The Value of Names

Civil Society, Information, and Governing Multinationals

David H. Kreitmeir[1,2] Nathan Lane[3] Paul A. Raschky[2]

[1]University of Southampton [2]Monash University [3]London School of Economics

Road Map

1. Motivation and Research Question
2. Data and Setting
3. Empirical Strategy
4. Main Results
5. Mechanisms
6. Why Do Abuses Persist?
7. Conclusion

Motivation and Research Question

Motivation: A Growing Crisis in the Mining Sector

The Policy Context

- **Green-energy transition** intensifies demand for critical minerals (lithium, cobalt, nickel)
- Operations concentrated in **developing countries** with weak governance
- Since 2020: attacks on activists at **1 per day** (BHRRC, 2021)
- >50% of human rights litigation involves **extractive industries**

The governance gap: formal legal recourse for corporate human rights abuses abroad is **exceedingly rare**. No firm in the sample faced conviction or significant fines.

Recent Policy Initiatives

- UN Guiding Principles on Business & Human Rights
- 2024 EU Critical Raw Materials Act
- EU Corporate Sustainability Due Diligence Directive
- NGO Transition Mineral Tracker

The Market Alternative

If law cannot discipline, **can markets**?

Reputational penalties: market-value decline as counterparties change terms of business when firm reputation is revealed.

Research Question and Contributions

Can markets discipline human rights misconduct abroad even when formal legal penalties are absent?

What this paper does

- New dataset: **354 assassinations** of mining activists, 1998–2019
- Links events to **publicly traded mining firms**
- Financial event study + synthetic matching
- Tests **three reputational channels**
- Studies political economy of **why abuses persist**

Why assassinations? Empirical advantages

- *Severity:* unambiguous, universally illegal events
- *Point-in-time:* precise event dates, limited ambiguity
- *Salience:* monitored by UN, NGOs, global press
- *Granularity:* ADMIN1 location + daily data

Prior literature: penalties are weakest when events don't involve counterparties (e.g. pollution, environmental disasters). This paper shows they can be **large and persistent** even in a third-party, weak-institution setting.

Data and Setting

The Dataset: Assassination Events and Treated Firms

Event collection (4 steps)

1. Events **publicly reported** by media or human rights campaigns
2. **Mining-related opposition** confirmed in reporting
3. **ADMIN1 location** of the death coded
4. **Mining company or project** named in reporting coded

Sources: LexisNexis, Guardian API, AP wire, multilingual searches

Treatment assignment

- **Treated firm** = company or project named in event reporting
- Not a statement about involvement — proximity in media coverage only
- Parent/subsidiary tracing: Bureau van Dijk Orbis + SNL M&M

Sample at a Glance

Total assassinations	**354**
Total victims	**496**
Countries	**31**
Company-event pairs (public)	**217**
Unique public firms	**86**
Sample period	**1998–2019**

Example: Ecuador 2014

Victim: José Isidro Tendetza Antún
Mine: Mirador copper-gold mine
Circumstances: Found bound and buried near Lima, 28 Nov 2014 – travelled to testify against the Mirador mine at COP20
Owners at event date:
China Railway Construction Corp.
Tongling Nonferrous Metals Group

Control Groups and Financial Data

Control group design

Baseline

All publicly traded mining companies in the **same country and year** as the event — not named in reporting

Subnational robustness

Mining companies in the **same ADMIN1 region** — rules out local disruption as confounder

Controls account for: (i) country-level political risk, (ii) common commodity exposure, (iii) shared institutional environment.

Financial data

- Daily returns: **Thomson Reuters Datastream**, 1998–2019, in USD
- Market return: **MSCI country indices**
- Fama-French four-factor model (robustness); own construction for emerging markets
- Requirements: $\geq$200 days in 250-day estimation window; $\geq$8/11 event-window days

15 of 26 ICMM members (industry CSR network) linked to $\geq$ 1 assassination. "Associated" does not imply direct involvement — only media naming.

Empirical Strategy

Event Study: Design and Estimators

Market model (estimation window $[-280, -30]$)

$$R_{ie\tau} = \hat{}_{ie} + \beta_{ie} R^M_{ie\tau} + \epsilon_{ie\tau}$$

Abnormal returns (event window $[0, +10]$)

$$\widehat{AR}_{ie\tau} = R_{ie\tau} - (\hat{}_{ie} + \hat{\beta}_{ie} R^M_{ie\tau})$$

$$\widehat{CAR}_{ie}(\tau_1, \tau_2) = \sum_{\tau=\tau_1}^{\tau_2} \widehat{AR}_{ie\tau}$$

Test statistic: GRANK (Kolari & Pynnönen 2011) — non-parametric, robust to event-induced volatility, serial correlation, and clustering; suited to longer windows.

