

Global governance and the interface with business: new institutions, processes and partnerships

Partnered governance: aligning corporate responsibility and public policy in the global economy

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Abstract

Purpose – The purpose of this paper is to note the remarkable expansion of corporate social responsibility (CSR) throughout the late 1990s and early 2000s. Taking this as point of departure, it aims to discuss the potential for aligning CSR-oriented industrial self-regulation with public governance to fill some of the governance gap in the global economy.

Design/methodology/approach – The paper provides a conceptual discussion, empirically underpinned by three case studies.

Findings – The paper finds that it is plausible, and empirically supported by the case studies, to conceive of a considerable role for CSR based self-regulation in the global economy. A central precondition is the ability of civil society organizations to establish “moral rights” as credible voices for “just causes” in a media-driven communicative society, and thereby put pressure on brand sensitive industry. The paper finds that corporate self-regulation may fill a larger part of the governance gap if public policy is oriented to engage with industry in a partnered mode.

Research limitations/implications – The paper establishes a conceptual base for exploring the governance implications of CSR, casuistically underpinned by three case studies. Further studies are needed, however, to explore the scale and scope of partnered governance in the global economy.

Practical implications – The paper provides insights into an approach to increase governability of the global economy.

Originality/value – The originality of the paper lies in exploring the implications of CSR for governance, and for highlighting how the governance potential may be enhanced by reorientation of public policy.

Keywords Governance, Corporate social responsibility, Globalization, Regulation

Paper type Conceptual paper

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Introduction

The late twentieth and the early twenty-first centuries have seen increasing economic globalization in the form of both globally extended capital markets and extended outsourcing of production in global supply systems across the world. After three decades of predominant liberalist orientation, the international economy remains strongly pro-commercially biased.

International governance of social and environmental concerns has been relatively much weaker, reflecting the lack of resourceful engagement by committed powerful actors and

pressure from self-interested nation states. We are, in other words, faced with a highly imbalanced globalization, where, judging by the standards of advanced democratic industrial economies, the global space remains politically under-governed – particularly in the environmental and social fields.

Yet while the global markets remain politically under-governed in a political sense (Vig and Axelrod, 1999), CSR and business self-regulation have rapidly expanded. With 45 million hits on Google (Google, 15 April 2007), corporate social responsibility (CSR) has grown to become a megatrend that is expanding on most continents (Figure 1). From the US, Australia and New Zealand and later on in Europe, CSR has spread to Africa and Asia, as illustrated by the number of press articles on the topic.

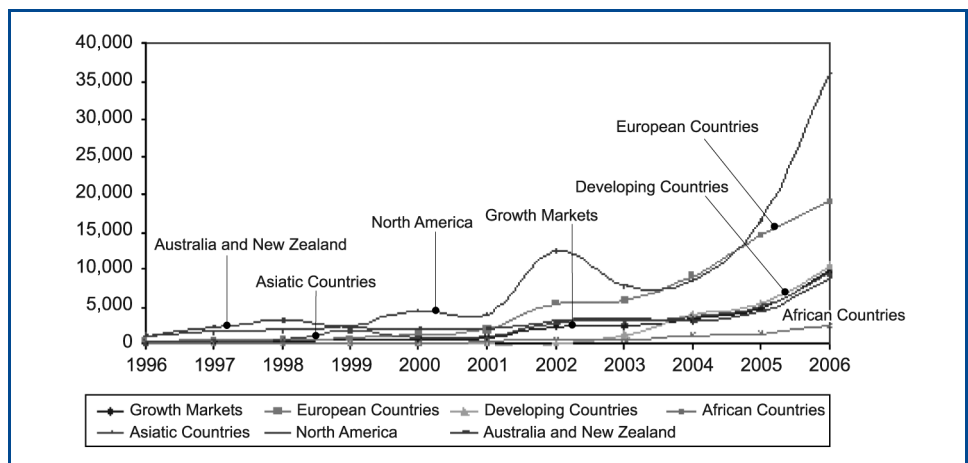
Following this remarkable expansion, substantive literature has developed to explore the business case for CSR, arguing how CSR might enhance conflict management, facilitate reputation building, stimulate the development of industrial clusters, support risk management etc. (see for instance Elkington, 2001; Fombrun, 1996; Hart, 1997; Porter and Kramer, 2002, 2006; Midttun and Gautesen, 2005; Midttun *et al.*, 2006). However, given that CSR contributes to social and environmental responsibility, there should also be a public policy case for CSR, especially for advanced welfare nations. They largely fail to impose what they see as acceptable social and environmental standards on the global economy through conventional regulation. Systematic analysis of the public policy case for CSR, however, is largely lacking. This article attempts to fill the gap by highlighting the potential for and characteristics of CSR-oriented public governance based on a partnered mode.

