses are “communicating, negotiating and contracting, managing relationships, and motivating them to respond to the organization in ways that benefit it.”78

The potential of instrumental stakeholder is documented by the way in which modern corporations are incorporating stakeholders into their profit motivated decision-making processes. By analyzing examples of corporate actions made in consideration of stakeholders, the instrumental lens “offers a framework for examining the connections…between the practice of stakeholder management and the achievement of various corporate performance goals,”79 like profitability and business growth. Individuals that represent consumers, producers, business executives, community members, and corporations inhabit Facebook, Twitter, and other social networking services. Potentially every aspect of a corporation from those involved in product production to corporate leadership can be represented on a social media platform. With stakeholder visibility and corporate transparency increasing “the instrumental approach

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76 Donaldson, *The stakeholder theory of the corporation*, 65
77 Donaldson, *The stakeholder theory of the corporation*, 66
78 http://studenttheses.cbs.dk/bitstream/handle/10417/2696/maren_loewen_heradstveit_og_kine_hagen.pdf?sequence=1 (p.14)
79 Donaldson, *The stakeholder theory of the corporation*, 67
advocates the formulation and implementation of processes that satisfy stakeholders because they control key resources and suggests that stakeholder satisfaction, in turn, will ensure the long-term survival and success of the firm.”

The earliest example of corporate leadership recognizing the relationship between stakeholders and profits was in 1950 when then-CEO of Sears General Robert E. Wood admitted that “all I can say is that if the other three parties named above [customers, employees, community] are properly taken care of, the stockholder will benefit in the long pull”.

When stockholders prosper more often than not, so too does the respective company. The main objective of framing through the instrumental lens is to investigate the claim that “stakeholder management and favorable [business] performance go hand in hand.”

Understanding stakeholder management as “the necessity for an organization to manage its relationships with specific stakeholder groups in an action-oriented way,” examples of contemporary instrumental stakeholder management by corporations will serve this paper by establishing the current influence stakeholders are acquiring in corporate strategy.

The foundation of normative stakeholder theory lays in its assertion of “ethical and moral standards as the only acceptable mode for corporate behavior.” Social media creates the possibility that at any moment any activity related to a business may become evident to the public. Therefore it is in the best interest of a company to maintain an image affable to as many of their existing and potential stakeholders as possible. By carefully molding a business’ direction and image as closely in line to the prevailing public opinion at the time, corporate decision makers reveal, “the normative base serves as the critical underpinning for the

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80 Berrone et al., Corporate Ethical Identity as a Determinant of Firm Performance, 40
81 Donaldson, The stakeholder theory of the corporation, 77
82 ibid
83 http://studenttheses.cbs.dk/bitstream/handle/10417/2696/maren_loewen_heradstveit_og_kine_hagen.pdf?sequence=1
84 Berrone et al., Corporate Ethical Identity, 38
[stakeholder] theory in all its forms. Donaldson and Preston’s two normative propositions “that stakeholders are identified by their interest in the affairs of the corporation and that the interests of all stakeholders have intrinsic value—can be viewed as axiomatic principles that require no further justification”. Now, more so than ever, social media is allowing for information related to mass public sentiment to be revealed, as data is collected and analyzed. The conversations, images, and trends displayed throughout social media can clearly define public preferences or a group’s political/social/economic inclinations. In accordance with this view, “a firm can be seen as a sociopolitical institution where the lines between the business and its external environment are less distinct”. Examples of contemporary normative stakeholder management by corporations will serve this paper in supporting this its claim that social media equipped stakeholders will lead to an increase in CSR related corporate actions as companies strive to engage a more informed public than ever.

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85 Donaldson, The stakeholder theory of the corporation, 66
86 Donaldson, The stakeholder theory of the corporation, 81
87 http://studenttheses.cbs.dk/bitstream/handle/10417/2696/maren_loewen_heradstveit_og_kine_hagen.pdf?sequence=1 (p.13)
**From Stockholder to Stakeholder, Past and Present**

Professor R. Edward Freeman largely considered the father of modern stakeholder theory published his trailblazing book *Strategic Management: A Stakeholder Approach* in 1984. Before Freeman’s contribution, stockholder (shareholder) theory was the dominant governing principle in the development of business models. “Initially, with the advent of capitalism and free market systems, the focus in business was purely on profitability and shareholder value”88. In *Capitalism and Freedom* (1962), Milton Friedman substantiates stockholder theory’s argument by reinforcing that “there is one and only one social responsibility of business –to use its resources and engage in activities designed to increase its profits so long as it…engages in open and free competition, without deception or fraud.”89 For Friedman, the role of a business or corporations is restricted solely to providing benefits to its shareholders alone. He goes on to say “few trends could so thoroughly undermined the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible.”90 With focus placed on squarely on generating as much monetary profit as possible, in the hopes of increasing shareholder wealth, stockholder theory as prescribed by Friedman places very little emphasis on the influence non-shareholders have on business. With the communication technologies available to Friedman during the 1960s it’s understandable why he found the “essence of a competitive market…[to be] its impersonal character”91. However technological advances in Internet communication technologies (ICTs) and social media have provided the means necessary for the entire world to be as connected as ever.

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88 Smith, *The two narratives of political economy*, (2010)  
89 Friedman, *Capitalism and Freedom*, 4  
90 Friedman, *Capitalism and Freedom*, 133  
91 Friedman, *Capitalism and Freedom*, 119
Social media websites have provided every organization and individual the ability to personalize their own space within the Internet. It also allows for the instant and dialogic communication between the different social media actors, like corporations and their consumers. In 2013 Cone Communications and Echo Research, a public relations and marketing firm released their Global CSR Study, which revealed “62% of global consumers report using social media to engage with companies”\(^92\). The impersonal character of society that Friedman framed in *Capitalism and Freedom* (1962) and *The Social Responsibility of Business is to Increase its Profits* (1970) to defend the stockholder theory has fundamentally changed as a result of social media. According to the same 2013 study “just 6% of consumers believe the singular purpose of business is to make money for shareholders”\(^93\).

In Friedman’s *The Social Responsibility of Business is to Increase its Profits* (1970) “it becomes apparent that the shareholder theory spoke more to increasing dividends through profitability than to increasing share price in a (possibly irrational) stock market”\(^94\). This paper asserts that as a result of social media shareholder theory has been dwarfed by stakeholder theory in regards to profit generation. If normative stakeholder theory is rooted on the decisions corporate executives ought to make, then corporate strategy theoretically is dictated in those actions that best influence a firm’s stock price. Corporate management is constantly searching for different strategies to employ to increase financial profitability (Barker & Cobb, 2000). The financial position of a corporation is predominantly measured through the use of widely accepted financial measurements\(^95\). Since there are many corporate events such as mergers, acquisitions, 

\(^{94}\)sloanreview.mit.edu/article/the-shareholders-vs-stakeholders-debate/
hiring’s/firings, bankruptcy, etc. that have recognized effects on stock price, normative stakeholder theory is a suitable lens to craft the following argument.
IV) Corporate Social Responsibility

Howard Bowen’s book, *Social Responsibility of the Businessman*, first set forth a definition of corporate social responsibility proposing “it (CSR) refers to the obligations of businessman to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society”\(^96\). Since Bowen’s first acknowledgement of CSR in 1953, the topic has continued to rise in prominence within academic disciplines like political science, business ethics, and organizational behavior. Highly visible companies, like those included in the Fortune Global 500, have steadily incorporated CSR into their business practices. In 2010 The Economist reported that “according to CorporateRegister.com, an independent reference source, fewer than 500 companies issued CSR reports in 1999”\(^97\). In comparison, 3,500 companies issued CSR reports in 2010 according to the same findings of the Economist Intelligence Unit.

As the previous chapter just demonstrated, the identity of a corporation’s stakeholder has fundamentally transformed with recent advents in social media and ICTs. Stakeholders aren’t restricted to just those investors, employees, and executives compensated by a company, but as a result of social media a company’s stakeholders can vary everyday. Communications technologies have been influential in spawning advocacy groups by connecting populations and disrupting existing power dynamics. Civil society now has the ability to “pursue great undertakings in common” like Tocqueville ascertained it would in serving as a “defensive counterbalance to the modern state”\(^98\). According to MIT’s Sloan Review, Enron, AIG, Lehman Brothers and other recent “[corporate] scandals serve as evidence of the failure of the

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\(^96\) Bowen, *Social Responsibility of the Businessman*, 6
\(^97\) http://fm.sap.com/data/UPLOAD/files/EIU\_Sustainability_Performance_Management%5B1%5D.pdf, page 3
\(^98\) Holzer, *Moralizing the Corporation*, 15
shareholder [stockholder] theory”99. In an environment of ever-increasing transparency into corporate dealings, the application of the stakeholder theory in contextualizing corporate decision-making enjoys relevance. Since no company can predict the potential impact a positive/negative social media post can have on business, highly visible firms must maintain an image/reputation that is as desirable to as wide and diverse a population as possible. Corporate Social Responsibility (CSR) has emerged as an avenue for major corporations to positively engage stakeholders and society.

