

# GOVERNANCE

BASEL INSTITUTE ON GOVERNANCE

Conference «Non-State Actors as Standard Setters: The Erosion of the Public-Private Divide» | February 8-9 2007 | Hotel Hilton Basel, Switzerland

## Business and Public–Private Regulation Arrangements: Beyond Corporate Social Responsibility?

Dr Manfred Elsig, World Trade Institute, Berne / Dr Franck Amalric, Institut National de Cancer, Paris

### 1. Introduction<sup>1</sup>

The pool of international relations (IR) literature on global regulatory issues has grown substantially over the past decade (see Rosenau and Czempel 1992, Reinicke 1998, Wolf 2000, Held and McGrew 2004). Multiple buzzwords have emerged that describe a new form of governance evolving beyond national territories, including “global public policy” and “global governance”.<sup>2</sup> The latter describes various aspects of creating and managing international order, including decision-making, structures and processes as well as interests and conduct of participating actors (Held et al. 1999, Risse 2004a). The lack of a precise definition implies that the notion “global governance” can only serve as a descriptive device to understand a multitude of governance models, offering some tools for comparison but lacking predictive power to account for the development and stability of newly emerging governance networks.<sup>3</sup>

In the 1990s the gradual emergence of new governance concepts caught conventional IR theories by surprise. The traditional focus of IR largely builds upon concepts of state power and authority, which stands in sharp contrast to market authority or greater inclusion of societal actors in governing global public goods. The primary focus is on rule making and rule implementation through governmental mechanisms. In this traditional view, non-state actors (civil society groups and transnational corporations (TNCs)) are modelled as intervening variables at best. The field of international political economy (IPE) had discovered non-state actors early on. Vernon (1971) focused on multinational companies and introduced the concept of transnationalism. Strange (1988, 1996) challenged state-centred IR debates and presented a framework that localized authority and power structures well beyond the state actor’s sphere of control. In the 1980s most rationalist variants of IR (neorealism and neoliberal

institutionalism) were characterized by a structural bias; power-based or interest-based explanations for cooperation among nations were causally deduced from the challenges posed by the structure of world politics (Katzenstein et al. 1998). It was not until the 1990s that scholars increasingly focused on the role of private actors and epistemic communities and postulated the growing influence of these non-state actors in IR (see Haas 1992, Keck and Sikkink 1998, Cutler, Haufler and Porter 1999, Ronit and Schneider 1999, Hall and Biersteker 2002). Additionally, the field of IR has been gradually cross-fertilized through adoption of approaches from domestic and comparative politics (Milner 1998). Largely inspired by writings in the tradition of regime theory, the field of global environmental politics has become a prime area of inquiry into the role of non-state actors (see Dauvergne 2005, Levy and Newell 2005). Yet, while most studies relax and enrich a formerly rigid analysis of international politics, they have failed to pay adequate attention to the complex and rapidly changing world of corporate behaviour. In particular, new mid-range theories have largely overlooked how firms create and implement business strategies that produce new and important imprints on international politics. A deeper understanding of how firms function could help us frame the role of corporations in extraterritorial regulation over the coming years and grasp the evolving normative debates on authority in global politics more effectively.

The factual existence of new forms of regulation further calls for the advancement of our theory-based understanding. The Rio+10 ministerial conference in Johannesburg in 2002 – known as the World Summit on Sustainable Development (WSSD) – has given new impetus to the popular thesis that state-based capacities to act are being undermined and private actors are stepping in to fill the resulting vacuum. WSSD produced two overlapping outcomes labelled type 1 and type 2: the type 1 outcome denotes the official conference document sketching a general plan of action (e.g. non-binding principles) in the tradition of intergovernmental diplomacy; type 2 outcomes stand for public–private partnerships (PPPs) that were announced at the Johannesburg

<sup>1</sup> An earlier version of the paper was presented at the World International Studies Association Conference (WISAC) in Istanbul in August 2005.

<sup>2</sup> A Google-search (google.com) for the term “Global Governance” produced 57,700,000 hits (accessed November 2006).

<sup>3</sup> For a critical discussion on the concept of global governance, see Whitman 2003), see also Dingwerth and Pattberg (2006).

# GOVERNANCE

BASEL INSTITUTE ON GOVERNANCE

Page 2

conference and in the ensuing months (see Bigg 2002).<sup>4</sup> The outcome of the Johannesburg summit produced mixed feelings among its participants. Some writers couldn't hide their frustration over the flawed rhetoric and stoked fears of the "end of the sovereign state". Others saw an assertion of their hopes that a new paradigm is on the rise that foresees increased multi-stake-holder responsibility for providing public goods while strengthening global sustainability.<sup>5</sup>

This paper analyses these new global governance arrangements from an IR perspective with insights from business and ethics literature. First, we present a categorization of implicit or explicit forms of collaboration between state and non-state actors to promote sustainable development in various regulatory stages. Second, we discuss the emergence of increased collaboration between state and non-state actors from a functionalist angle and present theoretical arguments from a politics perspective for close cooperation between state and market actors. Third, we will look at the microeconomic incentives for corporations to engage in such endeavours by sketching conceptual elements of a positive theory of corporate behaviour. Finally, we address the question of how effective and legitimate PPPs are as a tool in global norm creation and diffusion and hint to future avenues of research in this field.

## 2. Forms of collaboration

A categorization of public-private collaboration aimed at improving sustainable development is sketched below. Figure 1 presents different variants of co-operation in regulatory politics in which globally oriented actors participate.<sup>6</sup> This exercise helps us overcome the fallacy that public-private collaboration is simply a novel form of cooperation. For analytical reasons we distinguish collaboration on the basis of state involvement and the stage of the regulatory process. The regulation process itself can be broadly separated into rule making and rule

implementation. Some forms of cooperation are focused on the former, others on the latter. Yet, seldom does the degree of cooperation remain constant over the entire regulatory cycle. State and private party (in most cases business) involvement usually vary throughout the regulatory processes.

The weakest form of the state's involvement in governance is usually labelled as *self-regulation in the shadow of hierarchy* (see Börzel and Risse 2005). The hierarchical shadow stands for the state's loose control of the initiatives of private actors. The state provides an environment conducive to private actors regulating an issue on private basis. The state actors play a supporting role either by defining general objectives, by providing for the infrastructure or by actively encouraging the creation of self-regulatory mechanisms (e.g. carbon-dioxide-trading schemes as an implementation instrument of the Kyoto Protocol). The shadow of hierarchy and state actor involvement vary depending on governments' policy interests.<sup>7</sup> The state will become active (e.g. tabling new regulatory standards) in the case that self-regulatory processes harm societal interests. There are many examples of self-regulation to foster sustainability. The most common form is when business groups negotiate codes of conduct, create privately operating label systems, engage in monitoring activities or arbitrate in cases of conflict (i.e. codes of conduct, product standards). The role of not-for-profit non-governmental organizations (NGOs) can vary, from being absent to actively shaping key parts of the regulatory process. By their nature, NGOs provide information to a wider public by actively monitoring policies. Beyond this function, NGOs create private norms and administer them (e.g. fair trade labels). In order to increase overall "acceptance" by stakeholders, providers generally delegate the control of compliance with the rules to a third party (certification and accreditation institutions). Many hybrid forms exist. The Wolfsberg principles lay down a code of conduct for leading multinational banks to combat money laundering; Transparency International took an active part in the design of the code. The Fair Labor Association (FLA), is a non-profit organization within which NGOs, businesses, colleges and universities enforce an industry-wide "Workplace Code of Conduct", the FLA takes an active role throughout the entire regulatory cycle. Such private or multi-stakeholder initiatives usually play out above legal obligations and the resulting provision of goods is desirable to the broader public. Conventional wisdom holds that these initiatives present a triple-win situation: first, the state does not need to regulate and thus does not bear the costs of a regulatory regime; second, private initiatives potentially drive up standards to the benefit of the society at large; and third, such tools provide the participating actors with tangible gains.