Regression event study

$$CAR_{ie}(\tau_1, \tau_2) = \delta D_{ie} + \boldsymbol{X}'_{ie}\phi + \gamma_e + \epsilon_{ie}$$

- $D_{ie} = 1$ if named in event reporting
- γ_e: event FE (or company FE)
- Controls: log assets, leverage (pre-event values)
- SEs clustered at event level

Synthetic matching (robustness)

Each treated firm matched to a synthetic control (convex combination of control returns) that replicates pre-event dynamics. Inference: bootstrap + permutation. Open-source: `synthReturn` R package.

Main Results

Traditional Event Study: Negative CARs After Assassination

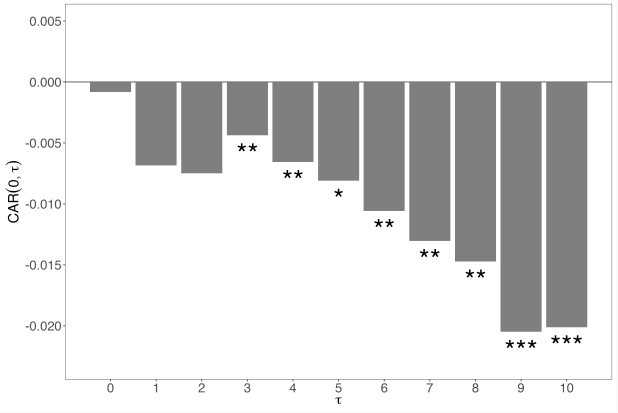


Figure 4. Average CAR (market model), $N = 167$ company-event pairs. Stars: GRANK non-parametric test.

Key findings

- Little reaction *on* the event day
- Borderline effect at τ=1 (-0.7 p.p.)
- Steady decline through Day 5; steep drop Days 5–10
- **Average CAR at Day 10:** -2.0 **p.p.** (GRANK, 1% level)
- No pre-event movement: no anticipation, no pre-trend

Slow diffusion consistent with markets under-reacting initially: assassinations are complex political events requiring investor processing time.

Regression Event Study: Treated vs. Control Firms

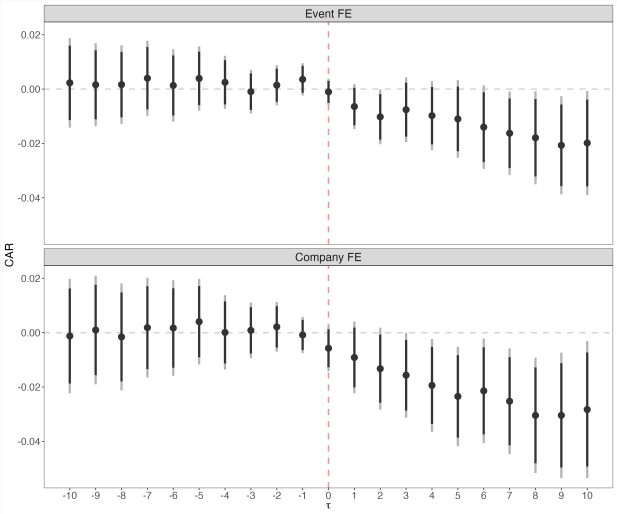


Figure 5. 42 OLS coefficients. Top: event FE. Bottom: company FE. 90%/95% CIs.

Regression results

- **Pre-event:** treated firms have slightly *higher* returns — no differential trend
- **Day 2:** CARs fall 1.0–1.3 p.p. vs. controls
- **Day 10:** 2.0–2.8 p.p. decline

Firm-specific: control firms essentially unaffected (max ∼0.4 p.p., Fig. C.8). No industry spillovers.

Robust to: leave-one-out by country/firm, subnational controls, event type, functional form (Figs. 7, C.10).