Contemporary CSR

Well-known examples of CSR include Starbucks’ CAFÉ (Coffee and Farmer Equity) set of guidelines when choosing suppliers, Nike’s labor conditions infractions and Shell’s environmental impacts on Lagos and the North Sea100. Interestingly, even as CSR’s prominence in corporate rhetoric and management has increased, a single definition of CSR has yet to be firmly agreed upon by academic, political and corporate circles. Since the beginning of the new millennium scholars have continually advanced new definitions for CSR. In 2001 McWilliams and Siegel decried CSR as “actions that appear to further some social good, beyond the interests of the firm and that which is required by law”101. In 2006, Crouch defined CSR as “behavior by firms that voluntarily takes account of the externalities produced by their market behavior, externalities being defined as results of market transactions that are not themselves embodied in such transactions”102. The European Commission went on to define CSR in 2011 as efforts by corporations to “integrate social, environmental, ethical, human rights, and consumer issues into their business operations and core strategy”103. In 2013 Kesavan and Mascarenhas defined CSR

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99 sloanreview.mit.edu/article/the-shareholders-vs-stakeholders-debate/
100 Vogel, The Market for Virtue, 11
101 http://www.economics.rpi.edu/workingpapers/rp0506.pdf
“as having both accountability and commitment by a corporation to enhance a community’s well
being through the use of business resources such as money, employees, and facilities”\textsuperscript{104}.

Corporate Social Responsibility (CSR) has emerged as a topic in business ethics to
address the relationship between a company and its community. The spontaneity of social media
has contributed to corporations operating under conditions of “organizational reflexivity”\textsuperscript{105}, in
anticipation of public support or resentment. Since social media has created the possibility for a
stakeholder in a company to emerge from any corner of the globe, companies must expect the
unexpected. Freeman first recognized in 1984 that as a firm “you must deal with those groups
that can affect you, while to be responsive (and effective in the long run) you must deal with
those groups that you can affect”\textsuperscript{106}. Organizational reflexivity, by way of CSR, is one manner
in which global corporations have begun operating in anticipation of outbreaks of public support
or resentment. According to Boriz Holzer, “the fundamental threat employed by transnational
activism against corporations is the mobilization of consumers”\textsuperscript{107} against the corporation’s
objectives, an event organizational reflexivity is meant to combat. With social media as an
unpredictable international discussion platform, organizational reflexivity has become a
competitive advantage in business. When a company takes initiative in a community either by
building or directly investing in public works they’re demonstrating organizational reflexivity.
When a company markets their brand/products as sustainable, green, local, fair-trade, etc.,
they’re demonstrating organizational reflexivity. By operating and maintaining an image which
promotes the desires of the public, a theme central to CSR, it’s believed that firms can better
absorb and react to potential business shocks, while maintaining profits. For this reason
corporate social responsibility rhetoric and actions speak to Fortune Global 500 companies as

\textsuperscript{104} Kesavan et al., \textit{Word of Mouse: CSR Communication and the Social Media}, 60
\textsuperscript{105} Holzer, \textit{Moralizing the Corporation}, 77
\textsuperscript{106} Freeman, \textit{Strategic Management}, 47
\textsuperscript{107} Holzer, \textit{Moralizing the Corporation}, 5
they strive to align themselves with views/messages that are shared by their potential consumers and/or stakeholders.

Today “91% of global consumers are likely to switch brands to one associated with a good cause, given comparable price and quality”\(^{108}\), stressing the dependent relationship between CSR initiatives and consumer preference. Corporate social responsibility can be conceived of as the decisions made by a company pertaining to the ways in which their products are manufactured and their wastes recycled/disposed of. CSR can be understood as a company investing money or building infrastructure within the communities in which the company operates. A company can demonstrate CSR by donating money or supplying resources to a population in need. CSR can be perceived as a “firm’s consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm...to accomplish social benefits along with the traditional economic gains which the firm seeks”\(^{109}\). Any action of a company that can be perceived to be the firm’s acknowledgment of its relationship with society and nonmarket stakeholders rather than their stockholders can be thought of as CSR.


\(^{109}\)Davis, *The Case For and Against Business Assumption of Social Responsibilities*, 313
Instrumental and Normative CSR

Just as stakeholder theory can be framed through instrumental and normative lenses, so too can corporate social responsibility. Comparable to the instrumental view of Stakeholder theory, which is predicated on what benefits the firm can derive from stakeholders; the instrumental view of CSR is focused on the benefits derived by the firm by implementing CSR. CSR can positively impact business by “improving the corporate reputation, the loyalty and motivation of employees, and consumer brand awareness and purchases.”\textsuperscript{110} Just as the instrumental stakeholder theory advises corporate decision-makers to maximize the value of their stakeholders, so too does instrumental CSR advise a firm to incorporate CSR into their business plan to best maximize financial the firm’s performance. The instrumental view of CSR doesn’t see profit in altruism, but rather seeks to profit on the potential repercussions of altruism on stakeholders.

Similarly, the normative view of CSR parallels normative Stakeholder theory. The rationale supporting normative CSR is that highly visible firms are morally and “politically responsible for the setting, implementation, and development of norms and values of contemporary society.”\textsuperscript{111} The normative view of CSR does not encourage companies to intentionally sway public political processes, but rather retain legitimacy by replicating popular opinion in public examples of CSR.

\textsuperscript{110}Castelló et al., Communicative Dynamics, 684
\textsuperscript{111}Schultz, The Construction of Corporate Social Responsibility in Network Societies, 683
Communicative CSR

Though strikingly similar to the understandings of instrumental and normative Stakeholder theory, instrumental and normative views of CSR are too narrowly focused on firm’s “producing consensus, control, and consistency”\textsuperscript{112} amongst interested stakeholders. Castelló et al. argue that a new view of CSR, Communicative CSR, has emerged resulting from the network society in which interpersonal interaction now exist. On an individual level, one usually can judge another’s morals/beliefs by the actions they take. On a corporate level, it’s much harder for a consumer to judge a corporation’s morals/beliefs based on the backroom, and usually out-of-sight decisions made by a company’s executives. Situating the communication theory of \textit{communication constitutes corporations (CCO)} in the context of a network society (to be detailed), Castelló et al. demonstrate that companies try to exploit the visibility created by SNS to benefit their business by allowing more frequent and more intimate communications about their motivations/goals.

In accordance with my research design, a communicative understanding of CSR is strongest in demonstrating social media’s related effect on the network society, consumer/stakeholder, and corporation. Social media certainly lends credibility to the statement that “communication is not simply a transmission of meaning or interpretations, but a process in which reality is constituted and in which meaning is organized.”\textsuperscript{113} Personal activities communicated on social media can have public consequences. As individuals post photos to their Facebook of themselves/friends using consumer products and live Tweet their impressions/opinions of personal experiences, other social media users, organizations, companies, governments etc., can collect and draw conclusions from that data.

\textsuperscript{112} Castelló et al., \textit{Communicative Dynamics}, 684
\textsuperscript{113} Ibid.
Chapter Five: Case Studies

Social Media’s impact on contemporary society has been extraordinary. Resulting from the ever-evolving World Wide Web, the recent influx of Information Communication Technologies (ICT) has been felt by social media participants and non-participants alike. Traditional media is now reporting on events and trends occurring within social network services (SNS) themselves. In some instances, like what was observed in the Arab Spring and Occupy movements, the ability for like-minded citizens to find one another on SNS allows for coordinated real-world mobilization. Harvard business professor, Clayton Christensen famously coined the term “disruptive innovation” to describe the shock certain products can have on the status quo. Disruptive innovation “describes a process by which a product or service takes root initially in simple applications at the bottom of a market and then relentlessly moves up market, eventually displacing established competitors”\(^\text{114}\). Take Facebook for example. Founded in a Harvard dorm room in 2004, Mark Zuckerberg and his friends originally intended for the website to only service the Harvard University student body. Ten years later Facebook has one billion active monthly users, with 75% of those users accessing the Facebook website or mobile app outside of the United States\(^\text{115}\). Facebook, which owns Instagram, along with its peer SNS companies (e.g. Twitter, YouTube, LinkedIn) are disrupting many facets of the connected world in which we live today. There are three characteristics of SNS that have proven tremendously impactful in popularizing and empowering social media\(^\text{116}\). First, social media has increased the speed in which people can communicate their own thoughts and images. With a click of a button, information is relayed almost instantaneously from virtually anyone to virtually anywhere. With access to social media, one can be exposed to the most up-to-date information

\(^{114}\) http://www.claytonchristensen.com/key-concepts/
\(^{115}\) http://www.statisticbrain.com/facebook-statistics/
\(^{116}\) Whelan et al., 779
about almost any topic, as long as another user has posted content relating to it. Second, participating on SNS is relatively cheap and accessible. With any Internet or mobile phone connection a user possesses the ability to voice their concerns or feelings to a potentially global audience. Third, social media is multi-directional in both production and dissemination. “Unlike old media, which are relatively hierarchical and unidirectional in that messages are sent from a sender to a receiver, social media enable motivated individuals and organizations to create and respond to messages in new ways”\(^\text{117}\). Social media holds vast implications for the development of global culture today. From spawning phenomenon like the “selfie”\(^\text{118}\), or organizing flashmobs, to simply staying in close contact with far-away friends, social media is disrupting many aspects of our world.