<sup>4</sup> For a discussion on the thematic width and geographic scope, see UN Economic and Social Council, Partnerships for Sustainable Development, E/CN.17/2004/16; for an overview and update on the partnerships, see <http://www.un.org/esa/sustdev/partnerships/partnerships.htm>; 291 WSSD partnerships were announced, providing funds totalling US\$ 235 million. See statistics for the 321 listed partnerships contributing to the implementation of Agenda 21, Rio+5 and Johannesburg Plan of Implementation <http://webapps01.un.org/dsd/partnerships/public/statisticsResult.s.do>,

<sup>5</sup> For a critical appraisal of type 2 agreements, see Pallemarts 2003; the role of business discourse, see Rutherford 2003 and on business strategies, see Clapp (2005:26); for a favourable assessment, see La Viña, Hoff and DeRose 2003; for a general appraisal, see Wapner 2003.

<sup>6</sup> A characteristic of these partnerships is that they involve globally acting institutions, firms or civil society groups directly or indirectly. The diverse objectives pursued by partners range from local to global challenges.

<sup>7</sup> If the states signal to private parties the need for self-regulation or explicitly create the regulatory frames for self-regulation, the resulting form is sometimes labelled "regulated self-regulation".

# GOVERNANCE

BASEL INSTITUTE ON GOVERNANCE

Page 3

The state is strongest in collaboration when it engages in *consultation of private actors*. This category includes loose state cooperation with private actors. Throughout the regulatory process the state regulator seeks information from corporations or members of civil society directly affected by regulatory decisions. State actors (including intergovernmental organizations) gather the technical know-how they need to successfully engage in rule-making; the elimination of information asymmetries helps anticipate acceptance by those affected and reinforce compliance with regulations. Before launching a new product regulation, to take an example from EU politics, the European Commission will informally obtain an opinion

from the industries affected by a new product standard. The Commission will also consult with non-business NGOs to assess its discretion. Moreover, the state usually consults with companies to find out what instrument might be most susceptible for obtaining defined objectives, while simultaneously bargaining with other parties regarding a multilateral environmental agreement (e.g. on a more stringent regime to combat global warming). Or, when the World Bank is designing a programme in a developing country that touches upon issues of human rights, it might consult with Amnesty International or Transparency International. The state further welcomes the contribution of private actors in monitoring of laws and throughout litigation processes.

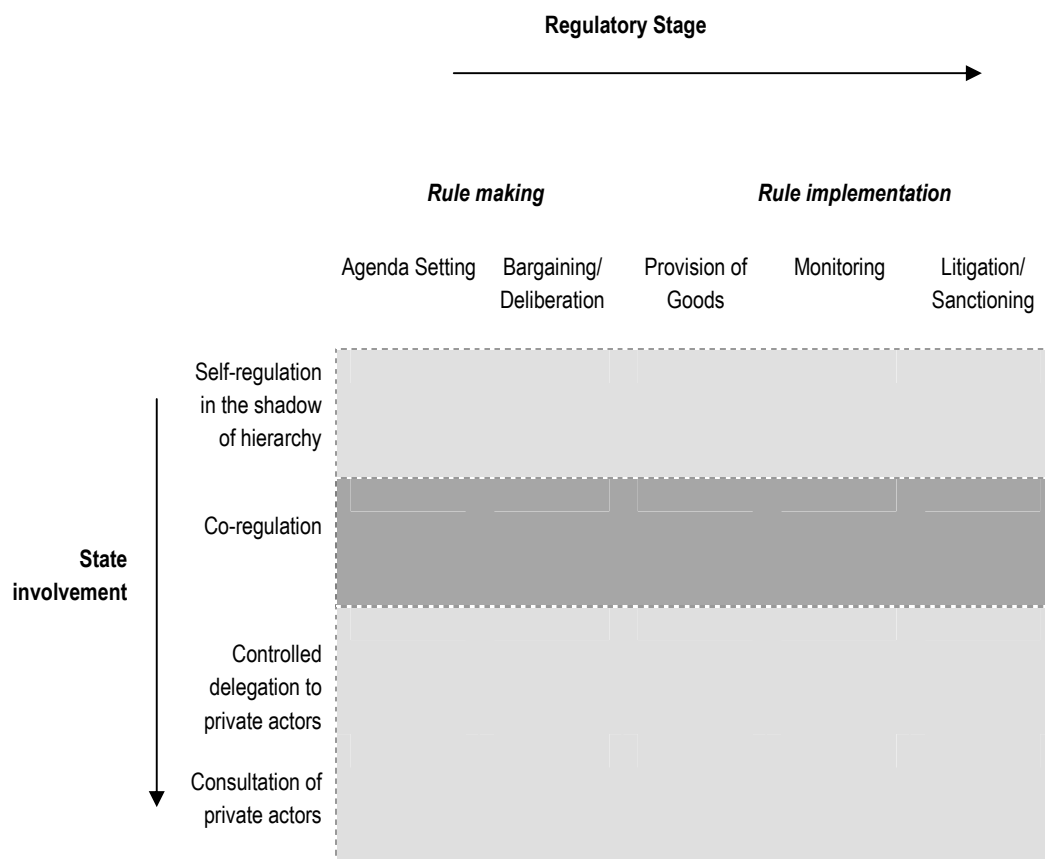


Figure 1: Forms of public-private collaboration (adapted from Börzel and Risse 2005)

# GOVERNANCE

BASEL INSTITUTE ON GOVERNANCE

Page 4

The state actor involvement is still dominant in the category described as *controlled delegation to private actors* (see Börzel and Risse 2005). The state outsources state activities throughout the regulatory cycle, yet introduces stringent oversight mechanisms to keep control over processes and outcomes. For instance, corporations play an active role in the formulation of ISO standards, yet the approbation of standards rests with an intergovernmental dominated council. Many of the European-type corporatist arrangements function according to the logic of delegation. Moreover, many states finance NGO activities in the provision of goods. Examples include the Global Environment Facility (GEF) and the International Committee of the Red Cross (ICRC). An interesting case in point is the international NGO dealing with regulatory aspects of the World Wide Web, the Internet Corporation for Assigned Names and Numbers (ICANN). The US Department of Commerce implicitly controls the institution as its main facilities are hosted deliberately on US territory, making it subject to American law and congressional oversight.

The category, *co-regulation*, fits best with the connotation of PPPs. The term alludes to a partnership of equals. Thus, in the following when we use the expression PPPs we mean co-regulatory partnerships.<sup>8</sup> In recent years, PPPs have received increased attention as a new tool in the provision of public (social and environmental) goods beyond national borders. Familiar examples of co-regulation include the work carried out by the World Commission on Dams (WCD), the Roll-Back Malaria Partnership (RBM), the Global Reporting Initiative (GRI), the World Bank-initiated Business Partners for Development programme (BPD) and numerous WSSD-initiated partnerships. These partnerships often extend from the regulatory design to the monitoring stages. Co-regulation, however, can be further subdivided into initiatives that involve key stakeholders including state (and intergovernmental organizations) and non-state actors from the profit and not-for-profit sector, also coined tri-sector partnerships, and initiatives in which the state works either with business or not-for-profit organizations. Tri-sector partnerships are more difficult to design and manage than two-sector partnerships. In the field of development, two-sector initiatives have a long tradition, whereas tri-sector initiatives are a rather new phenomenon.<sup>9</sup> It is not surprising that of the 290 partnerships announced during the WSSD, only a limited number strive for a tri-sector approach. This distinction is an important one as the involvement of key stakeholders has an effect on how we frame such partnerships in light

<sup>8</sup> PPPs as defined by the UN General Assembly (2005): "Voluntary and collaborative relationships between various parties, both State and non-State, in which all participants agree to work together to achieve a common purpose or undertake a specific task and to share risk and responsibilities, resources and benefits".

<sup>9</sup> One of the most prominent examples of tri-sector cooperation in IGOs is the International Labour Organization (ILO).

of legitimacy concerns. An example of a tri-sector initiative is the Global Road Safety Partnership (GRSP), which is attempting to reduce deaths, injuries, disabilities and associated social costs of road traffic accidents by increasing road safety in developing countries.<sup>10</sup> Besides the differentiation between tri-sector partnerships and two-sector partnerships (either public-NGO or public-business), the type of good that the partnership provides can be further subdivided. According to Bull and McNeill (2007) – who work from an Intergovernmental Organization (IGO) perspective – four objectives can be traced: resource mobilization, advocacy partnerships, policy partnerships and operational partnerships. In practice, these hybrid partnerships usually blend different functions.

