Managing Protest: The Political Action Repertoires of Corporations

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Abstract and Keywords

This chapter analyzes the political action repertoire corporations use to respond to and manage protest. It first offers a typology of the different strategic orientations corporate responses can take: avoidance, acquiescence, compromise, sidestepping, confrontation, and prevention. Building on examples from different case studies, it illustrates the variety of tactics that can be used within each one of these orientations. Second, the chapter discusses some principles of variation of corporate tactics, focussing on institutional and cultural features: the development of specialized firm-internal units to deal with protest management, and the possible role of state capacity and national “varieties of capitalism” for corporate political strategies.

Keywords: corporation, public affairs, strategy, private politics, tactics, repression, protest management

Another fascinating and almost completely unstudied source of external mobilization and constraint is the corporation. In the age of the multinational corporation, increased overt and covert intervention efforts may be expected (Marx 1979).

Scholars of interest groups, comparative political economy, and—in management studies—of “corporate political activity” have provided insights into the political power of corporations and the various strategies they use to shape legislation in their favor (Culpepper 2010; Werner 2012; Lawton, McGuire et al. 2013; Walker and Rea 2014). Yet besides the role of corporations in the policy-making process of the state, another form of politics exists, which has been termed “private politics” (Soule 2009; Baron 2010). Corporations and industries are often the targets of social movement activism, and increasingly so (Walker, Martin et al. 2008; Soule 2009). Social movement groups build coalitions and conduct campaigns to challenge corporations with tactical repertoires adapted to the marketplace (Balsiger 2010, 2014a). Targeted firms, in turn, have developed a wide repertoire of tactics to respond to social movement demands. Large transnational corporations have equipped themselves with specialized units dealing with risk management, corporate social responsibility (CSR), or public affairs, with the purpose of observing a company’s “contentious” environment and developing strategies to respond to demands from civil society. These “overt and covert intervention efforts”—that is, corporate political actions and reactions to movement challenges—are still poorly understood.

Many studies have analyzed the outcomes of movement–corporate interactions. In private politics, markets and corporations themselves are “policy-making venues” (Baumgartner and Jones 1991). Regulation scholars have studied forms of private regulation (Bartley 2007; Fransen 2012; Locke 2013), and management scholars have been interested in the rise of corporate–NGO partnerships (Yaziji and Doh 2009) and different forms of CSR (Vogel 2005; Crouch 2006; Egels-Zandén and Wahlqvist 2007; de Bakker and den Hond 2008; Gond, Kang et al. 2011). But often, firms use CSR policies and forms of self-regulation strategically, as a way to respond to challenges, deflect attention or prevent more encompassing and binding regulations and policy changes (Fooks, Gilmore et al.
2013; Scherer, Palazzo et al. 2014). And firms’ repertoires to respond to and “manage” protest do not stop there: other, more explicitly political and sometimes contentious strategies exist. Examples include communication strategies of “reputation management” (McDonnell and King 2013), or counter-campaigns to defy and decry particular opponents.

The first goal of this chapter is to map and classify this repertoire of corporate protest management. Second, the chapter discusses some principles of variation of corporate tactics and develops hypotheses that could be empirically tested and that have not yet been fully addressed. Beyond variations of corporate and industry opportunity structures, which have been covered prominently in the existing literature (Schurman 2004; King and Soule 2007; King 2008, Werner 2012; Waldron, Navis et al. 2013; see Soule and King, this volume), the chapter focusses on institutional and cultural features that are likely to affect corporate political actions: the development of specialized firm-internal units to deal with protest management, and the possible role of state capacity and national “varieties of capitalism” for corporate political strategies.

State Politics and Private Politics

In state politics, firms use their resources to influence governments, legislations, administrations, and public opinion through their institutional integration into policy making as well as through lobbying efforts and opinion campaigns, either as part of business associations or as individual corporations (Hall and Soskice 2001; Maloney, Jordan et al. 2007; Wilks 2013). Many times, firms use their resources to keep certain issues from the public agenda, through public persuasion efforts to “supress public discussion of the grand issues of politico-economic organization” (Werner 2012). Business power is often the greatest when politics is “quiet” (Culpepper 2010). Sometimes, however, regulative threat or outside challengers force firms to take public stances and defend their interests publicly.

