NORMS AND MULTIUNATIONAL CORPORATIONS –
IDEATIONAL MOTIVATION FOR CSR?

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ABSTRACT

Corporate Social Responsibility is not a new concept. Indeed, it has become a growing
scientific field creating multiple theories and approaches. Yet different approaches use
different terminology making it difficult to define the concept and explain why MNCs
participate in CSR initiatives at all. To solve this problem International Relations theory
offers a series of useful tools. One of these tools which until recently has not been used to
research CSR are international norms and their constitutive effect on actors.
Therefore, this paper discusses CSR in the light of international norms. Following the works
of Searle and Winch on the constitutive effect of norms, this paper argues that all actors
(including MNCs) are “social actors” with an endogenously constructed identity. CSR and
private self-regulation can no longer be exclusively explained in terms of profit and
instrumental motivation. Instead, norms constitutively influence the identity and the
behavior of MNCs and therefore become an ideational driving force for CSR.
This theoretical argument is empirically illustrated by the Voluntary Principles on Security
and Human Rights (VPs). Negotiated by both states, NGOs and MNCs, the VPs were announced
in December 2000 and define the relation between the safety of companies and the
protection of human rights in potentially dangerous areas. Within this initiative norms have
influenced the identity and the action of MNCs and thus became an explanation of CSR.

Keywords
International norms, Multinational Corporations, IR theory, Voluntary Principles on Security
and Human Rights
INTRODUCTION

Although Corporate Social Responsibility (CSR) is not a new concept it has lately become a buzzword within the intersecting discourses of International Relations (IR) and International Political Economy (IPE). With multinational corporations (MNCs) becoming more and more important for international politics, many authors see CSR, corporate self-regulation and multistakeholder initiatives as the only possible answer to the declining influence of the nation state. This new understanding of MNCs for example has led to the UN Global Compact and its stress on voluntary cooperation between states, NGOs and MNCs (Brühl et al., 2001, pp. 11-13). At the same time, various authors criticize CSR for being too vague and emphasize the “limits of voluntarism” (Kerkow et al., 2003, p. 24). Within this view, strict state regulation cannot and in fact should not be replaced by CSR and industrial self-regulation. Thus, Corporate Governance is not the legitimate answer for global problems we might face today (Erturk et al., 2004). Considering these two positions, one can easily see that CSR is a highly contested concept.

However, CSR is not only highly contested. It is at the same time difficult to define in precise terms and tackled theoretically. While becoming a growing and lively scientific field with multiple theories and approaches, CSR has become rather confusing. Academics from different disciplines such as political science, economics and law, as well as politicians and other practitioners use either the same words with different meanings or a different terminology. Due to this confusion the question why MNCs participate in CSR initiatives at all is answered in very different ways. Roughly, there are two positions in this debate. On the one hand, authors argue that corporations benefit from CSR either because of financial or at least reputational reasons. Thus, MNCs participate in CSR initiatives because of rational calculations about costs and benefits of such initiatives. Other authors instead emphasize ethical aspects of business and argue, that “companies […] should accept social responsibility as an ethical obligation more than any other consideration” (Haugland Smith/Nystad, 2006, p. 1). Within this perspective, business and society are closely linked and therefore the role of business is to improve or protect societal and environmental health. Both positions are in diametrical opposition to each other. Thus whether profit or ethics is the motivation for CSR is a highly contentious issue within the CSR debate.

However, as both perspectives have their obvious limits this opposition is not helpful at all for the debate. While there are obviously good reasons to think of MNCs as being driven by instrumental rationality, this rationality appears to be rather bounded and limited. Because CSR is a new phenomenon business actors can often not take into account all consequences, costs and benefits. More often than not CSR is not chosen because of rational calculation. Instead, MNCs find themselves in a rather new area not knowing what choices lead to the best results. On the other hand, ethical motivation as an explanation for CSR appears to be highly normative. MNCs should behave either like this or like that. For an explanation of a social phenomenon, arguing with moral obligation is always contentious. Moreover, critics argue, that the whole ethical dimension is only rhetoric used by MNCs to evade stricter state regulation. To sum this point up, both current explanations for CSR – instrumental or ethical – are rather limited and not satisfying (Hiß, 2005, pp. 94-105).

Drawing onto constructivist IR theory this paper therefore introduces an alternative explanation as to why MNCs participate in CSR initiatives. From this point of view, MNCs are social actors just like states or NGOs and are influenced by ideational facts. Identity and

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1 The author is well aware that many different disciplines contribute to the wide range of literature on CSR. However, this paper consciously focuses on the CSR debate and literature within IR and IPE.
interests are no longer exogenously given but rather endogenously constituted. Within these constitutive processes, norms play a crucial role. Defined as “collectively shared standards of appropriate behavior that validate social identities” (Katzenstein, 1996, p. 19) norms are focal points for actors, defining who they are and what appropriate behaviour is in a given situation. While this argument is widely accepted for both states and NGOs, the lack of constructivist research on MNCs is striking. Most research on MNCs is exclusively conducted in rationalistic terms. MNCs are by definition rational actors and focus only on profit-maximizing. While this obvious makes sense at first sight, constructivism should not limit itself to a Wendtian “state constructivism” (Weller, 2005, p. 46) or focus solely on NGOs and civil society. Instead of adopting a “myopic view of business actors as simple profit seekers” (Kollman, 2006, p. 1), this paper conceptualizes MNCs as social actors having an identity and being influenced by norms. Following the works of Searle and Winch on the constitutive effect of norms, the main argument of this paper thus is that norms as social facts are one possible explanation for CSR. Instead of being driven by either instrumental or pure ethical motivation, norms constitutively influence the identity and the behaviour of MNCs and thus become an ideational driving force for CSR. MNCs participate in CSR initiatives because of certain norms and these norms – once accepted – in the long term change identity and behaviour over time.

