

# Multinational corporations under fire from public opinion campaigns

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Protest movements against multinational corporations, whether they are spontaneous or organized by non-governmental organizations (NGO), are growing in number.

Whereas in the last century, activists attempted above all to influence decisions made by public authorities, hoping to indirectly contribute to market regulation, these days they are directly targeting corporations.

This year, for instance, one of Greenpeace's campaigns targeted the activities of the oil companies Total and BP, the Dutch multinational corporation Trafigura (specializing in brokerage and transport of raw materials) and the social network Facebook.

Indeed, at a time when issues surrounding the coordination between nations complicates the regulation of transnational corporate activities, it is often more efficient, at least in the short term, for activists to target multinationals directly.

Many organizations, such as Greenpeace and EarthRights International who work toward protecting the environment, or even Human Rights Watch, which defends human rights, have structured their activities around local chapters, becoming themselves transnational actors in the same way as the companies they target.

Beyond these structural changes, the advent of the Internet and cell phones has undeniably facilitated the implementation of international campaigns that are designed to shock and are aimed directly at large corporations.

## **Negative Impact on Share Prices**

If protest movements against multinational corporations are increasingly frequent and elaborate, are they effective?

According to recent studies by Stanford University (United States) professor Sarah Soule, which are based on an analysis of protests undertaken against large companies in the United States between 1962 and 1990, the actions have had a negative impact on the share prices of the targeted companies.

The greater the media coverage received by the protest initiatives, the greater the negative effect on the financial performance of these targeted companies.

Well aware of the cost of this type of media attention to their reputation, many companies now take this risk into account. Thus, the American mass retail giant Walmart evaluates the risk associated with the organization of local protest movements before deciding to open a new commercial center.

Undeniably, the actions carried out by protesters have a dissuasive effect in the short term due to the threat that they represent to the financial performance of companies.

But what about their long term effect on the policies implemented by these companies?

In many cases, denouncing something is far from being enough to bring about reform. For activists, it's a matter of knowing how to influence companies in a sustainable manner.

A possible strategy would consist of collaborating with them in order to ensure the implementation of long term change.

The Coca Cola Group, for example, has been working for years in partnership with the World Wildlife Federation (WWF), which campaigns for environmental protection and the reduction of water waste and CO<sub>2</sub> emissions generated by the multinational's activities.

Such partnerships, while being beneficial to the company's reputation and allowing the NGOs involved to influence them over time, raise the question of the independence of these organizations, and by the same token, of their very effectiveness.

The solution lies neither in *naïveté* nor in cynicism toward these collaborative attempts. The challenge for activists is in successfully playing the role of both protestor and partner. However difficult it may be, it is essential that they maintain these two facets of their activities in order to ensure their effectiveness.

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