

**GLOBAL RULE-SETTING FOR BUSINESS:
A CRITICAL ANALYSIS OF MULTI-STAKEHOLDER STANDARDS**

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ABSTRACT

In the field of global rule-setting for responsible business behaviour, multi-stakeholder standards have emerged in recent years because of their potential for effective consensus-building, knowledge-sharing and interest representation. Proponents also hold that multi-stakeholder standards could address problems related to other forms of global rule-setting for business. Despite alleged advantages, however, analyses of multi-stakeholder initiatives, considering benefits and drawbacks, have been lacking. This article examines multi-stakeholder standards compared to other collaborative standards adopted in the past decade, and focuses subsequently on the peculiarities of multi-stakeholder standards regarding participation, governance and implementation. Multi-stakeholder standards, which involve business and NGOs, and sometimes also governments, are more specific and well-elaborated than other types of standards. But monitoring and implementation are rarely used as means for increasing participation from multiple stakeholders, including most notably those from developing countries. The paper also discusses the implications of the current lack of specificity of the (multi-)stakeholder concept and suggests refinement of multi-stakeholder standards in terms of narrow versus broad inclusiveness.

GLOBAL RULE-SETTING FOR BUSINESS: A CRITICAL ANALYSIS OF MULTI-STAKEHOLDER STANDARDS

In the past decade, one of the ways in which global rule-setting has taken place is through so-called Corporate Responsibility Standards (also labelled codes of conduct), which can be defined as guidelines, recommendations or rules issued by groups within society to enhance responsible behaviour of business (cf. Kolk et al., 1999).¹ Although individual companies also put forward such standards or codes, much effort nowadays goes into standards drawn up by groups of actors, in more collaborative settings. These particular types of collaborative standards are therefore interesting to obtain insight into rule-setting for business in terms of ‘organizing the world’. Over the years, different types of cooperation have led to a veritable wave of standards. Initially, in the 1970s, they were launched primarily in the framework of international governmental organizations (IGOs), such as the United Nations and the Organization for Economic Cooperation and Development. Increasingly, however, non-governmental organizations (NGOs) and business associations – representing a collective of companies – have also started to draw up rules to induce more responsible business behaviour. In recent years, the most notable development has been the emergence of *multi-stakeholder* standards, in which several of these groups, usually at least business and NGOs, but sometimes also government representatives, work together.

The potential of such multi-stakeholder initiatives, particularly for having specific qualities related to creating a “dialogue across the corporate boundary” (Roberts, 2003, p. 264), furthering consensus-building and sharing of knowledge and expertise, and consequently higher effectiveness, has been recognised (Jenkins et al., 2002; UNRISD, 2002). Stakeholder assemblies can be seen as sources for new global rule-setting involving non-state actors where ‘old’ public governance is failing and regulatory voids need to be filled (Braithwaite and Drahos, 2000; Ruggie and Kell, 1999). Their development has sometimes also been promoted more actively, for example by the UK and US governments, and well as the World Bank (through its Business Partners for Development scheme). Despite this overall appreciation, however, an analysis of the characteristics of multi-stakeholder standards compared to other more well-known types of standards developed through cooperation (so-called collaborative standards, see appendix), has not been made.

This article aims to shed more light on these aspects and will, for the purpose, also provide an overview of the main collaborative standards developed or revised in the past decade (see the appendix). This inventory has been made to facilitate a comparison between the standards drawn up by different groups of actors (IGOs, NGOs, business associations, and multi-stakeholder groups), based on a number of aspects found in the literature, thus helping to understand to what extent and in what way multi-stakeholder standards stand out (or not), and what the implications are for the current state and the future of global rule-setting. Research on the characteristics of multi-stakeholder standards is very much in its early stage, basically similar to the state of this emergent phenomenon itself. The present study aims to draw lessons from the comparative analysis on the (potentially) special nature of multi-stakeholder standards. With this, it captures trends in multi-stakeholder settings while refining theoretical expectations partly raised in earlier studies (cf. Utting, 2002; Wick, 2005).