To illustrate this theoretical argument this paper empirically focuses on the Voluntary Principles on Security and Human Rights (VPs). Negotiated by both states, NGOs and MNCs, the VPs were announced in December 2000 and still mark the only international code of conduct for the extractive industry regarding human rights. Within this context, three norms have influenced the negotiating process and were then codified (Freeman/Hernández Uriz, 2003, p. 245). The constitutive effects of these three norms are analyzed within two different case studies on participating MNCs. Following the theoretical argument outlined above, one expects the norms to be found in both rhetoric and action of the participating MNCs. If such a constitutive influence of norms could be found this would be a strong argument for the explanatory power of ideational motivation for CSR.

Therefore, the paper proceeds as follows. The next chapter outlines the main arguments of the constructivist norm theory and argues why MNCs can be conceptualized as social actors. The following chapter introduces the Voluntary Principles on Security and Human Rights and briefly sums up the most important aspects of this initiative. Moreover, the three norms which influence the participating MNCs will be defined within this context. Chapter three then focuses on two different MNCs and reconstructs the norm effects on both identity and behaviour for BP and Chevron. Finally, the conclusion sums up the empirical findings and further discusses theoretical and political implication for dealing with MNCs and corporate self-regulation.

NORMS, IDENTITY AND MNCs IN CONSTRUCTIVIST THEORY

Within the contemporary debate between rationalistic and constructivist IR theory norms and their potential effects are a controversial issue. At stake is not only what exactly norms are but also if norms matter at all. Indeed, current academic interest in norms has become so relevant that the norm debate in turn has marked its influence on the theoretical debate of the discipline in general (Finnemore/Sikkink, 1998). To use norms as a theoretical argument for MNCs, one needs to define norms in both conceptual and ontological aspects. Therefore, this paper first defines what norms are and then outlines how they matter and influence actors and their identities within constructivist theory.
Defining norms
While norms do not play a significant role in rationalistic theory, constructivist theory has dealt with norms at great length. Although there are slightly different definitions within constructivism, norms are basically defined as collectively held expectations about what kind of behaviour is appropriate in a given situation:

“I am defining norms broadly here, as shared (thus social) understandings of standards of behaviour.” (Klotz, 1995, p. 14)

There are two aspects of this definition that needs to be further clarified. First, norms are by definition shared between different actors and are always intersubjective. In fact, norms only exist within an intersubjective context such as a social collective. Thus, norms are fundamentally different from “principled ideas” (Risse/Sikkink, 1999, p. 7) which are held by a single actor. Instead, norms as “collective social facts” (Katzenstein, 1996, p. 17) are part of the social structure in which actors interact with each other. Second, within a social collective, norms define what kind of behaviour is appropriate and what is not. Norms restrain the scope of action by simply ruling out certain behaviour. Note that appropriateness does not imply ubiquitous norm compliance as identities might change over time and certain norms might lose influence. However, all action is guided and shaped by norms (Jepperson/Wendt/Katzenstein, 1996, pp. 52-53).

Following this definition, norms can either be explicitly stated in international treaties or influence actors because of implicitly agreed procedures and behaviour without being codified. Furthermore, norms do not necessarily have to be “normatively good” in a western sense of “goodness”. The evolution of norms does not necessarily contribute to a better world. Although “it is precisely the prescriptive […] quality of ‘oughtness’ that sets norms apart from other kind of rules” (Finnemore/Sikkink, 1998, p. 891), this “oughtness” does not have to be related to “good” behaviour. History shows for example, that both slavery and imperialism have been international norms within world politics. Thus, what kind of behaviour is appropriate cannot be defined in absolute normative terms but rather depends on the historical and cultural context.

The constitutive effects of norms
Having defined norms as shared understandings about appropriate behaviour, the next step is to outline their effects. Again, rationalism and constructivism differ significantly with regard to the effect norms are attributed with. While rationalism conceptualizes norms as being regulative and rather peripheral, constructivism focuses on the constitutive effects of norms making norms central to human interaction. John Ruggie characterizes the difference between regulative and constitutive as follows:

“Regulative rules are intended to have causal effects – getting people to approximate the speed limit, for example. Constitutive rules define the set of practises that make up a particular class of consciously organized social activity – that is to say, they specify what counts as that activity.” (Ruggie, 1998, p. 871)

As said before, rationalism only regards the regulative effect. Norms eventually regulate behaviour as an intervening variable within rational calculation. Whether or not an actors acts according to a norm depends on the costs and benefits of this behaviour. Put simply, an actor breaks a norm as soon as it appears to be better to break it. Being dominated by the “logic of consequences” (Finnemore, 1996, p. 29), rationalism therefore has clear ideas about norm enforcement. To ensure norm compliance, one has to alter the calculations by raising

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2 As this two aspects lead to the influence norms are attributed with, both are picked up in the next chapter and discussed in more detail.
either the costs of norm violation (e.g. through sanctioning) or the benefits of norm conformity (e.g. through management dialog) (Zangl, 2001, pp. 52-58).

