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Boycotts: Challenges for Managers

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Abstract

Political acts of protest provide collective ways for consumers to send businesses a clear message about their business practices. Top managers must be able to respond to these forms of protest and be capable of dealing with their effects. Boycotts are one form of protest that consumers use to try to bring about change in company policy. Using data from wave 6 of the World Values Survey, the purpose of this article was to provide information pertaining to consumers' use of boycotts, and how, if any, they are correlated to confidence in major companies and being a member of a consumer organization. Correlation analyses were performed using SPSS to determine if joining in boycotts was correlated to confidence in major corporations and membership in a consumer organization. Both confidence in major corporations and membership in a consumer organization were found to be statistically significant at the $p < .01$ level to whether or not the respondent had participated in a boycott. The Internet and social media have made consumer protests such as boycotts more easily organized, and managers today must deal with the issue as boycotts can affect both the financial well-being and reputation of a company.

Keywords

Boycotts, consumers, major companies, company perception, management, social theories

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Introduction

There are two basic types of boycotts, economic or marketing policy boycotts and social/ethical control boycotts (Sen et al., 2001). Consumer boycotts are a means for consumers to join together in trying to bring about change with an organization's policies, and management must be able to respond in a way that brings about a positive perception of that organization. One of the most general definitions of the term boycott is given by Friedman (1985: 97-98) as "an attempt by one or more parties to achieve certain objectives by urging individual consumers to refrain from selected purchases in the market place." People boycott for reasons including environmental concerns, human rights violations, country associations, moral issues, ethics, pricing strategies, and others. Wal-Mart, Intel, Microsoft, Disney, and Procter & Gamble have all been boycotted at some point in time (Al Shebil et al., 2011). The term boycott came about back in 1880 when workers organized and refused to do business with a landlord, Captain Charles Boycott, because he withheld wages and evicted them from their homes (Gelb, 1995).

Boycotts are different from an individual's choice not to purchase a good or service because they are a organized and collective (Sen et al., 2001). Managers should be especially interested in learning about collective behavior and why consumers choose to participate in boycotts. Continued research needs to be conducted in order to gain a better understanding of social behavior and how it relates to boycotts. The goal of companies should be to avoid potential boycotts as well as being adequately prepared to address them should they occur.

Boycotts can affect both the image and the financial performance of a company, and now with the ever-expanding use of social media, it seems much easier to organize a boycott. People do not need to wait for the media to run a story about a company; they can get the word out to other consumers via their own media outlets such as Facebook, Twitter, and Instagram. For example, when Whole Foods Chief Executive Officer (CEO) John Mackey wrote an article in

the *Wall Street Journal* criticizing the healthcare reform proposed by President Obama and claiming that healthcare was not an intrinsic right, consumers took to Facebook, and the “Boycott Whole Foods” page had 30,000 members within 2 weeks (Glickman, 2009). With consumers having more access to information and being able to use that information in an attempt to bring about change through political consumerism, companies must establish a favorable relationship with their stakeholders (De Beer and Resenburg, 2011). When consumers trust management, they are less likely to boycott the company (Hoffmann and Muller, 2009).

Literature Review

I. Motives for boycotts

The reasons people take part in or support boycotts should be examined in order for companies to adequately determine how to avoid a boycott against them. Hoffmann (2010) identified triggers, promoters, and inhibitors of boycotts, and the triggers included anger, affective concern, and animosity towards the home country. Perception of the target firm’s conduct drives consumers’ participation in boycotts (Akpyomare et al., 2012). Solidarity with company workers and negative attitudes towards globalization are also motives for people to boycott (Hoffmann, 2010).