Next to traditional forms of state politics, scholars have pointed at the rising prominence of “private politics,” where corporations directly oppose civil society challengers. Baron (2010) defines private politics as “politics (which) pertains to individual and collective action to influence the conduct of private agents, including oneself, as in the case of NGOs that apply social pressure to change the conduct of firms” (Baron 2010: 1299). In private politics, the state plays only a minimal role, if any. NGOs target corporations directly; forms of private voluntary regulation (Locke 2013) can emerge without the contribution of any national or transnational governmental institutions, solely between NGOs and firms or driven by businesses alone.

Management scholars have repeatedly pointed out that firms have started to engage in activities that have traditionally been regarded as core government activities: public health, education, social security, or the protection of human rights (Scherer and Palazzo 2011). This “new political role” of corporations (Scherer and Palazzo 2011) is interpreted as the result of regulatory gaps that emerge due to increased globalization of markets and the limited reach of states and international regulation. Matten and Crane (2005) speak of the need to “reframe corporate citizenship away from the notion that the corporation is a citizen in itself (as individuals are) and toward the acknowledgement that the corporation administers certain aspects of citizenship for other constituencies” (Matten and Crane 2005: 173). In sum, firms do not just do political activities (as when trying to influence legislation in their favor), they are political (Scherer, Palazzo et al. 2014). But what business scholars often fail to acknowledge is that this increasingly political role of corporations is not just a response to regulatory gaps, but is inserted into contentious dynamics of the “private politics” kind that oppose civil society actors and firms. National and transnational markets have increasingly become arenas of contentious interactions. Regulatory gaps are often only addressed once social movement actors formulate grievances and publicly oppose corporate policies.

Private politics seems to have become more important in recent decades, but it is not historically new. In the history of the modern welfare state, for instance, direct negotiations between firms and labor unions have a long tradition, and in some cases, certain welfare and health programs are still employer-run. Governance scholars have suggested that such modes of self-governance—which occur also in other fields such as environmental protection or quality control—emerge in the “shadow of hierarchy.” When facing threats for binding and encompassing legislation, companies and business associations prefer to self-regulate rather than submit to public regulation (Héritier and Lehmkühl 2008; Werner 2012). There is thus a close relationship between private and state politics: private politics can be used by firms to prevent state regulation. But private politics is also an arena strategically
chosen by activist when there is no progress in state politics (Balsiger 2014b), and it becomes more important because state politics lacks legislative authority on many prominent contemporary issues in a globalized world. Finally, firms can also use their access to state politics to fight back against their direct challengers. In sum, the political repertoire of corporations in private politics needs to be seen in close association with state politics, as firms’ strategic repertoires in private and state politics can overlap and may be intimately linked.

**Mapping Corporate Strategies and Tactics to Manage Protest**

What is the action repertoire of firms in private politics? Building on and complementing existing typologies of corporate political action (Oliver 1991; Kneip 2012, 2013; Walker and Rea 2014), we can distinguish between six strategic orientations of corporate action to respond to and manage protest: avoidance, acquiescence, compromise, sidestepping, confrontation, and prevention (see Table 1).

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The strategies go from no resistance to new demands to an increasingly active role by firms in opposing demands and shaping the terms of the public debate themselves. Each of these strategies can be pursued through different tactics, and firms can either act as single firms, or they can cooperate with other firms in business associations (Walker and Rea 2014). In general, the firms in question are large, most of the time transnationally active multinational corporations: those are the ones that are most often targeted by social movement actors and have the resources to actively respond to movement challengers.

Before illustrating the tactics used within the different strategic orientations, two general features of tactical responses should be kept in mind. First, as many authors have pointed out (Vogel 2005; Kneip 2012), tactics can be either substantive or symbolic, that is, they may consist of concrete actions or merely of communication. The two often go together, but not necessarily. Firms publish press releases to communicate on a charity program they are launching, and at the same time initiate steps to launch the program. But firms may also just pay lip service to
certain demands without following up with concrete actions. In this case, they make discursive concessions without substantive ones. Second, some tactics can be used to pursue several strategic orientations, while others are more closely associated with one particular strategy. For example, suing protesters for libel belongs to the strategic orientation of confrontation. But a tactic such as putting in place a specific corporate policy can be both a case of sidestepping, of compromise, or even acquiescence, depending on the exact nature of the policy and of the demands. Only a contextual analysis can tell us which case applies.

The different tactics used within these strategic orientations are illustrated by drawing on examples from the literature of contentious markets. The examples thereby focus on corporate strategies to respond to outside challengers. Important challenges can also be voiced from within firms, by unions and employee groups in particular. Although the range of strategic orientations of responses may be similar in these cases of inside challenges, the actual tactics are likely to differ substantively and are left aside in this contribution.

