

# The Geography of NGO Activism towards Multinational Corporations

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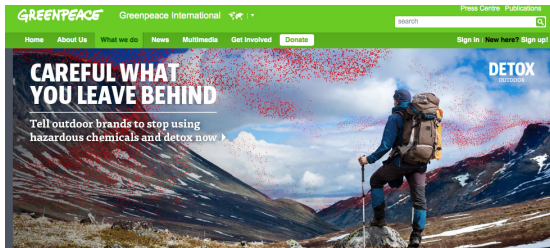
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# International production, sales, and activism



**Greenpeace against Nestle in 2010 for using unsustainable palmoil**



**Greenpeace against Mammut and The North Face for harming the environment**

# Activism towards multinational firms

⇒ Understand the **microeconomics of globalization**

## Activism towards multinational firms

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**NGOs** target firms, eventually influence their practices + influence countries' regulation.

Recently, 'Vigilance law' ('Devoir de Vigilance') in France for firms with more than 5000 employees.

## Activism towards multinational firms

⇒ **What do we know about (advocacy) NGOs ? Not much.**  
No mandatory collection of data.

- Determinants of activists' communications:  
*Couttenier and Hatte (2016)*
- Impact of activism on firms' behavior:  
*O'Rourke (2005), Harrison and Scorse (2010), Lenox and Eesley (2009)*

⇒ Work program relies on new data

- Panorama of activism towards firms.
- Impact on outsourcing of inputs / sales / consumer consumption.

## Data on NGO campaigns

- First use of a **systematic dataset on activists**
- contains NGO-level **campaigns**
- + **target firm**, sector, issue
- 2010-2015
- 3359 NGOs from 103 origin countries
- 7170 firms headquartered in 139 countries
- Blames are identified through keywords + the 'action' country

# Contributions

→ Highlight important **regularities**:

- Where are the activists ?
- Intra/inter-country distribution of campaigns
- Visibility of targets
- Internationalization of campaigns

→ Study the **determinants of their campaigns**

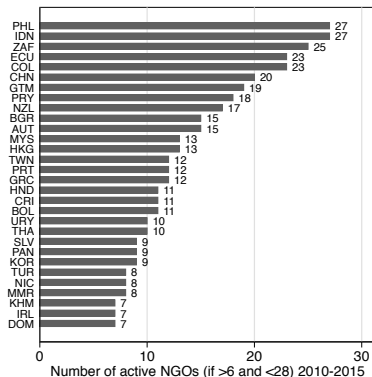
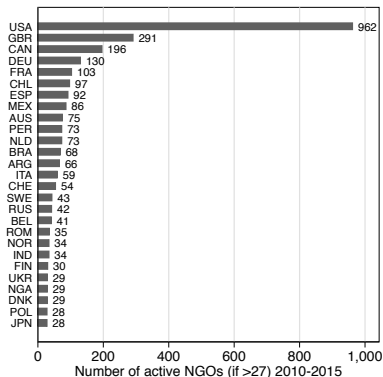
# Descriptive Statistics - Industries