In Hoffmann’s (2010) study, he found that triggers consisted of negative emotions or anger. Anger can be caused by a perception of injustice brought about by a company’s desire for higher profits or a mass layoff. Proximity was also a consideration, and included those affected by a factory closing or those who considered themselves a part of the group that was being affected by means of socio-economic status or similar types of occupations (Hoffmann, 2010). People who join boycotts later in the process have more reason than those who join earlier. Those motives can include negative emotions, a desire to contribute, and political consumerism, but these consumers also tend to consider the costs of boycotting more so than the early joiners (Hoffmann, 2010).

When a company is seen as conducting business in a morally wrong way and even possibly causing harm to one or more parties, a consumer is motivated to boycott (Akpyomare et al., 2012). The boycotter is then motivated by four variables: 1) the desire to promote change, 2) self-enhancement, 3) rationalizations, and 4) costs (Akpyomare et al., 2012). For example,

the American Family Association, a conservative Christian activist group, is urging people to boycott Target over the store's policy of allowing transgender individuals to choose their bathroom preference (Malcolm, 2016). The group wants to force Target to change its policy, but the company is refusing to do so (Malcolm, 2016). Managers must decide whether to change in the face of a boycott or stay with what it believes to be morally correct.

The second variable, self-enhancement, is directly related not to the boycott itself but to a psychosocial motivation to identify with the group (Akpoymare et al., 2012). Identifying rationalizations for the boycott is especially useful to management as it provides an understanding of the best counterarguments for the target firm (Akpoymare et al., 2012). Lastly, participating in a boycott requires individual sacrifice. If the costs are too high, the consumer may choose not to participate in the boycott (Akpoymare et al., 2012). These four variables are linked to consumers' perceptions of the target firm, the boycotting group, and the costs to participate.

While the Target boycott is a more specific type of boycott, there are motivations that are universal and include such issues as animal experiments, price increases, or factory closures (Klein et al., 2004). Boycotts have also occurred because of a company's country of origin. During the Iraq war, there were boycotts of French wine as a punishment to France because they did not support military action in Iraq, and Heinz was boycotted by environmentalist groups because of their fishing practices that were harmful to dolphins (Al Shebil, 2011). Consumers take on various boycotts of companies that they feel warrant some form of protest. However, while some people may agree with the boycott itself, they do not necessarily take part.

II. Theoretical considerations

The theory of planned behavior (TPB) is concerned with behaviors that are goal-oriented but does not necessarily adhere to the belief that people make their decisions based on rational and unbiased motives (Ajzen, 2011). Taking this theory into account, the case can be made that it applies to how people decide to take part in a boycott. People's religious or cultural beliefs can cause them to respond to a company's practices, and their beliefs can create a bias. The TPB also postulates that people can behave for self-serving motives (Ajzen, 2011). Therefore, according to Farah (2014), using the TPB explains boycott intentions which can be determined by: 1) the

attitude of the consumer toward the action, 2) social pressure, and 3) perceived behavioral control (PBC) or the complexity of the boycotting.

If managers can determine the factors that affect intention, they can be better prepared to predict how consumers will react to a specific business practice or policy (Farah, 2014). The counter-boycott measures taken by a company must be intensive and persuasive in order for them to be effective (Farah, 2014). Consequently, companies may be able to predict when consumers will be apt to boycott and be able to intervene prior to the boycott actually occurring. Thus, companies could avoid the negative publicity and possible financial downturn.

The social dilemma theory addresses the conflict between self-interest and collective interest (Balliet and Van Lange, 2013). The decision is made to withhold consumption of a particular product or service in order to achieve a collective social or economic gain can be construed as a social dilemma (Sen et al., 2001). The theory proposes the idea that when there is little cooperation but a high degree of conflict, people are more likely to behave opportunistically; however, when there is less conflict and better cooperation, people are more likely to act with a collective interest (Balliet and Van Lange, 2013). Hence, using the social dilemma theory, a boycott has a greater chance of success when there is a higher degree of collective cooperation. The social dilemma theory would also lead to the conclusion that boycott participants are influenced by factors that include the extent of overall participation, proboycott communication, social pressure, and perceived efficacy (Akpoyomare et al., 2012).