### 3. The demand side of PPPs

#### 3.1 The need for partnership

The above taxonomy of public-private collaboration depicts different facets of governance models with a view to sharpening the conceptual understanding of various partnerships. Below, we look at the rationale for the creation of PPPs (or co-regulatory networks) with a sustainable development focus. Whereas PPPs are well-established governance modes in domestic politics, they are still fairly new on the regional and international levels.<sup>11</sup> We argue in the tradition of functional theories that new forms of PPPs can be read as institutional reactions to the challenges posed by globalization. From a demand-side perspective of cooperation, rapid economic expansion and an increasing lack of governmental actions, due to financial limits, political "regulatory chill" effects or other impediments call for greater involvement of societal forces. Market or governmental failure or most often combinations of both stand out as prerequisites for the setting up of these hybrid institutions. Many developing countries lack expertise, budgetary means or may be hampered by bad governance all of which limit efforts to successfully regulate environmental and social imbalances.<sup>12</sup> In the international realm, collective action problems, hegemonic indifference, blurred responsibili-

<sup>10</sup> In 1998, the World Bank launched a three-year programme called "Business partners for development (BPD)" to study, support and promote strategic examples of tri-sector partnerships. Informal global networks of businesses, civil society organizations and relevant government ministries, with the World Bank as an equal partner, were constructed to improve areas such as infrastructure, water, road safety and education. From this initial programme, GRSP is one of the few platforms that still operate, see <http://www.grsproadsafety.org>.

<sup>11</sup> In the past, the World Bank dealt predominantly with commercially motivated types of partnerships, such as the development of basic domestic infrastructure project via so-called BOT (Build Operate and Invest) concessions.

<sup>12</sup> Regulatory action can take various forms, such as the setting of incentives (i.e. taxation, subsidies), restrictions or bans of products and processes, side payments or the provisions of state services (i.e. social security).

# GOVERNANCE

BASEL INSTITUTE ON GOVERNANCE

Page 5

ties, information asymmetries, costs and benefits, different capacities to act and free-riding are some of the dominating explanations that have been put forward by IR scholars to account for the difficulties in creating international norms and institutions (Hasenclever et al. 1997, Katzenstein et al. 1998).

PPPs can be characterized as networks providing public goods including social services to tackle social inequalities and environmental degradation.<sup>13</sup> Public goods are often described as goods, which it is difficult to charge for individual use, as “free-riding” is inherent in the provision and consumption stage. Yet, the rationale for the provision of goods is not primarily defined by the absence of private market incentives and the existence of free-riding problems, but is also driven by arguments of security and equality for accessing basic services. Whereas some traditional state activities have gone “private” in a number of countries (e.g. educational services, health care systems and security), the provision of many public goods remains within the state’s scope of activities. Whereas the concept of a “public good” struggles with blurred definitional boundaries and is still widely criticized because of the unclear distinction between a private and a public good, there seems to be an emerging consensus that the supply of formerly state-coupled services is no longer a preoccupation of state actors alone. In short, the social imbalances and environmental degradation (“tragedy of commons”) call for the involvement of all stakeholders.

The need for greater private party involvement and cooperation increases if state actors (including IGOs) lack resources, expertise or willingness for regulatory action. Material resources most notably characterize a key regulatory challenge in developing countries. Due to fiscal restraints (or lack of political will) most governments are not able to make sufficient provision of public goods. Classical official development assistance (ODA) as a means to finance public goods can not close the ever-increasing demand gap. The different types of resources of a variety of stakeholders need to be combined. Greater participation and explicit ownership (not in the Coasian meaning of the term) are an often-cited strategy to improve social and environmental conditions. Against this background TNCs can be perceived as important stakeholders. Furthermore, calls for TNCs to participate in multi-stakeholder governance have increased as they have contributed to the weakening of state regulation through accelerated international competition for optimized fiscal and regulatory business environments. In other words, lax regulation results from globalization’s chilling effects on regulatory activities (Nordström and Vaughan 1999). Thus, TNCs are “encouraged” to fill the regulatory and participatory gaps (see Ruggie 2003,

Reinicke and Deng 2000) living up to the newly emerging expectations relating to “good corporate citizenship”. However, a functional explanation for the emergence of PPPs is not sufficient. As intergovernmental agencies, businesses and NGOs are key players, we need a better grasp of their interests and objectives. This paper focuses primarily on business actors.

## 3.2 State–business relations

The debates unfolding on WSSD have demonstrated that increased participation of corporations alongside state actors to provide public goods produces mixed feelings among civil society representatives. Before addressing the microfoundation of business participation, we look at the broader picture of the relations between state and business. Due to lack of heuristic tools in IR theories to understand this relationship, we turn to comparative and domestic politics as well as political economy.<sup>14</sup> Let us take a brief look at the regulatory politics literature and pluralist approaches, which have provided valuable insights into the understanding of competition and aggregation of interests in the national political context.

The US has a long tradition of partnerships among governmental agencies, corporations and universities, illustrated by the long-established practice of exchange of personnel among these organizations. Extensive experience in working across the “public–private-divide” has without doubt led to greater goodwill towards partnerships. But material interests also stand out. Many state administrators do not want to restrict their chances of moving to the private sector. They often choose close engagement over confrontation. On many issues, the state prefers and asks for the support of non-governmental institutions. The regulation literature has addressed important questions of cooperation between public and private actors. The Chicago school of regulation is mostly known for its contribution to the understanding of “regulatory capture” mechanisms, where private parties strive to win over regulators to represent their interests (Stigler 1971, Bernstein 1955). The argument was further developed to account for the willingness of regulatory agencies to be captured (Peltzman 1976). Finally, scholars put increased emphasis on the agency perspective by modelling situations in which bureaucratic actors pressure private groups to support their defined goals (McChesney 1987, 1991). The above-mentioned work suggests that a majority of public officials see corporations as their natural partners in regulation. Yet, motives go beyond those described by the Chicago School. Elected politicians fear nothing more than unsatisfied voters who are not happy with the economic situation or are worried about rising unemployment (or jobless recoveries). This is why “rent-seeking” is

<sup>13</sup> On the definition, see Samuelson 1954. Social Services include many basic government-run services related to education, social services.

<sup>14</sup> For an overview of the engagements of IGOs with business, see also Bull and McNeill 2007. They present a heuristic explanation, inspired by constructivism and neo-Marxism,

# GOVERNANCE

BASEL INSTITUTE ON GOVERNANCE

Page 6

accepted willy-nilly and encouraged by many politically appointed civil servants. In addition, administrative branches and agencies have discovered that there are many advantages in collaborating with business, such as reaping benefits in the joint provision of social public goods, i.e. in form of lower compliance costs or increased acceptance and thus better compliance records.<sup>15</sup>

Representatives of pluralist theories put emphasis on the impact of pressure group competition on the regulatory agenda and outcome (i.e. Dahl 1961). Criticism of early pluralist work by scholars focusing on asymmetrical power capacities to influence the outcome of policy processes (e.g. Bachrach and Baratz 1962) was taken up by Lindblom (1977) in his seminal work on corporate political behaviour. He identified three sources of power: a privileged position of business due to its role in creating employment, paying taxes and creating growth; superior political resources; and corporations' ability to shape public opinion. Whereas NGOs have over the years been able to close the gap with corporations' political power in the latter two domains, the privileged position of business has been sustained. While highly politicized cases of corporate greed and misbehaving in the last few years have intensified public distrust towards parts of the economy and have led to increased state-run regulation of corporate governance, business leaders' wrongdoings have not *per se* questioned the privileged business access to regulation. Lindblom's type of pluralism and insights from the regulation literature might help us to understand the prominent position of business in many polities and partly explain the natural demand for private participation in the provision of goods and services. Yet, there is variance in the way state actors in the OECD world and in developing countries have over time come to accept closer partnerships with corporations. There is a case to make that in many European countries partnerships with non-governmental actors have been less common throughout the regulatory process.<sup>16</sup> The variation could be to some degree explained by a pronounced unease among many bureaucrats that the short-term interests of corporations go against many longer-term state policies. Greater job security and fewer fluctuations foster such positions. Ministries and agencies in the areas of environment and development have had substantial reservations in the past about engaging too closely with corporations.<sup>17</sup> Thus, it is not surprising that

<sup>15</sup> In the US, PPPs started to flourish during the decades of the Great Society (see Vaillancourt Rosenau 2000, Anheier and Moulton 2001), see also Warner and Sullivan 2004.