Legitimate “moral rights” in a communicative society

A major factor behind the booming CSR is the strong engagement by civil society organizations (CSOs). CSR that is driven by CSOs is strongly coupled to stakeholderism, an important mantra in business strategy since the mid-1980s, inducing the modern stakeholder-oriented firm to engage in dialogue with interested parties that are affected by the firm or that may affect it (Freeman, 1984).

In modern media-driven societies, idealistic stakeholders acquire bargaining power *vis-à-vis* industry through public legitimacy bestowed upon them by media in open public debate. When seen as credible voices for “just causes”, they come to represent what Rousseau (1988) called the “volonté general” or general will with the moral right to stand up against formal authority – be it the firm or the state. It is suggested in this paper that such “moral rights” bestowed upon CSOs through media “canonization” may carry extensive weight in a brand-oriented commercial context where negative media exposure could inflict serious brand damage. Stakeholders with communicatively consolidated legitimate “moral rights” may, therefore, sometimes negotiate almost on par with holders of property rights.

Figure 1 Corporate social responsibility in international press



The stakeholder model based on legitimate “moral rights” could thus represent an efficient internalization of social and environmental externalities such as pollution and workers’ rights.

Because it is backed by strong agency, morality-driven and media-supported CSOs most often have greater effects than direct customer-driven CSR. CSOs have strong incentives to pursue their just cause actively. This is what their business model is set up for, and what their existence ultimately depends on.

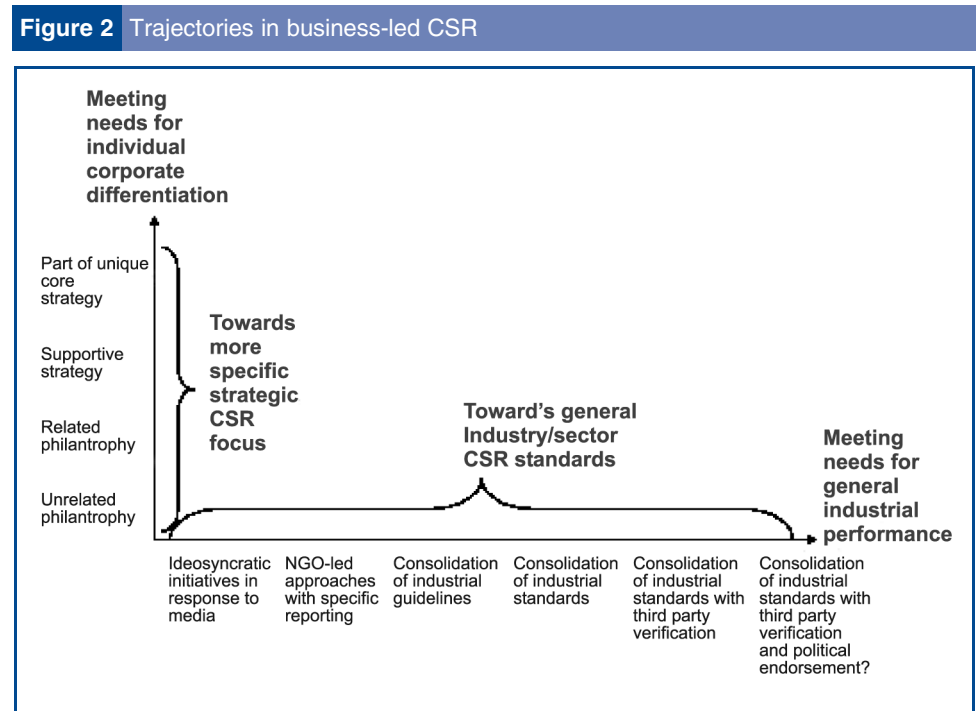
“Moral rights”-based stakeholder bargaining has many similarities with Nobel prize winner Ronald Coase’s concept of self-regulation through bilateral negotiation (Coase, 1960). The so-called Coase theorem assumes that individual property holders can also be endowed with rights to natural resources, and may subsequently negotiate adequate restrictions on negative spillovers from industry without public regulation beyond a privately enforceable legal framework. However, the collective action problems with respect to establishing “Coasian” property rights over natural resources and the problem of dealing with the tremendous transaction costs associated with asserting them on an individual basis remain overwhelming.

