

# Stanford SOCIAL INNOVATION<sup>Review</sup>

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## **Business Disruption From the Inside Out**

By Forrest Briscoe & Abhinav Gupta

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Employees increasingly want their employers to become more responsible corporate citizens. Here is a playbook for how employees can be effective change agents and how leaders can respond to employee activism.

# Business Disruption from the Inside Out

BY FORREST BRISCOE & ABHINAV GUPTA

Illustration by Klaus Kremmerz

In recent years, prominent American businesses have landed in the headlines not because of their new products but because of their employees' activism. In 2019, for example, 4,000 Amazon employees filed a shareholders' resolution criticizing their company's exacerbation of climate change. A year prior, 20,000 Google employees walked off the job to protest the company's lenient sexual harassment policies. This year, Disney employees engaged in a car rally to raise safety concerns about the company reopening its theme parks in the midst of the coronavirus pandemic, and Facebook employees staged a virtual walkout over the platform's tolerance of racism and hate speech.

These events represent a rising wave of employee activism—when employees advocate for social change inside, and sometimes even criticize, their own organization. This trend has had a range of consequences for both employees and the workplace. In response to the 2019 employee shareholders' resolution, for example, Amazon pledged to eliminate its carbon emissions by 2040. Google, however, was less receptive to its employee walkout: It altered its employee handbook to discourage future activism. In addition, many of the

walkout's organizers have since been pushed out; 45 employees have documented their experiences of retaliation by the company, including demotion.

Employees' growing expectations of greater corporate social responsibility (CSR) has contributed to their activism, as employees want to work for companies that do more good than harm to society and the environment. Many workers speak up and even put pressure on their employers to increase their CSR efforts. Tellingly, a 2019 Weber Shandwick survey found that 75 percent of employees in the United States agreed with the statement that "employees are right to speak up against their employers." Only 14 percent did not agree, and 11 percent said they were unsure.

Despite widespread employee support, employee activism is controversial among many corporate leaders. To improve their odds of succeeding, employees need to deepen their understanding of what effective activism looks like. Additionally, managers need to know how to engage meaningfully with employee activism, because it will continue to have an increasing significance in organizational operations.

Far from a one-size-fits-all method, employee activism exists in various forms, extending from internal lobbying to issue selling to collectively organized business disruption. In this article, we offer insights into the full spectrum of today's employee activism and,

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taking into consideration the risks, provide a playbook for employees to engage in it. We also offer advice to managers who face this activism and want to offer support.

**THE RISE OF EMPLOYEE ACTIVISM**

We define employee activism as employees engaged in coordinated action to address a societal problem connected to the company they work for. This may entail promoting or countering change in their organization or using the organization as a platform to bring attention to an issue in society at large.

Employee activism includes all kinds of people, from factory workers to white-collar personnel to senior executives. Activists include both full-time and part-time employees, and even independent contractors who are not technically considered employees (think Uber drivers). Evidence from Weber Shandwick’s 2019 survey indicates that as many as two in five employees in medium-size and large firms have engaged in employee activism of some kind: 38 percent said that they have “spoken up to support or criticize [their] employer’s actions over a controversial issue that affects society.”

Today’s employee activism can be traced back to the 1970s, when early employee activist groups started forming inside American corporations. Usually founded by women and/or minorities, these pioneering groups sought both to form a community inside their employer organization and to find new ways of advocating for equal rights and antidiscriminatory policies. With names like the Corporate Few (spearheaded by Black managers at Xerox) and Women of AT&T, these employee groups often met outside work hours and connected on the edges of conferences and industry events. Many of them worried that managers would disapprove of their existence or, worse, interpret them as unionization threats and retaliate by firing those employees or subjecting them to career penalties.

Starting in the 1990s, many employee activist groups experienced a sea change when managers began to view them not as agitators but as champions of efforts. By gaining this newfound legitimacy inside their organizations, employee activist groups began receiving corporate sponsorship and were rebranded as employee resource groups. At the same time, many employee activists started forging stronger external networks, linking into industry-focused NGOs, such as the National Center for Women & Information Technology, and with national NGOs, such as the Environmental Defense Fund Climate Corps, in order to mobilize groups with shared goals across industries.

