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Contemporary Issues in Management

Who Is the Corporation For?

Stakeholders, Sustainability, and Corporate Citizenship

Week 9

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Where We Left Off



Platform workers are controlled by algorithms they cannot see or challenge.

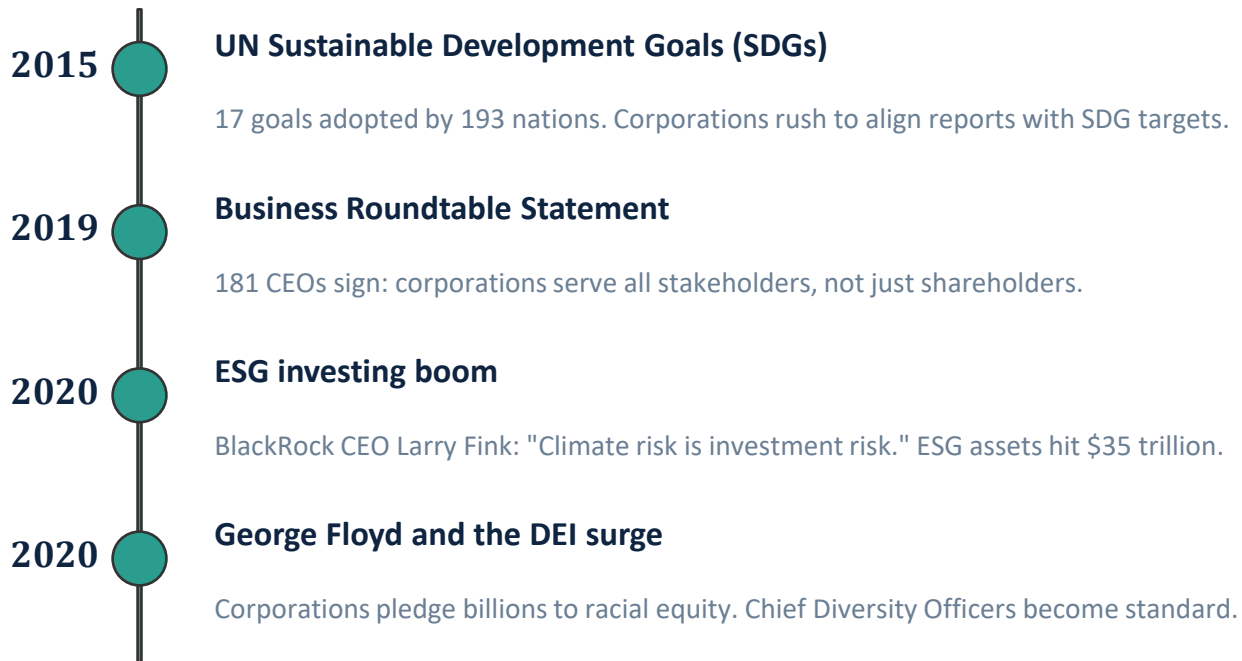


AI automates jobs, but 55% of companies regret replacing workers. The question became: who decides?



Today: corporations said they would serve all stakeholders. Then they stopped. What happened?

The Corporate Responsibility Timeline



ESG in 60 Seconds



Environmental

Carbon emissions, climate targets,
resource use, pollution, biodiversity



Social

Labour rights, diversity, community
impact, supply chain ethics, health &
safety



Governance

Board diversity, executive pay,
transparency, anti-corruption,
shareholder rights

By 2021, ESG was the dominant framework for measuring corporate responsibility. Then the backlash began.

"Stakeholder governance, as actually practised, will not benefit stakeholders."

Bebchuk & Tallarita (2020) 'The Illusory Promise of Stakeholder Governance'

What They Said

- The 2019 Business Roundtable statement was non-binding
- No CEO changed their governance structure after signing
- No new accountability mechanisms were created

What Actually Happened

- Stakeholder rhetoric provides cover for avoiding regulation
- Executives gain discretion without accountability
- "Stakeholderism" becomes a shield, not a sword

When the Promise Is Performance

Volkswagen "Clean Diesel" (2015)

Greenwashing

Marketed cars as low-emission while using software to cheat emissions tests. 11 million vehicles affected.

