

Applying Economic Opportunity Structure Framework in Hong Kong SAR: A Study of Sectorial Business Response to Pro-Democracy Social Movements

Abstract

This article aims to explore the attitudes of regional and international businesses towards recent pro-democracy protest movements in Hong Kong SAR. It focuses on a sequence of events that emerged in June 2019 and continued until the article was envisaged. To consider complexities, the study segregates the Hong Kong pro-democracy protest through the theoretical lenses of social movements. Research on social movement activism provides an ambiance to study and better understand social, political and market consequences of movement's activity (Giugni, 1998). Contextually, by analyzing business responses to these movements, the article builds on and widens elements of the Economic Opportunity Structure framework (EOS) introduced by Joseph Luders in 2006. In doing so, the author makes use of a series of case studies captured from newspaper articles, online news platforms and official statements categorized as bearing high degree of credibility. The present research formulates a parallel between the magnitude of economic disruption and concession costs caused by protest movements and the reaction businesses produced following different stages of the protests.

Keywords: *business and protests, economic disruption, concession costs, Hong Kong protests, social unrest, pro-democracy movements.*

INTRODUCTION

Since the outset, social movements were consistently considered to be an impactful component of any healthy civic environment (Dekeyser, 1999). Historically, these have emerged as powerful platforms for signaling specific issues within and between societal levels. Social movements vary based upon their type of organization, followed ideas and goals these aim to reach (Bevington & Dixon, 2005). Albeit, the literature suggests that there are considerable differences between movements around the world, extensive research has also recognized similarities among them (Tarrow, 1985; Klandersman, 1993; Giugni, 1998; Costain & Costain, 2016). Despite differences, social movements are built on participation stimuli. Individuals decide to participate in social movements for various reasons. Some build their determination on specific strategic considerations (Cantoni et al., 2019). Others might be directed by less sophisticated beliefs. Recent shreds of evidence demonstrate that movements place societies in diverse social and political constructs. In this regard, protesters in Hong Kong are guided by a series of unique antecedents that resulted from an amalgamation between the colonial past, one country – two systems governance model, wealth disparity and identity perplexity. Although the general trend in research on social movements suggest a common focus on social and political aspects (Amenta et al., 2010), the analysis overview on movements' activities suggests a lack in understanding how social movements create disruptions to stable environments and produce substantial economic, social and political costs (King & Pearce, 2010).

Contemporary literature evaluates the costs of the protests by dividing them into two major streams. Primarily, these include individuals that are directly involved in protesting and convey a precise cost to their actions. These costs of participation are usually lower in larger protests as individuals are maximizing their utility while considerably diminishing risks and vice versa, in a small-scale protest individual costs and risks are higher (Bueno de Mesquita, 2010; Edmond 2013; Passarelli and Tabellini, 2017; Barberà and Jackson, 2018). Secondly, social movements produce costs that affect other stakeholders regardless of their self-restraint or involvement roles in movements. These actors oftentimes include the public and private sectors. There is a solid and continuously expanding body of literature that

investigates the movements' tactics and their level of disruptiveness. Data from several studies suggest that this phenomenon has been developed through mechanism-oriented explanations (McAdam, Tarrow, & Tilly, 2001). Despite its importance, there remains paucity of evidence on how social movements activism cause potential threats to different level stakeholders that are affected by cost bearing extra-institutional tactics (King, 2008a; King & Soule, 2007). More recently, in an attempt to fill in the gap on the role of social movements disruption and economic and organizational change, King (2001) proposed the classification of disruption tactics in two categories: market and mediated disruptions. The first form of disruption occurs when the movements put pressure on the target's market resources, subsequently jeopardizing their economic activities. The second form operates through second parties such as private or state-owned media which can direct public opinion on the followed issue. King (2001) also argues that these two disruption tactics are interrelated and follow a logical consecutiveness. Initially, the movements are causing market driven disruptions which subsequently draw supplementary attention to media. To throw a spotlight on, media emphasizes the issue by generating considerably more impact and attracting new members to the movement as well as additional support from other stakeholders. These ongoing activities demonstrate that symbiosis between the two exercises a significant impact on businesses and by putting pressure might potentially influence change in their policies and practices. Due to their subversive and disruptive nature, these tactics are classified as extra-institutional (King, 2011). According to their characteristics, extra-institutional tactics are followed by disruptions that generate certain economic costs which further influence the responses of the parties who support the consequences (Giuni, 1998; Fishman & Everson, 2016). Several studies assert the disruption impact of these movements and their grievances on the economy (Jung, King & Soule 2014). For diverse types of social movements, the act of disruption represents one of the most competent ways to generate transformation (Luders, 2006). Ongoing research on social movements and protests describes the success of social movements through the lenses of their ability to attract the attention of politicians and/or other stakeholders that could act as change generators. Stakeholders' attitude towards social movements usually is strongly correlated with their agendas either in politic or economic terms. Giugni (1998) classifies the success of social movements concerning the

receptivity of the stakeholders that they are trying to influence. In this respect, there is a cohort of debates in the literature on social movements that tries to identify whether violent movements are more successful than those that are less combative ((Luders, 2006) concerning (Giugni, McAdam & Tilly, 1999)).

Similarly, questions have been raised on how defined actors (stakeholders) are more or less susceptible and receptive to movements' demands. Previously published articles focus on the movements' costs; however, those are considered to be comparatively narrow and limited. Elaborating on these limitations, one way of analyzing social movements' impact is to examine the response of economic actors (Luders, 2006). In his work, Luders (2006) argues that there are three determinants towards using the response of economic actors as a proximate to the success of social movements. Primarily, economic and monetary costs represent resultant cause in the decision of economic actors whether to make any concessions or not. Secondly, movements can bear different costs which in turn create diverse levels of vulnerability among economic actors. Ultimately, economic actors respond differently based on their exposure to the social movements and their outcomes.

THEORETICAL UNDERPINNING AND RESEARCH QUESTION DEVELOPMENT

Recent pro-democracy social movement in Hong Kong created different strains of disruptions to local and international businesses. Such exposure led to a natural division between businesses by segmenting them in movement supporters and non-supporters. Analogically, as part of the social movement boycott repertoire, some businesses were labeled as “friendly” to protesters and others as “supportive” to the government. This tactic was particularly persistent in the food retail industry where restaurants were labeled as “yellow” (pro-democratic movement) and “blue” (anti-movement and pro-government). Ultimately, across the industry both movement supportive and non-supportive camps suffered from economic disruptions, however, they eventually pursued contrasting responses. More interestingly, a few of them (identified as camp migrators) manifested a change of response vectors as local violence and/or exogenous tensions, mainly from mainland China, intensified. The Hong Kong case might deliver

unique settings in which the businesses' decisions to locate themselves and to migrate within the EOS framework might not be caused exclusively by economic disruptions. Hence, this article proposes to investigate and answer the *first research question – what were the unique reasons that determined businesses to take certain positions in the Economic Opportunity Structure framework (EOS) in the Hong Kong setting?* Additionally, this study builds on EOS by describing in detail how certain businesses migrated between the framework's cells while considering an additional dimension of external influence which is the political stance. The influence of politics is representative as it translates into factors affecting business behavior. To put it forward, this work aims to answer the *second research question – what were the migration trajectories that economic actors followed in response to the pro-democracy movement in case of the Hong Kong?*

In his article, Luders builds theory by proposing to focus on the reasoning behind the targeted actions rather than the previously used movement - centric approach. Building on insights from Wilson (1961) and Lipsky (1968), Luders (2006) proposed a novel cost-assessment structure (please see Fig. 1.) that is based on how movements are targeting economic actors and what is the interdependency relation between them.