For the purpose of this paper, social media will be examined in a light that reveals the ways in which SNS disrupt widely accepted norms of stakeholder theory and in turn will act as a proponent of Corporate Social Responsibility (CSR). This paper contends that social media’s role in society and in relationship with corporations will lead to a new definition/understanding of a ‘stakeholder’ as previously defined in stakeholder theory literature. Since anyone with a Twitter, Facebook, YouTube, etc. account can upload information and communicate openly with anyone who’s also interested, those with “stakes” in the corporation are not just limited to those with a financial obligation in the business. With this newfound understanding of a stakeholder, it is in the best interest of the corporation’s to pursue business strategy friendly to the majority of public opinion. Corporate Social Responsibility (CSR) is a widely understood aspect of business but “little attention has been paid to the importance of social media in the CSR literature”\(^\text{119}\).

\(^{117}\) Whelan et al., 779
\(^{119}\) Whelan et al., 777
This paper seeks to supplement the established literature on CSR with perspective on the effect social media and SNS will have on the role of corporations within society moving forward.

I) Social Media’s Impact on Political Systems

"Political Language is designed to make lies sound truthful and murder respectable, and to give the appearance of solidity to pure wind"

-George Orwell, Politics and the English Language, 1946

Within one decade social media has had an observable impact on global political culture. Revolutions have been inspired, financial systems have been challenged, and truths have been uncovered. In countries and regions around the world, the advent and rise in popularity of social media has increased the speed in which news is reported/spread, reduced the costs of disseminating those messages, and created a space for interested individuals from almost all social classes to communicate their thoughts concerning the messages. Many fear that this widespread access to communication networks/channels by “unqualified” individuals (non-media employees/members) will have negative impacts on society, as false or misguided information is broadcasted. If anyone can post on Twitter or Facebook messages/thoughts that are instantaneously accessible by millions around the world, there’s potential for disaster as the masses may potentially rally behind misrepresentations (whether purposeful or not). Doesn’t that same possibility exist in the existing traditional media networks? Just because a large, multinational news network publishes a story, does that make it any more legitimate than if an affected civilian spread the same story? Even before the widespread adoption of social media by unknown individuals, celebrities, and world leaders, in our globalized society, politics was “primarily media politics”. If anything, the rise in popularity of social media should

120 Castells, Communication, Power, and Counter-Power in the Network Society, 240
authenticate and verify messages based upon the number of people also sharing similar thoughts and ideas. Manuel Castells supports this claim when he writes in Networks of Outrage and Hope that “it is generally thought that the multimodal and transnational nature of social media foster the autonomy of civil society.”\textsuperscript{121} By voicing their own personal beliefs on public platforms created by social media, those with like-minded ideas/concerns can begin to associate/coordinate/organize with like-minded individuals.

In the examples that follow, the political impact and possibilities of social networking services like Facebook and Twitter will be introduced, discussed and analyzed. First, from the United States, social media’s role in President Barack Obama’s 2008 presidential election will be evaluated. Then the impact social media had on the Arab Spring, specifically in Egypt, will be presented. Third, this year’s revolution in Ukraine will be analyzed. In roughly a decade, companies like Facebook and Twitter have created products that have created their own distinct global cultures, disrupting the perception of the Internet entirely. Social networking services and Web 2.0 has transformed the Internet from a space to not just receive information, but to also create or interact with information. The political results of and implications for social media are no doubt impressive and inspiring. If social media has enabled the masses to convey, communicate, and act on their political values, than why couldn’t it be fostered in the same manner to stimulate some degree of change amongst business/corporations in the private sector? Though the following examples are not representative of social media’s effect on CSR, the examples are representative of social media’s observed effect on international politics. Demonstrating how social media has influenced politics, exemplifies other potential social transformations that social media could stimulate.

\textsuperscript{121} Castells, \textit{Networks of Outrage and Hope}, 2012
Obama '08 Election

On November 7, 2008, the day after Barack Obama won his first term as President of the United States of America, Arianna Huffington, editor in chief of Huffington Post, was quoted in the New York Times as saying “were it not for the Internet, Barack Obama would not be president. Were it not for the Internet, Barack Obama would not have been the nominee”\(^{122}\). Is what Arianna Huffington is saying true? If so, what are the implications that the world’s “most powerful man” would never have achieved election to office without the assistance of the Internet? Ms. Huffington makes an extremely strong claim for the direct role SNS played in an American presidential election. If what Ms. Huffington suggests is true, the ability to harness the many facets of the Internet and now Web 2.0 can accomplish arguably the most difficult human achievements, becoming elected the leader of the “free world”.

The 2008 American presidential election has been nicknamed the “Social Media Election”\(^{123}\). The election marked the first time in which “all candidates – presidential and congressional – attempted to connect directly with American voters via online social networking service”\(^{124}\). Obama’s campaign staff famously hired Facebook co-founder Chris Hughes to plan and execute Obama’s online presence. The addition of the 24 year old certainly added value to the Obama campaign. Obama “won nearly 70% of the vote among Americans under age 25 – the highest percentage since U.S. exit polling began in 1976”\(^{125}\). Pew Research Center survey showed that “46% of Americans used the Web, Email, or text messaging for news about the presidential campaign, to contribute to the debate or to mobilize others”\(^{126}\). What set Obama apart and really catapulted his social media success was the way in which he incentivized

\(^{123}\) Edgerly et al. *Campaigns Go Social: Are Facebook, YouTube, and Twitter Changing Elections?*
\(^{124}\) [http://www.usnews.com/opinion/articles/2008/11/19/barack-obama-and-the-facebook-election]
\(^{125}\) Ibid
\(^{126}\) Ibid
following his social media activity. In 2008 Hip-Hop singer will.i.am produced a viral video titled ‘Yes We Can’ modeled after Obama’s New Hampshire presidential primary concession speech. Within two months the video reached 17 million views and ultimately garnered 30 million views. Obama’s YouTube channel attracted a total of 97 million video views. On Twitter Obama had 125,000 followers compared to McCain’s 5,300. Obama’s campaign offered items such as rally tickets to their email subscribers and up-to-the-minute information regarding his vice presidential selection on social media channels.

The Obama campaign had a presence on Facebook, Twitter, YouTube, MySpace, Flickr, Digg, BlackPlanet, LinkedIn, AsianAve and MiGente. As Ranjit Mathoda points out, “Obama understood that you could use the Web to lower the cost of building a political brand, create a sense of connection and engagement, and dispense with the command and control method of governing to allow people to self-organize to do the work.” Logging onto www.barackobama.com today, in April 2014, the first two quotes presented read, “Organizing for Action is the grassroots movement fighting for the agenda Americans voted for in 2012. We are millions of people, empowering individuals to make their voices heard” and “Change comes about because people are activated, people are involved. When those voices are heard, you can’t stop it.” Obama, midway through his second term, still harps on the sentiment garnered and observed by empowering users on SNS.

“Obama decided to forgo public funding, which was an almost unheard of proposition for a Democratic candidate. His campaign anticipated that through the use of social media they would be able to raise ‘enough funds’ to win the elections” (Hasen 2008; Klein et al., 2008). In

127 Edgerly et al. Campaigns Go Social: Are Facebook, YouTube, and Twitter Changing Elections?
128 http://www.nytimes.com/2008/11/10/business/media/10carr.html?_r=0
129 http://www.barackobama.com/#get-the-facts
130 http://www.barackobama.com/#get-the-facts
2008, www.barackobama.com was the pillar of the campaign’s social media strategy. All other messages disseminated by campaign staff had a link leading to the webpage. The website was influential in raising funds for the campaign as “donate buttons were the easiest to find”\textsuperscript{131} on the homepage. The Obama ’08 campaign received a record $750 million from online fundraising efforts, outraising every candidate combined private donations from the 2004 election\textsuperscript{132}. Now after demonstrating such earning ability, but more importantly mass mobilization potential, the ability to effectively use SNS must be seriously considered. In total the Obama campaign employed social media tools to attract “3.1 million individual [financial] contributors…and to mobilize a grassroots movement of more than 5 million volunteers”\textsuperscript{133}.

It cannot be said definitively that social media landed Obama in the White House. However, based upon the facts just presented, there is certainly a strong case to be made for social media’s beneficial impact on Obama’s first presidential campaign.

