

Practising Transnational Accountability: The Politics of Market Authority

Research statement for GARNET Mobility Fund for Junior Researchers
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The project's focus on patterns of private governance, accountability mechanisms and the interplay of public and private regulation in a global economic system fits well into GARNET's overall thematic schemes of governance and regulation. Globalization is often thought to reduce state authority and empower market authority. At the same time the capacity of transnational markets to give a diffuse range of actors voice is considered a form of democratization. This project investigates the claims where these two points meet: transnational accountability. The project investigates *practices* of accountability in the transnational political sphere that reach beyond mechanisms of democratic accountability based on open participation and formal delegation. This project asks what other practices of transnational accountability exist in the corporate world. It does so through an investigation of the social activities by MNCs. In doing so it reveals new empirical evidence on how MNCs behave in relation to social concerns, and contributes to the emergent sociological 'practice' turn in International Relations (IR) literature, particularly to work on 'the firm' in the sub-field of International Political Economy (IPE).

Leaving aside the rather critical-normative or descriptive-evaluative literature on MNCs in developing countries, there has been an increased interest in the role corporations play in various different areas of study. International relations, global social policy studies, international political economy, economic sociology, international law and managerial studies are all increasingly investigating MNCs. Differences abound in how MNCs are viewed in the respective literatures. In IR, for instance, MNCs are perceived as one of the 'new' international players in a structure of transnational governance. Usually, firm behaviour is not perceived as the dependent variable in IR. And if so, emphasis lies on how they are influenced by other actors such as IOs and NGOs. Legal scholars are more interested in the scope and effectiveness of international law and how it affects or interrelates with corporate governance. Apart from managerial studies, the problem with these approaches is that they treat an MNC as one part of a greater picture of global governance instead of explicitly trying to explain their behaviour. The business literature, on the other hand, very often perceives corporate social responsibility (CSR) as a business strategy but neglects the broader picture of the material and normative environment in which MNCs are situated. In addition, they employ many case studies to provide data and information instead of *systematically* analysing a number of MNCs and comparing them along specific criteria. In other words, an explicit systematic theoretical framework has not been developed yet.

I suggest addressing this shortcoming by offering an integrative approach to study MNC behaviour. I therefore distinguish the available literature into four main areas based on two different dimensions, the first being internal and external factors that explain MNCs' action: on the one hand, political sciences or IR studies mostly treat MNCs as a black box focusing on the impact they have and the role they play in the international economic system or on their *external* contexts. On the other hand, managerial studies pay more attention to *internal* factors. A second line of distinction goes along structure and agency. Some of the available theoretical approaches emphasise structural explanations for MNC behaviour such as the changing normative environment; others focus on specific actors and power relations among them. The same applies to internal approaches: many of them study the business case, the corporation's strategies that structurally constrain its actions. Only little is written so far on internal advocates, i.e. specific norm entrepreneurs such as managers or shareholders who foster certain actions. The project's conceptual framework aims at developing an integrative approach that folds these four different approaches into each other arguing that they are interrelated and need to be studied together in order to get a full picture of the conditions under

which MNCs get involved in social and environmental activities. This framework will then be applied to comparatively study nine corporations conducting in-depth fieldwork across sectors and countries.

The GARNET grant will be used to prepare this extensive research project by financing a six-months research stay at the International Centre for Business and Politics (CBP) at the Copenhagen Business School (CBS), one of the leading research institutions regarding the project's area of interest. A pilot study in China will be conducted, which will feed into grant applications to funding bodies for the project, planned jointly with Leonard Seabrooke from CBP.