After an examination of standards for business and multi-stakeholder settings more broadly, there are two specific dimensions addressed by the article subsequently. First, a comparison between multi-stakeholder standards and other collaborative standards suggests that the former are more demanding and elaborated than those drawn up by NGOs, IGOs and

business associations. Interestingly, however, different than expected, there are also similarities with business standards in that a majority of multi-stakeholder standards relies on company monitoring for implementation purposes instead of multi-stakeholder forms. Second, multi-stakeholder standard organizations do not always exhibit the degree of stakeholder involvement that might be anticipated. Our exploratory analysis on membership, governance and implementation of multi-stakeholder settings suggests that two different types of multi-stakeholder standards currently co-exist under one and the same ‘flag’. These two ends of a continuum can be designated as involvement versus consultation (or broad versus narrow inclusiveness). In the discussion of our findings this duality is related to the vagueness of the (multi-)stakeholder concept that leaves room for multiple political interpretations. The diversity of options in the involvement-consultation continuum may also have implications as to the benefits of different multi-stakeholder standards as tools for organizing the world.

STANDARDS FOR BUSINESS AND MULTI-STAKEHOLDER SETTINGS

Research shows that rules for responsible business behaviour (setting standards for what companies should do, cf. Brunsson and Jacobsson, 2000, p. 4) drawn up by different groups have varying characteristics. As outsiders, NGOs present rather strict guidelines and policies for companies, but of course cannot ensure implementation and compliance on their own. We propose here to broadly understand NGOs as political organizations that are private in form but public and not for profit in purpose (cf. Reinalda, 1999).² Standards for responsible business behaviour developed by IGOs may as such have a broader reach, but research shows that these standards are usually less specific and less detailed about monitoring and compliance than NGO standards (Kolk et al., 1999). Standards designed by business associations for, for example, companies in one industry or one particular country, are relatively general and vague, compared to those of NGOs and IGOs. This has been corroborated for standards of particularly business associations, which turn out to often lack specificity in rules and programmes, indicative of a trend towards the lowest common denominator among organization members in addressing the issues included in the standards (Kolk et al., 1999).

Technically, multi-stakeholder initiative organizations could fit the definition of NGOs as private not for profit organizations aimed towards a public goal. The rules for business they develop could be seen as NGO standards. However, expectations from practitioners and research warrant an analytical separation of these standards into a separate category of inquiry, specifically because of the collaborative nature of standard setting involving groups across public-private and profit-nonprofit boundaries, contrary to NGOs.³ Boström (2006) for instance argues that when standards are developed in multi-stakeholder settings with involvement of various interest groups, this has the benefit of ‘inclusiveness’, meaning that all parties relevant to a specific issue have a say in matters, thus increasing authority of decision making and establishing good governance (see also Ruggie and Kell, 1999).

Political science offers two other views on the possible benefits of multi-stakeholder gatherings (cf. Utting, 2002). One is that if companies get together with NGO (and/or trade union) representatives, they engage critics of business behaviour in their attempts at improvements, thus letting them perform the function of watchdog. The idea is here that if company adversaries can agree with companies on rules, that there emerges a firm basis and broad support that satisfies a larger critical mass in and around the company. Second,

meetings with groups of various backgrounds can be justified with reference to notions of 'learning' between, among and inside different organizational actors (Zadek, 2001). In this line of reasoning, stakeholders and companies have different sorts of expertise, which, when brought together, can lead to synergies and change organizational behaviour for the good with respect to the issue at hand. Including different parties then implies higher credibility and better quality of the rules. When governments are also involved in multi-stakeholder initiatives, it can be expected that authority and credibility of such a standard becomes even greater. Moreover, government assistance in enforcement and implementation may result in better compliance with the standard (cf. Kantz, 2005).

Multi-stakeholder standards' development is not only affected by the quality and nature of the stakeholders, but also by the specifics of the interaction between stakeholders and companies. Stakeholder 'involvement' can mean very different things, however, depending on the type of activity at stake. Reviews of what companies include as stakeholder interactions in corporate reports show that they tend to treat divergent sorts of interactions as stakeholder dialogue, such as: meeting with activists after having been the subject of a campaign; receiving letters/phone calls from a stakeholder group on a policy; talking to stakeholder representatives at a conference; asking occasional stakeholder advice on a standard; creating a stakeholder advisory group that comments on standard proceedings and governance; allotting stakeholders a clear role in the design, implementation and monitoring of a standard (cf. Kolk, 2005; KPMG, 2005). Clearly, the latter forms of involvement are much closer to 'true' stakeholder engagement than the first ones when looking from the perspective of the perceived advantages of multi-stakeholder rule-setting (interest representation, watchdog function, knowledge exchange and learning). Yet there is a tendency to group the whole variety into one and the same category of 'stakeholder involvement', which obviously complicates the claims as to the benefits of multi-stakeholder standards.