In this respect, the “moral rights”-based stakeholder model remains much more operative, at least in democratic countries, with respect to both establishing rights and enforcing social and environmental concerns into business operations. When they engage in the global arena, even non-democratic countries are vulnerable to this type of pressure.

Business-led CSR along two trajectories

The moral challenge by CSOs and other stakeholders has resulted in two trajectories in business-led CSR (Figure 2). One trajectory involves making CSR part of a corporate differentiation strategy where leading firms have taken CSR successively into their strategic core, while in another trajectory CSR has been successively internalized into industrial standards in the attempt to lift the social and environmental performance of whole sectors of the economy. In both cases this contributes to internalizing environmental and social concerns into industrial practice.

The differentiation strategy, as described in CSR literature, has evolved in several stages (Figure 2). Particularly in the US there has been a strong tradition for philanthropy, which was



often fairly unrelated to core business. Porter and Kramer (2002, 2006) have argued for relating philanthropy closer to core business to achieve synergies between CSR and business engagement. A further step towards CSR-differentiated business strategy has been to engage in CSR as part of a supportive strategy. Car manufacturers developing green niche vehicles alongside their dominant combustion-driven mainstream cars are good examples. The final step is to merge CSR into the core business strategy in order to build a unique business model for the firm. An illustration of this is energy companies that engage exclusively or dominantly in renewable technologies and link their business strategy to sustainable development and climate change.

The introduction of CSR into industrial standards has also evolved in stages (Figure 2). It has typically started with ad hoc reactions to CSO challenges, often followed by CSO-led engagements in sector-specific environmental and/or social accounting. Taken further, this process leads to the consolidation of industrial guidelines and in some cases of standards. Even when backed by third party verification, such standards may take on serious performance implications. Finally, standards may eventually gain political endorsement and thereby take on a quasi-legal character or a de facto rule system (Burns and Flam, 1987).

From industry-led CSR to partnered governance

Seen from a public governance point-of-view, there has long been a growing concern about the increasing economic and technological interdependence and the remaining fragmentation of international political decision-making. Public policy analysis has varied, however, from the neo-realist school, that sees the world system as an inherently anarchic set of relations among sovereign nation states (Baylis and Smith, 2005) to economic globalists that see markets as self-regulating entities (Martinelli, 2007).

The arguments advanced on a wave of neo-liberalism for shifting ever larger parts of the economy into a competitive market-based mode of operation (Kahn, 1988; Ogus, 2001) were also often phrased in a rhetoric that misleadingly implied that strong political governance could easily be transferred from the context of domestic regulation in advanced industrial nations onto the global arena. These optimistic liberal-institutionalist confidence in international organizations and regimes (Baylis and Smith, 2005) has at best only contributed moderately to global governance, and primarily in the commercial rather than in the environmental and social fields.

Seen in a governance perspective, CSR represents a form of self-regulation that may supplement, or even to some extent substitute, public policy-led governance. However, we argue that CSR-based self-regulation could be much more effective if it is more systematically integrated with political steering in joint partnered governance.