Industry (ISIC Rev. 3.1)	# of Firms	# of NGOs	% of Campaigns	Avg NC/firm	Nb brands	Share of world brands
4000 Extraction, manuf and distrib of all energies	1228	1735	31.14	8.1	476	.0541
6500 Finance and insurance	655	621	10.35	5.1	1745	.1982
1500 Mf of food products and beverages	958	631	9.66	3.9	844	.0958
1300 Mining of metal ores	509	722	7.43	5.4	177	.0201
5210 Non-specialized retail trade in stores	410	469	5.19	4.2	614	.0697
5232 Retail of textiles, clothing, footwear goods	430	259	4.41	4	302	.0343
3000 Mf of computer and related activities	356	366	4.15	3.8	1964	.223
2400 Mf of chemicals and chemical products	155	546	3.77	9.2	234	.0266
4500 Construction	378	583	3.27	3.7	292	.0332
0100 Agriculture, hunting and related	377	461	3.21	3.7	95	.0108
2423 Mf of pharma., medicinal and botanical products	163	359	2.54	5.1	505	.0573
2100 Mf of paper and paper products	223	227	2.22	4.1	15	.0017
2424 Mf of soap, detergents, perfumes	205	212	1.87	3.5	106	.012
9200 Recreation, Media, cultural, sporting activities	261	261	1.52	2.6	371	.0421
3400 Mf of motor vehicles	101	201	1.34	4.2	302	.0343
5500 Hotels and restaurants	22	180	1.26	11	122	.0139
2900 Mf of machinery and equipment	94	168	1.23	4.9	222	.0252
6200 Air transport	105	138	.87	2.6	102	.0116
0500 Fishing, aquaculture	91	107	.84	4		
6000 Land transport	105	206	.84	2.9	90	.0102
3694 Mf of games and toys	73	87	.77	4.2	21	.0024
2500 Mf of plastic products	14	115	.57	18.7		
7400 Other business activities	82	138	.44	2.4	149	.0169
1600 Mf of tobacco products	19	55	.39	4.5	2	.0002
4100 Water collection, purification and distribution	47	67	.25	2.2	54	.0061
6300 Auxiliary transport activities	50	44	.24	2.7	1	.0001
3700 Recycling	60	79	.24	2	1	.0001



# Descriptive statistics: activists per country

Figure: Number of campaigning NGOs per country

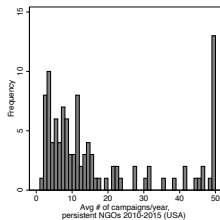
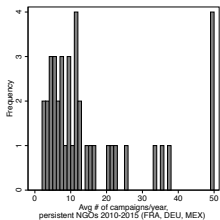
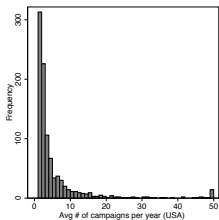
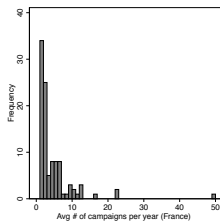
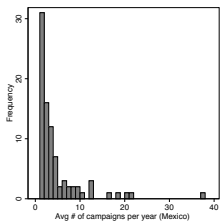
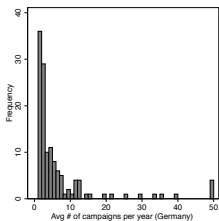


## Distribution of campaigns

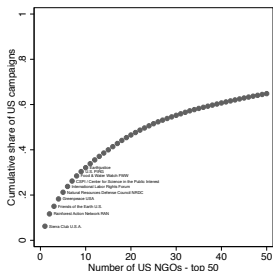
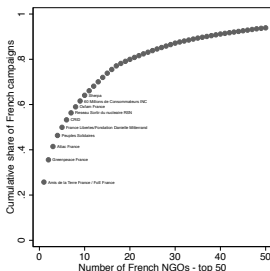
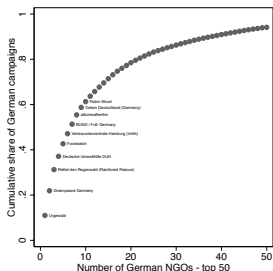
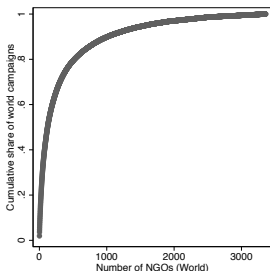
**Fact 1:** The distribution of NGO campaigns is positively skewed. A small number of NGOs publishes a large number of campaigns per year.

**Fact 2:** “Granularity” exists for NGOs as for firms: the largest French NGO represents 25% of French campaigns published in 2010-2015. (US 6%, Germany 11%, Mexico 21%)

# Distribution of campaigns, NGO-level



# Cumulative share of campaigns by NGO, 2010-2015



## Internationalization of campaigns

**Fact 3:** The activity of advocacy NGO appears very much internationalized: more than 50% of campaigns target a foreign firm.