Not being satisfied with this limited norm conception, constructivists emphasize the constitutive character of norms. As part of the social structure, norms not only regulate behaviour but also constitute identity in the first place. Put simply, the norms we accept for us make us what we are. At the international level, all states have to accept the norm of mutual sovereignty to constitute themselves as states. Moreover, to become a “Western state”, one has to accept further norms such as democracy, human rights at so on. The logic behind this constitutive effect is no longer that of simple consequentialism but that of the “logic of appropriateness” (Finnemore, 1996, p. 29).

Due to the intersubjective nature of norms, constructivism does not focus on one actor and his rational decisions about behaviour, but instead takes the social context of his or her action seriously: “One has to take account not only the actions of the person whose behaviour is in question as a candidate for the category of rule-following, but also the reactions of other people to what he does.” (Winch, 1958, p. 30, italics in original)

Norms thus help actors to interpret an action within a social context: Action X means Y in context Z (Dessler, 1989, pp. 455-456). While some action is interpreted and judged as appropriate, other is not. This does not imply that norms are universally interpreted and accepted in the same way by all actors and all actors always behave appropriate. Yet from this point of view, violating a norm now has a deep impact on the actor’s identity as the identity of an actor is no longer simply given but rather constituted by his actions with regard to norms (Winch, 1958, pp. 40-46). Therefore, constructivists argue that norm enforcement is no longer simply possible through raising the costs or benefits of norm compliance but rather through mechanisms of social learning (Checkel, 2001) and “shaming” (Price, 1998). Both mechanisms focus on ideational instead of just material issues. If norm entrepreneurs such as NGOs offensively confront the norm breaker via the media and influence public opinion, the violation of norms has significant consequences for the identity of an actor. Thus breaking a norm might constitute a new identity which may not fit to the former identity of the actor.

Although the constitutive effects of norms are emphasized, the constructivist perspective also takes into account the regulative effect of norms. Norms influence actors not just by constituting and reproducing identity but also by directly affecting behaviour. As soon as norms take the form of concrete rules, they also have a direct impact on the behaviour of the actors. Taken both constitutive and regulative effect together, norms potentially “create or define new forms of behavior” (Searle 1969: 33). Thus norms in constructivism affect both identity and behaviour. Identity in turn either limits or widens the potential scope of action while behaviour (at least over a longer period) changes identity. Taken together, the regulative and constitutive effects of norms in constructivism can be depicted as follows: 4

3 Again, one has to emphasize the non-normative character of appropriateness: What exactly is judged as appropriate is determined in a social context and does not necessarily fit with the idea of western moral attitudes (see p. 4). Although the debate between different logics of action is relevant to the issue of norms, it can only be briefly introduced within this paper. For further detail on the debate on logics of action see March/Olsen 1998 and Müller 2004.

4 Obviously, this figure is insofar very simplified as the recursivity of both behavior and identity with regard to the structure is omitted for the sake of simplicity. Within constructivism, structure at the same time influences and is reproduced through action. Thus in reality there is no one-way relationship between structure on the one hand and identity and behaviour on the other hand (Dessler, 1989). The figure does, however, show the relations between the important theoretical concepts used in this paper and insofar should be understood as a visual aid for the argument.
Figure 1. The regulative and constitutive effect of norms in constructivism

So far this paper argues on a rather theoretical and abstract level about the effect norms can have. The next section links this argument with private actors such as MNCs and outlines the possibilities of combining these two aspects when one tries to explain CSR and private self-regulation.

**Norms and MNCs – a possible combination or two different things?**

The theoretical argument spelled out so far is – at least within constructivism – widely accepted for both states and NGOs. Norms influence state identity and behaviour. Starting out in “soft areas” such as ecological and human rights issues, constructivism has by now also ventured into security studies. In all these areas, norms are considered to be very important for both identity and behaviour of actors. Until now, however, constructivism has – consciously or unconsciously – left the field of IPE to rationalistic theories. While many constructivist approaches feature NGOs prominently, other private actors such as MNCs are almost nowhere to be found:

“Despite widespread acceptance of the importance of norms in international relations explanations and an increased interest in private authority, very little research in political science has explored the extent or mechanisms by which norms influence the behavior of firms. Indeed while the constructivist approach in international relations has come to dominate the research agendas of scholars interested in international NGOs […], the human rights regime and has even made inroads into security studies, constructivists have made very few significant contributions to the study of international political economy.” (Kollman, 2006, p. 1)

At first sight, conceptualizing business actors as simple profit seekers appears to be rather self-evident. However, this myopic view ignores all insights made by constructivism so far. Distinguishing between “positive actors” such as NGOs, civil society or advocacy networks and “negative actors” such as MNCs and then only focus on the former cannot be justified in theoretical terms. Indeed, constructivism does not make clear claims about the ontological status of actors and thus argues for an open concept.5 Reducing actors to states and NGOs

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5 All other theories of IR make quite clear statements about actors. Neorealism focuses solely on states (Waltz 1979) while neoliberal institutionalism opens the black box and deals with societal actors (Keohane 1984)
appears to be driven more by a normative bias and less by good theoretical reasons. While
Wendt deliberately focused on states as the main actor in international relations (Wendt,
1992, p. 424), this limitation does not appear to help constructivism. Instead, as business
actors and private regimes, become more important for international politics, constructivism
as a substantial theory of international relations also has to take those actors into account
(Kollman, 2006, pp. 6-8).
Therefore, contrary to common norm literature, this paper conceptualizes MNCs as being
influenced by norms in the same way as other actors are. Within the interaction between
different MNCs, states and NGOs (e.g. within a CSR initiative), there are intersubjective
understandings and expectations about appropriate behaviour. Those may in the first place be rather vague and most likely differ from each others conceptions. For example, delegates from MNCs and NGOs coming together at a Global Compact Summit indeed see the world from different standpoints. However, as interaction becomes more intensive and different standpoints are exchanged on a regular base, shared norms as expectations of appropriate behaviour are established between private actors and states. Participating in CSR initiatives and private authority regimes thus strongly influences MNCs because of the "constitutive process of identity formation" (Jepperson et al.,1996, p. 66), which through norms always takes place within social interaction. Such an initiative within the extractive industry sector where norms were established through interaction and where those norms then in turn influenced MNCs in their identity and behaviour are the Voluntary Principles on Security and Human Rights, which are now introduced.