Partnered governance – a conceptual framing

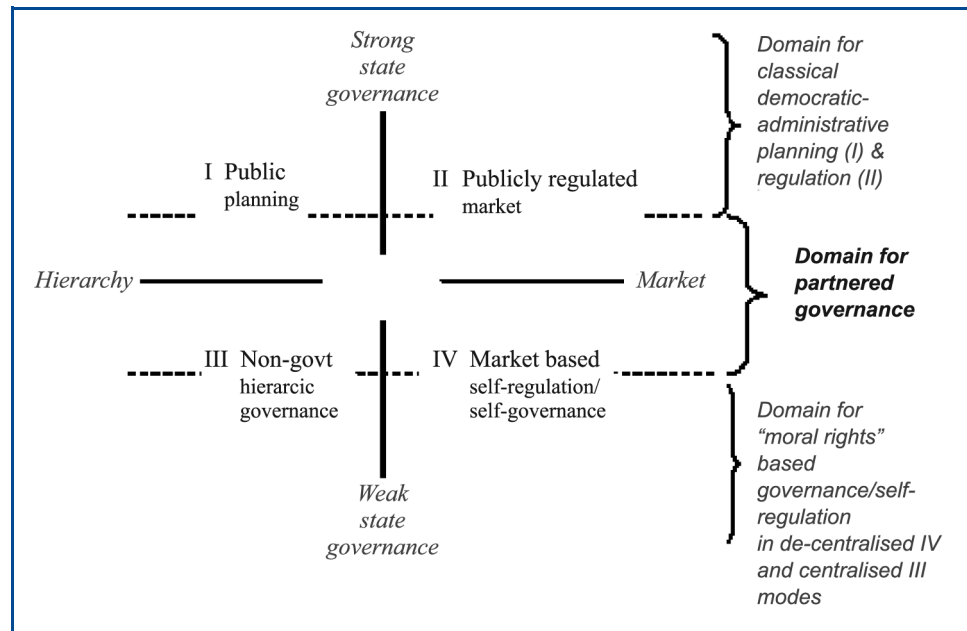
Conceptually, partnered governance and its interfaces with political/regulatory governance and industrial self-regulation may be graphically displayed in a two-dimensional matrix. Policy-driven governance, with the traditional de-regulation debate of planned versus market economy, is displayed in the upper part of Figure 3 (quadrants I and II) representing along the horizontal axis both planned economic and regulated market-based governance forms (Midttun, 1998).

The lower part of Figure 3 (quadrants III and IV) represents the space where the strong governance assumptions do not hold. This domain is largely left to CSR-based industrial self-regulation. As already mentioned, this self-regulation also comes in an individually differentiated and a collectively industrially standardized form.

Partnered governance constitutes a middle ground where the two spheres potentially interface. This paper suggests that by forming this interface adequately, through both complementary policy strategies and complementary policy tools, it is possible to enhance governance of the global economy.

In order to engage efficiently in partnered governance, governments need to engage beyond traditional roles. As argued by Fox *et al.* (2002), they need to move out of traditional

Figure 3 Partnered governance



mandating strategies based on command and control legislation to facilitating, partnering and endorsing strategies (Table I).

In the facilitating role, public authorities may stimulate industrial action by, for instance, developing or supporting appropriate CSR management tools and mechanisms, including voluntary product labeling schemes, benchmarks and guidelines for company management systems and reporting, thereby supporting self-regulatory initiatives. A government may also facilitate CSR-orientation by creating fiscal incentives through its own procurement and investment practice.

In the partnering role, governments may bring in complementary competencies and resources to tackle social and environmental issues outside their unilateral authoritative control. By acting as participants, conveners or facilitators, governments may stimulate complementary self-regulatory engagement and thereby achieve effects that go far beyond what they might have achieved through unilateral action when operating under conditions of limited authoritative control.

Finally, governments may engage in endorsement through the effects of public procurement or public sector management practices or through direct recognition of the efforts of individual enterprises by award schemes.

Creative government strategies in a partnered governance mode would increase the payoff for societal concerns into business strategy and elicit complementary industrial engagement with a potential to shape a more “civil” global capitalism, somewhat

Table I Government roles

Mandating	“Command and control” legislation	Regulators and inspectorates	Legal and fiscal penalties and rewards
Facilitating	Enabling legislation	Creating incentives	Capacity building
	Funding support	Raising awareness	Stimulating markets
Partnering	Combining resources	Stakeholder engagement	Dialogue
Endorsing	Political support		Publicity and praise

Source: Fox *et al.* (2002)

analogous to the negotiated political economy in advanced welfare states (Schmitter and Streeck, 1985).