Although a social dilemma may exist, it does not guarantee boycott participation. Most consumers will opt out of participating in a boycott if the cost to withhold consumption is greater than the uncertain value of participating in the boycott (Sen et al., 2001). Economic boycotts represent the greatest tension between personal and social interests (Smith, 1990). For example, if the purpose of a boycott is to bring down the price of a product yet too many consumers do not feel that the higher price is too prohibitive, then self-interests may prevail (Sen et al., 2001). The attempted boycott of New York movie theaters in 1999 because of a movie ticket price increase did not garner enough support. Even though many people felt that the prices were too high, they could still afford to go (Stewart, 1999).

The reference group theory contends that the choices consumers make when there is a conflict between group interests and self-interests is significantly affected by social pressures brought about by the reference group, in this case the boycotting group (Sen et al., 2001).

Members of the group put aside their own self-interests in order to comply with the socialized norms and develop a more cognitive view of the issue (Dawson and Chatman, 2001). This particular theory also addresses the power and influence that groups possess and how they have the ability to deny or admit access (Dawson and Chatman, 2001). When enough pressure is applied by the reference group, some consumers may join the boycott not only to achieve the objectives but also to become a member of the group (Sen et al., 2001).

After an extensive review of the literature on reference group theory, Dawson and Chatman (2001), concluded that: 1) individuals are influenced by groups they consider to be important, 2) individuals use certain groups to guide their behavior, 3) groups are used as comparisons to individuals and other groups, 4) more than one group can be used as a reference group, and 5) point of reference groups can use power to influence attitudes and behaviors of individuals. Consequently, the reference group theory can be used to explain why some consumers participate in boycotts. Groups can have much influence over individuals as individuals begin to identify with the group and seek to meet the objectives of the group.

III. Consumer activism

In his speech to Congress on Protecting the Consumer Interest, President Kennedy (1962) announced four consumer rights: 1) the right to safety, 2) the right to be informed and protected from fraudulent practices, 3) the right to choose among a variety of products and services at competitive prices, and 4) the right to be heard in the formulation of government policy. There are now a minimum of eight consumer organizations with annual revenues of at least \$2 million, three with annual budgets of \$8 million, and four others with annual revenues between \$2 million and \$3 million and may others (Mayer, 2012). The consumer advocacy organizations appear to be successfully lobbying for change (Mayer, 2012) rather than employing boycotts in order to achieve their goals.

Consumer activists have created consumer organizations such as the National Consumers League (NCL), which makes consumer and worker issues a high priority, the Consumers Union, which produces Consumer Reports, the Consumer Federation of America, advocating for health care and political reform, and numerous other groups that advocate for consumer rights in various business areas (Brobeck and Mayer, 2015). Most consumer organizations are limited on

their congressional lobbying because they are nonprofit organizations; however, the main purpose for most of these groups is to conduct research, analyze the issues, and communicate their findings to legislators, regulators, and advocates (Brobeck and Mayer, 2015). In addition, consumer advocacy groups typically require a membership fee but do not ordinarily accept government grants or business funding (Brobeck and Mayer, 2015). Today, most consumer activism is focused on convincing government to adopt, implement, and enforce new legislation to protect consumers (Brobeck and Mayer, 2015).

Data and Methodology

Data were obtained from wave6 of the World Values Survey (WVS). The WVS is conducted by a global network of social scientists who survey people on all continents about their basic values beliefs, and motivations (World values survey, 2016). To collect data, interviews wer carried out with nationally representative samples of the population of different countries. There arenow seven waves of survey: wave 1 was conducted from 1981 to 1984, interviews for wave 2 were conducted 1989 to 1993, wave 3 were 1994 to 1999, wave 4 was 1999 to 2004, wave 5 was 2005 to 2008, wave 6 was 2010 to 2014, and wave 7 results are currently being analyzed. Wave 6 wasused for this study because itprovided the most up-to-date information for the areas being researched.

