Do Social Movements Improve Corporate Behaviors?

YES
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
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
Some Important Factors to Consider

Tactical choice

Strategic choice of targets
  Visibility, hypocrisy, receptivity

Framing of grievances

Sources to check out:
Briscoe, Chin, & Hambrick (2015) Organization Science
Areas for Exploration

Influence of outside activism on inside activism

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

Movement $\rightarrow$ government regulation $\rightarrow$ firm behavior