Case illustrations

The following examples show partnered governance in three different configurations illustrating some of the variety in this field: regulatory competition between NGOs and industrial regulation in forestry; new modes of industry-policy collaboration in the extractive industries' transparency initiative; and the crossover between public policy and industrial implementation in the ethical trading initiative. In all the cases, CSR initiatives have come in response to challenges voiced in the public arena, but also in some cases supplemented by direct pressure from industrial contractors, resulting in various forms of what Ayres and Braithwaite (1995) have termed responsive regulation. The interface between industrial CSR and public governance differs, however, from case to case.

Partnered governance under regulatory competition in the forest and paper and pulp industry

Partnered governance intervention in the forestry and paper and pulp industry has arisen in response to challenges to traditional business practices in the media and to public debate on issues ranging from environmental topics such as biodiversity and certification of timber to human rights and corruption.

A characteristic feature of the new regulatory initiatives within the forest and paper and pulp industry is the competition between NGOs and industrial interests. Faced with ambitious NGO initiatives, the industry association has sought to develop an alternative standard for self-regulation, while individual firms have bowed to overwhelming societal pressure and chosen the pragmatic option of adapting to both standards selectively.

This case thus highlights how buyer pressure and NGO-driven regulatory initiatives may trigger government-partnered industrial self-regulation to enhance improved environmental and social performance.

Evolution of the regulatory initiative

The NGO initiative to establish the Forest Stewardship Council (FSC) and its offer of certification of sustainable and ecologically-sound forestry was partially driven by the failure of an intergovernmental process to agree on a global forest compact. Established in 1993 (FSC, 2006) to drive forward an agenda for sustainable forestry, the FSC developed a set of principles and criteria for forest management that address legal issues, indigenous rights, labor rights, multiple benefits and environmental impacts relating to forest management (FSC, 2006).

The scheme met with critical opposition from leading forest industry groups, often in alliance with host/home governments. Although they shared some basic ecological concerns with the FSC, in their view the FSC was making unrealistic demands that would impede efficient forestry practices. In close collaboration with home-base governments, the forest industry responded with a set of CSR-based regulatory initiatives to establish more "realistic" standards for sustainable forestry.

In North America, the Sustainable Forest Initiative (SFI) program was adopted by the trade association for wood, paper and wood products (AF&PA).

The European Program for the Endorsement of Forest Certification schemes (PEFC) was established in 1999 as an umbrella organization for certification, in close cooperation with national legal systems.

The differing origins and objectives of each scheme have led to differences not only in the contents of the standards but also in the administration of the rule systems. As noted by Olivier (2006), the SFI program relies on certifiers whose independence and professional competence is assessed through the existing US national accreditation system, whereas the FSC has an internal accreditation process designed to operate under the jurisdiction of the FSC Board of Directors. In line with the emphasis by the FSC on rewarding exemplary

forestry in the market place, it has more explicit restrictions on intensive management, plantations and genetically modified crops (GMCs).

Leading firms in the forest and wood processing industry have generally taken a pragmatic position on extra-legal regulation. They relate to both NGO and government-partnered industry standards and seek to bridge the span between ideals and reality by flagging adherence in principle but adopting pragmatic adjustment and gradual implementation in practice.

Discussion

As previously mentioned, a characteristic feature of the new regulatory initiatives within the forest and paper and pulp industry is the competition between NGOs and industrial interests. As noted by Olivier (2006), competing regulatory initiatives ultimately arise from the political differences that separate environmental groups from forest owners and industrial organizations. The green movement tends to regard certification as a mechanism to reward (through continued market access) only the very best forest management and to promote an ideal of forest management that mimics natural processes and preserves so-called old growth. They promote a vision of a single, internationally harmonized system of forest certification requiring forest owners to comply with very high standards of forestry performance. This is essentially the approach adopted by the FSC.