Economic Magnitude: USD 100M+ Median Market-Cap Loss

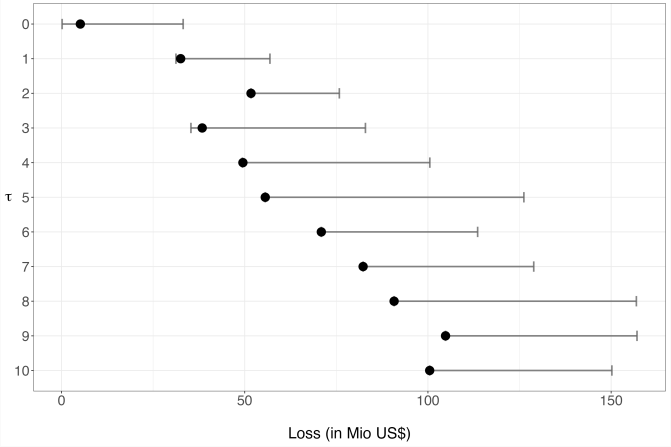


Figure 6. Estimated market-cap loss for the median treated company. Dots: event FE baseline specification. Bars: min/max across all specifications.

Headline result

Median 10-day market-cap loss: USD 100–150 million

Benchmarks from literature:

Krueger (2015): median ESG-event loss = USD 76M

Environmental violations: -1.6 to -1.7 p.p.

This paper: -2.0 to -6.1 p.p.

No firm faced legal conviction or fines $\Rightarrow$ stock price loss $\approx$ **pure reputational cost**.

Long-Run Persistence: Effects Do Not Reverse

Figure 8. 90-day CAR and BHAR.

Long-run results

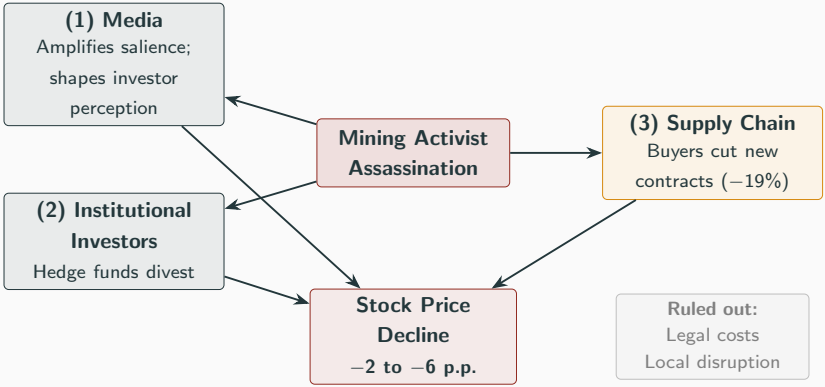
- Long-run avg. CAR (Days 13–90): $-$**2.4 p.p.** — no reversal
- Long-run avg. buy and hold abnormal return (BHAR) exceeds CAR by 3.2 p.p. (compounding effect)
- Robust to Fama-French normal-return model

Why persistence matters: transitory penalties ⇒ insufficient incentive for firms to reform. **Persistent penalties** suggest markets price genuine new information, not noise.

Contrast with: major environmental disasters, ESG media shocks, and chemical accidents — all show transitory or zero long-run effects.

Mechanisms

Three Reputational Channels



All three channels are consistent with **reputational** (market-based) costs rather than formal legal penalties. Each represents a distinct route from civil society reporting to financial markets.

Mechanism 1 — Media: News Pressure Exogenously Shifts Attention

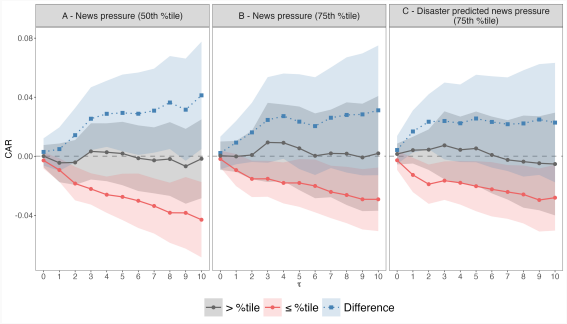


Figure 9. Black = high news-pressure day. Red = low news-pressure day. Blue = gap between the two. 95% CIs.

Strategy

News Pressure Index (Eisensee & Strömberg 2007): median TV-news minutes on top-3 segments on day t. High-pressure day = assassination overshadowed by global events.

Results

- Low-pressure: significant, persistent CAR decline
- High-pressure: **indistinguishable from zero**
- Day-10 gap: **4.1 p.p.** (5% level)
- Robust to disaster-predicted news pressure (rules out strategic timing)

Placebo firms in same location but *not named* show no penalty — it is the **media naming**, not local spillover.