\$30 billion in fines and settlements.

BP "Beyond Petroleum" (2000-2010)

Greenwashing

Rebranded as a green energy company while 96% of spending went to fossil fuels.

Deepwater Horizon (2010) killed 11 workers and spilled 4.9M barrels.

CMS lens: Greenwashing is not a mistake. It is a strategy (Laufer, 2003).

Woke Capitalism

Rhodes (2022)

Core Argument

Corporations adopt progressive causes (climate, diversity, social justice) not out of conviction, but as a market strategy. This corporate morality actually undermines democratic politics by privatising issues that should be decided through democratic processes.

1

Commodification of justice

Social causes become branding exercises. Rainbow logos in June, back to normal in July.

2

Democratic displacement

When Nike takes a political stance, it replaces citizen debate with consumer choice.

3

Structural immunity

Companies champion diversity externally while maintaining exploitative supply chains.

Do you believe corporations can genuinely care about social issues?

- A** Yes. Some corporations genuinely want to make the world better.
- B** Sometimes, but mostly it is about branding and reputation.
- C** No. Corporations exist to make profit. Everything else is marketing.

What Changed?

From ESG pledges to ESG retreat in under four years.

65%

drop in Fortune 500
DEI index participation

CNBC, Feb 2026

\$0

BlackRock dissolves
ESG-labelled funds

ETF.com, 2025

3

tech giants end
diversity reporting

Google, Meta, Microsoft

The DEI Rollback

Meta	Eliminated DEI team, ended supplier diversity programmes	<i>Jan 2025</i>
Google	Ended diversity hiring targets and annual diversity report	<i>Nov 2025</i>
Microsoft	Disbanded DEI team, stopped linking manager pay to diversity goals	<i>Jul 2025</i>
Walmart	Rolled back DEI commitments, rebranded to "belonging"	<i>Nov 2024</i>
Amazon	Scaled back equity and inclusion programmes	<i>Dec 2024</i>
Pattern: These are the same companies that made the biggest commitments in 2020. The retreat confirms Rhodes (2022): corporate morality follows market logic, not moral conviction.		

The ESG Retreat

2020

- ✓ BlackRock CEO: "Climate risk is investment risk"
- ✓ ESG assets surpass \$35 trillion globally
- ✓ US states invest pension funds through ESG screens
- ✓ Corporations compete on sustainability rankings



2025

- X BlackRock dissolves ESG-labelled funds
- X US states divest \$13B from BlackRock over ESG
- X Anti-ESG legislation passed in 30+ US states
- X Companies quietly remove "ESG" from reports

"Companies That Dropped DEI Have Nothing to Show for It"

Forbes, 24 September 2026

- Companies that cut DEI saw no measurable improvement in stock performance.
- Employee engagement scores dropped at companies that disbanded DEI teams.
- Talent retention worsened, especially among underrepresented groups.
- The retreat was driven by political pressure, not business logic.

CMS question: If the retreat does not even serve shareholders, who does it serve? Is it a genuine strategic choice, or is it corporations following whichever wind blows hardest?

One Activist, Six Corporations

How a single conservative influencer pressured billion-dollar companies to abandon DEI commitments.

The Method

- 1 Identify a company's DEI/ESG programmes through public filings
- 2 Create viral social media posts framing them as "woke" policies
- 3 Mobilise consumer boycott pressure and media attention
- 4 Company quietly rolls back the targeted programmes

Targets: Tractor Supply | John Deere | Harley-Davidson | Lowe's | Ford | Walmart

CMS lens: Power is relational. Stakeholder pressure works in both directions (Mitchell, Agle & Wood, 1997).

The Pattern

1

Adopt

When public pressure favours social responsibility, corporations adopt ESG and DEI as branding.

