

For many people around the world, the dominant economic event of 2020-2021 was the COVID-19 pandemic and how it affected health, wealth and relationships. For others, the Black Lives Matter movement and devastating climate crisis were the dominant economic and social events. Such economic and social shocks can present business leaders with short-term opportunities to connect with people and to create economic value. Companies that are agile and able to adapt to these new opportunities will benefit the most. For entrepreneurs, agility and adaptability – or organizational improvisation – can be extremely valuable in being able to quickly turn a short-term shock into the start-up's long-term strategy. The same mentality applies to companies of all sizes. And when the shocks are so intense, such as the pandemic-related shocks, business leaders feel like they have to capitalize on every fleeting opportunity. But what if these opportunities do not align with their missions, strategies and resources? What if the businesses cannot strategically improvise? Should the companies still pursue them because they seem good opportunities?

Corporate Social Opportunity (CSO)

The turmoil of recent years presented many challenges for companies as they tried to create economic value; but the events also presented many corporations with social opportunities that might lead to economic value creation. We refer to this as corporate social opportunity, or how companies respond to economic and social shocks in the short-term.

Examples of corporate social opportunity include adding women to a board of directors in response to the #MeToo movement, creating a new Chief Diversity Officer in response to Black Lives Matter or football teams around the world paying respect to health care workers who led the fight against COVID-19, without a long-term strategy that integrates those actions.

To be sure, capitalizing on corporate social opportunities is not necessarily wrong or bad; that's not the issue. The issue is more about authenticity, strategy and impact. Do the female directors have the same power, authority and ownership as the longer-serving males or do they just meet a quota? Is the Chief Diversity Officer granted all of the power

and resources she needs to exert true change and leadership or is the creation of the position just for public relations? And what message are those football players if, a few hours after paying respects at the beginning of a match, they are posting photos of a house party that is clearly violating all of the COVID-19 protocols that the health care workers want us to follow? What is the message they send when they stop kneeling before matches?

From a strategic perspective, corporate leaders need to anticipate and plan for what they will do when the next social moment impacts their business models. Corporate social opportunity is a more expansive application of greenwashing to a broader universe of environmental, social and governance issues – and it can destroy enormous economic value.

Consequence of empty actions

Activision Blizzard is one of the world's largest videogame developers and producers, known for its best-selling games including Call of Duty, World of Warcraft, and StarCraft. It launched a team-based multiplayer shooter game, Overwatch, in 2016 and gained immediate commercial success. Following the social trend of inclusiveness, they designed the selection of its playable heroes representing **a wide range of diverse races and genders**. Activision Blizzard also publicly advocate for equality, diversity, or inclusion policies which have been **recognized by the Human Rights Campaign Foundation** as fixing the lack of diversity in the game industry.

However, it seems not to have changed its corporate culture. In July 2021, the California Department of Fair Employment and Housing **filed a lawsuit** against Activision Blizzard for sexual harassment and discrimination. The state agency conducted a two-year investigation revealing that the company consistently discriminated against female employees paying and promoting less than male counterparts. The lawsuit was followed by a sequence of investors, employees, and major media labor lawsuits. Its stock price declined 25% from its highest point earlier in the year.

Another example of pursuing a short-term opportunity is Namyang Dairy Products. The company is one of South Korea's largest dairy manufacturers and a 60 year-old family business. Namyang's research institute **claimed in April** that the company's yogurt drink could lower the risk of COVID-19 infection. Following the media spotlight, the company's shares jumped up by 30 percent, and its yogurt drinks became sold out in many retail stores across the country. But the event resulted in a storm of accusations against releasing misleading information and consequently consumer boycotts. Combined with criticism against its corporate governance, its chairman, a second-generation head in the owner's family, declared his resignation and committed that he would not hand over the company's management to his children.

Beyond Corporate Social Opportunity

CSO (Corporate Social Opportunity) views opportunities through a short-term narrow window, while CSR (Corporate Social Responsibility) is more embedded into a company's long-term strategy, culture and operations. Thus, the crux of our argument is that while it may be tempting for companies to capitalize on short-term opportunities instigated by social shocks, true and sustainable economic value is created over the long-term through a company's strategy, culture and operations.

Thinking and acting beyond corporate social opportunity is important for all firms, but it is most critical for entrepreneurs and small businesses who have severely constrained resources and limited time – where being successful in the short term may be the difference between success and failure of the business. The costs of wasting resources to chase fleeting moments are magnified for small businesses. But so are the benefits of authentically integrating the dynamics of stakeholders and mission into strategic plans. What will these businesses lose if they do not authentically develop strategic plans that integrate the needs and desires of all stakeholders into their strategies? For too long, businesses have often ignored the social factor as a unique creator of economic value. But all economic value comes from people and how businesses enhance their lives and their wellbeing. Focusing on creating value for stakeholders will continue to be the secret to surviving future economic shocks that arise from social movements.

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