

Do Social Movements Improve Corporate Behaviors?

YES

STANFORD
BUSINESS
GRADUATE
SCHOOL OF



The Impact of Movements on Firms

Concrete concessions

Symbolic concessions

Symbolic gestures



Threat to Financial Performance

Firm-directed protest leads to substantial declines in sales, profits, and to negative abnormal stock price returns

Sales decreased **4.7%** following anti-sweat shop campaigns of 1990s

Fruit of the Loom lost **\$50M** in **sales** during 2009 boycott (re: closing factory in Honduras)

During the sit-ins of 1960, Woolworth's estimated that **profits** decreased by **50%**

Stock returns were **1.5%** lower than expected during anti-sweatshop campaign of 1990s

Stock returns were **1.03%** lower than expected (multi-movements, 1962-1990)

Stock returns were **2.7%** lower than expected in labor and environmental-abusing industries during the WTO protests in Seattle in 1999 (loss of \$484M in the market capitalization of an average firm).

Sources to check out:

Bartley and Child (2011) Social Forces

King and Soule (2007) Administrative Science Quarterly

Epstein and Schnietz (2002) International Trade Journal

Luders (2006) American Journal of Sociology

Indirect Threat via Ratings, Reputation, Image

Protest directed at apparel industry firms were associated with getting a “concern” rating by KLD

Important because previous research shows KLD ratings are linked to financial performance

Protests, boycotts, and shareholder resolutions all increase the perceived environmental risk of a firm

A one standard deviation decrease in the perceived risk of a firm is associated with a 2% drop in market value of a firm

Sources to check out:

Bartley and Child (2011) Social Forces

Vasi and King (2012) American Sociological Review

Some Important Factors to Consider

Tactical choice

Strategic choice of targets

Visibility, hypocrisy, receptivity

Framing of grievances



Sources to check out:

Bartley and Child (2014) American Sociological Review

McDonnell, King, Soule (2015) American Sociological Review

Briscoe, Chin, & Hambrick (2015) Organization Science

Briscoe, Gupta, and Anner (2015) Administrative Science Quarterly

Areas for Exploration

Influence of outside activism on inside activism

Osmotic mobilization via inspiration and signaling
Collaboration/coalitions across firm boundaries

Movement → government regulation →
firm behavior