2

Perform

Corporate reports fill with SDG icons and diversity data. Pledges are made. Officers are hired.

3

Abandon

When political pressure reverses, the same companies drop the same commitments. No structural change was ever made.

Rhodes (2022): "Corporate wokeness was never a destination. It was a detour."

When Corporations Rewrite the Story

DEI in entertainment: representation, backlash, and the audience question.

Film: Snow White (\$170M loss) | HP Snape casting | The Little Mermaid | Rings of Power

Gaming: Concord (\$400M loss) | Sweet Baby Inc | Character design controversies

Case 1: Disney's Snow White (2025)

What Happened

- Rachel Zegler (Latina actress) cast as Snow White
- Zegler criticised the 1937 film in press interviews, calling the original story "weird" and the Prince a "stalker"
- Seven dwarfs replaced by "magical creatures" to avoid stereotypes
- Massive social media backlash before release
- Box office: \$115M to \$170M loss for Disney

CMS Analysis

- Disney used diversity as marketing, not storytelling
- The lead actress publicly dismissed the source material
- The changes felt performative rather than artistic
- Audiences distinguished between genuine representation and corporate signalling

Forbes (Feb 2026): Disney confirmed Snow White lost \$170 million, making it one of Disney's biggest flops.

Case 2: Character Recasting

When does changing a character's race serve the story, and when does it serve the corporation?

The Little Mermaid (2023)

Halle Bailey cast as Ariel. Backlash occurred, but the film earned \$569M worldwide. Bailey's performance was praised. Viral clips showed Black children seeing themselves in Ariel for the first time.

HBO Harry Potter: Snape (2026)

Paapa Essiedu was cast as Severus Snape. Fan backlash was intense: Snape is described as pale-skinned in the books. HBO stood firm and expanded Snape's backstory through rewrites.

The Analytical Difference

- ✓ Ariel's race is not plot-relevant. Audiences embraced the choice
- ✓ Commercial success (\$569M) validated the casting decision

- X Snape's appearance is text-defined. HBO stood firm despite backlash
- X Rewrites expanded the character rather than retreating on the choice

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Case 3: Tolkien and the Adaptation Question

Peter Jackson's LotR (2001–2003)

- Stayed close to Tolkien's descriptions of characters
- Cast matched the source material's world-building
- Added original characters (Tauriel) in The Hobbit, sparking debate
- Result: \$2.9B+ box office, 17 Oscars

Amazon's Rings of Power (2022–)

- Introduced diverse elves, dwarves, and hobbits
- Amazon framed this as "reflecting the real world"
- Tolkien purists objected to changes to established lore
- Mixed reviews; \$1B investment, uncertain returns

The question: Is changing established characters' descriptions a form of representation, or a form of corporate signalling? Who are the stakeholders of a fictional world: the audience, the creator, or the corporation that owns the rights?

Case 4: The Gaming Battlefield

Sweet Baby Inc

Montreal-based consulting firm that advised game studios on narrative and representation.

- Advised on Alan Wake 2, God of War Ragnarök, and other AAA titles
- Gamers created a Steam curator list tracking SBI-consulted games
- Accused of pushing studios to change character designs and narratives
- Became a lightning rod for anti-DEI sentiment in gaming

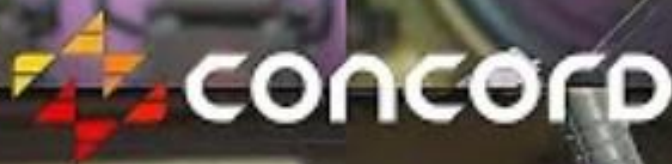
Concord (Sony, 2024)

The most expensive game failure in history.

- \$400 million budget, 8 years in development
- Character designs criticised as prioritising diversity checkboxes over appeal
- Shut down after just two weeks of release
- Peak concurrent players on Steam: 697

The Audience Argument

Gamers argue: we want characters we find appealing and stories that prioritise gameplay and narrative over political messaging. Studios argue: diverse representation makes better games. The market delivered a verdict on Concord.