Mechanism 2 — Institutional Investors: Hedge Funds Divest

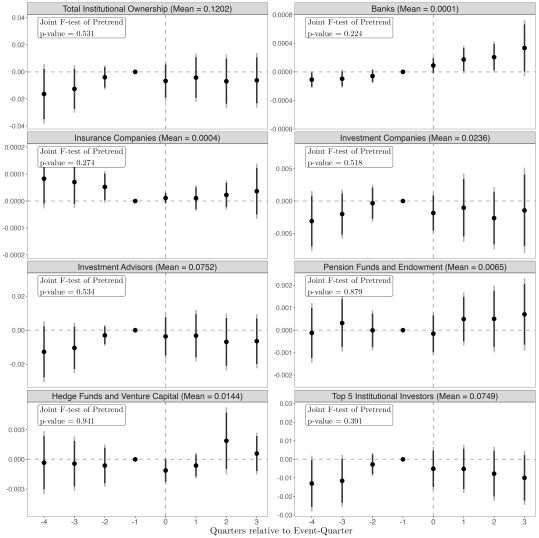


Figure 10. Institutional holdings by investor type. 90%/95% CIs.

Key results

- **Hedge funds:** −7.8% of average position — swift and significant
- Pension funds: no significant change
- Banks & insurance: no change

Why hedge funds? Short horizons, active corporate monitoring, rapid response to costly information disclosures.

ESG scores unchanged after events — investors relying on ratings see no signal; those using media/NGO data do react.

Mechanism 3 — Supply Chain: Buyers Cut New Contracts

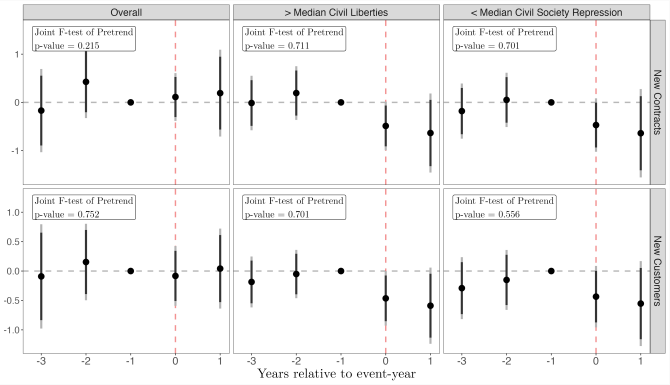


Figure 11. Row 1: log(new contracts). Row 2: log(new customers). Columns by buyer-country human-rights score. 90%/95% CIs.

Key results

- Overall: negative but imprecise
- **Human rights-conscious buyers** (above-median V-Dem Civil Liberties): −19% **to** −21% fewer new contracts and customers
- Authoritarian buyers: ties may *strengthen*

Novel mechanism: third-party controversies alter second-party behavior. Avg. contract duration = 308 days — buyers adjust *new* contracting, not existing ones.

Why Do Abuses Persist?

The puzzle

If market penalties are so large, why do assassinations persist?

Local agents (governments, paramilitaries) benefit from suppressing opposition while **shareholders bear the reputational cost**. A principal-agent problem between local rents and global markets.

Hypothesis: local governments with high fiscal dependence on mining royalties have stronger incentives to suppress opposition, even at shareholders' expense.

Data: EITI reports — hand-coded royalty/tax payments by company, country, year.

Regression (LPM with country×year FE)

	No FE	C×Y FE
Tax Share	13.8^{***}	18.0^{***}
	(3.1)	(4.8)

A firm as sole taxpayer ⇒ +18 **p.p. probability of assassination**.

For the average firm (5.9% tax share): +26% relative to the 4.16% base rate.

No reverse causality: assassination events do not predict subsequent changes in tax share (Table C.13).

Conclusion

Summary

Main results

1. Significant, persistent negative CARs: **-2.0 to -6.1 p.p.** over 10 days
2. Median 10-day market-cap loss: **USD 100–150M**
3. Firm-specific; not driven by legal costs or local disruption
4. Long-lasting: no reversal at 90 days

Mechanisms and persistence

M1. **Media** amplifies penalty — vanishes on high-pressure days

M2. **Hedge funds** divest (-7.8%); passive investors do not

M3. **Supply chain:** -19% to -21% fewer contracts with human-rights-conscious buyers

PE. Mining royalties sustain local incentives for violence

Market penalties are **substantial and persistent** — yet may not fully deter misconduct when local rents misalign incentives. Civil society reporting confers real costs; reputational sanctions alone may be insufficient where local and global interests diverge.

