



MORALIZING THE CORPORATION

Transnational Activism and
Corporate Accountability



Boris Holzer

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Preface and acknowledgements

When I set out to investigate conflicts between transnational corporations and transnational advocacy groups in the 1990s I soon realized that I would have to draw on various disciplines to deal with the topic. The role of transnational corporations in the world polity was debated by International Relations scholars, while transnational social movements attracted the attention of political sociologists and political scientists. The changing relationship between large business and society however was largely the domain of management scholars. Although the disciplines still have different approaches and interests, the interest in and amount of interdisciplinary work has grown. I am glad to have been able to participate in numerous discussions with colleagues from various backgrounds, and over the years many of them have read and commented on earlier versions of this book and its individual parts. My thanks for helpful hints and constructive criticism go to Ulrich Beck, Mark Boden, Magnus Boström, Frank de Bakker, Frank den Hond, Tim Forsyth, Maarten Hajer, André Kieserling, Mikael Klintman, John W. Meyer, Michele Micheletti, Harvey Molotch, Joan O'Mahony, Jim Ottaway and – last but not at all least – Leslie Sklair, without whose guidance the research that has ultimately led to this book would never have taken place. I would also like to thank the interviewees, on both the corporate and the activist side, who provided valuable insights and information. Funding for the initial research phase by the German Academic Exchange Fund (DAAD) is gratefully acknowledged. As usual none of the persons or institutions mentioned should be held responsible for the final result.

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revised version of my chapter in Magnus Boström and Christina Garsten (eds), *Organizing Transnational Accountability*, Cheltenham, UK: Edward Elgar, pp. 80–97, 2008.

Writing a book regularly incurs side-effects that other people have to bear, particularly those who happen to share their place of living with the author. I have been lucky enough to have exceedingly tolerant and supportive company throughout writing this book. During the initial phase of drafting the manuscript in London, I enjoyed the hospitality and good humour of Cesa and Karl in Brookfield; later in Lucerne, Lek provided support and, occasionally, some welcome distraction while I was revising the final draft.

I regret that my late father Horst Holzer could only witness the early steps of this project. To him, who had always been a source of inspiration and motivation, I dedicate this book, *in memoriam*.

Boris Holzer
Lucerne, Switzerland
September 2009

1. Introduction

Despite their public relations efforts transnational corporations have a bad press around the world. Public opinion is inclined to support whatever criticism is voiced against them, be it accusations of greed, illegal conduct or excessive lobbying. It is no exaggeration to say that the proper role of business in society has been debated for more than 300 years (Crane et al. 2008, p. 32). The growth and expansion of large corporations has given new fuel to that debate. Already 35 years ago, an American observer noted that no other institution has been 'so consistently unpopular as has the large corporation' (Kristol 1975, p. 126). Considering the threats and uncertainties that private business faced in many parts of the world throughout the 1960s and 1970s, corporations could be regarded as the 'Jews of the modern world polity' (Meyer 1987, p. 64). In the wake of the globalization of business, criticism of the corporation appears to have spread across the world. But it has also changed its tone. Today there is a McDonald's outlet and a Nike shop in every corner of the world. But most of the time those firms are not concerned with the risks of their employees being kidnapped or of their property rights being renounced. They are more likely to be busy debating with anti-corporate or anti-globalization activists who are concerned about environmental degradation, workers' exploitation and cultural imperialism. Criticism of that sort is neither rare nor confined to political activists. Academics and politicians too have shown an increasing interest in transnational corporations. Many of them fear that transnational corporations might undermine the sovereignty of elected governments and that their activities often have undesired consequences for the host countries.

Yet there is a certain paradox involved in such criticism. While critics emphasize the unfettered power and the lack of accountability of corporations, the repeated success of anti-corporate campaigns seems to refute such statements. From a distance, the transnational corporation may appear like a mighty octopus that spreads out its tentacles across the globe. But if you get closer, you see a rather nervous creature that shies away from the constant limelight of public attention. Yet to evade the 'goldfish bowl' of public scrutiny has become increasingly difficult. Protest groups watch corporate activities carefully and in doing so they can count

on the support of public opinion. Because any company's economic success also depends on its reputation, campaigns are potentially hazardous. If corporations do indeed 'rule the world', as Korten (1995) fears, their rule is far from uncontested.

This book is about confrontations between transnational corporations (TNCs) and protest or 'advocacy' groups. It shows how anti-corporate protest and the mobilization of 'ethical' or 'political' consumers can be a great source of trouble for corporations – and how the firms try to cope with those challenges. In a world increasingly marked by transnational economic and cultural flows, TNCs assume an important position as the producers and movers of goods and services (Dunning 1993; Dicken 1998; Scherer 2003). Accordingly, they are not merely economic units but have become important cultural and occasionally political forces (Barnet and Cavanagh 1994; Barnet and Müller 1974; Sklair 2001). Although TNCs are subject to regulation by the nation-state, their transnational reach appears to endow them with a superior position of power. Their investment decisions – and non-decisions – can be crucial to the economic well-being of whole regions. In order to secure economic growth and political stability nation-states have to compete globally for investments. Transnational corporations benefit from that competition and therefore appear to shape the global political agenda to their advantage (Martin and Schumann 1997; Hertz 2001).

But not only TNCs benefit from globalization. The globalization of social relations and communication and the internationalization of politics have also resulted in the emergence of new transnational political actors (Keck and Sikkink 1998a; Smith, J. and Johnston 2002b; Tarrow 2005). Transnational social movement organizations, non-governmental organizations and advocacy networks emerge as possible opponents and counterweights to the one-sidedness of corporate globalization (Chin and Mittelman 1997; Falk 1997; Sklair 1998; Crossley 2002; McDonald 2006). In fact, they often assume the role of 'watchdogs' of corporate decision-making. Activists around the world constantly monitor the conduct of TNCs and use boycotts and direct action to fight misdemeanours (Spar and La Mure 2003). The internet has become one of the main sites of this conflict as activist groups from the US, Europe, Asia and elsewhere publish reports and 'calls for action' on websites and blogs (Bray 1998; Krishnamurthy and Kucuk 2009).¹

Conflicts between TNCs and social movements in the field of environmental protection and human rights have called attention to the role of a 'global civil society' in the regulation of business (Bendell 2000a). Successful social movement campaigns can prepare the ground for codes of conduct that involve civil society actors in the monitoring of business

practice.² They also establish the case for broader normative frameworks, such as the UN Global Compact.³ Voluntary initiatives have limitations, but they are of great interest as forms of ‘soft law’ without formal codification, i.e. rules that can only be enforced by global public opinion (Mörth 2006). Although this kind of normative framework is not legally binding, it is quite powerful. It is based on and further develops a range of widely shared, institutionalized rules and norms Meyer and other neo-institutionalists see at the core of today’s world society (Meyer et al. 1997a). Even in the absence of the formal authority of a world government, the rules and principles of a ‘world polity’ guide and legitimate the behaviour of actors in the global arena. Such principles can be universally held beliefs, such as the value of the individual, or more specific rules and standards that arise spontaneously out of the conflicts among the various contenders for authority.

For transnational activists and protest groups, the lack of a single world legal or political authority creates the space to establish themselves as ‘non-state authorities’. Drawing on the scripts and frames of world culture, transnational activism has become a powerful contender to the dominant forces of corporate globalization, and transnational corporations feel compelled to take its demands into account. Activists have long noted that ‘lobbying the corporation’ (Vogel 1978) directly is a viable alternative to targeting states. While classical social movements tried to achieve their aims through the state, transnational protest groups increasingly circumvent state politics by addressing their claims directly to transnational corporations (Spar and La Mure 2003). That leads to new uncertainties for the global operations of TNCs. TNCs that have become targets of transnational boycotts – such as Nestlé in the conflict over infant formula (Sethi and Post 1979) – have had to learn that such actions can wreak havoc on their reputation and undermine their efforts to build a global brand. The challenge for TNCs lies in the fact that they have to deal with different standards and levels of acceptance under different socio-legal regimes. What is legal in one location may well be regarded as illegitimate somewhere else.⁴ Corporations that used to rely on the legal and normative framework of nation-states to ensure the legitimacy of their activities are now confronted with protest groups whose arguments claim a large degree of credibility and public support.

The ensuing scrutiny and distrust of business practice has transformed large corporations into ‘quasi-public institutions’ (Ulrich 1977; Mintzberg 1983b, p. 525). Acknowledging the problems arising from their transnational public exposure, some TNCs seek to adapt to the new situation by adopting more reflexive policies, i.e. by anticipating the possible reactions of the public in their decision-making processes. From a management

perspective, the question of external monitoring has been put as a problem of 'stakeholder interest management' (Freeman 1984; Clarkson 1995). The theory of stakeholder management argues that neither a central regulator nor the owners of a firm can be regarded as the sole source of standards of legitimacy. Rather, *any* group affected by an organization's decisions may have a legitimate 'stake' in its decision-making. For instance, the Royal Dutch/Shell Group has had a series of confrontations with social movement groups, notably over its plans to dump the oil buoy Brent Spar and its oil exploration in Nigeria. Both issues made the headlines around the world in 1995 and Shell was faced with a severe crisis of corporate communication. That Shell eventually had to give in to the activists' demands 'sent shock-waves through the business community in general' (Grolin 1998, p. 213).

Since then, Shell and many other TNCs have changed their approach to communicating with external stakeholders. They have adopted the discourse of corporate social responsibility (CSR) and put a lot of effort into portraying themselves as good 'corporate citizens'. Although the discourses of CSR and 'corporate citizenship' do of course serve marketing purposes too, they hint at a transformation of corporate self-presentation and self-management. Based on Shell's case and other examples, this book shows how the interaction of protest groups and corporations has set in motion a particular learning process: under the threat of public pressure and moral outrage corporations seek to anticipate areas of conflict and to avoid them. As their behaviour is 'moralized' by their critics, TNCs have to deal with the consequences of being moral actors. That requires them to anticipate how their actions are evaluated by the public and to make themselves accountable to external observers; but it also includes managing or manipulating the kind of impressions they make on others. A certain degree of 'organizational hypocrisy' (Brunsson 1989) is therefore an inevitable feature of corporate accountability, but it is no reason to dismiss the moralization of the corporation altogether.

STRUCTURE OF THE BOOK

The following chapter discusses the relationship between business and society from a global perspective. Contrary to a burgeoning literature on the power of global corporations, I argue that corporations do not wield unfettered power in world society. Despite their economic wealth and their access to formal power, TNCs are bound by globally institutionalized scripts of legitimate social action that favour their critics. On that basis, activists can engage with and successfully challenge corporations. Both

corporations and their challengers – often organized in nongovernmental organizations (NGOs) – must be regarded as ‘non-state authorities’ that compete for legitimacy and credibility in the global realm.

The insight that transnational advocacy groups are not powerless is taken up and elaborated in Chapter 3. In contrast to a power-oriented perspective that seeks to explain the impact of anti-corporate protest on the basis of resources, the neo-institutionalist perspective stresses the significance of normative claims and the corresponding authority of transnational advocacy groups. Taking a closer look at the media discourse during Greenpeace’s campaign against Shell’s plan to sink the Brent Spar oil buoy in the year 1995, I show how the rhetoric devices of a universalizing moralistic discourse helped Greenpeace to win the public’s support. As actors in and representative of a world culture, transnational activists can draw on the substantial argumentative resources of being disinterested, ‘rationalized’ others. That enables them to make and enforce normative claims against corporations.

The mobilization strategies of anti-corporate activists thus rely on particular ‘framings’ of corporate behaviour that highlight the moral responsibility of corporations. As I show in Chapter 4 with reference to Shell’s troubles in Nigeria, it is difficult for corporations to rebut such a moralizing form of public discourse. They cannot completely deny their involvement in grievances, and their global prominence makes them susceptible to being cast as both perpetrators and potential benefactors. Particularly in situations in which governments cannot be relied on, transnational activists tend to address their claims directly to corporations.

In Chapter 5 I turn to the mechanisms behind civil society challenges to corporations. The fundamental threat employed by transnational activism against corporations is the mobilization of consumers. The propensity of ‘political’ or ‘ethical’ consumers to follow the recommendations of social movement organizations is an important tool of transnational campaigning. Social movements are successful in mobilizing their supporters in their various roles, including their roles as consumers. They can therefore use this channel to put pressure on corporations.

Chapter 6 discusses how corporations tune in to the demands of consumers and social movements by relating to their social environment. Some firms seek consensus with society in terms of shared values, for instance The Body Shop, which has made environmental concern a primary feature of its business practice. Obviously such a high degree of congruence between societal values and economic objectives is rare, especially if we take into account possible value conflicts. It is therefore necessary to accept the possibility that some aspects of business practice are not compatible with others’ values. A ‘reflexive’ approach takes that into account.

It takes for granted that business and society are not congruent, but at the same time reflects societal expectations within the organization.

The following two chapters discuss the consequences of corporate reflexivity. As a result of successful activism, corporations seek to co-opt specific external interest groups. They turn new 'stakeseekers' into stakeholders and thereby reduce the uncertainties of a complex social environment (Chapter 7). Regarding the wider public, systematic corporate 'accountability' can be regarded as a reaction to public demands for explanations of corporate decisions (Chapter 8). The more corporations get involved in public debates about the reasons for and motives behind their decisions, the more likely they are to devise their own rhetoric tools to explain their motives. Corporate accountability is therefore concerned with the self-presentation of the corporation, rather than with optimizing transparency.

NOTES

1. See, for instance, the websites of US-based CorporateWatch ('the watchdog of the net') at <http://www.corpwatch.org>; of the independent UK-based magazine of the same name at <http://www.corporatewatch.org>; or of the Malaysian Consumer Association of Penang at <http://www.capside.org.sg>. Many websites are also dedicated to the observation of particular corporations, e.g. Exxon (<http://www.exxposeexxon.com>) or Coca-Cola (<http://killercoke.org>).
2. For examples of campaigns leading to the formulation of codes of conduct – and the subsequent involvement of NGOs in monitoring them – see Bartley (2005), Jenkins (2001), Rodríguez-Garavito (2005), Sikkink (1986) and Windsor (1994).
3. See Sahlin-Andersson (2004) and Williams (2004) as well as the UN Global Compact website: <http://www.unglobalcompact.org>
4. Regarding the Brent Spar controversy, Cornelius Herkströter, President of the Royal Dutch Petroleum Company (Shell Netherlands), remarked: 'we found that what appeared to be the best option in the UK was not acceptable elsewhere' (Herkströter 1997, p. 2). See also Scherer and Palazzo (2007, p. 1108), who argue that the complexity of institutional environments leads to the 'politicization of the corporation'.

2. Corporate power and the power of its critics

The history of economic globalization is bound up with the rise of large corporations (Dunning 1993; Sklair 1995; Dicken 1998). Long before ‘globalization’ became such a buzzword, the globally oriented, multinational corporation was under scrutiny as an ‘emerging power’ (Barber 1968) and as a threat to the sovereignty of the nation-state (Vernon 1973). In a world society increasingly marked by transnational economic and cultural linkages, transnational corporations (TNCs) have undoubtedly acquired an important position as the producers and distributors of goods and services. They have transcended a role of mere economic units and have become an important cultural and – according to some critical observers – even political force (Barnet and Müller 1974; Sklair 2002). Although TNCs are subject to regulation by the nation-state, their transnational reach appears to endow them with a superior position of power. Their investment decisions and employment policies can be crucial to the economic well-being of whole regions. Striving to secure economic growth and political stability, nation-states enter a global competition for investment. In such a competition, the parameters of regulation, representing potential costs for business, are one of the bargaining resources. Transnational business can use its mobility as a lever to negotiate a favourable position. Accordingly, many observers fear that TNCs will be able to shape the global political agenda to their advantage (Martin and Schumann 1997; Hertz 2001).

Large corporations certainly exert significant influence through their decisions. Yet there is nothing peculiar about transnational corporations in this respect. The power of business has always been regarded as a problematic if manageable consequence of the market economy for democratic political systems (Lindblom 1977). The regulatory capacity of governments in a market system is limited. The state’s main source of power, the ability to impose laws on its subjects, is a rather blunt weapon with regard to the economy: governments have ‘thumbs’ but no ‘fingers’, as Lindblom put it (1977). Although governments devise laws and regulations to influence and control the economy, they are not in control of the consequences and side-effects of these laws (Luhmann 1988a, Ch. 10). The possibility of causing unintended and undesired economic effects is a well-known argument

against legislation, for instance in the area of environmental protection. In order to avoid unintended economic disincentives the state rather refrains from intervening in the market. In this sense Lindblom identifies the 'market as a prison': since any attempt at market reform automatically triggers punishments, e.g. in the form of unemployment or a sluggish economy, the relationship between politics and markets constitutes 'an extraordinary system for repressing change' (Lindblom 1982, p. 326).

Globalization appears to further diminish the capacity of territorially based politics to rein in and control increasingly footloose capital. The authority and sovereignty of nation-states is called into question by two developments. First, increasing global interdependence makes state-centred politics appear insufficient to address many problems effectively (Keohane and Nye 1977; Strange 1994; McGrew 1995; 1997). Second, new transnational non-state actors, especially TNCs (Sklair 1995; Dicken 1998) and transnational nongovernmental organizations (NGOs) (Wapner 1996; Keck and Sikkink 1998a; Boli and Thomas 1999a; Smith, J. and Johnston 2002b) do not confine their activities to the jurisdiction of any particular nation-state. As a result, the autonomy and sovereignty of nation-states is not self-evident any more but rather subject to bargaining processes between state and non-state authorities (Keohane 1995; Strange 1996; Grande and Pauly 2005). But even if transnational political actors pose new challenges to the established system of nation-states, that does not imply that we are witnessing the 'end of the nation-state' (Ohmae 1995). Neo-realist scholars are not alone in pointing out that many important features of politics remain bound up with the nation-state (Gilpin 1971; Krasner 1994). In fact, transnational NGOs as well as TNCs often pursue their objectives through the direct or indirect lobbying of individual governments in order to achieve desirable legislation.

However, TNCs and NGOs do not only pose challenges to individual states. They have already transformed the interstate system itself. Rosenau (1990; 1993) captures this transformation with his notion of a 'bifurcated' and 'multi-centric' arena of world politics in which states and a multifaceted civil society coexist. In a similar fashion, Strange (1996) suggests the concept of 'non-state authorities' to analyse transnational political processes beyond the interstate system (cf. also Cutler et al. 1999). A proper analysis of global politics therefore must pay attention to the activities and impacts of corporations, social movements and nongovernmental organizations.

To capture the transformation induced by 'free-floating' politics and to contrast it with the established vision of formal state politics, Beck coined the term *subpolitics* (Beck 1993; 1999; 2005). Initially employed within the context of national politics, the intention of the label 'subpolitics' is to

denote informal 'life politics', i.e. small-scale decisions of political importance. Similar to the concept of civil society, it thus bears connotations of being placed beneath the nation-state or, more precisely, 'outside and beyond the representative institutions of the political system of nation-states' (Beck 1996, p. 18). The prefix 'sub' is not to indicate that this form of politics is less important than state politics but that it is less institutionalized. Thus one may speak of *transnational subpolitics* if actors use informal channels of influence and power across nation-state borders.

Based on such a concept of transnational subpolitics, it is easy to see that non-state authorities need not be rivals to nation-states but may fill 'gaps' in the transnational realm by their own policies. Subpolitics is likely to emerge if collectively binding decisions and legitimacy are not provided by nation-states.¹ For instance, in the face of a rudimentary and pluralistic development of global law (Teubner 1997), TNCs pursue their own 'law-making' policies (Muchlinski 1997; Robé 1997). These may be subject to subsequent legislation by nation-states and thus eventually create new areas for governmental activities as well. Hence, a simple zero-sum assumption would be misplaced. Rather, the activities of non-state actors frequently open up new arenas that are subsequently taken up by state agencies. One prominent example is the environment. For instance, the transnational activities of environmental groups defined the field and actually preceded the institutionalization of environmental politics on both the national and the global level (Meyer et al. 1997b; Frank et al. 1999). The efforts of social movements to establish the issue can hardly be said to have diminished the scope of government activities. Rather they created an issue which was then available for political and legislative initiatives. Transnational subpolitics may thus define new issues for state agencies to address (Boli and Thomas 1999b, p. 48)

In contrast to such an analysis of the world polity, predictions of declining state power are premised on viewing power as a zero-sum game: if one actor gains, the other loses (Huntington 1973, p. 363). This presupposes that power is something one can 'possess' and therefore give or lose to someone else. Power however is always embedded in social relations and hence nobody can possess it. It always takes (at least) two to play this game – or, as Michel Foucault put it: 'Power is not something that is acquired, seized, or shared, something that one holds on to or allows to slip away; power is exercised from innumerable points, in the interplay of nonegalitarian and mobile relations' (Foucault 1979, p. 94).

In order to assess the impact of transnational political forces on state authority, we need to consider the relationship between power and politics in more detail. Many problems arise from a concept of power as suggested by Max Weber, i.e. one that defines power in terms of the 'chance' to carry

out one's will in a social relationship despite resistance (Weber [1921–22] 1980; p. 28).² The main obstacle to a proper understanding of the phenomenon of power is that such a definition assumes a pre-existing 'will' on the part of social actors – and the relevance of this for the analysis. Yet, the existence or anticipation of an unequal power relationship makes it pointless for the disadvantaged side to form such a will in the first place. The very nature of power is to ensure certain actions and effects independent of the will of the subjects: 'The causality of power lies in neutralizing the will, not necessarily in breaking the will of the subject' (Luhmann 1988b, pp. 11–12, own translation). Power does not depend on bending someone's will. It can be exercised much more effectively by establishing the 'rules of the game' rather than by explicitly enforcing certain actions.

Therefore, the real issue of power is the ability to define social situations. Once this ability is generalized, it can be used to arrange and manipulate the possible alternative courses of action to the benefit of the power-holder. That means that power actually goes beyond the Weberian conception of someone influencing the action of someone else. Such a 'one-dimensional' view of power (Lukes 1974) captures only the obvious and manifest side of power. However, power has at least 'two faces' (Bachrach and Baratz 1962). One face of power is the observable participation or non-participation of groups in decisions which may affect them. Yet it would be wrong to forget about the other face, which involves the 'mobilization of bias' (ibid., p. 949) in order to establish the rules of the game and prevent issues from arising to the point of decision-making in the first place.³ Amongst others, Lukes (1974) and Wrong (1979) have emphasized that this ability to 'frame' the issue may furthermore be based upon a third, structural dimension of power, which enables power-holders to manipulate the very structures from which situations of conflict and contest may arise.

Until we have established that the authority of TNCs actually concerns all those dimensions of power, corporations will not 'rule the world', as Korten (1995) fears. At least, their rule is far from uncontested. Nation-states retain significant means of regulating business practice, and there are also other limits to the exercise of corporate power. Business is constrained not only by legal rules and political decisions, but also by social standards. A company that violates those standards may be neither prosecuted nor liable to a fine, but it may quickly find itself in the limelight of public attention and suffer from the withdrawal of support by its customers. As I argue in this chapter, the question of corporate power must therefore be approached from a perspective that does not simply pit it against forms of state power, but also takes into account the considerable authority of non-state actors such as NGOs and advocacy groups.

1. DIMENSIONS OF CORPORATE POWER

How does globalization affect the relationship between business and society and why does it shift the balance of power in favour of corporations? There are a couple of different answers to this question. The first one is a straightforward extrapolation of earlier arguments about corporate power. It concerns the size and resources of corporations. Every organization is 'powerful' in the sense that it can use its hierarchy of command to summon and direct the contributions of a large number of individuals. By opening up opportunities for action not accessible to any individual, a large organization may thus be regarded as considerably more powerful than an individual actor or a spontaneous group of actors. If we follow Russell (1986) and assume that power amounts to 'the production of intended effects', corporations are indeed powerful collective actors. But how powerful are they? The mere size in terms of members is not a very accurate indicator of a corporation's capacities. Employees without tools and departments without budgets would hardly count as signs of power. Since corporations need to pay wages, buy machines and trade commodities, their financial resources are a more meaningful indicator. If corporation A has higher revenues than corporation B, it can use them for a variety of purposes in the future. Consequently, a frequently cited piece of evidence for the power of large corporations is their wealth. That allows us not only to compare TNCs among themselves (as in the *Global Fortune 500* index), but also to rank both states and corporations according to their financial resources. On the basis of such a comparison of corporate sales and country gross domestic products (GDPs), one may for instance discover that at the turn of the century 51 of the 100 largest 'economies' in the world were in fact corporations rather than countries (Anderson and Cavanagh 1996; 2000).

That TNCs rank higher than many countries – especially less developed ones – in such a list is often regarded as a sign of their 'privileged position' in global governance (McGrew 2000, p.148). Yet the straightforward nature of such a conclusion is misleading. Even from the perspective of a resource-based concept of power neither GDP nor revenues are suitable indicators because they are not resources that are actually at a decision-maker's disposal. After all, a government cannot 'spend' the gross domestic product, part of which still remains in private hands. A more sophisticated ranking of financial resources therefore compares government *budgets* and gross corporate revenues (Gray, C. 1999). The result shows that only seven national governments outrank the richest corporations and that the top 100 are now comprised of 66 corporations and 34 governments. However, a slightly different method of comparison results in a rather

different picture. If we grant that revenues are not a good indicator of the spending power of corporations and thus use value added instead (and again GDP as an indicator of state power), no TNC gets into the top forty of the largest economies (Held and McGrew 2002, p. 44).

The problem with such rankings is not only that their results obviously vary significantly depending on the method of measurement. More importantly, it appears that even a seemingly simple assessment of financial resources cannot provide a conclusive answer to the question of corporate power. The assumption that money equals power does not lead very far. It is unclear to what extent a *translation* from financial into political ‘capital’ is possible. The different results obtained by different methods of ranking states and TNCs already indicate that there is no linear transitive order that would allow us to deduce a power differential of, say, 100 per cent between some entity possessing US\$100 million and another one possessing US\$200 million. In other words, on whatever basis we rank corporations and countries with regard to their financial resources, such an approach can at most give an indication of their degree of economic power. That may be a rough approximation to a corporation’s actual ability to exert influence on others. After all, money can do more than just buy tools and manpower – it may also facilitate access to the corridors of state power.⁴ Yet as an indicator of corporate power including its more subtle cultural and political dimensions and ramifications (cf. Epstein 1973; 1974), economic wealth remains ambiguous at best.

We therefore should consider an alternative approach to the question of corporate power. Instead of focusing on individual actors and their resources, it adopts a relational perspective that regards power as an attribute of social relationships, not of individual (or corporate) actors. Following Max Weber’s classic lead, the essence of power lies in the chance to assert and carry out one’s will in a social relationship even against resistance (Weber [1921–22] 1980, p. 28). Such an inclusive definition of power leaves open on what the ‘chance’ is based. It may be wealth, but it may be charisma, persuasiveness or sheer physical dominance. At any rate, it is important to keep in mind that the power subject’s estimation of that chance is decisive – and not the judgment of scientific or other observers (Wrong 1995, p. 8). Seemingly objective indicators of physical strength or economic wealth are meaningful to the extent that the power subject’s evaluation is obvious enough, but they can be misleading if it is not. The most conspicuous aspect of the relational power of corporations is certainly the superior bargaining position of mobile capital vis-à-vis the nation-state (Strange 1996; Tarzi 2000). The respective power of TNCs flows from their position within a web of competitive relations. It is based on the exit options of mobile capital and may appropriately be called a

form of 'transnational power of withdrawal' (Beck 1998; 2002, pp. 95ff.). Unlike power relations between states, it is based not on the threat of invasion but rather on the threat of emigration: corporations have the option of relocating their operations, thus inflicting losses of both tax payments and jobs on a country. That enables them to exert power in bilateral negotiations. The potential exit of capital bears consequences that the local or national political decision-makers will be held accountable for. It can therefore be employed as a (more or less credible) threat. The dilemma faced by governments has been succinctly summarized by Zygmunt Bauman (1998, p. 8): 'The company is free to move; but the consequences of the move are bound to stay.'⁵

Even if governments were able to impose stricter regulation, be it on the national or on the global level, doubts about its efficacy would remain. If regulation imposes new costs on corporations, as it regularly does, they will try to avoid it. Openly breaking the law may itself be costly in the end. Finding ways 'around' regulation by identifying loopholes, however, is a rational and frequently used strategy. The inexorable information asymmetry between the regulator and the regulated leaves enough room for such practices. TNCs can tap their worldwide knowledge, while governments are confined to their own domain. This is reflected in the statement of a CEO who admits that: 'We would not knowingly break the rules anywhere. We always employ one set of experts to tell us what they are, and another set to tell us how to get round them' (cited in Tugendhat 1973, p. 163). Laws cannot prescribe concrete actions and are subject to interpretation. Corporations do not see legal norms as 'precise normative commands requiring obedience' but rather perceive them selectively and reconstruct them 'according to the inner logic of the concrete market and the concrete organization' (Teubner 1994, p. 33; see also Stone 1975). From the perspective of a CEO, this fact is seen in more pragmatic terms: 'It is the job of governments to make the rules, and ours to find the loopholes' (cited in Tugendhat 1973, p. 163).

The globalization of capital therefore has increased corporations' exit options, but it would be wrong to regard global capital as entirely foot-loose. TNCs still need to be based somewhere. Scenarios of a complete 'corporate takeover' (Monbiot 2000; Hertz 2001) appear to be a bit exaggerated, at least if we take into account that nation-states enter the bargaining process with some valuable assets of their own. The operations of TNCs depend on access to territory – which by and large still remains under the control of individual nation-states. As the number of transnational corporations and their demand for access to territory grow, the states, which control that access, might even be strengthened. The increase of transnational activities thus challenges the nation-state but in

another way also reinforces it: 'It increases the demand for the resource which the nation-state alone controls: territorial access' (Huntington 1973, p. 355). When this argument was made, it was beyond doubt that nation-states have control over the access to their territory. One should not exaggerate the changes, but certainly this assumption has to be met with caution nowadays. It is all too obvious that the increase in trans-border flows has diminished the extent of control by nation-states, e.g. regarding labour force migration in the European Union. In other areas states have simply been rendered less important, e.g. regarding e-commerce and other information-driven activities (Sassen 1995). In sum, the relational power of TNCs concerning their bargaining with nation-states has been reinforced through the mobility of capital despite countervailing trends such as increased demands for access to territory.

This development is underpinned by a third aspect of corporate power that is often referred to as structural power. Defining power as one's ability to carry out one's will even against resistance puts too much emphasis on the actual conflict of objectives between power holder and power subject. For power should not be understood in terms of manifest intentions alone. If we follow Weber's definition of power we restrict power to the intentions of individuals (or corporations, for that matter) who form a 'will' and then explicitly 'assert' it. However, power does not always take the form of obvious and intentional acts but may also occur in the form of 'non-decisions', e.g. when power holders are able to 'set the agenda' so as to make it unnecessary to actually enforce anything (Bachrach and Baratz 1962; Lukes 1974). Power may be exercised without any noticeable resistance against it. This insight is particularly pertinent in those situations in which the threats, i.e. the potential damages faced by the uncooperative power subject, are not directly 'negative sanctions'. We usually conceive of power in terms of a constellation that allows the power holder to sanction the power subject in the case of non-conformity. For instance, the sanction may take the form of some negatively evaluated action such as physical or social punishment. The 'punishment' administered by corporations vis-à-vis states, however, is regularly not only more subtle – it is often not a negative one at all. Rather, corporations offer positive incentives such as investments or, vice versa, they threaten to withdraw them. The negative sanction in this case is based upon a complicated conversion: it is the threat of withdrawing an established and expected positive reward. If people are accustomed to receiving certain benefits, e.g. wages or other regular payments, to lose them becomes a threat – and their potential withdrawal therefore turns into a negative sanction (Luhmann 1987a, p. 120). Since corporations are in a privileged position to dispose of benefits such as jobs and tax payments, they wield structural power to the extent that others

either depend on or at least count on those benefits. In this regard, structural power builds on and amplifies both resource-based and relational forms of power. Wealthy corporations have more 'benefits' to distribute; and the more mobile they are, the higher are the chances that they can use the potential withdrawal of benefits to their own advantage.

2. CIVIL SOCIETY AND TRANSNATIONAL ACTIVISM

The assessment of the resource-based, relational and structural dimensions of power shows that highly mobile and wealthy organizations such as TNCs are indeed powerful. It would be wrong, however, to stop the analysis at this point. For corporate power is not exercised in a societal vacuum. There are limits to corporate decision-making. In addition to being subject to national regulation, corporations have to take into account the more informal normative expectations of the public and its various advocacy groups, social movements and other civil society organizations. That holds true for the national as well as for the transnational realm.

A range of contemporary observers regard transnational civil society, comprising transnational social movement organizations, global mass media and local grass roots movements, as a potential counterweight to the one-sidedness of corporate globalization (Chin and Mittelman 1997; Sklair 1998). Against the backdrop of an emerging 'corporate planet', the forces of transnational civil society are thought to provide a necessary, public-spirited counterbalance (Karlner 1997). The underlying concept of civil society owes much to Tocqueville, who was among the first theorists to conceive of civil society as a defensive counterbalance to the modern state and as a locus for 'the constructive actions of altruistic concern' of freely associated citizens (Whaites 1996, p. 241). Tocqueville thought that civil society's associations offered the opportunity 'to pursue great undertakings in common' (de Tocqueville [1840] 1951, p. 122). Civil society is therefore deemed capable of acting as a corrective force against particular interests, namely those of economic and political elites. That explains why the current discourse of civil society often focuses on the relationship between the public and organizations rather than on the relationship between civil society and the state (Luhmann 1997, p. 845).

It is not without problems, however, to use the concept of civil society in this context. The history of the idea of civil society dates back to the time of the Greek *pólis*, where the concept was originally designed to grasp the nature of a pre-modern, urban community. In the transition to a modern, highly complex and differentiated society the idea of civil society has

undergone important conceptual shifts. Most importantly, it is no longer intended to denote the encompassing system of society. Rather, it is now part of a particular distinction within society – the distinction between civil society and the state (Luhmann 1987c). Following Hegel, civil society is then conceived of as a means of social integration ‘above the individual yet below the state’ (Wapner 1996, p. 4).⁶ The notion of civil society has thus become the counterpart to the administrative state bureaucracy. Against the bureaucratic structure of the state apparatus, the modern notion of civil society emphasizes civil society’s potential for self-organization. While the state provides the national community with a formal-juridical framework, civil society assumes a central role in struggles over the legitimate social order. Since the modern democratic state draws its legitimacy from its representing a self-governed political community, it also depends on civil society to provide this legitimation.

Against this backdrop, it is hardly surprising that the term ‘transnational civil society’ is not primarily used with reference to and in distinction to the state. Following Tocqueville’s focus on voluntary associations, the emergence of a transnational civil society is usually related to the border-spanning activities of social movements and NGOs, especially in the fields of ecology and human rights (cf. Princen and Finger 1994). Those activist groups are described as agents of a transnational (if not global) civil society and an emerging transnational public sphere (Beck 1996; Dryzek 1999; Lipschutz 1996). The globalization of social movement activities has not been confined to the late twentieth century. As Boli and Thomas (1999b) demonstrate in their reconstruction of the growth of transnational NGOs, there has been a continuous expansion of both organizational structures and activities across the globe for more than a hundred years. The numbers of transnational NGOs have grown enormously during that period, with an especially pronounced growth since the 1970s. Currently, there are about 20 000 transnational NGOs concerned with a wide range of issues (Willets 1998, p. 200).⁷ According to one estimate, 27 per cent of these organizations are concerned with human rights issues, 14 per cent with the environment, and 10 per cent with women’s rights (Smith, J. 1997, p. 46).