**Fact 4:** 75% of campaigns targeting foreign firms involve a domestic action.

Table: Targeting abroad by NGOs (1/2)

<i>Country</i>	<i>Percent of NGOs</i>	<i>Percent of activists targeting abroad</i>	<i>Percent of foreign campaigns</i>	<i>Percent of foreign campaigns with home action country</i>
ARG	2	79	66.9	83.2
AUS	2.2	61	61.3	81.2
AUT	.4	60	83.6	68.6
BEL	1.2	95	76.8	82.8
BGR	.4	87	83.3	87.2
BRA	2	60	54.2	84
CAN	5.8	55	56.2	87
CHE	1.6	59	69.9	73.5
CHL	2.9	61	45.6	88.4
CHN	.6	70	82.2	75
COL	.7	78	65	87.5
DEU	3.9	76	62.1	76.7
DNK	.9	83	79	75.4
ECU	.7	87	77	75
ESP	2.7	62	58.5	76.4
FIN	.9	53	44.8	69.7
FRA	3.1	56	62.2	84.3

Only countries with more than 15 NGOs appear in the table. 'Percent of NGOs' corresponds to the share of each country in the world total number of active NGOs. 'Percent of activists targeting abroad' refers to the share of NGOs which target at least once a foreign firm. 'Percent of foreign campaigns computes the share of each NGO's campaigns that targets foreign firms'.

Table: Targeting abroad by NGOs, (2/2)

<i>Country</i>	<i>Percent of NGOs</i>	<i>Percent of activists targeting abroad</i>	<i>Percent of foreign campaigns</i>	<i>Percent of foreign campaigns with home action country</i>
GBR	8.7	78	62.6	71.4
GTM	.6	74	60	63.7
IDN	.8	85	78.1	75
IND	1	85	83.6	76.9
ITA	1.8	63	61.5	83.2
JPN	.8	82	60	85.9
MEX	2.6	63	62.1	91.8
NGA	.9	69	77.6	73
NLD	2.2	86	68.3	74.5
NOR	1	71	74.8	74.1
NZL	.5	71	63.4	91.9
PER	2.2	62	53.4	93.8
PHL	.8	85	74.5	82.2
POL	.8	75	70.8	70.4
PRY	.5	89	81.7	96.9
ROM	1	71	81.1	84.7
RUS	1.3	40	43.4	82.5
SWE	1.3	84	63.5	73.5
UKR	.9	79	75.2	89.1
USA	28.6	49	50	81.7
ZAF	.7	76	75.7	69.3

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# NGOs' objective function

→ **What are the determinants of campaigns ?**

Estimate a **gravity equation** for campaigns, disentangling the reasons for campaigning against this target.

- Assume discrete choice by NGO which maximizes expected payoff of campaign
- Success is maximum when audience is familiar with target
- Aggregate at country level for estimation

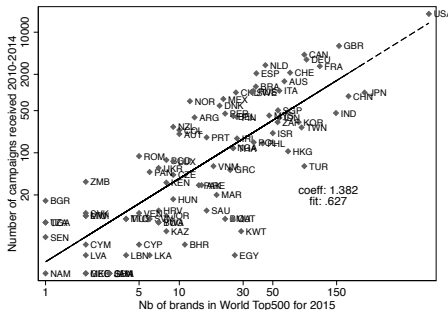
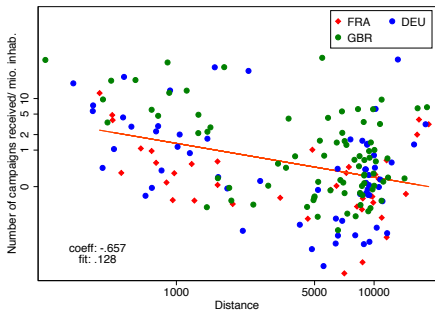


