CORPORATE RESPONSIBILITY GUARANTEED BY DIALOGUE?
Examining the relationship between
nongovernmental organizations and business

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I remember browsing through my parent's dissertations as a young girl, wondering why such a long list of names appeared at the beginning of the book. In later years, at the beginning of my doctoral studies, I had progressed to *knowing* why, but not *understanding* why: The names listed in the foreword are not just names you're supposed to mention. They are truly and sincerely the people who the foreword would not exist without. Once I truly understood this, and personally experienced it, I remained with gratitude beyond words. Thus, I realized that the lack of words is not due to lack of gratitude – quite the contrary. And I now find myself my list of names, to whom I am indebted for their support:

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ABSTRACT

The main objective of this doctoral dissertation is to examine the relationship between non-governmental organizations and business in the context of academic discourse, corporate responsibility discourse, and stakeholder dialogue. More specifically, motivated by the increasing emphasis on stakeholder dialogue as a tool for corporate responsibility and accountability, the aim is to critically assess the role of stakeholder dialogue as a self-regulatory mechanism, in particular from the perspective of foreign direct investments. The study comprises two parts; an introductory essay containing the research objectives, theoretical foundations and methodological choices, and four research articles that address one sub-objective: 1) to review the literature on NGO-business relations in business and society, management, and international business journals from 1998–2007; 2) to critically analyze the academic discourse on NGO-business relations; 3) to analyze the problematic aspects of sustainable foreign direct investments as a conceptual construct; and 4) to analyze the problematic aspects of stakeholder dialogue in connection with a foreign direct investment.

   The ontological and epistemological foundations of this dissertation build on the social constructionist view of reality. The dialogue in this study is viewed as a legitimacy bargaining process that is actively shaped by societal parties in discourse. Similarly, articulations of 'partnership' and 'adversarial' in NGO-business relations in academic business and society discourse are viewed as competing hegemonic interventions in the field. More specifically, the methods applied in the articles are literature review (Article 1), discourse theory (Article 2), conceptual analysis (Article 3), and case study with document analysis (Article 4).

   This dissertation has three main arguments and contributions. First, it is argued that the potential of stakeholder dialogue as a tool for corporate responsibility and accountability is inherently limited in both contexts. Second, the study shows the power implications of privileging partnership oriented NGO-business relations over adversarial ones, and of placing business at the centre of governance discourse. The third contribution is methodological: a new way to analyze academic discourse is presented by focusing on the problem setting of an article.

KEYWORDS: Non-governmental organization, NGO, stakeholder dialogue, foreign direct investment, discourse analysis, discourse theory, corporate responsibility, corporate social responsibility, sustainability

PART I: INTRODUCTORY ESSAY

1   INTRODUCTION

This chapter presents the motivation for this academic dissertation (chapter 1.1), followed by a description of the research purpose and objectives (chapter 1.2). In chapter 1.3, the thesis is positioned in relation to research on international business and corporate responsibility. Finally, in chapter 1.4, the structure of the thesis is outlined.

1.1   Motivation for the study

Today, it is difficult to find a company that does not refer to corporate social responsibility (CSR), corporate responsibility (CR), stakeholder engagement and dialogue, environmental policy, environmental responsibility, environmental management, corporate citizenship, sustainability, sustainable development or some kind of ethical code of conduct. Indeed, most large companies that operate on the international stage have the above-mentioned myriad of concepts, codes and reporting mechanisms in place (e.g. KPMG 2008). This was not the case, however, in the 1970s and 1980s, a time characterized by some of the most serious environmental disasters caused by corporations, such as Shell's operations in Nigeria since the 1970s and the explosion at the Union Carbide factory in Bhopal, India in 1984. Since the 1990s, there has been a dramatic shift in the environmental and social performance of business, at least as measured by the amount of CSR communication in company web pages, the associated sustainability reporting, and the environmental management systems in place. Similarly, academic research around the subject has increased dramatically (see de Bakker, Groenewegen & den Hond 2005; Kallio & Nordberg 2006; Lockett, Moon & Visser 2006; Egri & Ralston 2008; Kourula & Laasonen 2010).

The quantitative increase in the number of initiatives and volume of academic research would be expected to mirror increasing quality (cf. Siltaoja 2010). Unfortunately, the increase in the quantity of CR policies need not necessary correlate with quality, as the cases of Enron and WorldCom remind us. Nevertheless, significant progress has been made due to technological solutions that improve eco-efficiency at the turn of the 1980s to 1990s. The forestry sector, for instance, has dramatically cut its emissions during the last three decades. Thus the environmental initiatives have had an undeniably

positive impact on eco-efficiency, while social initiatives have brought the issues of corruption, child labor and cultural sustainability to the fore, at least at the level of awareness building. Corporate responsibility (CR), however, as an umbrella concept for all the above-mentioned concepts, is in itself a highly problematic notion. The biggest problem is that CR and its accompanying concepts and voluntary incentives are vague and heterogeneous concepts that allow for even inherently conflicting interpretations to coexist (e.g. Fougère & Solitander 2008). For example, the term sustainable development, coined in 1987 by the United Nations World Commission on Environment and Development, has been interpreted in very different ways, the most limited interpretation being little more than business as usual (e.g. Welford 1997; Davidson 2000; Banerjee 2003; Springett 2003; Kallio, Norberg & Ahonen 2007). Sustainable development is not the only concept that has suffered similar co-opting interpretations; environmental management has passed through similar phases (Welford 1997; Kallio & Nordberg 2006), along with CSR (Doane 2005; Palazzo & Richter 2005). In addition to the inherent limitations of these concepts, they are culturally and institutionally bound, changing according to time and place (e.g. Habisch, Jonker, Weger & Schmidpeter 2005; Maignan & Ralston 2002). Setting aside the definitional difficulty, evaluating the impacts is just as confrontational as defining them. The impact of globalization, for one, is a good example of this (see e.g. ICC 2004 vs. Stiglitz 2002).

What is most important though, and poses the greatest challenge in terms of global governance, is that the role of these voluntary CR mechanisms is increasingly a) gaining influence at the expense of legally binding regulation, b) being raised as a promising set of accountability mechanisms for business conduct (e.g. Gilbert & Rasche 2008), and c) as a form of accountability is being achieved by reference to *dialogue*. CR is therefore not only a voluntary strategic mechanism, but also political in nature (Kolk, van Tulder & Welters 1999; Bendell & Kearins 2005; Scherer & Palazzo 2007; Siltaoja 2010; Levy, Brown & de Jong 2010). The political dimension is an underlying factor for other concepts that also come under the CR umbrella, such as 'sustainability' (e.g. Levy 1997). Responsibility is thus not about environmental and social sustainability, but political sustainability (Bendell & Kearins 2005).

The key motivation for this study is twofold. The first lies in the above-mentioned c) that the notion of *dialogue* is increasingly being raised as a promising accountability mechanism of CR. Thus, the point of departure for this thesis is that CR should not only be examined from a strategic perspective but also above all critically from a global governance perspective. CR is seen as a political bargaining process over legitimacy, defined as "a generalized perception or assumption that the actions of an entity are desirable, proper, or

appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman 1995, 574). The first motivation thus lies in the way that this bargaining over legitimacy occurs, namely dialogue, which is defined here as covering all possible forms of discursive interaction in society. Thus, dialogue includes e.g. one-on-one conversation, policy dialogue, academic discourse, and media discourse. Dialogue can be consensus oriented or conflicting, it can be situated within the public or private domain. What is most interesting about dialogue, though, is the growth in academic research, consultants and private companies referring to dialogue as a key component of CR (see e.g. Owen, Swift & Hunt 2001; Dando & Swift 2003). For example, the pulp and paper industry company Stora Enso declared in 2005:

> *Stora Enso aims at superior performance and image in the area of sustainability. To succeed in this, we need to ensure that we build accountability into the way we actually work, thus creating long-term value on an economically, socially, and environmentally sustainable basis. We will do this by being transparent, and open to dialogue with our stakeholders.* Stora Enso (2005)

As the statement illustrates, dialogue is seen not only as something related to CR, but also as a key component of *accountability*. This raises the question of what kind of dialogue (see also Livesey & Kearins 2002). In lay terms, accountability refers to a mechanism through which an entity can be held accountable, as in the traditional legal definition of the word. Therefore, it is argued, considerable expectations are being placed on dialogue, and not only by companies. The United Nations Global Compact, for example, also builds on the same logic:

> *The Global Compact is not a regulatory instrument or code of conduct, but a value-based platform designed to promote institutional learning. It utilizes the power of transparency and dialogue to identify and disseminate good practices based on universal principles.*

The world's leading CR reporting framework, the Global Reporting Initiative, builds on dialogue as an assurance of good conduct, along with standardized ethics initiatives such as AA1000:

> *Such initiatives [standardized voluntary ethics codes] allow organizations to improve their understanding of demands placed upon them by constituencies, since they offer self-reflective and communicative procedures holding firms accountable for what they do.* (Belal 2002 in Gilbert & Rasche 2008, 756).

These quotations illustrate the increasing emphasis on stakeholder dialogue as a key component of corporate responsibility. It is precisely herein, in these

quotations, that the motivation for this study lies; companies quote sustaina-bility and/or environmental and social responsibility as an integral part of their operations. Moreover, they also quote stakeholder dialogue as a way to ensure or prove that their operations are in line with those principles. Therefore, what this implies, even explicitly, is that *dialogue is raised as a tool for accounta-bility*. This implication places significant expectations on the premises of dialogue. If dialogue is supposed to safeguard the transparency and legitimacy of business conduct, how can the credibility of the process be secured? As Grafé-Buckens and Hinton (1998) state: "The result of engaging stakeholders should be the incorporation of stakeholders' environmental concerns into current business practice and management and the redirection of corporate priorities and objectives." These are strong arguments that do indeed place considerable expectations on dialogue, and behind them lay the assumption that some basic preconditions exist. In sum, what we find is a situation where there is increasing disagreement over what corporate responsibility and sustainability should be, and furthermore, this vague and heterogeneous concept should be underpinned by some sort of dialogue.

The second motivation for this study lies in the answer to with whom this dialogue achieving accountability is supposed to be conducted. To fill the declining role of traditional national regulatory gap, non-governmental organi-zations (NGOs) have been proposed as powerful institutional actors that shape the legitimacy of business activities (e.g. Doh & Teegen 2002: 2003; Spar & La Mure 2003; Boli & Thomas 1997). NGO mobilization has even been referred to as civil regulation in the global economy (Bendell 2000). The motivation for this lies in several changes in the globally shifting roles of the global political landscape, also referred to as the idea of 'sectoral blurring' in which the roles of the public, private and third sectors are merging in an unprecedented way, and the potential of voluntary CR mechanisms to function as a supplement, or substitute, for traditional legislation. In other words, the focus of this study is on accountability mechanisms of voluntary CR, and the relationship between NGOs and business. Who has the authority to claim an argument legitimate, and on what grounds?

1.2   Research purpose and objectives

Defining CR is often characterized as a social bargaining process in which actors struggle for legitimacy (Suchman 1995; Levy 1997; Springett 2003; Joutsenvirta & Vaara 2009). In addition, and even further to this, dialogue is often designated as a forum for the where and how this societal bargaining occurs. However, the process of bargaining is often left without further

examination (exceptions, see Joutsenvirta & Vaara 2009; Siltaoja 2010). While the motivation for this study lies in the challenge of accountability of CR, and ultimately in the challenges of global governance, i.e. how the interplay between the private, public, and third sector is to be governed from the perspective of global societal benefit in an accountable manner, the focus of this study is on the *process* in which the responsibility, acceptability or legitimacy of business activities are shaped. This leads to investigating where, how, by whom, and with what consequences this process occurs. The dialogue setting of this thesis is presented in Figure 1.
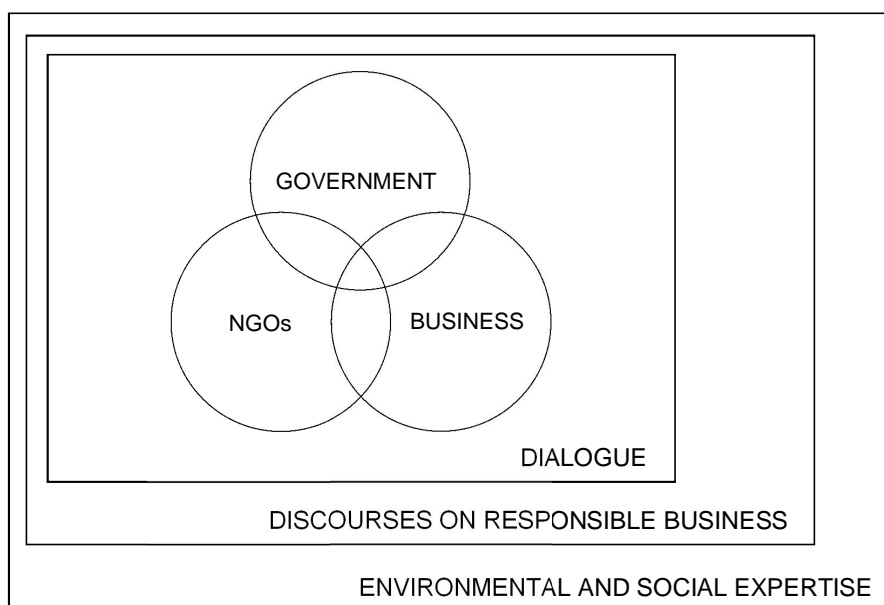
Figure 1   Constituents of the dialogue in the thesis

All actors within the business-government-society interface operate based on their own worldview background, tools, and goals. They also rely on environmental and social 'facts' that are employed in argumentation. 'Facts' is placed in quotation marks here due to scientific research often being used as a tool to justify arguments that serve particular interests and so may suppress arguments related to values and unquantifiable goods (Eden 1999). Scientific evidence is therefore seldom unambiguous. Global warming and the state of the environment can be taken as examples of this (see Lomborg 2001). Therefore, the ambiguity of the 'facts' can be grasped through the concept of discourse and dialogue. Discourse refers to ways in which language is produced, or how it constructs reality (Berger & Luckmann 1966; Alvesson & Kärreman 2000). Discourses contain certain presumptions, ideological backgrounds, and

power structures, and are constructed in academic research, corporate statements, and in the media (cf. Dryzek 1997; Joutsenvirta & Vaara 2009). For this reason, a social constructionist approach is essential in this study in order to grasp the different articulations within a field of discourse (see Article 2).

Dialogue between business and non-governmental organizations (NGOs) is a particular setting where conflicting interests are apparent. NGOs in this study refers to 'traditional' NGOs, or as Bendell (2000, 16) defines them: "*groups whose stated purpose is the promotion of environmental and/or social goals rather than the achievement or protection of economic power in the marketplace or political power through the electoral process*". From the business perspective, the significance of NGOs can be recognized mainly through reputation risk and threatened legitimacy (Suchman 1995; Doh & Teegen 2002; Martinez & Norman 2004). While on the one hand, the rise of NGOs is emphasized as a significant force for change (Bendell 2000; Doh & Teegen 2002; Doh 2003), on the other, NGOs are often dominated by other more economically powerful stakeholders (Ashman 2001; Eden 1999; Humphreys 2004; Unerman & Bennett 2004). Due to the increasing emphasis on sectoral blurring in academic debate, the challenges of global governance and the accountability of CR in the international business context, *the purpose of this thesis is to examine NGO-business relations in the context of academic discourse, corporate responsibility discourse, and stakeholder dialogue*. In order to complete this task, the main purpose is divided into four sub-objectives, which are answered in four articles respectively:

1. To review the literature on NGO-business relations in business and society, management, and international business journals from 1998-2007
2. To critically analyze the academic discourse on NGO-business relations
3. To analyze the problematic aspects of sustainable foreign direct investments
4. To analyze the problematic aspects of stakeholder dialogue in connection with a foreign direct investment

The first two sub-objectives are closely intertwined and achieved in articles 1 and 2 of this thesis. The motivation for Article 1 is that no timely review had been conducted on the rapidly growing body of NGO-business literature. Article 2 is inspired by and a 'critical' revision of Article 1. While a review provides a useful overview of a subject, the critical analysis of the academic discourse reflects on the power implications and exposes the dominant articulations in the field, aspects beyond the purview of a review article. The combination of Articles 1 and 2 provides a thorough and rich view of the role

of NGOs in contemporary business and society, management, and international business academic discourse.

The third sub-objective is achieved in Article 3. It responds to the motivation to examine the problematic nature of CR and sustainability as a construct. In order to contribute to the IB research field, the article is built around the foreign investment decision making environment. The third sub-objective thus relates to two separate aspects. The first to the concept of sustainability: the article inquires into the role of the problematic nature of CR and sustainability with regard to FDI. The second relates to the main motivation of this study, namely dialogue. Article 3 sheds light on the premises of dialogue by identifying the weaknesses in the premises, which lie in the CR discourse.

Finally, the fourth sub-objective is achieved in Article 4. In this thesis, the process described in Figure 1 is approached through examining the interplay between key actors (company, financiers, NGOs, and government actors) involved in an investment process. With this setting, the focus is on the problematic nature of stakeholder dialogue with regard to FDI. What possibilities exist for stakeholder dialogue to further the accountability ideals with regard to a foreign direct investment? Thus, instead of focusing on dialogue from the managerial perspective alone, the focus lies on the societal implications of dialogue. These questions are approached with the help of a case FDI: a pulp mill built between 2003–2007 in Uruguay. The case attracted widespread media attention during the escalation of conflict during 2006. The dialogue in connection with the case is an example of how and where the relevant societal actors involved meet. From the stakeholder perspective, and in terms of the legitimacy of foreign investments, the key actors engaging in dialogue are the investor company (Botnia), the governments of Finland, Uruguay, and Argentina, the financiers (International Finance Corporation IFC, the private banks Nordea and Caylon, and guarantors the Multilateral Investment Guarantee Agency MIGA, the Finnish Export Credit Agency ECA (Finnvera), and Finnfund), the NGOs (the social movement Citizen's Environmental Assembly of Gualeguaychú (CEAG), the Center for Human Rights and Environment (CEDHA), the World Rainforest Movement WRM), and many other actors. Apart from these key actors, the international media, consultants, suppliers, and regulatory bodies such as the International Court of Justice should also be noted as relevant players.

1.3 Positioning the study

1.3.1 International business

Mainstream International Business (IB) research has traditionally focused on international trade, the determinants of foreign direct investment, theory of the MNE, and the internationalization process (see e.g. Dunning 1993: 1998: 2001; Buckley 2002; Peng 2004). The accomplishments of the IB research field since the Second World War prompted Buckely (2002) to question whether IB is running out of steam. While IB research is not constrained to three areas alone, Buckley raises the question of whether IB is lacking, and in need of, a new 'big question' such as those mentioned above. One key underlying feature of all these approaches is that they are managerial and instrumental in nature; how to increase efficiency, competitiveness, and maximize growth in profitability. And as a logical follow-up, how to mitigate disruptions and threats to these ends. This is in line with the early interests of Hymer (1976) in explaining the value-adding activities of firms, and more recently Peng's (2004) suggestion of the key 'big question' for IB: "what determines the international success and failure of firms?"

IB has traditionally not taken great interest in the societal and political dimensions of international business, nor the implications to society, let alone critical examinations of the role of international business in this equation (for recent exceptions see van Tulder & Kolk 2001; Doh & Teegen 2002; Vaara & Tienari 2004; Teegen, Doh & Vachani 2004; van Tulder with van der Zwart 2006; Egri & Ralston 2008; Kourula 2009; Wijen & van Tulder 2011). Instead, the focus has been on how the international regulatory environment sets limits to global business. Quite paradoxically, the core research interests of international business have mainly dealt with issues that are precisely those with the most significant environmental, cultural and soci(et)al consequences. Despite this, socio-political approaches, let alone critical ones, have remained marginal. As Doh, Husted, Matten and Santoro (2010) illustratively conclude on the relationship between IB and ethics research, international business and ethics rarely speak to each other, and even if they do, they speak a different language.

Nevertheless, research on both the societal and critical perspectives is slowly and steadily increasing. For instance, since 2005, the *Journal of Critical Perspectives in International Business* has focused on "critically reflexive discussion of the nature and impact of international business activity from trans- and multi-disciplinary perspectives, rather than within specific fields. The journal encourages readers to engage with, and build upon, writings and activities from the broader societal context that challenge the

hegemony of global and transnational corporations, of managerial orthodoxy and of dominant academic discourse." (Journal homepage).

In addition to adopting a critical perspective on international business phenomena, the scope and aim of this study contributes to IB research especially by adding to the knowledge on the role of NGOs as relevant actors in the business-government-society interface, as informal institutions in the international business agenda (cf. Doh & Teegen 2002; Spar & La Mure 2003; Bendell 2000; van Tulder with van der Zwart 2006). The study also contributes to knowledge on the impact of social movements on political risk analysis in connection with FDI (Doh & Ramamurti 2003). The reason for focusing on FDI in this study is its notable influence on the global economy and role as a driver of globalization. The overall development of FDI has grown throughout the last decades, despite temporary declines such as the financial crisis of 2008 (UNCTAD 2006; 2009; FAO 2011). However, what makes FDI an important target for investigation is that the investing company seeks long-term decision making power in the existing or established company (Aharoni 1966). FDI thus differs from indirect investment where commitment can be very short term. Thus an investment decision involves a longer time frame, right from the decision making phase.

1.3.2 Corporate responsibility research

The environmental and social impact of business has been debated intensely for decades (see Pezzoli 1997; Carroll 1999; Kallio 2004; de Bakker, et al. 2005, Lockett et al. 2006; Egri & Ralston 2008). During that time, these impacts have been addressed at least within the discourse on environmental management, environmental sociology, sustainable development, corporate governance, corporate citizenship, global governance, globalization, corporate political activity, corporate social performance vs. corporate financial performance, corporate social responsibility, corporate responsibility, business ethics, philanthropy, and stakeholder management. As this exhaustive list proves, the debate is highly heterogenic in nature.

While the discourse on societal responsibilities of business has varied in context and emphasis over time, the first discussions on contemporary CR date back to the 1950s and the works of Bowen (1953) and Levitt (1958). In his seminal article "The Dangers of Social Responsibility", Levitt criticizes the notion of social responsibility being something destructive to both business and society. A decade later, Friedman (1963; 1970) added to the debate with his classic views on the "fundamentally subversive" social responsibilities of business. He argued that "Few trends could so thoroughly undermine the very

foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible." (1963, 133). While Friedman's amoral views on the nature of business have remained very much alive in the CR discourse (cf. Crane 2000; Kallio 2007), the current mainstream, or hegemonic, CR discourse builds on a win-win ideal of business and society (e.g. Fougère & Solitander 2009). In Bowen's (1953, 270) words, social responsibility "refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of society".

Carroll's (1979) three-dimensional model of corporate social performance comprises economic responsibilities, legal responsibilities, and discretionary responsibilities. The latter refers to philanthropic activities. In general, the common denominator in the early discussions on CR is the emphasis on the individual (manager) and a focus on philanthropy, meaning the return of a share of profits to society. In other words, the emphasis is more on what you do with your profits than how you make them (however "within the rules of the game"). Apart from the social responsibility discussion within the business and management context, the awakening to the ecological dimension developed elsewhere. Rachel Carson's (1962) *Silent Spring*, Paul Erlich's (1968) modeling of global environmental impact attracted widespread attention in the United States, along with the Club of Rome's *Limits to Growth* (Meadows, Meadows, Randers & Behrens 1972) and the United Nations Conference on Environment and Development in the same year which further paved the way for global environmental awareness.

The 1980s witnessed the rise of two influential research areas related to both the environmental and social dimension of CR. The first is the introduction of a stakeholder as a key actor influencing business decisions. Although the stakeholder concept had been introduced earlier, Freeman's (1984) definition of a stakeholder is commonly referred to as the seminal work for current stakeholder management. Simultaneously, one of the most influential yet controversial and disputed concepts, sustainable development, was introduced with the United Nations World Commission on Environment and Development in 1987 in the book *Our Common Future*: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (World Commission on Environment and Development 1987, 43) At that time, businesses also awoke to the need to respond to the legitimacy deficit caused by environmental catastrophes such as the explosion in Bhopal, India and the Exxon Valdez oil spill. Those disasters lead to the world's first industry wide environmental coalitions that were set up to take better into account the

negative environmental impact of business operations. Among the first were the Responsible Care program for the chemical industry launched in 1985, and the Coalition for Environmentally Responsible Economies (CERES) launched in 1989. The late 1980s witnessed a dramatic shift in business orientation towards environmental issues. It shifted from a single-handed resource exploitation orientation towards a 'one-and-a-half way' relationship (Kallio 2004): The environment remains a resource but the negative impacts are to be minimized. In other words, the impact minimizing relationship is about eco-efficiency; how to reduce the environmental impact of given activities.

After both the environmental and social awakening of first society and then business, the 1990s witnessed a boom in CR research. Environmental management (Welford & Gouldson 1993; Fischer & Schot 1993; Hart 1995, Halme 1997), stakeholder management (Savage, Nix, Whitehead & Blair 1991; Donaldson & Preston 1995; Mitchell, Agle & Wood 1997), social and ethical accounting, auditing and reporting (SEAAR) (Gray, Bebbington & Walters 1993) continued to attract increasing academic and practitioner attention. In addition, the practice of stakeholder dialogue began to make its way into private sector decision making as an integral part of CR (see chapter 2).

What is most noteworthy, though, is the increasing amount of critical perspective on CR (e.g. in Finland Siltaoja 2010; Kallio 2004). Despite the grand declarations of the UN Summits in 1972 and 1992, and the promising openings of practitioners (e.g. Schmidheiny 1992 and the World Business Council for Sustainable Development) and academics (e.g. Porter & van der Linde 1995), sustainable development and environmental management proved to be internally weak and flawed concepts in numerous respects. The underlying criticism of all concepts within the CR discourse relate to the 'weak' interpretations of the concepts, and their subordination of instrumental, profit maximizing, capitalist and Western thought (Levy 1997; Davidson 2000; Springett 2003; Doane 2005; Banerjee 2003, 2007, 2008). Thus, at the turn of the millennium, the previous emphasis on single-handed philanthropy and the eco-efficiency perspective of CR took on entirely new dimensions. In addition to the increasing amount of critical attention paid to CR (Prasad & Mills 2011), sectoral blurring (Selsky & Parker 2005, 2010; van Tulder & van der Zwart 2006; Porter & Kramer 2006, 2010; Seitanidi & Lindgreen 2010; Crane 2010) and the political nature of CR (Crane, Matten & Moon 2004; Matten & Crane 2005; Scherer & Palazzo 2007; Siltaoja 2010) have occupied the recent CR research debate to an increasing extent. The changing roles of business, governments and civil society *vis à vis* the traditional role of government as a regulatory body, is increasingly being replaced by voluntary codes of conduct, guidelines, standards, and certification in support of CR initiatives (see e.g. Christmann & Taylor 2002). While sectoral blurring and voluntary efforts on

the part of business can spur unprecedented innovation (Porter & Kramer 2011), concerns have been raised about the increasing emphasis on voluntary stakeholder approaches and the resulting loss of democratic decision making (Kolk, van Tulder & Welters 1999; Buchholz & Rosenthal 2004). Concerns that originate from the accounting perspective are particularly noteworthy. As Owen, Swift and Hunt (2001, 277) argue, "without legislative support, stakeholder dialogue and engagement processes, however well meaning and rigorously conducted, are likely to pose little threat to the economic imperatives of globalization".

Therefore, at the other end of the spectrum lie promising and innovative solutions for the role of business (for the benefit of society), but critical analyses of the power of these promises raise the question of whether these innovations can hold water. In sum, this study is positioned within three main research areas: 1) business & society research (understood as encompassing corporate responsibility research), 2) international business research, and 3) critical studies. More specifically, this thesis provides in depth and critical insight into the role of NGOs and the role of stakeholder dialogue as a key component of CR in the international business context.

1.4   Structure of the thesis

This thesis is divided into two sections comprising an introductory part and four research articles. The introduction presents the theoretical and conceptual foundations of the study (chapters 2 and 3). Second, the methodological foundations of the study and the research articles are presented in chapter 4. Chapter 5 places the case dialogue on FDI in a wider context by a) reflecting on numerous academic studies conducted on the case in recent years, and b) reflecting on the dialogue dimension of the case from the business and finance perspective (counterbalancing the NGO perspective examined in Article 4). Thus, chapter 5 contains a synthesis of the case and presents also new empirical insight for Article 4. But first, the next two chapters present the key objects of this study: stakeholder dialogue and NGOs. Chapter 6 provides a summary of the conclusions of the research articles, and chapter 7 presents the conclusions of the thesis.

2   THE PROMISE OF STAKEHOLDER DIALOGUE

Consultation is a two-way process of dialogue between the project company and its stakeholders. Stakeholder consultation is really about initiating and sustaining constructive external relationships over time. Companies that start the process early and take a long-term, strategic view are, in essence, developing their local "social license to operate." (IFC, 2007)

The above quotation from the IFC stakeholder engagement handbook illustrates the key concerns of stakeholder dialogue: It is a two-way process of dialogic interaction that aims to legitimize business operations over time. The following section examines the premises of stakeholder dialogue in detail. First, the background to stakeholder dialogue is examined in different contexts i.e. the public sector and private sector (chapter 2.1), and second, dialogue is divided into different functions (chapter 2.2).

2.1   Different contexts for dialogue

This section is divided into two parts. The first focuses on the background to dialogue which has its origins in public policy participative planning (chapter 2.1.1). In the second section, the focus is on how this dialogue has been transferred into stakeholder dialogue in the private sector (chapter 2.1.2).

2.1.1   *Participative planning as the foundations of dialogue*

The origins of stakeholder dialogue, as framed within the business and corporate responsibility discourse, lie in public policy participative planning. Thus, the idea of stakeholder dialogue as a component of CR is based on the idea of deliberation and the ability of citizens to have a say in the decisions that impact them. As the often cited classic article from Sherry Arnstein (1969) formulates, citizen participation is ultimately about shifting power from the decision makers to the citizens. The main objective of participation is to gain legitimacy for policy decisions and thus minimize non-compliance, and

also simply to increase the benefits of a policy for the people who will be using the services and live in the urban areas that are the object of planning.

Participative policy making and interpretative policy analysis has its roots in 1960s and 1970s planning and the dissatisfaction with modern rational-instrumental goal setting and the limited nature of cost-benefit analyses (Yanow 2000; McGuirk 2001; Reed 2008). Influential works include Lipskey's (1980) street level bureaucracy, a reply from a new kind of policy maker to policy makers that lean on technological expertise, where the implementers of a policy should be those designing it, not the policy makers themselves. Thus the pyramid is turned from top-down to bottom-up. In many respects, the 'linguistic turn' (Berger & Luckmann 1966) and a critical perspective is the underlying driver behind participative planning as well, or as Dryzek (2000) phrases it, "the deliberative turn in democratic theory". Beierle and Cayford (2002, 1) name the numerous variety of approaches to public participation "the participatory mix", which includes face-to-face deliberation, problem solving, consensus building, policy dialogues, stakeholder advisory committees, citizen juries. Also environmental mediation (Amy 1987; Hajer 1995) and participatory planning (Forester 1999) have made their way into democracy theory. One guiding line for all these participative approaches is that they focus on social interaction, the delegation of decision-making power, empowerment of citizens and interpretive nature of policy making. This means, among other ideas, rejecting the belief that a policy could be poured down on the 'policy targets' who then happily accept and adopt.

Today, participative procedures have been adopted into national legislation, for instance in connection with environmental impact analysis (EIA) legislation, urban planning and land use, sustainable use of resources, and forest planning (for Finland see Land Use Planning Act 1999; Finnish Ministry of Environment 2009; Primmer & Kyllönen 2006). The principles of engagement and participation have also been adopted in international organizations (e.g. World Bank 2005; OECD 2009; IFC 2007: 2009), and as will be shown later (in chapter 2.1.2), participative methods have become increasingly popular in the private sector, too. The following reviews the work of Sherry Arnstein and Jürgen Habermas as one of the most relevant and also most recently applied theories behind stakeholder dialogue in the private sector (Bendell 2003; Oxley-Green & Hunton-Clarke 2003; Palazzo & Scherer 2006; Scherer & Palazzo 2007; Gilbert & Rasche 2007; Rasche & Esser 2006).

Sherry Arnstein's (1969) article on citizen participation portrays a ladder with eight rungs. The article begins by pointing out that "participation without redistribution of power is an empty and frustrating process for the powerless" (p. 216). In fact, the two lowest rungs of the ladder are classified as non-participation, being either manipulation or therapy. The objective of these

rungs is whether to 'cure' the citizens of misinformation or plainly to 'educate' by feeding them the 'correct' information. The next three rungs are built on tokenism. Citizens, or "have-nots" as Arnstein calls them, have the opportunity to hear (informing) and be heard (consultation). However, hearing does not necessarily lead to any action on the part of the power holders, and tokenism is a way to maintain the status quo: we engage in dialogue but nothing really happens. In order to illustrate the frustration caused by powerless participation, Arnstein quotes a French student's insightful comic drawing which states: "I participate, you participate, he participates, we participate, you participate, they profit." The third form of tokenism is placation, which can be seen as close to manipulation, and is a form of partici-pation whereby a citizen is granted participation in a committee, for instance, but the committee is structured in such a way that the have-nots remain without any actual decision making power.