Avoidance

Avoidance is a form of reaction that is actually a non-reaction, but a deliberate one: Firms simply ignore demands. It is thus not the same as when firms are not even aware of a particular demand: avoidance means that firms choose not to react to a demand. They just wait it out, hoping that “the storm will pass.” In the anti-sweatshop struggle, for instance, many of the targeted retailers did not respond to campaign demands and did not take any measures regarding social standards in supply chains (Balsiger 2014b). When they did react, they often first denied their responsibility—a more active form of avoidance—pointing at subcontractors instead. Actually, avoidance is often a paying strategy. Activist groups usually focus on big firms and firms that show some willingness to respond to demands. Once a firm makes some commitments, activists can hold managers accountable to their own declarations. Ensuring a good reputation has thus mixed impact for corporations—it also attracts further protest (Vogel 2005).

Acquiescence

Acquiescence means that companies accept activist demands and change their policies accordingly. For example, one of the chief strategies of the European anti-GMO movement was to target supermarket chains demanding them to go GMO free. The first store which agreed to do this was a small frozen food company called Iceland Foods; but over the next few years, many other European retailers followed this lead (Schurman and Munro 2010). The determinants of compliance are the object of many studies (see Soule and King, this volume) and have to do with management capacities and commitment (Zald, Morrill et al. 2005). At least two different mechanisms are at play: public pressure and reputational damage may provoke companies to accept demands—but more often, this probably leads to some kind of compromise. Secondly, acquiescence can also be a paying “social strategy” for firms, who can thereby distinguish themselves from their competitors. Activist campaigns can provide firms with what Husted and Allen (2011: 92) call “social issue opportunities” and thus create a potential competitive advantage. This does not necessarily mean that such behavior is purely opportunistic and driven solely by economic interests. It can also resonate with managers’ or owners’ ideology and political convictions. In this case, firms can become allies to activist struggles: they are a source of external mobilization rather than a source of constraint.

Compromise

Compromise involves some kind of implicit or explicit negotiation of demands. Another term would be concessions. When compromising, firms may focus on one site or object of the contention but disregard others. In their reaction against NGO campaigns for socially accountable finance, big banks cooperated to create the Equator Principles, a set of environmental and social risk management guidelines for project finance (O’Sullivan and O’Dwyer 2014). The principles took up a number of social movement demands, but left out others: in particular, it focussed only on project finance instead of all financial operations and lacked accountability mechanisms that were demanded by activists. In this case, banks thus put in place forms of self-regulation that took up movement demands, but kept the regulation firmly under their own control. Similar to self-regulation “in the shadow of hierarchy” (Héritier and Lehmkuhl 2008), firms and industries develop their own modes of regulation in the “shadow of public
Another example of compromise and concession is when companies enter into negotiations and offer compensations for the consequences of their practices. In mining conflicts with local communities, for instance, transnational mining companies build hospitals or schools and pay for healthcare and education for local populations. They collaborate and fund moderate groups to push for such agreements and thus hope to marginalize more radicalized groups (Gustaffson 2014).

**Sidestepping**

Depending on the point of view, the last example contains actions that also qualify as a form of confronting opponents or as sidestepping tactics by giving concessions on aspects that are unrelated to core movement demands. Sidestepping means that companies use tactics to respond to movement demands that do not address the actual demands, but concern other issues. Reputation or impression management tactics (McDonnell and King 2013) most of the time belong in this category. As a reaction to activist challenges, firms put forward particular social or environmental commitments that are however unrelated to the concrete demands and are commonly denounced as greenwashing or window-dressing by critical observers. They can be mere communication strategies or actually consist of undertakings like reporting, auditing, or donations. Often, firms make donations to nonprofits: for instance, Wal Mart increased donations to conservation programs in response to criticism by environmental groups (Vogel 2005). The nonprofits that benefit from such generosity are usually moderate, noncritical NGOs with whom firms like to associate (Vogel 2005). Firms also sometimes cherry pick benevolent SMOs to start partnerships with them.

Sidestepping strategies also concern the market arena. A widespread market tactic is the development of product labels that take up specific social movement issues—green, organic, fair trade, pesticide-free, etc. Sometimes, social movement organizations are behind such labels and they are thus not necessarily sidestepping tactics. But in certain contexts, even such movement-approved labels can be used as sidestepping tactics.