Sketch a microfounded gravity equation for NGO campaigns:

$$\ln(NC_{ijk}) = \beta_1 \ln N_{jk} + \beta_2 \ln X_{ij} + \beta_4 \ln X_{ik} + \beta_3 \ln \frac{NC_i}{\sum_{jk} (X_{ij} \cdot X_{ik})} + u_{ijk}$$

- **Control for multilateral resistance terms:** country fixed-effects
- **Include zero campaigns flows:** add zeroes and estimate with Poisson
- **Triadic analysis:** control for action country

# Number of campaigns, distance, and number of brands



# Dyadic regressions: campaigns from $i$ directed at firms in $j$

Dep. var.	(1)	(2)	(3)	(4)	(5)	(6)
	$NC_{ij}$					
In Pop <sub><math>i</math></sub>	0.604 <sup>a</sup> (0.066)	0.416 <sup>a</sup> (0.067)	0.466 <sup>a</sup> (0.065)			
In GDPcap <sub><math>i</math></sub>	1.020 <sup>a</sup> (0.074)	0.737 <sup>a</sup> (0.088)	0.724 <sup>a</sup> (0.093)			
In Pop <sub><math>j</math></sub>	0.698 <sup>a</sup> (0.046)	0.537 <sup>a</sup> (0.062)	0.571 <sup>a</sup> (0.059)			
In GDPcap <sub><math>j</math></sub>	1.071 <sup>a</sup> (0.072)	1.120 <sup>a</sup> (0.073)	1.007 <sup>a</sup> (0.082)			
In Distance <sub><math>ij</math></sub>	-0.268 <sup>a</sup> (0.087)	-0.122 (0.092)	-0.097 (0.090)	-0.553 <sup>a</sup> (0.057)	-0.335 <sup>a</sup> (0.059)	-0.324 <sup>a</sup> (0.057)
Colonial history <sub><math>ij</math></sub>	0.611 <sup>b</sup> (0.263)	0.354 (0.294)	0.294 (0.286)	0.500 <sup>a</sup> (0.164)	0.196 (0.168)	0.170 (0.160)
Language <sub><math>ij</math></sub>	1.044 <sup>a</sup> (0.227)	0.686 <sup>a</sup> (0.218)	0.050 (0.269)	0.585 <sup>a</sup> (0.116)	0.416 <sup>a</sup> (0.112)	0.143 (0.137)
Home Campaign <sub><math>ij</math></sub>	2.896 <sup>a</sup> (0.270)	1.363 <sup>a</sup> (0.318)	2.501 <sup>a</sup> (0.358)	2.112 <sup>a</sup> (0.145)	1.017 <sup>a</sup> (0.179)	1.615 <sup>a</sup> (0.199)
In Migration <sub><math>ij</math></sub>		0.225 <sup>a</sup> (0.037)	0.157 <sup>a</sup> (0.037)		0.193 <sup>a</sup> (0.021)	0.159 <sup>a</sup> (0.019)
Common Spo. Lang <sub><math>ij</math></sub>			1.674 <sup>a</sup> (0.294)			0.790 <sup>a</sup> (0.192)
Observations	10123	9943	9943	10576	10392	10392
Country $i$ FE, country $j$ FE	no	no	no	yes	yes	yes

Note: Dependent variable is the number of campaigns from NGOs in  $i$  targeting firms in  $j$ . Data is pooled over 2010-2015. Poisson estimator used in all specifications. Standard errors in parentheses. Language is the common official language, Migrations refer to the stock of individuals born in  $j$  that reside in  $i$  in 2000. <sup>c</sup>  $p < 0.1$ , <sup>b</sup>  $p < 0.05$ , <sup>a</sup>  $p < 0.01$