Participants were asked to indicate their actions with respect to joining in boycotts. Responses for each action included “Have done”, “Might do”, and “Would never do.” They were also asked to indicate if their level of confidence in major companies with responses being “A great deal”, “Quite a lot”, “Not very much”, or “None at all.” Reponses to whether or not the respondent belonged to a consumer organization included, “Not a member”, “Inactive member”, and “Active member.”

There were 2,232 responses in the sixthUnited States (U.S.) wave of the WVS. For this study the sample size was 2198 for joining in boycotts, 2178 for confidence in major corporations, and 2185 for membership in a consumer organizationbecause missing cases were excluded from the analysis. Correlation analyses were performed using SPSS to determine if joining in boycotts was correlated to confidence in major corporations and membership in a

consumer organization. Significance levels are provided at both the .05 and .01 levels. Table 1 below displays some descriptive statistics for the U.S. wave 6 of the WVS.

Table 1: Descriptive Statistics

	N	%
Level of education		
Less than a high school education	303	13.6
High school or equivalent	683	30.6
Some college	440	19.7
Associates degree	190	8.5
Bachelor's degree	361	16.2
Master's degree	181	8.1
Professional/doctorate degree	74	3.3
Ethnic group		
White, Non-Hispanic	1545	69.2
Black, Non-Hispanic	232	10.4
Other, Non-Hispanic	87	3.9
Hispanic	312	14.0
2+races, Non-Hispanic	56	2.5
Social class		
Upper	27	1.2
Upper middle class	618	27.7
Lower middle class	723	32.4
Working class	654	29.3
Lower class	156	7.0
No answer	51	2.3
Gender		
Male	1083	48.5
Female	1150	51.5

Results

Table 2. Frequencies

	Frequency	Percent
Joining in boycotts (N=2198)		
Have done	373	17.0
Might do	1148	52.2
Would never do	677	30.8
Confidence in major companies (N=2178)		
A great deal	54	2.5
Quite a lot	602	31.8
Not very much	1221	56.1
None at all	211	9.7
Membership in a consumer organization (N=2185)		
Not a member	1936	88.6
Inactive member	176	8.1
Active member	73	3.3

Table 2 shows the frequencies for the three variables that were the focus of this research study. For the “joining in boycotts” question, 30.8% of the respondents stated that they would never take part in a boycott while 69.2% had either already taken part in a boycott or might take part in a boycott in the future. When asked how much confidence the respondents had in major companies, 34.3% had a great deal or quite a lot, but 65.8% had not very much or none at all. A vast majority of the respondents, 88.6%, were not members of any consumer organization while 8.1% were inactive members and only 3.3% were active members.

Table 3 illustrates the bivariate Pearson correlations between the variables, joining in boycotts and confidence in major companies and joining in boycotts and membership in a consumer organization.

Table 3. Correlations with joining in boycotts

	Value	Significance level
Confidence in major companies		
Somers' d	-.086	.000 **
Kendall's tau-b	-.086	.000 **
Kendall's tau-c	-.075	.000 **
Gamma	-.144	.000 **
Membership in a consumer organization		
Somers' d	-.105	.000 **
Kendall's tau-b	-.120	.000 **
Kendall's tau-c	-.064	.000 **
Gamma	-.329	.000 **

** Correlation is significant at the 0.01 level.

The Somers' d, Kendall's tau-b, Kendall's tau-c, and Gamma tests indicated that there was a statistically significant association at the .01 level between joining in boycotts and both confidence in major companies and membership in a consumer organization. The closer the value for each test is to -1 or 1 the stronger the association. Therefore, all four tests showed that the association between the variables was weak. From a directional standpoint, as confidence in major companies decreased, the likelihood of the respondent participating in a boycott increased. Additionally, the same holds true for membership in a consumer organization. As the membership in a consumer organization increased, the participation in a boycott increased.