 Insert Figure 1 about here

According to the structure, economic actors are expected to respond to social protests with a specific combination of concession costs. Luders (2006), uses this economic opportunity structure to predict responses of economic actors to social movement demands as well as to determine the general movement trajectory and success outcomes. In addition, by adapting and extending EOS, this study aims to answer

the *third research question – what were the main factors that perpetuated the migration of economic actors within the Economic Opportunity Structure framework (EOS) in Hong Kong?*

Based on the lower cost of movement acceptance and eventually, the possibility of high level losses, *accommodators*, the economic actors located in cell 1 are going to be the first one who will prefer concession and accommodate themselves to the social movement demands. Logic suggests that these group of actors are the most vulnerable towards the economic costs of disruption, hence they will be the first who would opt for a cessation of protests and restoration of normal business functions immediately. Actors occupying cell 2 share slightly more damaging circumstances. Since both the disruption costs and the concession costs are high for them, *vacillators* are defined as the anxious lot. They are inclined towards repression, however will also seek to merge with other groups of actors if there is room for negotiation with the protestors. The least affected group of economic actors are the *conformers*, located in cell 3. Movement actions have both low disruption and low concession costs on them. This block of economic actors will most likely conform to the local sentiment and might even support and share the movement's views. Ultimately, cell 4 is occupied by actors who are inclined towards resisting. These *resisters*, are subject to low disruption costs, however, they encounter high concession costs. They will act in a disobedient way while trying to convince other groups or stakeholders to oppress the movements. Despite asymmetry, the aforementioned actors will seek to create groups and act together to diminish the economic disruptions and save subsequent costs. Economic actors are following the business logic; thus, they will try to act in unison to diminish individual exposure towards disruptions. In his model Luders recognizes that there is a possible movement between the cells of economic opportunity structure. The author makes assumptions based on the cost interpretations dynamics that can change over time. For example, a business might be less affected at the very beginning of the social movement while exposure might increase in the meantime and vice versa. In this respect, certain changes might enable economic actors to revise their costs and consequently change their position by moving within the model. Although Luders argues that the position of the economic actor is not fixed during the protest, he still provides little evidence of the decision-making process behind and eventual change. Such an approach, however, has

address little attention to temporal framework and the magnitude of change versus response to costs. This indicates a clear need to understand what are the various perceptions existing among business in different sectors in Hong Kong. Using case study research, this study is set to investigate a possible integration of Hong Kong social movements in the economic opportunity structure. Additionally, it seeks to extend the existing models based on particular case study responses to the social movements.

METHODOLOGY AND DATA COLLECTION

Methodology

The project makes use of a small number of cases in unique settings. The case study approach is advantageous when generating theory in an area in which limited data or theory exists (Yin, 1984). This project elaborates on a small set of cases to build and test the theory. This form of qualitative case research is commonly used in management and other disciplines to develop or extend theory in relatively new domains (Yin, 1984; Eisenhardt, 1989). The pro-democracy conflict and political instability that arose in Hong Kong further create a rare situation allowing for the study of an “extreme case” (Cantoni et al., 2019). One in which the process of theoretical interest is more transparent than it would be in other cases (Eisenhardt, 1989). These settings provide exclusive circumstances to test how businesses react and function while under pressure from various internal and external economic and political actors.

Data collection

The set of cases are elaborated by extrapolating information from newspaper outlets and magazines as well as from officially released companies’ statements categorized as bearing high degree of credibility. To avoid biases and to collect data that analyzed diverse perspectives, both local and international sources are used.

International Newspapers. The study relies on articles published starting from early June 2019, by *The Financial Times*, *The New York Times*, *Bloomberg*, *The Economist*, *Thompson-Reuters*, *The Wall Street Journal*, *The Washington Post* and *TIME*. A vast majority of articles are used to re-create the narrative

and action environment that took place since the offset of the Hong Kong pro-democracy social movement. It also considers official statements by governments or companies and key data facts. These give added support to exploring and analyzing public and private parties' positions and behaviors.

Regional and Local Newspapers. To avoid biases the article makes use of a set of regional and local newspaper outlets that includes *Southern China Morning Post*, *Hong Kong Free Press*, *Asia Nikkei Review*, *Beijing Review* and *Xinhua News Agency*. These newspapers represent a reliable source of information concerning local opinions while also generating an additional regional perspective on the events. The presented sources have analogical versions in the English language which increases credibility and allows performing a deeper comparison between other outlets.

Companies' official statements and reports. Since a vast majority of analysis is based on position interpretation, official statements issued by companies and similar structures are analyzed. Additionally, data from official websites and reports are used to complete the picture and describe disruptive impacts, especially in monetary terms.

Data analysis

Collected data is compared by juxtaposing information from available data sources. To minimize threats to validity, information on similar topics will be triangulated by using different data sources. The general framework is configured following the steps (please see Fig. 2): 1) assessing the events that triggered economic disruption; 2) quantify disruptions' monetary impact; 3) follow economic actors' responses and ultimately 4) determine their position in the EOS model while observing their establishment and migration trajectories.

 Insert Figure 2 about here

If certain economic actors were exposed to second or multiple waves of disruption then the process is repeated and the migration trajectory is noted.