It is only the top three rungs that actually delegate decision making power to citizens, in increasing order. These rungs are termed citizen power: partner-ship, delegated power, and citizen control. Although the examples from US 1960s public policy seem outdated, all the rungs can still be applied and found in current participative planning, both in the public and private sector, despite the fact that as might be expected empirical examples of the higher rungs are scarce (e.g. Primmer & Kyllönen 2006; Bendell 2003).

The work of Jürgen Habermas (1984: 1990: 1991) on communicative action, the ideal speech act (and how it differs from strategic action), and discourse ethics, can be considered one of the founding works on participa-tion. From the dialogue perspective, his principles of discourse ethics suggest that "only those norms can claim validity that could meet with the acceptance of all concerned in practical discourse" (Habermas, 1999: 41). Thereby Habermas relies on his principles, which admittedly build on ideals not directly meant to be transferred to practice, that the human mind is capable of rational elaboration based on facts. He also builds his principles on consensus of participants, in his principle of universality: "A norm is valid when the foreseeable consequences and side-effects of its general observance for the interests and value-orientations of *each individual could be jointly accepted by all concerned without coercion*" (Habermas, 1999: 42, own italics). The principles of discourse ethics are, it should be emphasized, ideals, and their practical applicability is challenging. However, the principle of rational argumentation is one of the key underlying features of Habermas' work.

Despite the increasing adoption of the noble objectives of participatory planning and decision making, numerous challenges have been identified in relation to the premises of dialogue, and the unequal power relations in participative decision making. Peterson and Franks (2006) argue that despite

having the lowest outcome acceptance and process satisfaction ratings of any regularly used public participation method, public hearings remain the most frequently employed approach to public involvement in environmental policy formation. The premises of dialogue in the public sector are also by no means free from distortions. Ventriss and Kuentzel (2006), for example, take up the challenges of the administrative and instrumental approach to environmental decision making, and conclude that the scope of dialogue is ultimately limited.

2.1.2 *Stakeholder dialogue as a key component of corporate responsibility*

The literature on how stakeholder relations *should* be managed is extensive, where highly specific advice is given on various do's and don'ts concerning stakeholder relationship management (see e.g. Grafé-Buckens & Hinton 1998; Oxley Green & Hunton-Clarke 2003; Kaptein & van Tulder 2003; Crane & Livesey 2003; Foster & Jonker 2005; van Tulder 2011). As mentioned, stakeholder dialogue is increasingly being taken up by private actors as a component of stakeholder management and CR strategy (e.g. van Huijstee & Glasbergen 2008). The definitions of stakeholder dialogue vary from lay conceptions of being "ultimately about exchanging opinions, about influencing each other into a certain direction, about informing each other, in other words: about dialogue" (Jonker & Nijhof 2006, 458). Dialogue can also be classified as a "discussion intended to produce an outcome" (AccountAbility 2011, 45). Bendell (2003, 54) notes that "Dialogue is understood to be a flow of information between two or more entities be they groups or individuals. Stakeholder dialogue occurs all the time, as managers communicate with staff, suppliers and consumers during the normal course of business. Dialogue continues in an organic fashion after-hours in the communities, clubs and families of company managers."

Dialogue can therefore be highly casual, abstract, or a structured process with a strategic orientation. However, the premises for dialogue differ considerably compared with dialogue in the public sector (Table 1). The challenges in participatory decision making in the public sector are significant, despite the fact that the grounds for decision making build on a democratic system, or at least an ideal of democracy. Second, the ultimate objective is to increase the well being of citizens, once again, at least at the level of an ideal. Even so, uneven power relations find a way to distort the noble goal of democracy. This raises the question of how these challenges can be any less significant in the private sector, where decision making is *not* built on democratic ideals (but on stakeholder management), and where the goal is *not* to maximize the well-being of citizens (but primarily of shareholders). At the outset, stakeholder

dialogue is built on unequal power relations, where the company, or in other words its shareholders, exercise most decision making power.

Table 1   Differences between dialogue in public vs. private sector

Public	*Private*
Future relatively undetermined (e.g. participative community planning)	Future determined (e.g. predetermined investment project)
Long-term scenario	Short-term scenario
Timing of dialogue not constrained by private interest	Timing of dialogue constrained by stock market regulation
Scenarios and planning → equal participants, citizens (at least in theory)	Stakeholder management → lead from company perspective

Therefore, one of the most relevant questions concerning dialogue addresses the terms according to which it is conducted, and whether the process is credible. These concerns have been raised on numerous occasions (Owen et al., 2001: 2008; Ventriss & Kuentzel 2004). Unerman and Bennett (2004, 20) conclude from their case study on stakeholder dialogue that the stakeholders with economic power, i.e. shareholders, suppliers and customers, are dominant:

> *If future empirical research in this area demonstrates that managers fail to systematically enact the standards of behavior resulting from more democratic stakeholder dialogue, it would then be necessary to develop enforcement mechanisms to ensure companies meet the moral responsibilities a wide range of their stakeholders (rather than just those with the greatest economic power) have, on balance, accepted that the company should fulfill. In the meantime, corporate claims both to have identified their social, environmental, economic and ethical responsibilities through democratic stakeholder dialogue, and to have met these responsibilities, should be treated with some skepticism.*

In sum, dialogue has many different meanings in context. It varies from simplistic one-to-one dialogue in a closed boardroom to the idea of discursive democracy in society. It has different purposes ranging from urban planning to multi-stakeholder forums on specific issues (e.g. Burhcell & Cook 2006a: 2006b; Calton & Payne 2003: 2004). The nature of dialogue can be consensus or conflict, and dialogue both in the public and private sectors has its pitfalls and challenges.

2.2 Different functions of dialogue

This section examines how the prerequisites of dialogue play out in the light of different functions of dialogue. The different functions outlined here for the purpose of this thesis are: consensus building (chapter 2.2.1), risk management (chapter 2.2.1) and accountability (chapter 2.2.3).

2.2.1 Dialogue for consensus building

The notion of environmental conflict is not new, particularly in environmental disputes (e.g. Peuhkuri 2002; Hiedanpää 2005; Hellström 2001; Calvano 2008). In many cases, consensus building, which is very close to the concept of stakeholder dialogue, can help in relieving conflict (e.g. Hellström 2001; for more on consensus building in connection with the case examined in this thesis, see Article 4 and Chapter 5). The Consensus Building Institute (CBI), an NGO specializing in conflict and dispute resolution, has long expertise in building consensus on conflicting issues (Süsskind, McKearnan & Thomas-Larmer 1999). Consensus building efforts were also employed in connection with the case examined in this thesis, namely a pulp mill in Uruguay. The most relevant aspects of consensus building as outlined by Süsskind et al. (1999) are that the process is designed and convened by a third party. Also, consensus building is aimed at processes which involve conflict, or a conflict that needs to be overcome by consensus. The process involves four stages: assessing the situation, identifying and engaging the participants, locating necessary resources, and planning and organizing the process. In practice, feedback and assessment is also an integral part of the process.

2.2.2 Dialogue for risk management

Shell's conflict with Greenpeace in the late 1990s continues to be an often cited hallmark case for the rise of NGOs as powerful stakeholders. As Grolin's concluding comment (1998, 213) illustrates:

> *[…] the Brent Spar conflict reflects a new balance between business, government and civil society as well as a radicalization of the requirements for corporate legitimacy. As a part of these new and more demanding requirements, corporations will need to address a much broader scope of responsibilities and a wider circle of stakeholders than suggested so far by theories of stakeholder*

management. In addition, corporations will need to develop new and trustworthy forms of dialogue with the public.

From the FDI perspective, corporate responsibility is linked to *political risk*. While the term can be defined in many ways, a general definition involves evaluating how social and political factors affect the profitability of the investment (Jensen 2006, 46). Political risk is according to Aharoni (1966) the first definition of risk in this context, and in relation to uncertainty was given by Frank H. Knight in 1921, who suggested that risk refers to a situation in which the probability of an event is known. Uncertainty, on the other hand, is characterized by immeasurability. Therefore, what can be insured is classified as risk because the probability of an event can be estimated.

Kobrin (1979) argues that although political risk is often referred to in international business research, its meaning is highly heterogeneous. Kobrin's review of political risk has mainly to do with the actions of the host government, or other political incidents that are difficult to anticipate. Today, the Finnish ECA Finnvera defines political risk very broadly as follows: "The term political risk refers to all factors or events which influence the country's economy, internal stability and international relations." (Finnvera 2011). MIGA political risk coverage includes currency inconvertibility and transfer restriction, expropriation, war, terrorism, and civil disturbance, breach of contract, and non-honoring of sovereign financial obligations.

However, these definitions regard risk as something existing in the environment, waiting to impact the investing MNE. Interestingly, Aharoni's definition from 1966 touches upon the role of MNEs creating political risks in host locations due to cultural differences: "Risk is not described in terms of the impact on a specific investment. It is, rather, described in general terms and stems from ignorance, generalizations, projection of U.S. culture and standards to other countries and on unqualified deduction from some general indicator to a specific investment." (p. 94) Thus, political risk should also be viewed as something that the investing company creates by entering the foreign market.

In the case of Botnia (for more see Article 4 in this thesis), the conflict that escalated in 2006 led the Finnish ECA to state that the political risk attached to the project had grown to the extent that it impacted political risk assessment in the project (Financing of Metsä-Botnia… 2006). Thus, as the quote on Brent Spar and the definitions of political risk illustrate, effective stakeholder dialogue can be directly linked with reducing political risk. Stakeholder dialogue has much to do with risk management (see also Environmental Council 1999; IFC 2007).

Stakeholder dialogue has also been referred to as a concept that has rewritten the rules of public relations (Grunig & Hunt 1984; Clark 2000;

Grunig 2001; Bendell 2003). As Solomon (2007) states, a well managed company will most likely have environmental management systems in place and a high level of stakeholder dialogue and engagement. Van Huijstee and Glasbergen's (2008) empirical study indicates that stakeholder dialogue has high instrumental value for companies. Stakeholder dialogue is thus an effective tool for companies to identify trends and future issues, to gain insight into stakeholders' views on the organization, for mutual learning, relationship building, increasing trust and, ultimately, to create the basis for further partnership with stakeholders (Kaptein & van Tulder 2003). Therefore, issue specific dialogue, such as in connection with FDI, has several differing features from non-issue specific dialogue.

2.2.3   Dialogue for accountability

In the above sections, dialogue is positioned in public sector participative decision making, and stakeholder dialogue in the corporate responsibility context, and examined through the functions of consensus building and risk management, The third and most significant function of dialogue is 'dialogue for accountability'. As the wording implies, this function of dialogue is concerned with the notion that dialogue can actually act as a guarantee of something, or as Crane and Matten (2004, 55) define it: "[...] the readiness or preparedness of an organization to give an explanation and a justification to relevant stakeholders for its judgments, intentions, acts, and omissions when appropriately called upon to do so." In the tradition of social and ethical accounting, auditing and reporting (SEAAR) terms, accountability comprises accounting, auditing and reporting (Rasche & Esser 2006). Accountability therefore has several meanings, ranging from the duty to keep an account and report on activities, to a lay or legal that failing to act according to norms and regulations entails material sanctions.

Dialogue for accountability can be located in corporate statements, as the Stora Enso (2005) statement declares: "We will do this [build accountability] by being transparent, and open to dialogue with our stakeholders." Accountability is also the bedrock of standardized voluntary ethics standards, such as AA1000 and SA8000, and reporting frameworks, such as the Global Reporting Initiative (GRI).

As the GRI (2002, 9) G2 principles declares: a primary goal of reporting is to contribute to an ongoing stakeholder dialogue. However, the AA1000 stakeholder engagement standard, issued by AccountAbility since 1999, is one of the most prominent standards which offers concrete guidelines for stakeholder engagement and attempts to make dialogue a process that can be

assured by an independent third party as a component of accountability (for an extensive review on SA8000, see Gilbert & Rasche 2007). SA8000, on the other hand, does not provide clear guidelines for how to engage with stakeholders. The guidelines state only that "the company shall establish and maintain procedures to communicate regularly to all interested parties… The company shall demonstrate its willingness to participate in dialogues with all interested stakeholders…" (p. 10). These instructions are fairly broad and leave room for significant interpretation.

The AA1000SES principles are far more detailed, including that an organization shall integrate stakeholder engagement into governance and relevant decision making processes (p. 14). Therefore, at the outset, stakeholder engagement should also reflect on actual consequences. In addition, it is crucial to designate why, with whom, and on what to engage (p. 16). In AA1000SES (AccountAbility 2011, 44-45), accountability is defined as:

> *"Acknowledging, assuming responsibility for and being transparent about the impacts of your policies, decisions, actions, products and associated performance. It obliges an organisation to involve stakeholders in identifying, understanding and responding to sustainability issues and concerns, and to report, explain and be answerable to stakeholders for decisions, actions and performance. It includes the way in which an organisation governs, sets strategy and manages performance"*

Thus, congruent with the Stora Enso statement, accountability is about transparency and dialogue. AA1000SES also introduced three other concepts: inclusivity, the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability, and materiality; determining the relevance and significance of an issue to an organisation and its stakeholders, and responsiveness; an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions and performance, as well as communication with stakeholders. Meaningful stakeholder engagement should also be clearly defined in scope, have an agreed decision making process, focus on issues material to the organisation and/or its stakeholders, be integral to organizational governance, be transparent, have a process appropriate to the stakeholders engaged, be timely, and be flexible and responsive. The four step stakeholder engagement process is divided into four phases: planning, preparation, implementation of the engagement plan, and review and improvement.

This comprehensive set of rules follows in many respects the characteristics of meaningful participation described by Arnstein (1969). The standard also states that: The owners of the engagement should be aware that stakeholders are a valuable resource they should not take advantage of (p. 35). Safeguard

measures for capacity building and eliminating non-participation are also provided. It should be noted, however, that the company and/or facilitator decides who has the right to participate, how and to what extent the problem of non-participation should be dealt with, and how the legitimacy of various arguments should be evaluated (for an example of such attempts, see Gilbert & Rasche 2007; for a discussion on various selective filters, see Pedersen 2006). The problem of non-participation is also taken as given, an inevitable fact (which it to a certain degree may indeed be), but the amount, degree and circumstances of non-participation need not reflect the quality of the process. Therefore, while the standard offers plausible guidelines for engagement, several questions remain open as to whether such a process can guarantee accountability and, more importantly, whether the quality of such a process can be credibly assured by a third party assurance provider in retrospect. In addition, in terms of the ideals of Habermas' discourse ethics, most of the action in stakeholder dialogue is strategic in nature.

As illustrated in the above, dialogue has three entirely different functions, with entirely different mandates. First, dialogue is a communication channel between the company and its external environment. This relates to dialogue as a source for organizational learning. Second, companies engage in dialogue in order to insure against future risks. This part of dialogue has relatively low power implications for global governance, whereas the third function of dialogue has an entirely different mandate and, as I will argue, tremendous power implications for global governance. This dimension of dialogue relates to dialogue being a *guarantee or assurance of accountability*.

3 THE ROLE OF NON-GOVERNMENTAL ORGANIZATIONS IN INTERNATIONAL BUSINESS

3.1 Defining non-governmental organizations

The concept non-governmental organization (NGO) dates back to the post World War II era and the adoption of the United Nations (UN) Charter in 1945. The historical background to NGO activity can be examined by going four decades back in time. Several publications, already mentioned here, may be regarded as bookmarks for the emergence of environmental concern. *Silent Spring* by Rachel Carson in 1962 and the Club of Rome's *Limits to Growth* in 1972 (Meadows, Meadows, Randers & Behrens 1972) are commonly cited works that have had a significant impact on individuals and how they perceive the environment. This impact may also be referred to as the "environmental awakening" after which in the 1960s the environment has not only been referred to as the surrounding elements of a distinct location, but also as the natural and material basis for all human existence, which was now threatened by its own actions. Since the awakening, the environment and its capability to provide humanity with the potentials for growth have no longer been taken for granted. Limits of Growth states that even if the world were to grind to an all pervasive standstill (the concept of "zero growth"), its carrying capacity would be exceeded (Meadows et al. 1972).

 The environmental awakening sparked the NGOs into action to address their concerns. The rise of the NGOs then dates to the beginning of the 1980s (Durbin &Welch 2002; Eder 1996). For example, organizations such as Greenpeace have their roots in the 1980s. The status of NGOs as relevant actors in the global economy is rapidly attracting greater academic interest, not only in business studies, but also broadly speaking in social sciences. NGOs have traditionally been seen to play the role of gadflies disrupting business activities with world embracing demands (Yaziji 2004). The rise of NGOs in the international business arena has even been labeled a more powerful force influencing domestic policy than GATT and the WTO (Spar & La Mure 2003). NGOs have developed from grassroots activists into unprecedented networks of expert organizations whose reach spans in an instant from local to global. NGOs have thus become legitimate stakeholders in environmental debates, whether at the global, international or local level, in the realm of the

public or private sector. In their advocacy activities, NGOs pose a legitimacy and reputation threat. However, more recently they have become more collaborative actors at the business-government-society interface. One example is the recent influential article by Porter and Kramer (2011), who call for the creation of shared value in innovative ways between the public, private and third sectors (see also Selsky & Parker 2005; Seitanidi & Lindgreen 2010).

Today, the term NGO has become prominent in most languages (Martens 2002). Generally speaking they can be examined from two perspectives, legal and sociological, reflecting on which Martens (2002, 282) provides an extensive definition of NGOs:

> *NGOs are formal (professionalized) independent societal organizations whose primary aim is to promote common goals at the national or the international level.*

NGOs are societal because their origins lie in the private sphere of social environments, acting on behalf of common goals that society benefits from. They have formal structures and professionally skilled personnel that ensure continuous endeavor. Another important aspect is their independence, made possible by membership fees (Martens 2002).

NGOs have their basis in civil society. The World Bank uses the term civil society to refer to the broad array of non-governmental and not-for-profit organizations that have a presence in public life, expressing the interests and values of their members or others, based on ethical, cultural, political, scientific, religious or philanthropic considerations. Civil Society Organisations (CSOs) therefore refers to a broad array of organizations: community groups, non-governmental organizations (NGOs), labor unions, indigenous groups, charitable organizations, faith based organizations, professional associations, and foundations (World Bank 2005). The UN defines an NGO as "any non-profit, voluntary citizens' group which is organized on a local, national or international level. Task-oriented and driven by people with a common interest, NGOs perform a variety of services and humanitarian functions, bring citizens' concerns to government, monitor policies and encourage political participation at the community level. They provide analysis and expertise, serve as early warning mechanisms and help monitor and implement international agreements." Environmental social movements (Buttel 2003), environmental movements (Durbin & Welch 2002), and social movements are also terms applied to NGOs. As Lowe and Goyder's (1983, 9) definition of the environmental movement illustrates, sharing certain concerns can take very different forms in terms of action:

> *The environmental movement is the number of environmental groups and their attentive public. The latter share the values of the previous,*

including the readership of various environmental magazines, students of environmental studies in schools, colleges and universities, sympathetic members of the design and land-use professions and the many people who, through their personal convictions, behavior and life-styles, express their concern for the environment. Therefore, environmental groups are only one indicator of a wider social movement.

As a point of departure in this thesis, NGOs are understood as advocates of environmental and social concern, and therefore Bendell's (2000, 16) definition of how their goals are perceived is most descriptive of the NGOs examined in this thesis, which are "*...groups whose stated purpose is the promotion of environmental and/or social goals rather than the achievement or protection of economic power in the marketplace or political power through the electoral process.*" As the manifold definitions indicate, NGOs take in many definitions and functions, all of which have significant implications as to what the role of civil society is from the perspective of global governance.

As these definitions show, NGOs are a highly heterogeneous group with significantly different roles, and the boundaries and definitions are not necessarily clear-cut. At times, the differences are not apparent. Even within the conceptual field of NGOs, the roles ascribed to them are numerous, and include BINGOs (big international non-governmental organizations), DONGOs (donor non-governmental organizations), GONGOs (government non-governmental organizations) and INGOs (international non-governmental organizations) (Vakil 1997). For the purposes of Article 2, we identified NGO roles in 11 academic journals from 1998–2009, based on the classification of van Tulder with van der Zwart (2006) (Figure 2). This classification includes BONGO (business organized NGOs, like the World Business Council for Environment and Development), PONGO (partnership oriented NGOs, like WWF), BINGO (business interested NGOs such as the Fair Trade movement), SHANGO (shareholder activist NGOs), STRONGO (strategic stakeholder oriented NGOs, like the Marine Stewardship council), BRONGO (broker oriented NGOs, like the Environmental Council), SUNGO (supervisor NGO, like the Global Reporting Initiative), DONGO (dialogue oriented NGO, like Médicins Sans Frontières), WONGO (watchdog oriented NGO such as Amnesty, CorpWatch), and DANGO (direct action oriented NGO, such as the Animal Liberation Front) (Tulder with van der Zwart 2006, 119-125). As the classification shows, the way that boundaries between NGOs are traditionally drawn is rapidly changing, the stereotypical division of NGOs as watchdogs and companies as profit-maximizing entities is losing ground, and the collaborative role of NGOs is attracting increasing attention (Austin 2000: 2010; Seitanidi & Crane 2009: 2010; for more, see Article 2).

NGO Roles

□	WONGO (87)
⫼	PONGO (46)
⧄	SUNGO (21)
☰	BINGO (18)
▦	DONGO (13)
░	SHANGO (9)
▓	BONGO (9)
⣿	STRONGO (8)
▬	DANGO (5)
■	BRONGO (1)
◆	not specified (20)
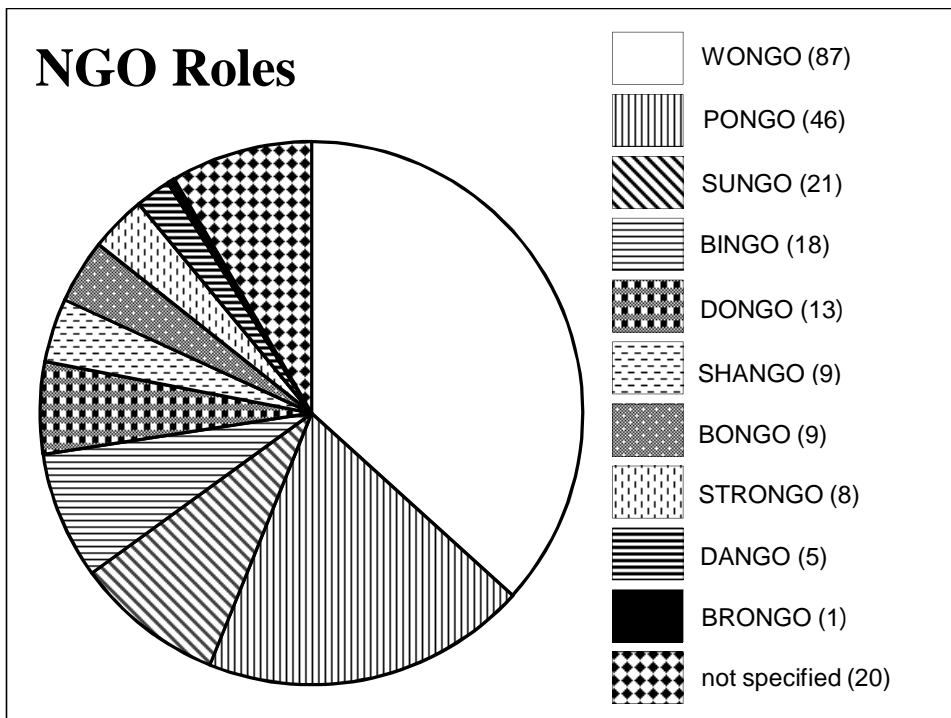
Figure 2   NGO roles in business and society discourse between
1998–2009

As the figure shows, the WONGO role is the most frequently associated with NGOs in our data. While the PONGO role accounts for the second largest proportion, it should be noted that the frequencies of the roles should be interpreted with caution. As illustrated in Article 2, the roles typically appear intertwined, WONGO belonging to the past (old-way NGO-business relations), while PONGO is of the present and future (new-way NGO-business relations). In addition, the various roles can be articulated many times in the same problem setting. Despite these factors, the divide between the roles gives some indication of the heterogeneity of NGO roles in the business and society discourse (see Article 2).

3.2   NGOs producing social change

Non-governmental organizations have numerous strategies to counterbalance the power of the business and government interfaces. Publicity is self-evidently the most important tool, while others include influencing consumers, influencing political structures, influencing decision making through

ownership, and finally, more connected with publicity, direct action (e.g. Hendry 2005; Frooman 1999; Frooman & Murrell 2005; van Tulder & van der Zwart 2006; for a review, see Article 1 in this thesis). The role of government as an influence channel has traditionally been significant to NGOs. Public environmental policy and legislation have served as a sound background and channel to forward societal goals. Now, with the introduction and growing popularity of CSR and stakeholder dialogue, the emphasis is moving further and further towards voluntary efforts on the part of business. The influence of NGOs has also been evaluated through the outcomes of international environmental agreements (Humphreys 2004; Doh & Guay 2004). Thus, the political influence of NGOs and companies is a highly intricate practice in which the different phases and underlying politics have to be taken into account for all the actors involved (Bonardi & Keim 2005; Betsill & Corell 2001; Hillman & Hitt 1999).

The social media provide NGOs with an unprecedented ability to form inter-organizational networks, thereby making them increasingly dynamic and informal. For example, the network of NGOs that monitors World Bank financed projects has spread across the globe since 1983 and expanded into networks that monitor the regional development banks. The Asian NGO Working Group monitors the Asian Development Bank, and Red-Bancos monitors the Inter-American Development Bank. When the World Bank or a regional development bank considers financing a controversial project with serious environmental impacts, these networks can be activated quickly to run a joint campaign on the project. (Durbin & Welch 2002) The World Wildlife Federation has collaborated with Friends of the Earth to increase awareness on international finance (e.g. Equator Principles 2003). The significance of the Internet as a tool for NGOs is emphasized in a UN fact sheet on Managing Environmental Risks in Project Finance (1999, 2):

> *Their [NGOs'] ability to shape and influence the perceptions of the local public, potential investors, and government agencies should not be underestimated, particularly given their extensive communication networks - increasingly through the Internet. These groups can exacerbate risks through publicity stunts as well as through legal actions against certain developments.*

In addition to using the Internet actively, NGOs produce reports and studies that contain technical and legal information, and conduct training. NGOs can also *force change* through boycotts, *promote change* by promoting best practices, *facilitate change* by sponsoring certification systems such as the Forest Stewardship Council, and *produce change* e.g. Fair-trade (Bendell 2000).

Aside from the business context, Humphreys (2004) examines the relevance of NGOs in the formulation of international forest negotiations. The focus is

on how significant an impact they have on the outcome of negotiations. He argues that, first, the early involvement of NGOs in an international process increases their potential to influence. His second argument is that NGOs are likely to be successful in campaigning for a concept or idea that has already been accepted in another forum. This can also be interpreted from a discursive perspective, meaning the process of a discursive intervention leading to a hegemonic articulation. Humphries calls it a kind of "spill-over effect", in which a concept or idea establishes its 'place' in a discourse. The third and final argument is that, in the short term, NGOs can increase their influence on textual outputs if they phrase their recommendations in a language that is "harmonious with mainstream neo-liberal discourse and that does not threaten the powerful political and economic interests that have found representation in state delegations" (Humphreys 2004, 70). He continues: "At best, strong opposing comments will be modified, at worst, eliminated from forum." (*ibid.*, 70). Humphrey's study therefore emphasizes the importance of abiding by a discourse congruent with the parameters of the negotiation. The risk and deficiency of such a setting has also been criticized elsewhere (Ventriss & Kuentzel 2004).

Thus, in contrast to those views that tend to portray NGOs as actors with great power, this is not a unanimous front. Sonnenfeld and Mol (2002) argue that the organizations themselves often perceive their work as being beset with obstacles. They are faced with new challenges that come from the inside. The environmental movement has been faced with the new phenomenon of ideological anti-environmentalism that has targeted it with counterattacks, mainly by trying to convince the world that environmental problems are exaggerated and under control. Second, radical environmentalism is losing relevance with respect to modern environmental issues (Buttel 2003). As Eder (1996) describes it, the environmental movement no longer needs to strive to get its voice heard because the issue has become so topical. However, now there are so many voices that theirs is difficult to distinguish. The global nature of environmental problems, globalization, and issues to do with trade have encouraged environmental groups to form unprecedented alliances with other related movements (Buttel 2003; Durbin & Welch 2002).

The individual tactics and strategies and the wider societal impact of social movements notwithstanding, three approaches on evaluating NGO influence are of special importance to this thesis. They are stakeholder influence in the MNC-NGO bargaining relationship (Doh & Teegen 2002; see also Skippari & Pajunen 2010), and the influence of social movements on business legitimacy (den Hond & de Bakker 2007) and economic outcomes (Kröger 2010; 2011).

NGOs have been introduced as institutional actors with bargaining power in international business (Doh & Teegen 2002; Skippari & Pajunen 2010). Doh

and Teegen (2002) assess this bargaining power by employing Mitchell, Agle and Wood's (1997) stakeholder power, legitimacy, and urgency factors. Among other aspects, these translate into NGOs' success in fairly and accurately representing the interests of their supporters. When there are problems regarding representativeness which create disagreement between the NGOs leadership and its organization, NGOs lose credibility (or legitimacy). With that follows the risk of losing power and urgency. When NGOs have both widespread support and support that fully and accurately reflects the interests of the entire organization, the more likely they are to attain stakeholder features that lead to salience. In sum, the following pattern is presented: NGO stakeholders that fully and accurately represent the interests of the civil societal groups they purport to represent are more likely to attain stakeholder attributes, particularly that of legitimacy, more likely to have a material impact on the long term viability and sustainability of investment projects, and therefore the more they should be taken into account by project planners (Figure 3).
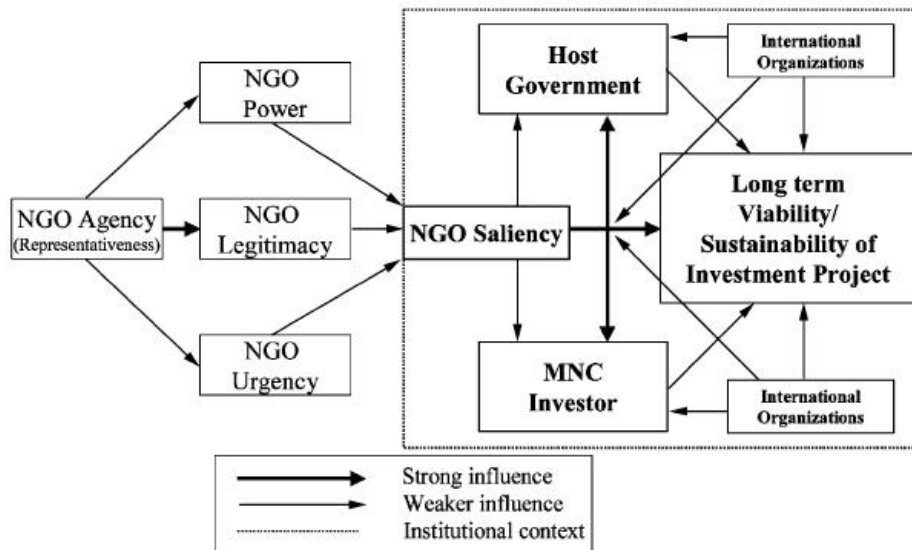
Figure 3   Contributors to the impact of NGOs on long-term viability/
            sustainability of investment projects (Doh & Teegen 2002, 672)

Kröger (2010; 2011) examines how social movements influence economic outcomes, specifically the expansion of the pulp and paper industry in Latin America. His analysis focuses on social movements mobilizing through contentious politics, which comprises organizing and politicizing, campaigning by heterodox framing, i.e. shaping the contentious issues in certain contradictory

ways, protesting, networking, and embedded autonomy vis-à-vis the State. Similarly, den Hond & de Bakker (2007) focus on ideologically motivated activism, in which social movements cause the "deinstitutionalization" of business legitimacy by questioning the moral legitimacy of business. Business legitimacy is regained, in turn, by means of pragmatic rationality.

4   METHODOLOGY

The following sections present the ontological and epistemological foundations of this study (chapter 4.1), followed by a detailed description of the methods employed in the research articles (chapter 4.2). Finally, the third section (chapter 4.3) contains a discussion on the validity and limitations of this study.

4.1   The need for a critical perspective on corporate responsibility related phenomena

In studying social processes entangled in politically laden power relations, the need to adopt a research design that enables grasping such a setting becomes of increased importance. This holds especially for phenomena where the object of study is a result of, and subject to, social interaction and bargaining. Legitimacy, acceptability, sustainability and corporate responsibility, among the key concepts of this study, are without doubt such phenomena. They are heterogeneous concepts whose definition changes across time and cultural context and can even be associated with inherently conflicting interpretations (Maignan & Ralston 2002; Kallio & Nordberg 2006; Campbell 2007; Dahlsrud 2008). There is no consensus over what these concepts mean, or who has the right to define them. In such a setting, adopting an objective approach in which identifying causal relationships and patterns based on a 'factist' interpretation of data can be problematic in many ways, even misleading[1]. But most importantly, they cannot capture the social definition and bargaining processes inherent in socially constructed phenomena. Unfortunately, environmental and social disputes rarely deal with 'scientific evidence' that is waiting to be uncovered as 'the truth' (cf e.g. Peuhkuri 2002.

The call for a critical perspective on corporate environmental studies and corporate responsibility related phenomena has echoed for over a decade (e.g. Welford, 1997; Springett 2003; Vaara & Tienari 2004; Kallio 2006; Siltaoja

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[1]   An example of a factist understanding of argumentation is Fassin's (2009) examination of unethical practices of NGOs. One of four unethical practices mentioned is unfair communication and distorted information. According to his definition, "distortion occurs when the information is presented differently from the real objective facts" (p. 508).

