

CAN CIVIL RESISTANCE WORK AGAINST CORPORATIONS?

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KEY TAKEAWAYS

- We find that companies are more likely to concede when civil resistance campaigns are durable over time. Yet, there are numerous contextual factors that influence the likelihood of corporate concessions. Our pilot project shows that concessions are more likely when civil resistance campaigns target a large company or a company that is undergoing a leadership change. We find that companies operating in highly competitive markets in contexts of weak rule of law are less likely to concede than others. Moreover, firms operating in industries upon which the state is heavily dependent are less likely to concede.

INTRODUCTION

Businesses are often implicated in human rights violations. In response, governments, NGOs, and philanthropists have attempted to reduce human rights abuses by corporations through various top-down, formal, global initiatives.¹ Industry-led initiatives have also become a common corporate response to external stakeholders' concerns of corporate malfeasance. To avoid costly litigation and deleterious reputational effects, specific business sectors (e.g., the apparel industry, the extractive industry, the chemicals industry) have created their own codes of conduct in response to potential regulation or notable crises. In addition, non-governmental organizations such as the Business and Human Rights Resource Centre have sought to bring victims and alleged corporate violators in dialogue to remedy harm and deter future violations.

But many of the most prominent examples of shifts in corporate behavior begin with pressure from ordinary civilians who organize effective resistance against abusive behavior.² Multinational solidarity movements and civilian groups in industrialized countries have led many of the better-known campaigns to this effect.

Consequently, activists often wonder how they can affect the behavior of private corporations, whose decision-making processes are often obscured to the public. We completed a pilot project for USAID that attempts to address this question: which civil resistance campaigns have been successful in winning concessions from the corporations they target? To do this, we created and analyzed the first multi-country dataset on civil resistance toward corporations in developing countries.

SAMPLE & DATA COLLECTION

We selected four emblematic cases: Nigeria, South Africa, Mexico, and Indonesia. These countries represent important variation in terms of economic structure. In South Africa and Mexico, services comprise the largest segment of the GDP while industry does so in Indonesia and Nigeria. With regards to natural resource extraction, Nigeria, Mexico, and Indonesia all rely primarily on oil. Among these, Nigeria is most reliant on oil—at its peak, 60 percent of the GDP was from oil rents, compared to a height of around 8 percent for both Mexico and Indonesia. South Africa, alternatively, relies primarily on minerals, but to a lesser extent, as the rents as

Our findings suggest that civil society activity—when concentrated in enduring campaigns—can alter corporate behavior.

a percentage of GDP peaked around 4 percent.³ Two of our cases are middle-income countries (South Africa GDP/capita = \$6,484; Mexico GDP/capita = \$10,230) while individuals in the other two cases are poorer (Indonesia GDP/capita = \$3,493; Nigeria GDP/capita = \$3,203).⁴

We followed previous research on civil resistance to create a database of civil society mobilization toward corporations (Chenoweth and Stephan 2011). Drawing on multiple different open sources—including news reports, wire services, activist self-reports, human rights NGO reports, and corporate records, we collected information about incidents targeting corporations between 1990-2013. The dataset includes 840 incidents across South Africa, Nigeria, Mexico, and Indonesia during this time period.

DATA & ANALYSIS

In the quantitative analysis below, the unit of analysis is the campaign, which is defined as a series of episodes linked in coordinated fashion by the same set of actors toward the same goal. The database has 199 discrete campaigns, with coverage spanning from January 8, 1990 through August 29, 2014. Of these, we include 185 campaigns for analysis.⁵

The dependent variable is corporate concessions, which we define as material concessions or full accommodation relative to movement demands, which occurred in 18% of the incidents. Our primary dependent variable is coded as a 1 if the corporation makes concessions and 0 if otherwise—the strictest measure of corporate concessions. Non-material concessions (such as praise, promises, or verbal offers) were excluded from this strict measure to stave off criticism that we were conflating a corporation’s verbal concessions with real, tangible concessions to civil society actors. However, non-material concessions like praise and promises are not equivalent to ignoring the campaign or repressing the campaign either. Therefore, we also created a weak measure of corporate concessions, which is coded as a 1 if the corporation acts with full accommodation, material concessions, and non-material concessions and 0 if otherwise. We estimate all models using both dependent variables for robustness.