Case 5: Assassin's Creed Shadows (2025)

The Controversy

- Set in feudal Japan starring Yasuke, a real Black historical figure, as protagonist
- Japanese parliament debate: PM called shrine destruction "an insult to the nation"
- 100K+ petition signatures over cultural inaccuracies
- Ubisoft apologised and patched destructible shrine objects

Japan's Verdict

17,100 first-week Japan sales (PS5)

- Ghost of Tsushima first week: 212,000 (12× more)
- Lowest first-week AC sales ever in Japan
- Metacritic 81 (critics) vs heavy user backlash
- Globally underwhelming: "not the hit Ubisoft needed"

The Comparison That Matters

Both Ghost of Tsushima and AC Shadows were Western studios telling Japanese stories. One earned a tourism ambassador award from Tsushima island. The other drew parliamentary condemnation. The market distinguished cultural respect from corporate mandate.



Case 6: Love and Deepspace (2026)

China's #1 female-oriented gacha game. \$38M monthly revenue. Then one update changed everything.

The Mistakes

- "A-0731" experiment file evoked Unit 731 (WWII human experimentation on Chinese civilians)
- Promo phrase inviting a wolf in "引狼入室" seen as normalising threat to women
- Character design broke established art style; forced entry scene in trailer

The Fallout

-74% revenue (July)

- \$38M → \$10M monthly; worst month since launch
- App Store rating crashed to 2.0; lost 1M+ followers
- Character cancelled in 8 days; company vowed no new characters ever

The CMS Lens: Who Is the Audience?

A game built by and for Chinese women alienated its own core audience. Unlike AC Shadows (outsider telling insider stories), this was an insider mistreating insider history. The 0731 reference hit a national trauma. The market's punishment was immediate and devastating.