Advocacy groups and social movement organizations are often as transnational as their corporate counterparts; they are also much less dependent on corporate-distributed benefits than nation-states. To be sure, they do not remotely match any TNC’s financial resources. But when it comes to direct confrontations, they have proved capable of making up for this deficit by attacking the Achilles’ heel of the modern corporation: its brand and reputation. TNCs are likely to be easy targets on the grounds of their public image. They often assume top positions in individual markets

and seek to foster their reputation through extensive as well as expensive advertising campaigns. Anti-corporate protest groups, environmental social movement organizations and human rights advocacy networks have in several instances succeeded in challenging transnational corporations. One of the first TNCs that felt the power of transnational protest actions was the Swiss food giant Nestlé. The controversy surrounding its marketing of infant formula products, i.e. of substitutes for breast-milk, in the Third World, brought the activities of TNCs into the limelight. Succumbing to a transnational boycott orchestrated by the International Nestlé Boycott Committee (INBC), Nestlé signed an agreement with NGOs, pledging to implement the WHO/UNICEF 'International Code of Marketing of Breast-milk Substitutes' in 1984. The Nestlé case is a prime example of successful campaigning against a transnational company (Sethi and Post 1979; Gerber 1990). Other companies that had to experience the impact of transnational protest groups include BP, Nike and McDonald's (Klein 2000). Some highly publicized events contributed to the impression that civil society actors wield enough power to challenge the economic and political establishment. For example, the 'Battle of Seattle', in which a broad range of protest groups, trade unions and transnational NGOs laid siege to the World Trade Organization's negotiations in Seattle, has been discussed as an instance of civil society resistance against corporate-driven globalization (Smith, J. 2002a). The same goes for the successful campaign against the negotiations about a Multilateral Agreement on Investment (MAI), which were stopped as a result of multi-faceted movement pressure on national governments (Klein 2000, p. 443; Sklair 2002, pp. 164ff.).

This development has been facilitated by economic globalization, which established the channels of communication and transport thence utilized by social movements. Among the globalization processes in various domains, economic globalization has certainly made the most significant progress so far. However, even if other globalizing tendencies depend on those achievements, their autonomous logic should not be neglected. After all, both the economic and other globalizing processes relied on the structures which enabled global communication, be it early means of transport or modern telecommunication. If one takes these long-term developments of society as the underlying trend of globalization, one may summarize that 'the processes that have produced a globalized economy have also produced a globalized civil society' (Willetts 1998, p. 208).

Yet merely pointing out the growth of the transnational civil society sector does not yet explain why civil society groups have been successful in making claims against both governments and corporations. Obviously, representatives of civil society command considerable legitimacy vis-à-vis corporations because they are deemed to represent a wider, public interest.

In contrast to TNCs and their 'egoistic' economic motivation, NGOs and advocacy groups appear to be public-spirited representatives of civil society. They do not seem to act in their own interest but in the interest of others (Meyer 1996).

TRANSNATIONAL SUBPOLITICS AND THE PUBLIC EXPOSURE OF CORPORATIONS

Ultimately, all companies depend on the public acceptance of their operations. Those public expectations add another, more informal dimension to the legal restrictions on the exercise of corporate power: 'Organizations in modern societies are public not only in the sense that their structures, processes and ideologies are open to observation, but also in their ultimate dependence on public acceptance, i.e. of positioning themselves in relation to the perceptions and policies of society at large,' summarizes Brunsson (1989, p. 216).⁸ Large corporations in particular are subject to a high degree of 'public exposure'. Business decisions affect a wider public and touch on public interests and, vice versa, they are themselves afflicted by measures taken in the name of public interest (Dyllick 1989). Especially in areas bearing a potential environmental impact such as the chemical industry, the public has grown wary of side effects and long-term consequences of decisions. Therefore, the traditional concept of business decisions as essentially private decisions made by or on behalf of the owners of a company, which liberals such as Milton Friedman (1970) adamantly advocate, no longer holds. Rather, these decisions are increasingly becoming public due to their alleged impact on other people. The larger the company, the more likely it is to have such an impact. Therefore the 'price of successful economic growth for a company is that it gains increased public visibility. It is thus more subject to public scrutiny and public criticism than a small company' (Willetts 1998, p. 225).

A paradigmatic example of the challenges that a publicly exposed TNC may face is the controversy between the Royal Dutch/Shell Group and Greenpeace over the Brent Spar oil buoy in 1995.⁹ The oil storage buoy Brent Spar in the North Sea, operated by Shell Expro on behalf of Shell and Esso, had been out of service since October 1991. When it came to the question of decommissioning the Brent Spar, Shell UK initiated an extensive inquiry to find the 'best practicable environmental option' (BPEO). In more than 30 reports, a host of options were considered, ranging from simply 'walking away' (i.e., abandoning the platform and leaving it at its place) over a 'rigs to reefs' option (i.e., after removing the platform the parts are cleaned and turned into an artificial reef in a shallow water

region) to a 'disposal on shore', including the cleaning and disassembly of all the buoy's parts. The final report (BPEO 1994) came to the conclusion that dumping at sea and disposal on shore were ecologically equivalent options. Yet land disposal was depicted as more dangerous and expensive. Furthermore, there was no British port capable of taking the Brent Spar. Accordingly, dumping at sea was chosen as the BPEO.¹⁰ The British Energy Secretary, Tom Eggar, granted permission for deep-sea disposal in February 1995. All North Sea littoral states were informed in accordance with the Oslo-Paris Convention in order to give them the opportunity to raise objections against the plan within a 60-day period. However, none of these countries questioned the disposal plans.

Shell's decision came at a time when Greenpeace was looking for an opportunity to boost its North Sea campaign (Vorfelder 1995, pp. 47f.). When Greenpeace activists learned about Shell's plans, they thought that the Brent Spar would provide an appropriate symbol to make the rather abstract problems of the North Sea more palpable (Scherler 1996, p. 252; see also Hecker 1997, p. 114). A study on the decommissioning of oil platforms issued by Greenpeace argued that deep sea disposal entailed considerable ecological risks and that the Brent Spar case was likely to establish a precedent in this area. When the British government announced the permission to dump the Brent Spar, Greenpeace decided to launch a campaign to prevent the deep sea disposal, that culminated in Greenpeace activists occupying the Brent Spar platform on 30 April 1995. Simultaneously it launched a public relations campaign in Europe and accused Shell of underestimating the amount of toxic waste on the platform.

First reports in the mass media relied entirely on Greenpeace's account, portraying the seizure of Brent Spar as a 'dramatic bid to prevent a marine life disaster'¹¹ or at least citing Greenpeace with respect to hazardous waste on board.¹² Greenpeace also began to lobby other governments and sent protest faxes to the governments of all North Sea littoral states. The first politician to officially raise objections against the disposal was the EU environment commissioner, Ritt Bjerregard, who demanded a ban on deep sea dumping.¹³ Greenpeace Germany increased the pressure by sending information materials to 500 000 members and supporters in Germany. An attached postcard with the catchphrase 'Shell Dumps North Sea!' was to be sent to the Chairman of Shell UK, and more than 100 000 postcards reached Shell's headquarters (Brent Spar 1995, p. 21). On 23 May 1995 Shell Expro workers and Scottish police finally managed to clear the platform. Video pictures and photographs of this event were made available to the world press by Greenpeace. More and more politicians voiced concerns about Shell's behaviour and Greenpeace implicitly called for a boycott. The environmentalists merely published an opinion

poll that showed that 74 per cent of the German population would be willing to boycott Shell; another survey showed that 84 per cent of German car drivers would rather buy petrol from other companies (Scherler 1996, p.259). Smart enough to avoid legal action, Greenpeace did not directly suggest a boycott of Shell but its intentions were obvious enough. The German public reacted accordingly, and some political parties and companies announced that their official cars would not fill up at Shell petrol stations any more. In addition, Greenpeace activists appeared in front of petrol stations, carrying posters with an oil-smearred Shell logo and ridiculing Shell's image campaign with the slogan 'We care for more than cars.'

At the G7 summit in Halifax (Canada) in June 1995 the German Chancellor Helmut Kohl discussed the issue in his meeting with the British Prime Minister John Major. Yet his effort to persuade John Major to intervene failed.¹⁴ Other ministers and heads of state rallied in support of the environmentalists. Greenpeace released new information on toxic substances in the Brent Spar tanks.¹⁵ In a press release, Shell rejected the allegations that more than 5000 tons of oil and toxic waste were to be sunk together with the Brent Spar (Shell UK 1995). An independent inquiry later showed that the Greenpeace figures were wrong. Greenpeace acknowledged the mistake and said that it was due to a 'measurement error' on board the Brent Spar.

At that point the top management of the Royal Dutch/Shell group began to worry that the affair might affect Shell's image, its revenues and its share price. Shell itself never disclosed information on the losses incurred by the boycott of Shell service stations. Estimates vary from an overall drop in sales of 10 per cent up to 50 per cent at individual stations.¹⁶ And the calls for a boycott by various activists and politicians were followed by a noticeable – yet far from dramatic – decline of Shell's share price. Remarkably, Shell's share price was affected although no data regarding the impact of the boycott was available at that time. Financial observers obviously acted on the basis of impressions gathered through the media rather than on the basis of actual financial losses on the part of Shell. Thus the media depiction of the controversy was the frame of reference for both financial and political observers – as well as for the decision-makers at Shell as well.

The Brent Spar controversy illustrates important characteristics of a new form of transnational 'subpolitics' (Beck 1999) that supplements and transgresses the boundaries of formal state politics. First, Greenpeace succeeded in making the issue a truly transnational one. Located in UK waters and subject to clearly defined international agreements, the Brent Spar had first to be turned into a symbol of cross-border importance. The conflict can thus be regarded as a good example of the 'shrinking of place'

in a globalized society (Anderson, Alison 1997, p.11). Transnational pressure from all over Europe led to Shell's U-turn. Had the issue been confined to national borders, Shell might have been able to control it. Second, the relevance of the discursive level for this case is striking. The basic claim of Greenpeace – concerning the amount of toxic waste on board Brent Spar – was flawed. As Greenpeace had to admit later on, their figures were exaggerated. Yet 'it is clear enough that under certain conditions men respond as powerfully to fictions as they do to realities' (Lippmann 1922, p. 14). Thus depicted as an environmental villain, Shell provided an obvious target for Greenpeace precisely because of its previous endeavours to foster a social and environmental image and because of the relatively uniform and well-known corporate identity of the Royal Dutch/Shell Group. These two factors made Shell a 'sure target for environmental campaigning' (Yearley and Forrester 2000); and it made the 'judo politics' (Beck 1995) that Greenpeace employed to challenge its powerful opponent much more likely to succeed. Insofar as the conflict pitted David against Goliath, it showed that the weaker party succeeded against a much more powerful opponent (Tsoukas 1999).

The clash between Shell and Greenpeace epitomizes 'a new-style politics . . . that operates outside the formal structures of power' (Anderson, Alison 1997, p. 9). The form and extent of this power is not independent, yet it is distinct from traditional state politics. In relying on traditional methods of state politics and legal regulation, Shell failed to realize this. In order to win this competition one has to provide arguments and pictures which accord with the timescales and selection criteria of the mass media. The transnational civil society of the Brent Spar controversy is hardly a place of egalitarian discussion and civic participation. Rather, it constitutes a forum of competition for public attention.¹⁷ During the Brent Spar conflict, public opinion was to a large extent shaped by Greenpeace. As Phil Watts of Shell International observed, the pressure group pursued the campaign with almost 'military precision' (cited in Paine and Moldoveanu 1999, p. 1), showing great professionalism in broadcasting its message. Video footage of the events on the platform was made available to TV networks, and the internet was used to disseminate up-to-date information. Mobilizing transnational public opinion in such a way can be a considerable source of power.

4. CONCLUSION

If we take non-state actors into account, the 'diffusion of power' (Strange 1996) in the transnational realm does not only mean that corporations gain

bargaining power vis-à-vis state governments. It also endows nongovernmental organizations such as Greenpeace with the authority to challenge the legitimacy of decisions. For transnational NGOs, the lack of a global legal or political authority creates the space to establish themselves as 'non-state authorities'. If cross-border legal standards do not exist or are insufficiently institutionalized, NGOs can act as spokespersons and define standards of appropriateness. Successful anti-corporate protest builds on the fact that in world society the *legality* of operations may be insufficient to ensure *legitimacy*. The legality of Shell's disposal plans for the Brent Spar oil buoy was not disputed. The operation complied not only with British but also with international law. Initially, none of the affected states objected to it. What Shell could not ensure was the acceptance by the (transnational) public. Thus a central axiom of the relationship between business and the state is called into question: the nation-state's capacity to transform legality into legitimacy.

Filling the gap between a highly developed transnational economy and a rudimentary set of transnational regimes, activists have a high degree of authority and legitimacy. In order to form expectations about what is legitimate at a transnational level decision-makers have to take public opinion into account. Yet the transnational public sphere is a contested terrain in which different discursive actors compete for influence on public opinion. From the viewpoint of transnational corporations societal demands appear increasingly contradictory and elusive. The globalization of communication systems has exacerbated this problem because activities in one locale are now scrutinized by a transnational public representing various value systems. For the implementation of decisions this may lead to problems, as Phil Watts of Shell International observed:

Communications technology has created a global goldfish bowl. All multinational companies operate in front of a hugely diverse worldwide audience. [. . .] (S)ince the ethical, social, cultural and economic priorities which underlie their demands are . . . often local and personal, those demands will differ, will often conflict, and may be irreconcilable. (Watts 1998, p. 24)

The crucial and troubling point for corporations is that the legality of their operations may be insufficient to ensure legitimacy. In legal terms the acceptability of a decision may be clear, even in different national contexts. Yet broader standards of what is acceptable and what is not are always contested and vary from place to place. If such standards are successfully propagated by advocacy groups, TNCs cannot benefit from the legitimacy which legal regulation should bestow on their decisions. Public discourse then plays a decisive role in conflict situations – and civil society actors considerably shape that discourse.

The public resonance of the claims of NGOs is the pivotal point in scenarios of a kind of 'civil regulation' (Bendell 2000b) that could supplement state regulation on the transnational level. It should be noted, however, that this particular strength of civil society is also its main weakness. For the reliance on mobilized public opinion makes it almost impossible to develop and pursue policies systematically. As Lippmann put it, 'the force of public opinion is partisan, spasmodic, simple-minded and external' (Lippmann 1925, p. 151). Since the influence of NGOs and social movement organizations is (in contrast to state governments) not based on a generalized form of support, they depend on the rather volatile and unpredictable attention span of the public. That makes it difficult to carry anti-corporate campaigning – successful as it may be in each instance – much beyond the 'anti' and to turn it into a more constructive political force in global politics. Coordinating efforts have so far been limited to specific issue areas such as environmental protection or labour standards. Furthermore, some interesting but still limited developments toward more comprehensive policies have taken place under the umbrella of the World Social Forum (WSF). Yet we should bear in mind that if we speak of a transnational civil society, we use a convenient and deceptively short term for what is actually an assembly of diverse, sometimes even conflicting interests and expectations. That is not to deny civil society's capacity to keep corporations at bay, at least occasionally. Civil society actors command a great deal of legitimacy in the global realm. They derive their legitimacy and influence from their articulation of broadly shared rules and standards that transnational corporations, despite their power, find difficult to ignore. Even if we should not expect civil society activism to result in a form of regulation that is both comprehensive and consistent, its contribution to the globalization of basic environmental and labour standards therefore remains significant.

NOTES

1. 'Firms operating transnationally need to ensure the functions traditionally exercised by the state in the national realm of the economy, such as guaranteeing property rights and contracts. Yet insofar as economic globalization extends the economy – but not the sovereignty – of the nation-state beyond its boundaries, this guarantee would appear to be threatened' (Sassen 1995, p. 14).
2. In the German original: 'Macht bedeutet jede Chance, innerhalb einer sozialen Beziehung den eigenen Willen auch gegen Widerstreben durchzusetzen, gleichviel worauf diese Chance beruht.'
3. This second face of power corresponds to what the organization theorists March and Simon (1958, p. 90) described as 'uncertainty absorption', i.e. the capacity to establish the premises of future decisions, which are then taken for granted without questioning the body of evidence.

4. Lobbying activities of corporations are well documented and researched, but their efficacy is difficult to assess. See Grenzke (1989) on corporate-sponsored 'political action committees'.
5. Changing the rules of the game, globally enforced regulatory standards could improve this situation. There has been some progress in the field of global environmental regimes in the past decades, for instance concerning the issue of CO₂ emissions (Litfin 1993; Porter and Brown 1996, Ch. 3; Vogler 1992, 1995; Young et al. 1996). At the present time, however, such 'institutions for the earth' (Haas et al. 1993) are few and far between and their power of enforcement remains limited.
6. For a more comprehensive review of theories of civil society see Cohen and Arato (1992).
7. Since these figures are based on estimates by the United Nations, they usually include a number of NGOs which are commonly not considered as social movements, such as business and science associations and standardization bodies. However, the figures give a rough impression of the growth of transnational civic activities.
8. See Millstein and Katsh (2003) for an overview of direct and indirect forms of regulation.
9. For more in-depth analyses of the Brent Spar conflict and its consequences see Grolin (1998), Hansen (2000), Jordan (2001), Livesey (2001), Neale (1997), Tsoukas (1999) and Wätzold (1996).
10. The exact rationale for choosing deep sea disposal was: '(1) Alternative methods are technically complex; (2) It greatly reduces the risks to personnel engaged in the abandonment; (3) It offers negligible environmental disadvantages and reduces the risk to other assets and resources at sea and on the coast; (4) It is the lowest cost option; (5) It is acceptable to the authorities and their consultees' (BPEO 1994, Section 11).
11. *Daily Mirror*, 'Murder at sea', 1 May 1995
12. *Guardian*, "'Hazardous" oil platform seized', 2 May; *taz*, 'Inseln versenken', 2 May 1995.
13. *Guardian*, 'Greenpeace may sue', 15 May 1995.
14. *Daily Mirror*, 'We Shell not be moved', 20 June 1995.
15. *Sunday Telegraph*, 'Storm grows over Brent Spar sinking', 18 June 1995.
16. *Sunday Mirror*, 'Shell sites bombed', 18 June 1995; *Guardian*, 'German anger', 15 June 1995. However, in Germany not only Shell but also its competitor Agip suffered a sales drop – an interview partner from Shell surmised that like Shell's 'ecten', Agip's logo has a yellow background (author's interview in London, 6 April 2000).
17. Once again, this is not necessarily a new insight. Some 75 years ago Walter Lippman argued that public opinion is 'not the voice of God, nor the voice of society, but the voice of the interested spectators of action' (Lippmann 1925, p. 197).

3. Anti-corporate protest and world culture: opposing or enacting globalization?

The mechanisms of contention employed by transnational activism regularly mediate between the global and the local. That raises the question how conflicts between corporations and transnational activism shape globalization. Often it seems that social movement activism defends local interests against corporate intrusion. But campaigns also pick up global topics and apply them to local problems, i.e. they ‘internalize’ them – or, vice versa, they ‘externalize’ their claims to gain leverage from the outside (Tarrow 2005). Local struggles are often ‘marketed’ globally to mobilize support elsewhere and thereby increase the pressure on corporations (Bob 2005). In this chapter, I distinguish two perspectives on the conflict between transnational corporations and activists. Those who focus on the manifest objectives of transnational activism mostly understand it in terms of a power game. The starting point is the assumption that globalization has hitherto been shaped by economic imperatives, represented by the interests of transnational corporations (TNCs), on the one hand and by the political agenda of individual nation-states on the other. Transnational activism challenges and complements the emergence of corporate-led globalization and state-led internationalization. But both globalization and internationalization also facilitate transnational activism by providing it with a technological infrastructure and political opportunities (cf. Maney 2002; Tarrow 2002; 2005). That leads to an interesting dialectic: transnational activism uses the technological means of globalization but, sometimes, turns them against their very origins. From a political economy perspective, large parts of transnational activism therefore seem to constitute an ‘anti-systemic movement’ that can possibly change (maybe even subvert) the course of globalization (Wallerstein 2000; Starr 2000; 2005).

An entirely different picture results from focusing on the latent underpinnings of transnational activism. Neo-institutionalists in particular argue that transnational activism fosters rather than subverts globalization. Social movements and other kinds of non-governmental activities are interpreted as catalysts of a ‘world culture’, whose ontology and values

are the inescapable frame of reference even for those who oppose many of its consequences (Boli et al. 2004). The neo-institutionalist analysis of transnational activism in the world polity therefore seeks to show that the claims of activists are only possible and successful precisely because they refer to established scripts of world culture and are regarded as expressions of disinterested 'otherhood' (Meyer 1996). Far from fundamentally changing the course of globalization, transnational activism thus primarily serves to reinforce it.

I will discuss the implications of these two perspectives regarding anti-corporate protest, i.e. those groups that regard TNCs as the main perpetrators and beneficiaries of globalization and seek to rein in their power and influence. The agenda of anti-corporatism also played a major role in some of the most visible and memorable protest episodes in the history of the anti-globalization movement, such as the 'Battle of Seattle' in 1999 and the successful opposition to a Multilateral Agreement on Investment (MAI). Both the 'conflict' perspective and the 'institutionalist' perspective highlight the significance of anti-corporatist protest for the progress of globalization, be it as a potential disruptor or catalyst of the process. They help to identify the specific nature of anti-corporatism as a paradoxical endeavour that uses the technological and normative infrastructure of world society to oppose it. By opposing globalization anti-corporatism unwittingly *enacts* globalization. Anti-corporate activism actively partakes in the construction of world society as a social reality by establishing transnational social structures (e.g. advocacy networks), world events (e.g. widely reported protest actions) and global topics (e.g. debt relief or corporate codes of conduct).

1. ANTI-CORPORATE PROTEST AS A COUNTER-MOVEMENT

Globalization is not external to social movements. Many movements actively pursue and even celebrate their own globalization. Women's rights, human rights and environmental protection have always had implications beyond any particular nation-state. Accordingly social movements regularly connect 'activists beyond borders' (Keck and Sikkink 1998a) and address their claims to transnational audiences.¹ The domestic policy impact of the border-crossing activities of social movements was soon recognized by international relations scholars (cf. Keohane and Nye 1971; 1977; Mansbach et al. 1976). Social movements have grown more and more adept at influencing nation-state policies from within as well as from without and often pursue their objectives through the direct or

indirect influence on individual governments (Risse-Kappen 1995; Risse et al. 1999; Smith, J. and Johnston 2002a). In contrast to 'old' social movements, which sought to *conquer* the state apparatus (e.g. the labour movement), the 'new' social movements, including transnational ones in particular, seek to *influence* its agenda more indirectly through 'cultural politics' and public contestation. They are less interested in seizing state power than in challenging the very 'boundaries of institutional politics' (Offe 1985).²

Within the anti-globalization movement, the adoption of such a repertoire of contention 'beyond the state' is nowhere more obvious than in the field of anti-corporate protest. Since TNCs are seen as the actual sites of global power, they, rather than nation-states, become targets of protest. Anti-corporatism as an emerging 'field' of protest comprises a rather diverse set of actors, strategies and ideologies (Starr 2000, pp. 158ff.; Crossley 2002).³ But the fact that TNCs are chosen as the main opponents shows that there is at least a 'tacit agreement, however minimal it may be, which provides the axis around which these groups are able to disagree, compete etc.' (Crossley 2002, p. 676).

Despite the oft-cited David vs. Goliath metaphor, anti-corporate activists pose a considerable threat to TNCs. Even if one assumes that corporations actually 'rule the world' (Korten 1995), their rule may well become self-defeating, as they then become a natural target for transnational social movement activities. The perceived lack of transnational regulation makes public scrutiny necessary to control business practice. Inspired by the example of consumer rights advocate Ralph Nader, activists around the world thus constantly monitor the conduct of TNCs and use boycotts and direct actions to fight perceived misdemeanours. Boycott campaigns can wreak havoc on a company's reputation and undermine all efforts to build a global brand. Transnational corporations are obvious and likely targets of protest. Their decisions and operations are frequently the cause of grievances and they are highly visible. In contrast to abstract entities like 'the economy', TNCs can be contacted, challenged and held accountable. As TNCs seek to establish themselves as 'global brands', a whole new field has opened up for anti-corporate protest. For protest groups, the corporation offers an anchor for claims and protest: its logo and its brand name. Activists have not failed to notice that the attempts of TNCs at building a 'corporate image' make them susceptible to bad publicity: 'We know now how to be an effective thorn in the sides of a transnational. A global company like Mitsubishi has its vulnerabilities: their public image, their logo,' says Randy Hayes (1997) of the Rainforest Action Network, which conducted a successful campaign against Mitsubishi's involvement in rainforest logging in the 1990s (see Holzer 2001a). Not that long ago

the global reach of TNCs was essentially considered part of a highly successful new imperialism (Barnet and Müller 1974) but now precisely the transnational scope of their operations enables activists to challenge corporations. They can employ the same kind of 'boomerang' tactics against corporations that they successfully use against state governments (Keck and Sikkink 1998b); as in the Brent Spar case, transnational activists often mobilize consumers and governments in places far away from alleged problems or grievances against a corporation.

If globalization indeed implies a 'diffusion of power' (Strange 1996), corporations are not the only non-state actors involved. Organizations with more or less public purposes from the International Organization for Standardization (ISO) to Greenpeace also benefit from the recalibration of the balance between 'public' and 'private' authority (Cutler et al. 1999; Higgott et al. 2000; Arts et al. 2001). Filling the void of global regulation, private actors establish themselves as 'non-state authorities'. In some issue areas such as human rights and environmental protection social movement organizations (SMOs) and other nongovernmental organizations (NGOs) have turned into important and authoritative representatives of global standards.⁴ That leads to an interesting shift in the network of relationships between states, corporations and civil society. The traditional picture posits a close link between the capacities of the nation-state and the interests of business. In a 'world market for protection' (Bornschieer and Trezzini 1996) nation-states offer their capacity to protect (and legitimize) business in exchange for capital allocation. But as corporations as well as their activities and side-effects transcend national borders, nation-states alone cannot guarantee that corporations are able to pursue their business without interference. Nation-states remain indispensable 'partners' for corporations as the providers of a regulatory framework that guarantees property rights and the absence of violent conflict. Yet the traditional link between legality and legitimacy within a national territory is undermined by globalization. Actors in world society may require different forms of authority to achieve a degree of predictability comparable to the national realm. It is therefore not surprising that the traditional protection relationship between states and corporations has undergone some change. Increasingly, TNCs seek the partnership of NGOs to boost (and protect) their reputation in the global realm. Under certain circumstances, transnational social movements may be more important partners to protect the reputation of a corporation than governments.

In spite of its often self-belittling 'David vs. Goliath' rhetoric, anti-corporate protest therefore is not at all powerless. From a conflict perspective, the potential to challenge the promoters of economic globalization has interesting implications. The movement describes itself as a reaction

to the prevailing trend of a corporate-led globalization that is associated with trade liberalization and deregulation. As a reaction to economic globalization, which is perceived as a form of 'globalization from the top', the activities of protesters aim to promote a more democratic 'globalization from below' (Falk 1992; 1995). In so far as the movement seeks to rein in the unfettered forces of the market, it may thus be regarded as a countermovement in the sense of Polanyi ([1944] 1957), i.e. as a movement that seeks to redress the balance between market forces and politics. According to that perspective, the neoliberal agenda of expanding the realm of self-regulating markets has sparked 'protective measures or counter-movements to re-exert social control over the market' (Chin and Mittelman 1997, p. 29; cf. also Mittelman 2000). Both the protest actions of French farmers and the policies of ATTAC, for instance, have been discussed in terms of a countermovement against neoliberalism (Birchfield and Freyberg-Inan 2004; Birchfield 2005).

The countermovement thesis stresses that anti-corporate protest owes both its existence and its might to the very phenomenon it opposes. The processes that have produced a globalized economy have also produced – or at least facilitated – an increasingly transnational civil society upon which anti-corporate protest builds (Willets 1998, p. 208). From this perspective, it seems that the very forces that promote economic globalization also serve to undermine it (Sklair 1999, p. 448). Or, in the language of the double-movement hypothesis, the power of corporations provokes a societal response that seeks to re-regulate the forces of the market. This interpretation is close to the views expressed by activists themselves (Houtart and Poulet 2001). It tacitly assumes that the intentions of anti-corporate protest are good indicators of its consequences. But a long tradition of sociological thought emphasizes that intentions are *not* always good indicators of consequences (Merton 1936).

2. BEYOND OPPOSITION: ANTI-GLOBALIZATION PROTEST ENACTING WORLD CULTURE

Our interpretation of the role of anti-corporate protest changes considerably if we take into account not only the activists' stated objectives, but also the unintended effects of their actions. To subscribe to the view that the success of anti-corporate protest will significantly affect or even transform the globalization process means to accept its own self-description at face value. Based on the analysis so far, we can conclude that in order to be successful anti-corporate protest must draw on sources of authority different from formal power. Since social movement organizations regularly ignore

or circumvent formal channels of political influence and sometimes even violate existing legal norms, they have to seek legitimation in the public sphere. Legitimation, however, cannot be obtained without some compliance with prevailing social norms (which may, of course, deviate from the formal ones prescribed by law). From a normative perspective, the success of anti-corporate protest therefore cannot be based on opposition alone, but must also include affirmative elements. Accordingly, protest may inadvertently serve as a catalyst of transnational norms. The normative perspective on the anti-corporate globalization movement therefore argues that its ideas and arguments are drawn from a pool of cultural scripts that John Meyer and his associates characterize as a modern 'world culture' (Boli and Thomas 1999a; Lechner and Boli 2005).

The concept of a world culture aims to explain the amazing degree of homogeneity across the world, in particular the worldwide diffusion of the organizational form of the modern nation-state (Meyer 1980; Meyer et al. 1997a). Building on earlier work on institutional 'isomorphism' (Meyer and Rowan 1977; DiMaggio and Powell 1983) it is argued that all organizations, including nation-states and NGOs, have to demonstrate compliance with highly valued cultural scripts in order to legitimate their actions. To the extent that they belong to a class of highly institutionalized organizations that do not produce tangible products, their legitimacy almost entirely depends on the culturally determined appreciation of their actions. According to Brunsson's (1989) terminology, states and a large part of their organizational apparatus (including schools and universities) as well as NGOs are engaged in 'talk' rather than 'action'. Their performance is not primarily judged on the basis of their revenues or productivity but on the basis of their contribution to culturally sanctioned objectives such as education, welfare and progress. While action-oriented organizations such as industrial firms must also pay tribute to cultural values (if only in the form of 'organizational hypocrisy'), talk-oriented organizations ultimately depend on the adaptation to their 'institutional environments' (Scott, W.R. and Meyer 1994).

While the initial focus of the world culture hypothesis concerned the emergence of the international system of nation-states and its surprisingly uniform structuration, scholars have later turned their interest to transnational social movement organizations. For instance, Boli and Thomas (1999b) show that the arguments and objectives of international NGOs reflect five central elements of the Western cultural account: universalism, individualism, rational voluntaristic authority, rational progress and world citizenship. Thus, many international NGOs subscribe to the view that human nature, agency and purpose are universal; that individuals are the only 'real' actors; that those individuals can act collectively so as to

determine cultural rules without reference to any external authority; that development in a broader sense than pure economic and technological advances is possible and desirable; and that all individuals are endowed with certain rights.

This line of argument is not as prominent and has not been elaborated in great detail with regard to the anti-globalization movement (see Boli et al. 2004 for an initial formulation). It is however the general perspective on social movements advocated by neo-institutionalist theory (Meyer 1987; Meyer et al. 1997a). Neo-institutionalism argues that transnational social movement organizations serve to propagate principles of 'world culture' even though they might oppose that culture as a form of westernization.⁵ Similarly, anti-corporate protest commands considerable legitimacy vis-à-vis corporations because it is deemed to represent a wider, public interest. In contrast to TNCs and their 'egoistic' economic motivation, social movement organizations are deemed to be disinterested representatives of civil society. They can profit from the general distrust of any form of 'raw' unbridled self-interest in modern society (Meyer and Jepperson 2000). Although the pursuit of profit is by no means a dubious or discredited endeavour *per se*, there is a certain expectation that it should remain moderated by and compatible with social norms.

Rather than taking their opponents to court (which of course happens too), anti-corporate activists usually rely on the *moralization* of decisions to mobilize public support. Moral observation is based on normative expectations, and for the case of global anti-corporate protest it is an interesting question where these norms come from. In the absence of a global system of law, global norms cannot be as formal or binding as legal norms. Rather, they are part of a rather loose system of 'soft law' that is produced and elaborated by means of public discourse. The fact that world society remains a stateless (and thus, in some sense: a 'lawless') polity does not imply that there are no norms at all. Neo-institutionalist theory argues that there exists a 'broad world polity of shared rules and models' (Meyer 2000, p. 236). But these rules cannot be enforced 'from above' since authority in the world polity is fragmented. And in the absence of a world state, world authority must be constructed 'from below' (Boli and Thomas 1999b, p. 37). The political system of nation-states constitutes an established if fragmented framework of authority in the world polity. Even in a stateless world polity the sovereign national sub-units maintain the formal legal authority within their borders. But at the same time transnational NGOs can exercise their own kind of authority, a form of 'rational-voluntaristic' authority as opposed to the 'legal-rational authority' of nation-states (Boli 1999, pp. 277–87).

Based on rational-voluntaristic authority, world society presents itself as a collection of 'highly legitimated actors', including nation-states,

corporations and NGOs, as the potential carriers of global rules and norms. To varying degrees, those actors subscribe to and disseminate central tenets of modern world culture such as the notion of progress, individual responsibility and goal-oriented action. Claims for legitimate agency can only be upheld if the actors abide by the minimum set of such principles of a 'world culture' (Meyer et al. 1997a; Boli and Thomas 1999b). For NGOs this is easier to accomplish than for TNCs. Rational-voluntaristic authority requires self-interest to be 'enlightened' rather than 'naked' or 'raw'. In other words, anyone acting without due consideration of the legitimate interests of others is morally questionable (Boli 1999, p.295). Both TNCs and advocacy groups partake in rational-voluntaristic authority. Whilst TNCs enact the cultural script of rational progress and economic growth, transnational activists advocate human rights and environmental protection and thereby act as disinterested representatives of others' interests. Only the latter appear as representatives of an 'enlightened' form of self-interest rather than a 'naked' or 'raw' one. Within the framework of modern world culture, they can therefore claim the moral high ground. Since the support of the public is important for both corporations (to maintain reputation) and advocacy groups (to secure commitment), the normative infrastructure of world culture therefore turns out to be more favourable to the claims and activities of NGOs (Boli et al. 2004).

By invoking the universal principles of world culture, transnational activism does not seem to undermine globalization. Rather, its most likely – if unintended – result is to enact standards and rules that actors in world society have to abide by. This argument from a neo-institutionalist perspective highlights an aspect of anti-corporate protest that calls into question the one-dimensional picture given by a power-oriented approach. The contribution of protest to cultural globalization, then, is twofold. First, protest has to rely on norms and expectations of sufficient generality across borders in order to make its claims. Second, by articulating those norms transnational protest serves to disseminate and enforce the norms of world culture rather than to undermine them.

Considering the rather different accounts we can either conclude that at least one of them is wrong or that each highlights a different side of the same coin. I want to argue that the latter is the case. Each account approaches the phenomenon of anti-corporate protest from a peculiar angle – its intended and its unintended consequences, respectively. The power perspective takes the self-description of the movement seriously and portrays the activists as a serious threat to globalization, while the world culture perspective is more detached: it treats the whole movement as a form of sociological carnival in which the latent functions of transnational protest overturn its manifest intentions. The assessments of the

potential impact of anti-corporate protest differ accordingly. The first line of argument regards a transformation or even the end of globalization as possible. In contrast, the neo-institutionalist account considers globalization an inexorable process that sweeps away even those who want to build dams against it.