In contrast, Olivier (2006) notes that industry and forest owner groups in partnership with host governments tend to regard certification as a mechanism to promote progressive, step-wise improvement in forest management. They also believe certification should provide an effective marketing tool to promote the environmental benefits of wood. The PFEC, for instance, represents government and industry positions and a gradualist approach, including national industrial initiatives that seek to codify extra-legal rule-making adapted to local conditions.

The regulatory competition has, therefore, most likely produced higher level regulation or higher levels of environmental and social quality in the forest industry than under conventional authoritative regulation in the current global economy, one of the reasons being that producer countries have been disciplined by commercial buyers abroad and NGOs.

Partnered governance in upstream petroleum industry: the extractive industries' transparency initiative

New partnered governance initiatives have been launched in the extractive industries to meet the challenges to traditional regulation and business practices – particularly at the interface between multinational petroleum companies and resource-rich developing states. To quote the *Financial Times* (2005):

Extractive industries have long been criticised for perpetuating the 'resource curse' – distorting the economy and propping up corrupt and autocratic governments that exploit their control of the revenues to keep themselves in power.

This was the immediate background for the Extractive Industries' Transparency Initiative (EITI), launched in 2002 in Johannesburg at the World Summit on Sustainable Development. The initiative aimed to promote greater transparency around the large-scale money transfers taking place in the petroleum and mining sectors (EITI, 2006).

Core focus

This case highlights how the EITI weaves several modes of governance into a powerful web of partnered governance:

- Large western multinational companies are jointly supporting the demand to publish money streams from their own extractive activity for the treasury in host countries as a result of strong pressure from interest organizations and public opinion.
- Host countries are taking on obligations to publish the money streams in the public sector, many as a result of considerable pressure from international organizations such as the

World Bank, donor countries and others, but also motivated by the need for inner administrative reform.

- Civil society organizations have been actively promoting the EITI both with the government of their home countries and with authorities and foreign countries – the latter often with considerable difficulty.

Financial investors, including many of the large fund managers, have generally taken a more active attitude to free flow of information, transparent governance and corporate social responsibility.

Breakthroughs on the issues listed above imply a breakthrough for open information and responsible economic governance as set out in a number of international conventions.

Evolution of the regulatory initiative

The EITI, initially pioneered by Transparency International and Global Witness, was later actively promoted by the UK government. It is based on a voluntary agreement aiming to increase transparency in transactions between governments and companies within the extractive industries. The UK EITI government initiative followed an unsuccessful self-regulatory initiative by BP in 2001 to publish unilaterally what they pay in taxes, fees and signature bonuses in Angola. BP's initiative was unsuccessful because Sonargol, the state oil company of Angola, threatened to exclude BP from Angola, and BP subsequently only published the signature bonus mandatory under UK law.

The EITI received mixed reactions from other western countries and their multinational oil companies. The US government and US home-based petroleum multinationals such as Exxon and Texaco would not support the initiative unless they received credible commitments from oil-rich nations and systematic implementation of the principles by all companies involved. Other nations, such as Norway, joined the EITI and supported the initiative both at the government and company level. The two Norwegian petroleum companies, Statoil and Norsk Hydro, which are in the process of internationalizing their petroleum engagements beyond the Norwegian Continental shelf, were both developing advanced CSR programs and were eager to support the initiative.

A significant step towards implementing the Extractive Industries Transparency Initiative (EITI) in the Republic of Azerbaijan was taken on 24 November 2004. The governmental Committee on EITI, foreign and local extractive industry companies (oil and gas) and the NGOs' Coalition for Increasing Transparency in Extractive Industries signed a Memorandum of Understanding (MOU) for the implementation of EITI in the Republic of Azerbaijan. A total of 20 foreign and local extractive (oil and gas) industry companies, including the State Oil Company of the Republic of Azerbaijan, BP, Exxon, Statoil, Total, Lukoil, Unocal, Shell and Devon Energy have since signed the MOU (State Oil Fund, 2004).

More recently the EITI has attracted support from a number of other resource-rich developing countries – namely the Republic of Congo, Ghana, the Kyrgyz Republic, Nigeria, São Tomé e Príncipe, Timor Leste and Trinidad and Tobago. These countries have begun to interpret and implement the principles, thus playing a pivotal role in shaping the EITI. The engagement of resource-rich developing countries has also brought the US multinationals and the US government onboard. In parallel, however, some NGOs – such as Global Witness – are calling for stronger mandatory engagement.