CASE DESCRIPTION AND ANALYSIS

Hong Kong Protest Movement Background and Events

The Hong Kong pro-democracy social movement was initiated based on a series of resistance towards amendments to the Fugitives Offenders Ordinance, which if accepted, would allow individuals including foreigners residing in Hong Kong to be sent to mainland China to face trial (Reuters, 2019). Mass disapproval was brought down in February 2019, when the Hong Kong Security Bureau submitted a paper to the city legislature to propose amendments to the extradition law. This action generated a latent response that mobilized thousands of protesters on the streets on March 31st. The latest was not perceived as threatening for the government, and on April 3rd, Carrie Lam's government took the primary risk and introduced amendments to the extradition law (Reuters, 2019). This was followed by two crucial events. On April 28th thousands of people marched towards the city assembly building demanding elimination of the amendments followed by a break out in the legislature between the pro-democracy and Beijing loyalist lawmakers on May 11th. Following, on May 21st, Hong Kong leader took a second political risk and assured that her administration is determined to push the bill through the legislature, although she declared to be open to introducing some concessions sensors (Reuters, 2019). These statements were followed by two critical events, a protest march of more than 3000 lawmakers dressed in black on June 6th, succeeded by a massive general protest of more than half a million people on June 9th. From June 12th to July 30th protest continued gradually taking more aggressive rounds including crushings followed by arrests. In the meantime, Carrie Lam took a political U-turn and postponed the amendments for an indefinite period. In response to China's aviation regulator demands for a few Cathay Pacific personnel to be extradited, on August 13th and 14th mass protests were held inside the Hong Kong International Airport, disrupting inbound and outbound flights for two days and rescheduling hundreds of flights.

During this period international and local businesses have responded differently to social protest; majority of them condemning the actions. The costs of economic disruptions were very high, including projection of zero or negative GDP growth for the entire 2019 year, forecasted by DBS for 2019; a \$622 billion in stock market losses since July 2nd; Hang Seng Index plunged by 12% since July 2nd; 10% drop in housing prices forecasted by Bank of America (Dormido et al., 2019); with about 200 flights canceled Hong Kong's leading airline Cathay Pacific swung to a 1.35 billion Hong Kong dollar (HK\$) (\$172 million) net profit for the first six months of 2019 (Kawase, 2019); reorientation of investment fluxes by foreign companies; delay in listings on Hong Kong stock exchange, etc. Considering political, economic and social costs, the Hong Kong leader announced a formal withdrawal of the bill on September 4th. Despite her late action, social protest movements already suffered an ideological metamorphosis. This resulted in demanding more democracy and freedom from China and continuing police clashing, vandalizing subways, smashing surveillance cameras and electronic ticket sensors (Reuters, 2019). Moreover, during the following two weekends, as the protest intensified police and security forces started using tear gas to disperse protests. On September 26th, in an attempt to conduct an “open dialogue” the city’s leader was trapped for hours in a stadium full of protesters. Next weekend, one of the most widespread protests occurred on October 1st as China's Communist Party celebrated the 70th anniversary of the founding of the People’s Republic of China (Singh, Birsell, & Richardson, 2019). During that day protesters clashed with riot police in 9 Hong Kong districts. It was the first time when police shot a protester with live round ammunition. As a response to escalations, the chief executive and the Council decided to invoke a rarely used emergency-powers law to enforce a ban on wearing face masks in public spaces. Previously the masks were used by protesters to hide their identities and have some protection from tear gas. The announcement aggravated the situation considerably (Wu & Rebecca, 2019). In an attempt to ameliorate the situation, Lam formally withdrew the Extradition bill on October 23rd. However, anger did not attenuate due to authorities disqualifying on October 29th the pro-democracy activist Joshua Wong from participating in the upcoming district elections. The following days a 22 years old university student fell from an upper to a lower floor of a parking space as police were dispersing protests. Unfortunately, due to

severe injuries, the student passed away on November 8th, marking the start of violent clashes that paralyzed the city next Monday. Across Hong Kong, protesters occupied several university campuses such as the Hong Kong, Chinese and Polytechnic universities. At Polytechnic university the clashes were the most violent as protesters shot arrows, petrol bombs and bricks at police who responded with tear gas and water cannons (Wu & Rebecca, 2019; Huaxia, 2019a). The end of November was marked by local elections in Hong Kong (Beijing review, 2019). These resulted in almost 90% of district council seats being won by pro-democracy candidates being the most representative in the local history with 71% of the electorate exercising their vote, which is nearly half of the Hong Kong population (Graham-Harrison & Yu, 2019).

Sectorial Business Response to Pro-Democracy Social Movements

An analysis of sectorial business responses to pro-democracy social movements in Hong Kong offers some important insights into a potential mechanism that shaped the business behaviors. Although, businesses in Hong Kong vary across sectors, size, visions, identity and capital source; after encountering economic disruptions they all followed a particular set of response mechanisms that might be integrated into the Economic Opportunity Structure framework. Preliminary results confirm that economic disruption and political influence are predictive of concessions and responses. The current investigation also makes sense of previous studies questioning on one hand why businesses choose certain response mechanisms and on the other why this kind of pro-democracy social movements are (-in) effective.

Cathay Pacific Cathay Pacific Airways

Cathay Pacific Airways is the Hong Kong most notable air carrier. It was established in 1946 and currently offers cargo and passenger services to more than 200 destinations on 4 continents and employs 27000 people. There are 10 major shareholders of Cathay Pacific with leading positions held by Swire Pacific (45%) and Air China (29,99%). The latest has a strategic partnership with Cathay (Bbc, 2019b). As of December 2018, Cathay Pacific had revenue of \$14 billion and a net income of almost \$300 million. It was the first year it returned to profit after two consecutive years of downturn. Unfortunately,

given current events, the 2019 fiscal year does not look promising. Firstly, tourism figures are decreasing with an estimated drop in foreign visitors to 30-50% (Dormido et al., 2019). Secondly, the carrier drove itself in a very difficult situation trying to balance out between support for local movement and pressure from Beijing. This led to a series of drastic changes in decision-making figures and official positions. During the first week of August, Cathay Pacific informed their staff that the company does not intend to stop or limit their staff joining the pro-democracy social movement in Hong Kong (Plummer, 2019). Afterward, in just less than a week, the carrier took a sharp U-turn. Being highly dependent on the Chinese market and suffering pressure from both Chinese government and social media (fueled by China's state-run press, a boycott campaign on social media - using the hashtag #BoycottCathayPacific - has attracted more than 17 million views) (Plummer, 2019); Cathay Pacific decided to comply with the new rules imposed by Beijing's aviation regulator, the Civil Aviation Administration of China (CAAC). In a short time, Cathay Pacific chief executive, Rupert Hogg, emailed a warning that the company's staff could be fired if they "support or participate in illegal protests" in Hong Kong (Bbc, 2019c). During the same week, the company fired two employees and suspended two pilots in response to a Chinese order (Scmp, 2019b). Following these actions, in another email to his staff, Mr. Hogg wrote: "Cathay Pacific Group's operations in mainland China are key to our business. We are therefore legally required to follow CAAC regulations and, as is the case with any notices issued by any regulatory authority having jurisdiction over us, we must and will comply." (Bbc, 2019d). New requirements stipulated that Cathay should provide lists of staff working on flights operating in mainland China and that in case it fails to do so, the authorities might not permit landing. "Cathay Pacific Group has a zero-tolerance approach to illegal activities. Specifically, in the current context, there will be disciplinary consequences for employees who support or participate in illegal protests", Mr. Hogg wrote. "These consequences could be serious and may include termination of employment." However, the situation appeared to be ambivalent. On the other hand, there were statements from cabin crew that their phones might be checked by "safety officers" when flying to China (Bbc, 2019c; Afp., 2019b). Additionally, Cathay Pacific was investigating online rumors on anonymous letters mentioned to be from its employees that would reiterate support for