2010). The answer to this call has been supplied to a varying degree in business and society journals[2] (see Ählström, Marquet & Richter 2007; Article 2).

International Business scholars, on the other hand, have been scolded for placing too much emphasis on the managerial positivistic methodological tradition where the incentive is to enhance competitive advantage and performance (e.g. Vaara & Tienari 2004). Indeed, thus far critical studies have traditionally been the territory of sociologists and political scientists (see Alvesson 2008). Critical international business studies do not have such a history, with a vast majority of journal articles adopting an objectivist-quantitative approach to research (Houman Andersen & Skaates 2000).

Following the logic of the nature of the research objective and the inherent social bargaining processes, the ontological and epistemological foundations of this dissertation build on the social constructionist view of reality (Berger & Luckmann 1966). It means that reality is seen as a result of social interaction through which meanings are assigned to things. The social constructionist view can also be termed a subjectivist perspective in which reality is based on experiences and perceptions that change over time and place (Eriksson & Kovalainen 2008). The subjectivist perspective is commonly used to draw a distinction between the objectivist interpretation of reality, in which reality is seen to exist without social interaction playing a role in creating it.

When the 'facts' are not enough, or they do not provide a sufficiently diverse description of a social phenomenon, it is necessary to turn to social interaction. This is where the study of language offers a concrete methodology to dismantle this vague aspect of the 'facts'. In short, the hidden politics of a certain phenomenon are approached through the concept of *discourse*. Discourse can be seen as an important area of social practice. In lay terms, it can be defined as a "particular way of talking about and understanding the world (or an aspect of the world)" (Jørgensen & Phillips 2002: 1). Discourse thus can be "understood as the fixation of meaning within a particular domain" (Jørgensen & Phillips 2002: 26). Hajer's (1995, 43–45) description of discourse is a lively entity of thoughts, concepts and classifications of reality that provides meanings for physical and societal states and situations. Dryzek (1997, 8) places emphasis on the fact that a discourse rests on common assumptions and judgments and is closely connected to language, thereby defining it as a shared way of comprehending the world. An interesting aspect of discourse, and particularly environmental discourses, is that they need not

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[2]   As per the classification in Article 2, which includes Business Strategy and the Environment, Journal of Business Ethics, Business & Society, Business Ethics Quarterly. Other journals within the business and society theme include Business Ethics: A European Review, Corporate Social Responsibility and Environmental Development, Sustainable Development, Corporate Governance: The International Journal of Business and Society.

be internally coherent. Instead, a debate on a specific environmental issue may consist of several, even conflicting, discourses (Hajer 1995, 45.) Competing discourses are not more 'real' or 'right', but a certain discourse represents its own reality and is no less 'real' than another. Discourse is thus a multifaceted concept with multiple meanings, but the key aspect of discourse is that it *produces societal realities*.

Discourse analysis as a method takes many forms, and authors often quote the unique nature and process of every analysis. Discourse analysis has strong roots in linguistics and social psychology (see Potter & Wetherell 1987). In this context, critical discourse analysis (CDA) in particular has attracted increasing academic interest (e.g. Fairclough 1995; Vaara & Tienari 2004; Joutsenvirta & Vaara 2009; Siltaoja 2010). It is a methodology that enables the examination of how discourses are constructed in society. Based on the work of Fairclough (1995), Wodak and Meyer (2001), and several others, Vaara and Tienari (2004) raise four features essential to CDA:

- Revealing taken for granted power relations in society
- Acknowledging the political role of the researcher
- Contextuality – Understanding the historical setting is important
- Intertextuality – Placing text in wider societal setting is important

Closely related to CDA, albeit differing in ontological premises and how discourse is treated, is discourse theory (Laclau and Mouffe 1985; Jørgensen & Phillips 2002). One of the key differences between CDA and discourse theory, although they both engage in the analysis of discourse in its critical sense, is that CDA is more involved with everyday discourse, for example media text. Discourse theory, on the other hand, is more interested in abstract discourse, or as in Article 2 we focus on academic discourse.

Another key dividing question in discourse analysis is the level of social constructivism: Is it all just discourse, does 'objective reality' exist? Laclau and Mouffe (1985) have been interpreted to represent the most extreme inter-pretation of social constructionism in rejecting reality by reducing everything to language. Jørgensen and Phillips (2002, 35) see this as a misunderstanding in that interpreting discourse as material does not mean that physical objects do not exist, rather that our access to physical objects is always mediated by systems of meaning, i.e. discourse. Their example of children in this context is highly illustrative; children are not only a discursively articulated group, but also one that contains physical boundaries such as schools and nurseries. Understanding a playground is something very physical to be interpreted via the discourse of children. Therefore, instead of arguing that nothing other than discourse exists, Jørgensen and Phillips argue that physical elements do not possess meaning in themselves; "physical reality is totally superimposed by

the social… There is no dialectical interaction between discourse and something else: Discourse is fully constitutive of our world" (*ibid*. 35, 19).

One other important aspect is that discourse should not be treated as a medium to 'something else' i.e. a channel for transparent and objective information about something beyond the text. Discourse in a text is approached in its own right, not as a secondary route to something else (Potter & Wetherell 1987). Alasuutari (1995) differentiates between these two as the resource and topic view on data. When data are treated as a resource, the underlying motivation is access to the objective reality through the data. In this view, the reliability and trustworthiness of the data are crucial, because causal relationships can be presented based on the data with the intention of reflecting on reality. From the topic viewpoint, however, the key interest is in the text itself, and it is analyzed in its own right. The truthfulness of the text is not a decisive factor.

One of the key terms underlying this study is *critical*. In Article 2, we critically analyze academic discourse. In Article 3, we critically analyze sustainable foreign direct investments[3]. While all scientific research can be termed critical, in the falsification principle sense, there is significant variation in what is meant by the term (see Alvesson 2008; Eriksson & Kovalainen 2008).

In lay terms, what I understand as being 'critical' is closely related to the objective of critical discourse analysis and discourse theory: exposing, or making visible, taken for granted 'truths' that pass unquestioned. An example of this would be seeing citizens through the discourse of a consumer. Critical research would question whether the sole function of citizens is to consume, and expose the political implications of seeing a citizen only via an economic function. Another example is the concept of sustainable development. Critical research would question the very core of the concept, as being in a sense oxymoronic, through the idea of simultaneously implying development, i.e. using resources and sustaining them (for future generations), in other words maintaining and preserving. In addition, critical research would question the subordination and co-optation of the concept under an economic rationality, which actually disguises 'business as usual' under a new rhetoric (see Banerjee 2003; Kallio & Nordberg 2006).

According to Eriksson and Kovalainen (2008), a key characteristic of critical research is that it keeps its distance from the managerial and business perspective from the outset. This can also be interpreted as the aim to provide incremental and pragmatic 1-2-3 steps to for example enhancing competitiveness, increasing sales and returns, and expanding market share. In other words,

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[3]   Article 1 cannot be characterized as critical in its approach. Similarly, article 4 is more interpretive than critical.

I understand critical research to be something closely intertwined with the aspiration of social sciences, where the perspective on humanity is emancipatory and societal, not only instrumental and economic. The rationale for science is therefore to provide relevant knowledge for society, not only for managerial purposes. I see this also connected to what Eriksson and Kovalainen (2008, 263) describe as empirical data and theory being intertwined. In this thesis, Article 2 is a good example of this. Theoretical research as such may be regarded as a valuable and neglected research design in business studies (see Kallio 2004).

> *Critical theory, as invoked by Frankfurt School scholars, is a particular process of critique, the origins of which owe multiple allegiances. Critical theory aims to produce a particular form of knowledge that seeks to realize an emancipatory interest, specifically through a critique of consciousness and ideology. It separates itself from both functionalist/objective and interpretive/practical sciences through a critical epistemology that rejects the self-evident nature of reality and acknowledges the various ways in which reality is distorted.* (Carr 2006, 80)

Thus, another key aspect of critical research is revealing taken for granted and unquestioned 'facts'. The objective of any critically oriented discourse analysis is to reveal the naturalized truths (Potter & Wetherell 1987).

4.2 Methodological choices of the research articles

Article 1 is a review article on the relationship between non-governmental organizations (NGOs) and businesses, examined in the business and society, management, and international business literatures from 1998-2007. Although the article is review oriented, the methodological starting point was that due to the heterogeneous conceptual field related to NGOs, the article identification method should be derived using an inductive method, and by achieving some understanding of the content of the article, i.e. the substance behind the concepts. This is also in line with the social constructionist viewpoint adopted in this dissertation. Our key interest lay in how the conceptual field of NGOs is presented in the selected literatures, and whether there were differences between them. This motivation meant rejecting, for example, bibliometric analysis methods, however useful and often employed in similar studies they are (e.g. Egri & Ralson 2008; de Bakker et al. 2005), because adopting such a method requires fixing the concepts that the article will operate with *in advance*, possibly excluding relevant concepts unknown to the researchers at the beginning of the research process, and also possibly mistakenly including

articles whose substance is not coherent with the research subject (for more see discussion on validity in chapter 4.3). Thus, the more labor intensive route was chosen, and all abstracts or author-supplied abstracts were read one by one. The resulting terms were then employed to conduct a keyword search, in order to ensure that no articles had been omitted.

Article 2 builds on the data gathering method applied in Article 1, albeit prolonging the time period until 2009. In addition, two special issues from 2010 were included due to their topicality and their role as hegemonic interventions. In the article, we introduce a methodological contribution to analyzing academic discourse. In order systematically to analyze dominant articulations in academic discourse, we propose a focus on the problem setting of an article. This comprises the title, abstract, and introduction. Focusing on the problem setting makes it possible to expose the taken for granted statements typical to an academic field. This in turn enables elaborating on the power implications of those statements.

The problem settings of the articles are categorized according to specific criteria: NGO focus (whether NGOs occupy the primary or secondary role), NGO types (e.g. Greenpeace), NGO role (as per the classification of van Tulder with van der Zwart 2006), NGO relationship with business (as articulated in text), NGO business relationship model (inductive classification process), context/trend (main focus of the article in question), Business/company types (as articulated in text), Business/company roles in partnership (as articulated in text), other discursive interventions, discursive tensions (oxymorons or inherently conflicting articulations), 'old way' (of articulating the NGO-business relationship), 'new way (of articulating the NGO-business relationship), and 'more common' and 'less common' (ways of articulating the NGO-business relationship). (See also Appendix 1 of Article 2.) This categorization supports the time-consuming analysis process.

Article 3 is a conceptual article that employs a case (pulp and paper industry) for illustrative purposes. Stake (2000) differentiates between case studies depending on the ultimate aim of the study. A case study is *intrinsic* when the primary interest is in the case itself. Thereby the primary focus is not on representativeness or theory building but the case. A case study is *instrumental* if the case is selected because it provides insight into a wider issue. In Article 3, the case is used for instrumental purposes with a thin description of the case itself.

Article 4 focuses on a single case: a pulp mill in Uruguay. Case study, as such, is very common both in business studies in general and in IB studies, and as noted above, can be used for numerous purposes to varying degrees of depth (Dyer & Wilkins 1991; Eisenhardt 1989; Yin 2003; Eriksson & Kovalainen 2008). The choice of case study as a research strategy is motivated

by the need to understand complex social phenomena, where the case repre-
sents a link to real-life settings. In other words, case study is not a methodo-
logical choice but one of what is to be studied (Stake 2000). The main point in
identifying a case study is that a case is a specific one. This leads us to the
conclusion that the case is to some extent, at least, *a system* with some defina-
ble boundaries. A case study is also both a process and a product of that study.

In Article 4, however, the case (pulp mill in Uruguay) is selected as an
extreme case (Flyvberg 2006) with an intensive focus (Eriksson & Kovalainen
2008, 117). According to Pettigrew (1997), one of the key interests in proces-
sual analysis is teasing out the mechanisms that drive a process. Those mecha-
nisms may be the visible and conscious intentions of actors, but may also be
hidden mechanisms. In this study, the pulp mill case in Uruguay has been an
ongoing process (in reality) during the research process. Therefore, all the
primary data (or secondary to denote public and extant material, see Appendix
1) and supporting material for the purposes of this thesis have been gathered
as the case evolves, not retrospectively. While a process can at times be
difficult to draw boundaries on, or to say when a case begins or ends, there are
in this study several landmarks to identify both ends of the process. The case
in Article 4 can be said to begin with the Botnia press release, in which they
declare that they are conducting feasibility studies for a pulp mill in Uruguay.
The first NGO campaign material could also be regarded as the starting point
of the process. The end point for the case or process, however, has several
landmarks. The first would be the successful commencement of the mill's
operations in 2007, the second the International Court of Justice ruling on the
case in 2010, and the third 'ending' would be when the blockade at the St.
Martin bridge between Uruguay and Argentina was lifted in June 2010.

As noted, the empirical data in Article 4 comprise publicly available
material. Publicly available, secondary material is often employed in studies as
supportive material, via which to become acquainted with the research topic
through desk research. Publicly available data are therefore often seen as a
stepping stone on the path towards the 'real' analysis, commonly comprising
interview material in IB studies (see e.g. Ghauri & Grønhaug 2005). An
exception to this are increasing studies on media discourse, in which publicly
available media texts are the primary focus of interest (e.g. Vaara &
Joutsenvirta 2009; Vaara, Tienari & Laurila 2006; Siltaoja & Vehkaperä
2010). Thereby, in this study, the traditional secondary material is the primary
material, comprising publicly available material on the different actors. By
focusing on the dialogue from the *outside*, it is also possible to bypass the
powerful role of the media. This does not mean, however, that the media
constituted an insignificant actor, in fact quite the opposite. The role of the
media is an object of study in its own right, and the work of Joutsenvirta and

Vaara (2009) and Pakaksvirta (2008) comprehensively illustrates how the media shapes and actively defines phenomena, and how the case actors actively attempt to legitimate their stance in a debate via the media. However, in this study, the purpose is to focus on the output of the actors themselves, and therefore how the media reshapes that output is seen as a separate object of study.

Apart from focusing on the actors themselves, one of the key interests in this study is how a process such as that examined in the study itself can be accessed from the outside, by anyone, without access to any company or institution. To an increasing degree, the Internet is where societal dialogue related to corporate legitimacy plays out (Unerman & Bennett 2004). Thus, by focusing on the dialogue process from the perspective of all actors and publicly available material, the dialogue can be examined as it is in its discursive reality.

4.3   Reflections on the validity and limitations of the thesis

Methodical procedure is vital in all qualitative methods. This is especially important here given that critically oriented discourse analysis has been accused of politically and ideologically bound argumentation (although the objective is quite the opposite; to expose and thus dismantle political and ideological assumptions). As this study builds on the social constructionist view of reality, the quantitative measures of objectivity, validity and reliability are not suitable evaluation tools. Nevertheless, the question of whether the data in the research measure what they are supposed to measure is just as relevant in qualitative research as in quantitative. However, a study building on a social constructivist view of reality is not concerned with validity in the quantitative-objective sense, in which the 'truth' is an answer waiting to be uncovered. Instead, validity has more to do with the research process and making transparent the sequence of analysis and how conclusions are derived.

The concept of trustworthiness is commonly employed to evaluate con-structionist research and comprises the following elements (Lincoln & Guba 1985, 301–331): credibility, which replaces internal validity; transferability, which replaces external validity; dependability, which replaces reliability; and confirmability, which replaces objectivity. Since Article 1 is a review article, and Article 3 is conceptual in nature, the focus in terms of the quality of the empirical analysis concerns Articles 2 and 4 in particular. For this purpose, I follow the criteria set by Jørgensen and Phillips (2002), whereby critically oriented discourse analysis should be *solid, comprehensive, and transparent* (2002, 173). First, solidity refers to interpretation based on numerous features

and not just one. In Article 2, several extracts from different articles were included in order to make the interpretation more solid. The downside of this, especially when the mass of data is large, as in Article 2, is that the end result may be fairly quotation heavy, which in turn impacts readability. In Article 4, the volume of data is considerably smaller, so it was possible to include a larger proportion of the data in the text. Second, comprehensiveness refers to how well the questions raised by the data are answered in the text. For Article 4, this task is easier, once again due to the lower volume of data. But for Article 2, it is inevitable that not all conflicting textual features can be included in the analysis. In order to overcome this as far as possible, (time consuming) researcher triangulation increases transparency. Discrepancies were discussed and elaborated on, and decisions as to the inclusion/exclusion of articles and extracts jointly made. Third, transparency refers to the ability to 'test' or follow the conclusions. The issue of transparency is largely overcome by using publicly available material (NGO campaign material in Article 4 and academic articles in Article 2). The inclusion of the key extracts on which a conclusion is based also increases the potential to test the conclusions.

In terms of the data selection method employed in Article 1, an inductive selection process was chosen due to the heterogeneous conceptual nature of the field of literature related to NGOs. The relevance of interpretation in review articles can often be overlooked. As an example, in Egri & Ralston's (2008) review of the CSR literature in IB, the primary method for article selection is keyword search on the core dimensions of CSR: environmental, ethics, and governance. For the environmental theme, the key words employed were: environmental, environmental responsibility, environmental performance, sustainability, green, ecology/ecological, conservation, pollution, nature/natural. While in the CSR context, the keyword "environmental" is self-evident, the semiotic interpretation of the concept may be lost in employing predefined keyword search. Benito, Grøgaard and Narula's (2003) article entitled *Environmental* influences on MNE subsidiary roles: economic integration and the Nordic countries (own italics) serves as an example. The article is included in the Journal of International Business Studies CSR articles, placing the emphasis on the environmental dimension. However, a reading of the abstract reveals that the 'environment' refers to a rather different 'environment' than that understood in the CSR context. The environment examined in the article refers to European Union economic integration schemes, regulation and policies from the perspective of MNE subsidiary success. In other words, the article concentrates on the influence of the institutional environment on subsidiary performance, not in any relation to the natural environment. While this can also reflect the generally non-natural relationship of business studies

with the natural environment (cf. Kallio & Nordberg 2006), it highlights the role of semiotic interpretation in review articles.

This aspect can be seen as a question of credibility (following Lincoln & Guba 1985), which the more labor intensive method adopted in Article 1 attempts to overcome. This does not mean, however, that the method can entirely overcome the challenge of an article's substantive content. First, an article may prove to be highly relevant in its entirety, but it may be that the title, keywords and abstract do not mention NGOs. Second, in Article 2 in particular, with the discovery of new concepts related to NGOs, such as in relation to social entrepreneurship, defining the boundaries of the conceptual field becomes increasingly difficult. Therefore, even with the best rigor and researcher triangulation in articles 1 and 2, the dependability (once again, if following Lincoln & Guba) of the data selection method is based on subjective interpretation.

Concerning the challenges both in discourse analysis in general and in this particular thesis, it is argued that the political nature of the argumentation structure poses the greatest challenge. As Vaara and Tienari (2004) highlight, actively taking a stand on various issues as the research process progresses does not mean that the researcher should seek justification for a miscellaneous set of personal convictions or beliefs. Vaara and Tienari suggest that adopting numerous viewpoints on the phenomenon, making the argumentation structure as transparent as possible, and following a step-wise procedure will be helpful in making the process more organized. In this thesis, adopting the viewpoint of several different actors (business, NGOs, financiers) achieves a multiple perspective. Also the use of public material enables the transparent tracking and arrival at conclusions, an asset in comparison to e.g. interview material collected for a specific purpose.

In addition to the political nature of both the research object itself (corporate responsibility) and the research approach, *reflexivity* is of increased importance (Phillips & Hardy 2002). This involves remembering that the language constructs reality rather than reveals it, and the researcher actively contributes to the constructing process. The researcher is therefore not an outside observer forming detached judgments on the research object. The importance of reflexivity could not be any more evident than in Article 2, where we the authors as academic researchers analyze the output of other academic researchers.

The most relevant limitations of the study relate to the cultural and historical context of the case examined in this thesis (Article 4), and to some extent to the chronological timeline of the articles (Article 3). In Article 3, one challenge is to integrate the text written in 2006 into the more recent discussion on global and political CR. As for Article 4, while guided by practical

reasons (the researcher's language skills), the language of study is English. The empirical material is entirely in English. At the outset this was not seen as a limitation, on the contrary the interest of this thesis is on how argumentation develops and can be accessed at the global level. And when operating at the global level, English can be considered the most common language for this purpose. Nevertheless, poor Spanish skills prevent comparison between the translated and original texts. In addition, language was taken into account in the dialogue process, and original data were available also in Spanish, especially in connection with the IFC dialogue process. The lack of language skills also relates to the lack of a thorough understanding of the cultural setting of the case. Cultural misinterpretation is a common challenge in qualitative research in general, but has also been illustratively raised in connection with the specific case in question, and in relation to CR (Pakkasvirta 2008; Joutsenvirta & Uusitalo 2010; Siltaoja 2010). Therefore, the greatest limitation in this study is the lack of in-depth cultural and historical understanding of the local context.

5 PULP MILL IN URUGUAY – REFLECTIONS ON THE CASE

The case examined in depth in this thesis, the Botnia pulp mill on the border river between Uruguay and Argentina, attracted significant academic and international media interest following the investment decision in March 2005. The case was marked by protests and blockades, and political conflict between the two countries that reached its peak in 2006. The case received final closure as late as April 2010, when the International Court of Justice published its verdict on the dispute between Argentina and Uruguay. The Botnia case also received closure in connection with the ownership restructuring in December 2009 when Botnia became UPM Uruguay.

As stated, in addition to international media interest, the case attracted considerable academic interest. The most relevant academic studies known on the case at the time of writing include one master's thesis (Kosonen 2008), a doctoral dissertation (Aaltonen 2010) and 10 peer reviewed journal articles (Pakkasvirta 2008; Schuler 2008; Fassin 2009; Joutsenvirta & Vaara 2009; Kujala, Toikka & Heikkinen 2009; Aaltonen, Oijala & Kujala 2008; Fougère & Solitander 2009; Skippari & Pajunen 2010; Luoma-aho & Paloviita 2010; Lotila 2010). The research by Kröger (2010; 2011) on pulp mill conflicts in Brazil is closely related to the Botnia case. Articles 3 (Kallio, Laasonen & Vihanto 2008) and 4 (Laasonen 2010) here can be added to this list.

The case has been studied from different theoretical and conceptual perspectives, including the stakeholder management perspective (Aaltonen 2010; Aaltonen & Sivonen 2009; Aaltonen et al. 2008; Luoma-aho & Paloviita 2010), MNE-NGO-host government relationship perspective (Skippari & Pajunen 2010), and public relations and CSR communication (Lotila 2010; Kujala et al. 2008). Fougère and Solitander (2009) employ the case for illustrative purposes in order to reveal the problematic aspects of the hege-monic articulation of CR. Kröger (2010; 2011) and Fassin (2009) focus on the NGO viewpoint, albeit from very different perspectives. Fassin (2009) evaluates, based on illustrative case studies of which the Botnia case is one, various unethical practices of NGOs. Kröger, on the other hand, employs an in-depth qualitative comparative analysis on 13 pulp investments during the years 2004–2008. The objective of his study is to evaluate the economic influence of social movements on the expansion of eucalyptus plantations. He

analyzes how the Brazilian Landless Movement (MST) uses contentious agency to influence the industry's investment pace in Brazil.

Since the case is in many respects about multiple versions of the 'truth', and which versions of the 'truth' are more 'real' than others, the studies that focus on those 'truth building' processes are highly relevant to this thesis. One aspect all of these articles has in common is that their empirical material comprises media texts. Joutsenvirta and Vaara (2009) analyze the discursive (de)legitimation strategies of corporate representatives via Finland's leading national daily newspaper (Helsingin Sanomat). They find that the corporate representatives attempt to distance themselves from the political dimension of the case and frame their own role in terms of technical and environmental expertise and in legalistic terms. Similarly, but with a more culturally embedded approach, Pakkasvirta (2008) provides an enlightening analysis of the investment conflict. He emphasized and highlights the role of cultural stereotypes in shaping the 'truths' behind the story. Apart from the media texts from the Finnish newspaper, his analysis also includes Argentinean and Uruguayan media texts.

The main findings of articles 2 and 4 (for summary see chapters 6.2 and 6.4) intersect with the above-mentioned studies and their findings in numerous respects. In Article 4, the focus is on how the dialogue process and expertise (as a cornerstone of NGO credibility) are constructed by two NGOs involved in the case, the World Rainforest Movement (WRM) and the Center for Human Right and Environment (CEDHA). This complements the media and business viewpoint on the case. The problematic nature of CR, or sustainability, is examined both in Article 3 and in Fougère and Solitander's (2009) article. The dialogue setting in this thesis, including the key actors, are presented in Figure 4.
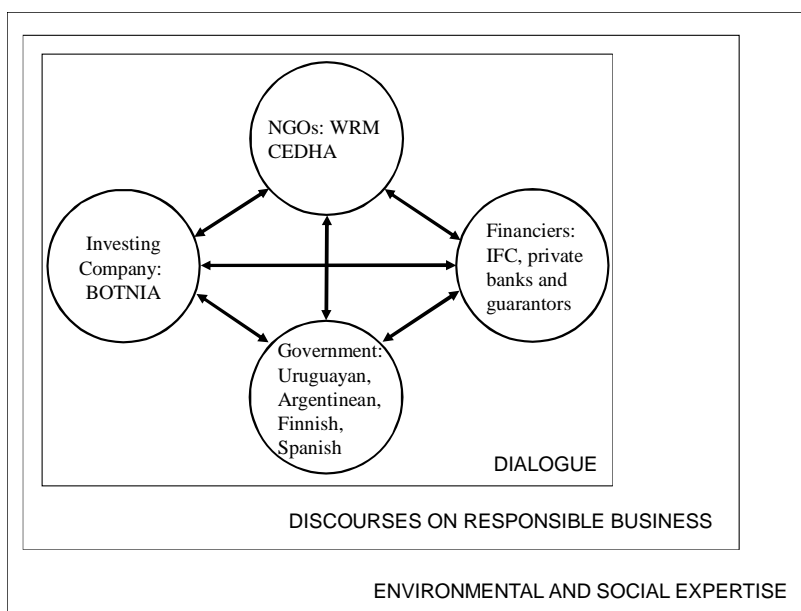
Figure 4   Constituents of the dialogue in the case

In the following, the previous studies on the case (including articles 3 and 4 in this thesis) are complemented with insights into the company and the finance perspective of the case[4]. The company perspective consists of press releases from 2003–2009 and the finance perspective of publicly available material on the Botnia case, courtesy of the financial actors involved: IFC (and the CBI as its contractor), MIGA, Nordea, Finnvera, Caylon, and Finnfund. First, I will focus on the Botnia perspective.

Botnia's overall communication has changed dramatically since the Uruguay incident. Prior to the investment, the homepage of Botnia's website was very simplistic, covering only the facts and in an unexciting manner. Nowadays, the homepage looks dramatically different, with professional graphic design. In addition, during the escalation of the conflict, Botnia's communication personnel was reinforced. Thus, from Botnia's perspective, the conflict is largely a matter of public relations (cf. Lotila 2010). Botnia is "committed to fostering an open dialogue with its stakeholders" (Botnia Annual Report 2006, 27). The company's homepage declares:

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[4]   Based on papers presented at the following conferences, Environmental Conflict Mediation and Social Impact Assessment: Approaches for Enhanced Environmental Governance, Helsinki, Finland, Feb 14–15, 2008, and Trends and Future of Sustainable Development, Tampere, Finland, June 9–10, 2011.

> *As pulp manufacturing affects numerous stakeholders, we value fair play and transparency in all areas of interaction. This includes our dealings with customers, partners, shareholders, our employees, local and central government, and residents at mill locations and neighbouring communities. We encourage open dialogue with local stakeholders at our mill sites, for example, by organising visits and open days at our mills. We enhance general pulp making awareness by actively co-operating with educational institutions and participating in various trade fairs.* (Botnia 2011)

Botnia's definition of stakeholder dialogue remains, however, at a one-way information providing level. This was also visible in the Uruguay case, for example: "Throughout the project Botnia has disseminated information over many channels and engaged in a dialogue with local residents" (Botnia Annual Report 2007, 34). Botnia's communication and how it has been reproduced in the media was analyzed by Kujala et al. (2008). Their analysis took in 38 press releases during 2004–2007. In order to focus on dialogue, I indentified 67 press releases related to Uruguay between 2003 (starting with the acquisition of the supply plantation) and 2009 (up to the ownership restructuring). In analyzing the content of the press releases, the information was classified according to the following themes: financial information related to ownership percentages and loan funding arrangements, information on capacity expressed as tons per year of bleached eucalyptus kraft pulp, or quantitative information on the operations of other facilities, the FOSA plantation, personnel appointments, news of a positive nature, news of a negative nature, the mention of conflict, mention of NGOs, mention of dialogue, details of operations, philanthropic efforts (including municipal wastewater treatment measures and organizing a city festival).

Table 2   Contents of Botnia press releases from 2003–2009

Content of Press Release	2003	2004	2005	2006	2007	2008	2009	Total
Finance			1	5		1	3	10
Capacity		1	3	3	2	3		12
Appointments		1	1	2		1		5
Operations		1	5	1	12	6	2	27
Plantation	1			1		2		4
Positive				7	9	8	2	26
Negative				2	1	1	1	5
Conflict				2				2
NGO				3				3
Dialogue				3				3
Philanthropic				1		3		4
Total	1	3	10	30	24	25	8	101

What is striking about the content of the press releases is that during 2006, when the conflict was widely reported in the international media, and the bridge between Argentina and Uruguay was blocked by demonstrations against the mill, 7 press releases were positive in nature while only 2 contained negative information, and 2 mentioned any conflict. All in all, 26 press releases were positive in nature, compared with 5 containing negative information about the investment. While this is in line with the target group for stock exchange press releases, the emphasis on positive aspects and everything being under control is certainly striking.

Dialogue is mentioned in three press releases, all in 2006. Dialogue is not, however, something that the company engages in, but happens between some other parties, i.e. two nations in political dispute:

> *To facilitate a definite solution of the controversy between both countries, Botnia will continue to provide all available information on the project and the operating conditions of the pulp mill.* (4.4.2006)

The emphasis is on correct information, in response to misinformation, and a one-way information feed. Public participation, dialogue, is therefore characterized by public forums in which information is dispersed in a one-directional manner:

> *…the company will give all the information needed in order to clarify the doubts that might exist and to ensure the correct conditions of operation and control of the pulp mills.* (27.3.2006)

What comes to public participation: from the very moment the project was announced in 2003, Botnia held public forums in Fray Bentos, in which also the Entre Rios' neighbours were invited, and in some of which they also participated. (17.6.2006)

Botnia has been very open in its communication about the pulp mill project in Uruguay... (17.6.2006)

In sum, the press releases convey the status of the project as everything is under control, where conflict is political and occurring between two nations. The role of the company is to provide (objective and correct) information to assist others and in order to amend misinformation. This apolitical argumentation is also the conclusion reached in a media analysis by Joutsenvirta and Vaara (2009), who find that the company attempts to distance itself from the political dimension of the conflict and to emphasize its expertise in providing technological information.

The financial perspective, on the other hand, involves an entirely different approach to the case. After the case escalated into conflict, the IFC called upon the Consensus Building Institute (CBI) to assist in conflict mediation in 2005. The CBI has a long and successful history in conflict mediation and consensus building, and a developed methodology with which to approach the phenomenon (see Susskind et. al 1999). The need for third party intervention is often necessary when a conflict has escalated and reached deadlock. For example, one of the key findings in Hellström's (2001) qualitative comparative study of international forest conflicts was that the conflicts in which mediation efforts had been emphasized were in general milder. Conversely, meditative conflict management was absent in the most intense conflicts. From that perspective, there was thus a strong case for conflict mediation.

CBI Stakeholder Assessment (Uruguay Pulp Mills… 2005) focuses on the substance of conflict. The method in the assessment is based on approximately 80 semi-structured interviews which were conducted in Uruguay, Argentina and Washington D.C. with representatives from civil society groups and NGOs, business associations and public officials. The interviewees were queried about the key issues of concern and the public engagement process. According to the CBI report, stakeholders had the following expectations of the dialogue process: meaningful and transparent, include broad stakeholder representation, provide the opportunity for the review of credible information, respect sovereignty, and ensure a safe space for civil discussion. Many stakeholders said that they would not be interested in a dialogue that takes building the plant as a given and was limited to mitigation measures only. This is, on the other hand, the purpose of environmental impact analysis, namely to minimize adverse effects rather than maximize benefits.

One of the most significant observations in the CBI Stakeholder Assessment was that the Citizens Assembly of Gualeguaychu, one of the key mobilizing forces in the conflict, along with some environmental NGOs and the Entre Rios (Argentina) government officials declined to take part in the interviews. The reason for this was stated as mistrust in the engagement process of the IFC (Uruguay Pulp Mills… 2005).

The concerns related to the substance of the matter expressed in the stakeholder assessment portray to a very large extent the individual concerns expressed in the WRM publications. The stakeholder concerns were grouped into 5 categories: Economic development and job opportunity, community quality of life (including environmental impacts), eucalyptus plantations and changing land use, effects on fishing and agriculture from pollutants, appropriateness of proposed plant sites, controls and monitoring. Almost all issues addressed in the WRM publications were represented in the CBI report.