<sup>16</sup> However, in a number of European states, where corporatism has played a guiding role, the involvement of private parties in public policy has had a long tradition (see for instance Offe 1981).

<sup>17</sup> In Switzerland the federal agency for the environment, forest and landscape (BUWAL) has engaged in closer cooperation with the Geneva-based World Economic Forum (e.g. joint conferences). This would have been hardly conceivable some years ago.

the US-type regulation school and pluralism had a tougher stance on the European side of the Atlantic to explain state behaviour in relation to corporations' interests. Generally, there is a lack of social scientific research to explain variance in the way state officials in developed and developing countries have over time come to accept closer partnerships with corporations. Moreover, and against the background of the emergence of transnational PPPs, we need to develop a better understanding of state officials' different forms of positive and negative 'discrimination' between foreign and national companies and their working relations with local, national and global civil society groups.

## 4. Championing PPPs: the supply side

This section looks at the supply side. While a growing line of research is seeking explanations as to why inter-governmental agencies and NGOs participate in PPPs, we lack an understanding of why businesses participate. Another recent aspect is the emerging influence of private foundations or venture philanthropists (e.g. the Bill and Melinda Gates Foundation and the Ford Foundation). These foundations through their grant-giving capacities have become key players in the set-up and/or running of PPPs, such as the International AIDS Vaccine Initiative (IAVI), or the Global Alliance for Vaccines (GAVI). Many of the foundations seem to be more attached to the PPP-approach than to the classical multilateralism. In considering the role of international organizations, we need to think of them as agents (see Simmons and Martin 2001). Interests and ideas stand out or as Bull and McNeill argue "strategies adopted by multilateral organizations to seek to engage with the private sector derive not only from pressure from their constituent nation states, but also from the convictions of the organization's leaders, and from the desire of the organizations to regain authority and legitimacy in an increasingly market-oriented world" (2007:3). Moreover, tradition and experience in collaborative efforts affect the likelihood of engagement. Constructivist research has shown that the behaviour of international bureaucrats can take many different forms (e.g. Barnett and Finnemore 2004). Below, we attempt sketch a number of elements that might help us in understanding why businesses are active in PPPs and how this could affect the stability of these hybrid governance forms in the future.

### 4.1 Why do firms cooperate in PPPs

We have discussed above some of the theoretical building blocks that explain state-business relations in the (inter-)national realm and acknowledged the limited understanding of this peculiar relationship on the global scale. Let us now look in greater detail at the microeconomic foundations for the participation of corporations in PPPs (type co-regulation). By doing so, we attempt to link the firm level with the political macro level. We argue that the nature and effects of corporate involvement in

# GOVERNANCE

BASEL INSTITUTE ON GOVERNANCE

Page 7

multi-party partnerships can only be understood if we analyse private sector motives to engage in PPPs. In the following, we assume that companies participate in PPPs because managers expect that doing so will increase the value of their firm. Many of the arguments below are drawn from the literature on corporate responsibility that attempts to make a business case for corporate social responsibility (CSR) activities.

Companies CSR profiles are often not clearly discernible simply from their product selling or lobbying operations.<sup>18</sup> Yet, from our analysis we exclude the pure “market argument”. This is the case when the projects undertaken by the PPP require inputs – technology or know-how – that the company provides through a normal commercial transaction. Other partners – usually state agencies or multilateral organizations – provide the financial resources. In these cases, a PPP is just a different name for the traditional development projects that involve commercial transactions with companies (delegation to private actors). Below, we list motives for participation in a PPP. Whereas, it is feasible to pin down the economic benefits of participation in PPPs, the reputational aspects are far more difficult to gauge. Orthodox reputational concerns usually translate into short-term defensive strategies making participation in PPPs look like another tool for risk management, such as ensuring that a company can counter public campaigns denouncing it for irresponsible corporate conduct. Reputation, however, should be modelled using a long-term perspective. Fombrun and Van Riel (1997:10) describe reputations as constituting subjective, collective assessments of the trustworthiness and reliability of firms or the external reflection of a company’s internal identity. Such a conception goes beyond a “hedge against downside risk” (Fombrun et al. 2000). A good reputation takes time to build. Stakeholders observe and interpret the patterns of corporate actions over time and adjust their perception and images of companies accordingly. Therefore, a favourable reputation must be built up before a firm is struck by a crisis. Thus, whether companies’ participation in PPPs in based on a short-term or long-term perspective of reputation could have a considerable effect on the stability of a PPP, as we elaborate in the next section. There are different motives for firms’ participation. Together they provide for a more nuanced picture of what drives business interest in PPPs.<sup>19</sup> These arguments are intended to help us develop a positive theory of firms’ engagement in PPPs (comparable to the attempts in the business and ethics literature to strive for a positive theory of CSR).<sup>20</sup>

<sup>18</sup> Critical voices picture CSR as a fourth pillar complementing Lindblom’s three sources of political power.

<sup>19</sup> Note also that different companies participating in the same PPPs may actually be driven by very diverse motivations.

<sup>20</sup> See Gupta and Lad 1983, Garvin 1983, Reinhardt 1999, Ashby, Chuah and Hoffman 2004, Amalric and Hauser 2005.

## i) The public-good dependence argument

A number of PPPs aim to protect or produce public goods (or club goods) in a specific societal context. Examples of objectives may include management of aquifers or preservation of biodiversity. If the state or local authorities, who are in principle responsible for the provision of these public goods, lack the capacity to deliver, PPPs may provide a credible alternative institutional framework. Such a regime could help overcome the barriers to cooperation inherent in environmental degradation. Business participation can stem from the dependency of some companies upon existence of these public goods. For instance, the tourist industry operating on a Caribbean island is dependent on the quality of the environment on the island and of the sea surrounding it. Thus, the classical collective action problem can be overcome by the existence of a critical mass of actors willing to participate, clear and discernible economic benefits (efficiency and effectiveness) for the actors involved as well as credible tools to tackle free-riding.

## ii) The market-opening argument

Some PPPs aim to enlarge existing markets, or create new ones, that would benefit the poor in countries of the Global South. A number of authors have put forth the idea that companies could find new sources of profit by trying to serve the world’s poor people and that by doing so they will contribute to poverty alleviation (i.e. Hammond and Prahalad 2004, Prahalad 2004).<sup>21</sup> However, in tapping into these markets, companies often face important obstacles – i.e. transaction costs, commercial and political risks. The purpose of this type of PPP is to overcome these obstacles by acting jointly. Firms expect to reap sufficiently high returns to cover the costs of their investment in the PPP. Typically, these PPPs are neither fully open nor inclusive, but involve a few companies from the same industry. Companies attempt to create markets in a way that favours those participating in the PPP over their competitors. If benefits are high enough, we expect to observe competition between different PPPs pursuing similar objectives. There exist, for instance, various PPPs aiming to provide sustainable energy to people living in rural areas of the Southern countries. Other examples include using multisector initiatives, such as the Global Alliance for Improved Nutrition (GAIN) to tackle deficiencies in developing countries. Business engagement can profit from the support of the network to overcome obstacles to doing

<sup>21</sup> This second point remains controversial in the development field. On one hand, the extension of markets extends people’s opportunities, and for this reason can be seen as developmental in both the intrinsic and extrinsic senses, discussed by Sen (1999). On the other hand, this may generate forms of dependence upon goods which are not conducive to enhancing development.

# GOVERNANCE

BASEL INSTITUTE ON GOVERNANCE

Page 8

business and getting greater market shares in the long run (Bekefi 2006).

### iii) The cost-cutting argument

A number of PPPs provide incentives to cut business costs, which is a strong argument for companies' participation in self-regulatory activities. Consider the case of the Equator Principles. Twenty of the world's leading banks have agreed to adhere to international environmental and social-impact standards when financing dams, power plants, pipelines and other infrastructure projects (see Amalric 2005). What seemed a priori to be a reputation-building exercise had a strong economic incentive. Some of the projects these banks were financing were encountering difficulties and delays in the implementation phase due to resistance and protest from local groups. These delays increased the overall costs of the project. For them, adopting social and environmental standards such as the Equator Principles makes business sense because it reduces the risks inherent in the large-scale infrastructure projects they finance. In addition, increased harmonization contributes to greater application of economies of scale across projects.