\textsuperscript{131} Cogburn et al., From Networked Nominee to Networked Nation, 202
\textsuperscript{132} Cogburn et al., From Networked Nominee to Networked Nation, 203
\textsuperscript{133} Cogburn et al., From Networked Nominee to Networked Nation, 205
**Arab Spring (Egypt)**

The Arab Spring is a term that has come to encompass a series of protests and demonstrations that erupted throughout Muslim countries in the Middle East and North Africa. The first piece of unmistakable evidence that the Arab Spring had arrived in Egypt was when on January 25, 2011 Egyptians began breaking out in protest against President Hosni Mubarak and amassing Cairo’s Tahrir Square. Under Mubarak, Egypt was not a free country, as organizational corruption was rampant, elections were rigged and the people lacked the civil rights necessary to protect their freedom of speech or to amass together in public protest. The uprisings throughout Egypt were not spontaneous, but instead a domino effect of governmental wrongdoings preceded them. In 2007 Mubarak drafted 34 constitutional amendments that included “powers to try civilians in military courts, revoke judicial supervision of parliamentary elections, and impose restrictions to prevent unaffiliated independents from running for office” (essam El-Din, 2011). Not only was the Mubarak regime attempting to consolidate more power, but they were also neglecting the economic well being of their citizens.

Egyptians, however, are relatively more connected to modern technology than their geographic neighbors thanks to Mubarak’s National Program for Technology Development, which he created in 1999 to provide “free Internet access, low-cost computers, and the expansion of Internet access centers”. The pervasiveness of social media throughout Egyptian society, a factor that this paper contends was a significant factor in the overthrow of the Mubarak regime, was enabled by the regime’s attempt to spur “socioeconomic development” (Hamdy, 2009). Research conducted by Internet World Stats, an Internet marketing research firm based in Bogota, reports that in “February 2010 more than 21% of Egypt’s population of 80 Million had

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134 Eltantawy, *Social Media in the Egyptian Revolution*, 1212
135 Ibid
136 Ibid
access to the Internet, and more than 4.5 million used Facebook. Additionally, more than 70% of the population had a mobile phone subscription.\textsuperscript{137} Between January 23 and November 30, 2011 there were 7.48 million #Egypt tweets from more than 445,000 unique users. On the day of Mubarak’s resignation, February 11, 2011, more than 205,000 #Egypt tweets from more than 82,000 unique users were sent. The highest volume of traffic observed.\textsuperscript{138}

The network society existing throughout Egypt precipitated the 18-day revolution that ultimately led to Mubarak’s removal from power when images and stories from the Tunisian revolution were disseminated via modern ICTs.

Dubai-based Google executive Wael Ghonim’s creation of the Facebook page “We are All Khaled Said” turned Egypt’s protests into acts of civil disobedience.\textsuperscript{139} Ghonim created the page to memorialize murdered 28-year-old Egyptian journalist, Khaled Said. Alexandria police tortured and killed Said after he exposed their corruption. Said’s brother photographed his battered and limp body in the morgue. After seeing the photos, Ghonim was inspired to create the Facebook page in an attempt to establish some sense of security for he says in an interview with NPR, “we were all of these young Egyptians who could die, and no one [would be] held accountable.”\textsuperscript{140} The Facebook page “We are All Khaled Said” immediately went viral, accumulating 300 members in its first two minutes and 250,00 members in its first three months.\textsuperscript{141} Ghonim was the first to suggest the idea of a mass demonstration, when on January 14, 2011 he posted on the Said Facebook page; “Today is the 14\textsuperscript{th} of January. In 10 days, we have a police day. If 100,000 of us take to the street, no one is going to stop us.”\textsuperscript{142}

\begin{thebibliography}{9}
\bibitem{137} Eltantawy, Social Media in the Egyptian Revolution, 1212
\bibitem{138} Bruns et al. The Arab Spring and Social Media Audiences, (2013)
\bibitem{139} Howard et al., The Role of Digital Media, 38
\bibitem{140} http://www.npr.org/2012/02/09/146636605/wael-ghonim-creating-a-revolution-2-0-in-egypt
\bibitem{141} http://www.nytimes.com/2012/02/19/books/review/how-an-egyptian-revolution-began-on-facebook.html?page=all
\bibitem{142} http://www.npr.org/2012/02/09/146636605/wael-ghonim-creating-a-revolution-2-0-in-egypt
\end{thebibliography}
Less than a month after the crafting of that Facebook post, Hosni Mubarak had resigned as Egypt’s president after holding power for three decades. Egypt’s experiences with modern ICTs demonstrates how by “using these [Internet] technologies, people interested in democracy could build extensive networks, create social capital, and organize political action with a speed and on a scale never seen before”\textsuperscript{143}. In Egypt too, a country quite different from the United States in terms of political and economic power, social media participation evoked a modern social change.

\textsuperscript{143} Howard et al., \textit{The Role of Digital Media}, 36
#Euromaidan

According to a BBC report, #Euromaidan (#EuropeanSquare) was first tweeted on November 21, 2013\(^{144}\). In one day, the hashtag had been retweeted more than 21,000 times as demonstrations took place across Ukraine in cities like Kiev, Donetsk, Lutsk, and Lviv. Kiev’s Independence (Maidan) Square quickly emerged as the rallying point for protesters in Ukraine and a symbol of Ukraine’s struggle for observers around the world. Protests initially broke out in response to President Viktor Yanukovych decision to pursue closer relations with Russia, rather than move forward with publicly anticipated plans to align Ukraine more tightly with the European Union. It must be noted that Euromaidan was not President Yanukovych’s first experience with popular unrest or resignation from political office for that matter. In 2004 the Orange Revolution broke out in Ukraine resulting in Yanukovych’s quick resignation as prime minister after being accused of voter fraud. However the events in the weeks following the initial sparks of the Euromaidan movement on November 21, 2013 signaled that Yanukovych had no intention of listening to the political wishes of his Ukrainian constituency, let alone best provide for their well-being. Euromaidan began as a peaceful protest but the government quickly turned it violent. On November 30, “[Ukrainian] authorities sent in the Berkut special forces at 4 a.m. to ‘clear’ the several hundred students and others occupying the [Maidan] square”\(^{145}\). The country and world awoke the next day to photographs and videos documenting the assault committed by Berkut forces against the unarmed protesters. In the days that followed, Ukrainians returned and rebuilt the Euromaidan encampment. On December 11, government forces again attempted to disperse the protestors. However, this time the citizens resisted, creating barricades and forming human walls to resist the advancing police. Major media networks from around the world like CNN and BBC live streamed video coverage of the


\(^{145}\) http://www.worldaffairsjournal.org/print/76323
melee thanks to media innovations provided by SNS. Just six days later, Yanukovych
demonstrated that he had no intention of repairing his relationship with the protestors when on
December 17th it was announced that Russia purchased $15 billion worth of Ukrainian bonds.
This was a tipping point for the Euromaidan movement. As the conflict slowly boiled into
Yanukovych’s impeachment, Kiev’s Independence Square served as a beacon of hope for
Ukrainian protesters. The Ukrainian people battled the cold winter months and police violence
demonstrating to themselves and the world their resolve and desire for closer relations with the
EU. On February 22, 2014 the Ukrainian Parliament “found the president unable to fulfill his
duties and exercised its constitutional powers to set an election for May 25 to select his
replacement”146

Social media had a significant impact on the success of the Euromaidan movement in
exacting political change. Without the transparency created by social media participation the
ability of the Euromaidan movement to sustain itself for as long as it did must be questioned. Just
as Wael Ghonim has been credited with mobilizing people to occupy Tahrir Square, in the case
of Euromaidan, Ukrainian TV journalist Mustafa Nayem made a Facebook post on November 21
calling for protesters to flock to Maidan Square in Kiev147. Nayem’s plea was widely accepted,
for by November 24th. “250,000 people took to Kiev’s streets”148. Within one week of its
creation, the Euromaidan Facebook page had attracted 70,000 followers149. Taras Revunets, one
of Ukraine’s premier bloggers believes that “social media was the lifeblood of the protest
movement”150. Joshua Tucker, a Professor at NYU and one of four co-directors of NYU’s Social
Media and Political Participation Laboratory, reports in the case of Euromaidan “every time

146 http://www.nytimes.com/2014/02/23/world/europe/ukraine.html?_r=1
147 http://iwpr.net/report-news/ukraines-social-media-revolution
there’s a big moment in the protests, we see a surge in new Twitter accounts created per day. And by the end of February, whereas before the crisis there were 50 new accounts created a day, by the end, we’re looking at 600 to 800 accounts being created a day”\textsuperscript{151}. Former WBC Heavyweight Champion of the World Vitali Klitschko’s constant presence on social media platforms, like Twitter, generated support for Euromaidan’s mission and encouragement for those physically protesting. In Ukraine today there are “about a million [Twitter] accounts as compared with 100,000 or 150,000 six months ago”\textsuperscript{152}.

Yulia Marushevska utilized social media to propel Euromaidan forward when she, along with filmmaker Graham Mitchell, uploaded their short film “I Am a Ukrainian” onto YouTube. The film instantly went viral and today has 7.9 million views on YouTube\textsuperscript{153}. The film portrayed Ms. Marushevska at Maidan Square. With her compatriots bustling in the background, she appealed to the camera and outlined just why exactly the people of Ukraine were willing to lay down their lives in the hope of stimulating political change. Ms. Marushevska’s monologue was interspersed with video clips documenting the conditions in which protestors were living. The intended audience for “I am a Ukrainian” is not for Ukrainians, but instead social media’s global audience. “I Am a Ukrainian” seizes upon the unique ‘human’ characteristics associated with social media.