THE VOLUNTARY PRINCIPLES ON SECURITY AND HUMAN RIGHTS

In early 2000, delegates from both MNCs and human rights NGOs follow the invitation of
the UK Foreign Office and the US State Department and come together for the very first time.
The aim of this meeting is to discuss whether or not there is a “willingness to seek common
ground on security and human rights issues”6. Most participants agree that the global
activities of the extractive MNCs made such a meeting necessary. Since the beginning of the
1990ies, there were many accusations from civil society against MNCs for disregarding or
even violating human rights in zones of conflict. Insofar as extractive companies are bound
to areas where resources are available and cannot easily move to another country, NGOs
focus their critique on those MNCs (Forsythe, 2000, pp. 191-193). One of the key events which put public pressure on extractive MNCs was the execution of the dissident Ken Saro-Wiwa in Nigeria 1995, who protested against the environmental policy of Shell. Ordered by the Nigerian dictator Abacha, critics emphasized that Shell did not take all possible steps to avoid the execution (Bennett, 2001, p. 2). Other extractive companies such as Enron in India, Mobil and Freeport McMoRan in Indonesia and BP in Columbia face similar charges from the civil society (Mitchell, 1997).
Those examples show that the problematic context between corporate security and human
rights is an important issue in states with no central authority (e.g. failed states with no
governmental monopoly of force) or in states with enduring civil wars. Within those states, extractive MNCs sees their interests, their production facilities and the safety of their workers in danger. In August 1999, Texaco for example had to stop all activities in the Niger

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Delta because of local protests (Freeman/Hernández Uriz, 2003, p. 246). Therefore to protect their assessments, MNCs use the services of private security companies. The use of private security companies allows MNCs to continue “to operate in military unstable regions that would otherwise be unfeasible” (Brooks 2001: 131). Those security companies, however, do not have the knowledge or willingness to regard human rights. This again leads to more potential instability and protest making it even more difficult to continue to operate in such regions. Thus when they first met, both NGOs and MNCs were aware of the need for cooperation with regard to security and human rights.

The process of negotiation

When the states, NGOs and MNCs first met in London in March 2000, there were many informal talks in small circles and circulating “discussion papers” (Freeman, 2002, p. 9). Those first meetings were not very transparent. Therefore it is difficult to work out clear negotiation positions. However, three general aspects of the negotiation process can be traced. First, from the very beginning the tripartite network character between all three different actor groups was emphasized. Only through the cooperation between states, MNCs and NGOs can problems of security and human rights be solved. While MNCs are obviously responsible for providing security, NGOs can lend expertise and credibility to the process. At the same time the “key convening and drafting role of the US and UK governments” (Freeman/Hernández Uriz, 2003, p. 246) further stimulated the process by mediating between MNCs and NGOs. Thus, the VPs are a positive example of multistakeholder partnership between states, civil society and business actors.

Second, as the name suggests, the voluntary character of the initiative was emphasized. In fact, only the idea of voluntary regulations brought the MNCs to the negotiation table in the first place, as US chief negotiator Freeman points out:

„We also agreed that the principles would be voluntary and non-binding – anything else would have been a non-starter for both companies and governments.“ (Freeman 2001: 50)

Instead of state regulation, the VPs used a different approach to solve the problems of security and human rights. The idea of the process was “to bring the companies and NGOs together so that talking and listening could lead to writing and ultimately agreeing to something that would advance their interests and those of the two governments at the same time” (Freeman, 2002, p. 7). The negotiation process took place in form of an open dialogue forum between different actors, which until then had mostly criticized each other without talking to each other at all. Both NGOs and MNCs saw the process as constructive and at the same time felt even more obliged to participate. While NGOs made clear, that human rights have to be protected and promoted, MNCs pointed out their need for a secure surrounding. Instead of being forced into defence, MNCs and NGOs thus saw their participation as an opportunity of exchange positions and build trust (Haufler, 2002, p. 4).

Lastly, the participants limited the focus of the initiative to certain issues where agreements and common interests existed between MNCs and NGOs. Best practises were only developed for the context of security and human rights. Other important issues such as improving working conditions, combating corruption or incorporating environmental aspects into policies were deliberately left out. Moreover, other similar industries such as engineering and constructing firms who operate in the same regions facing the same problems were not invited to join the process in the first place (Freeman/Hernández Uriz, 2003, pp. 244-247).