### iv) The rent-seeking argument

An important aspect of competition is the drive for businesses to outperform their rivals by differentiating themselves from their competitors and maintaining these differences (Porter 1996). PPPs can thus be considered as part of this endeavour as new business opportunities may arise and knowledge or resources may be tapped. For instance, companies try to build new competitive advantages by actively shaping regulatory changes imposing higher standards of corporate conduct (Martin 2002). PPP participation will serve as a special tool to spearhead "rent-seeking".<sup>22</sup> The argument runs that some companies that have achieved higher standards – be it in product regulation or corporate conduct per se – will subsequently lobby governments to pass new regulations raising the standards. Higher regulatory standards act as barriers to entry to an industry's niche. Some governments might just be waiting for this support for their policies to arise (Peltzman 1976). Generally, small firms with limited ability to gain from economies of scale and fewer political resources will be less competitive in changing regulation. It is clear that "corporate support for

stricter rules that back advantages derived from unilateral environmental performance strategies will often be driven by the interest of large firms (Bernauer and Caduff 2004:18)." The first-mover advantage drives competition among consumer and environment-friendly industries. The PPP setting helps boost their interests.

### v) The brand positioning argument

The engagement in PPPs can also be actively used to increase brand value and the leverage of marketing activities as engagement may foster existing business strategies. The vehicle manufactures involved in the BPD-project on global road safety (GRSP), are at the same time "leaders" in terms of the safety aspects of mobility. Their engagement in improving road infrastructure, increasing awareness among road users or enhancing training and capacity-building in safety issues helps them to market their message as a company that cares about safety (see also Elsig 2004, Bekefi 2005). Also many of the business partners involved in GAIN can profit from increased awareness of customers that their products contribute to tackling nutritional deficiency, thus positioning their brands above competing products on the market (Bekefi 2006). PPPs are used as platform for carrying out – independently or jointly with others – initiatives that contribute to the strengthening of the overall brand of the company. The participation of well-known and respected not-for-profit organizations, governmental agencies or multilateral organizations potentially increases the legitimacy of such initiatives.

### vi) The public policy argument

PPP participation can also be explained in light of public policy strategies pursued by companies. A key role of a company's public affairs division is to engage in initiatives for interacting with its stakeholders. Some PPPs offer a way of working constructively with representatives from civil society and state actors. PPP could be used to manage and smooth relations with political and state actors. Various opportunities arise through an institutionalized exchange with competent authorities; these range from putting issues on the agenda, receiving information on current administration priorities or colouring officials' perceptions of policy implications (e.g. PPPs could be also used to prevent costly regulation). As regulation applies to all firms, a single-handed effort by individual companies will be an inadequate answer to the regulatory threat. Thus, alliances among firms in specific sectors develop. These attempts could be characterized as a creeping "regulatory capture". Moreover, by engaging with NGOs in tri-sectoral partnerships companies strive to improve their relations with NGOs. The rationale for this lies in the observation that "public concerns and NGO campaigns can act as facilitators for rent-seeking by producers" (Bernauer and Caduff 2004:15). In addition, closer partnerships create important channels of information and serve as "early warning" systems of

<sup>22</sup> Rent-seeking does not automatically produce negative effects on social and environmental indicators. Different societal effects emerge from rent-seeking. It could be argued that some types of rent-seeking lead to higher standards in environmental and consumer-related industries. In other words, economic competition drives firms to push for an improvement of lax regulation. A first-mover advantage leads to greater profit from a higher rent through offering a specific product that fulfils heightened consumer expectations (for a discussion, see Bernauer and Caduff 2004).

# GOVERNANCE

BASEL INSTITUTE ON GOVERNANCE

Page 9

possible public outcries and as a platform for reshaping scattered relations.

## vii) The good corporate citizen argument

This argument is a strong element of firms' overall CSR orientation. In a context of market failures, such as the existence of negative externalities, corporate behaviours affect society in ways that are not properly managed by the market competition or by statutory laws. Corporate responsibility activities aim to manage these behaviours in ways that are beneficial to society at large. The participation in PPPs can be pictured as a forum for giving something back to the society of which the companies are members. There is often no direct link between a company's liability for negative externalities in a certain field and the contribution it makes to the provision of a global public good. "Citizenship" can be actively exercised on any of the policy levels (from the local to the global policy arena) as the multinational company maintains a number of tools to enable it to act as a cosmopolitan citizen.<sup>23</sup>

## viii) The learning network argument

A final argument is that PPPs serve to generate or gather information on how companies can advance standards of corporate behaviour and increase earnings at the same time. In this case, counter-intuitively, the adoption of higher standards of corporate responsibility would lead companies to reduce, and not to increase, their production costs. If we assume that this information is costly, and that companies do not have an interest in generating it in isolation, it may make sense for them to join a PPP in order to share search costs. There is indeed ample evidence that illustrates that access to information is pivotal in increasing corporate social performance (i.e. Porter and van der Linde 1995). Such a rational explanation of learning is distinct from a more constructivist reading. Ruggie (2003) has described the UN Global Compact as a learning network, i.e. a forum in which companies can interact, exchange best practices and learn from each other.

## 5. Assessing output?

In the preceding section, we discussed the key motives that drive companies to participate in public-private co-regulatory partnerships. The arguments for participation are based on rational expectations of reaping (economic) benefits from these governance platforms. In this section we focus on a specific form of partnership, namely tri-sectoral (also coined multisector) PPPs and assess the issue of legitimacy from a global governance perspective. We agree with Börzel and Risse (2005) that the loss of

state sovereignty should not be the benchmark for comparison, rather we should focus on the process and the problem-solving capacities of these networks.

## 5.1 Legitimacy: the litmus test

The question of legitimacy in global politics is usually tackled by separating input from output legitimacy, an approach imported from the literature on EU governance (i.e. Scharpf 1999). The input side generally includes decision-making processes (access, form, deliberation, rules, transparency) and accountability features for decision-makers (chains of delegation, democratic control), whereas the output side concentrates broadly on effectiveness and societal effects (see also Keohane 2003, Risse 2004b, Grant and Keohane 2005). In addition, most studies concentrate on the input side and contribute to the conventional wisdom that the majority of formalized politics in the international realm feature some sort of democratic deficit. Many writers argue that the process – and in particular the quality of deliberation – is important, not least in order to legitimize unfolding policies (Zürn 2004, Risse 2004a:289). "The legitimacy of a rule can result from beliefs in the moral validity of the norm itself, but it can also result from beliefs in the validity of the procedure by which the rule had been worked out" (Risse 2004b:5).<sup>24</sup> Nevertheless, most studies overemphasize the construct and dynamics of the polity and underrate the fact that most stakeholders are more concerned with outcomes than participatory rights (Benner et al. 2004). In addition, academic work is strongly influenced by underlying philosophical concepts of the optimal (democratic) design of rule-making in world politics; and it is further characterized by a lack social scientific analysis from a comparative perspective (Moravcsik 2004, Elsig 2007).

When approaching PPPs from the input side it is important to distinguish individual from collective accountability (Benner et al. 2004:199).<sup>25</sup> Each partner is subject to a different logic of accountability. Companies do not function according to a democratic logic to off-set inequalities or to defend certain rights. The firm's chain of delegation does not have the same control mechanisms as those usually found in democratically organized systems. Representatives of companies are directly controlled by the board of directors and indirectly by its stakeholders. Accountability to shareholders focuses on the financial situation and to a lesser extent on the quality of corporate governance. Representatives of civil society, for their part, feature yet other accountability profiles (see Florini 2001). However, there is a common interest in ensuring that partners in a network live up to the highest standards in order to improve overall acceptance from within and

<sup>23</sup> There is overlap with philanthropic activities, which at times have positive spillover effects for a company even if the company's owners set up a special foundation to administer grants (e.g. the GATES foundation).

<sup>24</sup> See also debates on the trade-off between effectiveness vs. participation (Dahl 1994, Stasavage 2004).

<sup>25</sup> On the concept of internal and external accountability, see Grant and Keohane 2005.