A defining feature of employee activism is collective action, the process in which multiple individuals participate in coordinated actions to achieve a common goal. Collective action gives employees greater power than they could have achieved by operating individually. Although collective action typically involves employees from the same organization, it can also include a mix from other sectors, independent NGOs, and community groups. For example, the Human Rights Campaign (HRC), the largest LGBTQ advocacy organization in the United States, works with employee groups at all major companies to gather and disseminate information about companies’ LGBTQ stances and to push for adoption of more inclusive policies.

Employee activists are motivated by concerns about social problems that are often connected to their employer. In most cases, these

**FORREST BRISCOE** is a professor of management and Frank & Mary Jean Smeal Research Fellow at Penn State University’s Smeal College of Business.

**ABHINAV GUPTA** is an associate professor of strategic management at the University of Washington’s Foster School of Business.

problems correlate with leading CSR issues. (See “Types of CSR Issues” on this page.) Workplace CSR includes company policies that affect diversity and inclusion for traditionally underrepresented groups, such as women, racial minorities, and LGBTQ workers. Environmental CSR spans issues from global carbon pollution to local community recycling. Employee activists are also concerned about business dealings with certain suppliers and customers—such as those that themselves have poor CSR records, or that are using the organization’s products and services to violate citizens’ rights.

Employee activism is related to but distinct from the work of labor unions, which focus on influencing company decisions about wages and working conditions. While unions can also provide a platform for activism on other social issues, employee activists are often white-collar salaried workers who, in the United States, may lack interest in affiliation with a traditional labor union. Moreover, labor union activities are constricted by collective bargaining laws and workplace policies, including rules about the formation of a collective bargaining unit to represent workers in a given organization; the way that unit’s leaders can be determined; and how they are allowed to negotiate with management, protest, settle grievances, and raise and spend funds. In contrast, employee activism does not face such restrictions and can employ a wide variety of different structures and tactics and adapt rapidly.

While the vast majority of employee activists are focused on CSR issues related to their employer, another category of employee activists use their organization as a platform to amplify their message. Recent examples include professional athletes using the popularity and media visibility of their teams and leagues to raise awareness about racial injustice and police brutality and to express support for the Black Lives Matter movement. In these cases, the goal may not necessarily include making changes within an organization but may be to call attention to the pervasive problem of systemic racism in general.

**A TROVE OF TACTICS**

Employee activism involves a wide range of tactics to bring wider attention to social issues and influence decision makers to make

**Types of CSR Issues**

Three categories of CSR issues showcase the range of concerns that motivate employee activists.

ISSUE CATEGORY	EXAMPLES OF SPECIFIC ISSUES
<b>Workplace CSR</b>	<ul style="list-style-type: none"> <li>Gender pay equity</li> <li>LGBTQ rights</li> <li>Discrimination</li> <li>Sexual harassment</li> <li>Inequality</li> <li>Board diversity</li> </ul>
<b>Environmental CSR</b>	<ul style="list-style-type: none"> <li>Carbon footprint</li> <li>Recycling</li> <li>Local pollution</li> </ul>
<b>Supplier or customer CSR</b>	<ul style="list-style-type: none"> <li>Working conditions</li> <li>Living wage</li> <li>Unethical use of product/service</li> <li>Support for authoritarian government</li> <li>Use of product/service to violate civil rights</li> <li>Child labor</li> </ul>

changes in line with activists' goals. Although news stories often focus on headline-grabbing actions, such as worker walkouts, a growing body of research suggests that employee activists are much more likely to pursue quieter tactics that they believe to be less risky and more effective.

The figure on this page illustrates the breadth of employee activist tactics, organizing them along a continuum based on level of disruptiveness. More disruptive tactics are often intended to unsettle both an organization's internal routines and its public reputation, thereby pressuring corporate executives to yield to activists' demands. Persuasive tactics, in contrast, are aimed to influence fellow employees and executives through communication tools and approaches that are often less visible to people outside the organization and, arguably, less aggressive.