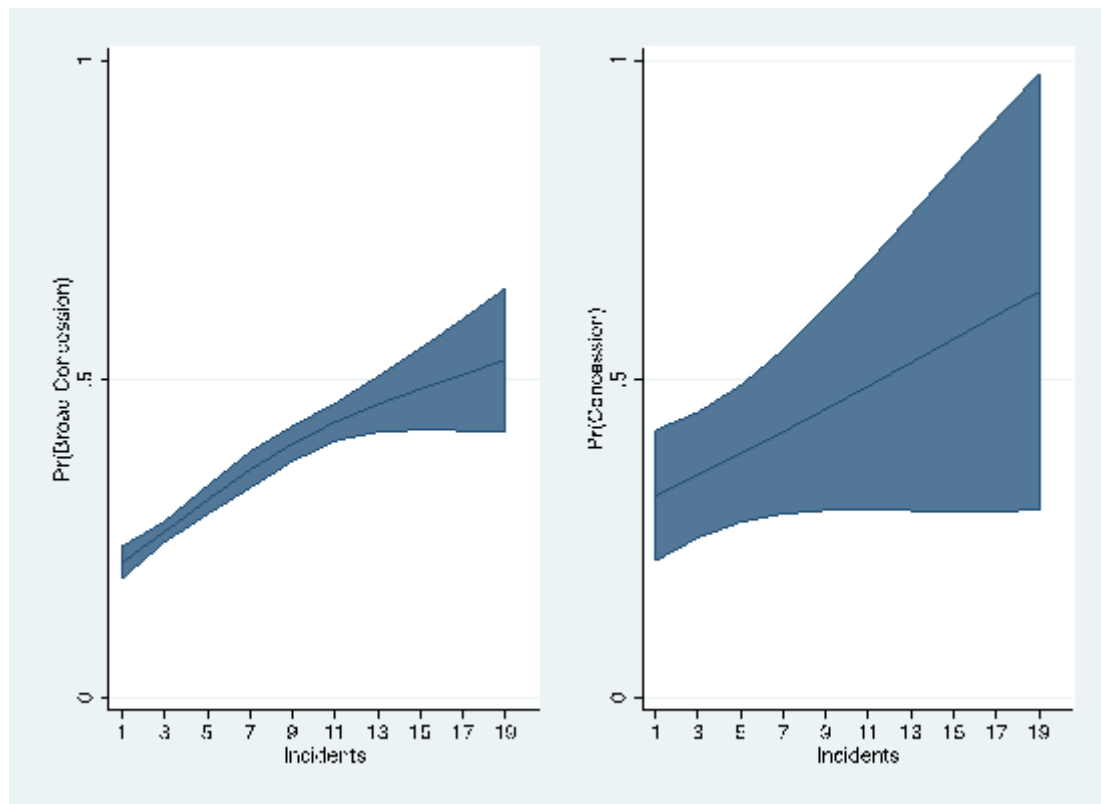
We conduct logistic regressions to evaluate the statistical association between the different covariates and the likelihood of corporate concessions. We estimate several models for each hypothesis: one containing a truncated sample of post-2005 observations and the other with

Table 1. Effect of Number of Civil Resistance Incidents on Corporate Concessions

Variable	Truncated Sample (post-2005 only)		Full Sample (1990-2013)	
	Model 1 (Concessions - Strict Measure)	Model 2 (Concessions - Broad Measure)	Model 3 (Concessions - Strict Measure)	Model 4 (Concessions - Broad Measure)
Number of Incidents	0.113*** (13.89)	0.125* (2.54)	0.118*** (8.43)	0.219*** (4.66)
Assets (logged)	0.00494 (0.07)	0.187 (1.52)	0.0838 (1.23)	0.171*** (6.59)
Constant	-1.932 (-1.20)	-2.223 (-1.02)	-2.802** (-2.64)	-4.332*** (-9.25)
Observations	46	46	129	136
Pseudo R ²	0.251	0.325	0.289	0.307

t-statistics in parentheses
+ p<0.10, * p<0.05, ** p<0.01, *** p<0.001

Figure 1. Effect of Number of Incidents on Predicted Probability of Concessions (based on Table 1, Models 4 and 3, respectively)



the full sample. In addition to estimating the aggregate effects, we also include firm size, sector dummies, and year dummies in each model to ensure our results are not driven by cross-sectoral or temporal variation alone. We cluster robust standard errors around the country. We report the results in tabular and graphical form, reporting marginal effects of the primary covariate on predicted probabilities of concessions.