Obviously, the VPs can be criticized for all these three aspects. The multistakeholder approach, the voluntary character and the limited focus suggest that the initiative does not reach far enough and does not bind MNCs to a concrete code of conduct. However, as this
was not the aim of the initiative in the first place, those criterions should not be hold against it. In fact, all participants were surprised that within the “difficult area of human rights and security for the extractive sector” (Leipziger, 2003, p. 96), delegates of the states, MNCs and NGOs could agree on something at all. One has to keep in mind that before the VPs, there was no standard at all. Thus coming together at one table and agreeing on the VPs which were officially announced in December 2000 as the “successful culmination of an unprecedented dialogue” (Albright, 2000) is in itself an achievement worth mentioning. The former US state secretary Madeleine Albright thus speaks of the agreement on the VPs as a landmark for CSR and combines profit and principle:

“The agreement I am announcing today is a landmark for corporate responsibility, and not just for US and British companies in this one sector. It demonstrates that the best-run companies realize that they must pay attention not only to the particular needs of their communities, but also to universal standards of human rights, and that in addressing these needs and standards there is no necessary conflict between profit and principle.” (Albright 2000)

The question, whether or not the VPs indeed mark such a landmark or are rightly criticized, cannot be fully answered in this paper. Instead, the next chapter focuses on the concrete content of the VPs. Within the negotiating process and then later codified in the agreement, there were three norms which mainly influenced the participating MNCs. Those three norms are outlined in the next chapter.

“Managing risks and building trust” – The norms of the initiative

As mentioned before, the VPs give guidelines to MNCs for providing security to both corporate personal and facilities while at the same time regarding human rights. Thus two issues which were up until then thought as controversial were brought together. Recognizing both the “importance of the promotion and protection of human rights throughout the world” (Fact Sheet, 2001, p. 2) and the corporate need for security both aspects are linked:

“Acknowledging that security is a fundamental need, shared by individuals, communities, businesses and governments alike, and acknowledging the difficult security issues faced by Companies operating globally, we recognize that security and respect for human rights can and should be consistent.” (Fact Sheet, 2001, p. 2)

Within the VPs, three core issues are then defined. The first issue is risk assessment. The VPs define what kind of risks should be assessed before a corporation invests in an unstable region. For accurate risk assessment, both home governments and local NGOs should be consulted. In unstable regions with complex and often violently changing social, political and economical situations accurate risk assessment can only be achieved through constant consolidation between the actors (Freeman/Hernández Uriz, 2003, pp. 244). The exchange of information should be „to the fullest extent possible (bearing in mind confidentially considerations) between Companies, concerned civil society, and governments“ (Fact Sheet 2001: 4).

The second and third issue covers company relationships with either state or private security forces. State security forces such as police and military are defined as the primary security provider. Companies should actively try to help those security actors maintaining human rights. This includes security policy coordination with local and national authority and controlling that state security forces only use force to an extent proportional to the

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7 For the complete document of the Voluntary Principles on Security and Human Rights visit http://www.voluntaryprinciples.org/principles/index.php. The document can also be downloaded from the US State Department, Bureau of Democracy, Human Rights, and Labor. Within this paper, this important document will from now on be quoted as “Fact Sheet, 2001”.
threat. Moreover, companies are obliged to monitor state security forces and if necessary “record and report any credible allegations of human rights abuses by public security in their areas of operation to appropriate host government authorities” (Fact Sheet, 2001, p. 7). Further security provision by state individuals credibly implicated in human rights abuses should not be accepted.

Private security actors should only be engaged “[w]here host governments are unable or unwilling to provide adequate security to protect a Company’s personnel or assets” (Fact Sheet, 2001, p. 9). While choosing which private security actors are engaged, all guidelines outlined above should be kept in mind. Again, companies should monitor and record alleged human rights violations. Moreover, international standards concerning the use of force and human rights should be included in the contracts with private security forces:

„With respect to their interaction with private security forces, the Voluntary Principles break new ground by urging companies to use their leverage to include the UN Code of Conduct for Law Enforcement Officials and the UN Basis Principles on the Use of Force and Firearms in contracts [...]” (Freeman/Hernández Uriz, 2003, p. 245)

Summing up, the VPs “provide practical guidance to companies […] on how to incorporate international human rights standards and emerging best practises into policies and decisions that sometimes have life and death consequences” (Freeman/Hernández Uriz, 2003, pp. 244). This practical guidance is defined in three core issues. Taking those issues together, three intersubjective norms about appropriate behaviour can be “distilled”. Those norms are (1) the norm of linking security and human rights, (2) the norm of cooperation between different actors and (3) the norm of applying international standards. These norms mark the process of the VPs and are now defined.

The norm of linking security and human rights
The most important norm within the initiative is the link between security and human rights. The VPs take great effort in overcoming the contradiction between those two aspects, which until then has dominated the debate. Put simply, the VPs mean “security through human rights and human rights through security”. Appropriate behaviour thus includes maintaining corporate security within an “operating framework that ensures respect for human rights and fundamental freedoms” (Fact Sheet 2001: 2). Thus, every action to provide security should regard human rights issues.

The norm of cooperation between different actors
The VPs are basically a tripartite approach. Only through the constant cooperation and consolidation can problems be solved. State actors of both host and home government should work together with MNCs and NGOs to protect and promote human rights. Appropriate behaviour is defined as the constant exchange between different actors. NGOs are expected to lend their expertise to MNCs and at the same time critically monitor MNCs. MNCs should always contact the host government or NGOs before they start to invest.