The qualities of both stakeholders and of stakeholder involvement in a standard can vary significantly across a range of multi-stakeholder gatherings because the term 'multi-stakeholder' is so broad to allow for many different set-ups and practices. It has, more generally, been noted that the stakeholder concept as a whole leaves room for political strategic considerations and even manipulation. This is due to the fact that the stakeholder perspective posits a company as a nexus of relationships between a variety of actors with interests that are not always congruent (cf. Freeman, 1984; Mitchell et al., 1997). This means on the one hand that dealing with stakeholders poses complexities for business in view of conflicting interests, but also that companies can shape relations. In fact, business can employ strategies to reduce the concentration of stakeholder power and/or increase the concentration of management power (Hill and Jones, 1992), thus also enabling stakeholder 'mismanagement' (Kolk and Pinkse, 2006). It has even been argued that the stakeholder approach makes managers unaccountable for their actions because it does not contain clues on how to balance competing interests and thus gives managers the opportunity to pursue their own causes (Jensen, 2001; Sternberg, 2001). In such a context, there is room for companies that want to evade a certain ethical issue instead of actively dealing with it, and to create a stakeholder environment that seems credible, but that is of only marginal relevance to the topic at hand (for example, by interacting only with a very small, not well-known NGO and presenting this as significant NGO-business interaction). A company can also pick and choose stakeholders according to their willingness to compromise.

It is particularly in multi-stakeholder settings such as the development of standards that these peculiarities of stakeholders and stakeholder involvement, including issues of inclusiveness and power asymmetry (cf. Boström, 2006; Utting, 2002) come to the fore most

prominently. This also means that a stakeholder gathering for development of such rules can vary enormously as to degrees of representativeness (including involvement of vulnerable groups and/or developing-country stakeholders), the extent to which participants are well-informed and the nature of the groups involved (ranging from more critical watchdog groups to very hands-on, implementation-oriented). These are all relevant distinctions among groups that can bring different virtues and vices to the negotiation table (cf. Van Tulder and Van der Zwart, 2006). Acknowledging that there may be such a diversity of stakeholders involved, one can wonder how this relates to the perceived quality and credibility of multi-stakeholder rule-setting. These aspects will be explored in somewhat more detail below, in the section on the specifics of multi-stakeholder standards. First, however, we will briefly examine to what extent current multi-stakeholder standards are (dis)similar from other types of collaborative standards distinguished above.

COMPARING MULTI-STAKEHOLDER TO OTHER STANDARDS

If multi-stakeholder standards would live up to the expectations of the literature presented in the preceding section, then it might be expected that they, firstly, are more specific and well-elaborated than other types of collaborative standards, and, secondly, offer more room for stakeholder involvement in the implementation of the standard, particularly its monitoring programme. To obtain more insight into these two aspects, we compared the multi-stakeholder standards developed in the past decade to other standards developed in the same period by IGOs, NGOs, and business associations. As such, this presents an update to previous research on the contents, specificity, compliance and monitoring mechanisms of different types of standards (Kolk et al., 1999; Leipziger, 2003; OECD, 1999; World Bank, 2003); it must be noted though that multi-stakeholder standards have not been analysed as a distinct category before. For that purpose, we identified 49 standards that were drawn up in this time frame, of which 22 are multi-stakeholder standards (for an overview, see the appendix).

For the selection of standards we took a previous inventory of different categories of so-called corporate social responsibility codes (Kolk et al., 1999) as a starting point and made an extensive search to identify those collaborative standards that have been designed, presented or updated since then, using code databases, corporate responsibility news groups, documentation and press releases from the various actors involved, and secondary literature. We aimed to be as comprehensive as possible and have done our utmost to include all relevant standards.⁴ However, it might be the case that, for example, more low-key standards have escaped our ‘radar’. Moreover, the analysis remains necessarily a snapshot because new standards are always on the way (for example on Sugar Cane, Cocoa and Cotton) and a few current ones may be in the process of being revised to a greater or lesser degree. In spite of these caveats, we think that the selection is suitable for this paper in view of its overall objective to obtain more insight into trends and peculiarities of multi-stakeholder standards. This latest wave of standards that were designed in a collaborative manner have been content-analyzed following methods used in previous studies (Kolk et al., 1999; Van Tulder and Kolk, 2001). This allows for a comparative assessment and classification of policies regarding issues, focus, measures, as well as monitoring and compliance.