The seeming incompatibility between these two views can be the starting point for a more complex analysis that takes into account the ambivalent position of anti-corporate protest in the context of world society. Anti-corporate protest does not merely oppose corporate globalization. It propagates values and ideas that resonate with the tenets of world culture highlighted by neo-institutionalist theory. Yet the movement's affinities to the values of world culture also give it its peculiar strength. Without the world-cultural frame of reference, many of the claims of anti-corporate protesters would lack legitimacy and go unnoticed. Acting on behalf of the principles of world culture, however, transnational advocacy groups become sources of authority in the global realm. They cannot draw on the legal authority of nation-states but on the rational-voluntaristic authority associated with their causes and principles. Risse (2000, p.22) argues that 'actors who can legitimately claim authoritative knowledge or moral authority (or both) should be more able to convince a skeptical public audience than actors who are suspected of promoting "private" interests. The moral power and authority of many NGOs seems to be directly related to this feature of public discourses.' The comparatively fragile legitimacy of TNCs is also the starting point of Beck's (2005, Ch. 6) analysis of the strategies of transnational protest groups. We therefore need to examine how transnational activists, NGOs and other groups gain that legitimacy. The statement that world culture 'endows' them with rational-voluntaristic authority is insufficient. Since there is no agency to bestow authority in the transnational realm, that authority needs to be discursively constructed. That is why the 'public' featured so prominently in our account of the power struggle between TNCs and civil society: it is the place where the legitimacy of claims is produced.

3. THE DISCURSIVE CONSTRUCTION OF CORPORATE (IR)RESPONSIBILITY: BRENT SPAR REVISITED

Let us therefore consider the Brent Spar controversy again, this time with a focus on how Greenpeace managed to persuade the public that Shell's plan needed to be rejected.⁶ I mentioned in the previous chapter that Greenpeace's allegation that the Brent Spar contained toxic waste was

an important element of its challenge. In addition to this factual claim, which I will discuss in the following section, two other, maybe even more important rhetoric devices played a role: that Shell behaved arrogantly in doing something that others were not allowed to do and that its motives were primarily of an economic nature – and therefore egoistic. In other words, the environmental group asserted its superior credibility and thus authority in terms of truth, justice and motive.

Truth

Greenpeace based its campaign on the claim that the Brent Spar contained toxic waste which should not be allowed to be dumped into the sea. As a cognitive-scientific claim it was a strong one and a weak one at the same time. It is quite common for environmental movements to refer to scientific evidence (Hansen 1993). The authority of science is still a powerful instrument of justification. However, scientific claims are contested, especially when it comes to complex environments and long-term effects. In the case of complex eco-systems, even the natural sciences cannot provide a single straightforward script for some processes. Every so often, the experts seem to agree with Mark Twain that predictions are difficult – especially those regarding the future. Thus the opinions of scientific experts regarding a specific problem are seldom as unanimous as a naive idea of science would suggest. Rather, experience shows that experts can always be summoned on behalf of either side of risk disputes (Beck 1988).

In the Brent Spar case and others, Greenpeace managed to act as a scientific authority in its own right. For some time the Greenpeace study ‘No Grounds for Dumping’ was the only publicly accessible source supporting the claim that dumping the Brent Spar would threaten marine life.⁷ The predominant view of scientists on this matter was that the impact of the Brent Spar disposal on deep sea marine life would not be significant enough to warrant the more dangerous option of land disposal.⁸ However, Greenpeace and other environmental groups have long established themselves as credible sources of information for many journalists (Anderson, Alice 1993, pp. 56–62). Their use of science as a ‘strategic weapon’ (Hansen 1993, p. 177; Eyerman and Jamison 1989) has led to their increasing involvement in scientific knowledge production (Yearley 1996, pp. 202–204). It is therefore not surprising that Greenpeace was able to support its arguments by own research. Gradually, however, the Greenpeace claims were countered by the arguments of Shell and the British government. According to them, any polluting agents would have been diluted quickly enough to prevent any serious harm to the marine environment.⁹

As the respective knowledge claims could not be tested empirically, the

consequences of deep-sea disposal became largely a matter of evaluation. This again enabled Greenpeace to invoke a common script in environmental policy, the 'precautionary principle' (cf. Gray, J.S. 1990; O'Riordan and Cameron 1994). Accordingly, lacking sound scientific evidence for their claims, Greenpeace activists resorted to the long-term and invisible effects of pollution.¹⁰ The idea that small levels of pollution could result in unanticipated changes in the environment is an idea common enough in environmentalism to warrant precautionary action. Many people nowadays agree with the principle that without sound proof of the harmlessness of certain substances or actions one should better avoid them. Against the background of this interpretive scheme the scientific base of counter-arguments was easily eroded. What could be regarded as a severe challenge to Greenpeace's claims – the lack of knowledge regarding possible risks – actually turned out to be a considerable advantage. As nobody could be entirely sure what would and what could happen, a precautionary stance seemed all the more appropriate.

The pollution cause was further supported by an 'inaccuracy' in the Greenpeace campaign. Greenpeace repeatedly gave the impression that the planned dumping site would be in the North Sea, that is, in an already heavily polluted area near to many people's homes.¹¹ In fact, the Brent Spar was to be towed from its North Sea anchoring point to the Atlantic. But some newspaper reports got it wrong and mentioned the North Sea as the dumping site.¹² This considerably weakened Shell's argument that the pollution would be 'negligible'. Because of the immense problems already facing the North Sea eco-system such an assertion had to seem absurd and ignorant.

Justice

Another rhetoric device portrayed Shell as taking liberties which are denied to 'ordinary people'. The attitude of Shell was pitted against the level of everyday environmentalism in many industrialized countries:

A spokesman for Greenpeace said yesterday: 'Our general point is about environmental responsibility. Why should Government and local authorities be getting us to recycle bottles, cans and other waste when Shell is allowed to dump its litter in the sea? It goes against common morality.' (*Daily Telegraph*, 'Seabed must not become rubbish tip', 20 June 1995)

This line of argument was introduced by Greenpeace but quickly taken up by newspapers and their readers. In letters to the editor, readers in the UK as well as in Germany complained about Shell's behaviour and how it contrasted with general principles that everyone should adhere to:

We are always been [sic] encouraged to recycle materials when we are finished with them. The Government should ensure Shell and other large companies set a good example by recycling their rubbish. (*Daily Mirror*, Readers Letters, 5 May 1995)

You want to do something against the increasing piles of rubbish . . . As every ordinary citizen, you should begin with that in your own domain: Don't leave your oil platform's rubbish in the sea from which we all live. (*taz*, Letter: Open letter, 23 June 1995)

Shell's controversial plan was thereby represented as a problem of setting a good example. Shell could not be allowed to proceed because this would have resulted in an intolerable gap between the corporation's behaviour and what is expected of an ordinary citizen. It would have also damaged the authority of statements propagating environmentally sound behaviour:

How can you tell 90 million Germans religiously to sort their rubbish and not expect them to cry foul when they see a global company fly-tipping its rubbish into the sea, or have a government committed to integrating ecology into all policy areas without people beginning to take personal responsibility? (*Guardian*, 'Agenda benders', 22 June 1995)

Glossing over the fact that Shell's plan was by no means illegal or against environmental regulation, it was compared to acts of environmental vandalism:

Chris Rose from the London Greenpeace office thinks that the behaviour of the British government is just 'hypocritical. Every ordinary citizen is prosecuted if he drives his old car into the nearest pond. But in this case, it is allowed to simply dump an oil platform of 14,500 tons and an unquantified volume of toxic waste into the sea.' (*taz*, 'Meuterei gegen Seebestattung', 23 May 1995)

Flynn, star of 'Soldier, Soldier' says: 'I am disgusted by Shell. If I dumped my car in the sea, I would be arrested. It is shocking the Government is allowing them to do this.' (*Daily Mirror*, 'We Shell not be moved', 20 June 1995)

Greenpeace successfully invoked standards of social justice, not only physical facts, to challenge Shell. The crucial question was no longer to what extent the expected pollution could be tolerated by the marine ecosystem in terms of its natural resilience. Rather, the discrepancy between universally accepted norms of behaviour, i.e. not to dispose of waste carelessly, and Shell's plans, caused the moral outrage. Against this backdrop, even a supposedly negligible case of pollution still constitutes a severe violation of universal principles. Such an act, even if it has only negligible

consequences, cannot be allowed *in principle* – because it violates a social norm that needs to be reasserted.

Motive

Of course, no one really expected Shell to have organized the disposal according to high moral principles. On the contrary, most observers suspected that Shell's choice was motivated by economic interest alone. Although Shell had commissioned the aforementioned reports in order to take into account several criteria, the notion of a 'best practicable environmental option' did not really succeed. Several distinct lines of argument contributed to this outcome. First, the Shell group lends itself to a depiction as a wealthy and powerful TNC. In PR campaigns such as the German 'We care about more than cars' campaign, the corporation itself sought to convey this image. Being powerful and wealthy, however, does not go well together with the impression that Shell basically had chosen the cheapest and most simple solution to the disposal problem. Considering the profits Shell had made out of its North Sea operations, Shell should have been able to afford a better option. From the very beginning of their campaign, Greenpeace activists have tried to put forward this argument:

Greenpeace campaigner Tim Birch told the *Daily Mirror*: '[. . .] They have raked in millions from North Sea oil and now they won't pay the bill to clean up.' [. . .] Greenpeace argue that the oil companies' massive profits mean they have a moral responsibility to clean up properly. Tim said: 'They cannot just take the profit and run.' (*Daily Mirror*, 'Murder at sea', 1 May 1995)

Commentators agreed that the wealth and power of Shell implied a special obligation. In their eyes Shell could have easily afforded spending more money in order to protect the environment:

Shell claims that dismantling the platform on land would cost an extra £35 million – and could be more dangerous. Yet the only consideration should be the environmental risk. This is a fantastically rich company which has made billions from the North Sea. It should not now be trying to dump rigs on the cheap. (*Daily Mirror*, 'Greed that's poisoning our seas', 20 June 1995)

Further support for the view that Shell's decision was mainly based on economic considerations came from the expected costs of a land disposal. Shell initially claimed that this option would entail not only a greater risk for both the environment and the workers but also considerably higher overall costs. Greenpeace rejected that part of Shell's argument by supplying the public with additional information on the possibilities for a land

disposal. According to this, the option could be far less expensive than Shell originally told the public.¹³

Last night a Greenpeace spokesman said: 'This shows that Shell are putting money before genuine concerns about the safety of dismantling the Brent Spar on land. HeereMac's confirmation that they could do the job for £19 million seems to suggest that saving money is their reason for dumping at sea. Surely Shell could afford the extra few million to spare the environment?' Shell said HeereMac's offer did not meet 'safety criteria'. (*Daily Mirror*, 'Dutch can do it for £19m', 21 June 1995)

Against this background, the plan of Shell could only be seen as largely driven by economic rather than environmental concern. The BPEO process appeared as a fig leaf for the 'real' motive of the corporation: to avoid the cost of cleaning up.

To sum up, questions of truth, social justice and legitimate motives of action determined the course of events. In particular, Shell was hit by the imputation of crass economic motives. In contrast to that, Greenpeace could easily claim to represent the public interest. This claim worked out as a form of self-fulfilling prophecy. Since the general objectives of Greenpeace and other environmental groups are widely accepted, politicians are prone to support them – at least symbolically. This public support by democratic representatives, then, fosters the impression that the representatives of Greenpeace indeed represent public opinion. This is exactly what happened when many European politicians, notably Helmut Kohl, the German chancellor, championed Greenpeace's cause.

By depicting Shell as an adversary with inferior motives Greenpeace managed to moralize the conflict. This turned the debate into what Garfinkel (1956) calls a 'degradation ceremony.' According to Garfinkel, a 'good denunciation' comprises eight elements: first, event and perpetrator must be removed from their everyday character; then they must be placed so that they appear as 'instances of uniformity' that are diametrically opposed, e.g. as good and bad; the denouncer must not appear as a private but as a publicly known person or group; he must make the dignity of the supra-personal values salient and accessible; he must arrange to have the right to speak in the name of these ultimate values; he must be seen as a supporter of these values; and he must be seen as distanced from the denounced person; last, the denounced person must be ritually separated from a place in the legitimate order (Garfinkel 1956, pp. 422–3). Greenpeace managed to stage the conflict as a struggle between good and bad and claimed the position to speak on behalf of both the environment and the public, while Shell was merely representing its own narrow interests. By remaining stubborn, Shell moved itself out of an argumentative

position in the eyes of many people. Thus the humiliation of the eventual defeat was well deserved in their opinion. Just like any other degraded person, Shell had to apologize – grudgingly. An advertising campaign in Germany quickly announced: ‘We want to change.’

4. CONCLUSION

In this chapter, I have outlined two perspectives on anti-corporatism as a segment of the anti-globalization movement. A power-oriented approach regards anti-corporate protest as a counter-movement to the prevailing, corporate-driven form of globalization. It draws its power from the fact that, in contrast to popular depictions, TNCs face considerable difficulties when their decisions are challenged by movement activists. Accordingly, anti-corporate protest can be regarded as a societal reaction to the unfettered forces of the market. The neo-institutionalist perspective agrees that anti-corporate protest wields power in the world polity. However, the movement derives that power from adhering to global scripts of world culture rather than from its oppositional stance. By referring to global norms such as individual autonomy, equality and justice, transnational activism justifies its own claims and at the same time disseminates these principles. Transnational activism therefore contributes to ‘globalization’ precisely when opposing the seeming agents of globalization. Once we acknowledge the element of ‘unintended globalization’ inherent in anti-corporate activism, we can proceed to ask what precisely is being globalized in this process. Useful as it is to put the oppositional stance of the counter-movement argument into perspective, the world culture perspective glosses over an important detail. Although anti-corporate protest and transnational social movements in general have to rely on certain scripts of world culture to legitimize their claims, those scripts are not as straightforward and unambiguous as portrayed. Applied to concrete situations, principles such as individual autonomy and rational progress may come into conflict. Hence they are not always instructive for making decisions about particular courses of action. As a result, world culture must be regarded as a reservoir for both hegemonic and counter-hegemonic claims. It depends on which elements are combined and how conflicting demands are resolved. Stressing environmental protection and human rights in particular, anti-corporate protest has thus turned into a kind of watchdog of corporate activities. In the absence of formal legal norms, the conflict over rules in world society is carried out in terms of models of ‘proper’ actorhood, which define standards of appropriate behaviour.

Transnational activists gain weight as ‘moral observers’ if they succeed

in depicting TNCs as (ir)responsible actors. Consumers worldwide are willing to listen to and follow the advice given by transnational campaigns and thus provide the leverage for social movements claims against corporations. The institutionalized distrust of ‘raw’, self-interested actorhood makes it difficult for economic agents to cast themselves as benevolent, rational actors. Yet transnational activism, too, faces a challenge. They have to establish not only the inferiority of corporate motives but also that the corporation is responsible for alleged wrongdoings and grievances. In the Brent Spar controversy there were questions about the possible consequences of Shell’s decisions (e.g. in terms of marine pollution), but Shell’s responsibility was beyond doubt. That is not always the case. TNCs are often entangled in more complicated situations in which their operations contribute to the grievances of others, but by no means solely cause them. The following chapter discusses the strategies that transnational activists employ to hold TNCs responsible for their actions – and sometimes even beyond them.

NOTES

1. The development of this ‘transnational social movement sector’ is described by Smith, J. et al. (1994; 1997b), Tarrow (1998), and, from a neo-institutionalist perspective, by Boli and Thomas (1999b). See also the other contributions in Smith, J. et al. (1997a), Boli and Thomas (1999a) and the volumes by Keck and Sikkink (1998a) and della Porta et al. (1999).
2. Although the debate about new social movements predates the globalization discourse, there are similarities. Theorists such as Habermas (1981), Melluci (1980), Offe (1985) and Touraine (1981) argue that the origins of these movements are related to the social changes associated with ‘late capitalism’ or ‘post-industrialism’ (cf. Buechler 2000 for a review). Today one would probably add ‘globalization’ to that list (cf. Nash 2000).
3. Starr (2000) argues that there are three basic ‘tactical positions’ in anti-corporate protest: contestation and reform, globalization from below, and delinking. Despite the variety of ideological positions within these categories, I agree with Crossley (2002, p. 674) that they constitute ‘a shared *sui generis* social space of contention’.
4. Despite summarily referring to SMOs and NGOs here, I do not want to dismiss Tarrow’s (2001; 2002) warning that they can and often should be distinguished. However, I agree with Birchfield (2005, p. 593) that in the field of anti-globalization protest those groups are regularly united by common objectives and strategies so that the distinction may not be as obvious and significant as in other fields.
5. For analyses of the environmental movement in this respect see Meyer et al. (1997b), Frank (1994) and Frank et al. (1999), for the feminist movement see Berkovitch (1999).
6. The following is drawn from a more detailed analysis of the Brent Spar media discourse in the British and German newspapers: the *Daily Mirror*, *Daily Telegraph*, *Guardian*, *Süddeutsche Zeitung (SZ)*, *Frankfurter Allgemeine Zeitung (FAZ)* and *tageszeitung (taz)*; see Holzer (2001b, Ch. 5).
7. In an interview, Greenpeace spokesman Chris Rose additionally refers to a related study by Bergen University to support his claim. Furthermore, a scientific report to the Ministry of Agriculture, Fisheries and Food from 1993, which argued against sinking

the platform, was later leaked to Greenpeace. Yet, ministry spokesmen claimed that this statement referred to dumping the platform in the North Sea, i.e. in shallow water (*Daily Mirror*, 'Experts warned ministers', 20 June 1995; *Daily Telegraph*, 'Shell "caves in"', 21 June 1995). The only independent scientist cited in support of Greenpeace is James Phimister, University of Edinburgh, in a letter to the editor (*Guardian*, Letter, 21 June 1995).

8. Except for the sources mentioned above, all other references to 'scientists' cite them with the argument that the Brent Spar would *not* constitute a significant risk to marine life. Yet, the articles seldom explicitly name specific scientists. Whenever they do, the source invariably is Dr Tony Rice, a deep sea biologist at the Institute of Oceanographic Sciences' Deacon laboratory. This may be due to his graphic remark that 'the most likely impact was the death of a number of worms on the sea bed' (*Daily Telegraph*, 'Storm in Atlantic teacup', 20 June 1995).
9. This is of course a very common argument regarding pollution. It reflects the problem of setting appropriate limits in areas where the complex interaction of small quantities may already have serious results, known from debates over cancer risks from radiation or smoking.
10. Cf. the statement of Greenpeace activist Chris Rose: 'The British principle of dealing with pollution is "dilute and disperse", which means you dilute contaminants down to levels where you can't detect effects or measure them. It used to be thought that the effects therefore didn't exist but the method became discredited because it was discovered that there were effects. That's why industrial dumping of waste at sea was banned' (*Guardian*, 'The Megan Tresidder Interview', 24 June 1995).
11. A postcard campaign in Germany, for instance, carried the catchphrase 'Shell dumps North Sea'.
12. See *Daily Mirror*, 'How we did it', 21 June 1995, p.2: '... the potential disaster facing the North Sea'; *Guardian*, Letter, 19 June 1995, p.12: 'The greener scientists advising Greenpeace predict the death of a large part of the North Sea if the Brent Spar is dumped.' After Shell's U-turn Mr Gerhard Schröder, then prime minister of Lower-Saxony, congratulated Shell on reversing their 'catastrophic decision to dump Brent Spar in the North Sea' (*Süddeutsche Zeitung*, 'Ministerpräsident schreibt Shell', 24 June 1995).
13. Against Shell's figure of £44 million, two firms claimed that a land disposal would be considerably cheaper: the Dutch off-shore specialist Smit Engineering estimated the costs at £9.8 million, while the Dutch construction company Heeremac said it could do the job for £19 million (*Guardian*, 'Only £10m cost', 13 June 1995).

4. Framing the corporation

A great deal of transnational anti-corporate activism concerns campaigns and public discourses about the quality and reputation of products and producers. Social movement organizations as well as consumer groups and other non-governmental organizations make claims in the public sphere regarding the environmental or ethical qualities of products, the behaviour of companies and the conditions of production. Such claims may be made as part of public deliberation that ultimately expects governmental agencies to introduce appropriate legislation. But they may also be addressed to firms directly. Companies are then expected to react to those claims by offering the right products or changing some aspects of their operations. In the 1970s, Vogel (1978) observed that ‘lobbying the corporation’ – rather than the government – had become an increasingly popular social movement strategy. Today, the more large corporations seem to ‘capture the state’ and ‘rule the world’ (cf. Korten 1995; Monbiot 2000), the more it seems reasonable to address them directly – instead of the supposedly powerless governments. As the notion of corporations as forms of ‘private government’ (Vogel 1975; Macaulay 1986) has gained credibility under conditions of globalization (Cutler et al. 1999), not only scholars but also advocacy groups attribute a great deal of power to large corporations.

If activists want to take corporations to task, they need to establish the corporation’s responsibility for alleged wrong-doings. Concerning the effects of production on the natural and social environment, corporate responsibility is often not clear-cut. If the development of cosmetic products involves animal testing, there is no such issue: without those products, no testing would take place. But in other cases there is no straightforward association between corporate conduct and social or environmental grievances. The way in which corporate policies affect human rights, for instance, is often more indirect. Corporations rarely arrest or torture people, but they may collude with or lend financial or other support to authoritarian regimes. The question then is how direct the connection is between the production of consumer goods and the violation of human rights in developing countries – and how political consumerism can make a difference by exerting pressure on the corporations.

In this chapter, I examine how corporate responsibility for human rights is framed and thereby produced in public discourse. In contrast to a growing body of literature, I thus do not ask what corporate social responsibility 'is' (or ought to be) from an ethical or managerial perspective, but how it is discursively constructed. Taking up the line of investigation initiated by the Brent Spar case, this chapter examines the troubles of the oil multinational Royal Dutch/Shell with its operations in Nigeria, particularly during the 1990s. The campaign against Shell's operations in Nigeria is a case of 'discursive political consumerism', a form of political consumerism that is not primarily concerned with the decision to buy or not to buy but with 'the expression of opinions about corporate policy and practice in communicative efforts directed at business, the public at large, family and friends, and various political institutions' (Micheletti and Stolle 2005, p. 259). Two sources of data are used to examine how the responsibility of Shell for human rights woes and environmental degradation in Nigeria was discursively constructed: newspaper reports about Shell's situation in Nigeria in the crucial year 1995 and interviews with Shell employees, consultants and social movement activists. As this analysis focuses on the public, discursive side of the case, the interviews are not meant to be representative or exhaustive but merely to illustrate how public opinion on the Nigeria situation was observed and interpreted from within the corporation. The central aim of this chapter is to examine how discursive political consumerism constructs and attributes the corporate responsibility for human rights violations and environmental degradation. In a complex social situation like the one in Nigeria, that responsibility cannot be taken for granted. It is established through a public discourse that necessarily reduces the complexity of social reality by powerful and widely accepted narratives. Those narratives concern the responsibility of the corporation and how it could improve the human rights situation, but also how consumers can use their shopping decisions to exert pressure in that direction.

The chapter is organized as follows. First, I discuss the relationship between political consumerism and public discourse with regard to the 'framing' strategies of social movement organizations that construct social problems and motivate collective action – often across national borders. Then I briefly review the political economy of oil exploration in Nigeria. This section is followed by a qualitative analysis of newspaper reports concerning Shell's operations in Nigeria following the trial and execution of the human rights and environmental activist Ken Saro-Wiwa in the year 1995. The discursive framing that attributes a lot of responsibility to the corporation is then discussed as the 'burden' of transnational corporations (TNCs) operating in developing countries under worldwide public scrutiny.

1. POLITICAL CONSUMERISM, SOCIAL MOVEMENTS AND PUBLIC DISCOURSE

Political consumerism aims to improve the range of products available and the conditions of their production (Micheletti 2003; Micheletti et al. 2003). Ultimately, that requires changing corporate policies – either indirectly through legislation or directly through ‘lobbying the corporations’. From the perspective of the firms concerned, the resulting debates and controversies about political consumerism involve both positive inducements and negative sanctions. Boycott campaigns against a particular product, company or industry sector first come to mind. But they are often combined with the call to ‘buycott’, i.e. to give preference to other goods that comply with higher environmental, ethical and social standards (cf. Friedman 1991; 1999). Naming the ‘bad’ guys and praising the ‘good’ ones are two sides of the same coin. While one company in a market is the target of campaigning, others may be commended for their higher standards.

Both positive and negative strategies face some obstacles. Positive political consumerism must deal with the fact that recommended products – such as ‘Fair Trade’ coffee – are usually more expensive; therefore consumers need to be persuaded that it makes sense to spend more money because their shopping choices can promote environmental and human rights. Negative political consumerism faces the problem that there are many reasons not to buy a lot of products at any given point in time. The indifference of economic calculation to social and other side-effects constantly produces corporate villains and dubious products; if one of them is singled out – as happened in the past to companies such as Nestlé, Coca-Cola, McDonald’s and Shell, for instance – the consumers need to be persuaded that this particular case warrants their attention.

There are win-win situations, in which the propagation of socially responsible and environmentally sound products benefits both the consumers and the producers in question. Consumers may simply be directed to the ‘right’ products and thus help to increase their market share – and the concerned companies’ profits. For instance, labeling schemes for organic food products enable consumers to make an informed choice, but they also allow new producers to enter the market – or established ones to charge higher prices. In other cases, however, political consumerism cannot simply build on the producers’ self-description. It concerns situations in which the objectives of environmental protection and social responsibility need to be accomplished against established practices and, eventually, against possible resistance. For instance, the international anti-Apartheid campaign of the 1970s and 1980s aimed at persuading

companies to disinvest from South Africa and thus took a stance against certain business opportunities. In such a case the mobilization of consumers on behalf of political objectives and against the possible counter-strategies of producers becomes imperative.

The orchestration of *colère publique* and the threat of boycott campaigns against particular companies or industry sectors are well-known tools of political consumerism. Political consumerism combines ‘morality and the market’ (Smith, N.C. 1990). In order to mobilize consumers to use ‘the market to vent their political concerns’ (Stolle et al. 2005, p. 246), a purely economic framing of shopping decisions in terms of price and quality needs to be supplemented by political and ethical considerations. Such concerns need to be legitimated in public discourses. The success of political consumerism in persuading consumers and corporations to alter their behaviour therefore depends on the normative pressure of public opinion. The specific action repertoire of political consumerism is thus linked to the discursive repertoire of various social movements, particularly the environmental, feminist and human rights movements.

Political consumerism, like other social movements, has to provide novel interpretations of social problems and their solutions in order to motivate consumers to act accordingly. Appropriate ‘frames’ help to attract attention and mobilize collective action (Snow et al. 1986; Snow and Benford 1988; Benford and Snow 2000). For instance, demands regarding new social problems often draw on an existing pool of knowledge. This is accomplished by ‘frame alignment processes’ between movement claims and common-sense interpretations (Snow et al. 1986). Furthermore, particular events and practices are singled out as exemplars of social problems. For instance, shipping waste across the world may be interpreted as inherently hazardous (if there is a risk that environmental problems may arise during transportation) – or as a problem of global social inequality (if poorer countries accept the rubbish of the richer ones).

A major part of discursive framing concerning political consumerism aims at persuading participants to act on behalf of others. Both the issues and the targets of political consumerism are often transnational. There are large distances between production and consumption, and the link between them is established by the border-crossing operations of transnational corporations. In extractive industries in particular, the places in which the social and environmental problems are observed often differ from those in which campaigning is most effective (Bridge 1998; Mulligan 1999; Cochoy and Vabre 2005). Transnational linkages or ‘advocacy networks’ that connect those places across national borders therefore play a significant role in political consumerism. Facilitated by modern communication technologies, protest actions such as the anti-sweatshop campaign

against Nike (cf. Carty 2002; Greenberg and Knight 2004; Micheletti and Stolle 2005) activate such advocacy networks across various social movement sectors and between the North and South (Smith, J. 2002b). The high public profile of such campaigns has been a major factor in the emergence and perception of the 'anti-globalization' movement and related forms of transnational mobilization (Starr 2000; Smith, J. 2001; Crossley 2002; Smith, J. and Johnston 2002b; Bandy and Smith 2004; della Porta et al. 2006).

Through transnational ties, advocacy networks disseminate information and symbols (Keck and Sikkink 1998a, pp.16–25): Information about local conditions is gathered and moved to where it is useful for campaigns; and easily understandable symbols are used to make sense of long commodity chains as well as distant and complex local situations. Information and symbolic representation provide the basis for 'leverage politics' that uses the economic resources of consumers to effect changes somewhere else, often in less developed countries. A major part of that leverage of transnational advocacy networks is 'moral leverage' (ibid., p. 23), i.e. the ability to expose their targets to worldwide scrutiny. This work is facilitated by the fact that environmental, gender and human rights issues usually invoke widely shared value-commitments that even those who are criticized would not reject. The criticism of governments and corporations therefore often concerns their lack of commitment to self-proclaimed principles. By exposing the 'distance between discourse and practice' (ibid., p. 24), activists hold their targets accountable for their own practices in the light of those principles.¹

An important difference between state and non-state actors as targets of social movement activism concerns the scope of their responsibilities. While governments can hardly deny responsibility for social or environmental problems within their territory, corporations are regularly part of problematic constellations without being the sole perpetrator. Human rights are a case in point. As far as working conditions are concerned, producers clearly cannot deny their responsibility. But the political and environmental situation outside the factory gates is shaped by many other factors, some of which are beyond any corporation's control. The politics of accountability therefore requires more elaborate public reasoning if it involves non-state rather than state actors. Public opinion, consumers and, ultimately, corporate decision-makers need to be persuaded that corporate policies can make a difference in an often complex constellation of social forces.

Many observers highlight the eminent role of discursive and framing strategies in anti-corporate campaigns and transnational activism (see e.g. Keck and Sikkink 1998a, pp. 22f.; Yearley and Forrester 2000; Smith, J.

2002b; Bennett 2003; Greenberg and Knight 2004). However, the question of how responsibility is established with regard to complex problems and why the target actors of transnational campaigning should accept such a situational definition has not received a lot of attention. Insofar as 'discursive political consumerism' (Micheletti and Stolle 2005) broadens the horizon of political action beyond traditional state-centred politics, it also implies the application of notions of responsibility and accountability to non-state actors. This may include the attribution of all kinds of ills to corporate decision-making, although some of them may be due to other agencies' actions (or non-actions). Although corporations often take advantage of low labour standards and weak human rights regimes, for instance by imposing long working hours and neglecting work place security, they are usually not the ones who created the underlying socio-political conditions in the first place.

In the following two sections, I examine how the Nigerian operations of the oil multinational Royal Dutch/Shell became a controversial topic and how the company became eventually associated with the horrendous environmental situation in some parts of Nigeria and with a series of human rights violations. I will highlight a particular set of discursive strategies that made it almost inevitable to regard the corporation as a 'moral actor' responsible not only for its direct actions and decisions, but also for the environment of its operations. But before we examine the media discourse about Shell, we shall have a brief look at the impact of oil production on human rights in Nigeria.

2. OIL EXPLORATION AND HUMAN RIGHTS IN NIGERIA

Shell's engagement in oil production in Nigeria dates back to 1956 when the first commercial oil field in the country was discovered at Oloibiri in Rivers State. Since then Shell has steadily expanded its operations. The local operating company, the Shell Petroleum Development Company of Nigeria (SPDC), operates as a joint venture of Shell, the Nigerian National Petroleum Corporation (NNPC, owned by the Nigerian government), Elf and Agip and is the largest oil exploration and production company in the country. SPDC employs about 5000 people directly of whom 95 per cent are Nigerian and about 66 per cent from the Niger Delta (Shell 2006). From the 1960s onwards, Nigeria's political environment has been marked by repeated coups and changing military regimes (Frynas 1998, pp. 457–60). When the regime of Gen. Ibrahim Babangida finally held elections in 1993, the victory of Chief Moshood Abiola was immediately annulled. In the

ensuing crisis Gen. Sani Abacha managed to seize power on 17 November 1993. His regime came to be known for the regular abuse of human rights and widespread corruption – and particularly for the execution of writer-cum-activist Ken Saro-Wiwa, who had organized the anti-government and anti-oil protest of the Ogoni people in the Niger delta. In June 1998 Abacha died and was replaced by Major Gen. Abubakar, who promised a return to civilian rule. He kept his promise and in 1999 Olusegun Obasanjo, a former military leader and – until 1998 – a political prisoner, was elected president. Throughout these regime changes, the relations between the state and the oil companies remained remarkably stable. Indeed, it has been argued that this stability has been the only element of continuity in modern Nigerian history (Khan 1994, p. 12).

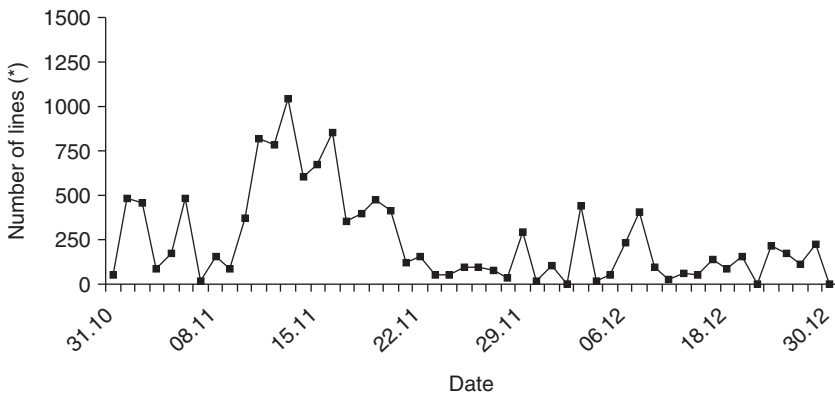
In contrast to the military regime, local communities received little or nothing from the oil revenues generated from their resources. The Ogoni, an ethnic group of some 500 000 people living in the Niger Delta in Rivers State, had long tried to change this unfair distribution and accused the oil companies of causing severe environmental damage in their region. This concerned Shell in particular due to its prominent role in oil exploration in the Delta. Oil was first discovered there in 1958 and Shell operated up to 96 oil wells on five to seven oil fields until its withdrawal from the region in 1993 (Moldoveanu and Paine 1999a; 1999b). The Movement for the Survival of the Ogoni People (MOSOP), founded in 1990, issued an ‘Ogoni Bill of Rights’ which called for ‘a new order in Nigeria, an order in which each ethnic group will have full responsibility for its own affairs’ (MOSOP 1992). Most importantly, this responsibility concerned the oil reserves in the Ogoni area, which so far had been exploited by NNPC and Shell. Like other oil producing communities in Nigeria the Ogoni felt ‘that the wealth derived from their land is siphoned off by the federal government and never returned’ (Human Rights Watch 1999, p. 39). Instead, the search for oil had caused pollution and environmental degradation. The Ogoni demanded control of their political representation and of their economic resources. On 3 November 1992 MOSOP issued a notice to oil companies operating in Ogoni that they must pay rent and royalties as well as compensation for devastated land, or quit the area. After a series of mass demonstrations and attacks on employees, Shell’s operations in Ogoniland became risky both for the company’s reputation and for the security of its staff. Shell thus withdrew from the area in 1993.