The norm of applying international standards
Two UN standards are mentioned within the VPs. Both standards should be included in contracts with private security actors and applied within security provision. Both standards represent the most concrete international standards but are non-binding. In accepting those two standards within the VPs MNCs voluntarily limit their scope of action. Within these two standards, appropriate behaviour is defined in clear terms. Force must only be used to the extent of the threat. In this regard, the third norm further concretizes the first norm of linking security and human rights.
NORM EFFECTS AND MNCs: TWO CASE STUDIES WITHIN THE VPs

Having defined three norms within the context of the Voluntary Principles on Security and Human Rights, this chapter will now turn to their effects with regard to two participating MNCs. The problem, however, at this stage is, that constitutive norm effects are not something which can be easily measured (Risse, 2003, pp. 106-107). Thus instead of focusing directly on the norm effects, the analysis reconstructs both identity and behaviour of the MNCs with regard to the VPs. As shown above, both aspects are theoretically influenced by norms. Therefore, if identity and behaviour changes, one can conclude that MNCs are influenced by norms just like states and other actors. To tackle identity, one has to reconstruct the rhetoric and self-description given by an actor. Rhetoric and self-description is analyzed by regarding both internal communications such as guidelines and norm references and external communications such as annual reports, statements or speeches. Put simply, the way MNCs speak about the norms of the initiative both internally and externally tells a lot about how they are constitutively influenced by the norms. As the argument goes, behaviour is at the same time influenced by the regulative effect of norms and by identity. Thus, one has to take behaviour in the sense of concrete actions with regard to the norms into account. Therefore, implementation reports by both MNCs and NGOs are analyzed. Linking theoretical argument and empirical data, the research design of this paper is:

Figure 2. Research design

Reconstructing both identity via rhetoric and self-description and behaviour via concrete actions and implementations takes a lot of time. Therefore, this paper cannot analyze all seventeen participating MNCs. Instead, the paper focuses on the two most important MNCs within the VPs. These are BP and Chevron. This case selection contains the two most influential and largest MNCs within the initiative. Furthermore, both were part of the VPs from the beginning and are also closely linked to the participating states (USA and Great Britain). Since BP and Chevron are the most relevant companies, other MNCs follow their examples (Freeman/Hernández Uriz, 2003, p. 243).^9

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8 The author is aware of the argument that identity consists of both ego and alter parts. Thus, not only how I present myself marks my identity but also how you see me. However, the paper focused on the ego part of MNCs because here the effect of norms on the actor is most evident.

9 This argument will be further proved in the conclusion by considering the five year report by the Information Working Group which sums up experiences and impressions by all participating MNCs. By contrasting the individual findings with this report one can see, that BP and Chevron are indeed exemplary.
To cover all relevant documents, the empirical starting point for each company is the homepage of the VPs and their own individual homepages. All documents such as annual implementation reports, statements and speeches can be found here. Further documents are found via the homepages of participating NGOs as these critically monitor the MNCs and their behaviour. The next two sections deal with each company individually before general impressions about the VPs are reconstructed in the conclusion. Taken those two aspects together one can then answer the question of norm effects on MNCs within the VPs.

The case of BP and norm effects within the VPs – A lesson well learned

When the process of the VPs started in 2000, BP was already undergoing a fundamental identity change. Due to public pressure because of environmental issues, BP officially changed their name to Beyond Petroleum in June 2000 and withdrew from the Global Climate Coalition to join a progressive new group called Business Environmental Leadership Council (Brown, 2000). This new orientation also included changing the business logo into a sunflower documenting the claim to a policy which takes environmental issues seriously. BP themselves stated that a “new breed of energy company demanded a new breed of identity”10. However, besides changing name and image, BP does not have a long CSR history. The first “social report” (Avery, 2000, p. 35) was published in 1998. Still, the company has a clear and strict policy for human rights when compared to other extractive companies. Moreover, all CSR activities are externally monitored by Ernst & Young. The announcement of the VPs thus fell on fertile ground.

Within their business principles, BP emphasizes the significance of human rights and states that the “promotion and protection of all human rights” (BP, 2002, p. 12) is one of the main concerns for the company. Following this general statement, there are many explicit and strong references to the VPs. As “one of the founding members of the Voluntary Principles on Security and Human Rights”11 BP officially and proudly supports the principles and follows their guidelines. All activities within countries alleged of human rights violations are critically audited and eventually BP retreats from those countries (BP, 2002, p. 13). Furthermore, cooperation and transparency is further emphasized in the sustainability report 2004. In this report, the participation within the VPs is characterized as a process of learning for the company:

„There will be continued focus on transparency. And human rights will continue to be in the spotlight. Our challenge is to continue to apply what we have learned and to support the Voluntary Principles on Security and Human Rights, bringing stability and consensus to the security and policing of oil and gas developments.” (BP, 2005a, p. 2)

Thus, the first two norms of the VPs have become an integral part of the self-description of BP. This indicates that the norms of the initiative have constitutively influenced the identity of the company. However, BP does not only rhetorically repeat the norms but also acts according to those norms. An internally published Human Rights Guidance Note states that with “regards to security provision […] the Voluntary Principles on Security and Human Rights (the VPs) guides our behaviour” (BP, 2005b, p. 8). Through joint initiatives and integrated community based security programmes BP is “continuing to implement the Voluntary Principles on Security and Human Rights, working with both governments and security contractors to ensure compliance and understanding.” (BP, 2005a, p. 13). Within these “community forums” (BP, 2006, p. 29) BP and local NGOs together assess risks and

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discuss security issues. BP also helps to train state security forces and raises a general awareness to human rights issues by organizing human rights workshops. In Indonesia for example, this has led to close cooperation between BP and the Centre for Human Rights Studies at the Pusham Indonesian Islamic University (BP, 2006, p.29).