The reception of the EITI in the business community has been rather mixed, ranging from positive embracement by petroleum companies with headquarters in North Western Europe to more reluctant conditional acceptance by those with headquarters in the USA.

The EITI has also gained broader industrial support outside the petroleum industry. In June 2003, the "Investors' Statement on Transparency in the Extractives Sector" in support of the EITI was signed by 38 investors. The process was led by ISIS Asset Management, a UK-based investor with €90 billion under management. The Investors' Statement is intended to demonstrate to extractive companies and host governments that the capital markets unambiguously support the EITI principles.

Discussion

This case exhibits an interesting set of mechanisms in partnered governance: rule-making through mobilization of NGOs and public pressure in host countries which then extends into national politics. The EITI involved a not uncontroversial intrusion into the national politics of developing countries by activist European governments (led by the UK and also including Norway) where the stimulation of democratizing processes in developing countries put host governments under dual pressure.

Ingeniously, persuasion was used in combination with economic sanctions by the World Bank and other international organizations. The NGO partnership was also critical to success by establishing the agenda and ensuring world attention. The “Publish what you pay” movement was instrumental in triggering self-regulation and recruiting inside agency within the host countries for support and local rule-making. The EITI was also ingenious in staging implementation through stakeholder conferences. Here rules were disseminated with increasing precision: from EITI principles to EITI criteria. However, a hard set of sanctioning mechanisms is not yet in place and there are still varying interpretations on how to proceed. Thus the EITI would seem to be caught between the desire to expand the number of signatories and the potential hardship entailed for such signatories in terms of hard implementation.

Partnered governance in the retailing industry, the ethical trading initiative: implementing public policy through industrial value chains

The retailing industry, including such branches as food supply and clothing, is increasingly being challenged to assume responsibility for working conditions, human rights and safety in their value chain, which often stretches back to developing countries. Targeting the end consumer, these companies are highly dependent on branding, and with reputation being such a critical issue, negative press releases on practices in their supply chains can have quite a detrimental effect.

A case in point is Nike, the footwear retailer and manufacturer, which has received intense media criticism for bad working conditions in their factories in Asia. A similar criticism has been leveled at the food chain ICA Norge, which has been forced to carry out internal investigations after the press accused ICA of using child labor.

The Ethical Trading Initiative, ETI, aims to deal with these challenges in the retailing industry. The critical areas targeted are monitoring and verification in order to create transparency and disclosure of labor management. With its central focus on international labor law and standards, including the ILO conventions, the ETI is also linked to public policy and can be seen as partnered governance with respect to implementing public policy in an international arena (EITI, 2006).

Evolution of the regulatory initiative

The ETI, launched in the UK in 1998, included NGOs and trade union and corporate members working together to identify what constitutes “good practice” in code implementation, and then promoting and sharing this good practice. The ETI identifies good practice mainly through its members’ experimental projects and research, and shares this through publications, seminars and conferences and the ETI website (www.ethicaltrade.org). The ETI requires all corporate members to submit annual progress reports on their code implementation activities, and has also developed procedures for disengaging poor performers.

The Ethical Trading Initiative operates in close interface with more formal governmental rule-making including the United Nations Universal Declaration of Human Rights; the International Labour Organisation’s Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy; Guidelines for Multinational Enterprises developed by the Organisation for Economic Co-operation and Development (OECD); and the United Nations’ Convention on the Rights of the Child. The ETI Base Code and the accompanying Principles of Implementation, although both negotiated and agreed by the

founding trade union, NGO and corporate members of ETI, therefore also reflect the most relevant international standards with respect to labor practices and ILO conventions. Large firms involved in retailing often flag extensive CSR policies and the strong engagement of their value chains in ethical management.

Discussion

To sum up, the ethical trading initiative within the retailing industry highlights the challenge of complex value chain issues in an industry that is highly dependent on branding. The governance challenge is to create common labor practices in a system that often extends over several continents and across a large variety of governance and industrial styles.