A first observation is that the sheer number of multi-stakeholder standards that has emerged in the past decade is striking. Apparently, considering other studies, the hey day of the other types of collaborative standards was earlier, and dynamics of rule-setting through

standards have evolved in the direction of multi-stakeholder standards. This underlines the expectations of and support for multi-stakeholder settings noted earlier in this paper. If we compare the peculiarities of multi-stakeholder standards with the other types (those drawn up by IGOs, NGOs, and business associations), also taking earlier studies that assessed them into account, there are some similarities. Overall, there is a clear tendency to focus on the international nature of corporate responsibility, which is understandable since it is in that context that the most difficult dilemmas have to be addressed. Within that range, particularly the majority of standards from business associations and multiple stakeholders (with respectively 14 and 22 also representing the largest number of standards) tends to focus on specific industries and/or issues, rather than on responsible business practices generally. There are frequent references in all standards to international conventions and national laws. However, like in earlier studies, the amount of information about time paths for implementation and inclusion of quantitative criteria is very limited.⁵ There is somewhat more information on required investments of the companies concerned to ensure compliance, but thus is also not particularly extensive.⁶

As to the differences, multi-stakeholder standards turn out to be by far the most specific in their description of rules, criteria and policies.⁷ They are also clearer on how the procedures for checking progress on standard implementation should be organized than other standards analyzed. Most multi-stakeholder standards also demand explicit management commitment from companies participating in the standard.⁸ Together with NGO standards, multi-stakeholder standards tend to cover a much broader range of social issues. All these aspects conform to the expectations postulated above. Somewhat different than supposed, however, multi-stakeholder standards are not as broadly oriented regarding environmental issues when compared to other types of standards. It might be suggested that, since multi-stakeholder standards are a relatively new phenomenon, they focus more on the social issues than environmental issues, in line with the broader trend in business in which for example corporate responsibility/sustainability reporting has started to include the social dimensions in a notable manner as well (Kolk, 2005; KPMG, 2005).

It is also noteworthy that in none of the cases analyzed here does government involvement as stakeholder in multi-stakeholder standard setting lead to higher specificity of standards and monitoring systems when compared to the other multi-stakeholder initiatives that had no government representatives on board. In general, standards drawn up by IGOs were the weakest on most counts; in that respect they turn out to suffer most from the 'lowest common denominator' phenomenon (Kolk et al., 1999; cf. Ahrne and Brunsson, 2004, with regard to meta-organizations), in the current context much more than business associations.

Perhaps the most notable characteristic of multi-stakeholder standards that deviates from expectations is that they in many cases rely on the same method of monitoring implementation as standards drawn up by business associations, which is through hiring professional audit companies to check progress (percentages are 51% for the multi-stakeholder and 53% for the business association standards). This is surprising because the option of dividing this monitoring task among auditors representing various groups seems obvious, also because it is much more in line with the philosophy of multi-stakeholder involvement. After all, sharing this responsibility could lead to the most optimal use of different groups' expertise, give watchdogs the opportunity to play that role, and legitimately give voice to all interests concerned. For whatever reason, many multi-stakeholder gatherings have shunned this route: only 27% of the multi-stakeholder standards includes joint monitoring (of both company and societal actors), this percentage is much higher for NGO standards (57%). Government involvement in multi-stakeholder initiatives does neither seem

to have stimulated adoption of monitoring systems in which different groups can participate.⁹

Now that we have identified on which aspects multi-stakeholder standards stand out, the next section will discuss in more detail what stakeholder involvement actually seems to entail in the 22 standards used for the analysis. As set out in the preceding section, multi-stakeholder standards are expected to have more credibility and authority due to their specific nature.

SPECIFICS OF MULTI-STAKEHOLDER STANDARDS

To shed more light on the specifics of multi-stakeholder standards, we focused on those aspects mentioned in the literature as possibly contributing to the particular nature of stakeholder involvement in standard-setting organizations: stakeholder membership, more specifically membership of stakeholder groups from developing countries; governance and the division of checks and balances across stakeholder groups; and implementation measures related to the standard, particularly the distribution of tasks among the various stakeholder groups (cf. Utting, 2002; O'Rourke, 2003; Wick, 2005). As outlined in a preceding section, on all three aspects multi-stakeholder codes could be expected to offer advantages in terms of inclusiveness and representation of those concerned, and concomitant guarantees for watchdog roles as well as organizational learning. These would particularly stand out when compared to business-dominated standards (see table 1).