Admittedly, the examples of social media’s impact on a US presidential election, and popular revolutions in Egypt and Ukraine, have very little relationship to my overarching argument that social media is changing the relationship between consumers and corporations or that social media is making CSR actions increasingly beneficial to firms in the long run.

\textsuperscript{151} http://www.voanews.com/content/ukraines-protest-movement-fueled-by-social-media/1871457.html
\textsuperscript{152} http://iwpr.net/report-news/ukraines-social-media-revolution
\textsuperscript{153} April 1, 2014
However, what these examples do add to my argument is legitimacy in considering social media a viable driver of social change or action. If social media participation can result in political transformation, then what’s stopping social media participation from resulting in corporate transformation? The next sets of examples serve to develop some ways in which companies are already using social media to convey CSR opinions.
II) Social Media’s Impact on the Network Society

By illustrating the importance of social media in relation to recent political events occurring in North America, the Middle East, and Europe, the previous section sought to demonstrate the legitimacy of social media as a tool for initiating social change in modern societies. The examples to follow identify how global brands operating within the network society have been impacted by stakeholder involvement on social networking services. Ag-Gag laws in the United States will serve to demonstrate ways in which social media is altering corporate power dynamics. Social media’s impact on the network society’s networks/nodes will be evaluated by evaluating current example of CSR –focused corporate branding. Finally, the growing relevance of the network society’s space of flows as a result of social media will be exemplified by Brendan Eich’s resignation as CEO of Mozilla.

Power: Whistleblowing/Ag-gag Laws

On April 5, 2014 Amnesty International (@amnesty) tweeted to Glenn Greenwald (@GGreenwald):

Glenn Greenwald, an American journalist employed by British newspaper The Guardian, broke the Edward Snowden story in May 2013. Snowden, who while working for Booz Allen Hamilton (an American consulting firm), was contracted for work by the United States’ National
Security Agency (NSA). While employed by the NSA Snowden was exposed to classified material regarding the extent of the NSA’s digital surveillance techniques and operations taking place around the world. Upset with the information he found, Snowden managed to copy the NSA’s classified materials and provided them to Greenwald for publishing. Snowden has expressed that his motive for leaking such sensitive United States Intelligence information was “to inform the public as to that which is done in their name and that which is done against them.”\(^{154}\) Snowden’s whistleblowing on the NSA’s data collection strategies not only revealed that the US government is spying on other governments, but are also collecting individuals’ data belonging to technology and social media companies. Just as Snowden felt the responsibility to bring to light the wrongdoings of the United States government, others, on a smaller scale, have felt the same responsibility in revealing the truths behind certain business practices.

American companies in the agribusiness industry have recently been pressuring their political representatives to introduce ag-gag laws. Ag-gag laws, first passed in Kansas in 1990\(^{155}\), are designed to prevent the dissemination of photographs, video, audio etc., that are produced with the intent of negatively impacting business. One major brand that fell victim to such whistleblowing was McDonald’s in April 2011 when pictures emerged online of ‘Pink Slime’. McDonald’s as a preservative in their meats had used pink slime, which results from the treatment of scrap meat with ammonium hydroxide. Yet because of consumer unrest, McDonald’s announced less than a year later in February 2012 that they would no longer treat their meat with what the public had come to know as ‘pink slime’.

The transparency and visibility provided by social media has reinvigorated some firm’s to lobby in support of ag-gag laws. Ag-Gag laws are especially relevant to social media rich

\(^{154}\) http://www.theguardian.com/world/2013/jun/09/edward-snowden-nsa-whistleblower-surveillance
\(^{155}\) https://www.hcn.org/blogs/goat/in-utah-and-elsewhere-ag-gag-laws-may-be-on-their-last-legs
network society because they represent the attempt by corporations to restrict the power given to stakeholders by ICTs and SNS. Employees, activists, or any stakeholder(s) motivated to expose the potentially horrific business practices of a firm, can quickly make public visible evidence of corporate social irresponsibility. In 2013, ag-gag laws were introduced in 11 states across the United States and not a single bill was passed into law. As of February 1, 2014 the two ag-gag laws introduced in the state legislatures of New Hampshire and Indiana were also defeated\textsuperscript{156}. The renewed interest of some agribusiness firms in establishing ag-gag laws and the subsequent inability to pass any ag-gag laws in the past year speak to the power stakeholders derive from social media in a network society.

Ad-gag laws have emerged as an attempt by companies to defend against the swell of popular consumer support for socially responsible firms. The 2013 Cone Communications Global CSR Study found that when companies are involved in CSR consumers “have a more positive image of the company (96%), would be more likely to trust that company (94%), and would be more loyal to that company (93%)”\textsuperscript{157}. Theoretically, companies lobbying in support of ag-gag laws reveal two things. First, the respective company believes that they’re potentially involved in business activities that would be perceived negatively by the public. Second, by lobbying for ag-gag laws those companies are acknowledging the direct relationship between bad publicity created by social media’s visibility/transparency and its effect on the firm’s profitability.

\textsuperscript{156} https://www.hcn.org/blogs/goat/in-utah-and-elsewhere-ag-gag-laws-may-be-on-their-last-legs
\textsuperscript{157} http://www.conecomm.com/stuff/contentmgr/files/0/ff84a4a95f78de426e2cb117656b846/files/2013_cone_communicationsecho_global_csr_study.pdf
Networks/Nodes: Branding Armani

Network Power, “the power of the standards of the network over its components”\(^\text{158}\), has been greatly disrupted since social media’s introduction as a consumer product. The monopoly brands once had as the dominant purveyors of information about themselves was facilitated by their elite business relationships with mass media companies and the \textit{bought media} mass media companies offered brands by way of advertising space in print, radio, or TV. The relatively recent introduction of social media has created an alternative to that relationship due to the emergence of \textit{earned media} as an opportunity to transmit information pertaining to a firm on SNS. Social media websites like “Twitter can have significant implications for the standard brand communication process by disrupting the traditional “top-down” models of marketing and brand communication”\(^\text{159}\). Earned media is distinct from bought media as “the social transmission (i.e. virality) of online content is driven largely by physiological arousal associated with the key characteristic of the messages”\(^\text{160}\). In March 2014 researchers from the University of California San Diego, Yale University, and Facebook Inc. resonated this assertion after finding that “emotions expressed online can be contagious”\(^\text{161}\) after their study of more than 100 million American Facebook users and the roughly one billion messages they shared.

The emotionally contagious nature of social media interactions is a major factor for why CSR is gaining traction amongst highly visible brands as a way to frame their communications/interactions with public society. The examples to follow of current CSR-themed advertisements disseminated through social media channels speaks to how brands are beginning to appeal to the social concerns of the public.

\(^{158}\) Castells, \textit{Communication Power}, 43

\(^{159}\) Burgess et al., \textit{Twitter, Brands, and User Engagement}, 294

\(^{160}\) Berger, \textit{What Makes Online Content Viral?} 2009

\(^{161}\) http://online.wsj.com/news/articles/SB10001424052702303546204579435550002436002
From February to March 2014 the Italian fashion house, Giorgio Armani partnered with UNICEF through the “Acqua for Life” campaign. A play on Armani’s highly popular Acqua di Gio fragrance collection, Acqua for Life was Armani’s fifth consecutive year in which the company pledged $5 to UNICEF clean water programs for each bottle of Acqua di Gio purchased within the United States. In addition to this now annual tradition, Armani and UNICEF released an app for smartphone as part of UNICEF’s Tap Project. This app encouraged as many smartphone users from around the world, regardless of their stake in Armani, to download the app. Every instance a smartphone user downloaded and opened the Tap Project app, Armani vowed to donate “enough money to pay for a day’s worth of safe water for a child in need”\textsuperscript{162}. Armani’s devotion to providing water to children in need doesn’t necessarily speak to the concerns of their consumer base purchasing Armani luxury goods. However, Armani’s experiment in creating a CSR motivated smartphone app demonstrates just how important branding/reputation has become to business success.

The mass self-communication occurring on social media in the network society is incentivizing brands to create their own social media presence as “conversations [regarding their brands] are [already] taking place whether or not companies are participating in them”\textsuperscript{163}. Understanding that every decision made by a firm is made in the hopes of yielding profits, once on social media websites it makes sense for a firm to craft CSR themed messages due to their social relevancy throughout many demographics. Striking emotional chords in as many potential consumers/stakeholders as possible not only increases the strength of a firm’s brand/reputation in the mind’s of stakeholders, but also increases the chances of the firm’s messages going viral amongst stakeholder networks.