Implementation takes place largely through the sanctioning power of retailing industry with access to tapping the buying power of dominant OECD markets. The combination of reputation effects and brand building gives the global industrial system incentives to deliver. Through the larger retailer's direct multinational managerial systems and contractual relations they already have the essential infrastructure in place to deliver credible results beyond the reach of territorially-bound national legislatures. The Ethical Trading Initiative serves to focus and strengthen these managerial and contractual practices so as to implement international conventions on labor standards and human rights more efficiently.

In a partnered governance mode, the ETI may therefore also be seen as a supplementary implementation tool for public policy in a typical "soft law" domain. The reference to intergovernmentally endorsed standards serves to legitimize the ETI at the same time as the deployment of industrial managerial and contractual resources and competencies obviously strengthens the implementation of public policy. The large government contribution towards funding the ETI is also an indication of the partnering mode of this initiative.

Partnered governance, concluding reflection

Both the conceptual analysis and the case examples indicate that there may be a strong public policy argument for partnered governance when facing the challenge of integrating social and environmental responsibilities into the globalizing economy. Elements of partnered interplay between industry, government and civil society initiatives can be seen in all our case examples.

The Extractive Industries Transparency Initiative exhibits an interesting set of mechanisms in partnered governance: rule-making through mobilization of NGOs and public pressure in host-countries, extending into national politics. Persuasion was used in combination with economic sanctioning by the World Bank and other international organizations. The EITI also made intelligent use of staged implementation through stakeholder conferences where rules were disseminated with increasing precision: from EITI principles to EITI criteria.

In the Ethical Trading Initiative we have seen how implementation takes place largely through the sanctioning power of the retailing industry with access to tapping the buying power of dominant OECD markets. The direct multinational managerial systems and contractual relations of larger retailers provide the essential infrastructure to deliver credible results beyond the reach of traditional territorially-bound legislatures. In a partnered governance mode, the ETI may therefore also be seen as a supplementary implementation tool for public policy in a typical "soft law" domain. The reference to inter-governmentally endorsed standards simultaneously served to legitimize the ETI and to strengthen the implementation of public policy through the deployment of industrial, managerial and contractual resources and competencies.

In the forest and paper and pulp industry, regulatory competition seems to have produced higher-level regulation or higher levels of environmental and social quality in the industry than under conventional authoritative regulation in the current global economy. Although the government partnered industrial certification is less ambitious than the NGO-led FSC, the engagement of industrial actors and government agencies has provided forest certification on a far greater scale than would otherwise be possible.

We have argued for and found that media-driven “moral rights” bestowed on civil society organizations establishes a basis for CSR-driven collective action beyond the formal authority of nation states. Our findings here resonate with recent political science literature highlighting that civil society organizations have managed to implant elements of public accountability into the private transactional spaces of transnational firms (Ruggie, 2004) and that this process has evolved relatively decoupled from the sphere of states. Ruggie points to Wapner’s (1995) notion of World civic politics and Cutler’s (2002) concept of private governance as building blocks of what he calls the new global public domain.

Our argument for partnered governance is based on the notion that public authorities at different levels may achieve improved outreach by interfacing constructively with civic politics. Civil politics engagements based on moral rather than formal rights may, nevertheless, trigger processes that eventually result in formal governance arrangements.

Yet in many cases, formal governance may not even be desirable. In line with Luhmann (1990), the complexity of global society may dictate more loosely coupled partnered governance over formal government. Given the cultural diversity of the emerging global society it is highly unlikely that politically mandated hierarchic governance can reach all the way. Partnered governance, on the other hand, may allow advanced states and pioneering companies to work together to raise the social and environmental bar above the global lowest common denominator.

As long as the veto-players in global policy-making do not control global media, their capacity to block policy processes to maintain minimalist social and environmental standards may be overruled by moral persuasion in the public media. The direct or indirect vulnerability, of industrial brand image to moral attacks may imply economic costs to industrial actors and regimes that follow unacceptable practices.

In this way, “moral rights” based challenges by civil society organizations in the media provides a healthy challenge both to autocratic planning and solely profit-centered commercialization. Partnered governance strengthens this challenge and allows socially and environmentally advanced states and regions to engage with civic society and challenges to laggards on new arenas.

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