There is, however, at least one interesting feature. The negative impact of eucalyptus plantations on water resources has been an issue frequently mentioned by NGOs. In the stakeholder assessment, however, the issue is covered with a quite simple set of arguments:

> *Plantations may represent a threat to the Guaraní – the largest aquifer in South America, NGOs said. Other agriculture stakeholders interviewed by the CBI say they have seen little if any change to aquifers as a result of plantations.* (Uruguay Pulp Mills 2006)

The impact of large scale plantations on freshwater resources has been a frequently raised issue that lacks, to the best of my knowledge, clear scientific opinion. The CBI conflict mediation efforts could not be put to their full use. However, the CBI took part in consultations organized by the IFC concerning the cumulative impact assessments. CBI was not the only declared 'failure' in the case, the King of Spain's conflict mediation efforts have also been labeled a failure. The CBI evaluates the process in retrospect as follows:

> *CBI believed that a broad stakeholder engagement to review the draft Cumulative Impact Study was possible, but that IFC and other stakeholders would first need to clarify terms of engagement for all involved. The CBI team carried out a series of facilitated dialogues with stakeholders in both Argentina and Uruguay, but ultimately could not resolve outstanding stakeholders concerns once the situation escalated to a full blown international court case in early 2006.* (CBI 2007)

CBI highlights three perspectives in particular that constitute lessons worth learning. First, setting a legitimate convener and defining a public engagement framework is essential. Second, stakeholders and interest groups should be

thoroughly mapped at an early phase in planning a foreign investment. Third, the project timeline should be balanced against the needs of the engagement process.

In conclusion with regard to the lessons learned, it should be pointed out that conflict over private investment in the pulp and paper sector is not a new phenomenon. UPM-Kymmene met intense opposition in Indonesia (see Åkerman 2001) and likewise Stora Enso in Brazil (see Kröger 2010). The opposition to the Veracel mill also attracted NGO and local, national, and international media attention (Andersson & Bartholdson 2004), but that case clearly differed in the political setting of the conflict. Although the Finnish media's narrative on the Botnia case builds around the political conflict between Uruguay and Argentina, similar elements in NGO argumentation can be found in comparison with previous cases. Contrary to the findings of previous studies that emphasize the differences of the Veracel and Botnia cases (Pakkasvirta 2008; Kröger, 2010), several similarities can in fact be found. The WRM argumentation against both projects follows a similar logic[5].

Establishing meaningful dialogue is particularly important since in most cases the dialogue also plays out in the media. Here, it is important to note that the term 'media' also refers to NGO media and industry and trade magazines, whose contributors hail from a very wide spectrum of expertise. In fact, the roles that individuals play change according to context and can display a wide variety of viewpoints. In the case of Botnia, experts as academic scholars, independent third party experts, actually exert their informed opinions via NGOs, industry, or other media. While this has numerous implications for the formations of the dialogue, it also speaks to the versatility of the debate, and strengthens the role of NGOs as legitimate sources of expertise in the dialogue.

However, as noted in Article 4, NGOs are not the only legitimate source of expertise in the case. The ultimate legitimacy challenger is the IFC Compliance Advisor/Ombudsman (CAO) (2005) which acknowledges that the concerns of potentially affected local people had not been adequately addressed. In particular, according to the report, the EIAs did not provide sufficient evidence that concerns related to potential impacts on tourism and agriculture had been addressed and that the process lacked adequate engagement on behalf of the Argentinean side of the river. In addition, at the time the report was issued, the joint impact of the planned Spanish mill ENCE and Botnia were inadequately addressed in the EIAs. All in all, the CAO report delegitimized the operations of Botnia, and reinforced the legitimacy of

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[5]   Based on the findings in the authors master's thesis (2005).

NGO opposition. In doing so, the legitimacy of the investment was shifted to the IFC. From a processual perspective, the case has several points in time where, by whom, and how the legitimacy of the investment is 'up for grabs', and NGOs (including the local assembly of Gualeguaychú) are only one.

6   SUMMARY OF ARTICLES AND CONCLUSIONS

The following sections summarize the contents and conclusions of the research articles in this thesis. Article 1 answers to the first sub-objective of the thesis, which is to review the literature on the NGO-business interface in business and society, management, and international business journals. Article 2 answers to the second sub-objective, which is to critically assess the academic discourse on NGO-business relations. Article 3 answers to the third sub-objective, which is to critically analyze how sustainable foreign direct investments are socially constructed. Finally, Article 4 answers to the fourth sub-objective, to examine the problematic aspects of stakeholder dialogue in connection with a foreign direct investment. The contents are summarized below (Table 3).

Table 3   Summary of the research articles in this thesis

	Article 1	*Article 2*	*Article 3*	*Article 4*
Authors	Arno Kourula & Salla Laasonen	Salla Laasonen, Martin Fougére & Arno Kourula	Tomi J. Kallio, Salla Laasonen & Martti Vihanto	Salla Laasonen
Purpose	Review of NGO-business relationship between 1998–2007	Critical assessment of academic discourse on NGO-business relations	Critically analyze sustainable foreign direct investments as a social construction	Examine the problematic aspects of stakeholder dialogue in connection with a foreign direct investment
Method	Literature review	Discourse Theory	Conceptual	Case Study
Data	11 journals in business and society, international business, and management, 88 articles	11 journals in business and society, international business, and management, 192 articles	Conceptual, case employed for illustrative purposes	35 (out of 130) documents of publicly available NGO campaign material
Analysis	Spreadsheets containing terminology, organizational perspective, theme/focus, theory, method, findings	Spreadsheets containing key signifiers as articulated in text, discursive interventions and tensions	Conceptualizing a social constructivist interpretation of 'sustainable foreign direct investment'	Analysis of NGO argumentation in connection with a case (pulp mill in Uruguay) Publicly available documents
Evaluation	Researcher triangulation, keyword search	Researcher triangulation	Researcher triangulation	Publicly available (secondary data) material
Theoretical emphasis	(Literature review)	Discourse theory	Social constructionism, Institutional theory	Stakeholder dialogue
Key contribution	Thematic classification of NGO-business research	1) Methodological contribution: analysis of the problem setting of an academic article 2) Exposing dominant articulations in business and society discourse on NGO-business relations	Illustration of how a sustainable investment can be constructed	Indicating challenges to meaningful stakeholder dialogue in connection with a case FDI

6.1 Article 1: A literature review on nongovernmental organizations and business

In Article 1, co-authored with Arno Kourula, we illustrate how the relationship between non-governmental organizations (NGOs) and businesses has been examined in the business and society, management, and international business literatures during the years 1998–2007. 11 leading journals in the mentioned fields were chosen for analysis: *Business Ethics Quarterly*, *Business & Society*, *Business Strategy and the Environment*, *Journal of Business Ethics, Administrative Science Quarterly*, *Academy of Management Journal*, *Academy of Management Review*, *Organization Science*, *Strategic Management Journal*, *Journal of International Business Studies* and *Management International Review.* The motivation for conducting the review was that, unlike in corporate social responsibility research (Egri & Ralston 2008, Lockett et al. 2006; de Bakker et al. 2005), no such systematic overview had been conducted on the increasingly growing interest on NGO-business interaction.

A total of 88 relevant studies were identified through the analysis (for further details on method see section 4.2). Congruent with the number of published articles annually, the Journal of Business Ethics accounts for the largest number (38). What is noteworthy, though, is that the number of articles published in management and IB journals is markedly low, with 15 articles in management journals and just 2 in IB journals, which is indicative of how new the research topic is, with a low level of 'mainstreaming' from business and society journals.

In order to form a general picture of the articles, we focused on thematic entities that clearly stood out from the spreadsheet data. Based on induction, we found these entities could be grouped according to *actors* examined in the articles, and the *themes*. The articles were classified into three categories according to their focus: NGO-business interface, NGO-business-government interface, and NGOs as one of many corporate stakeholders. The first category contains articles that focused on the NGO-business relationship, be it partnership or adversarial. The second category contains articles that focus on three actors, namely NGOs, business, and government. The articles were commonly those relating to community development or projects with a clear societal focus. Finally, the third category includes NGOs as only one of many stakeholders. Interestingly, in this category, NGOs tend to be portrayed as powerful actors, but their role in the article remains rather trivial.

The thematic categorization focuses on the substance of the NGO-business relationship, in which six main themes were identified: 1) Activism and NGO influence, 2) dyadic partnership (NGO-business), 3) cross-sector partnership (NGO-business-government), 4) global governance and standardization, 5)

national level governance, and 6) stakeholder management. The first category deals with NGO influence mechanisms towards business. The second comprises articles on modes of partnership from the dyadic perspective, while the third category focuses on partnership between the three sectors.

While the main contribution of the article is a systematic analysis of the NGO-business relationship in business and society, management, and international business journals, the overview raises several questions for future study. For instance, what is the interplay between the adversarial and more cooperative nature of the relationship, and what are the implications of this interplay? This and other questions act as motivation in the following article (Article 2), in which a critical perspective is adopted to examine the NGO-business relationship.

6.2   Article 2: A critical analysis of the academic business and society discourse on NGO-business relations

As demonstrated in Article 1, relations between NGOs and business have been the subject of a sharply increasing number of publications in recent years within academic business journals. In Article 2, co-authored with Martin Fougère and Arno Kourula, we critically assess this fast developing body of literature, which we treat as forming a 'business and society discourse' on NGO-business relations. Drawing on discourse theory (Laclau & Mouffe 1985; Jørgensen & Phillips 2002), we examine 199 academic articles in 11 business and society, international business, and management journals. The data selection method and scope is replicated from Article 1, and we extend the analysis period by one year (1998–2009). In addition, two special issues on the topic from 2010 are included in the analysis (Business & Society and Journal of Business Ethics).

Our article makes three main contributions: 1) We distinguish five types of discursive intervention through which, we argue, business and society discourse draws on governance discourse in an attempt to dominate the field of discursivity of NGO-business relations, 2) We present special issues as organized attempts to fix business and society discourse, and 3) We introduce a methodological contribution to analyzing academic discourse: focusing on the problem setting of an article.

First, our findings indicate a privileging of partnership and collaboration, and we find a discursive convergence between the roles assigned to NGOs and business. We argue that this is a way for business and society discourse to draw on governance discourse in an attempt to dominate the field of discursivity on NGO-business relations, in such a way that business can become

fully legitimate as a driving force in addressing contemporary governance challenges. The five types of discursive intervention are: 1) 'Taming' NGOs, which is symbolically achieved through the articulation of a change in their role in the relationship from adversaries to partners. 2) Businesses and NGOs are encouraged to adopt more hybrid roles towards society (for business) and the market (for NGOs), which leads to the market and civil society domains seemingly merging into one another. 3) Critical voices are largely co-opted within the 'reasonable and balanced' business and society discourse. 4) Business is posited as a key 'part of the solution' for contemporary governance challenges in the alleged absence of governmental regulation possibilities. 5) Voluntary agency is claimed for business in its relations with NGOs, whose pressure is discursively transformed into encouragement as though it would represent a societal demand for business 'voluntarily' becoming involved in win-win-win partnerships and multi-stakeholder governance arrangements.

Second, we emphasize the role of special issues as hegemonic interventions that attempt the closure of business and society discourse explicitly towards collaborative relations, while excluding the adversarial ones. The role of special issues is particularly relevant also because, interestingly, without the special issues taken into account, the discourse seems to be opening up, meaning that no single articulation is dominant. Hence, our interpretation is that business and society discourse competes with social movements discourse and governance discourse in the following ways: it attempts to

- co-opt social movements through the partnership imperative
- discredit those accounts of social movements theory that are still focused on adversarial relationships, and
- place business at the centre of governance discourse.

Third and finally, we also present a methodological contribution to analyzing academic discourse. The focus on problem settings makes it possible analytically to grasp dominant articulations in academic discourse. We argue that exposing dominant articulations is particularly useful in academic fields that are yet to be 'mainstreamed' in established academic discourse, such as the business and society discourse on NGO-business relations, where it is possible to capture discursive struggles and depict their implications. In the article, we focus on the dominant articulations of the NGO-business relationship and the key signifiers they rely on (for further details on method see section 4.2). We analyze the problem settings of articles in order to reveal the statements that are acceptable and appropriate within this field. By problem setting we refer to the title, abstract and introduction of an article. The introduction of an article contains, in particular, the most self-evident and accepted statements or unproblematized 'truths' which we aim to expose. In doing so, we are able to conduct a critical and systematic analysis of the academic discourse.

6.3   Article 3: A critical perspective on constructing sustainable foreign direct investments

In Article 3, co-authored with Tomi J. Kallio and Martti Vihanto, we adopt a critical perspective on how 'sustainability' is constructed within FDI. We differentiate between a 'lay interpretation' and a 'social constructionist' interpretation of sustainability. The former is associated with economically, socially and environmentally sound activities. The difficulty is, however, that universally defining this soundness is a next to impossible task, which leads to the social constructionist interpretation of sustainability. In this interpretation, sustainability is defined by a sequence of references to actors and labels. An investment is sustainable because it applies the best available technology, conducts a series of impact analyses, and its operations are reported in sustainability reports and rated in sustainability indexes. While it should be acknowledged and emphasized that these procedures most definitely do – in the lay sense – increase the economic, social and environmental performance of companies (or investments) in general, it is important to note how these interpretations are derived. In the case of loosely defined and highly context specific concepts such as sustainability and responsibility, the concern for the latter, the social constructionist interpretation, is particularly high.

   In the article we take the pulp and paper sector in Latin America as an illustrative example to highlight some of the issues that have caused debate from the perspective of sustainability. We also analyze how the behavior of firms is constrained by societal norms, and outline the decision making environment of an investing company. Our recommendation for a solution to the challenge of defining sustainability is to increase the transparency and measurability of sustainability. This (pragmatic) recommendation is admittedly challenging.

6.4   Article 4: Stakeholder dialogue on foreign direct investment

The focus of the fourth research article is on the stakeholder dialogue in connection with a case foreign direct investment, a pulp mill in Uruguay built by the Finnish company Metsä-Botnia and currently owned by UPM. The underlying motivation for the article are the questions of whether stakeholder dialogue in connection with a foreign direct investment could have the potential to bring positive societal impacts, and whether this dialogue can be characterized as meaningful. The purpose of the paper is to analyze stakeholder dialogue in connection with the case, both as a process during the time period of analysis, 2002–2008, and as a construct, in particular from the

perspective of NGOs. Therefore, instead of referring to dialogue as action, dialogue is approached with a discursive perspective, linguistic interaction through text between the parties involved in the specific issue in question: the pulp mill. In the article, the objective is to locate rhetorical and discursive strategies that reinforce expertise and the different meanings assigned to dialogue.

For the purpose of the article, two NGOs are examined more closely due to their visible role in the case. The arguments of two key NGOs headquartered in Uruguay and Argentina are analyzed with particular emphasis on how the argumentation evolves in relation to stakeholder dialogue in the case. The first NGO is the World Rainforest Movement (WRM), headquartered in Uruguay. Founded in 1989, it is "an international network of citizens' groups of North and South" whose objective is to defend the world's rainforests. The second NGO is the Center for Human Rights and Environment (CEDHA), headquartered in Argentina. Founded in 1999, it "aims to build a more harmonious relationship between the environment and people".

As illustrated in the article, the dialogue process in the case evolves in two entirely different phases. In the first phase, the investing company (Botnia) conducted a series of public hearings and information dissemination events as both part of the environmental permit process and to Botnia's own intention to further awareness. This phase is in many ways a very restricted form of dialogue, which is characterized by one-way information feed dictated by the company. The second phase of dialogue was conducted by the IFC, according to very systematic due diligence that entailed a third party facilitator, a series of interviews with a wide variety of stakeholders, a feedback period of 60 days along with follow-up procedures and a web based channel for expressing concerns. Despite the IFC process, and mainly because of the first dialogue process, the process was not portrayed as meaningful. The result was the non-participation of several stakeholders. As witnessed in the Botnia case, establishing meaningful dialogue is difficult where the degree of choice and trust are minimal. Thus the main argument of the paper is that non-participation is one of the most significant challenges for issue specific dialogue. If relevant actors choose not to participate, no meaningful dialogue can take place.

The paper's main argument is that as the degree of preparation for the investment increases and the room for any sort of significant alteration decreases, the possibility of achieving meaningful dialogue diminishes (Figure 5). Dialogue in a situation with limited room for choice occurs in the realm of conflict resolution and bargaining rather than in that of true dialogue. This, in turn, causes a lack of trust in the terms of dialogue and increases the problem of non-participation. The article emphasizes the role of non-participative NGOs as a key challenge in stakeholder dialogue. It also adds to

previous research on the formation of argumentation and expertise, and highlights the role of the Compliance Officer Ombudsman of the IFC in granting the investment the highest expertise or legitimacy in the case. It also critically evaluates the preconditions for dialogue in connection with foreign direct investments.

PARTICIPATION

FEASIBILITY STUDIES

INVESTMENT DECISION

IFC FINANCE

OPERATION

IJC RULING

NON-PARTICIPATION

DIALOGUE   CONFLICT
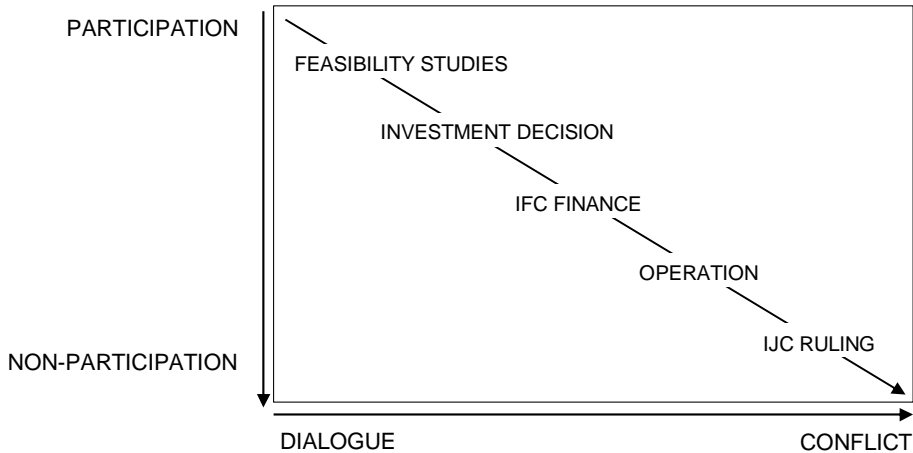
Figure 5   Illustration of timing of dialogue in connection with the case

In sum, the dialogue process can be divided in terms of the function served. The first dialogue process conducted by Botnia can be characterized as a 'dialogue for education'. The main purpose is to convince the audience of the facts they should learn. It is characterized by one-way information provision. The second dialogue process conducted by the IFC serves the function of accountability. The process involves designed engagement, third party mediation (Consensus Building Institute), and a timeline for feedback and comments. In numerous respects, the legitimacy provider of the entire investment is granted by the IFC.

7   CONCLUSIONS AND DISCUSSION

7.1   Theoretical contributions

One of the key motivations for this study was the increasing academic and practitioner emphasis on stakeholder dialogue as a promise of corporate accountability. The theoretical contributions of the study lie in examining the implications of this trend from the perspective of global governance, and the relations between the public, private and third sector.

While it is argued that the prerequisites and ideals of dialogue as a two-way process with the maximum number of attributes assigned to meaningful dialogue (rational argumentation, constructive dialogue, and consensus orientation) are most likely to occur in multi-stakeholder settings with long time frames and distance to urgent issues, and *not* in connection with specific issues such as FDI, the question remains: What expectation can be placed on issue specific dialogue where the ideals of dialogue are close to non-existent at the outset? I argue that there is a need to reformulate the conceptual field of stakeholder dialogue, in which the most urgent task is to, at the very least, detach the accountability expectations from issue specific dialogue.

Moreover, it can be questioned to what extent accountability should be associated with dialogue (in the private sector) to begin with. Attaching such a process to the weaknesses of the pillars that dialogue is built on (the concepts of CR and sustainability, examined in Article 3), it is argued that the risks of such accountability, from the global governance perspective, may well exceed the benefits. Can stakeholder dialogue ironically turn into something that brings us even further away from accountability? Following the logic of Welford's (1997) concern for sustainability being hijacked, it can be questioned whether the same is happening in the context of 'dialogue for accountability'.

The significance of dialogue as an accountability mechanism is inherently intertwined with the role that is assigned to NGOs, the actors in the global economy which are supposed to counterbalance the power of MNEs. As argued in Article 2, the increasing emphasis on partnership at the expense of more adversarial forms of NGO-business relations and the blurring roles of the public, private and third sector diminish this counterbalancing role. When the impacts of the increasing emphasis on partnership as substituting adversary ways of relating and the increasing emphasis on dialogue as a voluntary

accountability mechanism are combined, the result is a scenario of global governance that is lead by business, in partnership with consensus driven NGOs, accompanied by weak governmental legislation. It is clear that such a scenario should be treated with skepticism. It is particularly from this perspective that the implications of political CSR (Scherer & Palazzo 2006) and civil regulation (Bendell 2000; van Tulder with van der Zwart 2006) call for critical examination.

Finally, the significance of academic discourse in producing these roles is one of the key contributions made by this thesis (Article 2). Theoretical analysis on academic discourse is seen as an important but neglected approach in business studies (cf. Kallio 2006, for exception see Skålen et al. 2008). Therefore, the methodological contribution introduced in Article 2 should be highlighted as one of the key contributions of this thesis.

7.2   Practical contributions

The objective of this thesis is to contribute to knowledge on two intertwined phenomena: the role of NGOs in international business, and in direct relation to this, the role of stakeholder dialogue as a key component of corporate responsibility and accountability. One of the key conclusions of this study, in relation to stakeholder dialogue in the FDI context, is that stakeholder dialogue, while taking numerous forms and dimensions, is a limited tool for accountability, when accountability is defined in any demanding fashion. There is a risk that accountability (as achieved through dialogue) in the FDI context suffers from similar deficiencies as sustainability (as presented in Article 3), whereby a lay interpretation and social constructionist interpretation of accountability can also be distinguished. The lay interpretation would of course be associated with concretely being accountable to someone for something. The lay definition also involves concrete sanctions for misconduct. On the other hand, the social constructionist definition of accountability (as achieved through dialogue) is associated with dialogue being a process in which none or few of the lay conceptions of accountability are realized. The attributes in Arnstein's (1969) ladder of citizen participation that are associated with this interpretation are non-participation and tokenism, dialogue with no actual consequences or follow-through. This type of dialogue does not result in the potential to hold anyone accountable for their actions. Sanctions therefore translate into reputation and public relations challenges. This by no means undermines the significance of reputation impacts, on the contrary, but is only to illustrate that the social constructionist interpretation of dialogue

accountability need not be associated with concrete and tangible impacts on the investment project.

One of the main arguments in this thesis is that dialogue serves two distinct and different purposes, from the managerial perspective. Although it is beyond the empirical scope of this paper, the idea of ongoing stakeholder dialogue as a preventive risk management tool is supported. If stakeholders are willing to invest time and effort to provide weak signal warnings, with the result that a company is able to quote dialogue with stakeholders as a component of corporate responsibility ('we engage in stakeholder dialogue and are thus responsible' or 'by engaging in dialogue we gain accountability'), there are simply are no rational arguments against dialogue. The strategic value of (ongoing, preferably non issue specific) stakeholder dialogue is very high (cf. van Huijstee & Glasbergen 2008). Stakeholder dialogue also has high managerial value in terms of the second purpose of dialogue, namely legitimacy. Quoting 'open and transparent dialogue' both increases the legitimacy of corporate decisions from the perspective of corporate responsibility, and is an effective tool to frame the dialogue boundaries so that the actual decision making (whether to go through with an investment or not) is ruled out. Discontent with such framing is labeled as non-participation that is more or less a result of stubbornness (in this case a by-product of Latin-American temperament). In addition, as shown in Article 4, the NGO arguments concern issues that do not fit the risk management agenda for investments; the NGOs question the premises, e.g. defining sustainability, while from the company perspective the dialogue is about listing measures that have been categorized as sustainable (by some entity) e.g. sustainable plantations, best available technique etc.

The practical implications of the pulp mill case have been well documented elsewhere (e.g. Pakkasvirta 2008; Aaltonen et al. 2006; Aaltonen & Sivonen 2008; Aaltonen 2010). From many perspectives, the case represents a worst case scenario, a learning case for how wrong things can go. From the dialogue perspective, the case portrays an example of how the voluntary, legally non-binding institutions come into play. As illustrated in Article 4, the dialogue is a process in which the rules of the game are being constantly formed and reshaped. Ultimately, it could be argued that the environmental and social 'facts' of an investment project remain rather trivial should the interaction process between the company and stakeholders be insufficient. Private investments remain in the realm of business confidentiality, and traditionally disclosing information close to this area has been extremely sensitive. However, it can be argued that this has a direct impact on the success of dialogue: How meaningful can dialogue be after the investment decision? Non-participation is a challenge for dialogue at all levels. Dialogue is a prosperous tool for co-optation and a legitimacy granting mechanism.

In sum, dialogue is a beneficial tool for gathering information on weak signals and rising issues and trends, and safeguarding against undesired consequences. It can be regarded as an effective way to strengthen expertise. However, when it comes to dialogue as a guarantee of accountability, it is an entirely different question. The participation of stakeholders in connection with FDI is in many ways problematic.

7.3   Suggestions for future research

The focus of this thesis lies especially on NGOs and stakeholder dialogue in the context of corporate responsibility and foreign direct investment. The dialogue in this study is approached from a processual perspective in a specific case, by analyzing public documents. In addition to a highly practical approach to dialogue, a more abstract or theoretical approach is adopted, namely academic discourse on NGO-business relations. Based on the findings of this thesis, it is argued that further research on the NGO-business bargaining (or dialogue) process is needed in various contexts.

The opportunities (and critically also the threats) that the social media have brought in respect of business-society interaction are interesting objects of further study. Interactive stakeholder communication tools in the social media increase, at least in theory, the participation potential and transparency of dialogue. Interactive dialogue platforms have already been introduced by many organizations, both public and private, in order to communicate with stakeholders. Most of these platforms have been created by the issuing organization itself (for example, see Stora Enso's "Think Globally" communication campaign on Facebook[6]). What is interesting, though, is that new interactive platforms have been created by a third party to act as a mediator of dialogue. While these kinds of innovative solution can be seen as promising tools in many ways, numerous reasons exist as to why these new solutions should also be treated with caution. The scope, extent and control of interaction are among most relevant issues: who has the power to decide the issues to engage with, and how is this to occur. Actions via social media, posting comments or indicating preferences, may in the worst case scenario be counterproductive to dialogue (when defined as meaningful), by hindering it and reverting dialogue to public relations and greenwash, or whitewash with reference to stakeholder consultation as a PR mechanism.

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[6]   https://www.facebook.com/globalresponsibility, accessed July 4, 2011.

What is most important, however, is the requirement for further study on voluntary social regulation mechanisms as substitutes for traditional regulatory mechanisms, from the perspective of future global governance. The increasing furtherance of participative mechanisms in both the global public and private sphere can be characterized as a deliberative megatrend, the implications of which pose many challenges to global democracy.

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APPENDIX 1: LIST OF EMPIRICAL MATERIAL

A letter of intent regarding Metsä-Botnia's new ownership structure (2009) Botnia press release 15.7.2009.

A new world record in pulp production by (2008) Botnia Fray Bentos mill Botnia press release 29.4.2008.

Alstom to supply air pollution control systems for greenfield pulp mill in Uruguay (2005) Botnia press release 5.10.2005.

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Botnia has complied with OECD guidelines in its pulp mill project in Uruguay (2006) Botnia press release 22.12.2006.

Botnia informs local inhabitants of the functioning of the Fray Bentos mill (2007) Botnia press release 29.11.2007.

Botnia launched a traveling exhibition in Fray Bentos (2008) Botnia press release 29.4.2008.

Botnia organised a city festival in Fray Bentos (2008) Botnia press release 11.3.2008.

Botnia stops civil construction works at its Fray Bentos pulp mill site for 10 days (2006) Botnia press release 4.4.2006.

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Botnia to build a pulp mill in Uruguay (2005) Botnia press release 7.3.2005.

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Common Questions and Misconceptions about the Pulp Mill Conflict in Uruguay (CEDHA)

Communications function in Botnia's Uruguay project reinforced (2006) Botnia press release 28.8.2006.

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Complaint to Finland's Parliamentary Ombudsman (2007) Center for Human Rights and Environment (CEDHA). 30 January 2007.

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More than 100,000 tons produced in Fray Bentos (2008) Botnia press release 15.1.2008.

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Open Letter (2004) Re: EIB "dialogue" with NGOs on the Veracel project. May 21, 2004. www.bankwatch.org/issues/eib/downloads/2004/veracel_05-04.htm, retrieved 25.7.2004.

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Taillant, Jorge D. (2007) Engagement and Access to Justice In International Development Finance, Case Study, PULP Mills in Fray Bentos – Uruguay. Presentation, UNEP/University of Geneva Civil Society and Public Participation Module.

The Botnia Fray Bentos mill started again after production stop (2008) Botnia press release 1.2.2008.

The first barge arrived from Fray Bentos pulp mill to Nueva Palmira (2007) Botnia press release 16.11.2007.

The first pulp bales have been produced at the mill in Fray Bentos (2007) Botnia press release 13.11.2007.

The raw material to Uruguayan pulp mill has been secured already in the beginning of the project (2006) Botnia press release 24.5.2006.

The start-up process at Fray Bentos mill proceeding according to plans (2007) Botnia press release 12.11.2007.

The start-up process of Botnia in Fray Bentos begins today (2007) Botnia press release 9.11.2007.

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WRM Bulletin 112 (2006) Uruguay: Though not yet in operation, Metsä-Botnia's pulp mill already smells rotten

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WRM Bulletin 54 (2002) Will IDB-funded private port include a pulp mill?

WRM Bulletin 83 (2004) Either with the people or with pulp mills and tree plantations

WRM Bulletin 83 (2004) Uruguay: Either with the people or with pulp mills and tree plantations. Based on information from other NGO documents

WRM Bulletin 91 (2005) To continue celebrating without pulp mills

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WRM Bulletin 94 (2005) A huge demonstration against pulp mills

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WRM Bulletin 119 (2007) A meeting in Europe with bankers about pulp mills and finance

WRM Bulletin 75 (2003) Uruguay-Argentina – Joint struggle against a pulp-mill

PART II: ARTICLES

Article 1: Kourula, Arno – Laasonen, Salla (2010) Nongovernmental
           Organizations in Business and Society, Management, and
           International Business Research – Review and Implications from
           1998 to 2007, *Business & Society*, Vol. 49, No: 1, 35–67.

Nongovernmental Organizations in Business and Society, Management, and International Business Research

Review and Implications From 1998 to 2007

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This review shows how the relationship between nongovernmental organizations (NGOs) and businesses has been examined in business and society, management, and international business (IB) literatures. Altogether 88 relevant studies have been identified through the analysis of article abstracts from 11 leading journals in these fields. The articles have been classified into three categories according to their focus: NGO–business interface, NGO–business–government interface, and NGOs as one of many corporate stakeholders. Six main themes are identified: (a) Activism and NGO influence, (b) dyadic partnership (NGO–business), (c) cross-sector partnership (NGO–business–government), (d) global governance and standardization, (e) national-level governance, and (f) stakeholder management. The state of the research topic is assessed, and implications and avenues for further research are provided.

Keywords: *nongovernmental organization; NGO; nonprofit; literature review*

The relationship between nongovernmental organizations (NGOs) and companies has received increasing interest from both academic and practitioner communities. Although the taxonomy related to NGOs remains

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diverse, NGOs can be defined as social, cultural, legal, and environmental advocacy and/or operational groups that have goals that are primarily non-commercial.[1] The growing interest in NGOs is partially due to their rapid growth in number and influence (Bendell, 2000; Boli & Thomas, 1997; Doh, 2003; Powell & Steinberg, 2006; Teegen, 2003). Furthermore, NGOs are increasingly becoming more international and constantly developing new tactics for engagement with business and have shifted from focusing on governments to businesses (Doh & Teegen, 2003). In the analysis of the NGO–business relationship, key research themes have included the different roles and strategies adopted by NGOs and their impact on companies (e.g., Humphreys, 2004; Kong, Salzman, Steger, & Ionescu-Somers, 2002; Spar & La Mure, 2003), the various forms of collaboration, for example, dialogue and partnerships (Argenti, 2004; Austin, 2000; Heugens, van den Bosch, & van Riel, 2002; Millar, Choi, & Chen, 2004; Rondinelli & London, 2003; Seitanidi & Crane, 2009), the study of NGOs from the aspects of global governance or voluntary regulation (Christmann & Taylor, 2002; Teegen, Doh, & Vachani, 2004), and NGOs and businesses as institutions or in different institutional contexts (Doh & Guay, 2006; Doh & Teegen, 2002).

The once adversarial relationship between NGOs and companies has undergone a shift toward becoming more cooperative and more dialogic in form. The rise of NGOs as relevant players, in addition to private and public sector actors, has been seen as one of the most significant processes related to the global environmental and social challenges of today. This raises the following questions: How has the discussion on this important subject evolved and where could it be heading? Does the scholarly discussion on NGOs have a different emphasis in different academic literatures?

The conceptual entity of business and society related literature remains heterogeneous or even fragmented. Concepts such as corporate social responsibility (CSR), environmental management, sustainable development, corporate governance, and business ethics have all established their place in academic debate. The challenge is, however, that these concepts often overlap. Inspired by this challenge, several reviews on CSR-related literature have been conducted. Egri and Ralston (2008) examined the extent to which corporate responsibility (CR) research has been mainstreamed into international management literature. Similarly, Lockett, Moon, and Visser (2006) have focused on CSR in mainstream management journals. De Bakker, Groenewegen, and den Hond (2005) have also focused on the same topic (CSR and corporate social performance [CSP]). Their bibliometric analysis included both specialized and mainstream journals. Thus, it is clear that CSR literature has been reviewed in numerous studies. However, a comprehensive analysis of the growing amount of literature on the NGO–business

relationship has not yet been completed. Thus, there is a need for a review and thematic categorization of current research.