But the Ogoni and MOSOP under the leadership of Ken Saro-Wiwa – playwright, former government employee and environmental activist – continued to attack Shell for the legacy it had left in Ogoniland and made Shell’s responsibility for the local situation a worldwide issue. Shell’s troubles culminated when the tensions between Ogoni leaders and the Nigerian

regime came to a head in 1995 with the execution of Ken Saro-Wiwa and eight other activists. Saro-Wiwa had been arrested along with MOSOP colleagues following the murders of four Ogoni leaders who had opposed Saro-Wiwa's policy. Subsequently, the attacks on Ogoni people were intensified (Human Rights Watch 1999, Ch. 8). Having been held without charge for eight months, Saro-Wiwa and his fellow activists were finally charged with the murder of the four Ogoni leaders and sentenced to death on 31 October 1995. Since their execution in November 1995 Shell has been associated with what British Prime Minister John Major then called a 'judicial murder'.² Although Shell's Chairman, Cor Herkströter, had sent an appeal for clemency to the Nigerian government, the efforts on behalf of Mr Saro-Wiwa were widely perceived as lacklustre and insufficient. Although the MOSOP campaign had generated unfavourable press coverage of Shell's operations in Nigeria for some time, the trial and execution of Ken Saro-Wiwa brought public attention to a climax.

Shell's situation was aggravated by the fact that it had stood in the limelight of public criticism only half a year before, when its decision to dump the disused oil storage buoy 'Brent Spar' in the deep sea was contested by Greenpeace. Facing public criticism and consumer boycotts across Europe, particularly in Germany and in the United Kingdom, Shell had to give in and seek an alternative solution (see Chapters 2 and 3). As a singular crisis experience, the Brent Spar episode would have been serious enough to make Shell worry about its reputation. Yet 'to stumble twice against the same stone is a proverbial disgrace', as Cicero (106–43 BC) said. The new controversy partly reproduced the patterns of the Brent Spar episode. Hearing the news about Nigeria, many people's reaction could only be an astonished 'Shell – again?' (Donsbach and Gattwinkel 1998, p. 76). In hindsight, an interviewee commented on the unfolding of events that 'by that time we were like herpes, we were on everybody's lips' (author's interview in London, 7 April 2000). The events in Nigeria therefore quickly generated a host of reports in newspapers in Germany and the UK, the two countries whose consumers had played decisive roles in the Brent Spar conflict a couple of months earlier (see Figure 4.1).

Considering the corporation's previous experience with public criticism and consumer action, Shell's sluggish response to the unfolding debate was surprising. Later it was revealed that the initial silence of Shell was a deliberate strategy, designed to avoid the kind of public outrage and consumer pressure generated by the Brent Spar controversy. In a meeting of Shell executives and the Nigerian High Commissioner, Malcolm Williams of Shell had expressed the fear that open rebuttal of the accusations would play into the hands of the company's opponents by giving the matter an even higher public profile (Nigeria High Commission 1995). However,



Note: (*) summary number of lines of articles in the *Guardian*, *Daily/Sunday Mirror*, *Daily/Sunday Telegraph*, *Frankfurter Allgemeine Zeitung*, and *tageszeitung (taz)* (own calculation).

Figure 4.1 Newspaper articles on Nigeria, November–December 1995

once it had become clear that a damage-limitation exercise would not suffice, Shell issued full-page advertisements in major newspapers and a host of press releases to sway consumer opinion to its side. Senior executives in both the UK and Germany held press conferences to underscore how Shell contributed positively to the Nigerian economy and how it was not to blame for the execution of the Ogoni activists. Yet when Shell entered the public stage to defend itself, the discourse had already been shaped by the arguments of the campaigners in a way that made Shell's denial strategy untenable.

3. 'FLAMES OF (S)HELL': FRAMING SHELL'S ENGAGEMENT IN NIGERIA

Shell's initial attempt to stick to the business side of its Nigerian operations failed because the critics could not be convinced that the corporation was not responsible for the domestic political situation. Once there was a hint of a connection with the Ogoni trials, the already tarnished reputation of the corporation provided campaigners with an open target for their claims. Condemning Shell's behaviour, several campaigning groups such as Amnesty and Greenpeace entered the stage along with celebrities like Anita Roddick of The Body Shop, who declared a 'moral war on Shell'.³ At the core of that 'moral war' was the strategy to hold Shell responsible

for the obvious human rights violations and environmental problems in Nigeria. To show how that strategy manifested itself in a particular framing of Shell's operations I will now move to an analysis of newspaper reports that were published in British and German newspapers during the aforementioned climax of public interest.

Method of Analysis

The present analysis focuses on the public discourse about Shell in Europe. Based on the prominent role that the consumers in Germany and in the UK played during the Brent Spar conflict, those two countries were chosen as the strategic research sites for analysing the public discourse about Shell in Nigeria. Since the aim of this analysis is not comparative, the study does not include reports from North American newspapers. The specific characteristics of North American consumer and automobile culture as well as the rather small impact of the Brent Spar conflict in the USA would have resulted in too much variation in the social context for the kind of exploratory study pursued here. From the beginning of November to the end of December 1995, a total of 204 articles discussing Shell's role in Nigeria appeared in the British dailies the *Daily Mirror*, *The Daily Telegraph* and *The Guardian* (and the respective Sunday editions) and in the German newspapers *Frankfurter Allgemeine Zeitung (FAZ)*, *Süddeutsche Zeitung (SZ)* and *tageszeitung (taz)*. The analysis does not concern differences between the British sample (97 reports) and the German sample (107 reports) or among the individual newspapers. Neither does it investigate the quantitative distribution of arguments. Rather, a discourse analytic approach is pursued in order to identify the 'frames' that were employed to make sense of the situation. Discourse analysis is an appropriate qualitative method to investigate the 'framing' processes stressed by social movement research (Benford and Snow 2000). Variants such as 'critical discourse analysis' (van Dijk 1993; Chouliaraki and Fairclough 1999) or 'argumentative discourse analysis' (Hajer 1993; 1995) share the belief that discourse is a *social practice* that both reveals underlying power relations and shapes them in turn. In contrast to Foucauldian approaches, however, discourse analysis as a qualitative method advocates detailed textual analysis to examine how social reality is constructed from different perspectives (cf. Fairclough 2003).

The sample of the present study was analysed in several steps. In a first 'coding' stage paragraphs were chosen as the unit of analysis because in newspapers, paragraphs usually approximate a 'unit of meaning'. Subsequently, an 'in vivo' coding (cf. Strauss and Corbin 1990) at the level of paragraphs was devised. At this stage of analysis codes were formulated

to reflect the main content of each paragraph instead of theoretical categories. More systematic categories were introduced in the following phase: the 'in vivo' codes were combined into topical categories such as 'collusion with the Nigerian government'. This resulted in a code hierarchy which was then refined step-by-step (cf. Araujo 1995). This stage of analysis was repeated until the coding categories had sufficient 'contrast', i.e. until systematic common occurrences of codes in one paragraph were negligible.⁴ Among the resulting first-order codes those that commented on and evaluated Shell's operations and decisions were selected to develop 'second-order' categories, i.e. larger semantic categories or 'frames'. Depending on the tendency (not necessarily the source) of their argument, the resulting frames were assigned to either Shell or its critics (see Appendix Table A.1 for the selected first-order codes and their assignments to individual frames).

The arguments of Shell's adversaries converged on three issues: the environmental situation and the living conditions of the local population; the distribution of oil revenues; and the way in which Shell was involved in politics and exercised own agency. Those were of course not the only issues discussed. For instance, the question of sanctions against Nigeria was also raised but had little to do with the evaluation of Shell's operations per se. In contrast, the issues mentioned primarily served to highlight Shell's responsibility for the situation in Nigeria. With regard to nature and the local population, environmental hazards and the prevalence of human rights violations were pointed out; the distribution of oil revenues within Nigeria was contrasted with Shell's profits; and with regard to politics, Shell's collusion with the regime was criticized. All these frames particularly stressed Shell's responsibility and thereby provided the necessary arguments to expect changes in Shell's corporate policies to make a difference. Although consumption itself was not a major topic in this discourse, the frames were used to influence consumers throughout the debate. Prominent individuals and organizations including Body Shop's Anita Roddick, Ken Saro-Wiwa's son, Greenpeace, MOSOP, the African National Congress (ANC) in South Africa and Members of the European Parliament referred to Shell's responsibility, in their efforts to persuade consumers to boycott the corporation and its products.

Nature and the Local Population

The environmental damage caused by oil exploration was at the heart of the Ogoni campaign itself. The description of the alleged damage was often rather brief and abstract, referring to 'environmental damage', 'industrial pollution' or 'oil spills from rusting pipelines'. While the contamination of soil and water by leaking oil probably has the more serious long-term

consequences, the issue of gas-flaring proved to be a more powerful image. Descriptions of the flaring of unwanted gas and pictures in TV documentaries and in an advertising campaign by environmental groups described a 'hell on earth'.

There is an Ogoni song that goes: 'The flames of Shell are the flames of hell.' Ogoniland is an ugly land to die for. Black smoke hangs over it day and night. You have to travel by boat through its creeks and marshland past rich palm forests and poor villages, chasing the dark plumes. [. . .] Fly over by helicopter at night and the land looks like it is on fire. Talk to people in the day and you realise the land is aflame.⁵

Shell admitted problems but regarded the claims of environmentalists as exaggerated. In order to prove its point, Shell invited journalists to Nigeria in 1996, all expenses paid. Some of them indeed acknowledged that the situation was not as disastrous as expected, and one even wrote of the 'legend' of environmental devastation.⁶ However, those journalists were heavily criticized for accepting Shell's offer, which was deemed to have affected their independence (Frynas 2000, p. 162).

Whatever the extent of environmental destruction, the crucial question was who caused it, in particular the oil spills. Shell maintained that the majority of oil spills – between 50 and 70 per cent – were caused by sabotage. It is difficult to give exact figures because the causes of oil spills are usually contested. Case study material by Shell made available to the author shows that communities often disagree with the results of official investigations. This is because sabotage prevents them from seeking compensation for oil spills via the courts. Since there were cases in which sabotage occurred in order to gain compensation, Shell tried to avoid payment and claimed sabotage. The fact that locals have sued Shell for compensation, as in the lawsuits cited by Frynas (1998; 2000), does not mean that Shell's claims regarding sabotage were false. Rather, it proves that locals know about their rights and will seek compensation when possible. On several occasions, however, Shell admitted its responsibility, cleaned up and provided limited compensation for spills (SPDC 1999, pp. 32–5).

Yet in the eyes of many observers the questions of causation and liability were of minor importance, considering the poverty of local communities compared with Shell's resources. The contrast between a mighty company that exploits the region's resources and the impoverished people of the delta made Shell's stance look increasingly formalistic. This contrast poses problems for many TNCs, especially in the oil and mining industry. For instance, Sklair (2001, Ch. 7) discusses very similar issues in the cases of RTZ (Rio Tinto), BHP and BP. In Nigeria, too, the difference between the TNC and the locals came across as the crucial point of the environmental

struggle of the Ogoni: that they did not benefit from the wealth beneath their feet. More than that, they had to suffer for it as it was exploited for the Western consumer market. This made the environmental cause of the Ogoni a much more powerful issue. The Ogoni were not speaking on behalf of 'nature' *per se* but on behalf of their own livelihood and environmental and human rights.

Distribution

The second line of argument concerned the fairness of resource arrangements between Shell and the oil producing communities. Many newspaper reports about the roots of the conflict mentioned the Ogoni demand for a 'fair share of their land's oil wealth',⁷ for a 'slice of the pie'⁸, for a 'just distribution of the wealth'.⁹ The fact that most Ogoni have no electricity and no running water was contrasted with the fact that the military regime earns billions and that Shell makes good profits too – and with other oil producing communities which benefit from the oil exploration, most notably Kuwait.¹⁰ For Gbenewa Phido, representative of MOSOP UK, the mismatch between Shell's profits and the situation of local communities also showed that oil production had turned out to be 'a curse rather than a blessing' (author's interview in London, 11 November 2000).

Yet despite many changes over the years the prevailing resource regime in the Niger delta is still driven by the interests and requirements of the federal government and foreign investors (Bienen and Gersovitz 1982; Bienen 1983; Ikein and Briggs-Anigboh 1998). The initial derivation principle, which had secured up to 50 per cent of the revenues for the local communities, was dropped in 1979. Since then, official figures for the share allocated to local communities have ranged from 3 to 13 per cent – with red tape and corruption not figured in yet (see Human Rights Watch 1999, Ch. 4; Moldoveanu and Paine 1999b). The fact that this system continues to cause tensions between the federal and state governments and local communities was also emphasized by an interviewee as a major source of irritation in the Nigerian oil business (author's interview in London, 10 October 2000).

It is understandable that the Ogoni and other oil producing communities had an interest in altering this resource regime. And since changing the system of revenue allocation from within Nigeria was hindered by the undemocratic, patronage-based regime, the Ogoni turned to the TNCs operating in their area to make their voice heard. The unfolding of the Nigeria conflict suggests that this line of argument met approval. Most prominently Anita Roddick of The Body Shop took it up in a letter to the *Financial Times* in which she wrote: 'While billions of dollars of oil

revenue have been ripped out of the heart of the Niger Delta, the Ogoni people have to live in a land without clean water, air or soil.’¹¹

Politics

Thirdly, Shell’s operations in Nigeria led to its involvement in the domestic politics of Nigeria. Shell stressed that it had no role in government, was not responsible for the actions of the Nigerian regime, and pursued the way of silent diplomacy to achieve a commutation of Saro-Wiwa’s sentence. Some of those arguments had already been contradicted by the company’s own past and present negotiations with the regime. In this regard, the aforementioned protocol of a meeting between Shell executives and the Nigeria High Commissioner in London (Nigeria High Commission 1995) was an important piece of evidence. It fostered the impression that Shell could certainly ‘use its economic muscle in the country to intervene directly on behalf of Mr Saro-Wiwa’.¹² Given its resources and significance in Nigeria, Shell seemed to have sufficient leverage with the regime to intervene on behalf of the MOSOP activists. The intervention of Shell however turned out to be rather feeble. In a letter to Gen. Abacha, Shell’s Chairman Cor Herkströter appealed for clemency and a commutation of the sentences (Moldoveanu and Paine 1999a). Shell insisted that a ‘silent diplomacy’ approach should be more effective than direct pressure. It pursued this approach along with South African President Nelson Mandela, who also hoped to achieve a commutation of the sentences.

It appeared, however, that silent diplomacy was not exclusively used to the benefit of Saro-Wiwa. Rather, Shell had tried to stop the international campaign in exchange for an intervention on behalf of the writer. In a series of secret meetings with Ken Saro-Wiwa’s brother, Owens Wiwa, the head of Shell Nigeria, Brian Anderson, had offered to use the corporation’s influence on Nigeria’s military regime to try to win freedom for Saro-Wiwa – if leaders in Ogoniland called off global protests against Shell. When this conditional offer was publicized by Owens Wiwa and repeatedly reported,¹³ Shell’s argument for non-interference fell apart. If Shell was in a position to offer such an intervention on terms favourable to the company, its assertions that it could *not* intervene in principle sounded hollow. Therefore the view that Shell continued to collude with the military leaders appeared to be well founded.

Shell’s Denials

Shell’s counter-arguments were mainly defensive and focused on the denial of responsibility. With regard to the development in the Niger

delta, Shell spokespersons asserted that ‘it was the Nigerian government’s responsibility to provide the water, roads and electricity which the people wanted’.¹⁴ Although there were hints that Shell had some responsibility for past environmental damage, the current situation was beyond this sphere of responsibility. ‘Shell is only to a very limited extent responsible for the pollution of the Niger delta environment,’ was one of the arguments regularly put forward by the company.¹⁵ Regarding the specific problems of Ogoniland, for instance, Shell had withdrawn from the region in 1993 and could thus hardly be held responsible for what had happened since then. In contrast, Shell argued that its operations contributed to the development of the region through community projects and employment.

Shell had thus put itself in a difficult position. Neither the environmental problem nor the human rights woes could be disputed. At issue was Shell’s responsibility for them and its capacity to act upon them. Officially, Shell’s reluctance to take an active part was justified by its business principles, which rule out political activities (cf. Shell 1997). Fending off the demands for an open engagement in domestic politics, Shell emphasized that it is ‘not a political company . . . A privately-owned, international enterprise cannot and should not intervene in domestic affairs.’¹⁶ As Brian Anderson, head of Shell Nigeria, pointed out: ‘We are only here in order to do business.’¹⁷ Thus Shell sought to use its leverage with the regime to achieve a solution behind the scenes. Yet as this strategy did not work, Shell decided not to act at all – not realizing that inaction, too, may need to be legitimated if others attribute responsibility for its consequences.

4. THE CORPORATION’S BURDEN

The public debate about Shell’s role in Nigeria turned the corporation into a symbol of the dubious alliances between military regimes and large corporations. Amidst the worldwide outrage about the execution of Ken Saro-Wiwa in the year 1995, Shell served as a ‘surrogate for the Nigerian government: the only thing on which outraged world opinion can get a purchase’.¹⁸ However, the most salient framing (in terms of the frequencies of the categories set out in Appendix Table A.1) did not concern the human rights situation directly but the environmental degradation in the Niger Delta. Similar to how ecology, human rights and distributional issues interacted on the ground in Nigeria, the respective framings gave credibility to one another on the discursive level of newspaper reporting. The dismal situation and unfair treatment of the Ogoni people were rarely disputed.

But while Shell obviously preferred to attribute those problems in Nigeria to external circumstances (including the local state apparatus),

its critics pushed for an internal attribution to the motives and agency of the corporation. With its focus on fairness and responsibility, the public debate framed Shell as a corporate villain that would pursue profit at almost any social cost. What aggravated Shell's situation was the fact it could not mobilize any 'higher' reason to justify or 'neutralize' its wrongdoings (cf. Sykes and Matza 1957). The only viable explanation for Shell's behaviour – and the one provided by Shell itself – was the economic interest of 'doing business', an explanation that could serve only to increase the moral indignation. The corporation was faced with moral accusations concerning its responsibility for nature and people, its support for an unfair distribution regime and its involvement in political decisions that could not be refuted on the grounds of economic reasoning. True as the statement that 'we are only here to do business' may have been, it proved to be a rather weak argument in the face of public outrage about the responsibility for the consequences of 'doing business'. As a result, politicians, celebrities and social movement organizations in both Europe and Africa supported calls to boycott Shell; arguments against the legitimacy or efficacy of such a boycott were few and far between.

Considering that Shell had already terminated most of its operations in the contested parts of the Niger Delta, its scope for reacting to the criticisms was however limited. A complete withdrawal from Nigeria was not an option for the company since it would have lost one of its most profitable production sites and its favourable position in the domestic market (Frynas 1998). It was not even clear if a complete withdrawal would have improved the local situation. A World Bank report on the situation in the Niger Delta came to the conclusion that environmental degradation was caused not only by oil pollution but also by independent factors such as population increase and migration (cited in Detheridge and Pepple 1998, p.482). Shell therefore could only acknowledge that old installations might not be up to current world standards and promised to close the gap when upgrading facilities in the course of their normal 15-year life-cycle (Moldoveanu and Paine 1999b, p. 8).

Even though the Nigeria controversy did not result in a complete reversal of Shell's policies, its discursive effects were nonetheless noteworthy. After its public defeat in the Brent Spar conflict a few months earlier and its successive trouble in Nigeria, Shell adopted a more transparent approach to corporate reporting toward consumers and other stakeholders. It thereby acknowledged the importance of both commerce and citizenship (Mirvis 2000). Although that policy shift actually predated the two conflicts, they contributed to a higher degree of commitment by giving people inside the corporation the necessary arguments to pursue those reforms more effectively and thoroughly (see Chapter 7). Consequently, Shell moved

away 'from a taken-for-granted discourse of economic development toward cautious adoption of the language of sustainable development' (Livesey 2001, p. 59). Shell accepted that responsibility and accountability are a matter of negotiation with external stakeholders and became widely regarded as a leader in the field of corporate social responsibility.

Yet it needs to be noted that large corporations such as Shell are not always able to translate such ethical policies into action on the local level, especially in developing countries like Nigeria (Wheeler et al. 2002). For instance, Shell's experiences with community projects show that corporate responsibility is a double-edged sword. Until the year 2000, Shell's approach had been to accept responsibility for both the installation and maintenance of community projects. However, this resulted in far less praise than criticism from local communities since Shell was also blamed for the arising problems and malfunctions:

The problem with giving is when you build for instance a hospital block, it is seen as the Shell project, so nobody takes care of it in the community. So when it gets bad, they pick up the phone and call, people pick up the phone, in fact people don't pick up the phone and call these days, they come down and barricade your gates, they say in your hospital the generator is not working so you have to come and fix the generator, all that. (Author's interview in London, 10 October 2000)

The implementation of corporate social responsibility policies was determined by the political and economic situation (Ite 2004). The general climate of distrust in Nigerian politics before the transition to democratic rule also made it difficult for Shell to establish contact and dialogue with local communities. MOSOP, for instance, remained an elusive opponent for Shell. Being more of an umbrella organization for various grassroots activities than a tightly organized NGO, MOSOP was split on many issues but remained firm in its oppositional stance towards multinational oil companies. For quite some time, Shell had therefore not been able to deal with the situation in the Niger Delta in a way that would have fostered stable and cooperative relationships with the local stakeholders (cf. Boele et al. 2001a; 2001b; Wheeler et al. 2001). Improvements in the Nigerian human rights situation and in Shell's ability to reach out to local communities had more to do with the changing political landscape than with corporate policies per se.

That highlights a paradox concerning corporate responsibility in developing countries and the effectiveness of transnational activism and political consumerism as tools for human rights. The actual capacities to control their surroundings often stand in contrast to the perception that TNCs are wealthy and powerful compared with governments. Although

a corporation such as Shell may in fact have only limited influence on domestic politics, consumers and activists may nonetheless regard it as a 'public institution' similar to governments (cf. Vogel 1975). It will then be held responsible for events beyond its immediate control. Operating in less developed and politically more fragile environments therefore implies the 'burden' of increased public responsibility for TNCs. Even though a corporation like Shell may thus be effectively framed as being responsible for human rights troubles, acting upon that responsibility still presents many obstacles. This characteristic points to a serious weakness in the ability of consumers to shop for human rights.

5. CONCLUSION

It is not unusual that large corporations have difficulties in dealing with challenges and accusations by credible and legitimate consumer groups and social movement organizations. Shell experienced those difficulties early in the year 1995, when it failed to defuse Greenpeace's opposition to the disposal plan for the Brent Spar oil storage buoy. Yet while the corporation's agency and responsibility were obvious in that case, its role in Nigeria was more ambiguous. Some of the claims made against Shell – e.g. the question of a fair resource regime in the Niger Delta – concerned problems that the Nigerian government had failed to deal with successfully. To substantiate claims about Shell's responsibility the corporation therefore needed to be 'framed' as a powerful agent that could and should use its influence. The risks for political activists in Nigeria turned the corporation into an attractive transmission belt for public pressure directed at the Nigerian government that would have been difficult to achieve otherwise. The 'boomerang effect' that transnational advocacy networks employ when they influence one government by putting pressure on another one (Keck and Sikkink 1998a; Tarrow 2005, pp. 145–9) thus also applies to corporations if they serve as proxies for governmental misconduct or inaction. In this case, however, the route of political influence was further complicated by the fact that Shell's critics addressed their claims not only to the corporation itself but also to consumers worldwide. Based on the claims regarding Shell's responsibility for the situation in Nigeria, activists and politicians appealed to consumers in Western countries to boycott the corporation. Shell was consequently caught in the middle between local communities, the national government and global public opinion.

Even though Shell's responsibility was a matter of discursive politics, the social effects of such 'symbolic' politics and problem definitions should not be underestimated. The discursive definition of social reality is an

important part of that reality. Or, according to the Thomas theorem: 'If men define situations as real, they are real in their consequences' (Thomas and Thomas 1928, p. 572). In the Nigeria case, Shell may not have been responsible for the domestic human rights situation or the distribution of oil revenues in the first place, but the construction and attribution of such responsibility forced the corporation to act upon that assumption nonetheless. In so doing, it learned to confront a political and economic environment that it did not fully control. The events in Nigeria suggest that a more conducive political and economic environment may increase the chances of responsible corporate behaviour. To frame the corporation as a responsible actor is how discursive political consumerism can at least make sure that such opportunities for proper corporate conduct are seized if and when they arise.

NOTES

1. See Hafner-Burton and Tsutsui (2005) for an instructive study of how social movement activism affects government policies in the long term.
2. *Daily Telegraph*, 'Outrage at Nigeria executions', 11 November 1995.
3. *Guardian*, 'How good ethics will pay off in the long run', 18 November 1995.
4. This two-step system of coding is a common procedure in 'grounded theory' approaches. It seeks to avoid a premature subsumption of data under theoretical categories (cf. Strauss and Corbin 1990; 1994).
5. *Observer*, 'Nigeria's well-oiled machinery of death', 12 November 1995.
6. *Frankfurter Allgemeine Zeitung (FAZ)*, 'Die Legende von der Umweltkatastrophe am Niger', 3 November 1996.
7. *Daily Telegraph*, 'Execution of Ken Saro-Wiwa: champion who sought a fair deal', 11 November 1995.
8. *Guardian*, '19 more Ogonis face hanging', 25 November 1995.
9. *Süddeutsche Zeitung (SZ)*, 'Nigeria und die Hinrichtung der neun Bürgerrechtler', 13 November 1995. See also: *Daily Telegraph*, 'Outrage at Nigeria executions', 11 November 1995; *SZ*, 'Macht und Öl, Moral und Geld', 14 November 1995; *Tageszeitung (taz)*, 'Genickbruch für Ogoni-Opposition', 1 November 1995.
10. See *taz*, 'Genickbruch für Ogoni-Opposition', 1 November 1995.
11. Cited in *Sunday Telegraph*, 'The Queen of Green and her consort', 5 November 1995.
12. *Daily Telegraph*, 'Outrage at Nigeria executions', 11 November 1995.
13. *Observer*, 'Shell refused to help', 19 November 1995; *SZ*, 'Bruder Saro-Wiwas erhebt Vorwürfe gegen Shell', 20 November 1995; *taz*, 'Shell dealte mit Ken Saro-Wiwas Leben', 20 November 1995.
14. *Guardian*, 'The Saro-Wiwa execution: a people's struggle to save their land', 11 November 1995.
15. *FAZ*, 'Die Rolle von Shell', 16 November 1995.
16. Rainer Winzenried of External Affairs, Shell Germany, in an interview with the *taz*, 'Shell-Boykott wäre absurd', 14 November 1995.
17. *SZ*, 'Wir sind nur hier, um Geschäfte zu machen', 25 November 1995.
18. *Observer*, 'A word in your Shell-like', 10 December 1995.

5. Mobilizing the consumer

Transnational advocacy groups ‘frame’ transnational corporations (TNCs) for their alleged misdemeanours because they need targets they can address their claims to. Even if the underlying problems are complex, protest needs to attribute the responsibility to someone: ‘Wholesale critique has no consequences. Protest needs addressees’ (Luhmann 1975, p.19, trans. B.H.). The claims of transnational activists are therefore directed at those who can influence corporate decision making: governments and consumers. Legislation is of course the most powerful tool to regulate corporate behaviour. But many activists have little trust in the state’s ability to control large corporations (cf. Korten 1995; Monbiot 2000). Their campaigns therefore often rely on consumers, rather than on the supposedly powerless governments, to put pressure on the corporations. It is easy to understand how corporations may become targets of transnational activism. Their decisions and operations are frequently associated with human rights problems and environmental problems. And in contrast to abstract entities like ‘the economy’ they can be challenged and held accountable. In particular, TNCs’ efforts at building ‘global brands’ provide a fertile ground for anti-corporate protest.

Anti-corporate transnational activism regularly targets a global company’s most valuable asset: its brand and public image. Global brands like Shell, Nike and McDonald’s are bound up with the companies’ respective reputations, which are seen as major assets in competitive markets.¹ Activists have not failed to notice that the endeavours of TNCs to build a ‘corporate image’ make them more susceptible to bad publicity. Obviously the globalization of brands has an ironic consequence: its success gives activists the opportunity to ‘brand’ the corporation behind it. Yet it is not only the global presence of brands and logos that invites campaigners to attack them. It is also their almost universal penetration of public and, indeed, private life that stirs up the emotions. The marketing of brands depends on turning a consumer choice into an important and meaningful act. Only then can attachment to a brand be achieved. As Naomi Klein correctly observed,

if brands are indeed intimately entangled with our culture and our identities, when they do wrong, their crimes are not dismissed as merely the misdemeanors

of another corporation trying to make a buck. Instead, many of the people who inhabit their branded worlds feel complicit in their wrongs, both guilty and connected. (Klein 2000, p. 335)

If social movements are successful in ‘branding’ the misdemeanours of a TNC, they can therefore expect to stir up consumers’ emotions, too. There lies a certain irony in the fact that brands were originally a tool employed by corporations to ‘mobilize’ the consumer (Miller and Rose 1997, pp. 23ff.). Social movements build on the liaison between consumers and brands but also on the fact that consumers are not only interested in the economic aspects of consumption. The framing and branding of a corporation therefore allows transnational activism to tap the resource of ‘political consumerism’, i.e. of consumers who are willing to base their shopping decisions on political or ethical criteria.

Consumer activism or political consumerism has a long tradition in Western market economies (Friedman 1999; Lang and Gabriel 2005). New issues and communication technologies have contributed to its revival and reinvention in the context of transnational activism: consumers nowadays use their shopping activities to express their concern for environmental issues, fair trade and labour standards – at home as well as abroad (Micheletti 2003; Micheletti et al. 2003; Boström et al. 2005). A range of studies have investigated the motivations and tactics of political consumerism (Kozinets and Handelman 1998; Brinkman 2004; Clouder and Harrison 2005; Dickinson and Carsky 2005; Harrison 2005; Stolle et al. 2005). However, the social mechanisms that allow individual consumers to influence corporate decision-making have not yet been explored systematically. If the consumer wields any power at all it must derive from the ability to choose from a range of options. Yet if those options are dependent on the range of choice offered by the producers, what remains of the power and influence of the consumer? Is it a mere illusion? Or does it exist, if only in a limited and secondary form? In this chapter, I suggest that we need to go beyond a simplistic notion that equates the power of consumers with either the existence or the absence of choice. It is not the individual consumer exercises power, but a rather fragile and ephemeral ‘collective’ of aggregated and communicated choice. The sociologically interesting question is not whether there are ‘real’ choices or not, but how a collective choice can be simulated and communicated in an atomistic market economy. Put differently, how can a political social process (collective decision-making) inform the individual choices of economic agents?

The chapter proceeds in four steps. The first section discusses the relationship between power and consumption. In the following section I turn to a major obstacle to political consumerism in modern society: the

differentiation of societal subsystems and the concomitant 'privatization' of consumption choices. The third and fourth sections then show how political consumerism as a form of collective action based on individual consumption choices is made possible by social movements that 'collectivize' individual choice and use this social capital as a signalling device in the market. Through what I would like to call 'role mobilization', social movements turn the role sets of their supporters into transmission belts for political objectives. And by authoritatively communicating those objectives, they provide signals to producers who would otherwise be ignorant as to the consumers' preferences. Rather than presenting new empirical evidence, this chapter aims to develop a sociological framework that goes beyond the intuition that political consumerism somehow 'combines' or even 'blurs' the distinction between politics and shopping. Political consumerism means doing politics through the market. It does not eliminate individual economic choice, but utilizes it to achieve political objectives.

1. THE LIMITS OF CONSUMERS' POWER

The 'weapons' of consumers are first and foremost monetary ones. But money does not equal power. Money can be the incentive to induce a certain course of action. Only power can make an offer one cannot refuse. Strictly speaking, money can only be used to reward but not to punish; it is a means of positive, not of negative sanctioning. The consumer can reward a certain company and buy its products. She can also threaten *not* to buy a certain product but cannot expect that threat to have a big effect in a mass market. That raises the question of what kind of power the consumer actually has in the market.

Following up on the discussion of corporate power above (see Chapter 2) we have to consider the power of consumers as the opposite side or even the flipside of corporate power. Despite various efforts to define the concept of power and numerous empirical applications, not much has changed since Dahl's characterization of the study of power as a 'bottomless swamp' (Dahl 1957, p. 201). Many sociologists and political scientists still follow Max Weber's lead and conceive of power as the chance to assert and carry out one's will in a social relationship even against resistance (Weber [1921–22] 1980, p. 28). This is on the one hand a very inclusive definition of power that, for instance, leaves entirely open on what the 'chance' is based. Yet on the other hand it restricts power to the intentional acts of individuals who first have to formulate their 'will' in order to then explicitly 'assert' it. An early and necessary amendment was the inclusion of covert, even non-intentional forms of power. Power does not

always take the form of obvious and intentional acts but may also occur in the form of non-decisions or in less obvious, structural forms (Bachrach and Baratz 1962; Lukes 1974).

At any rate, power implies some kind of influence and interdependence, but not necessarily causation in a strict sense. What power does is to influence 'the selection of actions in the face of other possibilities' (Luhmann 1979, p. 112). If A wants B to choose a particular course of action instead of those other possibilities, s/he can rely on either positive or negative sanctions, e.g. monetary rewards or physical violence. The 'purchasing power' of consumers refers primarily to the capacity for positive sanctions that can be used to reward producers. Money may not make the world go round, but it certainly is a potent tool to establish a social relation in which 'A gets B to do something he would not otherwise do': for instance, to sell something (Baldwin 1971, p. 582). However, there is also an important restriction. Purchasing power usually serves to facilitate exchange. If A pays for something, that makes it more likely that B will tolerate A's taking possession of it. Yet it is far more demanding to get B to actually *do* something (rather than to just tolerate A's actions) merely on the basis of 'purchasing power'. Common sense has a lot to say about all those things that 'money can't buy'. Amongst them is the capacity to actually ensure that a particular course of action will take place. Money is an offer one *can* refuse. We should therefore regard 'purchasing power' based on money as a rather restricted and derived form of power. Since it mainly operates on the basis of positive inducements, it depends on options already available – thus echoing the aforementioned characterization of consumption as 'lack of choice'.

For example, consumers can 'punish' a company that does not live up to their expectations through a boycott of its products. But then they will not get what they originally aimed for: the product *and* the correct behaviour. Instead, at least for some period of time, they will get neither of them. In such a simple scenario of a consumer boycott the sanction is not actually used as a threat to induce a certain course of action, it is merely used as a form of punishment. The negative sanction is in this case based upon the prior allocation of positive sanctions: consumers refuse to buy a certain brand or product that they used to buy.² Thus, positive sanctions are transformed into negative ones because the expectation of receiving certain rewards or payments is disappointed (Luhmann 1987b). Of course, positive sanctions may also be used directly to induce a desired course of action. That requires substantial resources that can be deployed to reward a specific behaviour. Thus political consumers and investors can buy products or shares that they regard as compatible with their environmental, social and ethical preferences. The resulting demand may then be

perceived by business as an opportunity. Companies may thus decide to provide the apparently demanded range of products and services. Yet in this case the positive sanctions must be large enough to warrant attention and they can serve only to induce – rather than to enforce – the desired change.

The possibilities to strictly determine other people's (or companies') decisions based on monetary means alone are rather limited, although the capacity to buy something may indeed appear as an 'empowering moment' (Fiske 1991, p.26). From the perspective of individual consumers, the chances of effecting intended change through the marketplace are minimal. Yet the power behind political consumerism is not the power of the individual consumer, but the power of agencies that command enough credibility to influence many people's decisions and thus to transform individual choices into a collective statement: 'individualized collective action', as it were (Micheletti 2003, pp.24ff.). Social movements in particular are the transmission belts for the effective translation of monetary resources into political power. Under certain circumstances, social movement organizations can claim to be able to influence the decisions of consumers and thus 'borrow' their purchasing power. They can then use this as a threat, i.e. as a potential negative sanction, against business. To understand how that particular power is established, however, we need to unpack the mechanism that allows social movements to transform individual economic decision-making into collective action.