**Confrontation**

Confrontation strategies are designed to actively counter activist groups and their demands. Firms can for instance counter-frame the issue at stake through public campaigns. In the case of the French anti-sweatshop campaign, retailers cooperated with each other and created their own monitoring initiative. But they went further than that: they publicly attacked their opponents through a carefully orchestrated media campaign, featuring an open letter that questioned the legitimacy of the campaigners (Balsiger 2014b). Counter-framing can consist in delegitimizing opponents, but it can also mean that a company reframes its own practices and policies in a way that appeals to a broader coalition. For instance, when the Canadian log industry was attacked by Greenpeace for the environmental damage it caused, industry officials argued that bans and increased regulation would lead to job losses. They managed to gain workers and their unions as allies in opposing environmentalists (Zietsma and Winn 2008). Informing and mobilizing different social groups on their behalf is a common strategy that corporations and industries use. For the US case in particular, E. Walker (2009, 2014) has shown how companies use agencies specialized in grass-roots mobilization not just to seek out allies among civil society, but to actively mobilize them, by funding groups, developing tools of mobilization like flyers, leaflets, etc. “Grass-roots mobilization” by corporations thus goes even further: it means actively creating support and mobilizing it, while hiding behind specialized agencies. Of course, this kind of tactic can be used not just against threats by social movements, but also proactively to shape public policy making.

The tactics firms use to counter their social movement opponents also play out in other arenas. In issues where science plays a prominent role, industries challenge scientific findings and propose their own studies. The biotech industry funded and conducted studies on the benefits and on the lack of risks of biotechnology (Schurman and Munro 2010). Often, it is sufficient for industries to create doubt about the consequences of practices like smoking or pesticide use to prevent regulation (Michaels 2008) and counter activist demands.

Firms also go to court to fight their challengers and try to silence them. Reacting against “culture jammers,” that is, activists subverting brand logos and advertisement, firms like Nike or Coca-Cola have taken activists to court for tampering with their brand imagery (Micheletti and Stolle 2013: 177). Often, the mere threat of legal action is
enough to cause activists to back away. Sometimes corporations also pressure legislators or governments into taking action against activists and their tactics. In many US states, for instance, legislators voted for bills criminalizing the secret filming of animal abuse in agricultural facilities under pressure from the agricultural industry. Finally, firms can also use direct forms of repression. They can call upon the police when it comes to protecting private property from attacks. In other cases, they may have their own private security forces to move protesters away, repress or arrest them, such as in private settings like malls or in contexts with relatively weak states. As these examples show, state and private politics are not always clearly separated.

Prevention

Firms do not only react to movement demands, they also try to prevent them from arising in the first place and put in place measures to be better prepared when they do arise. A lot of this is information gathering on the social movement sector. A fine knowledge of social movement actors is very useful when it comes to finding allies or negotiating and striking deals with big NGOs. Public affairs or risk management units within big firms employ specialists who deal with this, or mandate agencies specialized in public relations or public affairs. Large firms also monitor the media and, increasingly, social media to follow the public debate mentioning them in order to be ready to intervene quickly if an issue arises. In parallel, they try to shape this public debate by intervening in social media and by providing content to traditional media organizations. This form of surveillance can go much further, as illustrated by a case that was uncovered a few years ago in Switzerland: Nestlé had managed to infiltrate a local group that was researching a book on the company, by placing a person working for a private security company in the group.

Some Principles of Variation

Scholars have used the concepts of corporate and industry opportunity structure to analyze how corporations and markets influence social movement dynamics and outcomes. Many studies convincingly show that corporate and industry characteristics shape the strategic responses by firms to movement challengers. Beyond such factors reviewed by Soule and King (this volume), this discussion focusses on two, so far mostly overlooked, aspects that are likely to shape corporate strategic responses: the political–institutional context within which movement–corporate interactions take place, and the rise of specialized “public affairs” units within firms.

Political–Institutional Contexts

The “varieties of capitalism” literature reveals the organization of capitalism into a number of national institutional configurations. It distinguishes between coordinated, state-led, and liberal market economies (Hall and Soskice 2001). Within such different contextual settings, firms are organized differently and differ in their relationship to the state. It is possible that such differences are also reflected in the reactions of firms to activist campaigns. For instance, in Germany, workers are represented on company boards, giving unions an institutionalized role in corporate decision making that is not found in many other countries. This rule of corporate governance, together with other corporate arrangements, means that companies are used to cooperating and negotiating with unions, which could predispose them also to reach compromises with activist challengers (Kang and Moon 2012). In a country like France, in contrast, state regulation is the norm and not bipartite arrangements at the firm or industry level; corporate governance does not include employee representation. Here, firms could be less inclined to cooperate and instead more likely to ignore demands, reject voluntary regulation, and expect the state to intervene.