This study sets out to fill that gap by conducting a systematic analysis of articles that focus on NGOs in academic journals in the literatures of (a) business and society, business ethics, CSR, and environmental management, which are collectively referred to here as *business and society* (for the sake of abbreviation), (b) general management (including organization studies and strategic management), and (c) IB during a 10-year period from 1998 to 2007. Thus, the key research question of the article is the following: What is the state of research on the NGO–business relationship as found in the literatures of business and society, management, and IB? This article answers the research question by identifying key themes in current research and emphasizes the implications for future study in each theme and the topic in general. The following sections of this article will discuss the method of conducting the review and present and discuss the findings and implications.

Method

In this review, a first critical choice was the journals to be analyzed. Although different literatures could have been examined (such as international relations, international political economy, marketing, economics of development, sociology, international affairs, and nonprofit sector research), the starting point of this study was to examine how NGOs have been studied in business and society, management, and IB literatures. By including both mainstream and specialized articles, it is possible to achieve a comparative setting between these two categories themselves and between other reviews carried out on CSR (see de Bakker et al., 2005; Egri & Ralston, 2008; Lockett et al., 2006). Research on the NGO–business relationship is a continuously growing topic, and therefore it is interesting and relevant to see how business and society literature acts as a catalyst for research in more general fields. Thus, it is important to examine how research on the topic has been become mainstream in management and IB literatures (see Egri & Ralston, 2008). In business and society, four key journals were identified: *Business Ethics Quarterly* (BEQ), *Business & Society* (BAS), *Business Strategy and the Environment* (BSE), and *Journal of Business Ethics* (JoBE). BEQ and JoBE can be considered to be the leading journals in business ethics (and CSR), BAS is the leading journal in its field, and BSE is an important journal in the area of environmental management and CSR. In terms of management research, the five main academic-oriented (nonpractitioner)

journals in the Financial Times 40 list were chosen: *Administrative Science Quarterly* (ASQ), *Academy of Management Journal* (AMJ), *Academy of Management Review* (AMR), *Organization Science* (OrgSci), and *Strategic Management Journal* (SMJ). Similarly, the two IB journals in the Financial Times 40 list, *Journal of International Business Studies* (JIBS) and *Management International Review* (MIR), were chosen as the key journals representing IB. Table 1 describes the 11 journals included in the analysis.

The primary method used to identify relevant articles was to read all of the abstracts or author-supplied abstracts one by one. For the 11 journals, all the abstracts of all the articles that are available through Business Source Premier (EBSCO) and ABI/INFORM ProQuest electronic databases were read to make sure that no relevant articles were left out due to the variety of concepts and terminology associated with NGOs.[2] A supplementary check was conducted through a second method: keyword search. The contents of the abstracts or the author-supplied abstracts of journal articles were searched one journal at a time through the use of keywords that are commonly used to refer to NGOs. Keywords that are associated with collaboration and partnership were also added.[3] However, it should be emphasized that the keyword search was only a supplementary method because the list of chosen keywords is not exhaustive, and numerous relevant articles could have been left out, especially in cases where NGOs were referred to indirectly. According to the primary method, an article was either included or excluded based on the content and context of the article.

After the choice of relevant journals, the next critical question was relevance in article choice. The key criterion used in this analysis was some reference to the NGO–business relationship in the title or abstract. Therefore, in the primary method, phase all articles that had some kind of reference to NGOs and business were taken for further examination. As very few management and IB article abstracts referred directly to NGOs, articles with indirect references were included more readily than they were for business and society journals. As mentioned, the focus of this study is on NGOs working in the fields of world polity, welfare, environment, human rights, and community development. If civil society or local communities were mentioned, the requirement was that a reference was made to some kind of group. Political parties, trade unions, and professional and business associations were not included in the analysis. International and intergovernmental organizations, such as the International Labour Organization, United Nations, and International Organization for Standardization (ISO), were also excluded (although the latter can be considered a quasi NGO). Social Accountability 8000, AA1000, and Fair Trade studies were included, as

Table 1
Key Characteristics of the Analyzed Journals

Academic Field	Journal Title	Affiliation	Focus
Business and society	*Business Ethics Quarterly*	Society for Business Ethics	"Application of ethics to the international business community"
	Business & Society	International Association for Business and Society	"Relationship between business and society"
	Business Strategy and the Environment	The Greening of Industry Network	"Understanding of business responses to improving environmental performance"
	Journal of Business Ethics	European Business Ethics Network	"Ethical issues related to business" from "broadest possible scope"
Management (general)	*Administrative Science Quarterly*	Cornell University	"Organization studies"
	Academy of Management Journal	Academy of Management	"Empirical research that tests, extends, or builds management theory"
	Academy of Management Review	Academy of Management	"New theoretical insights that advance our understanding of management and organizations"
	Organization Science	Institute for Operations Research and the Management Sciences	"Fundamental research about organizations"
	Strategic Management Journal	Strategic Management Society	"All aspects of strategic management"
International business	*Journal of International Business Studies*	Academy of International Business	"Research on International Business"
	Management International Review	Published by Gabler	"Applied research in the fields of international management"

Source: Journal Web sites.

SA8000 and AA1000 are NGO certification mechanisms and Fair Trade labels are usually NGO based. Apart from the above-mentioned exclusions, some articles mentioned NGOs in some implicit form, but their relevance to this article was trivial. A decision about the inclusion or exclusion of those articles was made after careful discussion of each individual article.

After reviewing the results of the abstract analysis, all articles were initially classified into three main categories based on the actors involved in the setting. First, the purpose was to see what proportion of articles emphasized the dyadic nature of the NGO–business relationship. The first category, thus, contains articles in which the focus is on two actors and their relationship. The nature of the relationship may be both adversary or collaborative. Second, the emphasis was on how the blurring of the boundaries of public, private, and third sectors was visible in the data. The interest was on how NGOs were examined in the wider societal context in which they were seen as counterparts to public and private sector actors. These cross-sectoral approaches thus formed the second category, the NGO–business–government interface. Third, NGOs were frequently mentioned as one stakeholder among others, but on the whole, they did not receive a major emphasis in the article they were mentioned in. Similarly, although often described as powerful watchdogs, they often received minor attention in an article. Thus, three general categories emerged as a result of the previously described inductive process: (a) NGO–business interface, (b) NGO–business–government interface, and (c) NGOs as one of many corporate stakeholders. A further categorization of studies into main research themes is presented in the discussion and implications section. Out of many possible classifications of articles, an actor-specific and thematic categorization as described above was seen as the most fruitful in terms of evaluating the state of research on the topic and discussing the implications to future study.

The articles of the journals in question from the years between 1998 and 2007 were analyzed according to both methods. Altogether 88 articles were identified with the help of the abstract analysis and keyword search. While being analyzed, the articles were categorized on spreadsheets according to terminology, organizational perspective, theme/focus, theoretical foundation, methodological approach, and key findings.

Quantitative Overview of Articles

The review identified a total of 88 articles. The number of articles by focus and journal is presented in Table 2.

Table 2
Number of Articles Analyzed by Focus and Journal

Focus					Journals							
	Business Ethics Quarterly	Business & Society	Business Strategy and the Environment	Journal of Business Ethics	Academy of Management Journal	Academy of Management Review	Administrative Science Quarterly	Organization Science	Strategic Management Journal	Journal of International Business Studies	International Management Review	Total
NGO–business interface	2	4	6	14	0	3	1	0	2	0	0	32
NGO–business–government interface	1	4	4	12	2	3	0	1	0	1	1	29
NGO mentioned	5	4	3	12	0	1	0	1	1	0	0	27
Total	8	12	13	38	2	7	1	2	3	1	1	88

Note: NGO = nongovernmental organization.

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Figure 1
Total Number of Articles Over Time and by Category Over Time
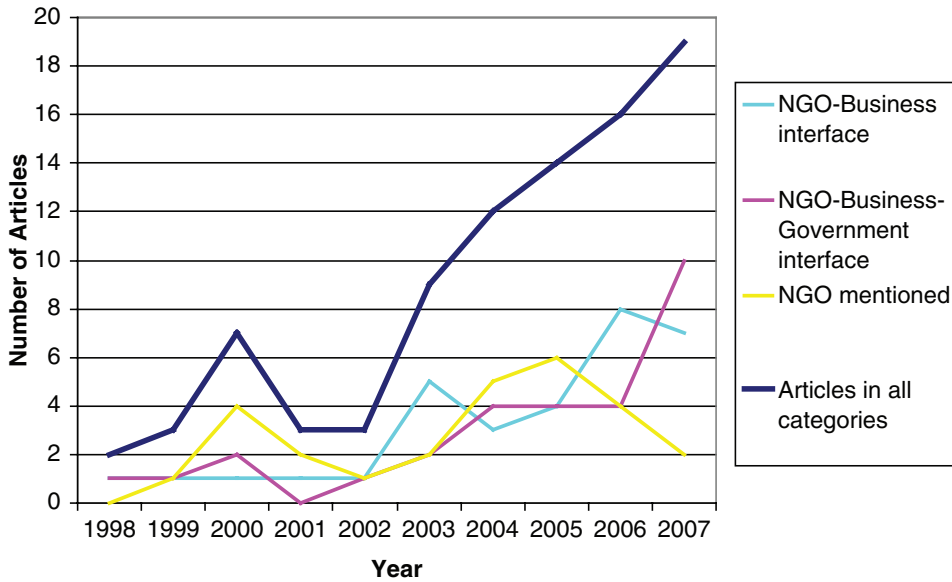
In terms of the number of articles, all four business and society, business ethics, and CSR journals seem to be important outlets for NGO-related studies, but the JoBE had a much larger number of articles than other journals in these fields. In the field of management, the key outlet for NGO studies seems to be the theoretical AMR. All in all, studies are distributed rather equally in terms of category: About 36% of studies deal with the NGO–business interface, about 33% with the NGO–business–government interface, and about 31% are studies where NGOs are mentioned as one company stakeholder among many others. Figure 1 presents the total number of articles over time and by category over time.

The total number of articles on the topic has grown in the period of analysis, with a rapid rise since 2002. The number of NGO–business articles has risen in number especially in the past few years, the number of NGO–business–government articles has increased relatively steadily since 2001, and the number of articles where NGOs are only mentioned seems to fluctuate more as it has had peaks in 2000 and 2005.

The methodological and geographical orientations of the articles are presented in Table 3 and Table 4. In terms of methodology, we made a distinction between theoretical and/or conceptual articles and empirical articles.

Table 3
Primary Methodological Orientation of Articles

Journal	Number of Theoretical/ Conceptual Articles	Number of Empirical Articles
Business Ethics Quarterly	7	1
Business & Society	3	9
Business Strategy and the Environment	3	10
Journal of Business Ethics	12	25
Academy of Management Journal	0	3
Academy of Management Review	7	0
Administrative Science Quarterly	0	1
Organization Science	0	2
Strategic Management Journal	0	3
Journal of International Business Studies	1	0
Management International Review	1	0
Total	34	54

Table 4
Primary Geographical Orientation of Articles

Journal	Global	International	National	Local
Business Ethics Quarterly	6	2	0	0
Business & Society	5	2	3	2
Business Strategy and the Environment	2	2	9	0
Journal of Business Ethics	15	7	15	0
Academy of Management Journal	0	1	2	0
Academy of Management Review	6	0	0	1
Administrative Science Quarterly	0	0	1	0
Organization Science	1	0	1	0
Strategic Management Journal	1	0	2	0
Journal of International Business Studies	1	0	0	0
Management International Review	1	0	0	0
Total	38	14	33	3
Total,%	43.2%	15.9%	37.5%	3.4%

Of all articles, 61.4% were empirical and 38.6% either theoretical and/or conceptual.

In terms of geographical focus, the articles were classified into primarily global (approximately 43.2% of articles), international (approximately 15.9%), national (approximately 37.5%), and local (approximately 3.4%). International studies examined either the cross-border or regional (such as

European Union) level, whereas global studies adopted a worldwide perspective. About 60% of the articles dealt with the global or international aspect of the business–NGO relationship. The countries that were examined in national and local articles included the Netherlands (2), Sweden (2), Germany (1), United Kingdom (6), Myanmar (1), Hungary (1), Brazil (3), Nigeria (1), Australia (2), Spain (4), United States (8), Canada (2), and France (1); two articles dealt with business–NGO engagement on a national or local level without specifying the location.

In the following sections, articles are analyzed by academic field, first, in business and society and, second, in management and IB. This is done to facilitate a comparative setting. Within these literatures, articles are categorized as addressing specifically the business–NGO relationship, the business–government–NGO interface, or whether NGOs are only mentioned as one stakeholder among many others.

NGOs in Business and Society Literature

Altogether, 71 articles were identified in the business and society literature, and they are presented in Table 5.

The first category of articles has an emphasis on the NGO–business relationship. In chronological order, the first of the 26 articles to address the NGO–business relationship is Grolin's (1998) article on Shell's Brent Spar case (see also van den Bosch & van Riel, 1998; Zyglidopoulos, 2002). The case gained widespread media attention at that time and is a good example of the increasing role and influence of NGOs. The lesson from the case was, according to Grolin (1998), that new and trustworthy forms of dialogue should be developed. After 10 years, Gilbert and Rasche (2007) and Palazzo and Scherer (2006), among others, took up this challenge by examining the preconditions for meaningful engagement. Nevertheless, although the Brent Spar was a case of conflict, several other articles have examined more cooperative cases. The success story of the Greenpeace–Foron alliance acts as a counterbalance to the failures in the Brent Spar case (Stafford, Polonsky, & Hartman, 2000), and Harvey and Schaefer (2001) focused on water and electricity utilities. Both cases are examples of successful collaboration, which prove that the NGO–business relationship can be successful.

In addition to these single case studies, the Greening of Industry Network held a conference in 1998 in Rome on partnerships. A special issue review article by Hartman, Hofman, and Stafford (1999) draws together the discussion on the theme, which includes a wide variety of perspectives.

Table 5
Business and Society Articles by Category

Category	Journal	Year	Author(s)	Title
NGO–business	*Business Ethics Quarterly*	2007	Gilbert and Rasche	Discourse ethics and social accountability: The ethics of SA8000
	Business Ethics Quarterly	2006	Arya and Salk	Cross-sector alliance learning and effectiveness of voluntary codes of corporate social responsibility
	Business & Society	2006	Hendry	Taking aim at business: What factors lead environmental non-governmental organizations to target particular firms?
	Business & Society	2006	Schepers	The impact of NGO network conflict on the corporate social responsibility strategies of multinational corporations
	Business & Society	2004	Rehbein, Waddock, and Graves	Understanding shareholder activism: Which corporations are targeted?
	Business & Society	2003	Hendry	Environmental NGOs and business (dissertation abstract)
	Business Strategy and the Environment	2005	Åhlström and Sjöström	CSOs and business partnerships: Strategies for interaction
	Business Strategy and the Environment	2003	Waygood and Wehrmeyer	A critical assessment of how non-governmental organizations use the capital markets to achieve their aims: A U.K. study
	Business Strategy and the Environment	2003	Heugens	Capability building through adversarial relationships: A replication and extension of Clarke and Roome (1999)
	Business Strategy and the Environment	2000	Stafford, Polonsky, and Hartman	Environmental NGO–business collaboration and strategic bridging: A case analysis of the Greenpeace–Foron alliance
	Business Strategy and the Environment	1999	Hartman, Hofman, and Stafford	Partnerships: A path to sustainability
	Business Strategy and the Environment	1998	Grolin	Corporate legitimacy in risk society: The case of Brent Spar
	Journal of Business Ethics	2007	Egels-Zandén and Hyllman	Evaluating strategies for negotiating workers' rights in transnational corporations: The effects of codes of conduct and global agreements on workplace democracy
	Journal of Business Ethics	2007	MacDonald and Whellams	Corporate decisions about labelling genetically modified foods
	Journal of Business Ethics	2006	Lozano, Albareda, and Balaguer	Socially responsible investment in the Spanish financial market

(Continued)

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Table 5 (continued)

Category	Journal	Author(s)	Year	Title
	Journal of Business Ethics	Egels-Zandén and Hyllman	2006	Exploring the effects of union–NGO relationships on corporate responsibility: The case of the Swedish Clean Clothes Campaign
	Journal of Business Ethics	Palazzo and Scherer	2006	Corporate legitimacy as deliberation: A communicative framework
	Journal of Business Ethics	Rasche and Esser	2006	From stakeholder management to stakeholder accountability
	Journal of Business Ethics	Palazzo and Richter	2005	CSR business as usual? The case of the tobacco industry
	Journal of Business Ethics	Hendry	2005	Stakeholder influence strategies: An empirical exploration
	Journal of Business Ethics	MacDonald and Chrisp	2005	Acknowledging the purpose of partnership
	Journal of Business Ethics	Guay, Doh, and Sinclair	2004	Non-governmental organizations, shareholder activism, and socially responsible investments: Ethical, strategic, and governance implications
	Journal of Business Ethics	Graafland, Eijffinger, and SmidJohan	2004	Benchmarking of corporate social responsibility: Methodological problems and robustness
	Journal of Business Ethics	Valor Martinez	2003	Social alliance for fundraising: How Spanish nonprofits are hedging the risks
	Journal of Business Ethics	Zyglidopoulos	2002	The social and environmental responsibilities of multinationals: Evidence from the Brent Spar case
	Journal of Business Ethics	Harvey and Schaefer	2001	Managing relationships with environmental stakeholders: A study of U.K. water and electricity utilities
NGO–business–government	*Business Ethics Quarterly*	Weber and Getz	2004	Buy brides or bye-bye bribes: The future status of bribery in international commerce
	Business & Society	Antal and Sobczak	2007	Corporate social responsibility in France: A mix of national traditions and international influences
	Business & Society	Schwartz and Weber	2006	A business ethics national index (BENI): Measuring business ethics activity around the world
	Business & Society	Blockson	2003	Multisector approaches to societal issues management (dissertation abstract)
	Business & Society	Boddewyn	2003	Understanding and advancing the concept of "nonmarket"

(Continued)

Table 5 (continued)

Category	Journal	Author(s)	Year	Title
	Business Strategy and the Environment	LaFrance and Lehmann	2005	Corporate awakening—Why (some) corporations embrace public–private partnerships
	Business Strategy and the Environment	Regéczi	2005	Limited partnership: The lack of sustainable development in relation to participation in Hungarian public–private partnerships
	Business Strategy and the Environment	Starik and Heuer	2002	Strategic inter-organizational environmentalism in the U.S.: A multi-sectoral perspective of alternating eco-policy roles
	Business Strategy and the Environment	Gunningham, Phillipson, and Grabosky	1999	Harnessing third parties as surrogate regulators: Achieving environmental outcomes by alternative means
	Journal of Business Ethics	Albareda, Lozano, and Ysa	2007	Public policies on corporate social responsibility: The role of governments in Europe
	Journal of Business Ethics	Griesse	2007a	Caterpillar's interactions with Piracicaba, Brazil: A community-based analysis of CSR
	Journal of Business Ethics	Griesse	2007b	The geographic, political, and economic context for corporate social responsibility in Brazil
	Journal of Business Ethics	Beschorner and Müller	2007	Social standards: Toward an active ethical involvement of businesses in developing countries
	Journal of Business Ethics	Nwankwo, Philips, and Tracey	2007	Social investment through community enterprise: The case of multinational corporations involvement in the development of Nigerian water resources
	Journal of Business Ethics	Detomasi	2007	The multinational corporation and global governance: Modelling global public policy networks
	Journal of Business Ethics	Egels-Zandén and Wahlqvist	2007	Post-partnership strategies for defining corporate responsibility: The business social compliance initiative
	Journal of Business Ethics	Singer	2006	Business strategy and poverty alleviation
	Journal of Business Ethics	Tracey, Phillips, and Haugh	2005	Beyond philanthropy: Community enterprise as a basis for corporate citizenship
	Journal of Business Ethics	Loza	2004	Business–community partnerships: The case for community organization capacity building
	Journal of Business Ethics	De la Questa González and Valor Matinez	2004	Fostering corporate social responsibility through public initiative: From the EU to the Spanish case
	Journal of Business Ethics	Van Luijk	2000	In search of instruments: Business and ethics halfway

(Continued)

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Table 5 (continued)

Category	Journal	Author(s)	Year	Title
NGO mentioned	*Business Ethics Quarterly*	Campbell	2006	A human rights approach to developing voluntary codes of conduct for multinational corporations
	Business Ethics Quarterly	O'Higgins	2006	Corruption, under-development and extractive resource industry: Addressing the vicious cycle
	Business Ethics Quarterly	De George	2005	Intellectual property and pharmaceutical drugs: An ethical analysis
	Business Ethics Quarterly	Windsor	2004	The development of international business norms
	Business Ethics Quarterly	Dunfee and Hess	2000	The legitimacy of direct corporate humanitarian investment
	Business & Society	Dawkins	2005	First to market: Issue management pacesetters and the pharmaceutical industry response to AIDS in Africa
	Business & Society	Frooman and Murrell	2005	Stakeholder influence strategies: The roles of structural and demographic determinants
	Business & Society	Butterfield, Reed, and Lemak	2004	An inductive model of collaboration from the stakeholder's perspective
	Business & Society	Seifert, Morris, and Bartkus	2004	Having, giving, and getting: Slack resources, corporate philanthropy, and firm financial performance
	Business Strategy and the Environment	Delmas and Toffel	2004	Stakeholders and environmental management practices: An institutional framework
	Business Strategy and the Environment	Madsen and Ulhoi	2001	Integrating environmental and stakeholder management
	Business Strategy and the Environment	Strannegård	2000	Flexible couplings: Combining business goals and environmental concern
	Journal of Business Ethics	Raufflet and Gurguel do Amaral	2007	Bridging business and society: The Abrinq Foundation in Brazil
	Journal of Business Ethics	Levendis, Block, and Morrel	2006	Nuclear power
	Journal of Business Ethics	Hira and Ferrie	2006	Fair trade: Three key challenges for reaching the mainstream
	Journal of Business Ethics	Sullivan	2005	Code integration: Alignment or conflict?

(Continued)

Table 5 (continued)

Category	Journal	Author(s)	Year	Title
	Journal of Business Ethics	Pines and Meyer	2005	Stopping the exploitation of workers: An analysis of the effective application of consumer or socio-political pressure
	Journal of Business Ethics	Moore	2004	The fair trade movement: Parameters, issues and future research
	Journal of Business Ethics	Davies and Crane	2003	Ethical decision making in fair trade companies
	Journal of Business Ethics	Dando and Swift	2003	Transparency and assurance: Minding the credibility gap
	Journal of Business Ethics	Kolk and van Tulder	2002	Child labor and multinational conduct: A comparison of international business and stakeholder codes
	Journal of Business Ethics	Maynard	2001	Policing transnational commerce: Global awareness in the margins of morality
	Journal of Business Ethics	Rosthorn	2000	Business ethics auditing—More than a stakeholder's toy
	Journal of Business Ethics	Kaler	2000	Reasons to be ethical: Self-interest and ethical business

Note: NGO = nongovernmental organization.

One discussion that they specifically draw attention to is the idea of learning-action networks as tools for partnership. Heugens (2003) later applied the framework set out by Clarke and Roome (1999) to examine adversarial business–NGO relationships. He argued that even if there is an adversarial nature to a relationship, the parties can still build capabilities. Arya and Salk (2006) also focus on the learning perspective in alliances.

Moving on from partnership thinking to examining ways of influencing reveals that shareholder activism is a theme that has evoked numerous articles (Rehbein, Waddock, & Graves, 2004; Waygood & Wehrmeyer, 2003) as has socially responsible investment (SRI; Guay, Doh, & Sinclair, 2004; Lozano, Albareda, & Balaguer, 2006). In addition, more traditional forms of influence were also found. Hendry (2003, 2005, 2006) and Schepers (2006) specifically focus on NGO influence strategies' impact on corporate responsibility strategies. The NGO–business relationship is also examined from the NGO perspective. Certain subjects, such as defining CSR (Graafland, Eijffinger, & SmidJohan, 2004; Palazzo & Richter, 2005), improving labor rights (Egels-Zandén & Hyllman, 2006, 2007), and transparency in regard to genetically modified foods (MacDonald & Whellams, 2007), are examples of issues that have caused much debate between NGOs and business. Also partnership, and the financial motivation for it, has been viewed from the NGO perspective (MacDonald & Chrisp, 2005; Valor Martinez, 2003).

In summary, it can be argued that partnership and conflict go hand in hand. Ählström and Sjöström (2005) explicitly focus on this aspect. They map NGOs into four different types based on their strategic orientation toward partnership and conclude that only one certain type of NGO has the preconditions necessary for successful partnership.

Extending the NGO–business relationship to include governmental actors finds a total of 21 articles that examine the NGO–business–government interface. The shifting relationships of the public, private, and third sector were raised as a relevant business ethics research agenda by van Luijk (2000) as late as in 2000. Van Luijk argued that, unlike political and administrative scientists who have recognized this institutional challenge, business ethicists have thus far failed to address this issue. Later, especially in the year 2007, numerous articles with business–NGO–government interface as their focus were published. Community enterprises (Griesse, 2007a, 2007b; Loza, 2004; Nwankwo, Philips, & Tracey, 2007; Tracey, Phillips, & Haugh, 2005), CSR public policies at the European level (Albareda, Lozano, & Ysa, 2007) and national level (Antal & Sobczak, 2007; de la Questa González & Valor Martinez, 2004), ethics indices (Schwartz &

Weber, 2006), and Detomasi's (2007) global public policy networks at the global level represent the most comprehensive introductions of cross-sectoral partnerships, which are seen as substitutes to the short-sighted nature of philanthropy. Although several specific conceptualizations such as post-partnership strategies (Egels-Zandén & Wahlqvist, 2007) and combating bribery (Weber & Getz, 2004), are seen as cross-sectoral challenges, the more general interplay of the roles of governments, businesses, and NGOs in solving global problems is addressed in several articles (Blockson, 2003; Boddewyn, 2003; Gunninham, Phillipson, & Grabosky, 1999).

Although society may be seen as the main beneficiary of a cross-sector partnership, LaFrance and Lehmann (2005) focused on the gained increase in business legitimacy. Another focus is shown by Starik and Heuer (2002), who examine NGOs and business actors as influencers of the public policy formulation process. Regéczi (2005) viewed the setting from a Hungarian perspective and claimed that the national policy level hinders participation and cooperation. However, in this article the emphasis is more on the business–government relationship and places NGOs in a minor role. Therefore, there are numerous interests and beneficiaries in the cross-sectoral setting.

In the third category, the distinctive feature in all articles is that NGOs are mentioned as a source of social pressure along with other stakeholders. In 24 articles, NGOs are mentioned as watchdogs, sources of social pressure on the level of an individual manager (Kaler, 2000; Rosthorn, 2000), a company (Maynard, 2001), or an entire industry (Kolk & van Tulder, 2002; Levendis, Block, & Morrel, 2006; Pines & Meyer, 2005; Sullivan, 2005). In addition, 3 articles focus on the Fair Trade movement (Davies & Crane, 2003; Hira & Ferrie, 2006; Moore, 2004), 1 on a Brazilian foundation (Raufflet & Gurguel do Amaral, 2007), and they are also included in this category.

NGOs are also examined as catalysts or appliers of pressure for improved performance, monitors, and even consultants (Campbell, 2006; Dawkins, 2005; De George, 2005; O'Higgins, 2006; Windsor, 2004). However, in some cases, such as humanitarian investment, business is argued to be a more efficient actor than NGOs (Dunfee & Hess, 2000). Related to that theme, Seifert, Morris, and Bartkus (2004) argued that philanthropy does not have a significant effect on company financial performance. Finally, NGOs are also seen as just one of many stakeholders in two articles focusing on stakeholder influence (Frooman & Murrell, 2005) and collaboration (Butterfield, Reed, & Lemak, 2004).

NGOs in Management and IB Literatures

The 17 articles identified as belonging to management and IB literatures are presented in Table 6.

Six management and IB articles deal specifically with the relationship between NGOs and businesses. Den Hond and de Bakker (2007) examined how activism influences corporate social change activities. They assumed that activists aim for field-level change, argued that the ideology of activists (radical vs. reformist) affects the tactics they employ, and discussed the range of tactics used. Rowley and Moldoveanu (2003) argued that, although research has assumed that stakeholder group action is interest based, stakeholder groups (especially NGOs) also act to develop their identities. However, King (2007) focused on the cooperative aspect of the NGO–business relationship from a transaction-cost perspective. He examined the necessary conditions for the codevelopment of technology between companies and environmental groups, partial property transfer, development of long-term relations, and separate corporate engagement groups. King and Soule (2007) argued that activists' protests are more influential when they target issues dealing with critical stakeholder groups, such as labor or consumers, and when they generate large media coverage. The article is grounded in social movement literature and utilizes an event study methodology. Eesley and Lenox (2006) and David, Bloom, and Hillman (2007) both employ Mitchell, Agle, and Wood's (1997) framework to evaluate stakeholder pressure. In the former article, the purpose is to see whether stakeholder pressure can evoke positive corporate reactions, and in the latter, the same is applied to investor activism. Interestingly, David et al. (2007) concluded that investor activism may actually divert managerial responses away from improving CSP to alternative political strategies to defend themselves from stakeholder pressures. Therefore, although NGOs are mentioned as only one stakeholder among many others, an emphasis is placed on them to the extent that they are put in the NGO–business category.

Eight management and IB articles deal more widely with the NGO–business–government interface. Hardy and Philips (1998) wrote about this relationship relatively early compared to other articles and called for a critical evaluation of the benefits and costs of cross-sectoral collaboration, especially in situations of unequal power relations and conflicting interests. Scherer and Smid (2000) also called for an increased need for cross-sectoral perspectives. As for IB, Teegen et al. (2004) argued that "IB research appears to lag behind other disciplines in considering NGOs and the broader societal

Table 6
Management and IB Articles by Category

Category	Journal	Year	Author(s)	Title
NGO–business	Academy of Management Review	2007	Den Hond and de Bakker	Ideologically motivated activism: How activist groups influence corporate social change activities
	Academy of Management Review	2007	King	Cooperation between corporations and environmental groups: A transaction cost perspective
	Academy of Management Review	2003	Rowley and Moldoveanu	When will stakeholder groups act? An interest- and identity-based model of stakeholder group mobilization
	Administrative Science Quarterly	2007	King and Soule	Social movements as extra-institutional entrepreneurs: The effect of protests on stock price returns
	Strategic Management Journal	2007	David, Bloom, and Hillman	Investor activism, managerial responsiveness, and corporate social performance
	Strategic Management Journal	2006	Eesley and Lenox	Firm responses to secondary stakeholder action
NGO–business–government	Academy of Management Journal	2006	Bonardi, Holburn, and van den Bergh	Nonmarket strategy performance: Evidence from U.S. electric utilities
	Academy of Management Journal	2006	Kassinis and Vafeas	Stakeholder pressures and environmental performance
	Academy of Management Review	2007	Aguilera, Rupp, Williams, and Ganapathi	Putting the S back in corporate social responsibility: A multilevel theory of social change in organizations
	Academy of Management Review	2007	Campbell	Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility
	Academy of Management Review	2005	Bonardi and Keim	Corporate political strategies for widely salient issues
	Journal of International Business Studies	2004	Teegen, Doh, and Vachani	The importance of nongovernmental organizations (NGOs) in global governance and value creation: An international business research agenda
	Management International Review	2000	Scherer and Smid	The downward spiral and the U.S. model business principles—Why MNEs should take responsibility for the improvement of world-wide social and environmental conditions
	Organization Science	1998	Hardy and Philips	Strategies of engagement: Lessons from the critical examination of collaboration and conflict in an interorganizational domain
NGO mentioned	Academy of Management Review	2007	Marquis, Glynn, and Davis	Community isomorphism and corporate social action
	Organization Science	1999	Rao and Sivakumar	Institutional sources of boundary-spanning structures: The establishment of investor relations departments in the Fortune 500 industrials
	Strategic Management Journal	2005	Sharma and Henriques	Stakeholder influences on sustainability practices in the Canadian forest products industry

Note: IB = international business; NGO = nongovernmental organization.

interests they represent" (p. 473). The authors proposed a new research agenda on NGOs in IB instead of only concentrating on the multinational firm as the preeminent global organization. Therefore, a call for more cross-sectoral approaches is apparent and is especially true for the IB field.

Bonardi, Holburn, and Van Den Bergh (2006) have developed a theory of the performance determinants of a firm's nonmarket strategy in shaping public policy outcomes. Kassinis and Vafeas (2006) have examined stakeholders' internal heterogeneity from a resource-dependence perspective and have found a positive relationship between community stakeholder pressures and environmental performance at the plant level. Aguilera, Rupp, Williams, and Ganapathi (2007) have created a typology of instrumental, relational, and moral motives at the individual, organizational, national, and transnational level that lead to CSR. The authors argued that NGOs affect companies' CSR especially at the transnational level. Similarly, Campbell (2007) theorized that, among other institutional conditions, the presence of nongovernmental and other independent organizations that monitor corporate behavior is likely to lead to companies' behaving in a more responsible way. Bonardi and Keim (2005) analyzed how adversarial business–NGO relationships affect public policy. The authors discussed how information and reputation cascades, driven by activists or NGOs, cause public policy issues to become widely salient.