With regard to private security actors, the VPs and both UN standards have been included into all contracts. BP “has taken the unprecedented step of annexing the full text of the Voluntary Principles to its contract with Pertamina12, and has also developed a set of security guidelines for private security contractors based explicitly on them” (Freeman/Hernández Uriz, 2003, p. 249). At the same time, “whistle blower procedures” were established to record and report any allegations of human rights abuses:

„In keeping with our commitment to the Voluntary Principles on Security and Human Rights, we will record and report any allegations of human rights abuses in our area of operations. We will also conduct an internal investigation whenever there is credible evidence that our actions or omissions may have played a role in the alleged abuse.” (BP, 2005b, p. 16)

All in all, the concrete behaviour of BP is highly influenced and regulated by the VPs. With regard to the norms, BP acts appropriate and does not violate them. Thus, both identity and behaviour have been affected by the norms of the initiative. The constitutive and regulative effect of norms clearly mark a lesson well learned for the BP case. This impression is confirmed within the Amnesty International report on Nigeria. BP’s will to cooperate with local NGOs and their general behaviour in Nigeria is positively remarked (Amnesty International, 2005, p. 17). Thus for BP, the VPs did indeed succeeded in “managing risks and building trust” (Freeman/Hernández Uriz, 2003, p. 243) between BP and civil society.

The case of Chevron and norm effects within the VPs - a beginning liaison

For the Chevron Corporation, CSR appears to be a rather new phenomenon. There are no general business principles and the whole issue of corporate responsibility is not integrated into the company in systematic ways. The first regular Corporate Responsibility Report was only published in 2001. In general, the relationship between Chevron and CSR appears to be rather strategically and instrumental. The Chevron Way for example is defined as the “Vision to be the global energy company most admired for its people, partnership and performance” 13. Chevron explicitly leaves the ultimate responsibility for protecting human rights with governments. Yet the company believes that it self also has a role to play which “starts with adhering to the letter and spirit of the law and operating with the highest ethical standards” 14.

One of those human rights standards are the VPs, to which Chevron refers to as a “set of principles to guide companies in maintaining the safety and security of their operations within a framework that includes respect for human rights” 15. Chevron proudly emphasises that the company was one of the convening members and started to join the process from the very beginning. Within the Corporate Responsibility Report 2004, the VPs are framed as the “leading initiative” (Chevron Corporation, 2005, p. 26) within the field of human rights. Exchanging experiences and information through continuous dialogue with other MNCs, host governments and NGOs is important for Chevron. In spring 2006, Chevron published a new human rights statement, in which the VPs are defined as the “framework to guide our decision-making and constructive engagement on human rights issues” (Chevron Corporation, 2006a, p. 1). This whole document strongly resonates with the first norm of the VPs as

12 Pertamina is a local partner company, which cooperates with BP in Indonesia.
15 see link in the last footnote, visited on June, 25th 2007.
security issues are strongly linked to human rights issues. Transparency and local cooperation is also viewed as being necessary for good corporate performance in unstable regions. Thus positive references to the norms of the VPs become more common within the latest corporate statements compared to those published before 2004.

However, there appears to be a certain gap between rhetorical commitments and implementation. The first reference to concrete action is only made in the Corporate Responsibility Report 2004, when Chevron adopted a new guideline for cooperating with local security providers based on the VPs. However, the guideline appears to be rather vague compared to those found in the case of BP:

„In 2004, we adopted a new internal guideline that supports the Voluntary Principles. The guideline limits any support we provide host country security or law enforcement organizations to nonlethal defense and logistics.“ (Chevron Corporation 2005: 26)

In the Corporate Responsibility Report 2005, Chevron introduces “[p]ractical training [...] to enhance awareness of human rights and further explain our support for universal human rights and the Voluntary Principles on Security and Human Rights” (Chevron Corporation, 2006b, p. 18). Again, no further information about what kind of training is provided to how many people. In terms of cooperating with other actors, the company says that expectations about security issues are communicated with other actors such as the host government, other MNCs and security actors.

All in all, the concrete action of Chevron indicates that the VPs are starting to influence the company. Behaviour seems to be slowly adapting to the letter of the initiative. While Amnesty International praised BP for their cooperation, Chevron instead is criticized for only slowly adapting to the VPs. Chevron Nigeria for example is still working together with a private security company called Joint Task Force, which has a dubious human rights record. Moreover, training in human rights issues is not binding for the company’s security personal (Amnesty International, 2005, pp. 4-6). Despite this critique, the norms have begun to influence Chevron. Most norm references were only found within the period after 2004. Thus, the identity of Chevron became subject to change only within the last three years. Compared to BP, CSR was never such a big issue for Chevron. As this is slowly changing and Chevron slowly adapts its behaviour, one can still speak of a beginning liaison between the VPs and Chevron.

CONCLUSION

The aim of this paper was to use constructivist IR norm theory to explain CSR in a more satisfying way. While there are other approaches to explain why MNCs participate in CSR initiatives, they focus either too strongly on rationality or on normative issues and thus have their limits (Hiß, 2005, pp. 94-105). Both approaches do not conceptualize MNCs as social actors but rather defines their interests and identities as exogenously given. Rejecting rationalistic explanations, social constructivism focuses on processes, where interests and identities are exogenously constructed through social interaction. However, the theory does not say very much about business actors and rather limits itself to NGOs, civil society or other “good actors”. As MNCs and issues of CSR become more important for international politics the obvious reluctance to deal with them is striking and at the same time dangerous. As there are no ontological reasons not to include MNCs into constructivist research, the normative bias must be overcome and constructivist research extended to include business actors (Kollman, 2006, pp. 20-23).
Defining norms as intersubjective expectations about appropriate behaviour, as part of the social structure they constitute identity and behaviour of actors. The norms an actor accepts for himself define who he is. As norms constitute identity, the scope of action is also constituted according to the norm. Some forms of behaviour are ruled out as not being appropriate and actors do not consider those options seriously. Thus, norms define who we are and which action we choose. This, as a theoretical argument, is true for all actors no matter whether they are states, NGOs or private business actors.