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Membership

As to groups involved in the development, implementation and/or governance of multi-stakeholder standards, the issue at hand appears to have a dominant influence on the types of groups involved. Thus, unions join social/labour rule-setting efforts, environmental groups join conservation schemes, and so on. In principle, it might be possible to distinguish between different kinds of unions, labour groups and environmental groups as categories of possible stakeholders: in terms of their political mindset, resources, membership, following, as well as willingness to cooperate with companies. All these differences arguably matter for stakeholder interaction (see also Van Tulder and Van der Zwart, 2006).

However, the information provided by most standards does not reveal why certain groups were involved and others not. When particular stakeholder groups do not themselves take the initiative for standard development, they can be invited by the actual initiators. This of course becomes political when they prefer certain stakeholders over others, since it is an opportunity to shape the range of voices and interests represented within the multi-stakeholder setting.

Conversely, political considerations may lead certain stakeholder groups to stay (or opt) out of a certain multi-stakeholder assembly, leaving the initiative with willing stakeholder groups only. A well-known example is that of Fair Labor Association. Although trade union organizations were invited and initially briefly involved, the standard has not received subsequent support from any of them. Instead, only developmental NGOs and non-union affiliated labour experts now serve as stakeholders and board members.

Most initiatives are not very explicit about the possibility of new stakeholder groups entering the standard organization. An exception is the Ethical Trading Initiative, which has a tripartite structure of governance, and allows entrance for those committed to the working conditions issue as set out in the standard, provided that they also have operations in the UK and contribute financially to the programme.

Governance

As such, participating stakeholders can play a role in rule-setting as to who, how and what will be involved. They can also move on to take governance positions inside the standard organization. In practice we see that groups based in developed countries usually take such roles. They generally do not have a direct interest with respect to the issue at hand, and usually do not include the vulnerable groups (cf. Roberts, 2003). Instead they represent or advocate a global issue with high significance for developing countries such as international labour (for example global unions), environmental preservation (World Wildlife Fund, Greenpeace) and global development (Oxfam, Christian Aid). It is also possible that stakeholder groups advance broader causes such as labour and environmental issues under the guise of consumer or shareholder representation (examples are respectively Clean Clothes Campaign and the Interfaith Centre on Corporate Responsibility); in this way they directly address companies' economic interests, thus taking a more indirect (and seemingly more effective) route to influence their behaviour. Expertise of developed-country stakeholders is presumably based on regular contacts with local communities, unions and other groups in developing countries, though this can be contested since linkages, let alone representation, are at best rather indirect.

In some cases, governments play a role in the background of multi-stakeholder initiatives, promoting and endorsing it politically or financially, but steering clear of actual organization membership and direct policy involvement (for example, the Ethical Trading Initiative). In a few instances, governments join multi-stakeholder initiatives as participants, usually when rules require changes in domestic or international policies. An example is adjustment of trade policies as necessary for changing the conditions for diamond trade (the Kimberley Process). In such situations, governments cannot always be expected to assist in enforcement and compliance, because they are themselves parties subject to the standard. In these cases, one can arguably still speak of a higher form of authority and credibility of the standard, with at least a higher degree of inclusiveness of organizations relevant to the issue to be solved.

When multi-stakeholder gatherings design a standard and its governance mechanisms, these rules frequently allow for equal input from business and NGOs concerning aspects such as new participants, implementation and performance assessment, and steps to reform the standard (cf. Tamm Hallström, 2006). Many standards therefore explicitly mention the required voting balance inside boards, and sometimes also procedures for regular rotation of positions among stakeholder groups in boards (for example, the Responsible Soy Initiative). In some cases, such as Social Accountability International, stakeholder groups are not directly represented in the general management board, but become members of an advisory board. Moreover, many standard organizations seek other ways for establishing regular contacts with stakeholder groups that do not perform a governing role inside organizations, for example through research collaborations, working groups, stakeholder conferences, and on-line feedback calls (as in the case of the Roundtable on Sustainable Palm Oil).