2. THE CONSUMING CITIZEN: ROLE INTERFERENCE AND PRIVATIZATION

Political consumerism is based on a translation of political objectives into consumption choices which – in a modern, differentiated society – are essentially individual and private affairs. The point of political consumerism is not to 'politicize' the economy as such but to enrich the otherwise economic role of consumers with political or ethical elements. The transmission of the political and other concerns into economic decisions is accomplished through the role sets of individuals. Political consumerism capitalizes on the fact that the modern individual is usually a member of two worlds: of the economy as a consumer and of the polity as either an active politician or as a more passive voter. And besides these two, individuals also regularly participate in a range of other subsystems of society, such as the legal system, religion, education, sports and so on.³ In modern society, individuals are therefore not members of one and only one particular segment, sphere or system of society but always participate in many of

them. At least since Simmel's work on social circles (Simmel [1890] 1989) sociologists routinely locate the individual at the 'intersection' of the differentiated spheres or subsystems of modern society. Individuality, then, consists of the specific pattern of multiple yet always partial inclusions into a variety of subsystems and subgroups. If one looks for a transmission belt between economic and political processes, the individual and his or her role set combining roles from both spheres may thus be a good starting point.

This fact has of course been noted with regard to political consumerism. Scholars speak of its potential to 'cross' or even 'erase' the boundaries between economic and political action on the one hand and the private and the public on the other (Micheletti 2003, pp. 4f., 2). In a similar vein, the political consumer is supposed to reunite the Dr Jekyll and Mr Hyde of modernity: the *bourgeois* and the *citoyen* (Sørensen 2001). The very term implies that political consumerism combines two logics of action. Yet that does not mean that the logics therefore disappear or blend into one another entirely. Such statements gloss over the delicate balance that political consumerism has to strike with the functional differentiation of modern society. Like similarly 'de-differentiating' activities such as environmental teaching, religious research or scientific politics, political consumerism has to deal with the demands of at least two different societal spheres. Their separation is not cancelled out once and for all. The religious scientist will have two audiences instead of only one to satisfy, each according to its respective criteria; and the political consumer has a financial budget that cannot be topped up by doing politics alone. The 'de-differentiation' inherent in such cases is first and foremost a combination, maybe even a temporary blending, of roles. Role structures are of course an important element of the differentiation of subsystems such as politics and the economy. However, there is a significant difference depending on whether the roles concerned are what sociologists refer to as 'professional' roles or 'complementary' roles.⁴

Professional roles (sometimes also referred to as performance roles) such as politician, entrepreneur, doctor, teacher or scientist emerge around the highly specialized and visible tasks that represent a subsystem's function in society. Therefore, they come to mind first when one is asked to characterize functional spheres. However, professional roles also depend on their counterparts: complementary or 'audience' roles such as voter, consumer, patient, student or layman. That is because the rationalities of differentiated subsystems can only be adequately served in the highly specified relationship between professional and complementary roles. If inclusion into subsystems and thus access to their performances were not mediated by differentiated roles, there would be severe limitations to their operation.

First, in the absence of complementary audience roles, many potential participants would be excluded on the basis of criteria external to the subsystem in question, for instance because of their status, gender or race. Despite historical and regional deviations, audience roles in general are defined in universalistic terms: everyone should be able to be a consumer, a voter etc. regardless of status and other role contexts. Second, in the absence of a functionally specialized counterpart the performance of the professional could not be guided by professional (i.e. medical, economic, political or other) criteria alone, since it could not rely on the bracketing of status and other considerations achieved by a clear role orientation. If the doctor cannot treat the King, the CEO and Prime Minister as patients like others (if, sometimes, special ones), it becomes difficult to envisage how his actions could be guided by medical concerns alone. For reasons of inclusion and differentiation the institutionalization of professional and complementary roles is therefore indispensable.

Regarding the question of blending roles, there is an important asymmetry between professional and complementary roles. The transfer of evaluative and motivational criteria from one role context to another obviously is a problem in a functionally differentiated society based precisely on the separation of role contexts. Accordingly, it is usually an important normative element of a professional role not to let other roles interfere with it. The scientist would be a bad scientist indeed if she decided to oppose a theory because of political loyalties or religious beliefs. Undue transfers between a professional role and other roles are deemed 'corrupt' and thus inhibited. This is possible because we usually hold only one professional role at any given time. Therefore we are by and large able to submit to the special – and sometimes exceedingly demanding – requirements regarding the isolation of our professional role from other roles.

The situation is entirely different, however, for complementary roles. For anyone can and usually will occupy more than one of them. Despite some anxiety on the part of critical observers of modern culture, individuals do not usually 'compartmentalize' their own identity according to their various roles.⁵ It is not necessary to forget one's faith when voting or to isolate one's shopping decisions from one's political beliefs. In contrast to performance roles, such overlaps are entirely legitimate – and unproblematic. That is due to the privatization of decision patterns in complementary roles.⁶ Most of the decisions associated with complementary roles – as consumer, patient, believer etc. – are socially neutralized by declaring them private. Consequently, the personal pattern of interference between roles also becomes a matter of legitimate private choice. Of course, we can 'consume according to religious conviction or cast our vote on the basis of aesthetic criteria' (Beyer 1990, p. 376), but such combinations are relegated

to the realm of individual choice and therefore publicly neutralized, i.e. under normal circumstances they cannot be generalized.⁷

The privatization of our decisions as consumers (and as believers, patients and even, to some degree, voters) is a correlate of the individualization that sociologists from Simmel ([1890] 1989) to Beck (see e.g. Beck and Beck-Gernsheim 2001) associate with modernity. The modern individual displays something like a unique ‘identity’ precisely through the highly personal pattern of interference among complementary roles. However, this pattern cannot be imposed on others without violating their respective rights to follow their own pattern of interference. Effectively, the mere postulation of a privatized pattern of decision-making means that the communication of individual choices cannot be binding for others any more. Consumers may regard themselves as active citizens and their shopping decisions as ‘political’ – and according to Stolle et al. (2005) more and more do so – but in the absence of a generalizing social mechanism such a view remains a merely private opinion without lasting effects in the market.

3. PUBLIC ISSUES, PERSONAL TROUBLES: POLITICAL CONSUMERISM AS ROLE MOBILIZATION

The neutralization of role interferences by the privatization of decision-making is not irreversible. But it needs a ‘collectivizing’ agent such as a social movement to communicate patterns of interferences. It has often been noted that new social movements, unlike ‘classic’ movements such as the labour movement, do not primarily seek to seize state power. Rather, they strive for a more indirect influence on the political centre from the fringes. Quite aggregated descriptions of this process in terms of ‘identity’ or ‘cultural politics’ prevail in the literature (Nash 2000, Ch. 3). The modus operandi of new social movements can however be fruitfully analysed using the concepts of role theory (Kieserling 2003), without invoking the sociologically amorphous placeholders of culture and identity.⁸ It then seems that new social movements do not address their audience only in their political roles (i.e. as voters or politicians) but as persons including their other roles as well. To be receptive to the claims of the environmental movement does not merely mean to vote for the Green party but also to pay attention to environmental criteria in other areas of everyday life – as a consumer, of course, but also for instance as a mother, as a scientist, or even as a believer.

It is far from obvious that such an overarching determination of

behaviour in various contexts should exist in modern society. In fact, such an endeavour seems to run counter to functional differentiation. We have seen that the privatization of role interferences prevent them from gaining any public relevance. Infusing one's consumption choices with religious concerns or one's voting behaviour with economic considerations thus becomes a matter of personal choice that does not lead to differentiation beyond one's own role set. In order to transcend the limits set by privatization, role interferences need to be amplified, aggregated and communicated. In other words, they have to be 'collectivized' so that they become a societal fact instead of an individual quirk. That is exactly what social movements and their organizations can achieve.

The collectivization of private choice involves a particular kind of mobilization that has not been the focus of social movement research so far. The reason for this is an underdeveloped concept of movement participation. When it comes to any kind of social aggregate, be it a group, organization, movement or society as a whole, many sociologists still conceive of its elements in terms of human beings. It is however clear that the 'people' in social movements are not physical, palpable entities but social abstractions and constructions. An organization does not consist of the arms and legs or the digestive and thought processes of human beings, but of members whose membership makes them accountable to the organization in some aspects of their personality.⁹ The same goes for participation or membership in social movements. It is not evident that movement participants should engage their whole personality in movement activities. They might well regard movement membership as just another role that is occasionally relevant. Yet successful social movements – and political consumerism is a prime example – manage to prevent such a compartmentalization of movement participation.

Nothing captures better how new social movements have tried to achieve that than the 1960s slogan 'the personal is political'. One way to understand it is that the private realm should not be exempt from public scrutiny, for instance regarding standards of gender equality. By providing a common language to communicate grievances, social movement activities turn 'private troubles into public problems', as Eyerman and Jamison (1991, p. 56) put it, referring to Mills's (1959) distinction between personal troubles and public issues. Yet it is equally plausible to regard them as turning *public* issues into *private* troubles, since they urge individuals to regard their everyday private life as the appropriate turf to introduce social change. Considering the circularity of grievance recognition and claims making, it is in most cases hard to say whether the grievances or the claims came first. At any rate, to put the question this way ignores an important insight of social movement theory: that the emergence of

movements cannot be explained solely with reference to primary grievances that are then taken up by social movements. Social movements are not a function of extant, objective social problems or grievances. Social problems themselves are the result of social construction and attribution (Kitsuse and Spector 1973; Spector and Kitsuse 1973; Gusfield 1989). And yet their (social) existence alone cannot explain if and when social movements arise. Rather, such an explanation must be based on the available human and organizational resources that determine mobilization ('mobilizing structures'), the political and legal contexts and their conduciveness to social movement activities ('opportunities'), and the interpretation and definition of instances of grievances or threat ('framing processes') (McAdam et al. 1996; see also McAdam et al. 2001).

Political consumerism combines those factors in a process that could be referred to as 'role mobilization'. It involves, first, a specific kind of 'resource mobilization' (cf. McCarthy and Zald 1977) that relies on the financial resources and social capital of potential movement participants, i.e. their purchasing power and their entanglement in various role contexts. Second, it depends on a reasonably affluent social environment to provide an opportunity structure in which consumers make recurring choices between different and to some extent substitutable commodities. And third, it needs to legitimize the de-differentiation of roles so that movement participants can account for their sometimes unusual blurring of role boundaries, for instance, if spending more on an environmentally sound commodity needs to be justified against a restricted budget or other money-spending opportunities.

Financial and social capital as well as choice opportunities abound in affluent western market economies. Therefore the most critical task for the collectivization of political consumerism through social movements is the appropriate 'framing' (Snow et al. 1986; Snow and Benford 1988; Benford and Snow 2000). To construct a social problem means to put a topic on the public agenda so that both movement participants and 'outsiders' can relate to a set of issues (Luhmann 1996). That requires two interdependent framing tasks to be accomplished. First, new claims should be related to an existing pool of knowledge. This is achieved by successful 'frame alignment processes' between movement claims and common-sense or individual interpretations, for instance by processes of frame bridging, amplification, extension or transformation.¹⁰ Second, a rationale for action should be given. Successful mobilization depends on (1) diagnostic framing, i.e. the identification of a problem, including the attribution of blame and causality; (2) prognostic framing, i.e. the proposal of solutions and possible actions to achieve it; (3) motivational framing, i.e. a call for action, including selective incentives for the participants (Snow and

Benford 1988, pp.199–204). The upshot of these distinctions is that the successful framing of a movement issue inevitably establishes it within accepted frameworks of knowledge, both personal and social.

Based on the examples of anti-corporate protest discussed above some general features of political consumerism can be extrapolated. First, frame transformation is central to political consumerism. By providing an explanatory framework that translates individual acts into public consequences, the shopping situation is transformed. Even if they have never heard about ‘life politics’ or ‘subpolitics’ many shoppers today interpret the choice situations in supermarkets and elsewhere as charged with political significance (Micheletti 2003; Stolle et al. 2005). Second, frame bridging utilizes the sense that there is often more than one unambiguous reason to select or avoid a certain product. Campaigns are therefore most successful if they are not confined to one set of criteria. A good example is the combination of gender and Third World issues in the Nestlé infant formula campaign (Sethi and Post 1979; Micheletti 2003, Ch.2). Third, the mobilization through prognostic and motivational framing is self-enforcing if campaigns are successful. The promise that individual shopping can ‘make a difference’ becomes plausible with effective campaigns, which in turn are more likely to happen if the prognostic and motivational frames of political consumerism are accepted. In terms of motivation the question of possible disincentives appears to be more crucial than the one of incentives. For instance, ‘Fair Trade’ products are often more expensive. Past experience has shown that those price differences often prevent commodities associated with political consumerism from achieving larger market shares (for the case of coffee see Transfair and RUGMARK 2001).

Successful framing makes it more likely that new consumers ‘join’ the political consumerism movement and adjust their actions accordingly. In the terminology suggested here, that means that participants accept the movement’s topic(s) as relevant and informative to all segments of their lives. By thus giving priority to their movement identity, political consumers can turn their consumer role into a conductor for political programmes. From their perspective, the frames of political consumerism in general and specific campaigns in particular make it sensible to include consumption choices in the repertoire of legitimate and necessary movement activities. Considering the fact that it is the individual shopping act that is thereby charged with collective meaning, it might thus be more appropriate (though a bit more awkward) to speak of ‘collectivized individual action’ than the other way round.

4. THE SIGNALLING OF POLITICAL CONSUMERISM IN THE MARKET

From the perspective of social movements, individual consumers 'lend' their purchasing power to them and thus enable them to establish effective threats on the marketplace. Social movement organizations (SMOs) can then collectivize patterns of role interference so as to generalize their influence on the consumption choices of their participants to a level that permits them to put pressure on producers. One could also say that SMOs administer part of the purchasing power of their adherents. If not actual money, then at least a good deal of power is thus transferred onto them.¹¹ It makes sense for the individual to lend support to an organization if that appears to be an effective venue for collective action. The organization, after all, can exercise much more power than any particular individual – and sometimes even more than the actual 'sum' of power. Since we are not talking about the measurable purchasing power of political consumers but rather about the derived social power, there is no objective measuring rod. Accordingly, the potential for both appeal and threat is greatly expanded. SMOs can use their access to their adherents' role structures as a basis for both positive and negative sanctions. They can either threaten to mobilize against a certain product or company (for instance through a boycott call) or they can lend credibility to labelling schemes that scrutinize products according to the presumed preferences of consumers.

Yet how do such 'politically' minded decisions affect the producers? Political consumers seek to effect change 'through the marketplace' (Friedman 1999), but how can markets become tools of political action? The consequences of political consumerism are often explained in terms of the supply–demand mechanisms of economics textbooks. If consumers change the demand curve, for instance by turning to 'Fair Trade' products, producers will react by adjusting their supply accordingly. However, equilibrium models of supply and demand do not actually help one deal with the empirical reality of production schedules. According to sociological models of the market, producers cannot observe aggregate measures of demand. They can only operate on the basis of tangible observations of the consequences of their own and their competitors' actions (White 1981; 2002; Leifer and White 1987). The motives of consumers and their individual preferences are usually unknown. Even if they were known they could not be related to concrete production schedules. For a winery, for instance, it is not of much value to know that dry wine is popular; it needs to know how much wine can then be sold (Luhmann 1988a, p. 108). The requisite demand curves, however, belong to a 'mythical information setting' (Leifer and White 1987, p. 86) that is not available

to actual observers. Since no detailed knowledge of what the consumers want is possible, producers observe their own experience – and one another. White therefore argues that markets actually work as ‘mirrors’ in which cliques of producers observe themselves: ‘Markets are tangible cliques of producers observing each other. Pressure from the buyer side creates a mirror in which producers see themselves, not consumers’ (White 1981, pp. 543f.).

Against this backdrop, political consumerism is a rather special case in which the motives of consumers are more transparent than usual. Without the collectivizing efforts of SMOs or other agencies, consumption provides only few clues as to the preferences behind it and how they could affect production schedules. In contrast, political consumerism – combined with public mobilization – makes itself highly visible. As we have seen, political consumerism as a social movement serves to collectivize and publicize the individual choices of consumers. If SMOs generally act as ‘signifying agents’ (Snow and Benford 1988, p. 213), they are also signalling agents in the market. They transform part of the micro-diversity of individual consumption choices into a condensed signal that can be communicated and used in the marketplace.¹² They thereby introduce an element of what Hirschman (1970) calls ‘voice’ into the market context (cf. Pestoff 1988). Where the individual consumer can only choose between ‘exit’ and ‘loyalty’, i.e. to either stop or continue buying a certain product, the consumer associations and other SMOs can turn this decision into a public statement. Private choice thus becomes an instrument of public influence.

Far from being just a nuisance, political consumerism can therefore be useful for producers to shed light on the otherwise impenetrable motives of consumers. In this regard, the signalling function of political consumerism can be regarded as a functional equivalent to market research, which also allows producers to peek behind the ‘mirror’ of the market. By introducing new valuations of quality (e.g. environmental concerns) and communicating them across the market, political consumerism introduces new information that producers can then use to seek and establish new niches. Information (about market positions and quality evaluations) and its communication are decisive factors in the reproduction and change of market structures. Yet while market research remains a passive instrument to register demand, political consumerism promises to actively mobilize consumers in favour of certain products. Thus understood, political consumerism can serve as an important signalling device of actual and possible market development and help producers to identify new niches beyond the reproduction of established structures of competition.

5. CONCLUSION

There are plenty of reasons to use economic decisions as an outlet for political motives, i.e. to regard consumption as part of the political 'repertoire' (Stolle and Hooghe 2003). Not least, there is a remarkable structural homology between democratic elections and consumption choices. Apologists of the market system in western countries do not tire of advertising it as a kind of 'economic democracy' (Burke 1996, p. 127), in which the consumer is the sovereign.¹³ Moreover, the distinction between professional and audience roles also applies to political inclusion. Most people's participation in politics is limited to the complementary role of the 'voter' who regularly goes to the ballot box, where only periodic, summary decisions about whole political agendas are possible. In contrast, the act of shopping allows for the timely expression of highly specialized and individualized preferences – including aesthetic, religious and political ones. For the individual consumer, political consumerism comes close to a 'very immediate democratic process' (Nava 1991, p. 168); at least, it is an appropriate and usually not very time-consuming way to express political and other motives.

We have started from the observation that the differentiation of political and economic spheres results in specific obstacles and opportunity structures for political consumerism. Decisions associated with 'complementary roles', such as being a voter, consumer or believer, are largely privatized in order to defuse the de-differentiating potential of role interference. This makes it a matter of individual disposition to apply religious criteria to one's voting behaviour, or political ones to one's shopping decisions. Private consumption choices thus remain privatized within a context of differentiated roles unless they are plausibly aggregated and communicated. Social movements and their organizations generalize such individual patterns of role interference and communicate them to others. By credibly representing the purchasing power of their adherents, SMOs can thus use either negative sanctions (boycotts) or positive sanctions (labelling schemes etc.) to exercise influence on companies. From the perspective of producers, political consumerism becomes a source of valuable information about consumers' preferences. Essential to achieve that are the signalling activities of SMOs that let individual consumption choices *appear* as a form of collective action. In fact, however, political consumerism remains based on a myriad individual decisions that observers in and of the market can understand as some kind of collective statement of purpose.

NOTES

1. Accordingly, corporations also put a lot of effort into the maintenance of their brand's reputation. See Gray, E.R. and Balmer (1998) and Hooghiemstra (2000) for the management perspective on corporate reputation.
2. For a more detailed discussion of the relationship between power and positive/negative sanctions see Holzer and Sørensen (2003).
3. For the implied theory of functional differentiation of society see Luhmann (1982; 1997, Ch. 4).
4. The distinction was introduced by Nadel (1957). My application here derives from its integration into the theory of functional differentiation (cf. Luhmann and Schorr 1979, pp. 29ff.; Stichweh 1988).
5. Watching an interview with the coach of the German Olympic female hockey team at the time of writing, I came across a prime example of role isolation. The coach is also the partner of one of the players, but strictly separates his professional role from his partnership role. When the two leave for a tournament or a training camp together, they nonetheless say goodbye to each other – and only 'see' each other again (as lovers) when the professional interlude is over. Some observers might regard this as an exaggerated case of compartmentalization, but it obviously is a working solution to an inevitable problem.
6. The sketched theory of privatization was first developed with regard to religion, but it can be easily generalized (Luhmann 1977, pp. 232ff.; Beyer 1990).
7. There are however empirical examples of the regional or temporary stabilization of role interferences, for instance educational systems that are strongly correlated with religious beliefs. The term 'pillarization' describes such an arrangement in Belgium and the Netherlands (cf. Vanderstraeten 2002).
8. Although seldom couched in role terms, the much quoted relationship of new social movements to 'identity issues' appears to relate to the same feature (Melluci 1989; Eyerman and Jamison 1991; Eder 1993; Buechler 2000).
9. The most instructive exception may be the total institutions depicted by Goffman (1961).
10. Frame bridging involves the linkage of a focal frame to an ideologically similar pool of sentiments, for instance, an environmental movement that successfully appeals to religiously minded people with a claim to preserve biodiversity. Frame amplification is the clarification of a specific frame by stressing certain of its inherent values or beliefs. The women's movement, for example, elaborated the value of equality as a vehicle of amplification. Frame extension means to widen the focus of the primary framework to include other aspects. For instance, many environmental movements in the Third World include development into the frame of nature conservation in order to adapt to local priorities. Frame transformation is the re-interpretation of known facts and events within a new framework. Workers, for instance, were able to interpret their relationship to employers in a different way by using a Marxist frame of 'exploitation' rather than one of a patron–client relationship (Snow et al. 1986, pp. 467–76).
11. It is no coincidence that we speak of members or adherents *lending* support to a cause or an organization. As sociologists and political scientists have observed, there is an interesting parallel between lending political support and depositing money in a bank (Parsons 1963; 1969; Baldwin 1971). Just as a bank can use its customers' money to either make own investments or grant loans to other customers, a political group can use its 'borrowed' support to wield power and authority.
12. Similar to the theory of 'job market signalling', the signal thus represents a basically unobservable trait or quality (cf. Spence 1973).
13. In some countries, though, the interpretation is explicitly aristocratic. In Germany, for instance, the principle that the customer is always right translates as '*Der Kunde ist König*' (the customer is king).

6. Business and society: from ethical responsibility to organizational reflexivity

Corporations are not indifferent to the claims of transnational activism since they know (or have to learn the hard way) that they also reflect consumer preferences. It is therefore rational for organizations to take their social environment seriously. Similar to ‘political consumers’, corporations have to deal with various rationalities and strike a balance between contending notions of correct decision-making. For some companies, it is possible to embrace values with a high degree of legitimacy in their social environment, e.g. the supply of clean, healthy and organic food. For others, only the fear of being ‘branded’ and ‘framed’, i.e. of a potential loss of reputation, leads to the internalization of external demands. The ‘moralized’ corporation is not necessarily an ethical business resulting from value-driven entrepreneurial spirit or ethical conviction. It is to a large degree due to others applying moral standards to corporate behaviour and forcing corporations to anticipate that. Some corporations only surrender to those standards in specific conflict situations. Others seek to anticipate and incorporate the perspectives of critics and stakeholders.

In this chapter, I discuss how organizations tune their identities to broader societal values and expectations. Some firms rely strongly on values that are seemingly uncontested, for instance The Body Shop with its emphasis on animal rights and environmental protection. But many corporations cannot claim such a strong affiliation with highly valued principles. Most of them therefore regard societal values and expectations as external constraints on their business practice. Consequently those constraints have to be enforced from the outside, through legal regulation and coercion. We have already discussed some examples of the latter, i.e. forms of conflict between transnational corporations (TNCs) and protest groups, and I will discuss the possibilities and limits of a ‘consensual’ approach to the business–society relationship below. The alternative to both of these two approaches is the one of reflexivity, which takes for granted that business and society are not congruent, but reflects societal

expectations and the attending contradictions within the organization. Contrary to the idea of a truly 'ethical' business practice, there is no simple rationality continuum between the economic decision-making of a firm and its social environment that comprises ethical, religious, political and other points of view.

In the following section I will first discuss the intriguing but limited option of reconciling corporate activities with societal expectations by making 'values' an integral part of business practice. The subsequent two sections are concerned with the theoretical and practical problems of corporate social responsibility (CSR). While there are good reasons to defend CSR on moral grounds, a sociological analysis expects more pragmatic motives to play a role in actually institutionalizing it. The example of current approaches to stakeholder management in the chemical industry is used to illustrate why and how corporations engage with external observers. Finally, I discuss under what conditions we can expect the emergence of organizational reflexivity, i.e. of an anticipatory style of decision-making that does not deny the differences between business and society but seeks to incorporate outside perspectives into corporate decision-making.

1. VIRTUOUS BUSINESS AND ITS LIMITS

Many practitioners and scholars regard managerial values and organizational culture as pivotal to any attempt at changing the behaviour of corporations (Smith, D. 1993, p. 5; Crane 1997). The question of socially acceptable business thus becomes one of finding and enforcing the right 'values'. To find, formulate and justify values is the business of ethics. The discipline of business ethics, which specializes in matters of organizational and corporate values, is a burgeoning field (for overviews see Sorell and Hendry 1994; Weiss, J.W. 1998; De George 1999; Carroll and Buchholtz 2009). The significance of ethics in business is based on the assumption that enterprises should be concerned about and with the solution of problems associated with their operations. Business thus has responsibilities that go beyond being profitable: a more or less far-reaching CSR. Accordingly, firms are supposed not only to take into account harmful side-effects of their own practices but also to contribute to societal welfare in one way or another. The positions in the debate range from the adoption of a fairly limited set of basic moral principles by business (e.g. Sternberg 1994) to those who advocate a wide-ranging incorporation of non-economic criteria and values into the business agenda (Carmichael 1995; Jones and Pollitt 1998). Most approaches take it for granted that universal moral principles

exist and that the ‘task of business ethics is to apply these principles to business’ (Jeurissen 1995, p. 62). An important part of the debate revolves around the question of which of the many possible responsibilities of business are the most fundamental. According to Carroll’s (1991) ‘pyramid’ of CSR, to make profit and to obey the law is required of business in society, while ethical business practice is expected and philanthropic engagement desired. In so far as these expectations towards business are understood as moral obligations, they conceive of the corporation as a member of a community, similar to any other person. In other words, a broad understanding of CSR implies that corporations should behave as responsible ‘corporate citizens’ (Carroll 1998; Zadek 2001; Matten and Crane 2005; Crane et al. 2008).

How to become such a citizen is the subject of a growing body of literature (see Scherer and Palazzo 2008) – and a matter of practical concern for TNCs which are among the main protagonists of the discourse of corporate citizenship (Sklair 2001, Ch. 6). One way to approach the problem is to envisage what the ‘model’ corporate citizen would look like. The idea of corporate citizenship entails that business accepts a range of rights and responsibilities within a community. In the following section, we examine The Body Shop as an example of corporate citizenship. It shows how values can actually become the foundation of business practice – and how even such an approach cannot avoid conflict with external observers.

The Body Shop

The retail cosmetics chain The Body Shop is one of the major ‘icons of socially responsible business’ (Jennings and Entine 1998). Founded in 1976 by the late British entrepreneur Dame Anita Roddick, the company specializes in naturally based cosmetics products. Right from the beginning, the company’s philosophy has been premised on environmental principles, including an unambiguous disapproval of any animal testing and an emphasis on recycling and minimal, environmentally friendly packaging: ‘I want to work for a company that contributes to and is part of the community. I want something not just to invest in. I want something to believe in’ (Anita Roddick in The Body Shop 1999b, inside cover). Now part of the L’Oréal Group, the company still uses a quote of the late Dame Roddick to describe itself on its website: ‘The business of business should not just be about money, it should be about responsibility. It should be about public good, not private greed’ (The Body Shop 2009b). In contrast to other companies sailing under the flag of environmental values The Body Shop has regularly assumed an active and often controversial campaigning role concerning environmental and human rights issues. The

BOX 6.1 THE BODY SHOP: MISSION STATEMENT

- To dedicate our business to the pursuit of social and environmental change.
- To creatively balance the financial and human needs of our stakeholders: employees, customers, franchisees, suppliers and shareholders.
- To courageously ensure that our business is ecologically sustainable: meeting the needs of the present without compromising the future.
- To meaningfully contribute to local, national and international communities in which we trade, by adopting a code of conduct which ensures care, honesty, fairness and respect.
- To passionately campaign for the protection of the environment, human and civil rights, and against animal testing within the cosmetics and toiletries industry.
- To tirelessly work to narrow the gap between principle and practice, whilst making fun, passion and care part of our daily lives.

Source: The Body Shop (1998, inside cover); The Body Shop (2009a, p. 10).

company's mission statement advocates social and environmental change and promises to 'passionately campaign for the protection of the environment, human and civil rights, and against animal testing within the cosmetics industry' (see the mission statement in Box 6.1).

From its humble beginnings in a small shop in Brighton, The Body Shop has evolved into a transnational corporation operating in 61 countries around the world. During the early stages, the growth in stores was primarily accomplished by franchising. Later the company focused on company-owned stores, especially in the UK. Its growth has continued since it was sold to the L'Oréal Group in the year 2006. In so doing it has increased its number of outlets to more than 2500 (year 2009) and the range of products from 25 hand-mixed products to over 1200. In the financial year 2008 The Body Shop reported consolidated sales of €756 million (L'Oréal 2009). Based on this growth, it has maintained its position as an industry leader in the market for naturally based cosmetics products.

Personal integrity and organizational campaigning

The founders and former co-chairs of The Body Shop, Anita Roddick and her husband Gordon Roddick, never ceased to emphasize that campaigning for social and environmental change rather than profit-seeking was 'at the heart of The Body Shop' (The Body Shop 2000, p. 7). Much of this claim was based on the personality and commitment of the late Dame Roddick, who claimed to travel the world personally in search of new products and campaigns. Her campaigning zeal and her worldwide presence were caricatured as 'a cross between Estée Lauder and Indiana Jones, scouring the third world for age-old beauty tips and returning with better-world, better-skin knickknacks' (www.altculture.com 2000). However, this personal commitment has contributed immensely to The Body Shop's reputation and perceived integrity. Even after the company's take-over by L'Oréal and the death of Dame Roddick, the organization portrays itself as committed to its 'core values': 'support community trade, defend human rights, against animal testing, activate self-esteem, and protect our planet' (The Body Shop 2009a, p. 10).

Fostering environmental values has been and still is an integral part of The Body Shop's corporate policy. Championing the environmentalist cause is not confined to the company's green corporate culture. On top of that, The Body Shop as an organization has participated in a number of environmental campaigns. As early as 1986 The Body Shop endorsed the 'Save the Whale' campaign of Greenpeace. The company also participated in the movement against animal testing in the cosmetics industry, which finally led to a ban of these practices in Great Britain in the year 1998. In 1995 the company orchestrated the collection of 1.5 million signatures for a petition in support of women's rights that was presented at the 4th World Conference on Women in Beijing, China. In late 1999 Anita Roddick joined the protesters against the World Trade Organization (WTO) negotiations in Seattle and gave a short speech (The Body Shop 1999a). Among a series of projects and campaigns in developing countries, one of the most high-profile involvements concerned Roddick's support for the Ogoni people in Nigeria's Niger Delta. With this campaign Roddick actively confronted other TNCs having a business interest in the area, notably the oil company Royal Dutch/Shell.

The prime vehicle for making the company's goals and campaigns public is its 'Values Report', first published in 1996. The report consists of independently verified statements on the company's performance on social, environmental and animal protection issues. Regarding environmental indicators the report largely adopts the European EMAS scheme, while social indicators are based on its own approach, including alternating surveys of different stakeholder groups. The efforts made so far have

gained The Body Shop early recognition as a 'trailblazer' in the sector by the United Nations Environmental Program (SustainAbility 1996a; 1996b).

Arguably the most important building block in the company's ethical profile is the 'Community Trade' programme. It is based upon a 'fair trade' paradigm which sees the market rates for many raw materials as insufficient to support and sustain local communities. By offering more favourable terms the Community Trade programme aims to create sustainable trading partnerships with communities in need around the world. The idea is to help less developed communities through a trade-based approach rather than through direct financial aid, by paying the local suppliers above the current market price. There are currently more than 30 Community Trade suppliers and products from Community Trade now account for almost 10 per cent of the total ingredients and accessories purchasing. Through the surplus revenues and additional social investment programmes The Body Shop tries to improve local living conditions and educational and health standards (The Body Shop 2009a, pp. 16ff.).¹

Against the backdrop of frequently exploitative relationships of TNCs with local communities, the Community Trade programme provides a perfect illustration of the value-driven approach of The Body Shop. Rather than putting profit a strong first, other considerations have to be taken into account in order to make business ethical. The aims of this exercise are openly stated and consumers are invited to show their appreciation of The Body Shop's policies by buying its products (which often reflect the higher prices paid to local communities). Thus, the reconciliation of commerce and ethics is deemed possible. All it requires is 'putting our money where our heart is' (Anita Roddick in The Body Shop 1999a).

Too good to be true?

The story of The Body Shop seems to combine a clear ethical approach with economic success. More than that, the campaigning activities of The Body Shop suggest that it has managed not merely to adapt to the environmental and human rights movements but rather to be an integral part of them. Hence it is an effort to build the business–society relationship on consensus: a common normative model is used to guide economic, political and ethical behaviour which therefore need not be in conflict with one another.

However, even a consensus-oriented approach faces its problems. Values might not be shared by everyone. More importantly, values are absolutes while practical action always has to pay tribute to several competing values. That makes compromises inevitable. If the policies of The Body Shop stress social and environmental values to a degree which is

remarkable for a business enterprise, this may still not satisfy campaigners who evaluate the actual performance against the backdrop of their own, very principled expectations. Since incongruities between principle and practice are inevitable in the real world, critics are likely to identify those gaps and make them public. Rather than being pacified by the company's commitments, critics may even be encouraged to look for potential shortcomings. The activists of the eco-anarchist group 'London Greenpeace' (which is independent of Greenpeace International) made this point very clear when they started a campaign against The Body Shop in 1998: 'The company has put itself on a pedestal in order to exploit people's idealism for profit. There is no reason why the Body Shop should be above scrutiny and criticism' (London Greenpeace 1998).

At that point, criticism of The Body Shop had been building up for some time. In an article in the *Business Ethics* magazine, the investigative journalist Jon Entine (1994) pointed out that many elements of the company's image were either exaggerated or inaccurate. First, far from being an entrepreneurial innovator, Anita Roddick had apparently lifted the company name and concept from 'The Body Shop', a company founded six years earlier than her own enterprise in Berkeley, California. The (Anita Roddick) Body Shop later bought the original trademark to enable expansion in the USA. Second, many of the stories about uncovering exotic cosmetics on trips to developing countries had been fabricated. Third, products of The Body Shop are 'the antithesis of natural' (Entine 1998). They consist of microscopic amounts of botanical extracts combined with extensive amounts of petrochemical ingredients. Fourth, claims about inordinate payments to charities were exaggerated, amounting to about 1 per cent of pre-tax profits. Fifth, the 'Trade not Aid' Community Trade programme was portrayed as a marketing exercise which did not constitute a significant part of the company's turnover. Moreover, examples of the programme seemed to suggest that more harm than good had been done.