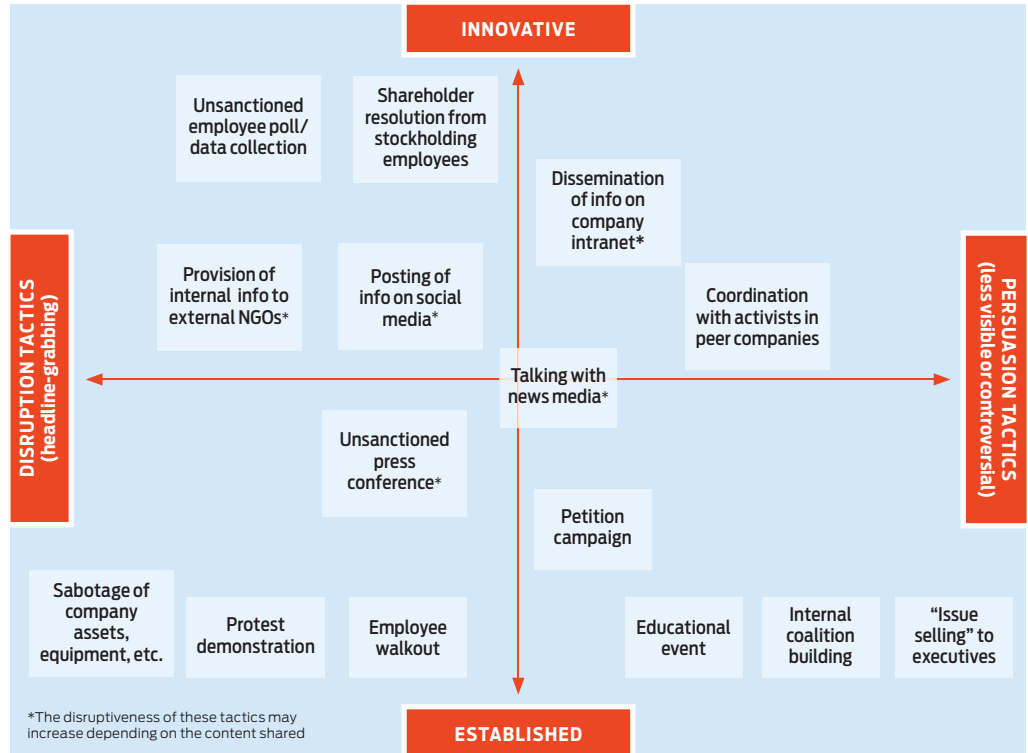
Disruption tactics include sabotage—from damaging a company's valuable assets (such as factory equipment or its website) to sully its reputation by sharing disadvantageous internal information with external NGOs who then publicize it via social media. The persuasion end of the spectrum includes tactics like internal "issue selling" to senior executives, by deftly articulating the merits of enhancing a company's CSR engagement. Certain tactics, such as employee walkouts and sit-ins, may be more disruptive for manufacturing plants or hospitals that operate 24 hours per day and less disruptive for organizations that are not as dependent on the continuous presence of their workforce.

Sociologist Doug McAdam has pointed out that tactics can also be organized by novelty. As the figure above depicts, tactics positioned high on the vertical axis are relatively uncommon experiments. Innovative tactics can be advantageous for employee activists because they take the company by surprise and garner extra media attention, adding to the overall pressure on corporate leaders to change policy in line with activist demands. Such innovative tactics appear to have contributed to the success of Amazon employee activists' climate action demands—notably, tactics that were made possible because these employees also owned shares in the company, which enabled them to file a shareholder resolution criticizing the company's stance.