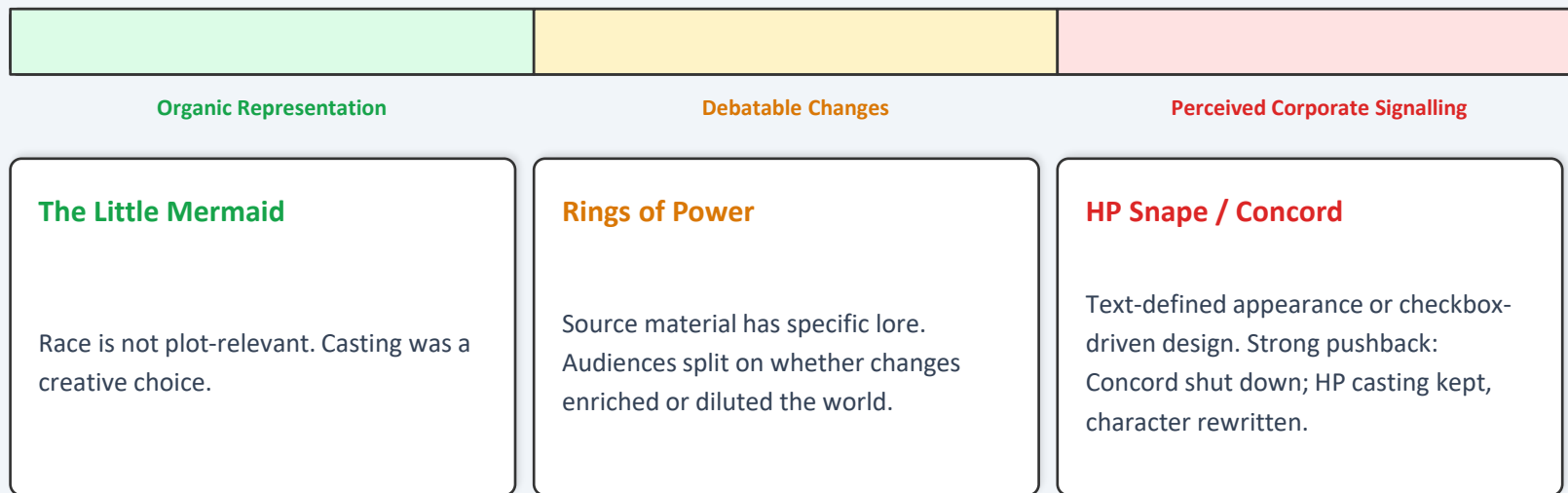
Heartbeat Ripples

Immersed in This Moment's Hidden Elegance

LOVE
AND
DEEPSPACE

The Representation Spectrum

Not all representation is the same. Where on the spectrum does each example fall?



CMS: The spectrum itself is a power question. Who gets to define where each example falls?

The Two Traps

Trap 1: Tokenism

Diversity treated as a checkbox. Characters changed to hit demographic targets. Representation without creative purpose.

Result: audiences feel patronised. Products feel corporate.

Trap 2: Reactionary Erasure

Any representation labelled "woke" and rejected. Diverse creators face harassment. Backlash used to silence genuine creative choices.

Result: diverse stories become politically toxic to greenlight.

The critical position: Both traps serve corporate interests. Tokenism sells to one market. Backlash sells to another. Neither is about storytelling. CMS asks: who profits from the culture war itself?

What the Cases Tell Us

1

Audiences can distinguish

between genuine creative choices (Little Mermaid) and corporate signalling (Snow White). The market punishes inauthenticity.

2

Source material matters

Characters with defined appearances in the text generate stronger backlash when changed than characters whose appearance is not plot-relevant.

3

The corporation is not neutral

Whether a company pushes DEI or retreats from it, the decision is market-driven. Rhodes (2022): corporations adopt whatever position is profitable.

4

The culture war has costs

Snow White: \$170M. Concord: \$400M. But also: diverse creators harassed, legitimate representation made harder to justify to executives.

Even Your University Is Playing the ESG Game

QS Sustainability Rankings

- Pilot edition launched 2022, full ranking from 2023
- 1,744 universities ranked by 2025 (150% growth)
- 52 indicators across environmental and social impact
- Self-reported data with no independent audit
- Top 45 universities are ALL from the Global North

The Critical Question

- 90% of published research on the ranking was positive, mostly from participating institutions
- Universities gaming metrics for reputational gain: the same performativity Laufer (2003) identified in corporations
- Does a high rank mean your university IS sustainable, or that it PERFORMS sustainability?

Denaturalisation: When a ranking agency turns sustainability into a competitive metric, it stops being about the planet and becomes about institutional reputation. The ranking naturalises the idea that sustainability can be measured, scored, and competed over.

The Political Pendulum

Schlesinger Sr. (1949) & Jr. (1986): politics alternates between liberal and conservative phases in cycles averaging 15 years. Each phase generates the conditions for its reversal.

PUBLIC PURPOSE

PRIVATE INTEREST

Progressive Era	1901–1918	17 yrs
Republican Restoration	1918–1931	13 yrs
New Deal	1931–1946	15 yrs
Post-War Conservatism	1946–1961	15 yrs
Great Society / Civil Rights	1961–1980	19 yrs
Reagan Revolution	1980–2001	21 yrs
Public Purpose Return	2001–2016	15 yrs
MAGA / New Right	2016–?	ongoing

The mechanism: reform exhaustion triggers conservative rest; problem accumulation during conservative phases triggers liberal responses. The cycle is not automatic (Brenes, 2025), but the pattern is persistent.

The Corporate Responsibility Cycle

1

ADOPT

1960s / 1990s / 2015

Political left ascendant. Corporations adopt social causes: consumer protection, CSR, ESG, DEI pledges.

2

PERFORM

1970s / 2000s / 2019–2021

Social commitment becomes metric. CSR reports, ESG scores, diversity targets, sustainability rankings appear.

3

ABANDON

1980s / 2008 / 2023–2026

Political right ascendant. Corporations retreat: "back to business basics." DEI dissolved, ESG funds closed.