These points were highlighted when major problems with one particular Community Trade operation became public. Since 1991, The Body Shop had been buying oil processed by the Kayapo Indians in Brazil. Pictures of the Indians on posters and leaflets gave the impression of a mutually beneficial relationship. In an ad campaign for American Express, the chief of one of the tribes appeared alongside Anita Roddick. A so-called 'revolutionary cultural and intellectual property' agreement between the company and the tribe gained The Body Shop worldwide free and favourable publicity. Beneath the harmonious surface, however, tensions had been building up. There were accusations that only a small part of money raised on behalf of the local communities had actually found its way there.

And in 1996 Pykati-re, the chief featured in the adverts, sued the company for failing to pay for the Indians' images. After threats that The Body Shop might terminate its business in the region altogether, the chief dropped the suit (Petean 1996). Yet a stain on The Body Shop's formidable reputation remained.

The case of The Body Shop illustrates some of the limitations of reconciling business and society on the basis of shared values. This is even more remarkable since The Body Shop can hardly be considered an extreme or parochial representative of this approach. Such would be the case if a company simply assumed that its values were the right values, thereby dismissing engagement with society altogether. The paradigm of such a world view is the belief stated by Charles Wilson, former president of General Motors, that 'I have always thought that what was good for the country was equally good for General Motors – and vice versa' (quoted in Tugendhat 1973, p. 24). In contrast to such a position, which is obviously inadequate in today's complex society, The Body Shop represents a more sophisticated example of a consensus-oriented approach. Rather than putting the company's economic position first, it seeks to comply with a particular set of values in society. Yet there is a fundamental problem with such an idea. It expects the outside world to comply with the 'right' values held by the corporation and management. It does not recognize that values are constantly changing, and that they are different from group to group and region to region. Although it is an interesting possibility for niche markets, consensus thus cannot offer a definitive solution to the problem of conflicting rationalities. Claiming a value consensus in the face of ubiquitous value disputes may make sense to some – but others may still beg to differ.

2. MORAL INDIFFERENCE OR CORPORATE SOCIAL RESPONSIBILITY?

It turns out that the basic design fault of the consensus approach is that it expects to find a common denominator for the diverging interests and rationalities in the economic, political and public sphere. It seeks to find a value consensus which could bring together economic rationality and societal concerns. But in a complex and differentiated society there does not seem to be a common denominator, be it consensus or morality. Due to its polycentric nature any representation of the identity of modern society will always be contested (Luhmann 1987d).

What then is the 'responsibility' of a business enterprise vis-à-vis the rest of society? It is by no means self-evident to include non-economic criteria.

As the economist Milton Friedman (1970) famously put it, there is reason to argue that ‘the social responsibility of business is to increase its profits’ – and nothing else. Such a claim has two aspects: on the one hand it concerns the question of whether the pursuit of non-economic objectives by business is feasible; on the other hand, whether it is morally desirable. The originality of Friedman’s and other sceptics’ argument lies in the fact that it casts doubt not only on the feasibility of ethical business but also on the very assumption that business should be concerned about anything but its economic performance.²

Friedmanites do not deny the relevance of arriving at morally right decisions. Rather, they think that assuming a moral position in society would illegitimately transcend the boundaries of proper business. On the one hand, business is not legitimate in the same way as the state; it is primarily an economic entity and should thus not behave as a social benefactor. Welfare services of any kind can be provided only by public agencies, which corporations are not. On the other hand, the pursuit of non-economic goals would endanger the one goal which business actually has a mandate for: the pursuit of profit on behalf of shareholders. Business does indeed have responsibility, but this responsibility is limited to ‘creating shareholder value’ (Rappaport 1986). A more extensive definition of corporate responsibility would not only threaten the legitimate interests of shareholders but would also be harmful for society as such. Without a proper mandate, business leaders should not strive to champion or support values, or provide welfare services which in principle are the responsibility of the state (Levitt 1958).

Despite its coherence there still are good reasons to reject the ‘Milton Friedman view of the world’ (Mitroff 1983, p. 19). First, the commonly cited shareholder argument is flawed. The responsibilities of management to shareholders are not only very limited in practice, but must also be qualified on the basis of theoretical considerations. The separation of control and ownership in modern corporations is only one aspect (see Williamson 1963). In addition, it is questionable whether shareholders actually are ‘owners’ of an enterprise. More often than not they are interested only in the financial gain from their shares and not in the actual conduct of the company in question, a fact which has been rightly stressed by the Friedmanites. Furthermore, much of the ‘ownership’ of a modern public enterprise is widely dispersed and only exerted indirectly, for instance through mutual funds. Yet this indirect relationship with a company’s affairs casts serious doubt on the shareholders’ status as the owners of the particular enterprise. Handy (1996, pp. 65f.) argues that this kind of relationship is far closer to the one between a bank and a borrower; in this sense, shareholders are comparable to providers of a mortgage. Does

the fact that a bank lends money to someone to buy a house impose a far-reaching responsibility on the borrower, except for the responsibility to pay the money back according to the terms of the mortgage contract? Does it mean that the bank has a right to determine how the house is maintained? Most would reject this idea. Yet the relationship between a bank providing a mortgage and a borrower is very similar to the one between shareholders and a stock-listed company.³ Though there obviously is an implicit contract between shareholders and management to provide for a reasonable return on investment, this need not be interpreted in terms of profit maximization. There is a considerable element of managerial discretion in determining the reasonably expectable profit margin and thus the obligations to shareholders are not as clearly defined and often not as instructive as the emphasis on 'shareholder value' suggests (Marens and Wicks 1999).

It is therefore reasonable to adopt a more comprehensive view of the responsibilities of business. But are there reasons for business to accept those responsibilities? The moral conscience of responsible managers alone does not result in responsible behaviour at the organizational level: 'having a conscience in the running of a large corporation does not translate automatically into running a conscientious corporation' (Goodpaster 1983, p. 305).

We thus need to look for driving forces for corporate responsibility that include a fair share of self-interest in addition to the moral justification. For instance, responsible corporate policies could themselves be profitable. If CSR eventually pays off, 'enlightened self-interest' (Mintzberg 1983a, p. 4) is a sufficient motive for its adoption. There are different ways in which CSR may be profitable. First, there is the argument that the business community as a whole will benefit from socially responsible behaviour. If corporations contribute to the mitigation of social problems or invest in education, they will directly or indirectly benefit in the middle or long run. Second, there are reasons to believe that the stock market reacts positively to social responsibility, particularly since many institutional investors view irresponsible firms (with the concomitant bad reputation) as bad investment. Third, CSR may serve to avoid outside interference. If corporations demonstrate that they behave in a responsible manner without extensive regulation, they may be able to exert more control over their operations in the future (*ibid.*, pp. 4–5). Therefore, it does not need moral persuasion but only a sound understanding of business to make the adoption of CSR necessary.

A closer look reveals problems with this argument. First and foremost, advocating responsibility on the basis of profit runs the risk of limiting the extent to which responsibility will be accepted. Once moral criteria are

subject to economic considerations, the rule of marginal utility applies: it may make sense to be responsible to a certain extent – but not more than that.⁴ And indeed, as empirical studies of the correlation of ethical policies and corporate performance demonstrate, the marginal utility of being ethical decreases: ‘It pays to be good, but not too good’ (Mintzberg 1983a, p. 7). From an ‘enlightened’ point of view, the best option for business is to adopt a minimal standard and not to stand out of the crowd – clearly not what theorists of business ethics regard as desirable. Furthermore, much of the argument of enlightened self-interest seems to depend on the existence of outside pressure. Without ethical investors or the threat of protest action, it seems, CSR would not pay off. Hence Mintzberg (1983a, p. 12) concludes that the ‘so-called enlightened self-interest would become far less enlightened if the likes of Ralph Nader did not lurk outside the gates of every large corporation’.

3. STAKEHOLDER MANAGEMENT AND ENGAGEMENT

We can thus expect external pressure to be a decisive factor in corporations adopting CSR policies or not. To avoid conflicts, firms seek to ‘internalize’ the pressures of outside observers, and relating systematically to external audiences is one way to achieve that. Possibly the most important paradigm in this field is the concept of ‘stakeholder interest management’ (Freeman 1984; Donaldson and Preston 1995; Weiss, L. and Hobson 1995). It argues that organizations should seek to examine and incorporate societal interests that have long been neglected or simply taken for granted. The notion of ‘stakeholders’ was coined as a parallel to the ‘stockholder’ to emphasize that not only shareholders but also other groups can affect and are affected by corporate performance.⁵ From an ethical perspective, the aspect of ‘being affected’ justifies the representation of the concerns of such groups in organizational decision-making, for instance by dialogue and participation processes (Ulrich 1998, pp. 438–49). From a strategic perspective, the potential impact of such groups makes it necessary to take their positions into account. This ‘reverse-impact model’ (Brummer 1991, p. 38) of stakeholder relevance does not focus on the legitimacy of the interests concerned. Rather, it argues pragmatically that ‘if business organizations are to be successful in the current and future environment then executives must take multiple stakeholder groups into account’ (Freeman 1984, p. 52).

It is assumed beneficial and profitable for firms, at least in the long run, to take into account ‘societal expectations’. Of course, firms are supposed

to base their decisions on economic, i.e. financial, considerations. But this should not be misunderstood as a clear-cut decision programme. The profit-maximization motive alone is too general to determine complex decision-making processes, although it necessarily forms the background of the long- and middle-term plans of business.⁶ Thus, other criteria and values always play a role in everyday organizational practice. Any individual company – unlike the economy as a whole – is free to consider other aspects than mere economic ones in order to make its decisions, e.g. the environmental or social effects of a particular investment. Environmental concern, for instance, is a factor a company has to reckon with if it seeks to comply with general norms and values of society. Today environmental values inform lifestyles and consumer choices (Inglehart 1990; Gabriel and Lang 1995, pp. 164ff; Cohen, M. 1998), and the ‘cultural package’ of environmentalism is to be regarded as an established frame of political communication (Eder 1996; Hajer 1996). Corporations have to take these trends into account if they are to ensure their long-term legitimacy and, possibly, profitability (Welford 1994; Welford and Starkey 1996). Such reflexivity in corporate behaviour pays off, and many corporations have initiated programmes of systematic stakeholder engagement. These endeavours go beyond old conceptions of CSR. If taken seriously, stakeholder engagement does not lead to consensus. It leads to a reflection of the difference between an organization and its social environment through the persisting interaction of different rationalities.

BASF and the Multi-faceted Stakeholder

The chemical industry does not have an impressive public record. Traditionally it is known for accidents and pollution and it stands in ill repute with the public. More than in any other industry the problems faced by one corporation, e.g. because of spills or local protests, easily affect all the others. Pollution knows no boundaries but its effects transcend a particular company’s reputation as well. The terrible accident at a Union Carbide plant in Bhopal in 1984, which exposed more than 500 000 people to toxic gas and resulted in a huge number of casualties, has become a symbol of the dark side of industrial progress. According to then Union Carbide CEO Robert Kennedy, the disaster was ‘the single most astonishing and terrible event’ in the history of the industry (cited in Entine 1996). The accident at Bhopal had a profound impact on the chemical industry’s attitude to environmental protection.⁷ It sparked a wealth of precautionary measures (Piasecki 1995). At least two more accidents gained transnational attention and tarnished the chemical industry’s reputation. On 10 July 1976 a chemical plant in Seveso, Northern Italy,

released TCDD (dioxin), which resulted in hundreds of injuries, 70 000 forced slaughters of livestock, and uncertain long-term health hazards. A few years after Bhopal, a fire at a Sandoz plant in Basel, Switzerland, caused severe air and water pollution. The river Rhine was visibly polluted and carried a red toxic wave through Germany and Holland. Hundreds of thousands of fish in the Rhine died.

It comes as no surprise that industry associations have since tried to improve the industry's blemished reputation. Being under close scrutiny by regulators and social movements the industry has a fundamental interest in improving its environmental record. But this is a much more difficult task for an industry with a high risk potential than for a specialized niche business such as The Body Shop. Greening the industry's reputation has always been faced with a 'reality test'. Accidents and continual pollution have made a 'greenwash' approach increasingly difficult. Under the scrutiny of social movements and other observers, the chemical industry cannot afford too much inconsistency between principles and practice. Therefore one can observe a move towards more serious approaches over the last few years.

One example is the 'Responsible Care' programme, the first industry-wide environmental code. The term was coined in 1984 by the Canadian Chemical Producers' Association (CCPA), which formally adopted the code in 1986. Having been adopted by 45 national chemical associations, it is the most widespread code of practice in the industry, and it is also endorsed by the International Council of Chemical Associations (ICCA). The details of the Responsible Care code of the various national associations vary. But their core is well represented by the guiding principles of the US Chemical Manufacturers Association (CMA). These guidelines highlight the important shift away from 'old' corporate responsibility philosophies and mark the watershed between consensus-oriented and more reflexive approaches. There is no assumption that industry could devise acceptable criteria alone. Rather, the emphasis is increasingly on dialogue with nongovernmental organizations (NGOs) and local communities (Tombs 1993, p. 141). One of the management practices set out by the Responsible Care programme is Community Awareness and Emergency Response (CAER), which promotes emergency response planning and calls for ongoing dialogue with local communities. Apparently, the industry has come to the conclusion that if it is to gain acceptance, it has to allow for some dialogue instead of using corporate communication as a one-way vehicle (van Es and Meijlink 2000).

The trend towards more reflexivity in CSR policies can be documented by the example of BASF, a transnational chemical manufacturer headquartered in Ludwigshafen, Germany.⁸ BASF AG (acronym for

BOX 6.2 RESPONSIBLE CARE®: GUIDING PRINCIPLES OF THE CHEMICAL MANUFACTURERS ASSOCIATION

- To seek and incorporate public input regarding our products and operations.
- To provide chemicals that can be manufactured, transported, used and disposed of safely.
- To make health, safety, the environment and resource conservation critical considerations for all new and existing products and processes.
- To provide information on health or environmental risks and pursue protective measures for employees, the public and other key stakeholders.
- To work with customers, carriers, suppliers, distributors and contractors to foster the safe use, transport and disposal of chemicals.
- To operate our facilities in a manner that protects the environment and the health and safety of our employees and the public.
- To support education and research on the health, safety and environmental effects of our products and processes.
- To work with others to resolve problems associated with past handling and disposal practices.
- To lead in the development of responsible laws, regulations and standards that safeguard the community, workplace and environment.
- To practice Responsible Care® by encouraging and assisting others to adhere to these principles and practices.

Source: American Chemistry Council (2000).

‘Badische Anilin- und Sodafabrik, plc’) is the largest chemical company in the world with revenues of €62.3 billion in 2008. Its almost 100 000 employees worldwide work in plants in about 40 countries. The business of BASF covers five segments: chemicals, plastics and fibres, colourants and finishing products, health and nutrition, and oil and gas. Founded in 1865, the company first focused on the dye market, where it acquired a reputation for trailblazing research achievements. One of the milestones in the company’s history was the success in synthesizing the blue indigo dye

Table 6.1 Known major accidents at the BASF plant in Ludwigshafen, Germany

February 1996	Explosion as hydrogen enters a dryer in the chlorine production area; a toxic cloud is discharged; 25 employees have to receive medical treatment
February 1977	During maintenance works at a container chloric gas is released; 4 workers are injured
1953	A thermal reaction releases TCDD, the 'Seveso toxin'; 55 people are injured and examinations later reveal that many of them have developed cancer

Sources: GEIN (2000); Greenpeace Deutschland (2000).

after a 17-year research marathon in 1897. A less celebrated part of the company's history was its incorporation into the infamous 'IG Farben' during the Nazi regime. This conglomerate of the chemical companies BASF, Hoechst, Bayer, TerMeer and Agfa was involved in wartime production and made extensive use of forced labourers (Coordination gegen Bayer-Gefahren e.V. 1995; Hayes, P. 1987). In 1953, the conglomerate was broken up and the companies regained their independence. Today, Bayer, Hoechst and BASF are all major global players in the chemical industry.

BASF is well acquainted with environmental problems. The danger of pollution is inherent in the production of complex chemicals. Following accidents at the Ludwigshafen plant, the company has always been under scrutiny by local communities. Though the extent and number of accidents do not have the magnitude of the big disasters of the chemical industry, they show that accidents are always possible. Thus each accident serves to undermine the trust of local communities in the plant's safety. Furthermore, the chemical industry has never been able to dispel the suspicion that many accidents are deemed 'insignificant' and then swept under the carpet. Where environmental threats are invisible, long-term and contested, nearby accidents must be seen as a powerful vehicle of anxiety. Therefore, even the 'minor' incidents at BASF plants could not be taken lightly.⁹

As noted earlier, every chemical company is affected by the reputation of the industry as a whole. BASF is no exception to this rule. As the intricacies of chemical production processes are difficult to grasp, differences regarding the hazardous potential of specific plants are not always appreciated by the public. More than in other industries, companies of the chemical industry thus depend on common efforts to secure their reputation.

This is the task of industry associations, which have made efforts to regain trust on both a national and an international level. In Germany, the association of the chemical industry VCI (*Verband Chemischer Industrie*) plays a major role in orchestrating such programmes. In their study of the communication policies of the chemical industry in Germany, Brand et al. (1997, Ch. 9) distinguish three phases. The first phase till the mid-1980s was dominated by one-way communication and classical public relations via advertising and providing factual information. During the late 1980s, the communication approach entered a second phase, which put greater stress on direct dialogue with critics; most of the dialogues however were a reaction to the crises and disasters of the time and they were often mediated by third parties rather than actively pursued by the industry. This has only changed in the third phase, which began in the early nineties. The VCI devised a new programme under the title '*Chemie im Dialog*' ('chemical industry in dialogue'). Drawing on the aforementioned Responsible Care initiative, it focused on the communication problems of the industry.

Although this may be seen as a logical extension of the rather timid communication efforts of the second phase, it also introduced important new elements. First, the VCI and particular companies now put forward their arguments with more self-confidence. Rather than just defending themselves against criticism, they tried to emphasize the achievements of the industry. The dialogue approach favoured two-way communication and the active engagement with stakeholders, instead of the largely reactive stance taken during the eighties. Thus the third phase implied a move from negative crisis communication to the more positive and active management of corporate image and reputation. Second, the programme of stakeholder engagement turned out to be far more complex and comprehensive than previous efforts. Instead of relying on factual newspaper ads and press conferences, the industry association now began to stage its own 'pseudo-events' (cf. Boorstin 1961). For instance, during selected 'open days' all participating companies invited the public into their plants, distributed promotional material and answered questions and criticism. Third, the overarching concept of 'dialogue' was now employed as an encompassing communicative strategy, going beyond the original focus on the environment. Continual engagement in all areas is now seen as crucial to regain public trust lost during the eighties (Brand et al. 1997, pp. 258f.).

All of this is highly relevant to the communication policy of BASF. As a member of the Group's External Affairs Department confirmed in an interview, BASF's own projects are firmly rooted in the VCI's programme:

Like Hoechst, BASF's programmes are within the framework of the VCI, in Germany that is, and within the framework of the European Chemical

Manufacturers Association with the OECD countries. It is very much a joint effort. (Author's phone interview, Ludwigshafen, 3 August 2000)

Furthermore, there is a regular exchange regarding the progress of stakeholder projects among companies. This vindicates the impression of Brand et al. (1997, p. 244) that the corporate communication policies of German chemical companies are not really competitive (which is largely due to the low competition among those companies within Germany). Collective communication efforts are thus much more common than in other industries.

The concrete stakeholder engagement of BASF concerns two areas: the local communities near the production sites and transnational NGOs. Local communities are most concerned about potential accidents at a plant. Many people do not trust the company's information policy. Thus, the most important task facing BASF in this area is to establish itself as a credible communicator. It has done so by revising its principles for 'crisis communication', i.e. the steps which are to be taken in the event of a 'plant failure' (*Betriebsstörung*) or of a more serious 'hazardous incident' (*Störfall*) (BASF 1999).¹⁰ BASF claims that the communication policy has changed to a rapid response model: even minor incidents are immediately reported and tailor-made media are used for different audiences (fax and phone for the press, letters for politicians, a special edition newspaper for staff, and radio and TV announcements for the public). The surge in numbers of reported incidents may serve as an indicator that such a change has actually taken place. Apart from such crisis situations, regular engagement with local communities is sought through Community Advisory Panels (CAPs) that give representatives of the nearby residents an opportunity to voice their opinion (BASF undated-b, p. 10).

Regarding the wider public, BASF seeks to involve major environmental groups in dialogue processes and product development. For instance, there is an ongoing collaboration with the German branch of the World Wide Fund for Nature (WWF). According to an interviewee, the WWF is 'our most important partner . . . because it is active in many different fields and willing to cooperate' (author's phone interview, Ludwigshafen, 3 August 2000). Most of these stakeholder dialogue processes are still a new field for the company and steps are taken rather gingerly. Apparently, BASF does not want to give the impression that it has to rely on external partners. It is stressed that developing new and environmentally beneficial technologies is an integral part of business. Thus, BASF can boast its own variant of 3M's well-known 'pollution prevention pays' (3P) principle – the '3V' programme: 'Vermeiden, Vermindern, Verwerten' (avoid, reduce, recycle) (BASF 2000a, p. 11). It is part of the company's 'Verbund'

structure which integrates production processes, energy and waste flows so as to use the by-product of one process as the input for another process, thus minimizing waste whilst making efficient use of resources. This synergistic principle for instance enables a plant in Antwerp to use the heat generated by the installations for producing all the necessary steam – only during the winter are additional fossil fuels needed. In fact, the BASF Group generates some 30 per cent of its total energy from such resources. The rest stems from conventional fuel and electricity.

Against the backdrop of such promises, it comes as no surprise that BASF also adopts the discourse of sustainable development. Alluding to the Brundtland definition, the Group's chairman, Jürgen Strube, pledges allegiance to the principles of the Rio conference: to meet the 'economic, ecological and social needs of our society without compromising the chances for development of future generations' (BASF undated-b, p. 3). The products of BASF are said to make a 'substantial contribution to sustainable development' (*ibid.*, p. 7). At the same time it is made clear that it is entirely possible to achieve such goals in a liberal market society (*ibid.*, pp. 7, 9). It is not exactly clear what this means regarding potential regulation and new limits. Yet it is clear that BASF is in favour of setting limits itself, rather than having them imposed on it. After all, sustainable development is 'linked to the economic success of the enterprise' (*ibid.*, p. 7). There is only a fine line between an ecologically meaningful definition of sustainable development and one that equates it with the sustainability of profit.

In contrast to traditional approaches to corporate responsibility, the more reflexive stance of BASF stresses three essential features: first, there is a tendency to reveal more information, e.g. regarding emissions (BASF 2000a, p. 15); second, there is an invitation to evaluate the progress of BASF against explicitly stated environmental goals (*ibid.*, pp. 32f.), thus making monitoring and auditing an integral part of business; third, the interaction with the societal environment is systematized: instead of relying on the assumption that good values and intentions will avoid conflicts, an important element of a reflexive approach is constant monitoring. Thus BASF, like many other TNCs, operates an issue management system that allows all parts of the Group to access relevant information and to anticipate potential areas of conflict (*ibid.*, pp. 9). The case of BASF thus allows us to witness the development of organizational reflexivity in its infancy.

The development of corporate communication in the chemical industry can be understood in terms of a succession of three different configurations of the business–society relationship. In the first phase it was assumed that complying with the rules and showing responsibility would be enough;

in the second phase, conflicts with a critical public prevailed; against this backdrop, the development of a more reflexive approach became necessary in the current third phase. Interaction with external stakeholders, reporting and auditing, and systematic surveillance of the organizational environment are the salient features of this phase. Is the reflexive attitude thus the most sophisticated among the approaches?

4. A STAGE MODEL AND ITS LIMITATIONS

It seems to be difficult for business to either formulate ethical principles on its own or to disregard them altogether. We have seen in this and the preceding chapters that either approach, to seek consensus with or to be indifferent towards moral expectations, has its pitfalls. In both cases external observers are likely to pick up inconsistencies with their own expectations. We can therefore observe a broad – if by no means universal – development towards more reflexive approaches to the business–society relationship. Indifference is hardly an option, particularly for large corporations in the limelight of public opinion. And principled firms, too, have come to realize that it is risky to determine the morality of business on their own. For instance, the criticism of the principled but not always consistent policies of The Body Shop has led to the adoption of stakeholder engagement and more systematic social and environmental auditing (Sillanpää 1998).

One could extrapolate a stage theory from these observations. The consensus approach marks the basic insight that business somehow has to comply with the expectations of the public. The increasing attention to CSR and corporate citizenship reflects the insight that added legitimacy can be earned by adopting a policy of ‘corporate responsibility’ (Gardberg and Fombrun 2006; Zadek 2001). Conflict with state and other authorities can be avoided to the extent that business finds common ground with society. Ideas of business ethics and CSR lay the theoretical groundwork for such hopes of a ‘positive integration’ of business and society. However, due to the nature of a differentiated society that cannot be brought down to a consensus of values, conflicts recur. Even principled companies like The Body Shop realize that their values may not be same as the values held by others. The key agents that drive this point home to corporations are social movements. Since such occurrences of conflict mean a disruption of business operations, corporations then have to seek new ways to avoid them. A possible solution is seen in business adopting a more fluid and reflexive stance towards the expectations of society. Thus there seems to be a ‘virtuous spiral’ (Kaler 2000) at work: a positive stance towards societal values raises the expectations held by the public, which then lead

to conflict if they are not fulfilled; this fosters a more proactive stance of business, which may again lead to rising expectations.

The question is whether we should interpret the succession of these stages as a form of development, i.e. as a stage theory in the sense of the models of Piaget (1932) or Kohlberg (1981). With regard to this question it is interesting to note the similarity of our model to the theory of corporate social performance developed by Sethi (1975). Sethi also devises a tripartite model of corporate relationship with society. In the first stage, 'social obligation', business merely complies with the legal minimum; this stage is thus 'proscriptive' in nature. In the second stage, the one of 'social responsibility', corporations seek congruence with the prevailing social norms. Therefore this stage is 'prescriptive'. In the third and final stage, 'social responsiveness', corporations adopt a self-reflective stance and begin to 'minimize the adverse side effects of their present or future activities' (*ibid.*, p. 63). This stage is 'anticipatory and preventive'. Sethi's model is truly developmental in the sense that every stage constitutes a higher degree of 'appropriateness' than the previous one.

Against the backdrop of this and similar stage theories,¹¹ it seems plausible to expect a progression towards more reflexive modes of CSR. However, there remain serious doubts as to how complete such a development can be. The experience so far has been that even reflexive approaches are prone to criticism, thus subjecting the respective companies to negative sanctions again. That is the flipside of the 'virtuous spiral'. Business raises the expectations by providing an appealing ideology concerning some aspects of its operations. That easily leads to disappointment about the gap between aspiration and reality. The incorporation of social and environmental goals cannot mean that business is mainly pursuing these objectives. It may well do so, but at the same time it will also pursue economic objectives. The obstacle to a proper understanding of this is the tendency to personalize and reify organizations in terms of their goals, be it environmental protection or profit maximization. Yet the specification of organizational goals by no means precludes contradictory goals (Luhmann 1968, pp. 156–62). In contrast to that, conceiving of an organization as an 'actor' (rather than as a complex social system) conveys the idea that contradictions are something of an anomaly. This is because a single action cannot be contradictory by definition, and highly inconsistent behaviour across distant acts is considered irritating or even abnormal.¹²

However, organizations are not 'unit actors' and they do not necessarily 'act' according to a single purpose. The consideration of non-economic criteria is part of business for many companies. But it is only one part. Contradictions between various objectives do not bother an organization. For instance, the development of appropriate business policies may be

delegated to a specific group and thus be de-coupled from other organizational units. Then, even if part of the organization is devoted to environmentally sound practice this could still be jeopardized by the decisions of other parts. In such a situation, management might see its main duty in establishing and representing the unity of the corporation (cf. Pfeffer 1981). It can do so by producing a compatible and acceptable ideology for demonstration purposes, rather than by reconciling the contradictory practices. Consequently, a discrepancy of talk and practice arises when business is facing incongruent demands. The only solution is to engage in ‘organizational hypocrisy’ – and to promise improvements in the future, so that:

the action is being protected, in that management satisfies by talk the demands which the action does not meet . . . In particular, hypocrisy benefits from the ‘futures approach’. By definition, speaking of the future means speaking of something which does not exist. If present actions satisfy some demands but not others, then we can always talk about some future actions which will meet the unsatisfied demands. (Brunsson 1989, p. 172)

From the perspective of a firm it may thus be possible to deal with conflicting interests by reflecting them within its own structure – and to supplement this by an appropriate ideology.¹³ In this sense, reflexivity may be a synonym for the ‘organization of hypocrisy’ (cf. Brunsson 1989). For an organization, this does not entail great difficulties. Yet it does not appeal to critical observers such as protest groups who evaluate companies with regard to their social and environmental performance. They are not that interested in the internal contradictions between those dimensions and the economic aspect. Rather, they are content with confronting firms with their own ideology – which they take seriously regardless of the corporation’s hypocrisy.

NOTES

1. For instance, among dozens of Community Trade programmes, a long-running one concerns cocoa butter, one of The Body Shop’s most important ingredients. The company buys cocoa beans from the Kuapa Kokoo Limited (KKL) farmers’ cooperative in Ghana. The premiums from fair trade are paid into a trust fund which is used to benefit all KKL farmers and a society fund which is used to pay for general community improvements and can be drawn on by individual farmers in times of financial hardship.
2. This is an important point since if it were morally imperative to adopt an ethical approach to business, the question of implementation would become secondary. Traditionally moral philosophy assumes that what one ought to do one also can do.
3. In a similar fashion, James G. March suggested that stockholders be understood in

analogy to citizens, whose demands form only 'loose constraints' on the actual policies pursued on their behalf (March 1962, p. 674).

4. This is why some business ethics scholars emphasize that a truly 'moral point of view' must give ethical considerations absolute priority (Ulrich 1998).
5. The term 'stakeholder' was developed at the Stanford Research Institute (SRI) in the sixties (Freeman 1984, p. 31) and then used by Rhenman to denote 'individuals or groups who depend on the company for the realisation of their personal goals' (Rhenman 1968, p. 25). Richard E. Freeman, who later developed the respective management approach, defines a stakeholder as '(a)ny group or individual who can affect or is affected by the achievement of the firm's objectives' (Freeman 1984, p. 25).
6. 'The profit motive too . . . has lost its unambiguousness. In the conditions of modern economic and enterprise structures, it can *a priori* no longer mean maximal, but only optimal, profit, guaranteed in the long term. Inclusion of this time dimension also implies including those other factors in the business decision process, making the profit motive relative. Long-term profit maximization in fact means partial renunciation of profit from regard for the firm's "social environment". The profit approach is limited by principles of controlled growth, maintenance of market share and stability of the company.' (Ott 1977, p. 167; translated by Breunung and Nocke 1994, p. 273)
7. A report for the International Labour Organization (ILO) underlines this point: 'The impact of Bhopal on the attitude of the industry towards itself may have been even greater than the impact on the public's attitude towards the industry. After all, the public already had the attitude that the chemical industry was polluting, irresponsible and unconcerned. But to the industry, Union Carbide was a respected member of its ranks – if it could happen to UC, it could happen to anybody' (Munn 1998, 2.1).
8. It is worth noting that BASF is one of the few TNCs that define themselves as a *transnational* rather than as a *multinational* enterprise (BASF undated-a, p. 1).
9. Minor incidents or 'plant failures' are relatively common occurrences which usually do not lead to injuries. However, the 1999 HSE report alone mentions thirteen such incidents (BASF 2000b, p. 15).
10. The two terms denote different degrees of hazardous potential of an incident and are defined by the respective laws (in Germany, that is). The company prefers to talk of the less threatening 'Betriebsstörung' while critics usually speak of 'Störfälle'. The latter term is also used to speak of major accidents at nuclear plants.
11. A very similar suggestion is made by Grolin (1998) who discerns a development from a 'classical model' (which is basically Friedmanite) over a 'stakeholder model' to a 'political model'. See also Carroll's (1991) pyramid of CSR and the 'political conception' of CSR (Scherer and Palazzo 2007).
12. The consequences for human actors if they fail to abide by these rules have been cogently demonstrated by Garfinkel (1967) and Goffman (1967). The elective affinity of contradictory norms and social stigmatization is also a topic of Gregory Bateson's work on schizophrenia (Bateson 1973). Yet it should be kept in mind that action almost invariably involves trade-offs and conflicts with regard to normative criteria (cf. Williams, B. 1981, Ch. 5).
13. An equivalent – if less 'deceitful' – method of dealing with contradictions is the 'sequential attention to goals': 'Organizations resolve conflict among goals, in part, by attending to different goals at different times. (For instance) the business firm is likely to resolve conflicting pressures to "smooth production" and "satisfy customers" by first doing one thing and then the other' (Cyert and March 1963, p. 118).

7. Conflicts and coalitions

The engagement with various stakeholders is a defining element of current approaches to corporate social responsibility (CSR). Critics are invited to join dialogue programmes and mediation processes regarding controversial issues (Amy 1987; van Es and Meijlink 2000; Zadek 2001) or even get involved in long-term alliances with companies (Doh 2008; Elkington and Fennell 1998; Schneidewind and Petersen 1998). Some observers argue that such forms of stakeholder engagement can help to foster a form of 'civil regulation' in which nongovernmental organizations (NGOs) assume the role of setting and monitoring standards in cooperation with business (Bendell 2000b; Vogel 2005, Ch. 7). Others regard discourse and dialogue with stakeholders and critics as an essential feature of corporate citizenship (Scherer and Palazzo 2007; Sethi 2008). Yet alliances and cooperation may also imply the 'co-optation' of critics into the decision-making of business if stakeholders participate only symbolically in decision-making without exerting any actual power.

This chapter suggests a 'political coalition' perspective on collaborative relationships between business and stakeholders, particularly social movement organizations (SMOs). Through conceptualizing the relationship between business and society from the perspective of a coalition view of the firm, it aims to specify facilitating or inhibiting conditions for stakeholder influence. To the extent that interests within and outside the corporation are pluralistic, a complete co-optation of stakeholders is less likely. Once again, I will use the case of the oil multinational Royal Dutch/Shell as a reference to examine the relationship between stakeholder influence and the distribution of interests within and outside the corporation.

In the following sections I employ the distinction between stakeholders and 'stakeseekers' to characterize the social environment of organizations. While the interests and representatives of stakeholders are usually well known, stakeseekers are groups that seek to put new issues on the corporate agenda. Their increasing significance indicates a more uncertain and volatile social environment. In reaction to new claims, corporations regularly intensify their communication with stakeseekers, effectively turning them into established stakeholders. Yet as I show with reference to Shell's troubles in Nigeria, the transformation of stakeseekers into stakeholders is

not always possible. It requires that stakeseekers are themselves organized and therefore likely to become part of the 'negotiated' environment of the corporation. A closer look at the corporate 'black box' reveals that corporations are themselves heterogeneous 'coalitions' of various interests and by no means immune to social movement topics. The claims-making activities of stakeseekers affect those coalitions and can lead to organizational change by politicizing them.

1. STAKEHOLDERS AND STAKESEEKERS IN THE ORGANIZATIONAL ENVIRONMENT

Companies depend on the public acceptance of their actions and thus have to position themselves in relation to public perceptions, standards and etiquette. It is not enough to produce 'action', i.e. products and services; corporations must also produce 'talk' and politics to justify their operations (Brunsson 1989). In addition to owners and shareholders, various groups are affected by and can in turn affect corporate performance and must therefore be regarded as 'stakeholders' (Freeman 1984; Clarkson 1991; Donaldson and Preston 1995; Weiss, J.W. 1998). From an ethical perspective, the aspect of 'being affected' justifies the representation of the concerns of such groups in organizational decision-making, for instance by dialogue and participation processes (Ulrich 1998, pp.438–49). From a strategic perspective, there is also evidence that 'if business organizations are to be successful in the current and future environment then executives must take multiple stakeholder groups into account' (Freeman 1984, p. 52). In other words, there is also a 'business case' for stakeholder management and corporate social responsibility (Vogel 2005, Ch. 2).