Policy Implications and Discussion Questions

Policy implications

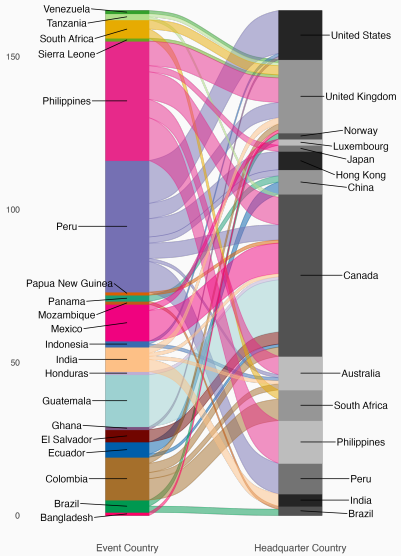
- "Naming and shaming" imposes **real financial costs**, even on non-consumer-facing firms
- Media timing matters: advocacy during low-pressure periods is more effective
- ESG ratings **fail to detect** major events in emerging markets
- EU supply chain due-diligence rules may strengthen the market channel
- Local fiscal dependence on extractives is a key governance risk factor

Discussion questions

1. How should we interpret the **slow CAR accumulation**? Market learning or news diffusion?
2. Why do **pension funds not react** but hedge funds do?
3. Does the supply chain result reflect genuine ESG preferences or **strategic risk aversion**?
4. Is the royalties–assassination relationship **causal**? What design would you propose?
5. Does stronger legal enforcement **crowd out** reputational mechanisms?

Appendix

Appendix: Geographic Distribution of Events



Geographic patterns

- **Top event countries:** Philippines (116), Peru (57), Colombia (40), Guatemala (28)
- **Firm HQs:** Canada, USA, UK — advanced democracies, weak enforcement abroad
- Events coincide with major mineral-producing countries

15 of 26 ICMM members linked to ≥ 1 event. Over half of the industry's leading CSR network has been associated with these events.

Appendix: No Pre-Event CARs (Figure C.6)

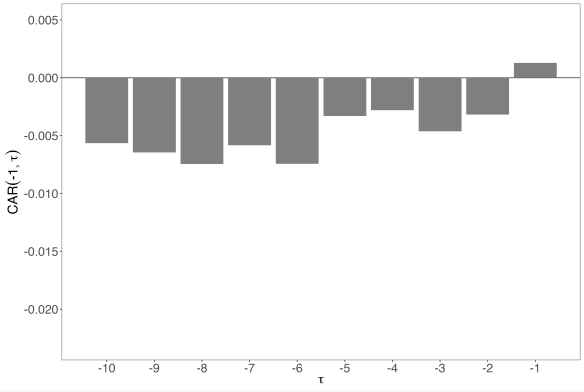


Figure C.6. CARs aggregated *backwards* from the day before the event. $N = 167$ company-event pairs. Stars: GRANK test.

What this validates

- Average CAR on Day -1 is *positive*
- Pre-event CAR over $[-10, -1]$: close to zero and insignificant across all test statistics
- No evidence of anticipation or information leakage prior to the event

Rules out two threats: (i) markets pricing prior knowledge of planned assassinations, and (ii) the post-event decline merely continuing a pre-existing downward trend.

Appendix: Synthetic Matching Results (Table 2)

Estimates (cumulative, p.p.)

Window	Effect	p-value	
		Bootstrap	Permutation
$[0, 0]$	-2.09^{*}	0.068	0.020
$[0, 1]$	-4.41	0.106	0.009
$[0, 5]$	-6.55^{**}	0.041	0.012
$[0, 10]$	-6.13^{*}	0.076	0.022

Inference: bootstrap + permutation (5,000 placebo draws).

Synthetic estimates **exceed OLS baseline** (-2.0 to -2.8 p.p.): accounting for unobserved pre-event firm differences strengthens the finding.

Method details

- Weights minimise pre-event return differences
- Pool: all mining companies in treatment markets
- Average treatment effect weighted by quality of match
- Open-source: `synthReturn` R package

Note on numerical precision: small differences (4th decimal place) across runs due to floating-point non-determinism in bootstrap/permutation. No impact on conclusions.