The empirical findings from the two case studies on the Voluntary Principles on Security and Human Rights suggest that norms as ideational factors indeed influence MNCs in their identity and behaviour. Both case studies show that the identity and behaviour of BP and Chevron were affected because the companies accepted certain norms which defined appropriate behaviour. This norm effect was not only regulative. Instead, the VPs became a defining part of the corporate identity. Indeed, “collaborations seem to have shifted company and country culture regarding human rights and security issues, and participants are more accustomed to thinking about, talking about, and addressing these issues than ever before” (Information Working Group, 2006, p. 21). Thus, as identity and behaviour was constituted through norms, they became an ideational explanation for CSR.

However, both case studies differ in terms of the intensity of the norm effects. Within BP, where CSR was already an important issue, the VPs strongly influenced identity and behaviour and thus became a lesson well learned. In the Chevron case, there were also strong references to the norms of the initiative, but only within the last two years. At the same time implementation was not as far reaching as with BP. Thus the influence of norms on MNCs appears to be greater, if CSR is already introduced as an issue or if the company is in a state of identity reorientation. Both were true for BP but not for Chevron. Obviously, if new norms resonate well with older, their influence becomes greater. Price refers to this as the phenomenon of “grafting” (Price, 1998, pp. 627-631). However, to further proof this claim for business actors more research on different companies within different CSR initiatives needs to be done.

For future prospects and research on MNCs, there are two implications following from this paper. On is theoretical in nature while the other is relevant for the question of how to regulate MNCs in practical terms. Theoretically this paper shows, that constructivism has a lot to say about business actors. Conceptualizing MNCs as social actors overcomes naive notions about exogenous rationality of these actors. The identity and interests of MNCs are socially constructed. Indeed, “definitions of what it means to be a successful firm vary across region and time and are not predicated entirely on an ability to maximize profits” (Kollman, 2006, p. 7). This does not mean that MNCs are “do-gooders” who pursue the happiness of us all. Obviously, being a stake-holder enterprise implies certain responsibility and rational profit orientation. Yet all this is part of a socially constructed identity which is influenced by ideational factors such as norms. Thus, this paper argues for a comprehensive constructivism which deals with private business actors. As this paper only introduces a first step towards this, again, further constructivist research about identity and MNCs needs to be done.

The second implication of this paper is rather practical in nature. From the perspective of global governance, future problems can only be solved through multistakeholder cooperation between MNCs and the civil society. Yet both sides are wary to trust each other.

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16 Again, such norms as slavery or imperialism can be taken as an example. Both were appropriate behaviour but are now no longer accepted within international politics. One can argue that in the close future it is not very likely that any state would speak out for slavery or imperialistic politics.
Voluntary initiatives can be a first step to start with. The UN Global Compact for example has accepted the need to bring together different actors and strongly emphasizes interaction between them. Most of the last Leaders Summit in July 2007 was sitting together at tables and talking about experiences and best practises of CSR. Obviously, most problems we are facing today will not be solved by simply talking about them. However, when conceptualizing MNCs as social actors, there is theoretically good reason to hope that voluntary interaction might change identity and behavior of MNCs and lead to concrete rules and laws. This is what happened within the VPs. Starting out as a voluntary dialogue the VPs have by now become the “most concrete and specific standard developed thus far in any sector to address the roles and responsibilities of business in zones of conflict” (Freeman/Hernández Uriz, 2003, 243). This standard has – through the constitutive effect of norms – created awareness for human rights issues and sensitized the participating MNCs. In fact, some companies emphasized the need to further widen the VPs and make them an integral part of security policies:

“Many companies suggested that the Voluntary Principles must become an integral part of how the company manages its business - that is, the Principles must become a core part of its management process and must be regularly assessed to ensure compliance and continual improvement.” (IWG, 2006, p. 7)

It is fairly astonishing that MNCs and not NGOs criticize the “lack of clarity and vague language” (IWG, 2006, p. 5) within the VPs and ask for stricter regulations, independent verification and regular monitoring. Indeed, some companies already developed their own verification processes through close cooperation with human rights NGOs (IWG, 2006, p. 5). Without exaggeration one can say that within the VPs there is a high dynamic which is unusual for such an important field. This dynamic is partly explained by the constitutive influence of norms. For the question of whether strictly regulating MNCs or working together with them, this paper showed the potential benefits of voluntary cooperation. However, the effect of norms should not be stressed to far. In analogy to states, some norms never reach maturity and influence actors in decisive ways (Finnemore/Sikkink, 1998, pp. 894-909). As the director of the Business and Human Rights Programme of Human Rights Watch points out, the next years will be crucial “for voluntary initiatives on business and human rights” (Ganesan, 2006, p. 2). Especially the VPs are “going through a troubled transition as leaders try to adopt a more robust governance structure and develop reporting criteria to ensure minimum standards of implementation” (Ganesan, 2006, p. 2). As a starting point, voluntary initiatives can change both identity and behaviour of MNCs and thus create a more trustful atmosphere for further regulation. However, the question if this is enough to solve important problems such as questions of human rights can only be answered in the future.

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