the pro-democracy movement. “While we cannot confirm the authenticity of this letter, we are taking the matter very seriously and are conducting an internal investigation”, the carrier mentioned in a statement (Scmp, 2019b). Amidst growing pressure, on August 16th, the chief executive has quit after three years at Cathay Pacific, being replaced by Tang Kin Wing Augustus. Along with Mr. Hogg, the chief commercial officer Paul Loo Karpui was also forced to quit. In a final statement, Mr. Hogg said: “These have been challenging weeks for the airline and it is right that Paul and I take responsibility as leaders of the company” (Bbc, 2019c). The series of top management retirement continued, when in less than three weeks, on September 4th, John Slosar, Cathay Pacific’s chairman decided to retire after 39 years of being part of the company. Given the turbulent time for the company, there are opinions in the media that this cannot be simply viewed as a routine retirement (Bbc, 2019b). Top management resetting was coupled with a 12% decline on passengers flying out with Cathay from Hong Kong in August 2019, compared with the same month last year and it predicts analogical declines for September (Scmp, 2019c). In the light of recent events the company tried to remediate the current situation and added amendments in the internal code of conduct law. In a few statements made intermediated by Tom Owen, airline's human resource chief, Cathay stressed that the following decision is for the best interests of the company considering recent realities. However, these action statements were not supported by at least 20 aviation professionals, one engineer and the chairwomen of Hong Kong Dragon Airlines Flight Attendants; Association, who have been sacked or had resigned after Beijing’s pressure (Scmp, 2019b). This case has shown that with novel actions Cathay Pacific is still trying to find a perfect balance between conforming with Beijing requests by one side and reducing economic costs by the other side.

HSBC Group (and other prominent figures of the banking industry)

Hong Kong Shanghai Banking Corporation (HSBC) is an enormous banking powerhouse. Established in 1865 it serves as the city's biggest bank with 40 million customers worldwide and a network that covers 65 countries (HSBC Group factbook, 2019). As of June, 30th 2019, HSBC group reported revenue of \$28,5 billion (an 8% increase compared to the previous year) and a profit before tax of \$12,5 billion (an 8% increase compared to the previous year) (HSBC Group factbook, 2019). Despite solid financial

results, its mainland expansion strategy is tensioned by Beijing who is irritated by Huawei's dispute. The diplomatic row started with Mr. Flint (HSBC Group's chief executive) turned in the information that helped US prosecutors to create a case against Ms. Meng Wanzhou, the chief financial officer of Huawei. She was accused of conducting business deals with Iran in contravention of US sanctions. Liu Xiaoming, China's ambassador to the UK, questioned Mr. Flint over the matters. Shortly, Mr. Flint has quit his position being in charge for only 18 months (Crow, 2019). Although the bank's actions have angered Beijing, the HSBC group took a slightly different approach in the second matter and had a firm position since the inception of the Hong Kong pro-democracy protest. The financial institution broke the silence and never fluctuated between positions nor manifested support towards the protesters. On the contrary, it opted for a peaceful resolution to differences in the city. HSBC group even went further and published articles in five newspapers (including the Hong Kong Economic Journal, Wen Wei Po and Ming Pao) mentioning its severe concern over the protest events. "Social stability and the quality of remaining calm in the face of all sorts of challenges are the cornerstones of Hong Kong's success. Maintaining the rule of law is essential to the international financial center status that is unique to Hong Kong," the ad stated, which was published in Chinese. "Therefore, we are in full support of using peaceful methods to solve problems" (Toh, 2019). HSBC had a rigid position from the very beginning and did not change vectors in comparison to Cathay Pacific. Other financial institutions have followed similar strategy patterns. Standard Chartered, a British bank that operated in Hong Kong for over 160 years has manifested support by placing a full-page ad in three newspaper saying "only in a peaceful and rational environment can we facilitate communications, resolve the divide facing us and open up a beautiful future of this international metropolis" (Toh, 2019). Another major financial institution, Bank of East Asia joined the previous with newspaper ads in three papers by calling to "boost the economy" and "build harmony" (Toh, 2019). The entire financial system has multiple concerns about future earnings.

MTR Corporation (MTRC)

The company was established about 40 years ago and operates Hong Kong's underground transportation system and parts of London's Crossrail and Stockholm Underground. It is well renowned for its speedy,

clean and reliable commuter trains (Einhorn & Kwan, 2019). The main shareholder is the Hong Kong government. For its entire operational history, the company was considered very supportive to local citizens and was always respected and highly appreciated (Anderlini, 2019). Nonetheless, the situation drastically worsened even before the current political crisis. In June 2018, it was revealed that the operator's handling of the Hung Hom station expansion project - part of an HK\$97.1 billion (\$12,62 billion) Shatin to Central Link - came under scrutiny when, it was revealed that in 2015 workers had cut steel bars, instead of correctly screwing them into couplers (Creery, 2019). Additionally, in March 2018, two MTR trains collided at Central station, leaving two drivers hospitalized. The incident occurred during a test run for a new HK\$3.3 billion (\$429 million) signaling system, further rattling public trust in the transport provider (Creery, 2019). The company found itself in a very difficult position being accused of wrongdoings from both inside Hong Kong and Beijing as well. Often there would be aggressive behavior and accusation from both parties for similar action. For many protesters, MTR has become a police helper who supports them in suppressing pro-democracy movements by closing stations. On the other side, China's state-owned media launched attacks on the MTR when it was running additional trains to accommodate travelers' demand. Xinhua News Agency tweeted on August 22nd "MTR operates exclusive trains for violent protesters" and "MTR, a means of public transport? Or an accomplice to rioters?" (Einhorn & Kwan, 2019). Fighting between the two flares brought enormous costs to MTRC. Being an operator of shopping malls and a property manager, it suffered a lot from the damages caused by protesters. Although MTR never responded to comments on business impact, at the beginning of September its shares went down by 2% in early trading on the Hang Seng index (Einhorn & Kwan, 2019). Jacob Kam said the company was facing an unprecedented crisis in the face of mass protests and attacks on MTR staff and equipment (Anderlini, 2019). This was followed by an official letter address to MTR passengers on September 8th, criticizing vandalism and violence and emphasizing on protesters threatening MTR's staff safety. The company's chief executive officer and the chairman stated: "At this crucial moment, we wish all sectors of the community could treasure and safeguard this railway network which has been carrying out collective memories over the past few decades" (Einhorn & Kwan, 2019).

For the following months, especially during October and November, five stations were severely damaged and another 10 were operating with limited capacity. Despite this, mostly, the metro still operates as usual and serves millions of passengers daily.