Finally, three management and IB articles deal with NGOs as one of many corporate stakeholders. The main argument in all articles is that NGOs are a source of pressure (Sharma & Henriques, 2005) and a catalyst for change (Marquis, Glynn, & Davis, 2007; Rao & Sivakumar, 1999). The first case is from the forest industry, the second from community development, and the third from the financial sector. In all cases, NGOs have had a significant role in bringing about change.

Discussion and Implications

The main contribution of this article is a systematic review on the state of research on NGOs in academic journals in business and society, management, and IB literatures between the years 1998 and 2007. Figure 1 indicates that the topic has been receiving increasing interest in these fields, especially in the past few years. The different categories of research areas presented in this study (NGO–business interface, NGO–business–government interface, and NGOs mentioned as one stakeholder group among many others) seem to have received similar amounts of attention as depicted in Table 2. It is

especially interesting to see that, although quite a large number of studies on the topic exist, they are still quite rare in management and IB journals. All in all, in terms of the number of articles, interest in the general theme of this article has grown steadily.

In terms of terminology, it can be stated that *nongovernmental organization* is clearly the most commonly used term, although many other terms are also utilized. In articles where the relationship between an NGO and business is seen as adversarial, the terminology used is more varied: anti-market environmentalists, pressure groups, and activists. In articles in the NGO–business–government category, a more common way to refer to NGOs is as civil society actors, third sector actors, social movement actors, local community actors, nonmarket, and as other civil sector terms that do not necessarily refer to organized forms of engagement. U.S. based studies, especially in the field of management, commonly use the term *nonprofit*, which is most likely a reference to the taxation status of the organization.

In terms of theoretical foundations of the papers, business and society journals tend to follow loosely the stakeholder approach (especially JoBE and BSE) and, to some extent, the resource-based view. Nonetheless, a small number of studies also utilize alternative perspectives, such as those developed by Hobbes and Habermas, organizational learning literature, and alliance literature. In contrast to business and society, management and IB journals utilize and have developed a wide variety of theories, in particular AMR articles utilizing transaction cost, institutional, social movement, social identity, stakeholder, organizational justice, corporate governance, and varieties of capitalism theories. Although there is some variance in the theoretical base, there seems to be room for utilizing different approaches to bring out new interesting aspects of the relationship between business and NGOs. However, social movement literature and institutional theory (including concepts such as institutional fields and institutional entrepreneurship) are used surprisingly little. In addition, network theory and transaction cost analyses could be developed further. Key organizational theories, such as sense making and population ecology, are not utilized. Furthermore, political philosophy and theories could be combined to gain a better understanding of the role of NGOs in the NGO–business–government interface. IB studies on the importance of context, for instance, from a cultural perspective, would be a valuable addition to the literature. Finally, similar reviews than the one completed in this study could be conducted on different academic fields or literatures. Although various theories can be used to better understand the NGO–business interface, studying NGOs can also offer contributions to traditional management theories. NGOs have different

motives, purposes, organizational forms, governance structures, and practices than companies, and studying the NGO–business interface or NGOs and businesses comparatively can bring new insights into, for instance, alliance and governance theories.

Approximately, 40% of the articles included an empirical analysis. When observing the methodological choices, single (Grolin, 1998; Heugens, 2003; MacDonald & Chrisp, 2005; Stafford et al., 2000; Zyglidopoulos, 2002) and multiple case studies (Hendry, 2005) are dominant in business and society journals. These case studies are often used to either illustrate or apply theory. The management journals use more quantitative data analysis methods, commonly for building new theory or constructs. It seems that different methodological approaches, such as larger data sets, the modeling of decision making, and network analyses, could be utilized.

Through coding articles according to their main thematic orientation, six main themes were identified: (a) activism and NGO influence, (b) dyadic partnership (NGO–business), (c) cross-sector partnership (NGO–business–government), (d) global governance and standardization, (e) national level governance, and (f) stakeholder management. Figure 2 presents the number of articles in each of these themes.

The first theme, activism and NGO influence, emphasizes the NGO perspective and NGO motives, tactics, and influence strategies and includes 23 articles (or 26% of the analyzed articles). Within this first theme, three subthemes are focused on. First, articles on NGO influence strategies or stakeholder pressure (e.g., den Hond & de Bakker, 2007; Frooman & Murrell, 2005; Hendry, 2005, 2006) are often influenced by Frooman's (1999) theoretical study, which identified four types of strategies used by stakeholders to gain influence (direct withholding, direct usage, indirect withholding, or indirect usage) and classified them in relation to power and interdependence. A second subtheme is capital markets, shareholder activism, and SRI (e.g., David et al., 2007; Guay et al., 2004; Rehbein et al., 2004; Waygood & Wehrmeyer, 2003). Third, articles also deal with the NGO-related conditions of NGO–business engagement (e.g., Eesley & Lenox, 2006; Rowley & Moldoveanu, 2003; Schepers, 2006).[4] Within this theme, potentially fruitful avenues for further study include NGO legitimacy, representativeness, accountability or responsibility, use of simultaneous adversarial and cooperative strategies by NGOs, evaluation of the effectiveness of NGO influence strategies, cross-national comparisons of activism, historical development and propagation of activist movements, and their use of new communication tools and organizational forms. Although shareholder activism is an especially interesting strategy that has received research attention,

Figure 2
Number of Articles by Theme
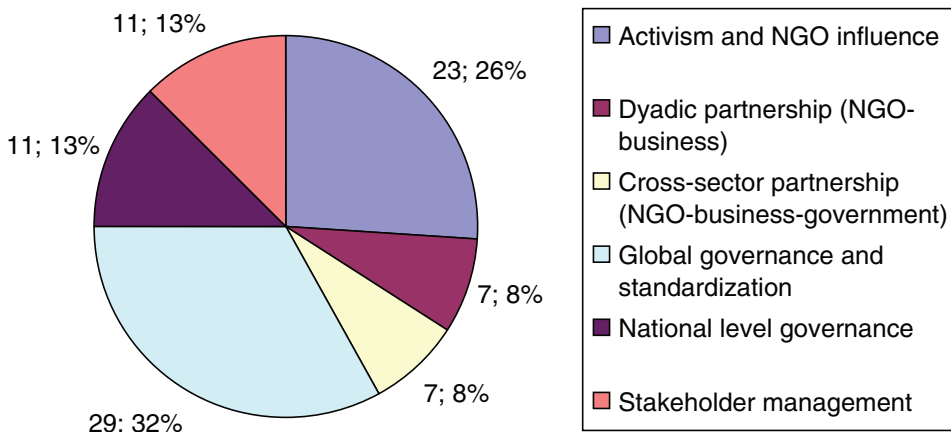
other influence strategies such as direct action offer new research opportunities. Corporate political activity is an important research theme in business and society literature, and NGO political activity toward companies especially through the activity of lobbying is a topic that seems to have received little attention.

The second theme is the dyadic NGO–business partnership. JoBE and BSE articles tended to emphasize the management of NGO relations, and there seems to be a movement from a philanthropy orientation in the studies toward an orientation that recognizes dialogue and, ultimately, partnership. Seven studies (or 8% of the articles analyzed) deal specifically with NGO–business partnerships (Ählström & Sjöström, 2005; Arya & Salk, 2006; Hartman et al., 1999; Heugens, 2003; King, 2007; MacDonald & Chrisp, 2005; Stafford et al., 2000), which are seen as a promising tool toward creating sustainability, especially in BSE. However, Ählström & Sjöström (2005) evaluated different NGO types with the conclusion that only a few types of NGOs are suitable for collaboration. Seven articles (or 8% of the articles analyzed) deal with the third theme of cross-sector partnerships (e.g., LaFrance & Lehmann, 2005). Unlike the second theme, these articles not only analyzed partnerships between all societal sectors (private, public, and civil society) but also the dyadic relationship between a company and an NGO. Articles examining community-level interactions and partnerships between societal sectors at the community level are included in this theme. Thus, the general theme of partnership (a combination of Themes 2

and 3) represented 16% of the articles analyzed. Within these two partnership themes, potentially fruitful avenues for further study include the development of partnerships over time, the analysis of power relations between different actors, the role of personal relationships in the development of partnerships, and the evaluation of business and societal outcomes. For instance, whether partnerships are more effective than philanthropy or the development of common standards or codes remains unanswered. In addition, further critical studies on partnerships would be welcome. For instance, the problems related to the partnerships themselves could be elaborated on, as could critical perceptions on partnerships within civil society as they seem to have received little research attention.

The fourth theme, global governance and standardization,[5] includes 29 articles (or 32% of all articles) and includes two major subthemes. First, studies have dealt with NGO, business, and government initiatives related to global issues (e.g., De George, 2005; Dunfee & Hess, 2000; Gunningham et al., 1999; Weber & Getz, 2004). A second subtheme is the relationship between compulsory and voluntary regulation on a global level and the role of NGOs in the development of global standards and guidelines (e.g., Gilbert & Rasche, 2007; Kolk & van Tulder, 2002; O'Higgins, 2006; Windsor, 2004). The fifth theme, national-level governance, includes 11 studies (or 13% of the articles analyzed). These studies focus on the national level of the business–NGO interface and typically also include state actors and the division of labor between societal sectors (e.g., Antal & Sobczak, 2007; Regéczi, 2005). Thus, the general theme of governance (a combination of Themes 4 and 5) represented 45% of the articles analyzed. Within these two governance themes, potentially fruitful avenues for further study are numerous due to the wide scope of the themes. As it is necessary to examine the big picture in this type of research, studying these topics is also very challenging. Suggestions for further research include the development and institutionalization process of a standard or governance mechanism, the comparison of NGO involvement in different global issues and standards, and the evaluation of governance mechanisms and standards (not only in terms of efficiency but also of effectiveness, impact, sustainability, and democracy). Although specific standards and initiatives have been examined and reviews of various standards exist, the development of a new institutional framework for corporate responsibility and global governance raises new research questions. In particular, the interoperability of different mechanisms is a key future theme for research. It seems apparent that isomorphic forces are developing a common and comprehensive framework for responsibility and governance, but this should be researched

further. Importantly, the political implications of bypassing democratically governed institutions in global governance merits attention. An interesting article, which was not part of the analysis, is Matten and Crane's (2005) critical examination of the concept of *corporate citizenship*, which brings out the inherent political nature of corporate responsibility.

The sixth and final theme is articles that deal with company stakeholder management, which see NGOs as one stakeholder among many others (e.g., Delmas & Toffel, 2004; Harvey & Schaefer, 2001; Madsen & Ulhøi, 2001; Sharma & Henriques, 2005). In total, 11 articles (or 13% of the analyzed articles) fall under this theme. Influential articles not included in the analysis include Mitchell et al.'s (1997) seminal article on stakeholder theory and salience and Margolis and Walsh's (2003) review of studies on the link between CSR and corporate financial performance. Margolis and Walsh (2003) called for a deeper analysis of the business and societal outcomes of CSR, especially at the NGO–business interface because gaps seem to exist in this field. New categorizations of NGOs as corporate stakeholders (especially due to the wide variety of types of civil society actors) and the empirical testing of existing stakeholder models in the NGO–business interface are also interesting research topics.

In this article, we have discussed how research on the NGO–business relationship has developed, compared key studies in different academic literatures, and identified six main research themes. The question that remains to be answered is where research on the topic is headed. Based on the trend indicated in Figure 1, we expect research on the topic to increase in future years, and we would like to see studies utilizing new theoretical and cross-disciplinary approaches. More and more articles are likely to be published in mainstream general management journals, and there is likely to be more discussion on the topic, which is needed to break the barriers of business and society literature. Business and society has functioned as a catalyst, and general management is a way to mainstream the topic. Until now, few studies have been published in high-level management and IB journals. In fact, IB especially seems to be lagging behind (Teegen et al., 2004) but hopefully will catch up. In addition, a multitude of case studies exist, but more rigorous empirical research designs that use qualitative and quantitative approaches would lead to further theory development. The terminology used to refer to different forms of NGOs is varied, but we do not see a need for conformity. Furthermore, studies on the topic have examined various geographical levels: global, international, national, and local. All things considered, further studies on the above-described themes are needed to better understand the relationship between NGOs and businesses.

Notes

1. The focus of this study is on nongovernmental organizations (NGOs) working in the fields of world polity, welfare, environment, human rights, and community development. Thus, political parties, trade unions, and professional and business associations are not included in the analysis.

2. Electronic databases do not always make available special issue articles, for example, Doh and Guay (2004). Articles not available through these electronic databases are not included in the analysis.

3. The following 17 keywords were utilized: *nongovernmental, non governmental, non-governmental, NGO, nonprofit, non-profit, non profit, environmental group, civil* (as in civil society), *CSO* (as in *civil society organizations*), *third* (referring to the term *third sector*), *sector, activist, interest* (as in *interest group*), *movement, partnership, collab** (as in *collaboration* or *collaborative*).

4. A topic area not included in the review is studies where NGOs are the unit of analysis but not in relation to business. Although not included, it can be stated that such studies exist both in the fields of business and society (Knox & Gruar, 2007; MacDonald, McDonald, & Norman, 2002; van Oosterhout, 2006) and management (Galaskiewicz, Bielefeld, & Dowell, 2006; Huxham & Vangen, 2000; Lawrence, Hardy, & Phillips, 2002; Majchrzak, Jarvenpaa, & Hollingshead, 2007; Osterman, 2006). In addition, a few studies had a comparative setting between NGOs and businesses (Brower & Shrader, 2000; Cordano, Hanson Frieze, & Ellis, 2004; Egri & Herman, 2000). These were excluded because the focus of the analysis is on the relationship between NGOs and businesses.

5. A specific topic that was not included in this analysis is ISO standardization. Although not examined here, it can be stated that there has been important research conducted on ISO 9000 and 14001 standards in business and society (Darnall, 2006), international business (Christmann & Taylor, 2006), and especially in the field of management (Benner & Tushman, 2002; Boiral, 2007; Guler, Guillén, & Macpherson, 2002; King, Lenox, & Terlaak, 2005; Terlaak, 2007).

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Dominant Articulations in Academic Business and Society Discourse on NGO–Business Relations: A Critical Assessment

Salla Laasonen · Martin Fougère · Arno Kourula

Abstract Relations between non-governmental organizations (NGOs) and companies have been the subject of a sharply increasing amount of publications in recent years within academic business journals. In this article, we critically assess this fast-developing body of literature, which we treat as forming a 'business and society discourse' on NGO–business relations. Drawing on discourse theory, we examine 199 academic articles in 11 business and society, international business, and management journals. Focusing on the dominant articulations on the NGO–business relationship and key signifiers they rely on, we analyze the problem-settings of articles in order to reveal the statements that are acceptable and appropriate within this field. Our threefold aim is to (1) identify dominant articulations of NGO–business relations in business and society discourse, (2) expose those articulations that are silenced or suppressed by these dominant articulations, and (3) critically assess possible power effects of these discursive dynamics in the field of discursivity. While business and society discourse on NGO–business relations overall remains open to many different articulations, we also find that those articulations that focus on NGO–business partnerships and governance initiatives tend to privilege collaborative and deliberative ways of engaging and marginalize more adversarial subject positions. We call for more recognition of the potentially constructive role that can be played by conflict.

Keywords NGO · Discourse theory · Business and society · Critical · Deliberative democracy · Agonistic pluralism

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Introduction

Mary's company had a partnership with an NGO, and everything was win–win–win. And everywhere the company and NGO went together, the world became a better place. They went to the UN one day, which was against the rules. It made the diplomats laugh and play, to see a company at the UN.

Not quite the expected conventional opening sentence of an introduction to an academic research article? Let us try again.

In a globalized world, businesses, nongovernmental organizations, and governments need to work together in order to address existing social and environmental challenges. Now this is more like it.

Quite likely, the above sentence did not evoke as puzzled a reaction as the first paragraph? This is meant to demonstrate how we expect the language in an introduction

to mirror the dominant logic and content of a certain field. We expect certain phrasings and citations that guide us to a certain research tradition or stream. What is most noteworthy, however, is that when we follow the unwritten rules of the established contents of an introduction, we simultaneously reinforce the dominant articulations of a certain discourse, understood broadly as a shared or "particular way of talking about and understanding the world, or an aspect of the world" (Jørgensen and Phillips 2002, p. 1). These articulations are usually taken-for-granted, established statements that go without further examination or notice.

In this article, we argue that there is a need to critically analyze such taken-for-granted statements. We wish to contribute to the recent call for a critical management studies (CMS) turn in business ethics by Prasad and Mills (2011), by particularly focusing on these established statements on the relationship between business and non-governmental organizations (NGOs). In CMS terms, our endeavor can be described as one of 'denaturalization', i.e., a matter of exposing how certain articulations "become taken-for-granted while, concurrently, alternative visions and modes of organizing are systematically silenced" (Prasad and Mills 2011, p. 230). In academic literature, NGOs have traditionally been mainly associated with the watchdog role in society, pushing both governments and companies to amend the environmental and social ills of globalization. In the 1990s, the case of Shell's Brent Spar and Nike's child labor in its supply chain have marked their place in history as cases that epitomize—and in some ways certify—the adversarial NGO–business relationship (e.g., Van Tulder and van der Zwart 2006; Grolin 1998; Zyglidopoulos 2002). Considering the growing number, influence, and potential for nuisance of NGOs (Bendell 2000; Boli and Thomas 1997; Doh 2003; Teegen 2003; Powell and Steinberg 2006), it has for instance been argued that "firms ignore environmental activists at their peril" (Hendry 2003, p. 267). Interestingly, in 1992 (i.e., before the Shell and Nike PR crises), the United Nations Conference on Environment and Development held in Rio de Janeiro declared *partnership* as a key to sustainable development. Nearly 20 years later, Porter and Kramer (2011) declare that capitalism is in crisis, and that we are in desperate need of "shared value", a concept which blurs the line between for-profit and nonprofit organizations and calls for business and society to join forces. Thus, alongside the watchdog role of NGOs (Spar and La Mure 2003), we can witness an attempt to turn "gadflies into allies" (Yaziji 2004), respond to "the partnership challenge" (Austin 2000), and many other roles ascribed to NGOs (for a review, see Yaziji and Doh 2009).

How have the different types of relations, including conflicting ones such as adversarial versus partnership,

been integrated into the academic discourse, what does the discourse look like now and what power relations may it reflect, reinforce and redistribute? In order to try and answer this question, our contention is that in the first place we need to expose as contingent what has become in a sense obvious within business and society literature discussing this relationship; or rather what has become so obvious that its truth status is no longer questionable. Only by seeing the taken-for-granted articulations as contingent can we start to problematize the potential power effects that these articulations may have. We treat the studied literature (from 11 leading journals in business and society, management and international business, IB) as forming a 'business and society discourse' on NGO–business relations, and in turn we see this discourse as competing for hegemony within the 'field of discursivity' (Laclau and Mouffe 1985, p. 111) of NGO–business relations, which involves other academic discourses such as a 'social movements discourse' and a 'governance discourse'. Here, we relate these different 'discourses' to different institutional affiliations in terms of publication outlets. We are aware that this is an artificial distinction but we make it for the sake of clarifying what we mean by 'discourses' as distinguished from—and together constituting—the whole 'field of discursivity', i.e., all discourse touching upon the topic of NGO–business relations, which may include contributions from many different academic disciplines. As these different discourses all generate knowledge—and thus make truth claims—about the same phenomenon, they are competing with each other but they are also complementing and informing each other—as well as informing for instance policy discourses. Our threefold aim is to (1) identify dominant articulations of NGO–business relations in business and society discourse, (2) expose those articulations that are silenced or suppressed by these dominant articulations, and (3) critically assess possible power effects of these discursive dynamics in the field of discursivity.

For this purpose, we analyze 199 article problem-settings on NGO–business relations from 11 business and society, IB, and management journals—we consider that this literature can be considered as representative of academic 'business and society discourse' on NGO–business relations. In the following sections, we first present our methodological approach on discourse theory, followed by an overview of the data. In the analysis section, we discuss what we find to be the dominant business and society articulations on NGO–business relations and what articulations they may silence or suppress. The implications of these findings are presented in the analysis and discussion section relating to the possible power effects in the field of discursivity and the need to reincorporate the currently suppressed articulations.

Discourse Theory as Methodological Approach

Our methodology of discourse analysis is mainly inspired by Laclau and Mouffe's (1985; Laclau 1990, 1993) 'discourse theory' (see also Jørgensen and Phillips 2002; Skålén et al. 2008), the terminology of which makes it possible for us to articulate more clearly a methodological approach and an analytical framework that can address our aim in an insightful way.

Our Discourse Theory Approach

Discourse theory helps in investigating 'relations' between signifiers. In Laclau and Mouffe's (1985, p. 105) understanding, discourse is constructed through 'articulation' which is all about "establishing a relation among elements". A discourse theory approach is particularly applicable to our study, since the discursive domain we are investigating (NGO–business *relations*) is defined in terms of relations between different actors (and their associated signifiers). A discourse theory approach entails treating academic knowledge in the field, and the statements that are acceptable or appropriate within this field, as contingent: a field of knowledge develops in a certain way but could also develop in other ways. From a discourse theory perspective, it is important to characterize the discursive domain of NGO–business relations. It does not constitute per se an academic discipline and cannot be argued to constitute one 'discourse'. Instead, the 'field of discursivity' (Laclau and Mouffe 1985, p. 111) that it defines is characterized by articulations within different academic bodies of literature, such as for instance (1) business studies broadly put (and mostly business and society studies, forming a 'business and society discourse'), (2) social movements theory, and (3) governance. Since we are looking at articulations found only in outlets institutionally related to the first body of literature above, we do not claim to examine the whole field of discursivity, but rather the articulations of NGO–business relations from within business and society discourse—although we also in turn reflect on possible power effects in the field of discursivity.

In line with Laclau and Mouffe's (1985, p. 112) discussion of the logic of hegemony, we consider any discourse as 'constituted as an attempt to dominate the field of discursivity, to arrest the flow of difference, to construct a centre'. Hence, in our discussion we will return to how articulations of NGO–business relations within academic business and society discourse: may (1) 'attempt to dominate the field of discursivity' (Laclau and Mouffe 1985, p. 112); and (2) connect across disciplinary divides with other discourses, appropriating and rejecting articulations from them in order to construct hegemonic articulations, i.e., those potential articulations that would succeed in 'dominating the field of discursivity' by fixing the meanings and relations between elements. Our contention is not that business discourse indeed dominates the field of discursivity at the expense of other discourses, but that all articulations *attempt* to do so. In doing so, they need to draw on other legitimate, and sometimes more dominant, discourses when competing over establishing knowledge of the phenomenon at hand—while they may also contribute to silencing other important discourses. All these discursive struggles for hegemony in turn have power effects, for instance through policy recommendations from powerful actors such as the United Nations (as in the example of the 1992 Rio Conference and its agenda framed in terms of 'partnership'). We do not claim that academic discourse alone makes all the difference for empirical reality, but that it both reflects existing power relations and has the potential to reproduce them and contribute to redistributing them.

That the discourses *attempt* to fix meanings through hegemonic articulations does not mean that the field of discursivity is ever fully closed by such a fixation of meanings and relations. Discourse can always be opened up—and academic discourse, in particular, tends to be problematized very often (a central characteristic of academic work). In addition, in a field of discursivity that is in essence cross-disciplinary, and all the more so when the different discourses coincide with the primacy of different actors (whether the discourse is business-centered, social movement-centered or chiefly concerned with contemporary governance challenges), it is much harder for one discourse to dominate the field of discursivity, and even for one discourse to be closed around one dominant articulation.

Bearing these limitations in mind, we seek to identify dominant signifiers and their relations in articulations of NGO–business relations found in academic business and society discourse. Based on previous reviews of the literature and our pre-understanding, one expectation we had was that the business and society discourse on NGO–business relations would be characterized by the increasing dominance of the signifier 'partnership' at the expense of other types of relations. In other words, our pre-understanding pointed towards 'partnership' being one of the 'nodal points'—i.e., "the privileged discursive points of [the] partial fixation [of the field of discursivity]" (Laclau and Mouffe 1985, p. 112)—of the field of discursivity defined by NGO–business relations. As we will demonstrate in the analysis and discussion section of this article, our pre-understanding of 'partnership' as a nodal point was not confirmed to the expected extent, and instead other perspectives emerge that somewhat blur the overall picture and keep business and society discourse on NGO–business relations remarkably open.

Focus on Problem-Settings

In order to examine dominant articulations in NGO–business relations, we focus on the problem-settings of articles, i.e., the parts that set the problem in the abstract and introduction.[1] The rationale behind focusing on the abstract and the introduction, as discussed above, is that the problem-setting of an article is typically revealing of what are acceptable and appropriate statements within the field of discursivity and within the more specific discourse—here, academic business and society discourse.[2] This is because the argument that serves as a starting point for the article needs to be grounded in what has been established in the field.

Our discourse theory inspired method differs considerably from, e.g., bibliometric analyses (e.g., de Bakker et al. 2005). In the latter, the focus is on which articles gain and maintain influence within a certain field of literature. The analysis builds on citations and how they relate to each other, seeking out the most influential pieces of work. By contrast, in our analysis the influence of an article, or its results and conclusions, are not in focus at all. The introduction is expected to contain the dominant articulations established within a discourse competing for influence within the field of discursivity, regardless of the influence of the results and conclusions. Therefore, it should be clear that we are not criticizing the authors or their views. The objective is rather to reveal what articulations of NGO–business relations have become accepted and dominant within business and society discourse, how they relate to other discourses competing for dominance within the field of discursivity, and what power effects these dominant articulations may have.

Sampling and Analysis of Articles

In terms of journal and article selection method, we replicate the selection criteria used in a recent thematic review on NGOs by Kourula and Laasonen (2010). We do this because the scope of journals and sampling methods are suitable for our purposes. By replicating the sampling method, we also have an opportunity to critically reflect on the findings of the review. Compared with the data set of

88 articles in the review, our analysis includes 199 articles. The review focuses on how the relationship between NGOs and business has been examined in business and society, management, and IB literatures—which we argue form together an extended 'business and society discourse'. In business and society literature, four key journals are identified: *Business Ethics Quarterly* (BEQ), *Business & Society* (BAS), *Business Strategy and the Environment* (BSE), and *Journal of Business Ethics* (JBE). BEQ and JBE are considered to be the leading journals in business ethics and corporate social responsibility, BAS is the leading journal in its field and BSE is an important journal in the area of environmental management and CSR. In terms of management research, the five main academic-oriented (non-practitioner) journals from the Financial Times 40 list are chosen: *Administrative Science Quarterly* (ASQ), *Academy of Management Journal* (AMJ), *Academy of Management Review* (AMR), *Organization Science* (OrgSci), and *Strategic Management Journal* (SMJ). Similarly, the two IB journals in the Financial Times 40 list, *Journal of International Business Studies* (JIBS) and *Management International Review* (MIR), are chosen as key journals representing IB.

The timeframe for our analysis is from 1998 to 2009. At the time of analysis, all articles published in 2010 were not available, and this is why we could systematically analyze all articles only until 2009. However, we chose to include two highly relevant special issues on the topic from 2010 (in *Business & Society*, which includes three articles added later in December 2010, and *Journal of Business Ethics*). These special issues have a specific role in the data as they resemble 'hegemonic interventions', i.e., discursive interventions "whereby alternative understandings of the world are suppressed, leading to the naturalization of one single perspective" (Jørgensen and Phillips 2002, p. 37). By calling for a focus on specific ways for businesses and NGOs to relate to each other, these special issues have the inevitable effect to re-frame the discourse around one main perspective; determining whether this is a deliberate attempt to make this effect long-lasting in terms of a closure of discourse is outside of the scope of our analysis, as we focus on the possible effects themselves, not on supposed intentions. Therefore, our analysis contains altogether six special issues with altogether 49 articles. The first special issue on partnerships was issued in 1999 in *Business Strategy and the Environment*. Apart from the first special issue, all articles would fit our selection criteria in any case. The second special issue is from 2008 in *Administrative Science Quarterly* on "Social Movements in Organizations and Markets". The third and fourth are in *Journal of Business Ethics* in 2009 on "Business Partnerships for Development" (Vol. 90, Supplement 1) and "Fair Trade" (Vol. 86, Supplement 1). The 2010 special issue in

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[1] In some articles, no "introduction" headline is provided. Instead, a common replacement of that is a first section that clearly substitutes an introduction, based on the content. We have treated these first sections as introductions in such cases.

[2] Although useful and applicable to the vast majority of the articles, the problem-setting approach proved to be inadequate in some cases. In some articles, the introduction was employed for purposes other than establishing the research purpose and background, for example, presenting methodology. In these cases the primary source was the abstract.

Business & Society is on the "Role of Nongovernmental Organizations in the Business–Government–Society–Interface" (in two parts), and the 2010 special issue in *Journal of Business Ethics* is on "Cross-Sector Social Interactions". Altogether seven special issue articles that did not fit our primary selection criteria based on title, abstract, and keywords were included based on the relevance of the introduction.

The primary method to identify relevant articles was reading the title, abstract or author-supplied abstract, and introduction one by one.[3] For the eleven journals, all abstracts of all articles available through Business Source Premier (EBSCO), ABI/INFORM ProQuest, or Scopus electronic databases were read to make sure that no relevant articles were left out due to the variety of concepts and terminology associated with NGOs.[4] The criterion of including an article was some reference to the NGO–business relationship in title or abstract.[5] For the purposes of this article, we focused on NGOs working in the fields of world polity, welfare, the environment, human rights, and community development. If civil society or local communities were mentioned, the requirement for inclusion was that a reference should be made to some kind of group or organized action. The mention of political parties, trade unions, professional and business associations was not a criterion for inclusion. Intergovernmental Organizations such as the International Labour Organization (ILO), United Nations (UN) and International Organization for Standardization (ISO) are also excluded as a sole criterion for inclusion (although the latter can be considered a quasi-NGO).[6] Social Accountability 8000, AA1000 and Fair Trade studies were criteria for inclusion, since SA8000 and AA1000 are NGO-led certification mechanisms and Fair Trade labels are usually NGO based. Since very few management and IB article abstracts referred to NGOs, articles with indirect references were included more easily than for business and society journals. From 2008 onwards, however, the need to remain open to new articulations on NGOs, e.g., relating to social entrepreneurship, became necessary. This closely relates to one of the main findings in the analysis: defining roles and boundaries becomes increasingly challenging towards the end. Apart from the above-mentioned exclusions, in some problem-settings NGOs are mentioned in some implicit form but the relevance to the article remains trivial. Decisions about inclusion/exclusion of those articles were made after careful discussions between the three authors on each article individually. For the benefit of the reader, we have added all analyzed articles to the reference list. In order to form a sufficiently accurate understanding of 199 problem-settings, they were all coded on spreadsheets (see Table 1 in Appendix). This phase involved interactive researcher triangulation in which the analysis method was compared, made transparent, and agreed upon. Several example problem-settings were analyzed together in order to unify the coding method. Throughout all the phases of the analysis, unclear cases were opened up for discussion among the authors. Most importantly, the backgrounds of the three authors was taken into account and employed as an advantage in the analysis: two of the authors are experts in the field of substance, while the third author has special expertise in critical analysis in general, and a broad interest in business and society discourse. Working in such a combination thus enabled reflexivity and transparency concerning prior knowledge, an issue that is always difficult to address. Thus, we were able to use researcher triangulation in a very extensive manner.

After having unified the coding technique used to characterize the problem-settings on the spreadsheets, we divided the journals between the three authors. We began the coding systematically by extracting all the relevant signifiers and passages in the problem-settings, identifying how NGOs, businesses, and relationships between them were articulated in the text. We noted occurrences of discursive distinctions between 'old-ways' and 'new-ways' of representing the NGO–business relationship, and 'more common' and 'less common' ways for NGOs and businesses to relate to each other. We considered the 'new-way' and the 'more common' as discursive interventions clearly indicating that certain relations are established as more acceptable and of increasing importance. Whenever we identified articulations that otherwise looked to us as 'discursive interventions' (notably when the authors explicitly emphasize certain types of NGO–business relations over other accepted ones) or 'discursive tensions' (especially articulations that sound

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[3] Electronic databases do not always make available special issue articles, for example, Doh and Guay (2004). Articles not available through these electronic databases are not included in the analysis.

[4] Electronic databases do not always make available special issue articles, for example, Doh and Guay (2004). Articles not available through these electronic databases are not included in the analysis.

[5] A topic area not included in the review is studies where NGOs are the unit of analysis but not in relation to business. Although not included, it can be stated that such studies exist both in the fields of business and society (Knox and Gruar 2007; MacDonald et al. 2002; van Oosterhout 2006) and management (Galaskiewicz et al. 2006; Huxham and Vangen 2000; Lawrence et al. 2002; Majchrzak et al. 2007; Osterman 2006). In addition, a few studies had a comparative setting between NGOs and businesses (Brower and Shrader 2000; Cordano et al. 2004; Egri and Herman 2000). These were excluded because the focus of the analysis is on the relationship between NGOs and businesses.

[6] A specific topic that was not included in this analysis is ISO standardization. Although not examined here, it can be stated that there has been important research conducted on ISO 9000 and 14001 standards in business and society (Darnall 2006), international business (Christmann and Taylor 2006), and especially in the field of management (Benner and Tushman 2002; Boiral 2007; Guler et al. 2002; King et al. 2005; Terlaak 2007).

contradictory), we included them in the spreadsheet. Throughout the analysis we compared and discussed our findings, and opened up ambiguous cases for discussion.