\textsuperscript{162} http://washington.cbslocal.com/2014/02/27/unicef-vows-daily-water-donation-for-10-minutes-without-smartphone/
\textsuperscript{163} Burgess et al., Twitter, Brands, and User Engagement, 294
The Space of Flows: Mozilla

The case of Java Script inventor and Mozilla co-founder, Brendan Eich’s appointment as Mozilla’s CEO on March 24, 2014 is a great example of how the network society’s *space of flows* or the “technological and organizational possibility of practicing simultaneity without contiguity”\(^{164}\) is being shaped by stakeholder presence on social media. Less than a week after Eich’s promotion, social media actors (secondary stakeholders) revealed that in 2008 Eich contributed $1,000 in support of California’s Proposition 8, which hoped to restrict gay marriage within the state. Made six years before assuming the responsibility of Mozilla’s CEO, Eich’s donation of $1,000 to Proposition 8, an amendment that was eventually deemed unconstitutional, was brought to the public’s attention on Twitter by “third-party developers”\(^{165}\) and other nonmarket stakeholders. The free online dating site, OkCupid which is independent of Mozilla, blocked members accessing the website via Mozilla’s web browser, and instead presented them the following message:

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164 Castells, *Communication Power*, 34
165 http://www.cnn.com/2014/03/31/tech/web/firefox-okcupid-protest/
166 http://www.cnn.com/2014/03/31/tech/web/firefox-okcupid-protest/
The resurfacing on social media of Eich’s donation in support of Proposition 8 framed him as homophobic and not akin to Mozilla’s stakeholders. Faced with an unpredicted media firestorm, Mozilla was forced to make a decision. The social networking services of Twitter and OkCupid simultaneously revealed prior indiscretions of Mozilla’s CEO, while organizing Mozilla’s stakeholders around their current social concerns and beliefs. On April 3, 2014 Brendan Eich publicly submitted his resignation as CEO of the company he helped found in 1998. In less than two weeks the media firestorm created by the viral actions of likeminded individuals on Twitter and OkCupid was significant enough that Eich’s resignation became in the best interest of Mozilla moving forward as a company. For Mozilla, the risk of any more bad publicity regarding Mozilla’s brand or reputation in the public’s eye, far outweighed sticking with their decision to appoint Eich CEO.
Chapter Six: CSR Coupled with Social Media

Resulting from the advent of social media, the methods and means of human communication have been redefined. For consumers, their voices have become louder and their desires have been made clearer. For corporations they must maintain a public voice, for their actions have been magnified due to social media's ability to provide transparency. CSR has been the historic way corporations have organized themselves to satisfy the strategies provided for under conventional Stakeholder Theory. The section that follows aims to support the claim that the “decentralizing and interactive possibilities of social media are potentially significant for CSR”\(^\text{167}\). Social Media disrupts the norms of CSR because of its three unique traits (cheap, dialogic, instantaneous), thus opening the flow of communication and popularizing CSR 's role in "public arenas of citizenship". Consumers are now speaking not just through their dollars and spending habits, but also by revealing their opinions by participating in social media platforms.

CSR holds many potential benefits for business. Thanks to social media these benefits are as accessible as ever for a company to obtain. Social media is a double-edged sword however, and if a company isn't social media savvy or misuses social media the repercussions may be devastating for profits. Since social media strategies are a must for brands that want to be competitive today, it makes sense for companies to take a CSR approach/lens to their social media presence/communications. By improving society corporations not only stand to better the lives of those affected community members, but the corporations would expect to boost their own profits, as described by the triple bottom line.

\(^{167}\) Whelan et al., 779
Social media is reducing the ability of corporations to greenwash their CSR efforts. No longer can they withhold information or pay off the media not to report a story. If someone captures the moment on social media the whole world could potentially see the story (pink slime, Bin laden raid). As a result we can expect announced efforts pertaining to CSR to be carried out fully, as negative business repercussions could be felt due to the “watchdog” abilities of social media.

Why is Social Media making CSR more relevant?

(Social media is expanding definition of Stakeholder, to not just those who are monetarily invested, but also those who are only socially invested – If these stakeholders aren’t expecting a return on their investment, then in theory they should be advocating for CSR - profit for communities)

So far this paper has sought to demonstrate that the relatively recent increase in Internet-based social media and the related ICTs have disrupted communicative power relationships established between of politics, mass media, and business. Enabled and empowered by unique characteristics of the network society, social media has had a great role in elevating the importance of individual consumers in relation to corporations. For this reason stakeholders are no longer just individuals that own stock and are directly related to the firm, but instead any actor with social media presence now has the potential to affect a business’ direction (good or bad) regardless of their monetary stake (if any) in the firm. In 1995 Max Clarkson differentiated stakeholders as primary stakeholders and secondary stakeholders. Primary stakeholders, he considers, are those who without their consistent participation in the business, the firm would fail. Clarkson differentiates secondary stakeholders as those who “influence or affect, or are influenced or affected by, the corporation, but they are not engaged in transactions with the

168 Clarkson, A Stakeholder Framework For Analyzing And Evaluating Corporate Social Performance, 106
corporations and are not essential for its survival\textsuperscript{169}. The research involved in the undertaking of this paper hope to demonstrate that social media is elevating the role of secondary stakeholders in relation to corporations, and as a result companies will increase CSR’s role in their business strategy.

Three aforementioned characteristics of social media are responsible for this shift. First, social media is instantaneous. At a push of a button, a message, video, song, document, etc. can be disseminated and accessed regardless of physical boundaries. There are no time delays, as the traditional media corporations of the world don’t control what’s published on social media. The United States government is even susceptible to the social media ability to report news before an organization wishes. Osama bin Laden’s assassination by Seal Team Six of the US Navy Seals was unknowingly Tweeted about by a local IT consultant in Abbottabad named Sohaib Athar\textsuperscript{170}. The noise of the helicopters deployed by the Seals led Athar to what was, in reality, a live account of the assassination by Tweeting about the rarity of a hovering helicopter in Abbottabad. The viral potential of social media allows for the quick organization of thoughts and people, as at any moment certain truths or revelations can emerge online. Second, social media participation is relatively cheap, as all it requires is an Internet connection and time. Modern desktop computers, laptops, mobile phones, tablets, MP3 players, etc., can all connect to the Internet. Additionally, the majority of social media websites are free of charge, only requiring a user to register (usually by email). Therefore access to social media is widespread as 39\%\textsuperscript{171} of the world’s inhabitants are Internet users. The Egyptian revolution and Obama’s ’08 Campaign, which were propelled by social media, speaks to the ability of ICTs to reach and catalyze economically diverse individuals. Third, social media is dialogic. Social media is powered by the creation, and then

\textsuperscript{169} Clarkson, A Stakeholder Framework For Analyzing And Evaluating Corporate Social Performance, 106

\textsuperscript{170} http://edition.cnn.com/2011/TECH/social.media/05/02/osama.twitter.reports/

\textsuperscript{171} "Key ICT indicators for developed and developing countries and the world (totals and penetration rates)", International Telecommunications Unions (ITU), Geneva, 27 February 2013
resulting discussion of user generated content (UGC). Social media enables a diverse range of individuals and organizations from all backgrounds to communicate together on one medium with the same restrictions and/or possible capabilities. Facebook, Twitter, Tumblr, YouTube, Instagram, etc., have provided their users with their own personal space on the public platform that is the Internet. Social media has also created a window into the daily lives of celebrities, politicians, and companies as any other social media user can interact with them. On a shared platform provided by social media, the only difference between the accounts of an ordinary consumer and a public figure is whether or not the SNS verifies the user authentic. Twitter verifies the public figures that are active on their service by accompanying their profile and activity with a blue checkmark.

The digital disruption created by social media’s introduction into the network society is resulting in a transformation in the way in which communication is approached. Before Web 2.0 “the preeminent uses of global communications networks [were] the efforts of corporations and governments to strengthen the neoliberal economic regime that dominates life on the planet”172. (Sassen 1998). As Stockholder theory prescribes, the purpose of a firm is to generate the greatest return possible on stockholder’s investments. Before the appearance of multidirectional SNS, corporations were able to far better manage what particular business information was made public. Social media has greatly disturbed the privilege reserved to corporations to disseminate news. More and more companies like Facebook and Twitter are providing a platform to “promote the voice and organizing opportunities that individual citizens possess within their broader political-economic environment.”173 UGC created on social media is presenting itself as an alternative to the established mass media companies in operation throughout world.

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173 Whelan et al., 793
Additionally, “social media is uncontrollable…the information flow is multidirectional, interconnected, and difficult to predict. Hence, the collective opinion is virtually immune to any intentional manipulation by traditional means.”\textsuperscript{174} The fact that at any moment any random individual/group can spark influential change by contributing on social media expands upon Freeman’s definition of a stakeholder as “groups and individuals who benefit from or are harmed by, and whose rights are violated or respected by, corporate actions.”\textsuperscript{175} Argued through the course of this paper is that because of social media’s presence within the network society a company’s stakeholders can potentially include any actor from around the world that has a social media presence and a personal interest in the company.