Tourism, Hotel, and Restaurant Businesses

Hotel and Restaurant business stability is mainly coordinated by the tourism inflow. Hong Kong is a highly visited place with tourism accounting for approximately 5% of the city's GDP being labeled as one of "Four Key Industries by the Hong Kong Government (Gunia, 2019). Unfortunately, there is a series of events leading to a combination of factors responsible for tourism figures worsening. With tourism arrivals from the mainland, amounting for about 80%, this has been a particularly hard hit for the Hong Kong tourism industry (Gunia, 2019). Due to the pro-democracy protests, many mainland Chinese travelers have a sentiment of an increasing anti-Chinese attitude in the city. In this connection, a Hong Kong Tourism Board spokesperson told TIME that preliminary figures show a double-digit percentage decline in the number of visitor arrivals in the first half of August compared with the same period in 2018 and that the number of bookings in September and October has “dropped significantly” (Gunia, 2019). This resulted in a hotel occupancy rate dropping to 86% down from 91% last year in August. Some of the city’s Union representatives informed CNN Business that restaurants are requesting employees to take unpaid leaves. Major hotels are also asking workers to stay home - in some cases, for no pay - as business slows down. At least 700 restaurant workers have lost their jobs since June, the month when the protests evolved into massive demonstrations in the city’s streets, according to an industry union. According to an internal email, the InterContinental luxury hotel, informed some of its staff about the necessity to take an unpaid leave for an undetermined period of time. The information was shared with CNN Business by the Catering and Hotel Industries Employees General Union, which was obtained from an internal credible source that choose to remain anonymous. “All of you know the situation that Hong Kong has been facing since the beginning of June 2019 with the protests”, Claus Pedersen, the property’s general manager, wrote in the memo. He added that occupancy levels, along with revenue from the company’s food and beverage unit, were both “down considerably” (Toh, 2019). At the same time, the

owner of the Peninsula hotel mentioned that their group is worried about the impact of the protests on tourist arrivals. “We are concerned about the effect this political uncertainty may have on our results, especially given the proportion of our income which is earned in Hong Kong,” said Clement Kwok, CEO of the hotel group (Warrier, 2019). Along the same lines, the international hotel chain the Langham Hospitality Group reported that: “certain segments” at its Hong Kong hotels had seen a “slowdown” (Bbc, 2019a). After all, according to data extrapolated from Google Trends, there was an increase in searching terms such as “Hong Kong safe” since the end of July, with the majority of searches accounting sources from Europe and other parts of Asia (Bbc, 2019a).

Although it is difficult to observe any official standpoints statements of the hotels or restaurants’ top management on the pro-democracy movements, based on their actions it could be inferred that the entire industry is looking forward to urgent and peaceful remediation of the conflict.

Maxim’s Business Group (Starbucks and other franchises)

Under the same umbrella of high economic stakes have fallen a few more influential Hong Kong local business owners. There has been a sense of acute angriness from both Hong Kong and the Chinese side oriented towards Maxim’s business group that owns and operates Starbucks Hong Kong as well as other US franchises (Craymer & Haddon, 2019). A vast amount of shops run by Maxim’s Caterers were trashed and crushed during protests after Annie Wu, the daughter of Maxim’s founder representing Hong Kong Federation of Women, manifested condemning rhetoric against the protesters while resembling support towards police enforcement actions at the UN’s human rights council in Geneva (Rthk, 2019; Lam, 2019). Although Maxim issued statements distancing itself from Wu’s comments and saying she is not employed by the company, this did not change the escalated sentiments and made protesters even advance in manifesting their angriness (Afp, 2019a). At the protest rallies on October 4th and 5th protesters smashed glasses of many Starbucks cafes and even dragged furniture and equipment outside the establishments. The anger grew to such an extent that an online petition was created that drawn more than 54000 signatories, demanding Starbucks withdraw the right of their current company. “Starbucks-Maxim’s is supporting China and not just doing business,” said Mr. Chan, the person who started the petition

(Craymer & Haddon, 2019). At the same time, the Hong Kong representative of the chain already experienced bad feedback from the mainland earlier this August. This was generated by a recently reported case where a Starbucks barista in Tsim Sha Tsui tourist district would write democracy related statements in mandarin on cups served to tourists from the mainland (Chen, 2019). This led to the Weibo (a Chinese alternative to twitter) page of Starbucks has been flooded with criticism on the company supporting Hong Kong pro-democracy movements while “discriminating” against Chinese customers. As a result, US brands such as Shake Shack or Starbucks are in a dilemma over rethinking their association with local operating companies as a vast number of stores are being systematically damaged or boycotted (Shibani, 2019).

Taiwanese Bubble Tea companies (Yifang Fruit Tea, Gong Cha, HeyTea, CoCo, and A Little Tea)

Bubble tea is a beverage with a milky or fruity taste that is considered to be originated from Taiwan. Recently the drink has gained popularity in both Eastern and Western hemispheres with continuous expansion in mainland China. The 2018 bubble and cheese mousse tea sale figures show an estimate of \$5,7 billion and \$7,1 billion in mainland China only (Elegant, 2019). However, recently the situation in this business turned out to be troublesome for Taiwanese producers. Chinese mainland customers have blacklisted the majority of popular brands from Taiwan after one of the Hong Kong franchise urged solidarity with the pro-democracy protestors (Lee, Woo, & Schuettler, 2019). It all started with Yifang Fruit Tea, closing one of their Hong Kong shops for a day and putting up a sign in Chinese stating: “Stand with Hong Kongers”. In a short time, photos of this spread rapidly through mainland social media where costumers were anger over implied company's support of Hong Kong independence. The calls for boycotts on social media spread immediately and affected other Taiwanese bubble tea brands such as Gong Cha, HeyTea, CoCo, and A Little Tea. These companies serve as a solid example of how businesses can get caught in political issues with subsequent severe effects on their profits. It also demonstrates how fast and rigid Chinese social media is. In the recent period only on Weibo, some posts that contain hashtag “Taiwanese bubble tea shops” were read over 350 million times. Although these Taiwanese companies tried to distance themselves from controversy and later express their support for

“one country, two systems” or “one China” their position did not change to better on social media (Lee, Woo, & Schuettler, 2019). For Taiwanese companies, this aspect becomes even trickier as the island is politically administered by its administration and their 22 million residents are particularly sympathetic to Hong Kong's situation (Elegant, 2019).