Of the 185 movements of which a company is the primary target, 97 were a single event while 88 consisted of two or more related events. Of the single events, only one in five (21 percent) garnered full accommodation or material concessions from the target company. Alternatively, nearly one in two (49 percent) of the durable campaigns (involving more than 1 event) obtained full accommodation or material concessions from the target company. We find that this difference is also statistically significant in a two-tailed t-test ($t = 4.21$, $p < 0.0001$); corporations are much more likely to concede when faced with a campaign of two or more related incidents.

Firms are more likely to provide concessions when faced

with a higher the number of events. This finding is the most robust in our entire analysis, holding across both the truncated (post-2005) sample and the full sample, as well as across both the strict and weak operationalizations of the dependent variable. We visualize the substantive impact in Figure 1.

Firms undergoing a leadership change may be more likely to concede when faced with civil resistance campaigns. While leadership changes occurred only 11 percent of the time (20 of the 185 movements), concessions were granted over half (11 of 20) of the movements that targeted leadership-transitioning corporations. A two-tailed t-test illustrates that this finding is statistically significant ($t = -2.11$, $p < 0.0365$). In fact, this finding is consistent across the strong measures of concessions as well as the weak measure in the full model. We visualize these effects in Figure 2. Further research is required to understand whether the civil resistance campaign caused these leadership changes (as expected by the people power theory) or whether the changes occurred independent of the civil resistance campaign.

Table 2. Effect of CEO Changes on Corporate Concessions

Variable	Truncated Sample (post-2005 only)		Full Sample (1990-2013)	
	Model 1 (Concessions - Strict Measure)	Model 2 (Concessions - Broad Measure)	Model 3 (Concessions - Strict Measure)	Model 4 (Concessions - Broad Measure)
CEO Leadership Changes	1.167* (2.36)	1.339 (1.43)	1.942*** (3.33)	1.837 (2.69)
Assets (logged)	-0.0153 (-0.18)	0.153+ (1.83)	0.0800 (0.96)	0.160*** (6.49)
Constant	-0.859 (-0.62)	-1.142 (-0.79)	-2.554* (-1.98)	-3.786*** (-10.77)
Observations	46	46	129	136
Pseudo R ²	0.144	0.282	0.290	0.304

t-statistics in parentheses

+ p<0.10, * p<0.05, ** p<0.01, *** p<0.001

**Figure 2. Effect of CEO Changes on Predicted Probability of Concessions
(based on Table 2, Models 4 and 3, respectively)**