\textit{Profitability Requires Corporate Presence on Social Media}  
\textit{(Protecting/Promoting Brand/Reputation, Word of Mouth)}

When all is said and done, the key to business is staying in business. The classical view on the role of business in society is rooted strictly in “focusing on the profit of the shareholders.”\textsuperscript{176} Simply put, businesses should have no regard for the potential consequences of their actions on the communities in which they operate. If there is an opportunity to make money, then the business is obligated to pursue it. Counter to the classical view is the stakeholder view on the role of business in society; which developed from stakeholder theory, “requires them [businesses] to consider the interests of all parties affected by their actions”\textsuperscript{177}. Since social media provides an environment in which “stakeholders are increasingly able to participate, share and collaborate online”\textsuperscript{178}.

\textsuperscript{174}Lee et al., Social Media for Socially Responsible Firms: Analysis of Fortune 500’s Twitter Profiles and their CSR/CSIR Ratings, 793  
\textsuperscript{175}Freeman, A Stakeholder Theory of the Modern Corporation, 1998, p. 174  
\textsuperscript{176}Branco et al., Positioning Stakeholder Theory within the Debate on Corporate Social Responsibility, 6  
\textsuperscript{177}Ibid  
\textsuperscript{178}O’Reilly, What is Web 2.0, 109
In order for global brands to remain competitive in the globalized markets of the network society, it is becoming increasingly necessary to maintain a corporate identity on SNS. The “control of information and communication has been a major source of [corporate] power throughout history”\(^{179}\) and as the forums of contemporary communication networks develop around modes of social media, corporations will engage with social media as an attempt to hold on to their diminishing ability to control emerging global communication networks. Facebook has over one billion active monthly users\(^ {180}\) that access the website from around the world. Therefore, roughly one out of every seven humans has a Facebook account, which in a sense unites all those people over the fact that they all contribute to Facebook. Regardless of each individual’s usage rates, it is startling to comprehend the global penetration of Facebook as a consumer product. The unique manner in which social media is able to collectively join together varying individuals/groups along with their distinct voices/ideas on a shared space “switches the focus of stakeholder management from the traditionally well-known groups to the numerous and often anonymous groups of ‘friends’ and ‘followers’”\(^ {181}\). As SNS continue to attract individual users to their shared platforms devoted to the creation of user generated content, “social media can potentially increase the importance of individual citizens relative to corporations and their (functional/formally organized) stakeholders,”\(^ {182}\) as their virtual actions/voices have already begun evoking material change as shown by the examples presented throughout this paper.

“The threat of holding brands hostage in the media spotlight has become an important power tactic in the fight for greater corporate responsibility”\(^ {183}\) and as a result companies have flocked to SNS out of necessity to combat and take advantage of this emerging consumer

\(^{179}\) Castells, *Mobile Communications and Society*, 2007
\(^{180}\) Whelan et al., 777
\(^{182}\) Whelan et al., 778
\(^{183}\) http://depts.washington.edu/gcp/pdf/bennettnmpower.pdf
archetype. Mozilla demonstrated the potential power of this theory as negative public sentiment quickly caused the company to change its leadership, fearing their business may suffer due to a tarnished brand or corporate image. Branding and corporate reputation have always been integral to the success of a business. Made evident by the commonality of Nike’s swoosh or McDonalds’ golden arches, companies have spent many years and countless dollars shaping their corporate brand(s)/image(s) to their liking. The widely accessible, instantaneous and dialogic nature of social media has undermined the way in which businesses uphold their reputation. It is becoming increasingly necessary for global brands to change “the emphasis of media communication from managing audiences to building and maintaining [stakeholder] relationships"\textsuperscript{184}. For just one misguided Tweet or Facebook post by a corporation or corporate executive can nullify years of hard work, as the viral nature of social media can wreak havoc on brand as “reputational risks are increased by social media”\textsuperscript{185}.

**Why Social Media Has Influence on Business Strategy?**

One current trait, common to all companies included in Interbrand’s Best Global Brands List 2013, is the presence of social media icons linking the consumer to the firm’s respective Twitter page, Facebook page, or whatever SNS the company chooses to use. Incredibly, the social media industry has inserted itself as an integral tool of the world’s consumer and retail industries. On one hand, the astounding number of people around the world active on social media represents a potentially impactful communicative body. On the other hand, the vast popularity and activity occurring on social media represents a ripe consumer base to advertise and sell their products/services to. “The rise of social media presents unprecedented

\textsuperscript{184} Lee et al., *Social Media for Socially Responsible Firms*, 792
\textsuperscript{185} Whelan et al., 779
opportunities for firms to increase the public awareness of their brand and associated product range. The access and transparency that social media provides to consumers about corporations is a reciprocal relationship as social media allows corporations to access and transparency to their consumers, who are central to a company’s profitability. “It has been argued that social media enable corporations to better manage their reputation, better monitor their environment and better understand/engage with stakeholders” Social media data analytics companies have been established to allow corporations to interpret, revise, and determine business strategy. According to a January 2014 study conducted by Demand Metric “nearly two-thirds of organizations in North America have adopted them (social media analytics)” Because “79% of Twitter followers are more likely to recommend those brands they follow, and 67% of followers are more likely to buy the brands they follow”, companies are increasingly using the analysis of their social media activity and the activity of potential consumers/competitors to guide company strategy.

The previous paragraph sought to establish the fact that it is in the best self-interest of profit-seeking corporations to maintain a social media presence. The accessibility, instant speeds, and dialogic nature of social media have all contributed to its acceptance throughout the world and “is increasingly perceived by consumers as being a more trustworthy source of information and knowledge than traditional promotion such as TV and advertising.” Through decades, firms have used the conventional form of marketing communications, TV and print advertising, to relay their CSR message. Many researchers, however, consider this form of communication as self-indulgent and ‘horn tootting.’ Evidence shows these types of CSR communication efforts

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186 Lee et al., Social Media for Socially Responsible Firms, 792
187 Whelan et al., 779
188 http://www.emarketer.com/Article/Marketers-Adopt-Social-Media-Analytics-Tools/1010644
189 Lee et al., Social Media for Socially Responsible Firms, 7923
190 Kesavan et al., Word of Mouse, 59
through traditional channels are seen as less than credible”\textsuperscript{191}. Generally, examples of CSR are cast aside by consumers as attempted greenwash or to serve as reparation for wrongdoing. This paper contends that the intersection of profit-seeking corporations and newly empowered secondary stakeholders on social media platforms will potentially influence corporations to expand CSR related operations as “Facebook [social media] has an advantage over traditional media in communicating CSR messages…as firms are able to provide visual evidence of their CSR activities”\textsuperscript{192}

	extit{Why CSR Messages on Social Media?}

All of the examples, literature and analysis introduced in the body of this paper have been deliberately organized in a way to set the stage for a discussion on the role of CSR in corporate strategy within a social media rich network society. Freeman makes clear that in accordance with stakeholder theory business firms, “in order to succeed over the long term, must satisfy the often-conflicting demands of diverse stakeholders.”\textsuperscript{193} Today, in the network society the ability of companies to respond to the demands of its stakeholders is especially important. More so than ever, individuals have sweeping access to information. Information ranging from celebrity gossip to information pertaining to disaster management to information concerning a user’s immediate network of friends and other key features of social media “enable individuals to more easily form and participate within transnational activist networks, and/or to engage with geographically diverse national populations”\textsuperscript{194}. Secondary stakeholders are gaining influence via social media participation. Events occurring all throughout the world resonate this sentiment.

In terms of determining why brands stand to benefit from spreading CSR messages on social media is the virality associated with social media. Without a post or tweet going viral, \bibliography{191 Kesavan et al., Word of Mouse, 59, 192 Lyes et al., 25, 193 Zyglidopoulos et al., 1623, 194 Whelan et al., 780}
one’s message can remain lost amongst the millions of other examples of UGC on SNS. However, the fact that certain messages/images/movements do in fact become viral, quickly spreading amongst global networks connected by social media and ICTs, signifies that in order for an action on social media to indeed become viral the action must be in-line with prevailing popular sentiment of the time. In terms of CSR, this understanding of virality is important because “as social media operates on the collective mind of participants, it may implicitly incorporate a social demand that reflects the collective mind. When it comes to a firm, such a social demand may have much to overlap with the notion of CSR.”195 As many different actors and voices operate on SNS, what at first may have been intended to be random individual examples of public discourse, can quickly materialized into a full fledged social movement if enough individuals are together adhering to the same thoughts/beliefs/attitudes.

Made evident by a consumer interest poll taken in 2010, “even during a recession, 75% of responding consumers thought CSR as important and 55% indicated that they would choose a product that supports a particular cause.”196 Whether or not a particular company has any interest in pursuing CSR or the particular cause that 55% of consumers indicated they’d preferentially purchase products because of has little impact on the generation of profit. However, what does have a huge impact on the generation of profit for a company is consumer behavior. On social media “the dialogic communication facilitates the relationships that are ethically superior and practically beneficial to both firms and their stakeholders”197. By publicly demonstrating their desires by way of social media participation, consumers are constantly engaging with corporations whether they’re aware of it or not. The implications of the increasing display of consumer sentiments and interactions on social media should influence the

195 Lee et al., Social Media for Socially Responsible Firms, 792
196 Kesavan et al., Word of Mouse, 60
197 Lee et al., Social Media for Socially Responsible Firms, 793
corporate strategy as “findings indicate that an increase in media attention will be positively associated with increased CSR by firms”\textsuperscript{198}. With the recent enablement of secondary stakeholders by social media to exhibit greater influence in the public sphere, global businesses are going to have to use SNS to “improve the management of corporate crises”\textsuperscript{199}, as well as identify and appease stakeholder desires.