Tactics that rely more on persuasion are arguably more effective at catalyzing change inside organizations. For example, in 2018, a group of Nike managers conducted an informal survey of coworkers on perceptions of workplace climate. When presented with the unofficial findings that corroborated activists' claims about the prevalence of sexism and racism, executives felt compelled to

## Employee Activist Tactics

Employees use a range of tactics to gain attention and influence decision makers in their organizations.



launch a formal investigation, which led to the replacement of high-level personnel and helped drive changes in policies for reporting and handling workplace biases and transgressions. In this example, activism focused internally and was spearheaded in large part by management.

Newer tactics in the employee activist repertoire involve the use of social media platforms such as Twitter and Facebook. Social media is a powerful tool because it allows employees to mobilize easily and quickly and, in doing so, to swiftly raise awareness about company practices among customers, potential future employees, and other stakeholders. At the same time, companies are encouraging employees to become "pro-company" activists by promoting the firm's CSR efforts on social media, in the hope that doing so will increase goodwill among the company's stakeholders. For example, Dell's employee advocacy program incentivized employees to share brand-related content online in exchange for certification as a "social media and community professional." This program is credited with driving favorable attention to the business; within a year of launching, it succeeded in bringing more than 150,000 shares to Dell's website.

### FOUR MACRO TRENDS

Based on the spectrum of tactics, we have identified four macro societal trends that together have contributed to the growth of employee activism this century. These trends reinforce one another in several ways. For instance, new technologies that facilitate information sharing have spread more awareness of urgent societal challenges, which, in turn, has fueled rising workforce expectations regarding company action. Similarly, the global spread of empowerment principles

may embolden more employees to publicize problematic business practices using these new technologies.

**1. Rising workforce expectations** | According to a 2016 Gallup poll, younger generations of American workers, beginning with Millennials, have higher expectations for finding meaning and purpose in their work, instead of focusing only on making a living. As these employees become a larger share of the workforce and gain more influential positions, their desire for meaning and purpose is translating into higher expectations that their employers will boost CSR efforts. The same poll indicates that Millennials' and younger-generation employees' lower levels of loyalty toward their current employer may also make them more willing to take risks with their jobs by engaging in activism.

**2. Empowerment as a management principle** | The benefits of empowerment—the idea that individual employees should have more authority to direct their efforts and to provide input to organizational decision-making—have been taught in business schools for decades and have been widely embraced across industries. Encouraging workers to speak up has been a constant theme in management thinking, from the total quality management (TQM) movement of the 1980s to the contemporary interest in creating a culture of innovation and entrepreneurship inside firms. Perhaps not surprisingly, then, when employees are encouraged to share their ideas and concerns about improving a business, they are likely also to include their ideas and concerns about CSR.

**3. Urgent societal challenges** | Activism on issues like climate change, water scarcity, and access to basic human rights focuses increasingly on companies as powerful and capable agents of change, instead of governments perceived to be too politically polarized to be effectual. In this context, employees are more likely to consider both how their employers contribute to these social challenges and how they could better address them.

**4. New technologies** | In the past decade, social media platforms have optimized information exchange to make planning and executing activist tactics even easier and faster. Employees can share information about their organizations, mobilize and plan events together, and coordinate activities across organizations, industries, sectors, and geographic locations like never before—and, on social media, at no financial cost. These technologies are enabling employees to reach a broad audience. For instance, when Facebook employees complained about the low wages and psychological trauma that the company's content moderators experienced, their grievances were broadcast widely on social media, sparking media attention and resulting in a legal settlement.

## THE EMPLOYEE ACTIVIST PLAYBOOK

Framed by these macro trends, research on social movements has provided insights into how employee activists can be effective

## Employee Techniques and Managerial Support

There are five techniques used by persuasion-based employee activists, as well as five potential supporting moves for managerial allies.