Real Estate Developers

This sector did resemble traces of direct and immediate impact from pro-democracy protest movements, however, some consequences are expected in a longer run. Bloomberg reported that in June, at the start of the protests, the Royal Institute of Chartered Surveyors (RCIS) released a survey that forecasted a 3% jump in rents on the main island in the next year. Recently, RCIS has released another survey that predicts those rents will drop 2% in the next year (Brandt, 2019). In August, the industry encountered a 10% drop in housing prices due to economic instability caused by pro-democracy movements (Dormido et al., 2019). Cents-City Leading Index, compiled by the Centaline Property Agency to reflect secondary private home prices, decreased 1.58% to 185.45 for the week ended September 1 from one month earlier. The sub-index dropped 3.73% in Kowloon, 2.47% in the New Territories West and 0.55% in Hong Kong, but increased 0.58% in the New Territories East. Hong Kong's overall home prices have eased from 3% to 5% from the historical peak in June and may further decline by 5% to 10% in the fourth quarter of this year if the protests continue (Pao, 2019). Bloomberg has also reported that, according to Ricacorp Properties Ltd., the amount of residential property traded in Hong Kong in July saw a 35% year-over-year decrease (Brandt, 2019). This generated an immediate retaliation statement from the seventeen of the city's largest developers including CK Asset Holdings, Henderson Land Development, New World Development, Sun Hung Kai Properties Properties, and Hang Lung Properties. None of them had a separate reaction, instead, they all co-signed a statement a day after a conference in neighboring town Shenzhen condemning the actions and calling to stability (Kawase, 2019). Additionally, the Real Estate Developers Association of Hong Kong issued a joint statement on Thursday, condemning “the radical actions by a small group of violent protesters” that had disturbed the public order (Kawase, 2019). International ranking institutions also share a skeptical view of the current position. Fitch Ratings

downgraded Hong Kong for the first time since 1995 last week as large-scale demonstrations unnerved investors and raised the prospect of capital outflows (Business Times, 2019).

Retail Sector

For a long time, Hong Kong was famous for its accelerated business environment often considered a paradise for food and shopping. The retailing industry is strongly related to the tourism industry, hence it's not a surprise that it is experiencing a fall at similar rates. The Hong Kong Retail Management Association, which is represented by about 8000-member shops reported drops in with some of the figures close to double digits. In the first five months of 2019, the volume of total retail sales has decreased by 1.8% compared to the same period last year (Leung, 2019). PwC has revised its Hong Kong full-year retail sales forecast to a 5% drop, from a 3% fall. Sales of jewelry, watches, clocks and valuable gifts fell 17.1% on-year in June, data showed, after a revised 2.9% drop in May (Huaxia, 2019a). Medicines and cosmetics fell 4.1% in June, compared with a revised 1.5% growth in May. Department store sales slid 6% in June, against a 0.3% gain in May (Siu & Kwok, 2019). In these settings, several reactions come from retailers. Primarily, some of them decide to shut the shops. This category is mainly represented by small retailers. Small retailers find it hard to survive in the plunging market. The second group is dominated by medium-sized retailers who started sending full-time employees on unpaid leave to cut the costs down. A similar strategy was followed by some of the companies in the beauty industry. Chief supervisor of The Cosmetic and Perfumery Association of Hong Kong (that has more than 300 members that include 15 multinational companies) Joseph Ho Shiu-Chun reported that some companies are sending their employees on no-pay leave while others are canceling their promotions. These represent about 20 to 30% of the retailers. In contrast, big retail chains chose to keep their activity running normal and not send workers on unpaid leaves. Instead, they close earlier the branches close to large scale events or do not open them at all. This strategy was confirmed by Nancy Wong, the executive director and deputy CEO of Lukfook. The Hong Kong Retail Management Association also asked landlords to cut the rent by half for the next six months to help retailers cope with the crisis (Chik, 2019). Admitting the retailers are trying to use various methods to keep their business running, there was no strong evidence of

either condemning or supporting the protest. Given the situation that some of the pro-democracy rallies passed by malls or even sometimes vandalized shopping windows, retailers seem to look for a solution on the inside level rather than calling for actions from the government or other third parties.

Chinese Tech Companies and China Inc.

The significance of local Chinese brands and the shift to a knowledge-driven economy has been an imperative on Beijing's agenda. In June 2016 the State Council issued a document that emphasized the roles of the local brands in facilitating the supply-demand structural reforms. As a continuation of the incentive, in 2017 the endorsement gained more grounds with the inauguration of China Brand Day on May 10th. This became an annual event that promoted and acknowledge the emerging local brands such as tech giants Huawei and Xiaomi that subsequently reshaped the negative stereotypes about “Made in China” for positive (He, 2019). Mainland Chinese power companies have tried to expand to the Hong Kong market intensely ever since the handover of the region by the British administration in 1997. This is was also a part of President Xi Jinping's policy of integrating the semi-autonomous region with the greater China. This policy appears to be effective when quantifying how much China owns in terms of affiliated supermarkets, drugstores, hotels, outlets, and franchises (Einhorn & Zhao, 2019). Since the social movement outset, these companies neither did comment nor manifested any clear position vis-à-vis the protests. However, the situation appears to be very complicated. At first, the protesters were going after the brands associated with mainland China while viewing them as favoring the mainland market in Hong Kong. It was a unidirectional push against China's influence in the city. Primarily, they targeted Bank of China Ltd., China Construction Bank and China Mobile Ltd. with firebombs and spray paint. Protesters firebombed and vandalized Bank of China's ATMs and China Mobile Ltd., phone shops. According to the news, at least two China Mobile stores were attacked Oct. 1st and 2nd. The local representative of China Construction Bank suspended service with two out of 50 branches because of damages that include spraying and smashed doors and ATMs. More recently they started attacking Huawei Technologies Co. and Xiaomi, Lenovo and Suning electronic store (Einhorn & Zhao, 2019). On October 20th, protesters set on fire the Mi Home Store in the Mong Kok region while throwing a petrol

bomb inside the store. During the same period, a Huawei and Lenovo shop were damaged at the New Town Plaza in Sha Tin, which was eventually promptly repaired. All of the damaged companies declined to comment or take a stand (He, 2019). Their refusal to comment or issue direct statements makes it difficult to understand their official position, however giving that these companies are fully, partially or in support of the government, they are most likely either neutral or governmental supportive.

The US companies

Over the years, US multinational companies such as Apple, Vans, Google, and NBA have solidified their positions in the Chinese market where their popularity is still considerable. These constitute a batch of the most visible American brands in the region. However, more recently these companies have increasingly been set under pressure from mainland China due to their touchy relationship with the Hong Kong protests.