Discussion

Throughout the years, the U.S. has seen corporate and political scandals as well as a labor force that has seen a growing trend in overseas employment. For example, Volkswagen admitted that it had installed software on its vehicles in order to deceive the Environmental Protection Agency's emission testers into thinking the cars made a greater environmental impact (Matthews and Gandel, 2015). The Federal Bureau of Investigation indicted FIFA officials for racketeering, fraud, and other offenses (Matthews and Gandel, 2015). And Toshiba admitted to overstating its

earnings by almost \$2 billion in a span of seven years (Matthews and Gandel, 2015). It is not surprising that 65.8% of the participants in this study responded with “Not very much” or “None at all” when asked how much confidence they had in major companies.

When considering the TPB, management must examine how organized and goal-oriented the attempted boycott appears to be since goal-orientation is the key to success with this theory. A wide range of communication outlets has made the social dilemma theory even more pervasive as good communication can lead to more social pressure to be part of the collective boycott and not simply be concerned with one’s own self-interests. The referent group theory addresses the power that groups can have in establishing norms, and management must be mindful of how groups are communicating and organizing.

When making decisions, management must consider if there could be possible consumer backlash because of the perception of human rights violations, fraudulent practices, unfair pricing strategies, and a host of other reasons. The results of this study indicated that as confidence in major companies fell, the likelihood of participating in a boycott rose. Therefore, if companies disregard how consumers might react to their business practices they could face boycotts and a lack of consumer confidence.

The rate of participation in consumer organizations was very low at only 3.3% of participants being active members and 6.1% being inactive members. This particular research study did not acquire information regarding the reasons why people are not members. Some people may choose not to join because of the fee. Others may choose to be inactive members because they take advantage of the benefits offered by the organization but do not have the desire to become active participants in the organization’s political or consumer agendas. However, the results of this study did indicate that those who belonged to consumer organizations were more likely to join in a boycott.

Limitations and Future Research

The data used for this study was secondary, and while the WVS is a respected source of data, some more detailed information would have been useful. Having knowledge as to why people are not members of consumer organizations could have provided some insight about the lack of participation and how much these types of organizations actually employ boycotting in

trying to bring about change. Especially with the growth in use of the Internet and social media, a breakdown by age and its correlation to joining in boycotts could provide some valuable data that might help to see trends. While there were statistically significant correlations between membership in organizations and joining in boycotts and confidence in major organizations and joining in boycotts, it does not mean that there was any causation with the variables.

Conducting a primary study that included the specific issues for which consumers are most likely to boycott could provide managers useful information in making decisions. Exploring the age and ethnicity variables and conducting cross tabulations can help determine if these variables also correlate with joining in boycotts. The reasons why people do not seem to be active in consumer organizations is an area that requires further examination since the goal is similar to that of boycotts, changing company policy. Lastly, if management is aware of how consumers might react to a specific policy they can seek other options or be better prepared to deal with consumer criticism.

Conclusion

The civil rights movement saw the advent of a boycott that consisted of thousands of people who risked both abuse and arrest. The Montgomery bus boycott was a highly organized effort to change how Black people were being treated (Clawson, 2003). After Rosa Parks was arrested for refusing to move to the back of a bus, the organization of the one-day boycott was organized. The boycott led the way for future civil rights action and ultimately to policy changes (Clawson, 2003).

Consumers are more aware of what corporations are doing today because of the explosion of the Internet and social media. They are able to organize more quickly and to gather support for their causes. The news of Turing Pharmaceuticals' 5000% overnight price increase for a drug that is used to treat HIV patients (Matthews and Gandel, 2015) went viral. It is difficult for consumers to trust companies when there appears to be a steady stream of corporate scandals that include issues from fraud to human rights violations, all in the name of making a bigger profit. It is important that managers pay attention to the theories and motives behind consumers' participation in boycotts as those boycotts can definitely affect the firm's reputation and profits.

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