# GOVERNANCE

BASEL INSTITUTE ON GOVERNANCE

Page 10

from outside the network. The PPP itself can also increase collective accountability by being transparent about its processes, actions and motives and by favouring open and non-hierarchical deliberations. There is no one-size-fits-all model, as such networks largely depend on the overlap of the partners' goals and how well they work together and trust each other, usually mutating into special "governance micro-climates" (Zadek 2006). A first assessment report of the Business Partners for Development Initiative concluded that "effective tri-sector partnerships require negotiated, agreed, and shared governance structures" (BPD 2002:23). What has been detected in a number of pilot projects "is a lack of 'real' buy-in at a senior level. Lack of commitment by partners is likely to result in the partners walking away during partnership-building process or abandoning the partnership when it faces its first obstacles or difficulties" (BPD 2002:16). Moreover, many observers worry that the diffusion of power in such networks is biased in favour of companies. However, we assume that there is an equilibrium solution in which no actor is unduly dominating the forum; otherwise the partnership is doomed to fail in the long run. Whereas financial resources in a multisector partnership are largely provided by the corporate sector, the other partners bring in necessary expertise, authority, leadership and the platforms to carry out the tasks.<sup>26</sup> John Ruggie – one of the spiritual fathers of the UN Global Compact – argues that learning is an important feature of partnerships (2003, 2004). Yet, learning presupposes a degree of willingness to do so. In general, multisector partnerships will need time, resources and mutual understanding among the partners to build a legitimate process of deliberation focused on transparency and openness. Two-sector partnerships find it easier to create the *modus operandi* of the partnership than do multisector PPPs. The former can more easily comply with a number of standards defined as enhancing input legitimacy; however, such two-sector partnerships will be watched more critically by those outside the partnerships.

In terms of output legitimacy, the benchmark for measuring how successful PPPs are will be their ability to contribute effectively to societal problem-solving. Whereas a number of scholars argue that it is too early to judge the output legitimacy of these partnerships on empirical grounds as substantial data is missing (Börzel and Risse 2005, see also Benner et al. 2004), a brief discussion on how firms' behaviour influences the success of PPPs will help us to approach output legitimacy more systematically. A discussion of output legitimacy requires a distinction between what is feasible and what is desirable to deliver through PPPs. There are great differences in what PPPs aspire to achieve. Reinicke and Deng have

listed a number of objectives PPPs strive to attain, such as contributing to a global policy agenda, offering a platform for truly global public discourse, facilitating global standards, disseminating knowledge, creating and deepening markets, implementing existing norms, and increasing participation (2000:26). In this light, PPPs are seen as functional shortcuts to solving global problems. Generally, there seems to be an opening of an "expectations-capacities" gap, as expectations from the outside are increasing; yet capacities to deliver might not suffice. PPPs are often (wrongly) contrasted with intergovernmental problem-solving. The growing disillusionment with existing intergovernmental processes, the UN-ization, and concerns about the effectiveness further heighten expectations. The argument runs that PPPs are more efficient as they are not hampered by the territorial concerns prominent in interstate relations (Reinicke 1997). "Partnerships that are housed outside of the UN bureaucracy are viewed as a way of getting things done, and where industry is involved, getting things done efficiently" (Buse and Walt 2002:173).<sup>27</sup> In this light the UN Secretary General's initiative to launch Global Compact or to engage directly with business partners in the BPD initiative can be read as deliberate attempts to directly engage with transnational business and to bypass slow and inefficient UN procedures (Coleman 2003). Multistakeholder initiatives are *à la mode* and the idea is being increasingly pushed within the UN system as the report by the Panel of Eminent Persons on UN-Civil Society Relations illustrates (UN 2004). There is an inherent danger that expectations that are born out of frustration with intergovernmental politics could backfire or as Benner et al. put it "the lack of sober assessment will necessarily lead to 'network fatigue' resulting from unfulfilled expectations" (2004:207). Thus, the outcome of PPPs should not be read in opposition to intergovernmental policies but as a complementary feature of global governance that fill some of the existing gaps. Adopting such a focus, high expectations can be scaled down to a more realistic benchmark. Some lessons learned from the BPD initiative also emphasize the need to lower expectations. For one, the experiences indicate that tri-sector partnerships should not aspire to challenge intergovernmental policy coordination. They operate most successfully when they are modelled as flexible task forces. Moreover, they should not be designed as permanent institutionalized networks. "Partners need to be able to enter and leave as their capacities, needs and strategies dictate" (BPD 2002:4). The findings also suggest putting the operating needs of the partners in the foreground. "Each partner organisation will have a different time frame against which results will need to be

<sup>26</sup> For a number of PPPs operating in developing countries, it might prove difficult to find the right partners from the civil society or non-profit NGOs that have sufficient expertise and authority to act.

<sup>27</sup> While setting up a "Medicines for Malaria Venture" (a public-private drug research partnership), there was a strongly expressed desire by participants that "the organization should run as a not-for-profit business and be based on operational paradigms of industry, not the public sector" (Ridley et al. 1999) (cited in Buse and Walt 2002:173).

# GOVERNANCE

BASEL INSTITUTE ON GOVERNANCE

Page 11

delivered. The partners need to incorporate these separate schedules and deliver results in line with them” (BPD 2002:4). However, the frequent fluctuation of partners might not prove as beneficial as the report suggests. Too much fluctuation among partners risks the success of partnerships.<sup>28</sup>

## 5.2 Business impact

We argue that progress and outcome of PPPs (e.g. their overall contribution to societal problem-solving) are largely determined by business partners’ interests and how well the partners complement each other. These business interests should be treated as a type of scope condition for the stability and effectiveness of partnerships. A proxy to measure the impact could be seen in the aggregation of the commitments business partners are bringing into the partnership. We argue that in order to function properly and to deliver public goods efficiently, these partnerships need to be balanced in terms of interests and commitments among partners. If the involvement of business partners in a PPP is largely based on a reputation argument, prevention of regulation or public policy argument, these commitments are more open to change.<sup>29</sup> In contrast, if engagement is all about market dependency, entering new promising markets or the increase of brand value, commitments by business partners tend to be more long-term oriented and sustainable. Therefore, we are in need of comparative case studies to enable us to understand the motives and engagement of partners in multisector partnerships. Moreover, a better grasp of the dynamics and interaction between input and output factors is essential. The structure (input legitimacy) of the PPP might influence the commitment of the business partners and thus output legitimacy. For instance, there is a potential trade-off between membership/openness and commitment that needs to be addressed. On the one hand, the more inclusive a partnership is designed to be, the more the members of the club can derive potential benefits from it, leading eventually to a strengthening of the commitments by business partners. On the other hand, the larger and more open the partnership (as supported by the BPD report) is designed to be, the more the provision of the public good could be hampered by waning support from the corporations. Some business partners could engage in free-riding, while governance difficulties might arise due to collaboration and arguing in a non-hierarchical environment. This in turn could hamper the efficient

<sup>28</sup> Fluctuation can be high among government officials in systems where governing parties and opposition change places often and officials are politically appointed. Fluctuation can also be observed among business participants in PPPs due to reorganizing activities, restructuring and replacement of responsible thought leaders inside the companies (various discussions with an advisor to a PPP project).

<sup>29</sup> There is also an institutional factor that matters: the organizational position of CSR inside a company (see *Financial Times* 28 October 2004).

provision of goods and services. The stronger the commitment by the partners combined with “learning” among participants, the greater the chances that a PPP will score well on output legitimacy.

## 6. Conclusions

This paper provides an attempt to bring firms back into the study of new forms of partnership in global politics. There is also a need for further inquiry into the functioning, the failure and the success of PPPs from a comparative perspective. Benner et al. argue that independent evaluations can help judge the outcome, as in the case of the independent assessment of the World Commission on Dams conducted by the World Resources Institute (2004:205).<sup>30</sup> However, we need to know in more detail how motives develop inside firms, how material, institutional and ideational factors influence partners’ commitments and how learning is pivotal for the success of partnerships. This paper has striven to provide some theoretical building blocks to explain the stability and success of multisector partnerships.