Implementation

Regarding stakeholder involvement in implementation, our comparative analysis showed that this is not very common in monitoring of the standard. One of the exceptions here is the Fair Wear Foundation, which boasts the concept of verification, meaning the ability of societal groups to check for compliance with the standard (Ascoly and Zeldenrust, 2003).¹⁰ In other instances, professional audit and quality standard companies check for compliance, sometimes in addition to internal monitoring by member companies. Monitoring is perceived to be one of the key opportunities for local, frequently developing-country stakeholder involvement in the standard process, and thus also a way to enhance, from an interest representation perspective, the credibility and legitimacy of multi-stakeholder standards. Keeping in mind that there is ample critique on the proper functioning of professional audits (see e.g. CCC, 2005; O'Rourke, 2002), including suspicion about the role of such audit firms (cf. Tamm Hallström, 2006), and that there are alternatives that enhance stakeholder participation in monitoring and audits (see e.g. Barrientos and Auret, 2006), it is at least surprising that not more initiatives pursue such routes. One could therefore consider the thesis that companies may not want to give stakeholders access to concrete (and possibly sensitive) standard implementation issues, and instead aim to keep stakeholder involvement at the more abstract policy level. Based on the examination of the formal responsibilities of stakeholder groups as embodied in multi-stakeholder standards, one might be inclined to draw that conclusion. Obviously, this thesis can only be addressed satisfactorily through process-tracing research of standard development and implementation practices (see also Boström, 2006).

Two other aspects of standard implementation can be found that in principle could facilitate (developing-country) stakeholder participation in standards: complaints procedures and local stakeholder roundtables. Complaints procedures are ways for stakeholders to voice grievances about the process of standard implementation or of standard abuse. In that sense these procedures are a form of stakeholder involvement, but they can also create space for local stakeholder groups to participate in governance by assigning them tasks in collecting complaints, envisioning problems and helping address them. A minority of multi-stakeholder standards provide information about their complaints procedures (for example, Utz Kapeh, Ethical Trading Initiative, and Fair Labor Association). Most of these do not specify as a rule whether complaints are dealt with in collaboration with local stakeholder groups. The second option, local roundtables, is only used in a few multi-stakeholder standards (for example, Fair Labor Association). In this respect it is important to establish whether these meetings are open to all those interested, or are organized on the basis of invitation only. If the latter is the case, political considerations could once again play a role, with the initiators shaping the range of voices and stakeholders. The Business Social Compliance Initiative, a business group standard initiative experimenting with local roundtables, has for example been accused of leaving room for political considerations in selecting stakeholders (Merk and Zeldenrust, 2005).

DISCUSSION AND CONCLUSION

Both comparison across different types of standards and comparative analysis of different multi-stakeholder standard shows that multi-stakeholder standards appear to have qualities that make them preferable over other collaborative standards. This is specifically in terms of their specificity but also in the governance mechanisms that usually reflect the ambition to

sustain equal decision making power divided among business and societal stakeholders. In spite of these peculiarities, however, it is not always certain that they will be able to deliver the perceived advantages of multi-stakeholder rule-setting. An interesting finding from the comparative analysis of different types of standards is that multi-stakeholder standards tend to rely as much on monitoring by professional audit companies as standards formulated by business groups only. They thus miss the chance of dividing this task among auditors that represent various groups, which would be much more in line with the philosophy of multi-stakeholder involvement – also because it would best use different groups’ expertise and give watchdogs the opportunity to fulfil that role. The fact that monitoring and other implementation measures are currently rarely used as means for increasing stakeholder participation negatively affects possible involvement from developing-country stakeholders. This applies for example to the possibility of setting up local roundtables and local stakeholder input in complaints procedures, to which multi-stakeholder standards do not pay much attention. It reflects the fact that participation in the design and the actual governance of multi-stakeholder standards is mostly focused on developed-country groups.

More generally, it is not always clear that multi-stakeholder standards are truly multi-stakeholder in their operations. This also has to do with the fact that this type of standards relies on expectations about interaction between companies and stakeholders, which is as yet too little specific on what constitutes a ‘good’ or ‘appropriate’ stakeholder and what ‘good’ or ‘appropriate’ stakeholder involvement actually entails. The tendency not to differentiate and/or define these concepts in the practice of multi-stakeholder gatherings (and frequently also in research on the subject), and to group the whole variety of stakeholders and of interactions together obviously complicates an assessment of the value and achievements of this form of global rule-setting. The peculiarity that there continues to be room for multiple interpretation and even abuse also means that those who want to avoid difficult interactions with critics and true interest representation have to some extent the opportunity to do so.

On the basis of our discussion of membership, governance and implementation of various multi-stakeholder standards, it seems necessary to make an additional distinction as to multi-stakeholder standards, since peculiarities as to inclusiveness can differ considerably. In table 2 we distinguish two types, which can be seen to represent extreme ends of a continuum. On one side, this is what could be labelled as a broad approach to inclusiveness, representing ‘true’ stakeholder *involvement*; on the other something that embodies a narrow approach or *consultation*. This in fact is a refinement of the broad ideal-type multi-stakeholder standard discussed above (and included in table 1). Table 2 also differentiates for membership, governance and implementation, in line with the dimensions derived from the literature and used in the preceding section.