# Dyadic regressions: campaigns from $i$ directed at firms in $j$

Dep. var.	(1)	(2)	(3)	(4)	(5)	(6)
Method	$NC_{ij}$ poisson	$FE_i$ OLS	$FE_j$ OLS	$FE_j$ OLS	$FE_j$ OLS	$NC_{ij}$ poisson
$\ln \text{ distance}_{ij}$	-0.324 <sup>a</sup> (0.057)					-0.352 <sup>a</sup> (0.078)
Colonial history <sub>ij</sub>	0.170 (0.160)					0.358 (0.250)
Language <sub>ij</sub>	0.143 (0.137)					0.042 (0.230)
Home Campaign <sub>ij</sub>	1.615 <sup>a</sup> (0.199)					2.016 <sup>a</sup> (0.359)
$\ln \text{ Migration}_{ij}$	0.159 <sup>a</sup> (0.019)					0.135 <sup>a</sup> (0.034)
Common Spo. Lang <sub>ij</sub>	0.790 <sup>a</sup> (0.192)					1.319 <sup>a</sup> (0.280)
$\ln \text{ Pop}_i$		0.661 <sup>a</sup> (0.082)				0.539 <sup>a</sup> (0.052)
$\ln \text{ GDPcap}_i$		0.370 <sup>a</sup> (0.104)				0.444 <sup>a</sup> (0.083)
Freedom of Expression <sub>i</sub>		0.232 <sup>a</sup> (0.044)				0.188 <sup>a</sup> (0.053)
$\ln \text{ Pop}_j$			0.614 <sup>a</sup> (0.106)	0.394 <sup>b</sup> (0.159)	0.550 <sup>a</sup> (0.100)	0.385 <sup>a</sup> (0.097)
$\ln \text{ GDPcap}_j$			0.481 <sup>a</sup> (0.086)	0.233 <sup>c</sup> (0.139)	0.349 <sup>a</sup> (0.117)	0.714 <sup>a</sup> (0.105)
Freedom of Expression <sub>j</sub>			0.128 <sup>a</sup> (0.034)	0.111 <sup>a</sup> (0.033)	0.109 <sup>a</sup> (0.037)	0.056 <sup>b</sup> (0.026)
$\ln (1 + \text{Brands}_j)$				0.346 <sup>b</sup> (0.136)	0.236 <sup>b</sup> (0.116)	0.297 <sup>a</sup> (0.102)
$\ln (\text{share Nat. Res.} / \text{GDP}_j)$					0.007 (0.075)	0.168 <sup>a</sup> (0.055)
Observations	10389	89	119	119	117	9336
Country $i$ FE + country $j$ FE	yes	n/a	n/a	n/a	n/a	-

Note: Data is pooled over 2010-2015. Standard errors in parentheses. Language is the common official language.

## Triadic gravity for campaigns

- Every  $ij$  campaign corresponds to a specific  $k$  country in which the action has taken place.
- Triadic regressions estimate separately the effects of  $ij$  and  $ik$  proximity.