Moreover, we argued that recent multisector PPPs need to overcome an expectations– capacities gap. The WSSD in Johannesburg has led to the creation of close to 300 partnerships. However, the external transparency of these PPPs is severely limited. The websites that were set up to inform the public on specific PPPs offer a rather ambiguous picture. Information is scarce, many of the partnerships take the form of pilot projects with substantial limits to the financial resources and scope of public good provisions, only a minority of the projects are tri-sectoral in nature, many are “old-fashioned” public–private partnerships and some are self-regulatory initiatives with some involvement of state or intergovernmental actors. Many of these PPPs have already ceased to exist; only a few exhibit a long-term objective. In defence of the PPPs, this rather gloomy picture of WSSD’s PPPs should not be taken as a representative picture of their efficiency as the jury is still out, but should contribute to a lowering of over-ambitious expectations

Finally, normative issues arise that need to be addressed as well. There is widespread unease in the aid community that PPPs are synonymous with pushing the state out. During the WSSD, the US delegation was one of the most prominent exponents of a new global governance architecture to be achieved by bringing business in. Criticism is mounting that the UN is being stripped of necessary resources, while the focus is turned towards the involvement of societal actors. Even if new forms of governance seem promising they might not close the gap should international governmental organizations withdraw part of their support for from development programmes. Moreover, there is widespread unease that

<sup>30</sup> See also Dingwerth (2005) on democratic legitimacy and the World Commission on Dams.

# GOVERNANCE

BASEL INSTITUTE ON GOVERNANCE

Page 12

PPPs could just be camouflaged neoliberal solutions as the provision of public goods is being privatized and deregulated (Börzel and Risse 2005). An emerging socio-political orthodoxy attributes to PPPs greater legitimacy than interstate coordination, as input legitimacy in terms of stakeholder involvement is highly valued (Buse and Walt 2002). Yet, the increasing number of PPPs and the simultaneous neglect of intergovernmental policy coordination might lead to greater fragmentation and less coherence in tackling some of the challenges to sustainable development. The question of "division of labor" needs to be addressed based on an assessment of how well actors perform tasks in given institutional settings

(Haas 2004:8). In relation to Global Health PPPs, Buse and Walt note that "greater thought needs to be given to how the present patchwork of alliances and partnerships in health move towards a system of 'good global governance' without losing their energy and creativity" (2002:190). The lack of hierarchies in PPPs could lead to uncoordinated policy initiatives, filling some gaps but missing the big picture. In the end, however, there needs to be prioritization of the issues and the management of overlapping initiatives by taking a more holistic approach.

## References

- Amalric F. 2005. "The Equator Principles: A Step Towards Sustainability?," *CCRS Working Paper 01/05*, <http://www.ccrs.unizh.ch/publications>.
- Amalric F. and Hauser J. 2005. "Corporate Drivers of Corporate Responsibility Activities," *The Journal of Corporate Citizenship* 20.
- Anheier H.K. and Moulton L. 2001. "Public-Private Partnerships in the United States: Historical Patterns and Current Trends," *Civil Society Working Papers*. Centre for Civil Society, LSE 16.
- Ashby S., Chuah S.-H. and Hoffman R. 2004. "Industry Self-Regulation: A Game Theoretic Typology of Strategic Voluntary Compliance," *International Journal of the Economics of Business* 11:91-106.
- Bachrach P. and Baratz M. 1962. "Two Faces of Power," *The American Political Science Review* 56(4):947-52.
- Barnett M. and Finnemore M. 2004. *Rules for the World: International Organizations in Global Politics*. New York: Cornell University Press.
- Bekefi T. 2005. "The Global Road Safety Partnership and Lessons in Multisectoral Collaboration," *Policy Brief 1*, Harvard Center for Business and Government (CBG).
- Bekefi T. 2006. "Business as a Partner in Tackling Micro-nutrient Deficiency: Lesson in Multisector Partnership." Corporate Social Responsibility Initiative Report No.7. Cambridge, MA: John F. Kennedy School of Government, Harvard University.
- Benner T., Reinicke W.H. and Witte J.M. 2004. "Multisectoral Networks in Global Governance: Towards a Pluralistic System of Accountability," *Government and Opposition* 39(2):191-210.
- Bernauer T. and Caduff L. 2004. "In Whose Interest? Pressure Group Politics, Economic Competition and Environmental Regulation," *Journal of Public Policy* 24(1):99-126
- Bernstein, M. 1955. *Regulating Business by Independent Commission*. Princeton, NJ: Princeton University Press.
- Bigg T. 2002. "The World Summit on Sustainability: Was it Worthwhile?," [www.iied.org/docs/wssd/wssdreview.pdf](http://www.iied.org/docs/wssd/wssdreview.pdf).
- Börzel T. and Risse T. 2005. "Public-Private Partnerships: Effective and Legitimate Tools of International Governance?," in Grande E. and Pauly L.W. (eds.), *Complex Sovereignty: Reconstituting Political Authority in the Twenty-First Century*. Toronto: University of Toronto Press.
- BPD 2002. *Business Partners for Development Report – Tri-Sector Partnership Results and Recommendations*. Published by Business Partners for Development, <http://www.bpdweb.com>.
- Bull B. and McNeill D. 2007. *Development Issues in Global Governance. Public-Private Partnerships and Market Multilateralism*. London: Routledge.
- Buse K. and Walt G. 2002. "The World Health Organization and Global Public-Private Health Partnerships: In Search of 'Good' Global Health Governance," in Reich M.R. (ed.), *Public-Private Partnerships for Public Health*, Harvard Series on Population and International Health: Harvard University Press.
- Clapp J. 2005. "Global Environmental Governance for Corporate Responsibility and Accountability," *Global Environmental Politics* 5(3):23-34.
- Coleman D. 2003. "The United Nations and Transnational Corporations: From and Inter-nation to a 'Beyond-state' Model of Engagement," *Global Society* 17(4):339-57.
- Cutler C.A., Haufler V. and Porter T. (eds.) 1999. *Private Authority and International Affairs*. Albany NY: State University of New York Press.
- Dahl R. 1961. *Who Governs? Democracy and Power in an American City*. New Haven: Yale University Press.
- Dahl R. 1994. "A Democratic Dilemma: System Effectiveness versus Citizen Participation," *Political Science Quarterly* 109(1):23-34.
- Dauvergne P. (ed.) 2005. *Handbook of Global Environmental Politics*. Cheltenham, UK: Edward Elgar Publishing.
- Dingwerth K. 2005. "The Democratic Legitimacy of Public-Private Rule Making: What Can We Learn from the World Commission on Dams?," *Global Governance* 11:65-83.