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Both categories (involvement and consultation) are believed to be part of multi-stakeholder standardizing, but the differences are notable in terms of the position of particular groups in the political process. All multi-stakeholder standards under analysis could be argued to stand somewhere in between these poles, some close to the broad model of inclusiveness, others nearer to the narrow one. To make matters a little more complex, standards could also vary between narrow and broad (consultation and involvement) on the three dimensions membership, governance and implementation. For example, a broad membership might be

accompanied by narrow governance and an implementation approach that falls in between (with for example some participation by a Northern NGO). This means that an in-depth analysis, which moves beyond a mere study of the contents of the standard, is required to be able to adequately position it in table 2.

The refinement of the multi-stakeholder standard category implies that there is significant variation in practices for the assessment of the watchdog function, interest representation and knowledge exchange or learning options. Meanwhile, the narrow inclusiveness (consultation) type of standard approximates the practice of business standards (cf. table 1) to the point that if business standard organizations were to experiment with some occasional stakeholder dialogue, the differences between these two would become negligible. The claim that multi-stakeholder standards have specific benefits would on that account not hold at all.

This typology thus suggests a rephrasing of assumed attributes with regard to the representative, learning and watchdog quality of multi-stakeholder standards, from the initial perspective of multi-stakeholder versus other standards, to a continuum with more or less inclusiveness. This means that the theoretical expectations on the benefits of multi-stakeholder standards should also be refined, since they might only be applicable to some extent, depending on how much standards resemble the broad inclusiveness type. Process-tracing analyses of the development of standards is necessary to further assess where different multi-stakeholder standards actually stand and what the connections are between different forms of inclusiveness on the one hand and the qualities of the standard on the other.

It remains to be seen how these aspects and the more general debate about corporate responsibility and stakeholder-business roles (cf. Utting, 2005) will affect the actual set-up of new multi-stakeholder standards and the transformation of current ones following learning experiences. It should be noted that development of multi-stakeholder standards is very dynamic, subject to rapid changes, with newly emerging issues and events feeding into the process. More in-depth research that traces the peculiarities of these trends and interactions can hopefully shed more light on the patterns explored in this paper, as well as the implications for the (future) effectiveness of global rule-setting that aims to involve a wide variety of stakeholders.

NOTES

¹ We do not enter the debate of what exactly is corporate social responsibility (or corporate societal responsibility, cf. Gioia, 2003); for a more extensive discussion on the origins of the concept, see Carroll (1999); Roberts (2003) provides an interesting analysis of the nature of corporate social responsibility and sensibility.

² We acknowledge the difficulty in precisely defining what constitutes an NGO and what distinguishes it from social movements, civil society groups, private voluntary organizations and nonprofit organizations, see Vakil (1997).

³ This distinction between ‘NGOs’ and their rules and ‘multi-stakeholder organizations’ seems to match with the way these terms are usually applied in the CSR field, for instance in policy documents of multi-stakeholder organizations. For more on this see the section on specifics of multi-stakeholder standards.

⁴ Applied as consistently as possible, this means that we present the relatively higher number of particular types of standards (for example, social rather than environmental, and multi-stakeholder as compared to NGO standards) in our set as an empirical finding instead of a possible result of selection bias. Standards completed before mid-2006 have been included.

⁵ Using the framework for analysis as developed by Kolk et al, (1999), none of the standards drawn up by NGOs and international governmental organizations had any sort of indication as to time horizons for implementation, or quantitative criteria to specify implementation. Only a minority of multi-stakeholder standards gave some quantitative criteria (19%) or a somewhat clear indication, usually without giving numbers, of time horizons (27%). Comparable percentages for standards drawn up by business associations are respectively 20% and 13%.

⁶ 14% of the NGO codes mentioned that companies had to commit financially, percentages for the multi-stakeholder standards were 41%, and for those from business associations 53% (although the latter in almost all cases indicated that investments or fees would be low); again none of the international governmental organizations’ standards specified this aspect.

⁷ 68% of the multi-stakeholder standards can be categorised as strong on this point, which is the highest category; this applies to only 29% of the NGO standards, 21% of the standards drawn up by business associations, and none of the standards of international governmental organizations.

