MNE Divestment from Conflict Zones: A Social Movement Perspective

Ishva Minefee Jr.
College of Business, Business Administration
University of Illinois at Urbana-Champaign
minefee2@illinois.edu

Nathan M Jensen
Associate Professor
Department of International Business
natemjensen@gwu.edu

Abstract: In this project we examine the decision of foreign divestment from Burma. We contend that MNEs will divest from conflict zones when (1) home governments enact legislation critical of a host country and (2) NGO and consumer activists put pressure on MNEs to act in a socially responsible manner. We examine the divestment decisions of 444 MNEs from thirty-one countries operating in Burma between 1995 and 2002. We find that both government restrictions and NGO activism are associated with divestment from Burma. We couple these observational data with a survey experiment in the United States focusing on consumer reactions to calls for boycotts. We find that both government policies (specifically local government boycotts of companies operating in Burma) and NGO activism have a significant impact on consumer purchases.