TECHNIQUE	EXAMPLES	MANAGER ALLY SUPPORT
<b>Analyze the conditions</b>	LGBTQ employees wait for arrival of sympathetic CEO before presenting the internal case for change	Offer advice on when to approach leadership and when to wait (or, to resort to public action)
<b>Frame the issue</b>	Food industry employees pushing the launch of new meatless products emphasize growing health concerns among consumers	Lend your expertise on frames that fit the organization's values/logic
<b>Repurpose processes and spaces</b>	Physicians in training at major hospitals use cafeteria and resident call rooms in off hours to coordinate action against powerful surgeons and administrators to improve working conditions	Offer space/resources for a pilot project Provide access to relevant data
<b>Utilize knowledge of the organization</b>	Employees pursuing new sustainability equities product at Bloomberg identify line manager in traditional equities unit to back initiative	Provide insight into which senior leaders are most approachable on the issue
<b>Leverage networks</b>	Human Rights Campaign compiles information from activists and HR managers across major corporations to create Corporate Equality Index	Reach out to peers at other companies

in driving changes in their organizations' practices, policies, and decision-making structures. Below, we compile these insights into a playbook that can guide those looking to succeed as employee activists. While the core ideas in this playbook have some overlap with expert advice given to managers and entrepreneurs seeking to drive change in business, notable differences arise when the subject involves social issues. The figure above outlines the primary techniques that constitute the playbook and suggests recommendations for allied managers who seek to support their employees' activism.

**1. Analyze the conditions** | If you are considering becoming an employee activist, you should first ask yourself if it is the right time for action. Employee activists should weigh the possibility of success—which usually involves changing company policies—against the risk of retaliation from coworkers, managers, and others within the organization. The risk of retaliation is real and, at worst, can mean losing a job and damaging one's career by being labeled a “troublemaker” or “disruptive.” Career damage can occur more subtly, too—for example, when someone is passed over for opportunities or is ostracized by company and industry peers.

Beyond an employee's appetite for risk or personal convictions are also systematic factors that can affect outcomes and that activists must heed and weigh carefully. For instance, activists should consider how well their goals align with their organization's mission, purpose, and values. Organizations that have the stated mission of “improving lives,” for instance, may be more amenable to engaging in dialogue with activists who possess evidence to the contrary. Similarly, CEOs who have openly discussed their personal experience with discrimination may be more receptive to activism on workforce diversity issues.

In addition to studying the overt aspects of firms' missions and values, employee activists should be attuned to other elements

of organizational culture. In organizations that prize innovation, for example, leaders may also be more willing to hear about innovations related to business and social issues. Activists may also utilize industry trends as a resource, taking advantage of executives' tendencies to benchmark against peer companies. Leaders' fear of missing out on an industry trend taking hold in rival firms can motivate change. Finally, employee activists might consider whether they have individual leverage with their employer. For example, employees with specialized knowledge, skills, or abilities that are costly for their employer to lose (or replace) may be more insulated from the hazards of activism. By extension, building a coalition of essential, invaluable employees should increase employees' chances of receiving meaningful consideration from the leadership.

**2. Frame the issue** | The ability to frame an issue is essential to put it into a context that elicits direct action from supporters and bystanders. Generally speaking, framing entails highlighting a problem for which activists have a solution, or highlighting an opportunity that activists can help the organization realize, through specialized language focused on an organization's mission, needs, or profit. For instance, employee activists have framed the LGBTQ issue of same-sex-partner benefits by arguing that companies need to adopt these benefits to win the "war for talent" or emerge as an "employer of choice." In doing so, employees effectively link their goals to the corporate bottom line.

Of course, activists may frame issues differently for different audiences. Workplace diversity movements, for example, have found that some corporate decision makers are more receptive to "business case" framing, focused on the dollar value of talent retention, while other business managers and owners are more responsive to moral framing, focused on equality and fairness. The challenge for activists is to use framing that is powerful for specific audiences but also flexible enough to adapt to changing conditions, such as in cases of new leadership, new laws, or new social controversies. Framing, therefore, requires constant experimentation and recalibration.

**3. Repurpose processes and spaces** | Employee activism requires collective action. However, workplaces are not always conducive to activists' getting together to devise tactical efforts against the employing organization. One basic challenge is to find a mutually convenient time for sharing concerns with others. Perhaps a bigger obstacle is to identify a space—physical or virtual—where employees can speak freely, without fear of retaliation from senior leaders, and can work toward a shared understanding of the problem and prospective ways of addressing it.