“Communication is the missing link in the practice of corporate responsibility,”\textsuperscript{200} an issue effectively remedied by social media. Defined by Archie Carroll in 1979 as “accepting greater responsibility toward society, which encompasses the pursuit of non-economic as well as economic goals”\textsuperscript{201}, CSR is “often regarded as one of the best ways for businesses to address social problems and maintain legitimacy”\textsuperscript{202}. However, traditional media sources like television and print ads lack social media’s authenticity and/or spontaneity. Advertising by way of \textit{old media} requires that a company submit an advertisement to a particular television station/print publication to be aired at a particular time to a particular demographic. Social media creates the opportunity for corporations to engage consumers and vice versa at relevant times with relevant information pertaining to the situation. The transparent nature of social media makes it virtually impossible for any actor to contain their UGC to any one network, as a post can become viral at any moment. For this very reason, it is increasingly becoming in the best interest for companies, whose profit-seeking motivations already require their presence on social media, to disseminate message related to their own examples of CSR activity throughout social media channels.

“Highly visible firms tend to invest more in their CSR activities than less visible firms, and stakeholder theory indicates two reasons. First, because more visible firms tend to receive more

\begin{footnotes}
\textsuperscript{198} Zyglidopoulos et al., 1622
\textsuperscript{199} Whelan et al., 779
\textsuperscript{200} Fieseler et al., \textit{Corporate Social Responsibility in the Blogosphere}, 601
\textsuperscript{201} Lyes et al., 249
\textsuperscript{202} Castelló \textit{et al.}, \textit{Communicative Dynamics and the Polyphony of Corporate Social Responsibility in the Network Society}, 683
\end{footnotes}
diverse stakeholder demands, they will tend to engage more in CSR activities, as a way of meeting these demands. Second, since more visible firms are more vulnerable to crises, they tend to engage in CSR activities as a way of building a positive reputation for when a crises arises.\textsuperscript{203} The dissemination of CSR themed messages on social media both promotes a company’s brand/reputation, while at the same time establishing preemptive defense measure in the event of a corporate crisis or shock. “The benefits that socially responsible business practice can bring to a firm such as customer loyalty, long-term sustainability and competitive advantage have been well established… these include more positive consumer attitudes and purchase intentions towards the firm, enhanced profitability, willingness to pay premium prices, boycotting irresponsible firms, higher resilience to negative information about that firm and positive word-of-mouth”\textsuperscript{204}. By displaying a public commitment to elements of society, elements of society in turn can be expected to display a public commitment to the firm.

As demonstrated in the prior discussion of CSR, global brands can be conceptualized as having an increased role of social responsibility, resulting from their often-international business dealings. In the context of this paper Corporate Social Responsibility (CSR) can be understood as a firm’s additional commitment of time, capital, or any resource to improve the welfare of society beyond their legal requirements. Companies around the world are poised to move into the power vacuum created by international anarchy, and address potentially global issues as they arise. With a significant presence in public affairs and large pools of financial resources, corporations have established the networks necessary to contribute positively to social change and the social welfare of the world’s citizens. By increasingly conducting business or responding to societal events in line with CSR, companies will create social capital that in turn will yield the

\textsuperscript{203} Zyglidopoulos et al., 1623
\textsuperscript{204} Lyes et al., 249
firm greater financial gains. Impacts of social media can strengthen the role of CSR to a business
of the risk a company runs from avoiding CSR issues/discussions on social media channels, and
the profit-generating potential of physically felt and publicly observed actions of CSR on
consumers.
Chapter Seven: Limitations

The first limitation of this Thesis stems from the fact that the future popularity of social media within popular culture is unknown. Analysts, like those at Delamore Consulting, predict a trend of “social media fatigue”\textsuperscript{205} to appear amongst younger social media users. The perceived fatigue is attributed to the growing number of parents and older people joining social networking services like Facebook. GlobalWebIndex, a digital consumer data provider, found that at the close of 2013 American “teenagers active on Facebook fell to 56% in the third quarter of 2013 from 76% in the first quarter.”\textsuperscript{206}

Yet, the Pew Research Center’s study, *Millennial in Adulthood*, reveals Millennials, ages 18-33, are displaying unique trends as they enter into adulthood by demonstrating that they’re “relatively unattached to organized politics and religion, linked by social media…and are also America’s most racially diverse generation”\textsuperscript{207}. Millennials were born, then raised right along side the dot-com and tech booms and busts. The Pew Research Center goes as far as to label the Millenials as “digital natives”\textsuperscript{208}, the first generation that didn’t have to adapt to the influx of new Internet related technologies. The Pew study of 1,821 American adults ages 18-33 was conducted from February 14-23, 2014, and concluded that 81% of American Millennials have a presence on Facebook. In 2013, Oxford Dictionaries anointed “selfie” as the word of the year. A selfie is when one takes a picture of themself or the environment around them by holding their cell phone out in front of them and capturing the photograph. By 2014 55% of Millenials had posted a selfie to a social media account (let alone the masses who take selfies but refrain from posting them), while only 60% of the Baby Boomer generation could define what a selfie is\textsuperscript{209}.

\textsuperscript{205} http://www.cnbc.com/id/101570499
\textsuperscript{206} http://www.cnbc.com/id/101570499
\textsuperscript{207} http://www.pewsocialtrends.org/2014/03/07/millennials-in-adulthood/
\textsuperscript{208} Ibid
\textsuperscript{209} Ibid
A second limitation of this study can be attributed to the time in which this research project was undertaken. The intersection between CSR, consumers, and corporations on social media platforms is still a new development. Lee et al., described their November 2013 research “as the first study that conceptualizes the social media as a proponent of CSR.”\textsuperscript{210} Lacking sufficient resources, I was unable to conduct my own empirical analysis into the statistical relationship developing between both consumers and corporations that are active on social media and their perceptions of CSR themed content that exists on SNS already.

\textsuperscript{210} Lee et al., 791
Conclusion

My thesis sought to demonstrate a shifting relationship between consumers and corporations resulting from social media. Introducing Manuel Castell’s theories behind the network society framed and contextualized contemporary global society in which we’re currently living for the reader. Then by introducing the ideas behind disruptive innovation and digital disruption, social media was cemented as a radically disruptive consumer product. Not only are social media websites taking over the online spaces once filled by other websites/companies, but social media websites are also leading to a digital disruption in the minds of consumers. The digital disruption is spawning stakeholder creativity, as individuals continue to experiment with social media. Introducing the literature on Stakeholder theory demonstrated that the unpredictable presence of individuals on SNS and the unpredictable nature of their social media activity motivate global brands to redefine their stakeholders. In a network society, brands that focus on stakeholders over stockholders benefit greater in the long run. Corporate social responsibility was then dissected due to the fact CSR has emerged as a way for brands to attempt build a positive image/reputation in the public eye and to mitigate any potential crises of business shock.

However, what’s most important to keep in mind is that every brand is in the business of making money. The CSR trends as displayed by globally visible brands on social media that I have observed this year, in my opinion symbolize the fact that brands are now employing CSR rhetoric to create a competitive advantage over their peer institutions. Image-conscious companies, like those companies listed on Interbrand’s Best Global Brands 2013, hire armies of investment bankers and consultants to constantly formulate new methods of profit generation. With the increasing amounts CSR rhetoric and imagery making its way onto SNS and the fact each of the 100 brands on Interbrand’s list have a page of their corporate websites specifically
devoted to CSR/Sustainability/Community section, it is becoming increasingly clear that the bankers and consultants currently employed by highly visible brands are preaching corporate social responsibility not only as a way to better civil society, but as a way to boost a corporation’s bottom line.

Consumers should not be dismayed by this potential reality. If companies are embracing CSR, even if only in the attempt to make a profit, consumers should still jump on the opportunity to demand even greater CSR initiatives out of brands already acting in accordance to the themes of CSR.

How is social media changing the relationship between consumers and corporations, with specific regards to CSR? Social media is creating two simultaneous events. Social media is drawing consumers/stakeholder to a centralized online location. With the SNS, individuals are participating in mass self-communication and the creation of UGC. The social media actions that result in virality, are those actions/sentiments/opinions dominating the minds of a firm’s potential stakeholders. Social media is also drawing companies to the same centralized social media online locations that stakeholders are present on. Stakeholders and brands now have a tool in which they can publicly and visibly communicate with one another. The early interactions between consumers and corporations on social media have resulted in the increased presence of firm-produced CSR rhetoric within social media. If companies like Facebook and Twitter that have barely been existence for a decade, are already beginning to necessitate interactions between consumers and corporations be rooted in ideas of CSR, then the future is potentially very bright for the role of brands and their CSR efforts in improving the well-being of their stakeholders.
Works Cited