Triadic regressions:  $i \mapsto jk$ 

Method	(1) OLS	(2) poisson	(3) poisson yes	(4) OLS	(5) poisson	(6) poisson yes	(7) poisson yes
Zeros	-	-		-	-		
Dep. var.	ln $NC_{ijk}$	$NC_{ijk}$		ln $NC_{ijk}$	$NC_{ijk}$		
In distance <sub>ij</sub>	-0.003 (0.014)	-0.021 (0.056)	-0.065 (0.051)	-0.058 <sup>a</sup> (0.021)	-0.088 <sup>c</sup> (0.048)	<b>-0.205<sup>a</sup></b> (0.039)	-0.232 <sup>a</sup> (0.033)
Colonial history <sub>ij</sub>	0.042 (0.047)	0.027 (0.150)	0.273 <sup>c</sup> (0.152)	0.069 (0.053)	-0.135 <sup>c</sup> (0.078)	0.030 (0.080)	0.079 (0.080)
Language <sub>ij</sub>	0.075 <sup>c</sup> (0.039)	0.496 <sup>a</sup> (0.154)	0.531 <sup>a</sup> (0.158)	0.030 (0.046)	0.319 <sup>a</sup> (0.089)	<b>0.337<sup>a</sup></b> (0.082)	0.372 <sup>a</sup> (0.077)
In Migration <sub>ij</sub>	0.019 <sup>a</sup> (0.006)	0.031 (0.019)	0.055 <sup>a</sup> (0.020)	0.007 (0.009)	0.017 (0.013)	0.024 <sup>b</sup> (0.012)	
Home campaign <sub>ij</sub>	0.626 <sup>a</sup> (0.062)	1.390 <sup>a</sup> (0.210)	1.420 <sup>a</sup> (0.201)	0.824 <sup>a</sup> (0.079)	1.151 <sup>a</sup> (0.133)	<b>1.076<sup>a</sup></b> (0.114)	1.253 <sup>a</sup> (0.102)
In distance <sub>ik</sub>	-0.055 <sup>a</sup> (0.016)	-0.146 <sup>c</sup> (0.084)	-0.350 <sup>a</sup> (0.078)	-0.101 <sup>a</sup> (0.021)	-0.310 <sup>a</sup> (0.060)	-0.495 <sup>a</sup> (0.043)	-0.588 <sup>a</sup> (0.036)
Colonial history <sub>ik</sub>	0.060 (0.047)	0.233 <sup>c</sup> (0.136)	0.633 <sup>a</sup> (0.146)	0.084 (0.054)	0.065 (0.076)	0.326 <sup>a</sup> (0.076)	0.429 <sup>a</sup> (0.076)
Language <sub>ik</sub>	0.259 <sup>a</sup> (0.037)	0.514 <sup>a</sup> (0.159)	0.628 <sup>a</sup> (0.164)	0.289 <sup>a</sup> (0.043)	0.611 <sup>a</sup> (0.080)	0.588 <sup>a</sup> (0.070)	0.665 <sup>a</sup> (0.065)
In Migration <sub>ik</sub>	-0.023 <sup>a</sup> (0.006)	-0.091 <sup>a</sup> (0.016)	0.043 <sup>a</sup> (0.015)	-0.039 <sup>a</sup> (0.009)	-0.096 <sup>a</sup> (0.014)	0.078 <sup>a</sup> (0.011)	
Home campaign <sub>ik</sub>	1.422 <sup>a</sup> (0.068)	3.400 <sup>a</sup> (0.208)	3.119 <sup>a</sup> (0.183)	2.031 <sup>a</sup> (0.080)	3.380 <sup>a</sup> (0.125)	2.549 <sup>a</sup> (0.094)	3.024 <sup>a</sup> (0.086)
In distance <sub>jk</sub>	-0.062 <sup>a</sup> (0.015)	-0.131 <sup>b</sup> (0.060)	-0.106 <sup>c</sup> (0.055)				
Colonial history <sub>jk</sub>	-0.010 (0.051)	0.046 (0.152)	-0.133 (0.141)				
Language <sub>jk</sub>	-0.109 <sup>a</sup> (0.037)	-0.218 (0.186)	-0.157 (0.183)				
In Migration <sub>jk</sub>	0.061 <sup>a</sup> (0.005)	0.178 <sup>a</sup> (0.020)	0.180 <sup>a</sup> (0.022)				
Observations	5765	5765	131508	5185	6302	154433	163240
Country $i$ FE + countries $jk$ FE	-	-	-	yes	yes	yes	yes

## Results from triadic gravity

- NGOs select in priority **home firms**, for a given distance, size, and income of the target country. Beyond domestic firms, NGO chose firms in closeby countries.
- The number of campaigns towards firms in a 10% more remote country decreases by 2%.
- NGOs report 30% more on firms from countries sharing their **home language**.
- For a given action country, activists target 2.93 times more their domestic firms.
- Proximity to firm and action are **substitute** in targetting decisions.

# Conclusion

- Microeconomics of globalization: firm data OK, now NGO data will/should become available...
- ...to **quantify** the variables that affect activists' choices of target firms.
- ... to study the impact of **private regulation** on international production and sales.