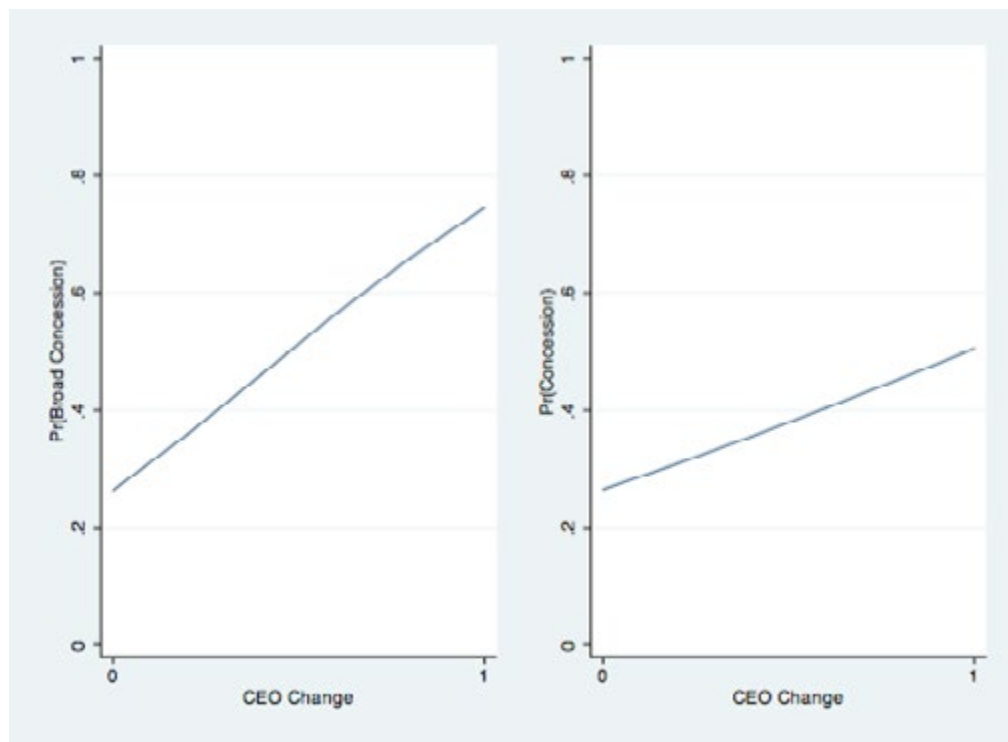


Table 3. Effect of Rule of Law Index on Corporate Concessions

Variable	Truncated Sample (post-2005 only)		Full Sample (1990-2013)	
	Model 1 (Concessions - Strict Measure)	Model 2 (Concessions - Broad Measure)	Model 3 (Concessions - Strict Measure)	Model 4 (Concessions - Broad Measure)
Rule of Law	0.931** (2.36)	0.631 (1.53)	0.830* (2.49)	0.359 (0.92)
Assets (logged)	0.0241 (0.23)	0.195* (2.36)	0.0806 (1.24)	0.189*** (4.76)
Constant	-6.220*** (-3.54)	-4.608 (-1.76)	-8.318*** (-4.72)	-6.697** (-3.11)
Observations	46	46	127	134
Pseudo R ²	0.157	0.274	0.268	0.274

t-statistics in parentheses

+ p<0.10, * p<0.05, ** p<0.01, *** p<0.001

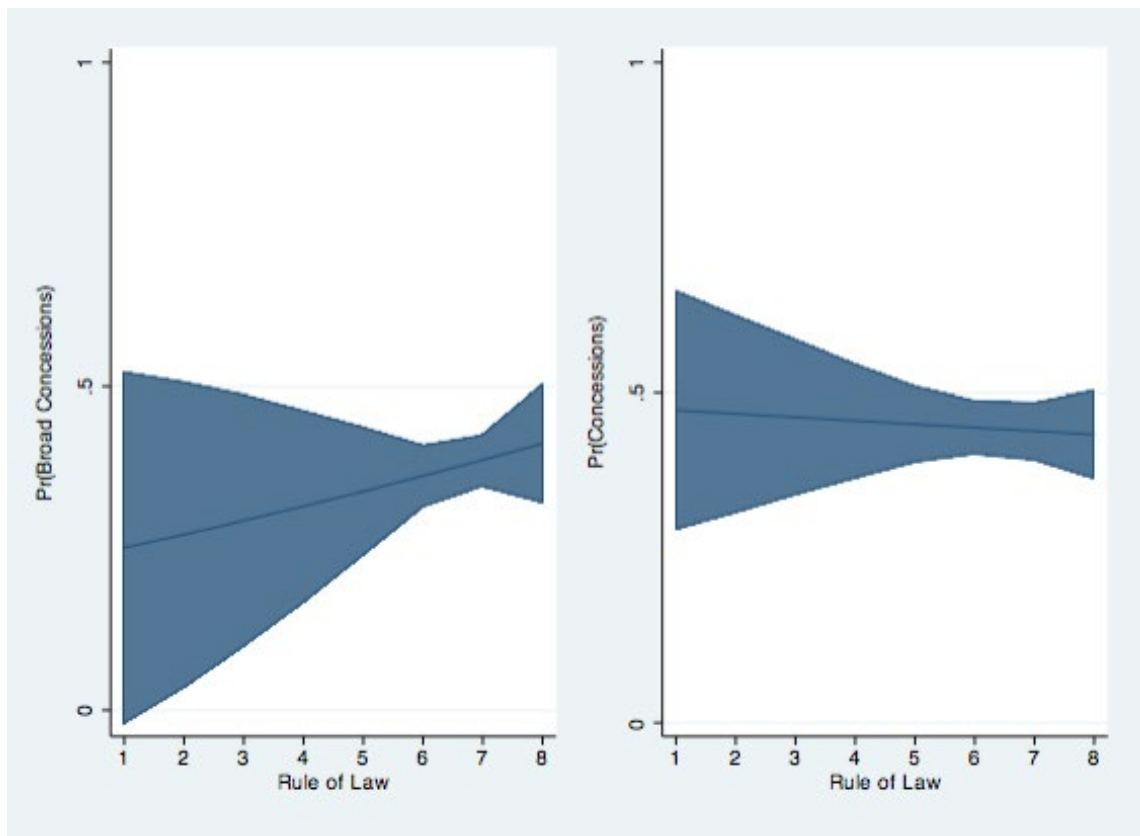
We also find modest support for the notion that civil resistance is likelier to lead to concessions in countries with stronger rule of law. This finding holds in both the truncated and full samples when the measure of concessions is strict, but drops out with the weak concessions measure. We visualize this effect in Figure 3.