4

RE-ADOPT?

Next swing

Harvard Law (2026): anti-ESG shareholder proposals get just 1.7% support. Pro-ESG: 13.3%. The retreat is executive-driven, not shareholder-driven.

Rhodes (2022) proven right: if corporations re-adopt ESG when the pendulum swings left, that proves the original adoption was never moral. Corporate citizenship follows the political weather, not an ethical compass.

Three CMS Lenses

1

Denaturalisation

Fournier & Grey, 2000

ESG and DEI are presented as natural, inevitable progress. CMS asks: who benefits from making corporate responsibility look natural? (Answer: the corporations themselves.)

2

Anti-Performativity

Fournier & Grey, 2000

Mainstream management asks: how can ESG improve performance? CMS asks: what is ESG doing besides improving performance? (Answer: legitimising existing power structures.)

3

Reflexivity

Fournier & Grey, 2000

As business students, you are being trained to manage ESG, not to question it. CMS asks: what assumptions are you inheriting? What are you not being taught to see?

If corporations adopt social causes when profitable and abandon them when not, were they ever really responsible?

Or is corporate citizenship always, by definition, instrumental?

DISCUSSION

Whose Responsibility?

Pick the position closest to your view. Prepare to defend it.

A

Corporations should serve all stakeholders, and we need laws to enforce it. Voluntary ESG failed.

B

Corporations exist for shareholders. Social issues belong in politics, not boardrooms (Friedman was right).

C

The problem is not the goal but the method. ESG/DEI failed because they were performative, not because they were wrong.

D

We need entirely new structures. Worker ownership, community governance, B Corps. The corporate form itself is the problem.

How This Connects to Your Assignment

1

Denaturalisation

"Corporate social responsibility is presented as natural and inevitable. Use evidence from this lecture to show whose interests it actually serves."

2

Case Application

"Using Snow White, Concord, or the DEI retreat as a case study, analyse how corporations use social causes strategically."

3

Critical Reflection

"As a future manager, how would you respond to stakeholder pressure that conflicts with your personal values? What does this week's evidence tell you about corporate promises?"

The War Never Ends

Culture has always been a battlefield. Only the weapons change.

1940s–80s

The Cold War

Voice of America vs Radio Moscow. Jazz tours vs ballet exports. The CIA funded abstract art. Culture was state policy.



2010s–20s

The Culture War

DEI mandates vs anti-woke backlash. ESG vs shareholder primacy. Streaming and gaming become the new front lines.



2026+

What Comes Next?

AI-generated content. Global audiences with local values. The medium changes, the struggle over who controls the narrative does not.

The Constant

Joseph Nye (2004) called it "soft power." Gramsci (1971) called it "cultural hegemony." The Cold War used radio waves. Today it is algorithms, casting decisions, and game design. The question for managers remains the same: whose values should corporations promote, and who decides?

KEY TAKEAWAYS

- 1 ESG and DEI were adopted rapidly (2015–2021) and abandoned rapidly (2023–2026). The speed of both reveals the strategic, not moral, nature of the commitment.
- 2 Bebchuk & Tallarita (2020): stakeholder governance, as practised, provides cover for executives, not protection for stakeholders.
- 3 Rhodes (2022): corporate adoption of social causes privatises democratic issues and substitutes market logic for moral reasoning.
- 4 In entertainment, audiences distinguish between genuine creative choices and corporate signalling. The market punishes perceived inauthenticity.
- 5 Both tokenism (forcing diversity) and reactionary backlash (rejecting all diversity) serve corporate interests. Neither is about genuine representation.
- 6 The question is not whether corporations should be responsible, but whether voluntary responsibility can ever be structurally reliable.

Week 10

Leadership, Ethics, and Organisational Change

If corporations cannot regulate themselves, what kind of leadership does change require?

Preparation

Review your group presentation topic. Prepare your slides and allocate speaking roles. Remember: any group may be selected by lucky draw.

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