Once all problem-settings had been systematically coded as per the signifiers they use, the lead author categorized all problem-settings in terms of their most emphasized 'NGO–business relationship model'—one per problem-setting. This led to the problem-settings being divided into seven initial categories: 1) pressure-response, 2) dyadic partnership, 3) soft-law governance, 4) trisector governance, 5) blurred roles, 6) alternative business models, and 7) other. From that stage on, the analysis consisted in identifying 'dominant articulations' that could be traced *within each category*. After a first analysis of these dominant articulations based on the six categories, we found that (1) the biggest category (pressure-response, with more than 60 problem-settings) was too diverse for dominant articulations to be identified within it, and (2) the distinction between types of governance-related categories (trisector governance and soft law governance) prevented us from looking into dominant articulations of governance. The two lead authors then revisited all the articles with a resulting new categorization that helped in (1) analyzing the pressure-response problem-settings through determining subcategories based on the different foci, and (2) identifying dominant articulations within the governance-related problem-settings. Those categories that we finally agreed upon are as follows: 1) pressure-response, 2) dyadic partnership, 3) governance, 4) new business models and blurred roles, 5) different relations equally emphasized, and 6) other. They denote implicit common denominators in the problem-settings, but it should be clear that they are the result of an interpretive process. This process, employing researcher triangulation, was of course driven by an attempt to clearly identify the main NGO–business relations emphasized in the problem-settings. But it was also affected by reflections on initial results based on the previous categorization, and in particular, the felt need for one governance category and for a category representing those problem-settings that refer to several kinds of relations without emphasizing one over the others.

Different Articulations of NGO–Business Relations: An Overview

The differences in terms of journal aim and scope, number of annual volumes and issues, and special issues have a significant impact on how the overview on the analysis looks like. Overall, the number of articles rises extremely sharply during the last years of our analysis period (Fig. 1). As many as 84 relevant articles were published in 2008 (26 articles) and 2009 (58 articles). The amount of articles published in JBE largely account for this sharp rise. Out of

the 199 problem-settings included in the analysis, as many as 108 are from JBE. This is due to not only considerable interest in the Business–NGO relationship, but also the greater number of volumes and issues published in the journal. The total number of articles amounts to 199 when the special issue articles from 2010 (BAS and JBE) are included.

Scope of Each Journal

As mentioned, JBE accounts for the majority of the articles in our analysis (Fig. 2), and the 108 articles in JBE cover the widest range of subjects. JBE also includes three special issues in the analysis. BAS accounts for the second largest amount of articles in the analysis with 28 articles. The journal displays significant interest in the topic, even excluding the 2010 special issue on "Role of Nongovernmental Organizations in the Business-Government-Society Interface". In contrast, BEQ tends to be very theoretical and less focused on NGO–business relations. BSE, as the journal name implies, has a focus on environmental management, and the journal also includes articles that focus on responding to NGO pressure.

As expected, the IB and management articles account for a smaller share of the articles (33 out of 199). All ASQ articles deal with social movements and the analysis includes social movement articles from a special issue on the topic (Vol. 53(3)). From the relatively few NGO–business articles in remaining management articles, the adversarial role of NGOs is well represented. What is notable in SMJ is that all articles set out to solve how companies can defend against external pressure: all articles assign NGOs with the adversarial role. While this is in logical coherence with the journal, the unanimously shared approach is interesting. Finally, and interestingly, JIBS continues to include only one article by Teegen et al.
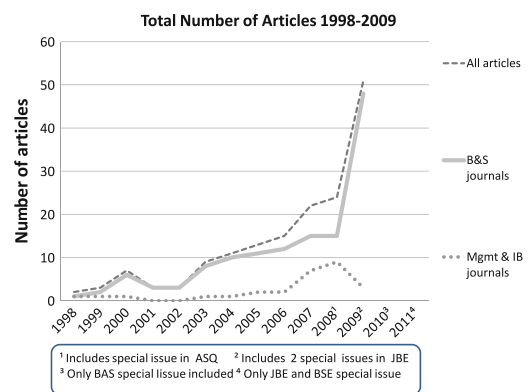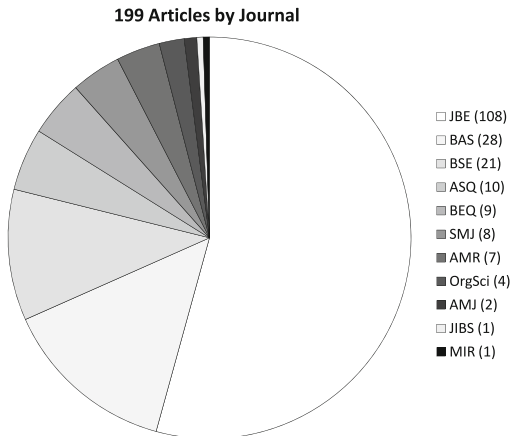

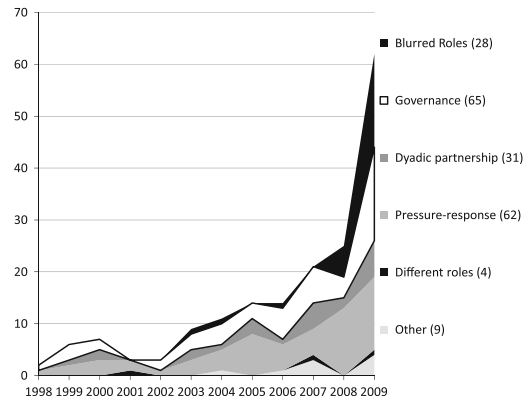**Fig. 1** Total number of analyzed articles

199 Articles by Journal

- □ JBE (108)
- □ BAS (28)
- ▨ BSE (21)
- ▨ ASQ (10)
- ▨ BEQ (9)
- ▨ SMJ (8)
- ▨ AMR (7)
- ▨ OrgSci (4)
- ▨ AMJ (2)
- □ JIBS (1)
- ▨ MIR (1)

Fig. 2 Division of articles per journal

Fig. 3 Development of NGO–business models

(2004) which introduces NGOs to the IB research community. Likewise, MIR includes only one article by Scherer and Smid (2000), which discusses the limitations of the state and intergovernmental organizations to improve social and environmental conditions. Overall, NGOs remain of marginal interest in mainstream IB journals.

Categorization of NGO–Business Relations

Based on our categorization, a significant proportion of the problem-settings (126 out of 199) build on either a governance-related relationship (65) or a pressure-response relationship (62) between NGOs and businesses. In addition, 31 articles build on dyadic partnerships. However, as Fig. 3 demonstrates, these relationships do not account for the whole picture. We find entirely new forms of NGO–business relations. In the 'new business models and blurred roles' category, it is difficult to assign distinct roles of either NGOs or business. Rather, those roles converge in a way that has not been detectable before, such as "social ventures" (Easterly and Miesing 2009), "collective projects" (Weber et al. 2008). Similarly, we find 'new business models' that have non-profit elements built in a convergent way, for example "Fair trade innovators" (Özçağlar-Toulouse et al. 2009), and "distinctly "social" enterprises operating as NGOs or CSOs [civil society organizations] that are engaging in business opportunities and practices" (Waddock 2010, p. 11). The 'blurred roles' are closely intertwined with the 'alternative business models' category. By and large, the articles that fall into this category deal with fair trade, due to the JBE special issue, as a competing business model.

While the proportion and orientation of different models remains relatively steady over time, the role of special issues provides new insight to the picture. As the themes of the six special issues indicate, dyadic partnership, trisector governance and sectoral blurring dominate the articles. The role of the pressure-response model is significantly lower in the special issues; only 4 out of 49 articles build on a pressure-response model. In line with discourse theory, it could be argued that this more adversarial model is 'suppressed' in the contributions to the special issues, as a result of their calls for papers, which are framed in such a way—though some are more open than others—that the focus is more on collaborative relationships (whether through dyadic partnerships, trisector governance or emergent hybrid forms).

On the whole, the pressure-response model still seems to be the most commonly referred to at least as a reference point (including possibly to be contrasted against) in the problem-settings. However, many new roles appear, and the distinctions between the roles on both sides of the NGO–business relationship become increasingly blurred. Articulations of blurring can even be depicted in some pressure-response model articles (e.g., Fassin 2009). In the following section, we present the findings of our analysis in more detail, with extensive citations from the articles.

Dominant Business and Society Articulations on NGO–Business Relations

In our analysis, we focus on dominant articulations within business and society discourse rather than on the statistical proportions. We do not claim that all the main discursive trends we identify constitute dominant articulations for business and society discourse as a whole but rather that they constitute articulations that have reached a high level

of acceptance (and lack of questioning) *within* each category. Below, we first discuss the pressure-response category. This category is the most diverse one, and thus the most challenging for tracing dominant articulations. We then move on to other important categories and the dominant articulations that characterize them.

NGO Pressure, Business Response

The common feature of what we call pressure-response problem-settings is a pressure from NGOs as the motive for business reaction: they describe a way of relating that can be characterized as dyadic antagonism. The focus may be on how NGOs target business, or on how business responds to those actions—or on both. It is difficult to trace dominant articulations among these 62 problem-settings, largely because the foci and tones vary immensely. If we eliminate those 6 problem-settings in which NGO–business relations are only mentioned in passing and not at all in focus, we can examine more closely the 56 remaining problem-settings, out of which we find exactly 50% (28) to be business-focused, 16 to be NGO-focused and 12 to be interested in both NGO pressure and business response in a rather balanced way. Out of the 28 business-focused problem-settings, 3 see the pressure-response relation as a business opportunity, 10 see it mainly as a threat to business, and 12 discuss it rather neutrally or both as opportunity and threat, while the 3 remaining problem-settings are clearly critical of business. Overall, those business-focused problem-settings can be seen as quite 'managerial' in nature, with instrumental benefit in mind—notably, articles from *SMJ* are quite well represented in the 'neutral or both opportunity and threat' subcategory (5 out of 12, with additional problem-settings from management journals such as *AMR* and *AMJ* in this subcategory), such as for example:

> With the increasing prominence of special interest group activity in the organizational external environment, we build on the stakeholder literature on strategic management to explain how organizations respond to pressures from such groups. (Julian et al. 2008, p. 963)

The 16 NGO-focused problem-settings can be divided into 6 that see the pressure-response relation as an opportunity for the NGO, 9 that discuss it rather neutrally or both as opportunity and threat, and 1 that is clearly critical of NGOs. While some of these problem-settings do not hint at possible managerial implications for business—notably, some articles from *ASQ* that were part of the special issue on social movements and that did not have any implicit business perspective—a number of them do have an

implicit managerial dimension, and some are even explicit on this, for example:

> Stakeholder activism has become a common occurrence in corporate life and a genuine managerial issue, as environmentalists, employees, community groups, human rights organizations, and charitable organizations increasingly use a variety of strategies to influence firms' actions. (Rowley and Moldoveanu 2003, p. 204)

> In recent years, environmental nongovernmental organizations have succeeded in influencing the operations of numerous business firms. The suggestion that a company's actions pose a threat to human health or the natural environment can have long-term consequences for the firm's reputation. (Hendry 2003, p. 267)

So overall it can be argued that the majority of pressure-response problem-settings have a managerial dimension, although we would not go as far as calling this managerial dimension, which takes many shapes, a 'dominant articulation'.

Now, it is also interesting to say a few words about the 12 problem-settings that are interested in both NGO pressure and business response in a rather balanced way, out of which 4 see pressure-response relations as an opportunity for society, 3 see it as a threat for society, and 5 are more neutral. The problem-settings that are emphasizing the benefits of pressure-response are particularly interesting here as they are among the few—among all the included problem-settings—that articulate the value of adversarial relationships for value creation at the societal level, rather than just thinking in terms of the interests of certain types of organizations. These problem-settings articulate the importance of 'dialogue' or 'debate' between the adversaries:

> […] much of the real action occurs – in the Dialogue that occurs when corporations and shareholder activist groups mutually agree to engage in ongoing communications to deal with a serious social issue as an alternative to the formal vote on a shareholder resolution. (Logsdon and van Buren 2009, p. 354)

Overall, however, even the problem-settings focusing on both NGO pressure and business response rarely hint at the value of adversarial relationships for the societal good from a more normative and theoretical perspective. Unlike the often normative articles on partnerships and/or governance, the more theoretical articles on pressure-response tend to be more neutral and descriptive. It seems that an articulation of adversarial relationships as potentially good for society—and for instance democracy—may be suppressed as a result of the more instrumental nature of most article aims.

From Adversaries to Partners

One key interest here is on how NGO–business relations are articulated in the problem-settings as having evolved over time: first, how they are claimed to have been in the past, and second, how they are claimed to be now. In our systematic analysis, we have specifically focused on articulations of an 'old-way' of the NGO–business relationship versus a 'new-way' that would be more legitimate at the time of writing the article, for example:

> The once adversarial relationship between NGOs and companies [old-way] has undergone a shift toward becoming more cooperative and more dialogic in form [new-way]. (Kourula and Laasonen 2010, p. 36)

We found that, in those problem-settings that discuss an evolution of the relations over time, the most common characteristic for the 'old-way' is an adversarial NGO–business relationship, while the 'new-way' is typically characterized by a move to partnership and collaboration:

> Companies are pursuing more proactive [new-way] rather than reactive environmental strategies [old-way], resulting in partnerships [new-way] between industry and other societal groups […]. (Hartman et al. 1999, p. 255)

> [corporate political strategies] from antagonistic… [old-way]… to more cooperative [new-way]. (Kolk and Pinkse 2007, p. 202)

> The early forms of business-NGO relations were mostly confrontational [old-way] […] These new forms of collaboration between business and NGOs reflect broader changes in the overall governance environment, while contributing to the reconstitution of the global public domain where firms carry out their activities. [new-way] (Albareda et al. 2007, pp. 175–176)

> They [NGOs] have attenuated their confrontational adversarial style [old-way], exhibiting a more favorable collaborative inclination in the context of CSR […] Non-governmental organizations (NGOs) have in specific been active in recent years, more attuned to CSR, and more willing to collaborate with businesses in pursuit of common goals [new-way]. (Jamali and Keshishian 2009, p. 277)

> The cooperative imperative [new-way] has started to transcend some of the divides [old-way] between business, nonprofits, and governments […]. (Vurro et al. 2010, p. 39)

Similarly, when we focus on articulations of 'more common' and 'less common' a similar main trend can be identified:

> Environmental non-government organizations (NGOs) are increasingly favouring cooperation [more common] over traditional protest and confrontation [less common] to encourage environmentally sensitive corporate practices […]. (Stafford et al. 2000, p. 122)

> Predominantly since the 1992 Rio Summit, corporations have been increasingly pursuing partnerships with public institutions including governments, international organizations and NGOs that aim to contribute to sustainable development activities [more common]. (LaFrance and Lehmann 2005, p. 216)

> Partnerships between businesses and nonprofit organisations are an increasingly prominent element of corporate social responsibility implementation [more common]. (Seitanidi and Crane 2009, p. 413)

> Such insight into the influence of value systems on the actual actions of pressure groups [less common] might also be valuable in the light of the ever increasing number of strategic partnerships between NGOs and the private sector [more common]. (Scherrer 2009, p. 555)

As shown above, the narrative of moving 'from adversaries to partners' is one of the clearest trends among those that appear in the problem-settings throughout the analysis period. This narrative can be seen as a dominant articulation. It is not only visible in articles on dyadic NGO–business partnerships but also in articles describing governance challenges in a neutral or balanced way (e.g., Kolk and Pinkse 2007) and in articles with several types of relations equally represented (e.g., van Huijstee and Glasbergen 2010):

> Nongovernmental organizations (NGOs) play an active role in influencing companies to increase their corporate social responsibility (CSR; Carroll 1991; Elkington 1997). Over the past decade, there have been more collaborative interactions between businesses and NGOs, including stakeholder dialogs and partnerships (Calton and Payne 2003; Glasbergen, 2007; Teegen et al. 2004; Van Huijstee, Francken, & Leroy, 2007; Van Huijstee & Glasbergen, 2007). However, some NGOs reject collaborative interaction with businesses (Ählström & Sjöström 2005; SustainAbility, 2003) preferring to take a confrontational position toward companies (cf. Taylor & Van Dyke, 2004; Visseren-Hamakers, Arts, & Glasbergen, 2007; Winston, 2002). (van Huijstee and Glasbergen 2010, pp. 591–592)

Interestingly, in the latter citation the usual narrative is found, but with a twist: it is still possible for NGOs to opt

for confrontation rather than collaboration. This is the only problem-setting where this twist is clear and explicit. More importantly, in none of the problem-settings is the narrative 'from adversaries to partners' specifically problematized as a misleading way of representing the evolution of the relationship. In this sense, it seems like there is a high level of acceptance in the field for this understanding of the evolution. Thus, our role here is to open this accepted narrative up for questioning. In particular, the narrative itself may tend to suppress the notion that more adversarial relationships are not only still possible but also possibly getting more common. Here, we need to acknowledge that among the articulations of dyadic partnerships, there are some critical undertones:

> [...] corporations that seek to successfully partner with CSOs [civil society organizations] should be wary that such collaboration is not in line with the strategy of all CSOs, and that for the same reasons the prevailing partnership promotion might be problematic. (Ählström and Sjöström 2005, p. 230)

> Critics are invited to join dialogue programs and mediation processes regarding controversial issues [...] or even to get involved in long-term alliances with companies [...] 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 [...] 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. (Holzer 2008, p. 50–51)

However, these critical considerations remain undertones because they do not constitute the main focus of these problem-settings. They display balanced articulations of partnerships (acknowledging pros and cons) which is certainly valuable. But no article can be construed as a deep questioning of the dominant win–win–win (i.e., that companies win, NGOs win, and society wins) bias in the partnership literature since none of them takes an explicit critical perspective focusing on the systematic deconstruction of the win–win–win. This may be down to the general genre that characterizes business and society literature, where win–win–win rhetorics typically dominate and critical arguments need to be brought up in a balanced way giving credit to positive aspects too. Hence, it is ironic that Holzer (2008) makes the explicit critical point that there is the risk for critics to be 'co-opted' if they choose to participate in business decision-making: In some ways, Holzer's interesting critique is itself co-opted into

mainstream business and society discourse. More radical critiques are left to those management and organization journals that have promoted CMS as part of their own mainstream—none of which is included in our sample.

Addressing the Governance Gap: Trisector Partnerships and Soft Law Governance

A clear dominant articulation in the problem-settings relates to the very common contention that contemporary governance challenges cannot be addressed through traditional governmental types of actions due to the inability of governments and intergovernmental organizations to effectively regulate internationally and/or globally. This dominant articulation is particularly visible in the problem-settings that relate NGO–business relations mainly to governance issues – by focusing on (1) trisector partnerships/governance, (2) soft law governance, or (3) broad international governance challenges—but it is also traceable in many problem-settings focusing on dyadic partnerships (e.g., Hartman et al. 1999; Jamali and Keshishian 2009; Mukherjee Reed and Reed 2009; Scherrer 2009) and even on pressure-response (e.g., Fassin 2009). It can be found in articles published throughout the 1998–2010 period:

> [...] traditional 'command-and-control' regulatory approaches to address the planet's environmental challenges have led to too much reliance on government as the sole caretaker for the environment (Sinding et al. 1998; Wylynko, 1998). Environmental problems, such as climate change, have become increasingly too complex to be solved solely by government (Norberg-Bohm, 1998; Wylynko, 1998), and sustainability warrants alternative forms of leadership and contributions from industry, citizens, nongovernment organizations (NGOs) and other environmental stakeholders. (Hartman et al. 1999, p. 215)

> The power of individual nation states to define the rules of the economic system and to influence the policy of MNEs is fading (Vernon 1998). At the same time, the efforts of intergovernmental organizations such as the United Nations, the International Labour Organization, or the World Trade Organization have not yielded much progress in enforcing social and environmental standards for business world-wide. Though paperwork has been done for decades, these organizations are still unable to enforce and control business conduct effectively because they depend on the executing bodies of individual nation states. (Scherer and Smid 2000, p. 352)

Modern society is challenged by a loss of efficiency in national governance systems values, and lifestyles. (Palazzo and Scherer 2006, p. 71)

Although there has been a growing mass of legislation over the last couple of decades, governments have not yet been able to adequately address these social and environmental issues on an international level. (Gilbert and Rasche 2008, p. 756)

[…] it becomes clear that the world's most pressing public problems such as poverty or global warming call for cross-sector solutions. (Maak and Pless 2009, p. 537)

In a world of 'governance without governments' (Rosenau and Czempiel, 1992) – or at least with the role of government substantially downplayed – cross-sectoral initiatives have increasingly filled some of the gaps. (Crane 2010, p. 17)

While the power of government is argued to be fading, NGOs are portrayed as increasingly powerful agents (whether through collaborating with or balancing against business) to fill in the governance gap:

Their [NGOs'] role has specifically been accentuated/ brought to the fore at a time when governments have failed to solve social problems and have diminished in scope. (Jamali and Keshishian 2009, p. 277)

[…] substantial reduction in the powers of the nation state […] Due to this new redistribution of power, non-governmental organisations (NGOs) gained momentum and started to play an increasingly decisive role in the political and social arenas. (Scherrer 2009, p. 555)

Non-governmental organizations (NGOs) and pressure groups have taken up the mission of counterbalancing the huge power of the multinational corporations […] As power gives responsibility, NGOs should be seen as having corporate stakeholder responsibility. (Fassin 2009, p. 503)

Over the last two decades there has been a proliferation of partnerships between business and government, multilateral bodies, and/or social actors such as NGOs and local community organizations engaged in promoting development. (Mukherjee Reed and Reed 2009, p. 3)

In the partnership- and governance-related problem-settings, the voluntary mechanisms relying on multistakeholder, soft law regulation initiatives are often implicitly presented as the only regulation option in today's world. But there is of course a great deal of heterogeneity in the 65 governance-related problem-settings, and therefore we need to further characterize them according to the different ways they problematize governance. A deeper analysis shows that 10 of these problem-settings provide a quite neutral or balanced descriptive analysis of governance challenges and trends, while the others clearly emphasize certain ways of 'providing' governance: in the role of main 'provider' of governance, 1 problem-setting focuses on government, 1 focuses on industry, 7 focus on civil society, and the remaining 46 focus on cross-sector governance arrangements. Further analysis of these 46 problem-settings leads to interesting findings: while 19 of them do not include explicit description of the desirable relations between the 'partners'—10 articulating cross-sector governance arrangements as broadly creating value for society, 6 questioning the value for society provided by these arrangements, and 3 introducing the topic in a more balanced way—the other 27 include some indication of what the relations are or should be like. An overwhelming majority (24) privileges collaborative and 'deliberative' multistakeholder arrangements, making an implicit connection to contemporary concepts of democracy such as 'deliberative democracy' or 'dialogic democracy'—and sometimes explicitly drawing on authors who have developed these conceptualizations of democracy such as Habermas. Some examples from throughout the analysis period follow:

For maintaining global peace and stability, joint efforts by governments, MNEs, intergovernmental organizations, and NGOs are necessary. (Scherer and Smid 2000, p. 351)

These cross-sectoral, inter-organizational collaborations could also be considered a type of interorganizational "policy network", which attempts to balance autonomy and control among multiple institutional actors in pursuit of mutually desired objectives. (Starik and Heuer 2002, p. 222)

[…] a step towards the politicization of the corporation and attempt to re-embed the debate on corporate legitimacy into its broader context of political theory, while reflecting the recent turn from a liberal to a deliberative concept of democracy. (Palazzo and Scherer, 2006, p. 71)

[…] the creation of a dialogical understanding among affected stakeholders cannot be a mere outcome of applying certain accountability standards, but rather must be a necessary precondition for their use. This requires a stakeholder dialogue prior to making a choice…a discursive decision framework for accountability standards based on the Habermasian concept of communicative action […] (Rasche and Esser 2006, p. 251)

The success of GRI has been attributed to its founders' success as "institutional entrepreneurs" in shifting the field of governance…The founders promoted a vision of a multistakeholder process with broad and shared benefits. (Levy et al. 2010, p. 89)

Partnerships of various sorts, especially at the global level, have acquired rule and norm making authority, albeit of a relatively soft variety. Prominent examples include the Forest Stewardship Council, the UN Global Compact, and the Ethical Trade Initiative, but the range of partnerships enacting some form of societal governance is substantial. (Crane 2010, p. 17)

Only 3 problem-settings conceptualize these cross-sector governance arrangements as meant to be organized through more adversarial processes of bargaining and/or negotiation. Interestingly, 2 of these articles have the same author (Egels-Zandén 2009a, b) and relate to bargaining within transnational industrial relations.

The lack of enforcement of national labor laws and the limited protection of workers' rights in developing countries have led workers' rights representatives to attempt to establish transnational industrial relations systems to complement existing national systems. In practice, these attempts have mainly been operationalised in unilateral codes of conduct; recently, however, negotiated international framework agreements (IFAs) have been proposed as an alternative. (Egels-Zandén 2009a, p. 529)

In twentieth century Europe and the USA, industrial relations, labor, and workers' rights issues have been handled through collective bargaining and industrial agreements between firms and unions, with varying degrees of government intervention from country to country. This industrial relations landscape is currently undergoing fundamental change with the emergence of transnational industrial relations systems that complement existing national industrial relations systems. (Egels-Zandén 2009b, p. 169)

The latter 2 problem-settings suggest a struggle between the bargaining model and more voluntary modes of engaging as NGOs become key actors in the field of transnational industrial relations. It would seem that 'bargaining' as an organizing principle is considered an outmoded means for NGOs to take part in governance, as this type of adversarial means is explicitly mentioned in only one more governance-related problem-setting (Bled 2010), which focuses on the ways in which different actors seek to influence the 'negotiations' related to the Convention on Biodiversity (CBD).

This general bias towards more collaborative and deliberative ways of going about cross-sector governance

involving business can be related to the influence of the recent works on 'Extended Corporate Citizenship' (Matten and Crane 2005) and 'political CSR' (Scherer and Palazzo 2007)—and it may also be true that empirically many of the adversarial NGOs choose to influence multistakeholder governance organizations from the outside rather than from the inside. But the seeming suppression of adversarial ways of relating within cross-sector partnerships and governance is also explicitly presented as a problem in 4 of the 6 critical problem-settings:

We hope to demonstrate that collaboration between organizations is not necessarily "good", conflict is not necessarily "bad". (Hardy and Phillips 1998, p. 217)

[…] post-partnerships suffer from the paradox of striving to marginalise those stakeholders whose support they need for establishing stable definitions of 'corporate responsibility'. (Egels-Zandén and Wahlqvist 2007, p. 175)

[…] while the CDP initiatives by SPDC, MPN and EPNL have the potential to contribute to community development, the failure to integrate negative injunction duties into existing partnerships means that the partnerships make no difference to how oil TNCs conduct their core business operation. (Idemudia 2009, p. 91)

More critical academic work has emphasized the limitations of PPPs in relation to possible co-optation of non-governmental organizations (NGOs), the state, and UN agencies […] (Lund-Thomsen 2009, p. 58)

In a similar way to these critical authors (although two of the above critiques are directed at empirical manifestations of cross-sector governance rather than at academic business discourse), we see the dominant tendency to suppress conflict in articulations of partnership and governance initiatives as problematic.

From NGO–Business Relationship to Blurred Boundaries

Until the most recent years, it was fairly easy to distinguish the roles of NGOs and businesses in the articles. As Austin (2010, p. 13) notes, there cannot be cross-sector collaboration without distinct actors from all sectors. In the articles, the tri-sector sequence was first mentioned by van Luijk (2000) as one of the future challenges for business ethics:

[…] the shifting relations between the market, governmental agencies and civil society require the elaboration of an institutional business ethics. (van Luijk 2000, p. 3)

Be their relationship adversary or collaborative, NGOs and businesses are dealt with as pursuing different goals, and civil society and business are considered different spheres of activity. The first traces of a suggested convergence of the roles can be traced to 2003:

Organisations of all types are now reporting on their social, ethical and environmental impacts, although this development has been led by larger corporations with high public profiles and brands. It is now extending to the wider business community, and to public and private non-profit organizations. (Dando and Swift 2003, p. 195)

Later on, starting from the community participation articles of JBE in 2005, articulations of "community enterprise" emerge (Nwankwo et al. 2007).

Community enterprises are distinguished from other third sector organisations by their generation of income through trading, rather than philanthropy and/or government subsidy, to finance their social goals. (Tracey et al. 2005, p. 327)

Community enterprise – an increasingly common form of social enterprise, which pursues charitable objectives through business activities – may be the most effective mechanism for building local capacity in a sustainable and accountable way. (Nwankwo et al. 2007, p. 91)

That point onwards, articulations of converging roles increase. As is articulated in the ASQ special issue on social movements:

There are already signs of convergence in the agendas of organization studies and the study of social movements. (Davis et al. 2008, p. 389)

In the most recent articles, it sometimes proves fairly challenging to differentiate between "business" and "NGO" activities. This holds especially for Fair Trade articles, posited as "the ethical alternative to neoliberal market practices" (Alvarado 2009, p. 301):

The SSE [social and solidarity economy] can be seen as an economic activity whose purpose is to form a bond with disadvantaged groups of people. In this sense, fair trade can be viewed as an innovation by humanising the capitalist economy. (Özçağlar-Toulouse et al. 2009, p. 589)

There has been a move in recent years within the fair trade movement away from its charity-supported background […] towards a more commercial position. (Davies and Crane 2003, p. 79)

The dividing line between an NGO and business is not always clearly defined. Instead the roles are presented as increasingly intertwined:

The combined effect of these forces has made it increasingly manifest for firms and NGOs that they often populate the same "area of institutional life", that is, that they belong in a common organizational field. (Lucea 2010, p. 116)

Fair trade innovators [are] a new type of entrepreneur […] these innovators aim to construct a 'new world' centered on trade relationships by integrating the role of multiple-player networks into the creation of value in the market. (Bezençon and Blili 2009, p. 589)

Fridell's (2009) article is also a good example of the discursive converging of business and NGO roles. It is hard to define which organization, activity, and ethos is clearly related to which sector. An argument both for and against can basically be made on the same grounds:

Thus, the choice between Planet Bean and Starbucks is not just of two different routes to the same goal, but of contrasting goals that, ultimately, lead to incompatible visions of the future of fair trade: one that is stakeholder-driven and devoted to consumer education; and one that is shareholder driven and subsumed by corporate marketing strategies. (Fridell 2009, p. 82)

In the roles assigned to business leaders, the roles are also converging. Characteristics that have generally belonged to NGOs are assigned to business leaders, and in some articles similar responsibilities are assigned to NGOs and other social ventures as usually are assigned to companies:

In fact, there is *widespread agreement* not only in societies, but also in the business world that multinational corporations and their leaders in particular have the means and thus the power to act as agents of world benefit… (Maak and Pless 2009, p. 537, own italics)

Cosmopolitan business leaders are aware of the pressing problems in the world, care for the needs of others, and in particular for the distant needy, aspire to make this world a better place and act in word and deed as global and responsible citizens. (Maak and Pless 2009, p. 538)

[…] balancing nonprofit attitude to social service with business entrepreneurial orientation. […] (Vurro et al. 2010, p. 39)

As power gives responsibility, NGOs should be seen as having corporate stakeholder responsibility. (Fassin 2009, p. 503)

The stakeholders of NGOs expected them to operate their businesses in an ethical manner and behave as good corporate citizens when engaging in social venturing. (Easterly and Miesing 2009, p. 541)

Ultimately, the market and civil society spheres seem to merge into each other as social movements are claimed to create new markets and entrepreneurship becomes a guiding principle for civil society action:

This study illuminates how new markets emerge and how social movements can effect cultural change through market creation. (Weber et al. 2008, p. 529)

Our basic position is that economic, environmental, and social resources converge and take on the potential for yielding viable social entrepreneurial opportunities when accompanied by mobilization about a relevant social purpose or cause. (Murphy and Coombes 2009, p. 325)

Increased and active involvement of multinational corporations in the promotion of social welfare, in developing countries in particular, through the facilitation of partnerships and cooperation with public and nonprofit sectors, challenges the existing framework of our social and political institutions, the boundaries of nation- tates, the distinction between the private and public spheres of our lives, and thus our freedom. (Parkan 2009, p. 73)

Other prominent articulations include positive NGO–business relationship as instigators of change and increasing marketization:

Non-government organizations and corporations are increasingly engaging each other in recognition that shareholder and societal value are intrinsically linked. (Loza 2004, p. 297)

[…] how broad, large-scale social movements can facilitate the emergence of new sectors and organizational forms. (Sine and Lee 2009, p. 123)

Recently, scholars taking a closer look at the intersection of social movements and organizations have suggested that social movements can create new organizational boundaries through truces among competing factions in a field […]. (O'Mahony and Bechky 2008, p. 422)

We thus find that not-for-profit activity is converging with for-profit activity and vice versa, and that NGOs are attributed with traditionally business characteristics and vice versa. In addition to this, we find that partnership is in some cases focused on as an actor (e.g., Le Ber and Branzei 2010a, b; Kolk et al. 2010; Clarke and Fuller 2010). In the following, we turn to other discursive tensions and examine how they interact with the above.

Discursive Tensions: Voluntariness Under Pressure and the Co-Optation of NGOs

The most significant finding in terms of discursive tensions, i.e., articulations that we identified as inherently conflicting, oxymoronic, or otherwise logically contradictory, lies in the allegedly 'voluntary' nature of business involvement in partnerships with NGOs. It could be argued that in these articulations, the change in NGO–business relations from a pressure-response model is not to a partnership model but rather to an oxymoronic pressure-partnership model. Indeed, businesses are still portrayed as being under adversarial NGO pressure—only now, as a 'logical' outcome of this pressure, they are posited to voluntarily partner with NGOs:

Likewise, firms are experiencing heightened social, legal and global market pressures to operate more sustainably, and many are recognizing that cooperative environmental NGOs can be allies for launching credible environmental initiatives through green alliances […] (Stafford et al. 2000, p. 122).

