

When corporate silence is costly: Negative consumer responses to corporate silence on social issues

What are the consumer and stakeholder consequences of corporate silence on highly salient social issues, and how do peer activism and market niche influence these effects?

This article by Tod Schifeling, Xueming Luo, and colleagues explores the often overlooked risks companies face when they choose to remain silent on highly visible and contentious social issues. While many studies focus on the consequences of corporate activism, this research shifts attention to the costs of not engaging. Using the Blackout Tuesday event, a social media campaign supporting the Black Lives Matter movement, as a natural experiment, the authors analyze consumer reactions to 312 fashion-related firms that either participated or stayed silent on Instagram (where the event took place) and Twitter (where it did not).

The study finds that firms staying silent on Instagram suffered a 33% slower growth in followers and a 12% drop in likes compared to their activity on Twitter. These results reveal that silence on a highly salient social issue can lead to significant negative consumer responses, challenging the notion that staying silent is a safe, neutral choice.

The authors develop a theoretical framework grounded in stakeholder cognition, highlighting that visibility is key: stakeholders must notice and interpret silence before reacting. Peer activism plays a critical role by increasing the visibility of silent firms, making their silence more noticeable and punishable. Conversely, firms with a narrow market niche tend to avoid such negative consequences as their silence is less visible to stakeholders.

This research contributes to research on corporate activism by demonstrating that neutrality may no longer be an option in polarized social climates. It also offers practical guidance for managers, emphasizing the importance of monitoring issue salience, peer behavior, and market niche when deciding how to respond publicly to social issues.

MAJOR TAKEAWAYS:

- Corporate silence on salient social issues triggers significant negative consumer responses, reducing social media engagement and follower growth.
- Peer activism heightens the visibility and consequences of silence, increasing consumer punishment of silent firms.
- Firms with narrow market niches experience less negative impact from silence due to lower stakeholder visibility and scrutiny.

WHO NEEDS TO KNOW:

- Corporate Managers
- Marketing Professionals
- Academics

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