Walker (forthcoming) claims that the use of grass-roots lobbying differs greatly depending on the national organization of capitalism. Similarly, Gond, Kang, and Moon (2011) discuss the national shaping of CSR policies. But this last study also points out a trend that cuts across national traditions: the move towards deregulation and open markets has made CSR an instrument of public policy in many European countries. This indicates a countervailing force that might suppress distinct national characteristics. In addition, many of the firms that are targeted by activists are multinational companies that operate globally and perhaps no longer belong to any distinct national tradition. One can thus have different expectations around the role of political contexts for corporate strategies. On the one hand, following the varieties of capitalism approach, one could expect strong national differences clustering into national corporate repertoires. But another hypothesis, taking up theories of capitalist globalization,
would make us think that those differences are declining because both firms and their challengers operate transnationally. At least for big multinational companies, we might also witness the rise of a transnational repertoire of protest management.

If we move beyond the Western world, state capacity is an additional political–institutional dimension that is likely to affect corporate strategies. When states have less resources and coercive capacities or even lack control of parts of their national territory, firms have much greater leverage in developing strategies. Scholars of corporate citizenship often use examples from such contexts to show how corporations come to assume tasks that in other circumstances constitute the prerogative of the state, such as education or even policing. The complex relationship between weak local states depending on foreign investment, multinational companies pursuing profit-seeking activities, and local and transnational activists, has not been sufficiently addressed. On the other hand, in authoritarian states, the corporate repertoire to manage protest may also be different from democratic contexts. More generally, this points at the question of the relative autonomy between the corporate sector and governments.

Public Affairs Departments and Protest Management Styles

Examining the characteristics of those who are in charge of the management of protest within firms is a further promising aspect for study. The range of repertoires used is also likely to depend on the amount of expertise and specialization one finds within companies. Large transnational firms, in particular, consist of different units and factions and often have complex governance structures. The rise of specialized units within firms to deal with public affairs or CSR has been a trend in recent years, and is an unintended effect of increasing activist campaigns (McDonnell, King, and Soule 2014). Such units lead firms to develop more conscious strategic responses and may also bring about routinized relationships between corporate officials and activist organizations. Here, an analogy with the study of protest policing proves useful: the police force is an important actor in dealing with street protest and its organizational culture and institutional environment shape different policing styles (Della Porta and Fillieule 2004). Public relations and public affairs personnel similarly constitute a professional group specialized in managing protest within big firms, albeit very different from police forces.

Drawing on findings from policing studies, one could assume that personal knowledge between firm officials and activists is important not only from the perspective of social movements (as “internal allies” (Raeburn 2004)), but also from the perspective of firms, for whom such relationships can provide valuable information and, therefore, predictability. Policing studies have also revealed the selectiveness of policing strategies, depending on police perception of opponent groups. A similar sociology of public affairs personnel could inquire whether such routines also exist within corporations, and how perception of different groups and causes affects the strategies companies use to respond to challenges. Management literature routinely distinguishes between moderate and radical groups, for example (den Hond and de Bakker 2007; Yaziji and Doh 2009). This kind of categorization, built on previous experiences, activist tactics, and diffuse perception categories, might lead to selective corporate reactions depending on groups. Similarly, different causes may be treated differently by public affairs managers; causes that are seen as radical or marginal, for instance animal rights or executive compensation, could be treated with less benevolence than more mainstream causes such as environmental issues.

Conclusion

Although “the politics of business are nuanced, multifaceted, and focused on winning hearts and minds as much as on votes and pocketbooks” (Walker and Rea 2014), there are still very few studies, especially with a political sociological perspective, that consider how corporations act politically by trying to shape public opinion, foster their legitimacy, and respond to challenges from activists. In parallel with increased movement pressures, corporations have developed their arsenal of tactics and the sophistication of their counter-strategies. This chapter has offered a typology of those strategies and discussed some as yet rarely addressed aspects of contextual and firm-internal institutional variation that are likely to shape corporate reactions to challenges. The existing literature indicates that corporations are very active “sources of constraint” for social movement mobilization. Within the different types of strategic orientations, the more contentious tactics of sidestepping, confronting, and preventing particularly reveal corporations’ ability to shape movement demands according to their interests and indicate the political nature of corporate actions. But at the same time, scholars must also acknowledge that corporations can
be “sources of external mobilization,” too: social entrepreneurs, green start-ups, or LGBT-friendly companies can be allies of movements and advocate stricter regulations or the acceptance of rights along with movements.

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