⁸ This applies to 64% of the multi-stakeholder standards, compared to 43% and 36% for those drawn up by respectively NGOs and business associations, while none of the standards by international governmental organizations required explicit management commitment.

⁹ In this regard, the only exception (as one out of the five multi-stakeholder standards with government representation), consists of the Voluntary Principles on Security and Human Rights.

¹⁰ Other examples of standards that include multi-stakeholder monitoring are the European Sugar Industry Code and the European Leather and Tanning Code of Conduct.

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TABLES

Table 1. Expected gains from multi-stakeholder codes on main dimensions

	MULTI-STAKEHOLDER STANDARD	BUSINESS-CENTRED STANDARD
MEMBERSHIP	Interest representation by those concerned (broadly defined)	Business representation only
GOVERNANCE	Membership and participation is open for all stakeholders, regardless of origin/views (offering clear possibilities for learning and exchange)	No stakeholders in governance positions, only business representatives
IMPLEMENTATION	Various parties participate, with opportunity for watchdog function to be carried out (as well as learning and exchange possibilities)	Carried out and reviewed by companies themselves

Table 2. Typology of multi-stakeholder standards

	BROAD INCLUSIVENESS (INVOLVEMENT)	NARROW INCLUSIVENESS (CONSULTATION)
MEMBERSHIP	Representation from various stakeholders, including both Northern and Southern groups	Representation from Northern groups, indirect links to Southern stakeholders
GOVERNANCE	Board membership for stakeholder groups, as well as extensive participation in various forums	Advisory board membership for stakeholder groups at best; annual roundtable participation
IMPLEMENTATION	Carried out by various stakeholders	Carried out by companies; stakeholders may give some input

APPENDIX

Standards analyzed for the purpose of this paper

(n=49)

Multistakeholder standards:

Ethical Trading Initiative (1998)
Flower Label Programme (1998)
Marine Aquarium Council (1998)
Fair Wear Foundation (1999)
European Leather and Tanning Code of Conduct (2000)
Global Food Safety Initiative (2000)
Voluntary Principles on Security and Human Rights (2000)
SA8000 (2001 revision; first version 1997)
Business Principles for Countering Bribery (2002)
Extractive Industries Transparency Initiative (2002)
Fair Labor Association (2002 revision; first version 2000)
Kimberley Process Certification Scheme (2002)
CSR in the European Sugar Industry (2003)
Utz Kapeh (2003)
Sustainable Palm Oil Draft Criteria (2003)
Climate, Community and Biodiversity Standards (2004)
Common Code for the Coffee Community (2004)
International Council on Mining and Metals Sustainable Development Charter (2004)
Basel Criteria for Responsible Soy Production draft (2005)
International Cyanide Management Code for the Gold Mining Industry (2005)
Joint Initiative on Corporate Accountability and Workers' Rights Base Code (2005)
Council for Responsible Jewellery Practices draft (2006)

Standards of business associations:

Worldwide Responsible Apparel Production Programme (1998)
World Travel and Tourism Council Green Globe 21 (1999)
Global Sullivan Principles (2000)
World Federation of the Sporting Goods Industry Code (2000 version; first version 1997)
International Zinc Association Sustainability Charter (2001)
Cement Sustainability Initiative (2002)
Keidanren Charter of Corporate Behaviour (2002 revision; first version 1991)
EurepGAP (2003 revision; first version 1997)
Equator Principles (2003)
International Council Toys Industry CARE Process (2003)
Business Social Compliance Initiative (2004)
Calvert's Women's Principles (2004)
Electronics Industry Code of Conduct (2004)
European Telecommunications Network Operators Environmental and Sustainability Charters (2004)

Standards of non-governmental organizations:

Worker Rights Consortium (1999)

Conservation Principles for Coffee Production (2001)

NGO CSR Frame of Reference (2003)

Principles for Corporate Social Responsibility: Benchmarks for Measuring Business Performance (2003)

No Dirty Gold Golden Rules (2004)

Bread for the World Principles for Oil and Gas Industry (2005)

INGO Accountability Charter (2006)

Standards of international governmental organizations:

Extortion and Bribery in International Business Transactions (1999)

OECD Guidelines for Multinational Enterprises (2000)

UN Global Compact (2000)

Global Code of Ethics for Tourism (2001)

Food and Agriculture Organization Code of Conduct on the Distribution and Use of Pesticides (2002 revision; first version 1985)

UN draft Norms on the Responsibilities of Transnational Corporations and other Business Enterprises with regard to Human Rights (2003)