Finally, we estimate a complete model that includes the covariates above and evaluates the impacts of some other potential confounders (Table 4). The number of civil resistance incidents continues to exert a strong positive impact on the probability of concessions, as does CEO transition. We also find consistent (albeit weakened) results regarding the negative effect of market competition on corporate concessions. In an initially surprising reversal, we find that rule of law has a negative impact on corporate concessions, across nearly all models. However, this finding is an artifact of multicollinearity with the oil rents variable; when we drop oil rents from the model, rule of law resumes its positive impact on the likelihood of concessions in line with the bivariate findings in Table 3.⁶ The findings on sector differences suggest that a higher state dependency on oil rents diminishes the probability of concessions and a higher state dependency

on mineral rents increases it. The impact of dependency on coal rents is negligible. In this model, the impact of state dependency is more pronounced, with a strong negative effect appearing in almost every model. We also find that firm size, as measured by total assets, has a consistent positive impact on the likelihood of corporate concessions.

Our findings suggest that civil society activity—when concentrated in enduring campaigns—can alter corporate behavior when the target firms are large and are undergoing internal instability (such as a shift in management). However, several important contextual factors may mitigate these tendencies, including whether the firm is particularly insensitive to reputational costs due to market competition; whether the country possess a robust rule of law; and whether the country's economy is highly dependent on the firm's sector; and whether the country's economy is highly dependent on oil rents in particular. More generally, we find that including campaign, firm, and state-level factors is necessary to understand why corporations concede to civil society actors.

Figure 3. Effect of Rule of Law on Predicted Probability of Concessions
(based on Table 3, Models 4 and 3, respectively)



CONCLUSION

Civil society groups use a wide variety of tactics to influence firm behavior. If our findings are causally motivated—as further research may prove them to be—then they support several practical implications for civil society actors seeking remedy against alleged corporate human rights abuses. First, durable campaigns are more effective than one-off protests. They are also more effective against larger corporations that are undergoing leadership change, suggesting that civil society groups select corporate targets possessing these attributes. Second, civil society groups seeking concessions from corporations are likely to face higher barriers to success against firms active in highly competitive markets on which the state is highly dependent. Labor-intensive sectors are more vulnerable than capital-intensive sectors. Working to improve adherence to the rule of law may ultimately make corporate concessions more likely in the long run. This suggests that activists and civil society groups would do well to evaluate the political and economic contexts in which they (and their target firms) operate to better assess the probability that such challenges will ultimately yield change.