Apple INC

The iPhone maker has done well during the last years on the Chinese territories. In the 2018 fiscal year, Apple reported sales amounting to \$52 billion worth of products - iPhones, AirPods, laptops - in the China region last year. This constitutes approximately one-fifth of their total revenue (Factbox: Global firms take action after China criticism over Hong Kong protests, 2019). The problematic interaction between Apple and China started with the issue of removing the Taiwanese and Hong Kong flags from the menu of the sold iPhones first in China and then in Taiwan and Hong Kong. On October 3rd, local Taiwanese news informed that Apple chose to remove the Taiwanese flag emoji in its recent iOS 13 updates on the phones delivered for sales in Hong Kong and Macau (Nguyen, 2019). However, the more recent and important issue was over the removal of the HKmap.live app. Chinese Communist Party's official newspaper called the app "poisonous" and that it was used to ambush police. In this respect, CEO Tim Cook reported that Apple used the information delivered by Hong Kong Cybersecurity and Technology Crime Bureau and users in Hong Kong that the app was "being used maliciously to target individual officers for violence and to victimize individuals and property where no police are present"

(Nguyen, 2019). Apple has also removed the mobile app for publisher Quartz from its Chinese App Store, reportedly as a result of its coverage of the Hong Kong protests (Schomer, 2019).

Google

Google has always tried to fortify its positions in China, however, it was always a very difficult market for the company. After its services got banned and its products are not that popular, the android Google Play store remains a very attractive source of income. For this particular reason, Google was asked a few times to remove apps that were believed to threaten security levels in Hong Kong. For example, recently it chose to remove a mobile game “The Revolution of Our Times” from its Google Play store. The game was directly related to the Hong Protests and it allowed players to take a role-play as Hong Kong protester and to fictionally recreate the protests stages. However, Google reported that the app violated company policy on “capitalizing on sensitive events” in an attempt “to make money from ongoing conflicts or tragedies” through a developed game. As a response to the removal, Hong Kong users have accused Google on diverse forums of “appeasing the Communist Party,” the Hong Kong Free Press reported (Nguyen, 2019).

National Basketball Association

Basketball is perceived as the most popular sport in China. National Basketball Association (NBA) opened its first Weibo account in 2010. It recently accounted for more than 33 million followers which are six million more than the globally spread Twitter account (McNichol, 2018). Also, the NBA playoffs in June accounted for 2,9 billion views only on Weibo. The situation aggravated when Houston Rockets general manager twitted a controversial message in support of anti-government protests in Hong Kong (Factbox: Global firms act after China criticism over Hong Kong protests, 2019). The league apologized to China after Houston Rockets team general manager Daryl Morey tweeted support for Hong Kong (Schomer, 2019). The NBA is under pressure to capitulate to China because league programming is enormously popular in the country: About 800 million Chinese citizens watched NBA broadcasts on TV, digital media, or smartphones in the league's 2018 season. This led to a subsequent reaction from Nike that pulled of Houston Rockets merchandise from several stores in major Chinese

cities. Companies caught in this fight might face criticism either way - American and Chinese consumers might have conflicting views about what's right, and both groups care deeply about brand values.

DISCUSSION

In his 2006 paper, Luders suggests that despite his model was concentrated on particular civil rights movements in the United States, a similar pattern might be applied to comparable movements (Luders, 2006). As it was pointed out in the introduction, the current study aimed to integrate the pro-democracy Hong Kong movement into the Economic Opportunity Structure (EOS) framework and analyze the position and migration of businesses within the model. Despite differences in many aspects such as geography, culture, values, norms, economic mechanisms, and unique political structure; investigated case studies integrate the EOS framework. Companies have been analyzed through lenses of their initial and post-protest positions across EOS cells.

Insert Figure 3 about here

An overview of tourism and retail industry, presents that their disruptions costs are relatively high. According to previously mentioned statistical figures, the numbers in tourist visitors and occupancy in the hotel industry will drop significantly, thus generating a solid burden on the entire sector. At the same time, the industry concession costs are not considered to be high, as there was no direct call for actions from on their part. On average, business in this sector did not follow any ideological or political pattern. These can be observed from their attitude towards protest and also from the internal solutions that business was trying to identify. Hence this sector of the Hong Kong economy takes place of

accommodators and will occupy cell 1 in the EOS. As suggested by Luders (2006), these economic actors will be heavily affected by disruption costs and will try to bring economic activities back to normal as soon as possible. A similar position was occupied by the majority of the food retailers. Food retail industry income is usually correlated with the inflow of tourists which felt under the significant influence along with hotels and fashion retails. Notwithstanding, another side of the business focuses on local consumers. Local consumption can be seriously impacted by the overall economic situation; however, these indicators are usually long run-oriented. As part of the food retail companies, the Taiwanese Tea companies found themselves in a very similar position. There were considerable disruptions in their revenue streams mainly caused by boycotts from mainland consumers. Despite, their initial concession costs were not evaluated as high.

Another cohort of significant players is occupied by the US and other Western multinational companies. These companies were not part of the same industry, however initially by occupying the same niche of *accommodators*, had to encounter high disruption costs. The motives vary from case to case however all actors took a similar approach when responding to the boycotts mainly from Chinese mainland consumers. They conformed to request from the mainland consumers and government. These companies gradually decreased their costs of disruptions and diminished the boycott's effects shifting themselves from cell 1 (*accommodators*) to cell 3 (*conformers*). Along with the Western companies, this *accommodator* niche was occupied by the Chinese Tech and governmental companies that unfortunately suffered severe economic losses, mainly represented by damaged shops and facilities. These were resulted from a belief of direct association between these companies and the Chinese government. Although this batch of companies never issued any official movement condemning statements, they were attacked primarily because of association issues. Even though the companies ultimately suffered economic costs and were forced to close some of their branches and/or shops, they did not migrate from one cell to another inside the EOS framework. They have chosen to continue their operations where it was possible and find alternative solutions where these were required.

The situation is quite different for Cathay Pacific. At the moment it suffers both high disruption and concession costs. According to Luders (2006), Cathay might be defined as anxious about the current situation as it appears to be a wasteful situation. The company is boycotted both internally and externally (mostly by mainland Chinese government and consumers). On top of this, due to a drastic drop in the number of visitors, the company struggles to run its normal destinations and schedules. At the moment the company occupies cell 2 in Luders' EOS being part of the *vacillators'* group. Contextually, given the fact that cost interpretations and political influence can change over time, some of the actors might move between the cells. This is the case of Cathay Pacific.

 Insert Figure 4 about here

Initially, the company found itself in a comfortable situation with quite a low disruption and concession costs. This was the moment when the company announced that it will not create impediments for its employees to participate in the pro-democracy protest movements. At that time Cathay found itself in cell 3, being among *conformers*. However, in less than a week, a harsh response from the Chinese government and social media occurred and shifted Cathay to its actual position with both high disruption and concession costs. On top of that, during that week, the company issued another contrary statement informing urging their staff to abstain from participating in the movements and even imposing new norms and firing employees.