# GOVERNANCE

BASEL INSTITUTE ON GOVERNANCE

Page 2

- Dingwerth K. and Pattberg P. 2006. Global Governance as a Perspective on World Politics," *Global Governance* 12:185-203.
- Elsig K. 2004. "A Partnership Approach to Improving the Global Road Safety Crisis," *Development* 47(3):114-121.
- Elsig M. 2007. "The World Trade Organization's Legitimacy Crisis: What Does the Beast Look Like? forthcoming *Journal of World Trade* 41(1).
- Florini A. 2001. "Lessons Learned," in Ann Florini (ed.), *The Third Force - The Rise of Transnational Civil Society*, Washington DC: Carnegie Endowment for Peace.
- Fombrun C.J. and van Riel C.B.M. 1997. "The Reputational Landscape," *Corporate Reputation Review* 1(1/2):5-13.
- Fombrun C.J., Gardberg N.A. and Barnett, M.L. 2000. "Opportunity Platforms and Safety Nets: Corporate Citizenship and Reputational Risk," *Business & Society Review* 105(1):85-106.
- Gupta A.K and Lad L.J. 1983. "Industry Self-Regulation: An Economic, Organizational, and Political Analysis," *Academy of Management Review* 8:416-25.
- Garvin D. 1983. "Can Industry Self-Regulation Work?," *California Management Review* 25:37-52.
- Grant R. and Keohane R. 2005. "Accountability and Abuses of Power in World Politics," *American Political Science Review* 99(1):29-43.
- Haas P.M. 1992. "Epistemic Communities and International Policy Coordination - Introduction," *International Organization* 46(1):1-35.
- Haas P.M. 2004. "Addressing the Global Governance Deficit," *Global Environmental Politics* 4(4):1-15.
- Hall R.B. and Biersteker T. J. 2002. "The Emergence of Private Authority in the International System," in Hall R.B. and Biersteker T. J (eds.), *The Emergence of Private Authority in Global Governance*, Cambridge: Cambridge University Press.
- Hammond A.L. and Prahalad C.K. 2004. "Selling to the Poor," *Foreign Policy* (May/June):30-37.
- Hasenclever A., Mayer P. and Rittberger V. 1997. *Theories of International Regimes*. Cambridge: Cambridge University Press
- Held D. and McGrew A. 2004. "The Great Globalization Debate: An Introduction," in Held D. and McGrew (eds.), *The Global Transformations Reader*, Cambridge: Polity Press.
- Held D., McGuire A., Goldbatt, D. and Perraton J. 1999. *Global Transformations: Politics, Economics and Culture*. Stanford: Stanford University Press.
- Katzenstein P., Keohane R. and Krasner S. 1998. "International Organization and the Study of World Politics," *International Organization* 52(4):645-86.
- Keck M. and Sikkink K. 1998. *Activists Beyond Borders. Transnational Advocacy Networks in International Politics*. Ithaca NY: Cornell University Press.
- Keohane R. 2003. "Global Governance and Democratic Accountability," in Held D. and Koenig-Archibugi M. (eds.), *Taming Globalization: Frontiers of Governance*, Cambridge: Polity Press.
- La Viña A., Hoff G. and DeRose M. 2003. "The Outcomes of Johannesburg: Assessing the World Summit on Sustainable Development," *SAIS Review* 23(1):53-70.
- Levy D. and Newell P. (eds.) 2005. *The Business of Global Environmental Governance*. Cambridge, MA: MIT Press.
- Lindblom C. 1977. *Politics and Markets*. New York: Basic Books.
- Martin R. L. 2002. "The Virtue Matrix. Calculating the Return on Corporate Responsibility," *Harvard Business Review* 80(3):69-75.
- McChesney F.S. 1987. "Rent Extraction and Rent Creation in the Economic Theory of Regulation," *Journal of Legal Studies* 26:101-18.
- McChesney F.S. 1991. "Rent Extraction and Interest Group Organization in a Coasean Model of Regulation," *Journal of Legal Studies* 20:73-90.
- Milner H. 1998. "Rationalizing Politics: The Emerging Synthesis of International, American, and Comparative Politics," *International Organization* 52(4):759-86.
- Moravcsik A. 2004. "Is there a 'Democratic Deficit' in World Politics? A Framework for Analysis," *Government and Opposition* 39(2):336-63.
- Nordström H. and Vaughan S. 1999. "Trade and Environment," *Special Study 4*. Geneva: WTO Secretariat, [http://www.wto.org/english/tratop\\_e/envir\\_e/stud99\\_e.htm](http://www.wto.org/english/tratop_e/envir_e/stud99_e.htm).
- Offe C. 1981. "The Attribution of Public Status to Interest Groups: Observations of the West German Case," in Berger S. (ed.), *Organizing Interests in Western Europe: Pluralism, Corporatism and the Transformation of Politics*, Cambridge: Cambridge University Press.
- Pallemaerts M. 2003. "Is Multilateralism the Future? Sustainable Development as 'a Comprehensive Vision of the Future of Humanity'," *Environment, Development and Sustainability* 5(1/2):275-95.
- Peltzman S. 1976. "Toward a More General Theory of Regulation," *Journal of Law and Economics* 19 (August):211-40.
- Porter M.E. and van der Linde C. 1995. "Toward a New Conception of the Environment-Competitiveness Relationship," *The Journal of Economic Perspectives* 9(4): 97-118.
- Porter M.E. 1996. "What Is Strategy," *Harvard Business Review* 74(6): 61-78.
- Prahalad C.K. 2004. *The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits*. Wharton: Wharton School Publishing.
- Reinhardt F. 1999. "Market Failure and the Environmental Policies of Firms: Economic Rationales for 'Beyond Compliance' Behavior," *Journal of Industrial Ecology* 3(1):9-21.
- Reinicke, W.H. 1997. "Global Public Policy," *Foreign Affairs* 76(6):127-38.
- Reinicke W.H. 1998. *Global Public Policy. Governing without Government?* Washington DC: Brookings.
- Reinicke W. H. and Deng F. 2000. *Critical Choices. The United Nations, Networks, and the Future of Global*

# GOVERNANCE

BASEL INSTITUTE ON GOVERNANCE

Page 3

- Governance*. Ottawa: International Development Research Centre.
- Ridley R., Gutteridge W.E. and Currat L. J. 1999. "New Medicines for Malaria Venture: A Case Study of the Establishment of a Public Sector-Private Sector Partnership," Paper presented at the Third Global Forum for Health Research, Geneva, 8–11 June.
- Risse T. 2004a. "Global Governance and Communicative Action," *Government and Opposition* 39(2):288-313.
- Risse T. 2004b. "Transnational Governance and Legitimacy," Draft paper (2004), [http://www.fu-berlin.de/atasp/texte/tn\\_governance\\_benz.pdf](http://www.fu-berlin.de/atasp/texte/tn_governance_benz.pdf).
- Ronit K. and Schneider V. 1999. "Global Governance through Private Organizations," *Governance* 12(3):243-66.
- Rosenau J.N. and Czempiel E.-O. (eds.) 1992. *Governance without Government: Order and Change in World Politics*. Cambridge: Cambridge University Press.
- Ruggie J.G. 2003. "Taking Embedded Liberalism Global: The Corporate Connection," in David Held and Mathias Koenig-Archibugi (eds.), *Taming Globalization: Frontiers of Governance*, Cambridge: Polity Press.
- Ruggie J.G. 2004. "Reconstituting the Global Public Domain – Issues, Actors, and Practices," *European Journal of International Relations* 10(4):499-531.
- Rutherford P. 2003. "'Talking the Talk': Business Discourse at the World Summit on Sustainable Development," *Environmental Politics* 12(2):145-50.
- Samuelson P. 1954. "The Pure Theory of Public Expenditure," *Review of Economics and Statistics* 36(4): 387-9.
- Scharpf F.W. 1999. *Regieren in Europa*. Frankfurt/M.: Campus.
- Sen A. 1999. *Development as Freedom*. New York: Alfred Knopf.
- Simmons B. and Martin L. 2001. "International Organizations and Institutions," in Walter Carlsnaes et al (eds.), *Handbook of International Relations*, London: Sage.
- Stasavage D. 2004. "Open-Door or Closed-Door? Causes and Consequences of Transparency in Domestic and International Bargaining," *International Organization*, 58(4):667-704.
- Stigler G. 1971. "The Economic Theory of Regulation," *Bell Journal of Economics* 2:335-58.
- Strange S. 1988. *States and Markets*. London: Pinter.
- Strange S. 1996. *The Retreat of the State: The Diffusion of Power in the World Economy*. Cambridge: Cambridge University Press.
- UN 2004. *We the Peoples: Civil Society, the UN and Global Governance*. Panel Report. New York: UN
- UN General Assembly 2005. *Enhanced Cooperation Between the United Nations and All Relevant Partners, in Particular the Private Sector*. Report of the Secretary-General, A/60/214.
- Vaillancourt Rosenau P. (ed.) 2000. *Public-Private Policy Partnerships*. Cambridge MA: MIT Press.
- Vernon R. 1971. *Sovereignty at Bay: The Multinational Spread of U.S. Enterprises*. New York: Basic Books.
- Wapner P. 2003. "World Summit on Sustainable Development: Toward a Post-Jo'Burg Environmentalism," *Global Environmental Politics* 3(1):1-10.
- Warner M. and Sullivan R. (eds.) 2004. *Putting Partnerships to Work. Strategic Alliances for Development between Government, the Private Sector and Civil Society*. Sheffield: Greenleaf.
- Whitman J. 2003. "Global Dynamics and the Limits of Global Governance," *Global Society* 17(3):253-72.
- Wolf K.D. 2000. *Die neue Staatsräson - zwischenstaatliche Kooperation als Demokratieproblem in der Weltgesellschaft. Plädoyer für eine geordnete Entstaatlichung des Regierens jenseits des Staates*. Baden-Baden: Nomos-Verlagsgesellschaft.
- Zadek S. 2006. "The Logic of Collaborative Governance: Corporate Responsibility, Accountability, and the Social Contract" Corporate Social Responsibility Initiative, Working Paper No. 17, Cambridge, MA: John F. Kennedy School of Government, Harvard University.
- Zürn M. 2004. "Global Governance and Legitimacy Problems," *Government and Opposition* 39(2):260-87.