A rough distinction can be made between two kinds of groups. First, there are constituencies, such as trade unions, that have a vested interest in the corporation since their material or immaterial 'side payments' ultimately depend on its performance (Cyert and March 1963). Second, there are groups that do not have organizationally defined links yet but define and claim new 'stakes'. They are actually better described as stakeseekers (cf. Heath 1997). Corporations have less difficulty dealing with 'traditional' interest groups of the first kind – such as trade unions and investors – than with new protest groups such as environmentalists and anti-corporate activists, which represent the second type. Decades of interaction and bargaining with traditional stakeholders have resulted in well-established negotiation systems. Besides, the interests of both sides often have much more in common than occasional conflicts may lead one to suspect. Employees and managers, as well as investors and government,

are interested in the profitability of the firm. The same cannot be said of newly emerging stakeholders. They are external observers. Therefore they do not have a vested interest in the profitability or survival of any specific corporation. Often protest groups are not even primarily interested in the products or services or payments of a firm but in the by-products, the unintended side-effects and risks produced by it.

At first glance, stakeholders seem to play a minor role in how the firm observes its social environment. While a more or less standard set of generic or 'primary' stakeholders – from investors over governments to suppliers and customers – is relatively easy to define from the perspective of most corporations, stakeholders are more elusive. If they are recognized at all, they are treated as 'secondary' stakeholders who do not directly affect the firm's operations and revenues (cf. de Bakker and den Hond 2008). But stakeholders like protest groups and social movement activists can be quite successful in 'self-declaring' as stakeholders (Wheeler et al. 2002, p. 302). In order to anticipate costly conflicts with such stakeholders, more and more companies spend time and money on the incorporation of movements' and critical experts' views into the decision-making process, for instance by round tables, corporate dialogues and scenario groups (Elkington and Fennell 1998; Elkington and Wade 1999; van Es and Meijlink 2000). They also recruit former NGO activists to help them identify critical issues (Mirvis 2000, p. 76). Elements of such an approach can be found in the environmental policies of many firms, especially transnational corporations (TNCs). Amongst others, corporations as diverse as BASF, The Body Shop, BP, Monsanto and Unilever have introduced various procedures that follow the basic ideas of stakeholder engagement. These firms pursue a systematic approach to public affairs and publish regular annual reports including health, safety and environment issues.

A particularly prominent example of this trend is the oil company Royal Dutch/Shell. The confrontations with Greenpeace over the disposal of the Brent Spar oil storage buoy and with human rights activists over its operations in Nigeria make it an excellent example of the impact of stakeholders on corporate policy. Moreover, Shell has since the year 1994/95 developed a systematic stakeholder dialogue programme. To many observers it has thus transformed itself from a corporate pariah to a 'leader in global corporate citizenship' (Mirvis 2000, p. 64). Shell's stakeholder engagement exemplifies how corporations try to anticipate stakeholders' demands in order to avoid costly confrontations. From the corporation's perspective, fostering relationships with such groups has two main benefits: information and reputation. Engagement and cooperation with NGOs can enhance both the corporation's knowledge about external points of view

and its social reputation. It thus becomes an important strategic resource for management:

Clinton said 'it's the economy, stupid', for his election campaign, do you remember? Well for me in issue management, it's the relationship, stupid. If you've got the right friends in Conservation International, Pro Natura, . . . people who believe in what you're doing and are involved with you in doing it, then if that project is attacked by other, extreme activists, then the people that are involved would be there defending. (Author's interview in London, 7 April 2000)¹

NGOs not only 'lend' their reputation to the corporation (Zadek 2001, p.46). They also make a wider range of preferences accessible which enables the corporation to make 'better decisions'. According to another interviewee, stakeholder engagement is therefore justified from 'a totally hard business point of view' (author's interview in London, 9 June 2000). To engage with stakeholders who are not regularly included in the list of a firm's primary stakeholders offers a 'wider scope' (ibid.) than merely to focus on the economic aspects of corporate decisions.

A 'wider scope' is deemed necessary because societal expectations seem to be more uncertain and complex than in the past. In the case of Shell that lesson dates back to the year 1995, when the oil company faced global protest against its plan to dump the Brent Spar oil buoy and against its operations in Nigeria (see Chapters 2, 3 and 4). Managers and employees were surprised to learn that influential protest groups cannot be pacified by legal compliance and environmental best practice. The resulting crisis was experienced as a transformation of the very premises of doing business – as a 'deinstitutionalization' of established organizational practices (cf. Oliver 1992). Reacting to this seeming shift of assumptions about acceptable corporate behaviour, Shell initiated an international survey of 'Changing Societal Expectations' and established relationships with environmental and human rights NGOs.²

Subsequently, Shell moved away from a taken-for-granted focus on technical and economic aspects towards a 'cautious adoption of the language of sustainable development' (Livesey 2001, p.59). The transformation included not only a move towards greater transparency and accountability to external observers but also a critical look at Shell's corporate culture. Like many other large and mainly bureaucratic enterprises, Shell had been characterized by an expert-based, engineering-oriented mode of decision-making. According to an interviewee at Shell International, the corporate culture of Shell has traditionally been very hierarchical and based upon 'technical excellence [i.e.] . . . internally focused, internal excellence' (author's interview in London, 9 June 2000). The organizational reforms of the 1990s were designed to address this 'tendency toward insularity and an attitude of arrogance' in dealing with its stakeholders (Mirvis 2000, p.68).

More serious stakeholder engagement was seen as an opportunity to make conflicts transparent and to identify dilemma situations. Responding to societal demands thus was interpreted not only as morally good but also as essential for making the 'right', i.e. acceptable decisions. The engagement with stakeholders can be conceived as a means of establishing the 'assumptions' an enterprise is based upon (Mitroff 1983, p. 28). From the perspective of the corporation the potential benefits of such a move are obvious. Yet there are problems associated with it as well, which concern less the identity of the corporation than the identity and objectives of the stakeholders.

2. STAKEHOLDER ENGAGEMENT: CO-OPTING THE STAKESEEKERS?

Stakeholder engagement appears to be 'non-adversarial'. It suggests win-win solutions and it increases the legitimacy of decisions through the participation of affected groups. Opposition is to some extent replaced by 'co-optation', i.e. 'the process of absorbing new elements into the leadership or policy-determining structure of an organization as a means of averting threats to its stability or existence' (Selznick 1949, p. 13). External critics are invited to contribute to or participate in decision-making. Since no substantive power is transferred, however, participation primarily means that symbols of legitimacy and some of the burdens of responsibility are shared. The mutual understanding that is often regarded as a desirable outcome of such partnerships can reach a point at which you 'know and like your opponent too much' (Amy 1987, p. 110). Radical opposition to particular plans or projects becomes almost impossible, and SMOs thus lose an important bargaining resource.

Social movement organizations and other NGOs are of course aware of such tendencies (see Lawrence 2002, regarding Amnesty International and Pax Christi). The cooperative stance of corporations however often appears to be an offer that they can hardly refuse. That is particularly obvious regarding environmental issues. Environmentalism as a discursive arena has been deeply transformed by the win-win rhetoric of ecological modernization and sustainable development so that any kind of radical opposition would appear unreasonable. Thus there is a tendency among environmental groups to accept the offer and to reinvent themselves as 'solution-oriented' cooperation partners (Schneidewind and Petersen 1998). As SMOs do not operate in a social vacuum, they have to actively seek new audiences and topics in order to constantly legitimate their existence. Cooperative relationships actually indicate 'a convergence of

interests between environmental NGOs and multinational corporations' (Jamison 1996, p. 234): cooperation with corporations can be a source of legitimation for SMOs – if and when results are visible.

From the corporate perspective, such relationships reduce the uncertainties and risks associated with potential conflicts. The social environment is turned from an unstructured one into a 'negotiated' one, i.e. into an environment that seems to be more predictable and controllable. Dialogue, mediation and partnerships are not purely ways of anticipating and resolving conflicts. They are also ways of 'redefining the way we think about them' (Amy 1987, p. 164). For instance, by defining indicators of social and environmental performance, corporations make it more difficult for campaigning groups to use their own criteria. Thus the very interaction of corporations with their environments structures how problems and solutions are discussed. As March and Levinthal observe following Karl Weick: 'Organizations enact their own environments. By treating problems as separable, they make them separable' (March and Levinthal 1999, p. 199). As a result, a once fuzzy and unpredictable landscape of potential stakeholders is transformed into a more manageable array of stakeholders.

An instructive example of the negotiation process of a firm's environment is the way in which stake-seeking groups are categorized by Shell. Asked about relationships with campaigning groups, a common reaction among corporate interviewees is to distinguish between 'cooperation-oriented' and 'event-oriented' groups, i.e. those that the company can deal with and those whose demands are deemed too radical.³ A member of Shell's Sustainable Development Group, for instance, sees Greenpeace and Amnesty International at 'different ends of the spectrum'. While the cooperation with Amnesty is 'excellent', he regards it as 'much more difficult to deal with people who just want to challenge, because they're generally not interested or prepared or equipped to work with you' (authors' interview in London, 30 June 1999). Similarly, World Wide Fund for Nature (WWF) and Friends of the Earth are respected partners for Shell, but the company has no intention of dealing with groups that reject the very foundation of Shell's operations. They are regarded as incapable of dialogue, especially if they fail to act as formal organizations, such as, for instance, the activists of the Earth First! network (cf. Luke 1994; for the corporate reactions to such groups, see Rowell 1996).

However, those groups which are seen as reasonable bargaining partners can expect a certain degree of respect for their identities. Out of self-interest, the engagement with stakeholders is characterized by concerns for both continuity and the partners' own reputation. Too close an association may strain the relationships between NGOs and their constituencies

and thus affect the NGOs' own integrity and reputation, as an External Affairs adviser at Shell points out regarding the relationship with Amnesty International:

We value their independence and the independent integrity as much as other people do. It's their most precious resource and we must never do anything to compromise that. So, in some regard, we don't want to get too pally with Amnesty because that would undermine their very value in the first place. (Author's interview in London, 30 June 1999)

The social environment of the organization thus tends to become cognitively organized according to the organization's demands: NGOs such as Amnesty International, WWF or, occasionally, Greenpeace are among those groups that corporations tend to liaise with. That is partly due to the moderate views adopted by those organizations, but also reflects the fact that they are reliable and fairly predictable. They may change their views on controversial issues – but at least there are organizational hierarchies that ensure that such changes will be communicated. The significance of organizational structures for business–NGO partnerships can be inferred from the difficulties that arise if such dependable partners are not available, particularly in developing countries. Shell's problems with its stakeholder relations in Nigeria, for instance, were (and are) largely due to the volatile social environment. In particular, the most important NGO in the Niger Delta – the Movement for the Survival of the Ogoni People (MOSOP) – proved to be an elusive opponent from Shell's perspective. At least during the initial stages of the Nigeria crisis, the corporation failed to recognize MOSOP as a stakeholder entirely. Instead it questioned the group's claims and legitimacy and preferred to negotiate with more pliable local contacts: conservative leaders who were known as 'Shell Chiefs' (Wheeler et al. 2002, p. 303).

Yet Shell did not simply shun the difficulties of dealing with a quite radical opponent. It also struggled to deal with the fact that MOSOP is an umbrella organization for various grassroots activities rather than a tightly organized NGO. Both before and after the execution of Ken Saro-Wiwa in 1995, the organization was split on many issues and Shell did not fail to notice that. Even when Shell finally decided that MOSOP could not be ignored, the complicated situation in the Niger Delta continued to puzzle the corporation, because it did not allow the identification of various interests with a single representative. For a long time, Shell therefore has not been able to establish routine stakeholder relationships (cf. Boele et al. 2001a; 2001b; Wheeler et al. 2001). To what extent the social environment can be negotiated is not entirely up to the corporation. It depends on a variety of factors, especially on the political and economic situation in

which the corporation and its stakeholders operate (Ite 2004). Developing countries and their often fragile governance systems make it difficult for corporations to use stakeholder relationships to reduce the complexity of their social environments.

Problems with recognizing stakeholders and defining them as stakeholders also affect the degree of co-optation. Groups that are difficult to pin down, make inconsistent claims or change their policies frequently cannot be easily co-opted into corporate decision-making. While the great number and organizational sophistication of NGOs in industrialized countries often allows corporations to focus on those groups with whom they expect cooperation to be possible, the situation in developing countries is often different. The fact that organizations like MOSOP may resist co-optation does not however mean that societal demands are more likely to have an impact on corporate decision-making. On the contrary, it can result in less responsiveness to criticism because decision-makers feel unable – or can plausibly claim to be unable – to get a representative and unambiguous feedback from society. In this case a lack of co-optation is not necessarily a good thing as it negatively affects the inclusion of societal demands into corporate decision-making.

3. UNPACKING THE CORPORATE BLACK BOX: THE FIRM AS A POLITICAL COALITION

The discussion of corporate efforts to negotiate their environments has highlighted some factors that may contribute to a degeneration of stakeholder engagement into mere window-dressing. By more or less choosing their stakeholders (and thus ignoring at least some stakeholders), corporations define the terms and limits of negotiations. Sklair (2001, p. 189) argues that Shell's stakeholder engagement may result in a 'reflexive closure', i.e. the 'presentation of a position which is itself not open to question'. If corporations are faced with radical opposition and a lack of alternatives, they may make a virtue of necessity and create suitable and moderate partners themselves – as Shell did with the 'Shell Chiefs' in Nigeria. Against this background, one wonders if stakeholder engagement can actually lead corporations to take societal demands seriously. Once social environments are settled and negotiated, the corporations rather than the SMOs appear to be the 'drivers of stakeholder engagement' (Lawrence 2002). Yet such a definition of 'corporate' as opposed to 'societal' interests is too simplistic to describe the business–society relationship.

To begin with, we cannot personalize and reify an organization in terms of one goal, be it environmental protection, human rights

protection or profit maximization. Although organizations have goals, their actual behaviour can rarely be explained with reference to one alone. Organizations are characterized by multiple, even contradictory goals (Luhmann 1968, pp. 156–62). One method of dealing with contradictions is the ‘sequential attention to goals’: ‘Organizations resolve conflict among goals, in part, by attending to different goals at different times’ (Cyert and March 1963, p. 118). For instance, conflicting pressures to rationalize production and to satisfy the various demands of customers can be resolved by giving different priorities at different times to the necessary tasks. Since no one is expected to do everything at once, the sequential attention to goals can also be used to publicly explain and justify shortcomings in some areas. ‘If present actions satisfy some demands but not others, then we can always talk about some future actions which will meet the unsatisfied demands’, argues Brunsson (1989, p. 172). For instance, sustainability reports of TNCs such as Shell regularly employ the ‘journey’ metaphor to convey that the current situation should be regarded as a point of departure for improvements (Milne et al. 2006).

The *temporal displacement* of the problem of conflicting objectives can be supplemented by *social* differentiation: instead of aiming all actions and decisions at one audience, several audiences are dealt with separately (Luhmann 1968, pp. 201f.). For instance, the profitability of operations is extolled in financial reports prepared for shareholders, while the significance of sustainability is highlighted in advertisements and other publications for a general audience. That often means that separate parts of the corporation will focus on the respective audiences in order to make effective and non-contradictory communication possible. Different departments may cultivate their own interpretations of corporate objectives and thereby reflect the diversity of interests outside the corporation. Individual departments then become representatives and sounding boards for specific external interests: procurement knows about the problems of suppliers, production about the special qualities of materials, and distribution about the needs of the customers. The social differentiation of audiences thus does not gloss over contradicting objectives, but rather makes them visible and available within the organization itself.

Which objectives – and which external constituencies – prevail is thus a matter of intraorganizational bargaining processes. This ‘coalition view of the firm’ (see March and Simon 1958; March 1962; Cyert and March 1963) conceives the organization as an assemblage of competing interests. The assumption that organizations can be reduced to stable and clearly defined goals is replaced by the idea that goals are not given but bargained. The ability to influence organizational decision-making is unequally distributed among internal and external coalition members. While the internal

coalition – i.e. top management, line managers and other staff – continuously shapes organizational goals according to the internal distribution of power, the external coalition – i.e. owners, government agencies and publics – remains passive most of the time (Cyert and March 1963, p. 30; Mintzberg 1983b, pp. 26ff.). In particular, an external coalition is ‘passive’ if it is diverse and power is dispersed. In that case no particular group is able to effectively put pressure on the firm. Power is passed on to the internal coalition, namely top management.

In addition to the passive coalition, two other possible configurations of the external coalition are important. In a ‘dominated’ coalition, power is concentrated in the hands of a particular group; in a ‘divided’ coalition, several independent groups exercise influence. The three scenarios – dominated, passive and divided external coalition – have different implications for the extent of control exercised by the internal coalition, and top management in particular (Mintzberg 1983b, p. 109). A dominated external coalition weakens the internal coalition if the dominant group is able to impose its own interests on management. The concept of ‘shareholder value’ is an example of such a scenario: it postulates that only the interests of a specific group should play a role in the firm’s decision-making, and that these interests should override those of other groups within the organization, for instance the wage and employment interests of managers and other staff. In contrast, a passive external coalition strengthens the internal coalition. Since power is widely dispersed in a passive configuration, the firm’s top management can capitalize on its role as a ‘political broker’ (March 1962, p. 672; Mintzberg 1983b, p. 113). This is far more difficult to achieve if the external coalition is divided. In that case conflicting interests hold a considerable power base. Deciding for or against particular interests then necessarily politicizes the internal coalition.

Against the backdrop of a coalition view of the firm, the co-optation of SMOs and other challengers depends upon the distribution of power and interests both inside and around the corporation. Decision alternatives and goals are not simply generated by the corporation itself but must be coordinated with its ‘institutionalized environment’, i.e. societally legitimate objectives and values (Meyer 1994). As noted above, the degree of institutionalization may vary. The more active stakeholders – in contrast to passive stakeholders – a social environment contains, the more diverse and contested will be the values that underpin decisions. In that case, the external coalition is likely to be divided rather than passive or dominated. Obviously a divided external coalition makes it more difficult for the internal coalition to resort to co-optation or reflexive closure. Instead, the internal coalition itself gets politicized, i.e. divisions between interest groups emerge.

In the case of Shell, such a process of politicization of the internal coalition took place when the corporation was faced with the Brent Spar and Nigeria crises. The controversies made clear that Shell's external coalition was not passive any more. The conflicting demands of shareholders, consumers and SMOs indicated a divided coalition. The confrontation between Shell and Greenpeace thus was a learning exercise, an 'awakening' (Mirvis 2000, p. 69), and the lesson taught was the fact that Shell had not paid enough attention to a range of powerful interests in its external coalition. As a result of the confrontation with environmental and human rights groups, the question of new organizational goals arose – and consequently politicized the internal coalition. One interviewee describes the resulting new internal divide:

We have a number of evangelists if you like within the organization who are advocating and promoting sustainability as the only way forward for the organization and at the other end of course, you've got the cynics, if you like, the people who've been in business for years and . . . think this is just another initiative . . . So there's a tension internally at the moment, around the business processes which decide how capital is allocated. (Author's interview in London, 6 April 2000)

This internal tension mirrors the conflicting expectations held outside the corporation, for instance among shareholders and environmentalists. Inside the corporate black box, interest groups and departments struggle over the definition of corporate objectives. To legitimate their own claims they have to draw on sources of legitimation that extend beyond the boundaries of the corporation. Social movement issues, for instance, are often relevant to members of the organization in their various other social roles. The boundaries of organizations are more porous and permeable than frequently assumed: members of the organizations are linked by identities and networks to movement issues and to external actors (Zald et al. 2005). Therefore there are always groups within the corporation that can serve as sounding boards for external demands and as partners for stakeholders.

Processes of deinstitutionalization offer interested groups within corporations an argumentative basis for advocating change. One can thus regard the changes in the 'normative ecology' of corporations as a decisive factor for the balance between internal and external coalitions. The more distinct, maybe even conflicting, values it contains, the more it will promote and support active claims-making. Otherwise the external coalition runs the danger of turning either into a dominated coalition – shaped by a particular group – or into a passive coalition of diverse if powerless interests. The diversity of social movements and influential interests can therefore provide a basis for exerting influence on corporations. That requires a kind of

'communicative siege' which Habermas (1989, pp.472–5) suggests as a civil society strategy versus administrative power: to exert influence by shaping the premises of decision-making without seeking to conquer the apparatus itself. Civil society 'cultivates' the 'pool of good reasons' which even administrative power depends upon. Not only state bureaucracies but also corporations are susceptible to such a form of 'communicative siege' if the assumptions underlying their licence to operate are called into question.

4. DISCUSSION

In addition to the relatively predictable engagement with established stakeholders, corporations need to anticipate and react to new 'stake-seekers', particularly environmental and human rights advocacy groups and other social movement organizations. The claims-making activities of those organizations transform a formerly 'institutionalized environment', in which rules and assumptions are fairly clear and stable, into a deinstitutionalized one in which fundamental assumptions about corporate behaviour are contested. Campaigning by SMOs thus has become an important source of deinstitutionalization, for instance by questioning business practices that neglect environmental protection or human rights. In order to reduce the resulting uncertainties corporations 'negotiate' their environments: they seek to turn stake-seekers into stakeholders with whom they can establish routine relationships.

The transformation of stake-seekers into stakeholders, however, is not unproblematic. From the corporate perspective, only selected stake-seekers appear reliable and predictable enough for stakeholder relationships. Regarding environmentalists, for instance, companies like Shell do not engage with radical groups because there are enough moderate organizations to talk to. If such dependable partners are not available – as has been the case in Nigeria – the corporation may fail to translate its stakeholder engagement principles into organizational practice. We should thus observe that corporations that react to successful campaigns by stake-seeking groups first develop policies to chart out the changing territory of societal demands to then engage in stakeholder relationships with selected partners. As they find the interaction with stake-seekers more difficult and troublesome if those groups are not tightly organized, particularly in developing countries, they will either refrain completely from engaging with them or may alternatively seek to establish substitute relationships with international NGOs.

Regarding the influence of stakeholders, I have argued that the simple opposition of corporate and societal perspectives is misleading. More

individual case studies are needed to spell out the possible scenarios, but some hypotheses can be drawn from the example of Shell. First, the corporation is not just a one-dimensional, profit-maximizing machine but an evolving 'coalition' of interests that prioritizes different objectives at different times and caters to a variety of audiences. Like any other organization, a corporation cannot afford to ignore the fact that pursuing a specific goal always produces undesired side-effects – both for its environment and for itself. Corporations cannot treat their own goals too opportunistically, i.e. they cannot change their goals too often. Therefore the flexible interpretation of corporate objectives by individual parts of the organization and the resulting conflicts and contradictions are necessary by-products of adapting to a complex social environment.

Second, external influence increases when a passive external coalition is activated. In particular, the transition to a divided external coalition – say, between financial investors and environmentalists – results in a politicization of the internal coalition. Tensions between different departments or factions within the corporation then tend to reflect external conflicts. Conflicts among departments could therefore be good indicators of stakeholder influence. The distribution of power between and within internal and external interest groups determines to what extent financial, social or environmental criteria guide organizational decision-making.

Third, those parts of the corporation that are in charge of external contacts are most likely to become 'caretakers' of external interests, for instance top management or external affairs departments. Due to their close interaction with other organizations and/or customers, they know and sometimes even adopt their perspectives. It is not always possible to reconcile these various points of view. The variety and complexity of the stakeholding and stakeseeing groups often cannot be reduced to a common denominator. Therefore a certain degree of 'window-dressing' in reaction to external demands is not an anomaly. The actual degree of 'organizational hypocrisy' (Brunsson 1989) depends on various factors, including the operational requirements in different markets and industries. Comparative studies could reveal how corporations cope with the resulting contradictions between organizational talk and action.

5. CONCLUSION

In this chapter, I have conceptualized and examined the politics of stakeholder influence in terms of the relationships of corporations with their social environments. I have used the distinction between established stakeholders and newly emerging stakeseeers to portray a frequently observed

pattern in which corporations try to cope with the challenges of protest groups and social movement organizations. In order to reduce uncertainties and to avert threats to their legitimacy, corporations seek to negotiate their environments. As a result, some stakeholders are recognized and subsequently defined as stakeholders. Yet stakeholder engagement does not necessarily lead to significant changes in corporate policies. In order to assess and predict the impact of stakeholders, the distribution of power inside and outside the corporation needs to be taken into account. The 'political coalition' view offers a plausible starting point for such an analysis as it does not presume that corporations will either follow external advice or not. Rather, it regards corporate objectives as the outcome of bargaining processes within the corporation that may in turn reflect external interests.

The discussion about the business–society relationship often takes it for granted that corporate actors could and should be treated as unitary actors. This may be due to the fact that stakeholder engagement is regularly regarded as an element of top-level corporate strategy, which makes it unnecessary to consider other levels of the organization. Yet there is no reason to privilege top management in this respect. Organizational objectives are accomplishments of the organization as a social system rather than results of individual leadership. The topics of social movements – from feminism to human rights to environmental protection – have already infiltrated many organizations. Therefore the influence of stakeholders should not be reduced to the confrontation between corporations on the one side and SMOs on the other. The politics of stakeholder influence is a matter of organizational micro-politics just as much as it is one of societal macro-politics.

It is however important to note a paradox arising from such an assessment. Although social movement topics have indeed permeated the structures and identities of many a corporation, critical observers and advocacy groups still have to cling to the notion of the corporate actor. Their ability to moralize corporate behaviour hinges on their treating corporations as if they were moral actors. The following chapter investigates the consequences that such external scrutiny has for corporate self-presentation in terms of morally acceptable decision-making and how it leads to particular forms of corporate accountability.

NOTES

1. This quote and the following ones are taken from the author's interviews with Shell managers. Of course, the quoted opinions should not be regarded as representative of Shell as

a whole. However, as I explain below, we should not expect too much consensus within the corporation anyway.

2. It is interesting to note that the title of Shell's survey was quite ambiguous. It left open to interpretation whether the societal expectations were changing on their own or whether Shell was actively trying to change them. Subsequently, Shell changed the title to 'Society's changing expectations' (Paine and Moldoveanu 1999, p. 5).
3. See also den Hond and de Bakker (2007) for a similar distinction between 'reformative' and 'radical' activist groups.

8. From accounts to accountability

Organizations are regarded as ‘actors’ because they produce effects that can and must be attributed to them – not only desired products and services, but also the hazards, damages and side-effects of their operations. If others are affected by such adverse consequences, they may seek compensation within the formal limits of legal liability. Organizations may also be held accountable for their actions in more informal ways, however. If external observers regard organizational decisions or their consequences as unacceptable, albeit within the boundaries of legality, they will seek to ‘moralize’ organizational behaviour. The organization is thus forced to provide explanations and excuses for its alleged misdemeanours. Corporate communication crises and public relations disasters such as Shell’s conflict with Greenpeace about the disposal of the Brent Spar oil buoy, Nestlé’s infant formula debacle and Nike’s confrontation with human rights activists about sweatshop production demonstrate how even resourceful transnational corporations (TNCs) can be forced to justify and sometimes to change their decisions. In such a situation, an organization must give acceptable accounts of its actions. The ability and social obligation to give an account are distinctive features of actors – both individual and corporate. As a consequence of successful campaigning and increased awareness of their impact, organizations that enter the public stage as ‘corporate actors’ anticipate the demand for accounts and thus seek to define the extent – and the limits – of their accountability.

In this chapter I discuss the emergence of accountability practices as a form of corporate self-presentation. My primary point of reference is the case of Royal Dutch/Shell, a company with auditing and reporting procedures that have become a benchmark in the field of corporate accountability and corporate social responsibility (CSR). Shell’s adoption of those policies is also a reaction to the critical episodes in 1995, when Shell came under public attack for its operations in Nigeria and for its plan to dump the Brent Spar oil buoy in the Atlantic. The previous chapters have already shown that conflicts between corporations and social movements are not only about conflicting values but also about the rules of ‘proper’ actorhood. Those rules are largely informal and therefore not as binding as formal law; but they are nonetheless rules that organizations

cannot ignore if they are to maintain the legitimacy of their operations in institutionalized environments (Meyer and Rowan 1977; DiMaggio and Powell 1983). In order to shed light on the conditions and constraints of global actorhood and how they are reflected in new forms of corporate self-presentation, this chapter proceeds as follows. First I show how public conflicts about organizational decisions – such as the 1995 conflicts between Shell and environmental and human rights groups – rely on a ‘moralization’ of organizations, particularly on notions of actorhood that define behavioural standards and legitimate objectives. As a consequence, organizations are forced to justify their decisions publicly – to give ‘accounts’ of their actions. In addition to sporadic responses to public criticism, companies such as Shell have developed new routines of accounting that go beyond the reporting of financial data. The routinization of such accounts involves intricate ‘rituals of verification’, which are geared towards increasingly specialized and differentiated audiences.

1. OBSERVING ORGANIZATIONS AS MOTIVATED ACTORS

Public conflict forces companies to give more than financial accounts of their actions. The history of Royal Dutch/Shell illustrates how corporate behaviour may be ‘moralized’ in the course of such conflicts. In the Brent Spar case in particular, Shell managers and employees were surprised to learn that influential protest groups cannot be pacified by legal and technical arguments alone (see Chapter 3). Efforts to ensure legal compliance and environmental best practice failed to convince the wider public, because the plan to dump the Brent Spar in the Atlantic was opposed by Greenpeace activists who orchestrated a major publicity campaign throughout Europe and seized the platform to prevent the deep-sea disposal. Shell became the target of protest and boycott campaigns, particularly in Germany, where Shell’s petrol sales fell by 20 to 30 per cent and protesters even launched violent attacks on Shell petrol stations. In addition to the consumer boycott, more and more European politicians voiced concerns about Shell’s plans. After repeated occupations of the platform and internal disputes among the Dutch, British and German Shell companies, Shell finally changed its plans and stopped the sea disposal.

The surrender of Shell was partially due to the professionalism of Greenpeace in broadcasting its message. The conflict between ‘David’ and ‘Goliath’ could only be won by the latter through a shrewd discourse. A criticism against Shell that gained much resonance was that the company behaved arrogantly; it took the liberty to do things that no one else, at least

no 'man in the street', would be allowed to do – like dumping rubbish into the sea. Many asked: 'How can you tell 90 million Germans religiously to sort their rubbish and not expect them to cry foul when they see a global company fly-tipping its rubbish into the sea?'¹

The Brent Spar conflict therefore shows how standards of human moral conduct suggested by questions such as 'what if everyone did the same thing?' are applied to organizations. The public debate about Shell's Nigerian operations in the same year revolved around a different aspect of organizational actorhood: the social construction of responsibility (see Chapter 4). Shell's responsibility for several oil spills and other environmental problems in the Niger Delta was undisputed. But most of Nigeria's human rights problems were largely beyond Shell's control. In particular, the national government had long relied on violence, against local communities like the Ogoni people in the Niger Delta, to silence their demands for a fair share of oil revenues. Yet when the Ogoni writer and environmental activist Ken Saro-Wiwa was executed following a dubious trial in 1995, it was Shell rather than the Nigerian government that became the primary target of an international campaign (Bob 2005, Chapter 3). Although Shell's collusion with the military regime over the years facilitated such an attribution of responsibility, the corporation was clearly 'framed' for its general involvement rather than for specific actions and decisions. Of course, it did not help that the Brent Spar conflict had already marked Shell as an irresponsible and morally dubious actor.

In those and other cases – such as the anti-sweatshop campaign against Nike (Locke 2003; Micheletti and Stolle 2005; Schipper and Bojé 2008) – corporations and their opponents get involved in public, often transnational debates over the corporate responsibility for human rights or the environment. Social movements successfully direct their claims at corporations as corporate actors. Environmental and human rights groups referred to Shell as an actor liable to moral evaluation. This moralization of corporate behaviour requires that the corporation be framed as a motivated, goal-directed actor rather than a nonsocial entity. In other words, corporate responsibility and accountability presuppose a certain degree of 'actorhood'. Actors and their actions are 'artefacts of processes of attribution' (Luhmann 1995, p. xlv), and it is common to attribute intentions, decisions and actions to organizations. In a way, 'corporations are much more like persons than not only automobiles but even animals' (Goodpaster 1983, p. 313). From a legal perspective, that is certainly true. A corporation is a legal 'person' in the sense of a 'right-and-duty bearing unit' (see Dewey 1926). But the personhood or 'actorhood' of corporations also implies that they are treated as social actors in a broader sense. If organizations are regarded as 'doing', 'achieving' or 'failing to do'

something, motives are used to explain action. Motives enable actors to give proper accounts of their actions and thereby make behaviour socially intelligible (Scott and Lyman 1968; Blum and McHugh 1971). Thus understood, the function of motives in communicating about action is to provide a public method for deciding upon the very existence of action. This method is normative in the sense that it relies on rules that legitimize certain types of action and proper 'actorhood' (Meyer et al. 1994).

The application of a moral frame of communication to organizations poses a number of difficulties. First and foremost, organizations are not required and are sometimes even unable to 'act' in a consistent manner; they pursue multiple, sometimes conflicting goals over time, as well as simultaneously in different places (Luhmann 1968). Furthermore, organizations are not obliged to provide a consistent account of their behaviour. Notwithstanding these limitations of a moral frame of observation, organizations are regularly observed in terms of their objectives and the motives underlying them. Corporations such as Shell are treated as planners and perpetrators of their acts. Moreover, they are treated as *moral* actors subject to public scrutiny of both the motivation and outcomes of their actions. Actions and events such as disposal plans or oil spills are attributed to the organization as a whole, even though other, less collectivistic interpretations are often possible. Press releases and other announcements are treated as communications by Shell, and Shell is the actor associated with dumping oil rigs in the sea or inflicting environmental damage.

The question of what kinds of action are legitimate is only partially answered by legal rules and norms that are enforced 'from above'. On the transnational level, authority is fragmented and therefore constructed 'from below' by actors who propagate legitimate scripts and values and by those who subscribe to them. Actors legitimize their agency by referring to the accepted principles of world culture (Meyer et al. 1997a; Boli and Thomas 1999b). It is easier for nongovernmental organizations (NGOs) to legitimize their actions than it is for TNCs: actors who appear to act solely as self-interested agents and to neglect the legitimate interests of others are morally questionable (Boli 1999). In contrast, those actors who claim to act on behalf of others or on behalf of highly legitimate values command a great deal of credibility as so-called 'rationalized others' (Meyer 1996). The claims made against Shell in the Brent Spar and Nigeria cases reflected this distribution of motives; despite Shell's efforts to make 'rational' decisions, these decisions still remained guided by pure economic self-interest. The campaigning NGOs, in contrast, were able to cast themselves as 'rationalized others' who represented either nature or people who could not speak out on behalf of themselves.

Corporations and protest groups therefore embody conflicting values

or rationalities within world culture. Whilst TNCs enact the cultural script of rational progress and economic growth, NGOs draw on notions of the quality of environmental life and act as the disinterested advocates of others – as rationalized others. TNCs often invoke the notion of disinterestedness for themselves, by emphasizing their contribution to economic progress, for instance. Yet NGOs as the prime representatives of disinterested ‘otherness’ have a strong moral position. The inevitably egoistic pursuit of economic profitability, in contrast, is not universally acclaimed (although by and large accepted). Because it is legitimate to scrutinize actors for their motives and objectives, the actorhood of corporations comes with strings attached; if confronted by NGOs or other rationalized others, they need to dispel the impression that their actions are based on narrow economic motives and, ultimately, on self-interest alone.