Our research has even broader implications for the societies in which these campaigns take place. In many developing countries, where violent civil conflict is often a possibility or a reality, small-scale victories of grassroots mobilization may have important demonstration effects throughout the society. In fact, research on other types of people power movements has shown that civil resistance is preferable to many other forms of mobilization because countries emerging from mass civil resistance campaigns are 15 percent less likely to relapse into civil war than campaigns emerging from armed conflict.⁷ Moreover, countries in which civilians have waged nonviolent struggle are much more likely to usher in democratic institutions through a “democracy-from-below” mechanism. In other words, civil resistance—and experience with civil resistance—creates stronger and more stable societies and therefore improves peoples’ lives in a variety of ways—including in development.⁸ These findings therefore have wider implications not only for improving human rights, but also for promoting, protecting, and strengthening justice and accountability—even in unlikely settings.⁹

Table 4. Effect of Number of Civil Resistance Incidents on Corporate Concessions

Variable	Truncated Sample (post-2005 only)		Full Sample (1990-2013)	
	Model 1 (Concessions - Strict Measure)	Model 2 (Concessions - Broad Measure)	Model 3 (Concessions - Strict Measure)	Model 4 (Concessions - Broad Measure)
Number of Incidents	0.331** (2.88)	0.126* (2.46)	0.106*** (5.38)	0.091+ (1.77)
CEO Leadership Changes	-5.711 (-1.11)	-0.774 (-0.24)	1.510+ (1.65)	1.217+ (1.66)
Competition	-0.823 (-1.34)	-0.023 (-0.65)	0.001 (0.10)	0.003 (0.62)
Rule of Law	-0.720+ (-1.67)	-0.546* (-1.98)	-0.237*** (-5.61)	-0.073 (-1.41)
Oil Rents	-3.188***	0.040 (0.31)	-0.318* (-2.22)	-0.064 (-1.58)
Mineral Rents	3.649* (2.38)	1.644** (4.19)	0.224 (0.42)	0.277 (0.41)
Coal Rents	-3.188*** (-1.82)	-0.647 (-1.05)	-0.363 (-1.14)	-0.291 (-0.49)
State Dependency	-6.055+ (-1.82)	-2.817 (-1.52)	-1.195* (-2.30)	-1.221** (-2.68)
Assets (logged)	0.245* (2.18)	0.160+ (1.65)	0.224* (2.24)	0.209*** (5.49)
Constant	4.483* (2.05)	-0.308 (-0.20)	-1.277*** (-3.30)	-2.487*** (-4.08)
Observations	42	42	116	116
Pseudo R ²	0.595	0.421	0.274	0.204

t-statistics in parentheses

+ p<0.10, * p<0.05, ** p<0.01, *** p<0.001

ENDNOTES

- 1 We would characterize these state and government institutions as “formal institutions,” since they rely on the pre-set institutional and legal structures of the sovereign state. Elites generally dominate such institutions, which engage in “top-down” approaches to resolve conflict in societies. This contrasts with civil society, which engage in “bottom-up” approaches to remedy.
- 2 Chenoweth, Erica, and Maria J. Stephan. 2011. *Why civil resistance works: The strategic logic of nonviolent conflict*. New York: Columbia University Press. Following Chenoweth and Stephan, we define civil resistance as technique of conflict in which unarmed civilians confront an opponent using a variety of tactics that do not physically harm or threaten to physically harm the opponent.
- 3 The percentage of rents is calculated as the difference between the value of production at world prices and the total cost of production; these figures, and the economies of our sample countries, are thus somewhat reliant on global commodity prices.
- 4 These are the most recent figures available from the World Bank’s World Development Indicators.
- 5 14 campaigns primarily targeted the government rather than a corporation regarding claims of corporate human rights abuses.
- 6 Additional models available upon request.
- 7 Chenoweth and Stephan 2011.
- 8 Stoddard, Judith. 2013. How do major violent and nonviolent opposition campaigns impact predicted life expectancy at birth. *Stability: International Journal of Security & Development* 2(2): 37, pp. 1-11.
- 9 Bernal-Bermudez, Laura, Olsen, Tricia D. and Leigh A. Payne. 2016. “Allegations of Corporate Human Rights Abuse in Latin America, 2000-2014: Insights from a New Dataset,” Available at SSRN: <http://ssrn.com/abstract=2851171>.

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