Research suggests employees can be quite creative in repurposing organizational infrastructure to build momentum for a social cause. For instance, when employee diversity groups were first founded in the late 1980s, some activists used company listservs to find one another across large corporations. Employee activists have similarly used meeting rooms, R&D facilities, and online discussion platforms for off-hours gatherings and brainstorming meetings. And professional conferences have frequently served as occasions for activists to share information across companies.

Besides repurposing organizational and occupational infrastructure to build a coalition, employee activists can also utilize existing decision-making systems and their knowledge of corporate decision-making norms in service of their goals. For instance,

employees pushing to increase sustainability at Nike leveraged the existing supplier rating system, which evaluated suppliers based on business dimensions such as on-time delivery, cost structure, and quality assurance, by adding a new category evaluating sets of sustainability practices in suppliers' operations.

**4. Utilize knowledge of the organization** | While knowledge of the organization helps facilitate all the steps described above, activists have particular opportunities to use insights into the internal social and political landscape of an organization to recruit influencers and build cross-sector coalitions. Employees who have studied the informal culture and office politics are uniquely suited to identify internal champions who are sympathetic to the cause and able to influence others and overcome political resistance.

For example, when an enterprising manager at media and financial data conglomerate Bloomberg LP attempted to promote the development of environmental, social, and corporate governance (ESG) metrics, he received skepticism from some quarters of the company about their relevance to Bloomberg LP's overall strategy. Undeterred, he pursued the support of a prominent line manager in the traditional-equities group who was unaffiliated with the company's sustainability and social responsibility initiatives, figuring that this endorsement would help influence others in the core business units. And he was right—with this line manager's support, the initiative ultimately gained the wider support necessary for adoption.

Activists may also consider building a diverse coalition of employees and managers located across an organization. Research on organizational change supports this approach, indicating that groups with members from different levels, units, and regions tend to be more effective in driving change, by providing a varied set of perspectives and influence channels, as well as by demonstrating broad support.

Another way in which activists can effectively harness their knowledge of an organization is by identifying external reference points that can serve as powerful examples to recruit others and to convince the company about the merits of the proposed change. For instance, activists may identify organizations that are often used to benchmark the company's other business decisions, and invoke them strategically when presenting their case for change.

In the 1990s, activists pushing for workplace diversity demonstrated this approach when they recognized that they could make use of a best-practices benchmarking consortium called the Mayflower Group to influence decision-making in other firms. The Mayflower Group included Xerox, Johnson & Johnson, Motorola, FedEx, and more than a dozen other *Fortune* 500 companies considered leaders and early adopters of various managerial practices. Rival firms in their respective industries watched Mayflower members closely, so when several of them adopted new diversity HR practices, such as providing domestic-partner benefits for LGBTQ employees, activists in those rival firms started claiming them as proof that the new practices had merit. Of course, success requires activists to understand which external reference points make compelling benchmarks in their organization and the degree to which consensus exists around them.

**5. Leverage networks** | Just as business organizations can benefit from maintaining and participating in an external network of industry associations, suppliers, and regulatory bodies, so too can activists receive an advantage from forging ties with NGOs, industry

groups, and employees in peer firms. Perhaps a universal benefit of participating in peer networks is the exchange of tactical information. For instance, activists may share experiences about what has worked at other organizations and about the shared challenges that have arisen elsewhere, so that they can import that knowledge to enhance their efforts. This type of activism intelligence can play a useful role in energizing fellow activists and potential recruits, as well as in building a robust movement to garner the attention of senior leadership.

Besides the direct sharing of knowledge, activists can also share data to create a repository of industry ratings for tracking progress across organizations. As considerable research has documented, corporations want a good reputation and jostle to gain elite status in popular rankings like *Fortune's* Best Companies to Work For. Activists can leverage their networks to take advantage of this corporate tendency by compiling information on organizational practices and rating corporations on parameters of interests.