A separate actor in the food and retail industry is Maxim's Business Group and its franchisees from the USA and Japan. The company's initial position was considered close to the second *vacillator's* cell. Initially, the company was boycotted by local consumers because of presumed "friendly" ties with Beijing. As a result, it encountered some economic costs which were neither high nor low. Concession

costs were high for the business group as it had to maintain its position due to future expansion plans on the Chinese market. However, the situation drastically changed after the incident caused by the founder's daughter. As a consequence, a vast majority of people on the local market refrained from consuming any products associated with the company's brands. Additionally, a great number of shops and restaurants in different regions of Hong Kong were simply vandalized by protesters. Continuing to encounter high disruption costs, Maxim's Business Group was forced to reconsider its concession costs and hence migrate from cell 2 (*vacillators*) to cell 1 (*accommodators*).

An economic actor which was initially identified (and still occupies this position) as a *conformer* is the MTRC. The company encountered some troubles even before the protest began and is still following some disputes. Despite numerous acts of vandalism from the protester's side, MTRC still delivers its services to a few million people daily. The main activities were not perturbed too much. Naturally, there are some economic losses (which MTRC refused to officially provide figures) however their disruption costs are not high. Mainly limiting its activity to Hong Kong and never issuing a direct condemning statement, MTRC finds itself with low concession costs as well. In this respect, it occupies cell 3 along with other *conformers*.

Ultimately, in Hong Kong case, cell number 4, is occupied by HSBC (along with other major banks) and Real Estate Developers. Both in their statements and other elements of their reporting to the public, these economic actors condemned pro-democracy movements. Although they did not encounter high disruption costs directly, there is a sentiment that they eventually might; if protest actions continue at the current rate. Contrary, their concession cost is quite high, as they made clear statements from the very beginning, majority of them being backed by Beijing. These economic actors are the so-called *resisters*. They act unsupportive with respect to the movements. These economic actors also created groups and acted together to diminish economic disruptions and save subsequent costs.

LIMITATIONS AND FUTURE RESEARCH

While not directly related to the primary objective, a critical limitation is the absence from the methodological framework of surveying businesses and other economic actors. Not conducting additional in-depth interviews in profit-driven businesses makes the findings less generalizable. It is also imperative to better assess the businesses' disruption costs and their opinions on the pro-democracy movement in Hong Kong. This might eventually constitute an expansion to the study that would be capable to extrapolate insights from behavioral perspective. It could also set the grounds for a further methodological expansion using mixed method approach. The goal here is to assess not only how the economic actors reacted under challenging conditions, but how their behavior changed or was affected by the seriousness of the political and economic crisis that emerged in Hong Kong. These findings might have important implications for whether and how businesses that place values at their core can provide self-protection from severe shocks that otherwise strain a society. If the initial puzzle and early evidence are correct, this research will uncover important insights for economic actors, conventional businesses and governments when seeking to build new values for society and to provide protection and insurance against political and socioeconomic extremes. An additional limitation is linked to data collection. In this case, the author uses data sources limited to the English language. Even though local outlets provide translated versions of the articles or statements from Chinese to English, oftentimes these might be inaccurate or even diverge from the original subject line. Although the author tries to triangulate data by utilizing different sources for studying an identical phenomenon, it is still questionable whether the articles were translated with cardinal accuracy.

Another source of weakness could be considered the adapted model itself. One might argue that Luders (2006) analyzed cases that 1) took place in the mid - 1960s, and 2) took place in the North American context which has its particular uncommon settings. Ultimately, some might argue that the "unique" settings of the Hong Kong environment represent an intriguing standpoint from the research perspective, however, it might be considered as well the Achilles heel of this study, which might result in

generalizability and replicability issues. However, this study lays the groundwork for future research not limited to the Hong Kong environment but also it seeks expansion in the context of recent pro-democracy movements in Chile and Brazil which feature multiple tactic similarities.

APPENDIX 1: LIST OF FIGURES

Figure 1: Economic opportunity structure and the predicted responses of economic actors to movement demands (Luders, 2006)

Disruption Costs	High	I. <u>Accommodators</u> . Concede to movement demands	II. <u>Vacillators</u> . Respond with an unstable mixture of concessions, protracted negotiations, and support for movement repression; exit.
	Low	III. <u>Conformers</u> . Resist or accept movement demands in keeping with dominant local norms.	IV. <u>Resisters</u> . Offer durable opposition to the movement.
		Low	High
		Concession Costs	

Fig. 2. – Proposed data analysis framework cycle

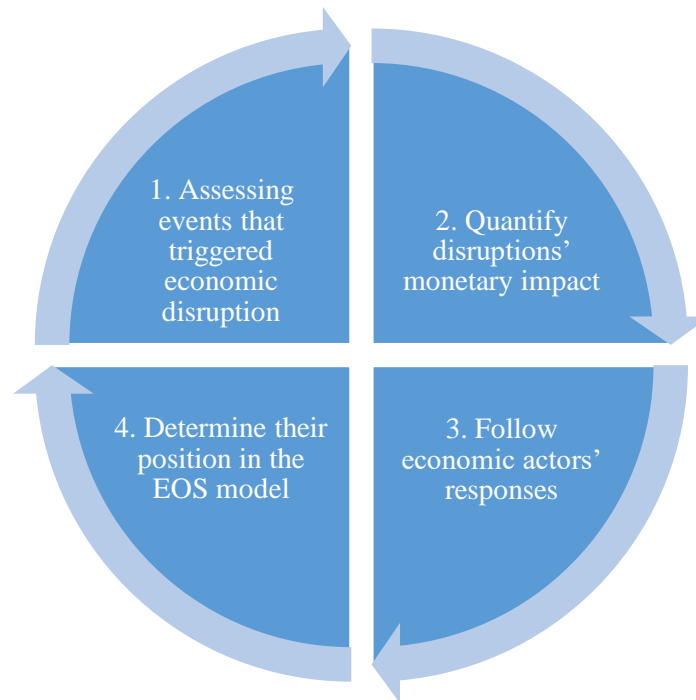


Fig. 3. – Initial response position of Hong Kong businesses in Economic opportunity structure (EOS) framework

Disruption Costs	High	I. <u>Accommodators</u> : Tourism and fashion retail Taiwanese Tea companies US and other Western multinational companies Tech Companies and China Inc	II. <u>Vacillators</u> : Maxim's Business Group
	Low	III. <u>Conformers</u> : Cathay Pacific MTRC	IV. <u>Resister</u> : HSBC (along with other major banks); Real Estate Developers
		Low	High
		Concession Costs	

Fig. 4. – Migration position of Hong Kong businesses within Economic opportunity structure (EOS) framework

Disruption Costs	High	I. <u>Accommodators</u> : Tourism and fashion retail Maxim's Business Group (from II to I) Tech Companies and China Inc	II. <u>Vacillators</u> : Cathay Pacific (from III to II) Taiwanese Tea companies (from I to II)
	Low	III. <u>Conformers</u> : MTRC US and other Western multinational companies (from I to III)	IV. <u>Resisters</u> : HSBC (along with other major banks); Real Estate Developers
		Low	High
		Concession Costs	

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