2. ACCOUNTS AND ACCOUNTABILITY

Clashes with ‘rationalized others’ force corporations to justify and legitimate their actions. Occasionally, even NGOs must defend their legitimacy (Bond 2000). But the mistrust of corporations, and TNCs in particular, is far greater and more widespread; their motives are regularly questioned, and they need to justify their actions and decisions with elaborate accounts, especially when their acts do not comply with routine expectations. Scott and Lyman (1968) distinguish between two types of such accounts: excuses and justifications. Excuses admit that an act was wrong or inappropriate, but deny full responsibility; justifications accept responsibility for the act but deny that it was wrong. Excuses may come in the form of claiming that an accident occurred, appealing to defeasibility, invoking biological drives or even scapegoats. All these techniques seek to attribute the cause of the act to external factors, while admitting that it was inappropriate. In contrast, justifications of an act ‘assert its positive value in the face of a claim to the contrary’ (Scott and Lyman 1968, p. 51).

In the Brent Spar episode, Shell’s initial strategy was to justify its decisions. The alleged harm to marine life – the existence of any type of ‘injury’ – was denied; the accuser, Greenpeace, was itself accused of giving false information; and the government’s approval was taken as an indicator of higher loyalty. Denial, reciprocal accusation and the appeal to higher loyalties are classic ‘techniques of neutralization’ (Sykes and Matza 1957). They aim either to refute the accusations or at least to deny responsibility. Yet Shell did not succeed in neutralizing its perceived misdemeanours. At later stages of the conflict, Shell – and Shell Germany in particular – also offered a variety of excuses, including lack of information about

consumers' concerns. In the case of Nigeria, the company stated past legacies (the industrial installations which caused environmental damage were old and would be replaced) and blamed scapegoats (for example, that oil spills had been predominantly caused by sabotage). The failure of Shell's damage limitation exercises showed that it is not a promising strategy to wait for situations in which others force the company to account for its decisions. Shell had failed to anticipate the necessity for accounts and to manage the impression that its actions could make on others.

Excuses and justifications are reactive strategies; they are employed to reduce the damage when actors have ignored or misjudged how others may evaluate their actions. Yet they can be avoided by more sophisticated impression management: by controlling and manipulating the impressions that observers glean from one's actions through appropriate forms of self-presentation (cf. Goffman [1956] 1990, Chapter 6; Schlenker 1980). Impression management seeks to minimize the discrepancy between the desired self-image and how one is perceived by others. In management discourse, the goal of impression management is ultimately to preserve and foster a company's reputation (Hooghiemstra 2000). More than for individuals, active impression management is crucial for corporations, because image and reputation are 'critical corporate assets directly linked to competitive success' (Gray, E.R. and Balmer 1998, p.695). Because the decisions of consumers are not governed by economic motives alone, but may also be based on moral and other criteria, failure to create a favourable social image may result in economic losses as well. Some corporations therefore seek to control their image and reputation by a form of self-presentation that provides more than isolated accounts: accountability.

Accountability is an attempt to deal with the risks and responsibilities attached to corporate actorhood (Garsten 2003; Schepers 2006). Corporations occasionally seek to avoid 'actorhood' and the concomitant obligations altogether. They may even refuse to accept responsibility for the operations of subsidiaries. In response to a boycott campaign, for instance, Mitsubishi successfully insisted that its subsidiaries are independent entities. In so doing, it actively denied and rejected the notion of a unified global actor (Holzer 2001a). Other corporations achieve a similar result by simply making little or no use of their global brand. The multinational Nestlé, for instance, now uses a variety of different brand names for its products, perhaps as a result of its troubles with the international campaign against its marketing of infant formula products in developing countries (Sethi and Post 1979). For most corporations, however, it is hardly possible to deny corporate actorhood completely. Neither is it usually desirable, considering the marketing benefits of global branding. Many, if not most, corporations acknowledge their actorhood, therefore,

although it requires them to cope with the concomitant social pressure for corporate accountability and responsibility (Garsten 2003).

Shell, for instance, has actually reinforced the coordination of its regional operations since the Brent Spar conflict. It continues to acknowledge the existence (and vulnerability) of a global brand and to maintain certain standards around the world, which requires active and reflexive 'identity work' in the form of constant interaction with various constituencies, interest groups and 'stakeholders'. Since 1995, Shell has adopted a more anticipatory style of dealing with outside expectations. In terms of relationships with specific stakeholders on the one hand, and with the public at large on the other, the corporation's approach has shifted from giving accounts only when asked or pressured to do so to the voluntary and verifiable disclosure of information. It has, as it were, moved from isolated accounts to an organized system of accountability, the main elements of which I review in the following section.

3. MAKING SHELL ACCOUNTABLE: FROM 'TRUST ME' TO 'SHOW ME'

At the core of Shell's reorientation after its public relations disasters of 1995 is a new approach to the established ritual of annual reporting, which was first tested in 1998. The new element in Shell's annual reports is its aim to present an 'integrated' form of reporting – one that not only provides financial data, but also addresses the social and environmental aspects of business performance. Although the reports contain selected measures of financial performance, which are of interest to shareholders and potential investors,² the emphasis is on issues of interest to a wider audience. This impression is vindicated by Shell's efforts to distribute the reports. Copies are available at no cost, and the report is also accessible on the Internet. Furthermore, a short summary booklet of the Shell Report 2000 was included as part of an advertising campaign in international news magazines such as *Newsweek*.³

The reports aim to incorporate financial, social and environmental criteria into what is called the 'triple bottom line' (Elkington 1998). After some experiments with various formats in the first two reports, later editions have placed greater emphasis on external auditing and verification of the information (Shell 1998, 1999–2006). In his discussion of Shell's 1998 report, Sklair (2001, p. 185) regards it as a 'benchmark for the policies and practices of global corporate citizenship'. According to Sklair, it exemplifies a new form of interaction between globalizing corporations and the public, whereby 'information from a wide variety of stakeholders is being

systematically collected globally and is constitutively altering the character of business practices' (Sklair 2001, p. 188). Indeed, the 1998 report and subsequent reports give the impression that a great deal of work has gone into their design and content, and that they can be regarded as prime examples of the emerging field of environmental and social reporting.⁴

The 1998 report begins with the statement: 'This report is about values.' It explains that Shell and other multinationals are anxious to be 'good corporate citizens', and that this position is becoming more difficult to maintain in a 'fast-changing world' in which people are withdrawing their 'trust in traditional institutions'. Thus the notion of a fundamental shift in people's attitudes is introduced. It is claimed that we have moved from a 'Trust Me' world, in which there was faith in authority, to a 'Show Me' world, in which people demand evidence in order to grant their trust. Among Shell representatives, the idea of a shift in world views is one of the favourite patterns of interpretation for the difficulties facing TNCs. It can be found in speeches by Shell executives (Watts 1998) and was also mentioned during several interviews with Shell representatives. For instance, a member of the Sustainable Development Group at Shell International explained that the idea went back to Shell's engagement with various stakeholders during 1996:⁵

There was a recognition that there was a breakdown in respect for established authority, whether that established authority is the government, a church leader, a scientist, doctors or whatever else – even a company. In fact, in some regards, even parental authority has been undermined. And people are no longer content to trust or accept that an authority says 'trust me, I know best, you don't have to worry'. 'Cause people have been let down and disillusioned on this point too many times. And when there is a lack of trust then there is a demand for independent verification and independent assurance processes. So whatever you say somebody else can validate and that the other person can believe that what you're saying is true. (Author's interview in London, 30 June 1999)

This perceived change in societal expectations contrasted with Shell's traditional corporate culture, which from the 1950s onwards had been captured by the advertising phrase 'You can be sure of Shell' (Howarth 1997, Chapter 12):

What we are seeing, not just in the oil industry but in society as a whole, is a progressive move from a situation in which companies were trusted to a situation in which society is now progressively saying 'you need to show us what you're doing.' . . . And latterly we're in this stage now of saying 'well actually, we want to be involved in what you're doing. We want to have a say in some of your decision making'. . . . So you see this move from the 'trust me' world to

the 'show me', 'tell me', the 'engage me' world. (Author's interview in London, 6 April 2000)

Apparently, it is not merely that people cannot 'be sure of Shell' any more. Shell is no longer sure about society's expectations either. Because Shell has endeavoured to reframe its corporate objectives in terms of sustainable development, it must deal with the problem that 'a sustainable oil company is a contradiction in terms' – despite assertions that there is 'no fundamental conflict between sustainable value creation and long-term shareholder value' (Elkington in Shell 1998, pp. 46–7).⁶ Yet the crucial question is how 'sustainable value creation' is defined. It remains a vague concept that new accounting procedures are supposed to translate into practice.

In marked contrast to its old 'trust me' slogan, Shell now admits that it cannot yet 'stand with confidence' with regard to its balance of financial, social and environmental performance; and although the 1998 report stresses that the company 'is commercial in nature and its primary responsibility has to be economic' (Shell 1998, p. 3), Shell is struggling, in its entire reporting process, with the question of how to reconcile such objectives with the expectations that Shell encountered in the conflicts of previous years. Statements to the effect that trust cannot be taken for granted any more reflect a situation in which the rules and norms of socially acceptable decision making – the institutionalized environments of the corporation – are in flux. In other words, Shell is faced with the consequences of 'de-institutionalization' (Oliver 1992). Former certainties regarding rules and standards are challenged by new actors, and the organization must therefore readjust the way in which it relates to its social environment.

4. ACCOUNTABILITY TO WHOM? RITUALS OF VERIFICATION AND THEIR AUDIENCES

In contrast to the sporadic providing of accounts – the explanation and justification of behaviour in times of crisis – systematic accounting requires the constant monitoring of activities and the possibility of external verification. Both verification and monitoring are crucial elements of the Shell Reports and new reporting schemes of other corporations, which revolve around indicators and means of verification for social and environmental reporting and accounting (Bebbington and Gray 1993; Gray, R.H. et al. 1993; Power 1994).⁷ At the beginning of the Shell Report 2000, efforts to ensure the accuracy of the data are described under the heading 'transparency', and supported by statements of the auditors, KPMG and PricewaterhouseCoopers. It is made clear to what extent the sections on

economic, social and environmental criteria can be regarded as independently verified. The crucial challenge is to extend the verification work beyond the financial indicators, because the 2000 report merges the general Shell Report for the first time with the 'Health, Safety & Environment' (HSE) Report, which has previously been published separately. The focus of verifiable data is on 12 HSE parameters.⁸ These parameters are thought to be quantifiable and verifiable, while it is acknowledged that some, and not the least important, areas are still difficult to verify. The verification process rests on certifiable HSE management systems, which are now in place in 95 per cent of Shell companies.

First and foremost, verifiable and 'auditable' standards serve to make improvements visible for various observers (Power 1997, pp. 10f.). The reported developments are relevant for external stakeholders but also for managers and employees. Within the corporation, the social and environmental accounting and auditing process has its own, intra-organizational audience. Being a 'microcosm of society at large', this audience may, however, be split about environmental values.⁹ A greening of the corporate culture may thus foster motivation and commitment among employees; but it may also bring into relief latent differences and divisions. At Shell, for instance, several interviewees remarked that not everyone shared the belief in making the company 'sustainable' and that radical 'evangelists' from the 'traditional' and the 'green' side clashed time and again over strategic decisions such as Shell's investments in Nigeria.

The emphasis on monitoring and verification is clearly related to the perceived shift from a 'trust me' to a 'show me' culture. The information is geared not only towards an internal management audience, but also towards external audiences. Critical observers are to be convinced that, even if there are problems with specific projects, they have to be seen in the context of the corporation's broader efforts to improve its overall performance. In the past, campaigning groups were repeatedly able to criticize and challenge particular projects. The availability of more data – and a clearer exposition of what the corporation can and cannot accomplish – could provide arguments to fend off such isolated criticism. With regard to campaigning groups and the wider public, audit schemes seek to establish a basis for a more 'rational' public discourse. According to an interviewee from the Sustainable Development Management Group, the management framework should enable management to achieve 'the right balance' among conflicting objectives (author's interview in London, 9 August 2000).

It is important to note that the general public is not the only and possibly not even the main target audience for environmental audits and reports. One may safely assume that many people are not terribly interested in bottom lines in any case, be they financial, social or environmental.

Instead, the intricate ‘rituals of verification’ (Power 1997) involved in environmental accounting are aimed at more specialized audiences. On the one hand, green or ethical investment funds base their investment decisions on financial, social and environmental criteria, and are therefore interested in the kind of information provided by such accounting procedures. In order to explain their own decisions, such funds demand more detailed reports from corporations (Gray, R.H. et al. 1993, Chapter 10). On the other hand, NGOs and social movement organizations utilize the information to assess the sincerity and progress of environmental and human rights policies. The latter groups in particular, however, are still wary of possible omissions, and of the ‘green-washing’ and other window-dressing efforts that those reports may contain.

The types of standardization and quantification that are characteristic of accounting procedures such as those seen in the Shell Reports have one potential drawback: the tendency to neglect those areas that are not easily translated into numbers. These nonfinancial aspects of a company’s operation are often difficult to measure. Any effort to provide sound and verified figures, therefore, comes with blind spots of its own – and may ultimately commit what Gray et al. (1993, p. 21) call the ‘McNamara fallacy’:

The first step is to measure whatever can be easily measured. This is OK as far as it goes. The second step is to disregard that which can’t be easily measured or give it an arbitrary quantitative value. This is artificial and misleading. The third step is to presume that what can’t be measured easily really isn’t important. This is blindness. The fourth step is to say that what can’t be easily measured really doesn’t exist. This is suicide.

Current methods of accounting are necessarily incomplete if they rely on quantitative measures alone. If that limitation is kept in mind, there does not seem to be a problem with using such measures. There is the danger, however, that ‘the fact of being audited deters public curiosity and inquiry and the users of audits are often just a mythical reference point within expert discourses. Audit is in this respect a substitute for democracy rather than its aid’ (Power 1997, p. 127).

The routinization of accounting for new criteria such as the ‘triple bottom line’ is a response to the problem of explaining the motivations behind corporate decisions. By specifying the relevant dimensions of financial, environmental and social performance, the corporation also seeks to determine the extent of its accountability. Auditing and verification institutionalize the constant self-observation through reporting – and thus aim at anticipating the viewpoints of external observers. Shell’s ‘sustainable development management framework’ is, therefore, a programmatic formulation of ‘institutional reflexivity’ (Giddens 1990, p. 38) based on a set

of reporting and monitoring devices. Consequently, accountability is both generalized and specified: more and more criteria are taken into account, and they have become more technical and thus more obscure from the perspective of the public. Although everyone is capable of – and often interested in – making moral judgements of corporate behaviour along the lines observed in the conflicts of 1995, more specialized knowledge and long-term attention is necessary to evaluate such reports.

Yet who can muster that calibre of knowledge and attention span? In contrast to most individuals and (potential) customers, however, other organizations can and do possess the necessary expertise and tools. Environmental and human rights groups, for instance, are important audiences that critically assess the methods and numbers provided by the Shell reports. Regarding the interaction with such groups, the reporting process not only enables Shell to state clearly where its responsibilities lie; it also enables outside observers to evaluate the progress made, if any. Thus accountability becomes largely a matter of inter-organizational relationships. Organizations that produce reports are reviewed by other organizations that consume, comment on and distribute them. Corporations tend to take stakeholders more seriously if they are organized. Whereas regulators and campaigning groups are recognized as important players, individual customers are perceived as a relatively intransigent mass with differing and not always consistent preferences. Because many environmental issues have already reached a high degree of technicality and expertise, customers are often deemed ignorant (Fineman and Clarke 1996). The more accountability is subject to pressures for rationalization and standardization, the more it becomes a field of organized activity (cf. Brunsson and Jacobsson 2000). Organizations tend to be accountable to other organizations, and it is not easy to see how the general public could have more than a relatively sporadic influence.

5. CONCLUSION

Being observed as social actors, corporations are held accountable for their decisions. A great deal of their routine ‘accounting’ caters to specific audiences such as regulators or investors. Yet some decisions or issues demand more specific and elaborate accounts in the form of explanations, justifications or excuses. This kind of nonfinancial ‘accounting’ usually occurs as a reaction to public criticism and lobbying by social movements, interest groups or political parties. The complaints of those external observers go beyond mere economic performance and are based upon a general and moralized notion of corporate ‘actorhood’. Because

actorhood comes with a range of desirable attributes, such as identity and reputation, it cannot easily be rejected. Yet if corporations accept their role as actors, they are liable to respond to broad and ultimately moral assessments of their behaviour. Accounting for the motives, effects and side-effects of decisions therefore becomes an important dimension of their corporate activities.

Crisis episodes, such as Shell's confrontation with environmental and human rights organizations in 1995, show the risks of merely reacting to public criticism. Anticipating the demand for furnishing accounts, many corporations incorporate 'accountability' into their routine decision-making. An extended form of annual reporting has become a popular model, and corporations such as Shell produce annual reports in which they explain their decisions in terms of financial, social and environmental criteria. The rhetoric of the Shell Reports exemplifies how corporations seek to dispel the impression that their pursuit of economic objectives is a case of raw self-interest; although the significance of profitability is not denied altogether, it is put into the context of other performance indicators. Organizations cannot afford to pursue a single objective exclusively, be it financial or otherwise. Accountability acknowledges that corporate decision-making affects various, often conflicting, interests and values in society at large, and seeks to specify the criteria for evaluating corporate performance from a broader perspective.

Fixed and verifiable indicators of corporate performance are instruments to reduce the resulting complexity. They are supposed to reflect the spectrum of interests affecting the corporation and help to negotiate the terms of corporate actorhood. The sophistication of the data gathering and presentation methods and the concomitant 'rituals of verification' also require higher levels of expertise to evaluate them, however. As a result, accountability is less a matter of negotiations between business and society than of negotiations among various kinds of organizations. An emerging inter-organizational field of routinized accountability comprises organizations that provide accounts, those that audit and verify them and those that evaluate – and occasionally question – the results. International NGOs are vital parts of this constellation. Their success in placing social and environmental issues on the corporate agenda is evidence of the power and legitimacy of these 'rationalized others'. It is a truism that they can rely only upon 'soft power', primarily the mobilization of public opinion. Yet the institutionalization of accountability enables them to enlist corporations in their monitoring endeavours. Accountability implies that corporations take other perspectives into account to evaluate their own operations and decisions about possible objections.

The routinization of accountability inevitably leads corporations to

observe themselves as being observed by others – and to adjust their self-presentation accordingly. Impression management plays an important role in corporate accountability, but it should not be misunderstood as mere window dressing. No organization can afford to ignore the impression it makes in the pursuit of its objectives. If an organization cannot take for granted that others agree with its objectives, consideration for a variety of group interests must be demonstrated in order to earn the social ‘licence to operate’. Through establishing and publicly stating certain parameters of actorhood, self-presentation results in pressures for consistency – and thereby restricts the possible courses of action. The resulting portrayal of corporate objectives and their effects may sometimes be even *too* consistent. Ideas such as the ‘triple bottom line’ seem to presuppose that not only one goal (such as profitability) but even multiple goals could be amalgamated into a conclusive and universally accepted corporate agenda. Corporations face a complex social environment, however, in which such a form of consensus is difficult to envisage. There is no reason to hope (or fear) that corporate accountability could entirely defuse the conflict between the corporation and its critics.

NOTES

1. *Guardian*, ‘Agenda benders’, 22 June 1995.
2. These groups can, of course, obtain more detailed (and compact) information from the financial annual reports of The ‘Shell’ Transport and Trading Company (2004) and the Royal Dutch Petroleum Company (2004).
3. The annual reports have a distribution of more than 100 000 copies; 6 000 000 copies of the shorter 2000 summary report were distributed.
4. Cf. the UNEP review of reporting activities conducted by SustainAbility (SustainAbility 1996a; 1996b; 1999).
5. Unless otherwise noted, all quotes are taken from interviews with Shell managers, which I conducted between 1999 and 2001. For more details on that study, see Holzer (2001b).
6. This view was echoed by Senior Consultant Seb Beloe, of SustainAbility in an interview: ‘in order for Shell to be a truly sustainable company, it clearly has to get out of oil or at least produce oil on a vastly different scale to what it is producing at the moment’.
7. Among the TNCs which pursue similar programmes and publish annual reports are BP Amoco, Procter & Gamble, Unilever and ICI.
8. The verified HSE parameters, some of which are also reported in the annual reports of other TNCs, such as BP Amoco, include the frequency of occupational illnesses and fatalities; total reportable case frequency in the section on social measures; and emissions of carbon dioxide, methane (CH₄), volatile organic compounds (VOCs), sulphur dioxide, and nitrogen oxides; as well as a general measure of global warming potential, amounts of flaring unneeded gas, oil spills and fines paid by Shell companies.
9. This was the interpretation of a Shell employee, who maintained that a large company like Shell must be ‘a microcosm of society at large, to a greater or lesser extent. I mean we have Greenpeace members within the organization, of course we do. . . . we don’t all have our brains extracted when we join the company and get a big stamp on us and that says Shell.’

9. Conclusion

Large corporations have become one of the primary targets of transnational activism. To advocacy groups the transnational corporation (TNC) appears to be a convenient conduit for their political goals. TNCs are engaged in many projects across the world, some of which are environmentally harmful or based on the exploitation of low wages and insufficient labour standards; but they are also indirectly involved in grievances and human rights violations in developing countries. Social movement activists therefore seek to influence not only particular decisions but also corporate policies as a whole. Although their campaigns focus on particular brands and corporations the intended effects often lie beyond any specific organization, which merely serves as the representative of certain issues. Like other varieties of transnational activism, anti-corporate protest relies on 'boomerang effects' when local groups link up with allies from abroad to put pressure on a corporation or on their own government (cf. Keck and Sikkink 1998b). But it also employs 'outside-in' campaigns that seek to change conditions in other countries and 'dual target' campaigns that target a corporation both in a particular locale and in other countries (cf. Hertel 2006). Furthermore, anti-corporate campaigns often focus on the place of consumption rather than on the place of production because that is where politically and ethically minded consumers can be mobilized most effectively.

Transnational advocacy groups have to rely on discursive forms of power to put pressure on corporations. And many TNCs are susceptible to discursive power because they have invested time and money into building global 'brands' which are vulnerable to anti-corporate campaigns. Corporations want to protect their brands and therefore they need to avoid being 'branded' by transnational activists. To behave responsibly is a recommendation often given to corporations. Yet it is not entirely clear what that entails. If it means that the corporation should follow some kind of internal moral compass to 'do the right thing' it is not a reliable strategy. For advocacy groups are willing and able to 'frame' the corporation for alleged misdemeanours even if it is not aware of having done anything wrong. Due to their high credibility, transnational advocacy groups are often successful in framing corporations as villains. And even if they do not manage to change concrete corporate policies, the very form of

anti-corporate discourse still results in a ‘moralization’ of the corporation by constructing it as a moral actor.

1. THE CONSEQUENCES OF CORPORATE ‘ACCOUNTABILITY’

The usual form of protest against environmental misdemeanours draws on a moralistic discourse which criticizes corporations for their perceived lack of honesty and integrity. Such criticism presumes that corporations are moral actors. Of course, organizations are fundamentally different from individuals. Yet they possess ‘actorhood’ just like them (Meyer and Jepperson 2000). At least, that is the result of a discourse that talks about organizations as actors and therefore makes them liable to behave like actors. Or in other words, slightly varying the Thomas theorem,¹ if observers define corporations as actors, they *are* actors because they are treated as if they *were* actors.² And the ability and necessity to account for one’s behaviour – both causally and morally – is a defining feature of actorhood. The struggle between corporations and their critics in the world polity therefore takes the form of a (re-)negotiation of ‘actorhood’. Since TNCs have cast themselves as responsible ‘actors’ in the past, they are now haunted by the problem that actorhood is always inextricably linked to moral evaluation by others.

The role of transnational activism in this is not without contradictions. On the one hand, the conflicts between advocacy groups and TNCs highlight the significance of civil society as a potentially powerful contender for authority in the world polity; on the other hand, emerging areas of cooperation indicate that protest groups and TNCs have learned how to mutually enhance their authority, reputation and scope of action. The latter process, however, also bears upon the credibility of the partners. While TNCs hope to gain from cooperation and to compensate for the perceived loss of trust among the general public, protest groups run the risk of being ‘co-opted’ and of losing their credibility (see Chapter 7). Co-optation is problematic for advocacy groups because their authority to a large extent derives from their being ‘rationalized others’ (Meyer 1996), i.e. observers rather than actors. They watch, counsel and criticize actors more than actually acting themselves. Coming too close to action and decision-making threatens this essential part of the identity of rationalized others.

A critical discourse which only emphasizes the apparent power of TNCs without taking into account the new challenges arising from the globalization of business and the negotiation of actorhood must remain incomplete. It neglects the fact that the lack of a unified global political and

legal framework is not only a feature that TNCs can exploit – for instance by adopting double standards in their operations – but also a source of new uncertainties (Scherer and Palazzo 2007, p. 1108). The decisions and operations of TNCs have border-crossing consequences whose acceptability and legitimacy cannot be taken for granted. Operations of TNCs are increasingly scrutinized by individuals and protest groups across the world. In the case of perceived misdemeanours, TNCs are liable to be exposed to public pressure and anti-corporate campaigns. The fluidity of societal expectations makes it necessary for TNCs to constantly adapt to new expectations and to actively find out what those expectations are.

Corporations may go one step further and not only anticipate but actually embrace societal values and expectations. Despite some successes with a truly ethical and principled business practice, such an approach is of limited use since it does not really confront the problem of necessarily diverging and sometimes conflicting rationalities in a differentiated and complex society. I have argued that ‘corporate reflexivity’ – i.e. the explicit acknowledgement of, and respect for, diverging rationalities – may be a more viable answer. Embodied in policies of stakeholder engagement and corporate accountability, it seeks to avoid manifest conflict by anticipation and incorporation of external expectations and it uses the corporate self-presentation as a switchboard for translating between societal constraints and organizational goals.

There are two consequences of such a development towards corporate reflexivity. First, from an internal perspective, it exposes the contentious nature of organizational goals. As I argued in Chapter 7, the organization itself is a sounding board for external demands. Members of the organization are aware of movement topics and political and environmental issues in their roles as citizens, family members and so on. They often strive to accommodate those interests and affiliations with their membership. Thus movement topics and agendas permeate organizational boundaries – even if they are not the subject of official corporate policy. Second, from an external point of view, making the corporation accountable to societal expectations gives rise to demands for systems of accountability. However, if accountability becomes a matter of routine it inevitably involves a component of ‘organizational hypocrisy’. Organizations, just like (most) individuals, cannot live up to the high standards of their own self-presentations and therefore need to decouple the way they present themselves from what is actually going on. That does not mean, of course, that they can then commit whatever misdeeds they fancy. On the contrary, the high expectations raised by elaborate corporate accountability give critics excellent starting points for challenging the corporation.

The implications of corporate accountability for TNCs go well beyond

dialogue and stakeholder management. One can argue that if TNCs actually accept that affected groups play a role in decision-making, the very foundation of business in modern society is called into question or, at least, reframed. The relationship between property and the public has been the subject of a long debate right from the ‘invention’ of the big corporation.³ In their seminal contribution to the debate on corporate governance, Berle and Means (1932) argued that the shift of power from the owners, i.e. the stockholders, to the control groups, i.e. the managers, had profound consequences. The separation of ownership and control cleared the way for claims from groups beyond the owners or the managers and ‘placed the community in a position to demand that the modern corporation serve not alone the owners or the control group but all society’ (Berle and Means 1932, pp. 311–12). A mere control group cannot effectively exclude demands made on the corporation purely on the basis of property rights. Its decisions therefore are subject to various kinds of external constraints, the demands of owners being only one among many others.

The fact that the ownership of TNCs tends to be more or less dispersed and that their control is constantly susceptible to public scrutiny and pressure turns them into ‘quasi-public institutions’ (cf. Kristol 1975, p. 138; Ulrich 1977). With ownership being all but ‘a legal fiction’, the private/public distinction loses its unambiguousness regarding economic decisions: ‘the corporation may be a *private enterprise* institution, but it is not really a *private property* institution’ (Bell 1971, pp. 28–9, emphasis in original). This statement, made in the 1970s with regard to American business enterprises, is even more significant in the global business environment of the twenty-first century. Taken seriously, it hints at a profound transformation of the way in which regulation and control of business is exercised. Regardless of the continuing significance of private ownership, the control of the large corporation has already drifted towards the public realm.⁴

2. BETWEEN RATIONALITY AND MORALIZATION

The public exposure of TNCs is not an entirely new phenomenon. The question of stakeholders’ claims arises from the very moment that ownership and control are separated. The responsibility of management to shareholders has been limited right from the beginning. There is an interesting dialectic to this (non-)responsibility of management, as Henry Mintzberg (1983b, p. 464) argues:

Because the corporation has been perceived as responsible to none, suddenly it becomes responsible to everyone. . . . Once there were only the owners’ goals

to attend to, later the system's goals. Today the corporation is being asked to respond to a confusing host of public goals, social as well as economic.

Globalization exacerbates this problem. Having acknowledged that the management of demands and constraints from all sides has always been a feature of the separation of ownership and control, it is obvious that the nation-state context has long been able to 'frame' the possible and legitimate demands. Yet in a global environment, the constraints and conflicting demands on TNCs multiply. It is therefore unlikely that any kind of solid and straightforward rationality would result from business dealing with and acceding to those demands.

Conflicts between advocacy groups and corporations show that protest groups can put pressure on corporations. At the same time, however, they highlight some limitations regarding the rationality of the results that those conflicts have. First, there is the question of selectivity. Campaigns seldom challenge the worst corporate practices or villains. In the Brent Spar case, for instance, the evidence suggests that the argument against deep-sea disposal was not quite as straightforward as Greenpeace claimed. More importantly, Greenpeace's campaign was triggered by exogenous and fairly contingent factors, i.e. the fact that Greenpeace was looking for a possibility to make its North Sea campaign visible (see Chapter 2). It is a common feature of transnational advocacy campaigns that they need to be properly 'marketed' (Bob 2005). A lot of contingencies are involved in the success or failure of a campaign. It is therefore not to be expected that transnational activism alone would result in meaningful and systematic regulation. Second, it is important to keep in mind that responsibility is constructed in such campaigns – and not evident right from the beginning. As the case of Shell in Nigeria shows (see Chapter 4), transnational activism has to make an unambiguous and relatively quick judgement about who is responsible. Due to their visibility and global reach corporations make good targets – and therefore they are more likely to be 'framed' for complex grievances even if their contribution to the problem and power to resolve it are relatively small.

We should therefore be cautious about equating the authority of advocacy groups with rationality. Such a position would be rather naïve considering that the public attention to issues is often of a random and contingent nature. Yet, if not the place of rationality and ideal discourse, the transnational public sphere is nevertheless an important source of authority and legitimacy in the world polity. What public conflicts between TNCs and protest groups can achieve is the elaboration of rules of appropriate behaviour. The competition for legitimate authority in the world polity leads to the formulation and propagation of models of appropriate

actorhood. These models are more than mere semantic phenomena. They involve sets of rules that – given corresponding public pressure – corporations and other organizations perceive as behavioural constraints. World society cannot rely on a world state to enforce standards of behaviour. But world society, a society ‘filled with rationalized others’ (Meyer 1994, p.48), can rely on a multitude of observers to ensure that the violation of standards will not go unnoticed. To use Goffman’s ([1956] 1990) useful distinction, one could see the significance of protest groups and the mass media particularly in their ability to constantly scrutinize the ‘front’ appearances of actors, be they individuals or corporations, with regard to their ‘backstage’ performances.

Even if they do not result in a coherent system of regulation, conflicts and their resolutions establish ‘precedents’ of appropriate behaviour. Such precedents are important substitutes for legitimate and collectively binding decisions in the world polity. For instance, although there is no general ban on deep-sea disposal it would be difficult to find an oil company which would embark on a project similar to the Brent Spar in the near future. Similarly, Nike’s sweatshop debacle and Shell’s troubles in Nigeria have changed corporate perceptions of what is appropriate and acceptable business practice. The outcomes of those conflicts thus were more or less equivalent to political decisions at a transnational level – whether rational or not. Given the lack of global enforcement of rules and standards, such proto-political mechanisms may well be indispensable to hold otherwise unfettered economic power in check.

NOTES

1. ‘If men define situations as real, they are real in their consequences’ (Thomas and Thomas 1928, p.572).
2. Of course scientists are more sceptical regarding both the individual and the organization: ‘The individual is often not a particularly true description of people, and it appears to be an even less satisfactory description of organizations’ (Brunsson and Olsen 1993, p.67).
3. That the question of property arises within this context is hardly surprising. As I have argued in Chapter 1, one important feature of globalization is its uneven progress in the economic, political and legal realms. Since property can be regarded as an important mechanism of ‘structural coupling’ between the economy and the law (Luhmann 1993, Ch. 10), it is necessarily implicated in this development.
4. Such an interpretation of the accountability and public exposure of transnational corporations echoes a prediction of Marx, who in the third volume of *Capital* speculated that the institutionalization of the modern public company may actually bring about a silent transformation. With regard to the separation of ownership and control, Marx wrote of a ‘revocation of capital as private property within the limits of the capitalist mode of production’. The full German quote reads: ‘Das Kapital, das an sich auf gesellschaftlicher Produktionsweise beruht und eine gesellschaftliche Konzentration

von Produktionsmitteln und Arbeitskräften voraussetzt, erhält hier direkt die Form von Gesellschaftskapital (Kapital direkt assoziierter Individuen) im Gegensatz zum Privatkapital, und seine Unternehmungen treten auf als Gesellschaftsunternehmungen im Gegensatz zu Privatunternehmungen. Es ist die *Aufhebung des Kapitals als Privateigentum innerhalb der Grenzen der kapitalistischen Produktionsweise selbst* (Marx [1885] 1983, p.452, emphasis cited above).

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Appendix

Table A.1 Frames and first-order codes in the media discourse on Shell and Nigeria

Topic	Frames	First-order codes
Nature and the local population	Environmental degradation & human rights violations (critics)	Environmental destruction in Niger Delta (42 occurrences) Oppression of the Ogoni (15) Human rights in Nigeria (9) Oil spills: compensation (6) Oil spills: due to Shell (2) Nigeria: justice flawed (1) Development situation of the Ogoni (1)
	Denial of responsibility (Shell)	Shell: not responsible (12) Shell: withdrawal due to attacks (10) Non-interference: Shell is not the government (8) Oil spills: due to sabotage (7) Non-interference: a domestic issue (7) Niger Delta Environmental Survey supports Shell's position (6) Violence against Shell (4) Nigeria: a difficult business environment (3) Nigeria: is different (2) Non-interference: Shell has no influence (1)
Distribution	No fair share (critics)	Ogoni do not benefit from oil (17) Nigeria: corruption (11) Nigeria: oil profits (10) Business: responsibility for local community (8) Nigeria: unfair resource regimes (7) Shell: retribution (3) Ogoni: right of self-determination (1)

Topic	Frames	First-order codes
Politics	Shell's contribution (Shell)	Shell: general benefits & jobs (13) Shell: community help (10) Nigeria: government does not provide enough services (2)
	Collusion with the regime (critics)	Shell: collusion with the government (17) Shell: is responsible (11) Ogoni: killings of activists (10) Nigeria: paramilitary and security guards (9) Shell: action against Saro-Wiwa (6) Shell: arms & security (6) Business: is powerful (2)
	Silent diplomacy (Shell)	Silent diplomacy (20) Shell: appeal for clemency (8) Shell: rational & neutral (2)

Note: The numbers in parentheses indicate the code's occurrences in the corpus of data.

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