The efficacy of this approach is perhaps best demonstrated by HRC, which utilizes its network to compile data on the employment practices of the largest corporations in the United States and makes these data publicly available in the form of a corporate equality index and related annual reports. HRC obtains the data from a range of sources, including company websites, employee handbooks and surveys, and interviews. It not only helps activists and potential employees who are members of the LGBTQ community identify which companies are making substantive progress and which are lagging behind but also creates a sense of competition among companies to do better. Activists further fuel this competition as HRC continually adds new metrics for what it takes to get a perfect score (100 percent) on the index.

In addition to coordinating with fellow activists in peer companies, employees can form ties with like-minded counterparts at customer or client organizations, since these are crucial sources of revenue and command significant attention among corporate leaders. For example, social justice advocates inside professional service firms, such as law firms, have often coordinated with key clients so that a consistent message has come from inside and outside.

### ADVICE FOR MANAGERS

Employee activism is here to stay, and it will likely continue to grow across all sectors in coming years. Managers therefore need to adapt to this new reality—at minimum, to avoid unnecessary costs and additional disruption to their organization, and, at best, to play a proactive role in unlocking new shared value that employee activism can bring to the enterprise. We recommend three steps that managers can take to engage more effectively with employee activists.

First, managers can hone their understanding of how current social issues connect with their organization's purpose, mission, and values. They should think through the links between the business and each dimension of its CSR efforts. In large companies, this involves relevant domain managers, while in smaller organizations it means that managers need to do this work independently or confer with outside experts. Either way, this can help managers avoid being caught off guard as employee demands arise and can help guide responses to emerging activist narratives.

Second, managers can cultivate relationships with internal and external stakeholders—including nonprofits, industry associations, and leading experts on salient social issues. The work of relationship building takes time, but it can pay dividends. Some can be formal, others informal, and employees may also serve as willing bridges or conduits to external stakeholders. These ties can equip managers with information, alert them to emerging social and industry trends, and help them to realize their own blind spots and biases. They can also help managers to build credibility with employee activists and can potentially position the managers as valuable mediators between activists and senior leadership.

Third, effective managers learn how to listen to employee activists and give them a forum in which to share ideas and concerns. Managers who keep an open mind often realize that some employee ideas can benefit the organization's long-term interests, even if they seem like unwelcome distractions in the short run. Listening is not the same thing as capitulating to demands. Instead, it is a chance to try to understand different stakeholder perspectives. After listening, managers may also have an opening to discuss contrasting perspectives and/or pressures that the business is under.

Some managers are also deciding to serve as allies to employee social activists, helping them toward their organizational-change goals. Such allies are not necessarily participants in the activism, but they can have a big influence on whether the activists are successful, as they leverage deep familiarity with the organization and its leadership to help activists enact the playbook, as indicated in the figure on page 52. Most managers who choose to become allies will do so because of an alignment between their personal values and activist goals. However, being an ally also benefits business, because employee activism can improve stakeholder relations and even spark innovation, insofar as activists and their efforts can become a well-spring for the identification of new products, services, customer segments, and business opportunities. Their activism can also contribute to sustaining organizational cultures that help attract talent and support the firm's positive marketplace reputation.

In all scenarios, managers should try to avoid prematurely judging activist employees as misguided troublemakers. Maintaining civility and transparency throughout the process is imperative, and managers need to model those qualities, even if discussions intensify.

### CREATING SOCIAL GOOD—TOGETHER

Employee activists are part of an increasingly complex stakeholder landscape that business leaders face today. Far gone are the days when managers could cleanly differentiate between employee ideas about "improving the business" and employee demands for "addressing social issues." Instead, the two are blurring together.

For forward-leaning leaders, this trend is an opportunity to harness the upside of activist employees. The advantages of this activism could include harnessing their role in identifying new products, services, and business opportunities; sustaining organizational cultures that help attract creative talent; and supporting the firm's positive marketplace reputation. Doing so might even raise the possibility of regaining an increasingly imperiled status for business leaders as creators of social good, while avoiding tangible threats to their bottom line and improving the viability of their business for the long haul. ■