Partnerships have become more common as corporations react to mounting pressure from corporate stakeholders, civil society and government on the responsible nature of their business practices. (LaFrance and Lehmann 2005, p. 161)

In this logic of adversarial relationships leading to ostensible win–win–win arrangements, the term 'pressure' is sometimes avoided and instead more constructive markers of NGO goals are privileged such as 'encouraging' or 'leading':

NGOs have played a vital role in encouraging multinational corporations (MNCs) to adhere to international standards. (Weidenbaum 2009, p. 147)

[…] a series of proposals emanating from [IGOs] and NGOs encouraging multinational corporations to pay more heed to human rights. (Campbell 2006, p. 256)

[…] activist pressure and increasing societal criticism […] have led multinationals to participate in […] voluntary standards to self-regulate their social conduct. (Arya and Salk 2006, p. 212)

In turn, it seems in some articulations that voluntariness by itself fully delivers accountability:

> Such initiatives allow organizations to improve their understanding of demands placed upon them by constituencies, since they offer self-reflective and communicative procedures holding firms accountable for what they do. Adherence to these standards is ensured either by the organization itself, its stake-holders or independent institutions (i.e., auditing bodies). (Gilbert and Rasche 2008, p. 765)

An (admittedly cynical) attentive reader could interpret this as though company x can voluntarily take on a voluntary initiative to a voluntary degree, voluntarily holds itself accountable through "self-reflection and communication" and voluntarily assures adherence by itself (unless it voluntarily chooses to rely on stakeholders or independent institutions for this).

In some more critical articulations, the voluntary nature of the involvement in partnership is downplayed, and instead the desirability of partnerships for companies is more explicitly tied to their self-interest:

> The combination of corporate-community conflicts and oil transnational corporations' (TNCs) rhetoric about being socially responsible has meant that the issue of community development and poverty reduction have recently moved from the periphery to the heart of strategic business thinking within the Nigerian oil industry. TNCs have increasingly responded to this challenge by adopting partnership strategies as a means to contribute to poverty reductions in their host communities as well as secure their social licence to operate. (Idemudia 2009, p. 91)

> The increasing concerns about social issues across business environments worldwide, and the resultant emphasis on the corporate social responsibility (CSR) idea (Carroll, 2004; Gabriel, 2006; Lindgreen et al., 2009; Perrini et al., 2006), have made crosssector social partnerships (CSSPs) or interactions increasingly desirable for organizations (Austin 2000; Kanter, 1998; Korten, 1998; Seitanidi and Lindgreen, 2008; Waddock and mith, 2000), especially those that need to burnish their CSR credentials (Seitanidi and Crane 2009; Seitanidi and Ryan, 2007). (Reast et al. 2010, p. 197)

This explicit link to company self-interest also implicitly means that the packaging of partnerships as voluntary (which probably originates in corporate communication but is uncritically reproduced in many academic articles) is a way for businesses to co-opt NGOs at least partly in order to neutralize their critique. The discursive co-optation of NGOs is also made possible by their representation as supporters of partnership:

> Partnership has been promoted by large numbers of corporations, governments, international agencies and non-governmental organisations as the most effective way of working towards the achievement of sustainable development. (Rein and Stott 2009, p. 92)

In this case, a footnote in the article specifies that the international agencies and NGOs referred to in this citation are the UK government-based Department for International Development, the UN Global Compact, the World Bank's Business Partners for Development, and the International Business Leaders' forum. The NGOs in this list are business organized NGOs (BONGOs), and referring to them as representatives of the entire NGO field can be seen as a way to co-opt NGOs in the allegedly quasi-universal celebration of 'partnerships'. Thus, business is represented as being 'called upon' to answer a demand from governments, intergovernmental organizations and NGOs. The demand for business participation in governance is posited as coming from all spheres of society. Sometimes it is unclear where the demand comes from but business is still presented as the solution to some societal concern:

> Each company needs to be part of the solution and needs to stretch its activities beyond normal market activities. This does not mean to turn the company upside down or into a charitable institution, but rather to identify the unique contribution the company may make as part of a broader effort to solve a major social challenge. (Maak and Pless 2009, p. 538)

Articulations in these citations can be seen as discursive interventions that make it possible for the business and society discourse to further incorporate societal and governance challenges as 'problems for which business is part of the solution' and thereby compete for dominance of the field of discursivity. These articulations completely disregard the existing tensions between the three spheres, representing partnerships and multistakeholder governance as the win–win–win solutions, thereby contributing to co-optation of critical voices.

The Role of Special Issues

As shown above, the narrative of moving 'from adversaries to partners' is one of the clearest trends among those that appear in the problem-settings throughout the analysis period. The contents of the special issues play a strong role in strengthening the partnership way of relating. As mentioned previously, our data includes six special issues on NGO–business relations with 49 articles. The first special

issue from 1999 is explicitly framed in terms of partnership, along the lines of the related Greening of Industry conference theme:

> […] the need for partnerships for sustainability – and its challenging implications – how to build constructive exchanges among diverse sectors of society […] sustainability [which] warrants alternative forms of leadership and contributions from industry, citizens, nongovernment organizations (NGOs) and other environmental stakeholders. (Hartman et al. 1999, p. 255)

Interestingly, however, the three articles included in the special issue are not explicitly framed in terms of partnership, but rather in terms of governance mechanisms (Howard et al. 1999; Clarke and Roome 1999) and social pressure as an opportunity (Hastings 1999). As mentioned previously, these are articles that would not have been included based on our screening criteria, but were included based on the relevance of introduction. Indeed, the difference between the latest 2010 special issue in JBE over a decade later is significant: All articles are explicitly framed in terms of partnership, according to the theme "cross-sector social interactions", although one article includes a critical perspective on partnership (Cornelius and Wallace 2010). As the 1999 special issue, the 2010 issue is framed in terms of partnership:

> Interactions across sectors have intensified in recent years, particularly in the form of cross-sector social partnerships […] In all their different constellations, organizations from different economic sectors – public, nonprofit, and business – cooperate to address social issues by providing society with "public goods". (Seitanidi and Lindgreen 2010, p. 1)

In addition to the above special issues, the BAS special issue on the role of NGOs in the business–government–society interface and JBE special issue on business partnership for development are framed in terms of partnership. However, as the below introductory articles show, the tone of relating is not exclusively positive of partnership:

> Over the past several decades, nongovernmental organizations (NGOs) have grown in number, size, and stature and have become important actors influencing the conduct of business, including business–government interactions and the broader role of business in society. (Dahan et al. 2010, p. 20)

The focus of this special issue is the recent growth in popularity of business partnerships in the developing world which are supposed to contribute to development […]While proponents of such partnerships are promoting them with great fervor, critics argue that they tend to have minimal positive impact and could have a significantly negative impact insofar as they might be seen as relieving governments of their responsibilities to take a more active role in promoting development. (Lund-Thomsen and Reed 2009, p. 1)

These special issues also contain adversarial ways of relating, and as especially indicated in the latter, critical perspectives on partnership (e.g., Idemudia 2009). The BAS special issue, published in two separate parts, includes one pressure-response problem-setting (Skippari and Pajunen 2010) and one with different relations equally emphasized (van Huijstee and Glasbergen 2010). Thus, even though multiple ways of relating are included in the special issues, the partnership way of relating is the most dominant one. However, as shown in previous sections of this article, the blurring of roles is another dominant articulation within the problem-settings. This is true also for the JBE 2010 (e.g., Waddock 2010), but particularly for the ASQ special issue on social movements in organizations and markets, and JBE special issue on fair trade. What is most interesting, however, is that the introductory of the ASQ special issue is framed in terms of pressure-response:

> Social movements are pervasive in and around organizations, from policing the actions of multinationals to advancing demands for workplace rights to promoting and thwarting the development of new technologies to demanding that corporations fess up to negligence. (Davis et al. 2008, p. 389)

Therefore, the partnership agenda is not prevalent in all special issues. In addition to the introductory article, the problem-setting in King (2008a, b) also builds on a pressure-response way of relating. Therefore, as a conclusion we find that even though the articulations of partnership do not exclusively dominate the framing of the special issue articles, meaning that 4 problem-settings build on articulation of pressure-response and 5 contain a critical perspective, we find that while the majority of the problem-settings (29 articles) build on the partnership way of relating, our contention is that it seems 'accepted'—in the sense 'unquestioned'. We see it as our role in this article to open this narrative up for questioning.

Discussion and Implications

The overall purpose of this article was to critically examine the business and society discourse on NGO–business relations and in particular to (1) identify dominant articulations of NGO–business relations in business and society

discourse, (2) expose those articulations that are silenced or suppressed by these dominant articulations, and (3) critically assess possible power effects of these discursive dynamics in the field of discursivity To sum up, our main findings are: (1) that pressure-response articulations tend to be characterized by an instrumental, often managerial interest, thereby suppressing the notion that adversarial relationships should be promoted as good for society and/or democracy; (2) that articulations of dyadic NGO–business partnerships tend to suggest that there has been a shift from adversaries to partners, thereby silencing the possible value of adversarial relations whether within or without partnerships; (3) that governance-related articulations tend to privilege collaborative and deliberative ways of engaging for governance purposes rather than bargaining and negotiation between adversaries; and (4) that other discursive interventions contribute to suppressing adversarial subject positions from NGOs.

With the help of our methodology drawing on discourse theory, we can now reflect on: (1) how business and society discourse is competing for hegemony within the field of discursivity of NGO–business relations; and (2) how our findings are revealing of attempts to connect across disciplinary divides with other discourses, appropriating and rejecting articulations from them in order to construct hegemonic articulations, i.e., those potential articulations that would succeed in 'dominating the field of discursivity' by fixing the meanings and relations between elements. But also, our discourse theory approach can lead us to an explicit critique of what we find problematic in the currently dominant and suppressed articulations on NGO–business relations in business and society discourse, drawing on Mouffe's (1999, 2000, 2005) more recent works.

The fact that most pressure-response articulations tend to be characterized by an instrumental, often managerial interest leads them to not directly compete with other discourses for hegemony in the field of discursivity on NGO–business relations. Competing with social movements discourse and/or global governance discourse would necessitate an engagement with governance challenges from the viewpoint of the societal good, not just a concern with the business bottomline or NGO interests considered separately. That is why we do not see the majority of pressure-response articulations as directly competing with other discourses. One overall way in which business and society discourse is more directly competing for hegemony within the field of discursivity is through offering business a more decisive role in all issues typically addressed by or with NGOs. This is done through a number of discursive interventions. First, a 'taming' of NGOs is symbolically made through the articulation of a change in their role in the relationship, from adversaries to partners. Second, both

businesses and NGOs are encouraged to have more hybrid roles in relation to society (for business) and the market (for NGOs), which leads to the market and civil society spheres to seemingly merge into each other. Third, critical voices are often co-opted within the 'reasonable and balanced' business and society discourse—a feature that is in many ways to appreciate but that also contributes to suppressing conflict. Fourth, business is posited as a key 'part of the solution' for contemporary governance challenges in the alleged absence of governmental regulation possibilities. Fifth, a voluntary agency is claimed for business in its relations with NGOs, whose pressure is discursively transformed into encouragement as though it would represent a societal demand for business 'voluntarily' getting involved in win–win–win partnerships and multistakeholder governance arrangements. While these discursive interventions do not characterize all of the most dominant articulations of business and society discourse, to us they are more salient because, with their implicit aim for the societal better good, they directly enter in competition with articulations from social movements and governance discourses.

These interventions are arguably made more influential through organized attempts to fix business and society discourse. We have found special issues to contribute to this—particularly those that build on collaborative articulations. While these special issues are not full 'hegemonic interventions' in the sense that they do not fully lead to "the naturalisation of one single perspective" (Jørgensen and Phillips 2002, p. 37) and are not uncritical nor unreflexive, they still contribute to a movement towards closure of business and society discourse in the sense that they implicitly suggest more collaborative ways of relating and increasingly focus on cross-sector governance, thus often marginalizing other (notably the more adversarial) ways of relating.

Interestingly, however, we also need to point out that evidence of increasing closure of the discourse is not traceable outside of these important special issues, notably because the trend towards a blurring of the roles of businesses and NGOs (also visible within some of the most recent pressure-response articles) would suggest a sort of opening of business and society discourse. Here, we can further reflect in terms of competition for hegemony within the field of discursivity. By blurring the roles of all institutional actors, the discourse also makes it possible for business actors to be increasingly posited as a legitimate 'part of the solution' to contemporary governance challenges. Hence, our interpretation is that business and society discourse interacts with social movements discourse and governance discourse in the following ways: it attempts to (1) co-opt social movements through partnership and collaborative articulations, (2) suppress those

accounts of social movements theory that are still focused on adversarial relationships, and (3) place business at the center of governance discourse notably through articulations that draw on 'deliberative democracy' and the 'post-political' perspective. As we have hinted in our analysis of governance-related articulations, this attempt to place business at the centre of governance discourse is very much in line with broader recent developments in business and society discourse, in relation to such new constructs as 'extended corporate citizenship' (Matten and Crane 2005) and 'political CSR' (Scherer and Palazzo 2007)—themselves influenced by developments in political theory, notably by the Habermasian notion of 'deliberative democracy'. Determining whether business and society discourse succeeds in dominating the field of discursivity is beyond the scope of this article, but it is clear that many contemporary policy recommendations (by 'independent' think tanks and increasingly governments) definitely see (1) business as a legitimate part of the solution to governance challenges and (2) partnerships between business, governments and civil society as the way forward relating to many of these challenges. Academic business and society discourse, in this sense, seems to be quite in line with—probably both influential on and influenced by—policy discourses. Let us now articulate our explicit critique of these trends.

The problem with the academic and policy focus on partnership and consensus along the lines of deliberative democracy can be articulated by drawing on Mouffe's (1999, 2000, 2005) more recent works (for related recent discussions see e.g., Burchell and Cook 2011). Contemporary dominant articulations of 'deliberative democracy' (Habermas), 'dialogic democracy' (Giddens) or 'subpolitical democracy' (Beck) tend to suppress conflict, dismissing adversarial models of the political field as outdated. As Mouffe (1999, p. 756) puts it, modern democracy instead should be seen as about "the recognition and legitimation of conflict and the refusal to suppress it". Deliberative democracy and reflexive democracy tend to erase "the adversarial dimension which is constitutive of the political and which provides democratic politics with its inherent dynamics" (Mouffe 2005, p. 29). What Mouffe (1999, 2000, 2005) proposes as an alternative is a model of 'agonistic pluralism' in which conflict between adversaries—i.e., legitimate enemies, "enem[ies] with whom we have in common a shared adhesion to the ethico-political principles of democracy" (Mouffe 1999, p. 755)—can be fully expressed so that the respective 'passions' are mobilized "towards the promotion of democratic designs" (Mouffe 1999, p. 756). Conversely, according to Mouffe (2000, p. 16), "too much emphasis on consensus and the refusal of confrontation lead to apathy and disaffection with political participation". Thus, too much emphasis on

partnerships, trisector governance and win–win–win rhetorics may be argued to lead to less democratic outcomes: "every consensus exists as a temporary result of a provisional hegemony, as a stabilization of power and that always entails some form of exclusion" (Mouffe 1999, p. 756). The fact that the more adversarial NGOs are typically excluded from the partnership and trisector governance articulations of NGO–business relations—largely because they exclude themselves when wanting to remain adversaries in a world in which consensus is celebrated—leads us to three critical suggestions. First, more recognition of the value of adversarial relations should be included in partnership and governance articulations. Relegating these types of relations to the past is highly problematic as it implicitly dismisses legitimate disagreement as an outdated way to engage. Second, those articulations that focus on pressure-response could move beyond their instrumental arguments and contribute to the new conceptualizations of governance that at present tend to be completely dominated by win–win–win visions of cross-sector partnerships. Third, and in a sense 'between' the two previous suggestions, it would be important to promote NGO–business collaboration forms in which the win–win–win is not a predetermined conclusion, meaning that these modes of engagement may actually involve adversaries negotiating rather than partners working together for better (triple) bottomline outcomes. It is very likely that many NGOs who do engage in collaboration with business corporations still see themselves as adversaries, considering their collaboration as an arena for legitimate disagreement and negotiation. These types of subject positions for NGOs tend to be suppressed in the problem-settings of academic business and society discourse on NGO–business relations. They may be present in the conclusions of some articles but it would also be important that these conclusions be picked up in problem-settings, which would reveal a level of acceptance for more adversarial articulations of partnerships.

Finally, our methodological approach should be understood as a contribution in its own right. The focus on problem-settings makes it possible to analytically grasp dominant articulations in academic discourse. We argue that exposing dominant articulations is particularly useful in academic fields that are yet to be 'mainstreamed' in established academic discourse, where it is possible to capture discursive struggles and depict their implications. In addition, the discourse theory approach raises questions on the relationship between the contingent articulations and empirical reality. In terms of NGO–business relations, this raises the questions of how the win–win(–win) discourse and converging roles interplay with the adversarial and watchdog roles that NGOs have traditionally been associated with. Which invites questions such as: are watchdog

roles really less prominent among NGOs today? Have most NGOs happily embraced a status of 'hybrid' organizations with a business logic? Or would they rather define their own roles on their own terms? Even though these questions cannot be answered on the basis of this article, they remain important questions to be asked in a discursive environment that all too often suppresses rather than solves tensions in its haste to celebrate universal win–win–win–win–…s.

Appendix

See Table 1.

Table 1

Category	Classification	Explanation	Example
NGO types	According to signifiers	Signifiers given to NGO organizations, or names of NGOs mentioned	"Greenpeace", "non-governmental organization"
NGO roles	Van Tulder and van der Zwart (2006) classification	GONGO, GINGO, BINGO, BONGO, DONGO, STRONGO, WONGO, SUNGO, DANGO,	"Greenpeace" (in article context): WONGO
NGO relationship with business	As articulated in text	As articulated in text	"Confrontation" (Dawkins 2005, p. 244)
NGO–business relationship model	Inductive category based on articulations	Pressure-response, soft law, fair trade, tri-sector, partnership, dialogue, philanthropy, not mentioned	"In this article, we seek to advance understanding of nongovernmental organization (NGO) strategies with regard to influencing corporations" (van Huijstee and Glasbergen 2010, p. 591) → pressure-response model
Context/trend	Author interpretation	Main context/trend of the article, as articulated in text	"[…] a framework for understanding the factors that contribute to MNC and community conflict […]" (Calvano 2008, p. 793)
Business/ company types	According to signifiers	Signifiers given to business/companies organizations, or names of business/ companies mentioned	"Multinational Enterprise (MNE)", "Shell"
Business/ company roles in relationship	As articulated in text	As articulated in text	"firm managers interacting with these NGOs are fundamentally concerned with achieving social stability so that their organizations can operate undisturbed" (Lucea 2010, p. 116)
Other discursive interventions	As articulated in text	Articulations that are treated as discursive interventions	"social and solidarity economy (SSE)" (Özçağlar-Toulouse et al. 2009, p. 589)
Discursive tensions	As articulated in text	Articulation with inherent contradictions	Pressure versus voluntary: "[…] compel multinationals to adopt or even create voluntary codes of conduct" (Arya and Salk, 2006, p. 211). "[…] activist pressure and increasing societal criticism […] have led multinationals to participate in […] voluntary standards to self-regulate their social conduct" (Arya and Salk 2006, pp. 211–212)
"Old way"	As articulated in text	Contains characteristics of NGO–business relations in the past	"The once adversarial relationship between NGOs and companies…" (Kourula and Laasonen 2010, p. 36)
"New-way"	As articulate d in text	Contains characteristics of current/new NGO–business relations	"…has undergone a shift toward becoming more cooperative and more dialogic in form" (Kourula and Laasonen 2010, p. 36)
"More common"	As articulate d in text	Contains characteristics of more common features in NGO–business relations	"Transnational corporations are increasingly accused of aggravating, or at least not alleviating, pressing global problems" (Rasche et al. 2008, p. 151)
"Less common"	As articulate d in text	Contains characteristics of less common features in NGO–business relations	"Today, even NGOs who had been at the forefront of campaigns naming and shaming bad practices acknowledge banks are taking environmental risk management seriously" (Coulson 2009, p. 149)

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The Janus face of sustainable foreign direct investments

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Abstract: In this paper, we take a critical perspective on the phenomenon known as Sustainable Foreign Direct Investments (SFDIs). With the pulp and paper sector in Latin America as an illustrative example, we examine how the behaviour of firms is constrained by societal norms and how the greenness and sense of responsibility is constructed within SFDIs. Because of the lack of generally approved metrics for defining SFDIs and the ambiguity of the concept of sustainability, we argue that there are seldom rational arguments for far-going optimism, as far as SFDIs are concerned. We find that greenness and responsibility manifest themselves to no greater extent in SFDIs than in other business contexts. We suggest that the most important and urgent task is to increase the transparency of Foreign Direct Investments (FDIs) and to continue to develop international standards and to metrics that could be used to reliably determine the sustainability of these investments.

Keywords: Foreign Direct Investment; FDI; sustainable investment; sustainability; Corporate Social Responsibility; CSR; investment projects; environmental economics.

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1   Introduction

Today, especially in the industrialised countries, corporations are expected to take account of their environmental aspects and behave as responsible citizens. An indication of this development is the fact that environmental responsibility issues concern not only the fields of business that have been traditionally branded as 'dirty'. Accordingly, the industries with less direct environmental impacts, such as the service and finance sectors, have advanced their own greening processes and social responsibility status as well; the discourse on sustainable investments is a good example of this.

The environmental and social awakening of finance has generated indexes that regard the ethical, ecological or social criteria or some combinations of them as decisive. Indexes such as the Dow Jones Sustainability Indexes (DJSIs), launched in 1999, and Financial Times Stock Exchange 4Good (FTSE4Good), launched in 2001, are among the most recognised, providing the corporate, institutional and private investors with information on the ecological and social performance of the listed companies. These indexes have generated both considerable scholarly interest and criticism (see *e.g.*, Cerin and Dobers, 2001). It is our concern in this paper that the discourse on the sustainability of the investments has overshadowed a phenomenon that we consider as equally important, namely, the sustainability of Foreign Direct Investments (FDIs).

A distinctive feature of FDIs is that the investor (the Multinational Enterprises or MNEs) seeks long-term decision-making power in the existing or established company, whereas this is not necessarily the case in portfolio investments. In the latter, the

investors interested in sustainability place capital in the firms that have been declared as sustainable in the sustainability indexes. The investors' interest and decision-making power may well end there. The investment can be withdrawn without any difficulties. Conversely, in the case of FDIs, the managers within the MNEs make long-term plans and decisions which have an immediate effect on the sustainability of the investment. This makes FDIs an interesting and important target for examination.

In this paper, we take a critical perspective on the phenomenon known as Sustainable Foreign Direct Investments (SFDIs). We examine how the greenness and sense of responsibility of the SFDIs is constructed within the constraints of legal rules and other social institutions. By using the case of the pulp and paper industry in Latin America as an illustrative example, we find that SFDIs can be viewed in many different ways and compared as an allegory to Janus, a god in Roman mythology with two faces. While considerable expectations have been placed on SFDIs as long-term drivers for sustainable development, we find that greenness and responsibility manifest themselves in no greater extent in sustainable investments than in other business-related phenomena. We end the paper with conclusions and a discussion, wherein we suggest that in the future, the most important and urgent task is to try to increase the transparency of the SFDIs and further develop international standards and metrics that could be used to determine the sustainability of the investments.

2   The case of the pulp and paper sector in Latin America

The gap between the industrialised and developing countries' environmental and social standards have long been a cause for debate. This can be illustrated by a Brazilian delegate's comment in the 1972 United Nations conference on the human environment, according to which it is alright for the MNEs to bring their polluting industries to Brazil, as long as they send the industries and jobs that go with them (Yearley, 1992, p.158). Fortunately, this is no longer the case, since the subsidiaries and subcontractors of the MNEs today face increasing scrutiny, regardless of their location. However, despite the apparent progress, the large-scale North-South shifts in production remain a controversial issue, even today.

The relocation of pulp and paper production from the industrialised countries to Latin America, Southeast Asia and China is an example of where intense societal debate has taken place between all the actors involved: the governments, firms, financiers, local peoples and environmentalists. For the pulp industry, producing low-cost, fast-growing eucalyptus pulp has become a vital competitive advantage. Eucalyptus is ready to harvest in as fast as seven years, whereas the old-growth forests can take several hundred years to grow into their full height. Large-scale 'fast-wood plantations' have their origins in Brazil in the 1970s. Other South American countries soon followed and later in the 1990s, they expanded to Southeast Asia as well (Cossalter and Pye-Smith, 2003). Currently, Brazil has the ninth largest area of planted forests for productive purposes, just before Finland, with a total of 5 834 000 hectares (FAO, 2007, p.88).

The large-scale impacts of the pulp industry are manifold. The impact of the pulp mills is one issue, whereas the supporting activity of the plantations is another. The Food and Agriculture Organization (FAO, 2007) classifies plantations as planted forests for productive purposes, while the World Rainforest Movement (WRM) refuses to call them forests at all. They refer to monoculture plantations or, quite thought-provokingly, 'the

green desert'. Evidently, numerous interests come to conflict in the plant and plantation locations. While governments are eager to attract FDIs, the environmental and social effects and thus, the sustainability of the projects, remain a cause of debate. There are now approximately ten million hectares of fast-wood plantations worldwide and they are expected to expand, especially in South America, East Asia and China (Cossalter and Pye-Smith, 2003). Therefore, the controversy is expected to increase or, at the minimum, remain the same.

Among the debated pulp mills is Veracel Celulose S.A., which is a joint venture of the Finnish-Swedish companies Stora Enso and Aracruz Celulose S.A. in Brazil, and more recently, the Finnish company Metsä-Botnia's project being built in Uruguay. Both investments claim to be on the cutting edge of environmental and social performance. In addition, both projects have actively engaged in philanthropic efforts, such as funding schools and preserving rainforest areas. Veracel has even been labelled as a model of sustainability (Stora Enso, 2003). Both Veracel and Botnia have conducted numerous environmental and social impact analyses and have received environmental permits according to the host country legislation. Both mills quote, among others, the use of Best Available Technology (BAT) as a guarantee of sustainability. In both cases, the firms claim to be integral and active societal actors that will bring significant positive spillovers to the regions. These merits seem to leave little room for critique. However, Non-Government Organisations (NGOs) worldwide disagree on the flawlessness of the projects. At the forefront of the critique is the WRM, which criticises the environmental and social impacts of the mills at a local scale and the large-scale effects of the growing plantation industry. Thus, there are intensively opposite views on the phenomenon and regardless of what the ultimate 'truth' behind both projects might be, some factors are especially worth looking into in further detail.

3   Sustainable foreign direct investments under the rules of the game

Before we return to the pulp and paper case in further detail, in this section, we examine the investment decision-making process of an MNE and explain what is meant by FDIs. The two pulp mills referred to above are owned by MNEs, one by Stora Enso and Aracruz Celulose S.A. (jointly) and the other, by Metsä-Botnia. We have followed a common practice and viewed investments as if one actor, such as a 'firm', was behind the investment decision and the degree of its sustainability. A deeper appraisal requires an understanding of what the firm actually means, who the persons making the decisions within it are and under which circumstances.

3.1   The firm as a nexus of contracts

The received approach in orthodox neoclassical economics is to model the firm as a production function. However, a growing number of neo-institutional scholars view the firm as a nexus of contracts (Williamson, 1990). A major goal in the design of the nexus is to make the whole as efficient as possible, despite conflicting interests. Typical parties to the nexus of contracts making up a firm are the shareholders, creditors, managers and employees. Even though it is in the shared interest of the primary stakeholders to make the firm function appropriately, no one necessarily has the private incentives to take the

needed measures. A standard solution is to assign the job of designing the nexus to one person or a group of persons which is party to all individual contracts and a residual claimant in all or most of them (Vihanto, 2002). We assume that the shareholders constitute this central agent. When we say in the following that a firm makes an FDI or acts in some other way, we in fact mean that the shareholders are behind the decisions.

The shareholders can and usually do delegate their decision rights to hired managers. Also, an understanding of the decisions and motives of the managers is, therefore, necessary in explaining the firm's 'behaviour'. The room for managerial action varies greatly between firms and one might imagine a family-owned company and an MNE held by dispersed portfolio investors as the two extremes. When an MNE decides to invest in a new factory in one of its foreign subsidiaries, the decision involves aims, means and constraints. A common assumption of the aim of the firms is profit maximisation, which is usually justified by an evolutionary argument. If a firm does not aim to maximise its profits, it will sooner or later be outcompeted by more capable firms (Friedman, 1953).

All the decision making of a firm is made under the prevailing social institutions. We follow North (1990) and define institutions as the rules of the game or humanly devised constraints that shape social interaction. What looks as a constraint to an individual firm may be, from the societal point of view, a rule of the game that serves the general good. Without such rules, few achievements of social value are to be expected from the competitive and profit-maximising firms. The moral norms are among the rules of the game that evolve most slowly and are most difficult to alter deliberately (Williamson, 1998). The legal norms, enacted under the prevailing morals, set the minimal standard for socially acceptable behaviour. The doings of a firm are further limited by the contracts entered into with the employees, subcontractors and others. One reason to keep to such contracts may be to avoid legal sanctions, but often, a much more important reason is to maintain the market reputation and social legitimacy and thus, ensure ongoing trade relations in the future.

The actual behaviour of firms decidedly depends upon the competitive environment in which a firm has to make its investments and the degree or hardness of competition. A low level of competition and a market dominance going with it provide a firm with much better possibilities to act socially responsible, but they do not guarantee such conduct. The legal and moral rules work in complex relations with each other; the national competition laws and other legislation influencing the level of competition are an example of the interconnections. Shleifer (2004, p.417) argues that appealing to the moral feelings of firms 'is likely to work better when competition is less keen'. The dark side of competition is that it might destroy ethical behaviour, as Shleifer suggests in the title of his paper. The worry is especially well-founded with respect to the MNEs, whose operations are the subject in the following sections.

3.2   *Foreign direct investments and the participants of the game*

An MNE is, like any other firm, a nexus of contracts that acts under social institutions. Such a firm is typically owned by shareholders in different countries and continents, it has divisions around the world and its managers and employees have different nationalities. It has to take into account in its FDI decisions the international conventions, the national legal systems, the local peculiarities of the culture and morals and many other institutional facts. All these rules of the game constrain the individual actors and the relations between them.

The significance of FDI in the global economy is evident. Even though the global growth rate of FDI has evolved through different phases, an optimistic forecast for the overall growth of FDI in the near future can be given. The 29% increase in the FDI inflows in 2005 is an indication of this (UNCTAD, 2006). We view a sustainable investment from the MNE's perspective and define it as an FDI in which the ecological and social impacts of the project are taken into account in a way that it can be classified as 'sustainable'.

An FDI is an investment that is made outside the home country of the investing company, but inside the investing company (Dunning, 1993). The most noteworthy feature of FDI is that the investor (the MNE) seeks long-term decision-making power in the existing or established company. This is not necessarily the case in portfolio investments. A portfolio investor places capital in a firm that has been declared as sustainable by the indexes. The investor's decision-making power and long-term interest may well end there. The investment can be withdrawn at any given moment without difficulties. Conversely, in the case of FDIs, the managers within the MNE make long-term plans and decisions which have an immediate effect on the 'sustainability' of the investment. Because of this long-term commitment, higher expectations can be laid on the MNEs that engage in FDIs and thus, their societal significance becomes more relevant. This makes FDIs an interesting and important target of examination.

The leading participants in investment projects are the shareholders, financiers, guarantors and the MNE with its managers, as illustrated in the boxes in Figure 1. The financiers may be commercial banks, international organisations such as the World Bank, or a combination of them. Governments may also be involved in investment projects as negotiators and as insurers or guarantors through export promotion activities and the activities of the Export Credit Agencies (ECAs). To accompany the different participants acting within the rules of the legislative framework, there is a myriad of voluntary benchmarks, guidelines, initiatives and agreements present in the field of SFDIs. Examples are illustrated in the circles in Figure 1.

In the financial sector, the most relevant benchmarks that classify a project as sustainable are the World Bank project categories and operational principles, the Finance Initiative launched by the United Nations Environment Programme (UNEP), and the Equator Principles launched by the International Finance Corporation (IFC). For the MNEs, similar benchmarks include the Organisation for Economic Co-operation and Development Principles for Multinational Enterprises (OECD 2000), the United Nations Global Compact, the Global Reporting Initiative (GRI) and the standards by the International Organisation for Standardization (ISO). Respectively, for the purposes of the portfolio investors, the raters are the participants of the game that classify a firm as sustainable, using sustainability indexes calculated on certain criteria.

Consequently, there are numerous guidelines that have been suggested as metrics for determining the sustainability of corporate operations. They all have been criticised and none of them has been approved as a generally approved metric (see *e.g.*, Kallio and Nordberg, 2006; Marshall and Brown, 2003; Cerin and Dobers, 2001; Moneva *et al*., 2006). Having illustrated the problematic aspects of the decision-making process of a firm, its institutional surroundings and its relevant participants, we now proceed with a critical view of 'sustainability' and its relations to the setting.

Figure 1   The participants of the game
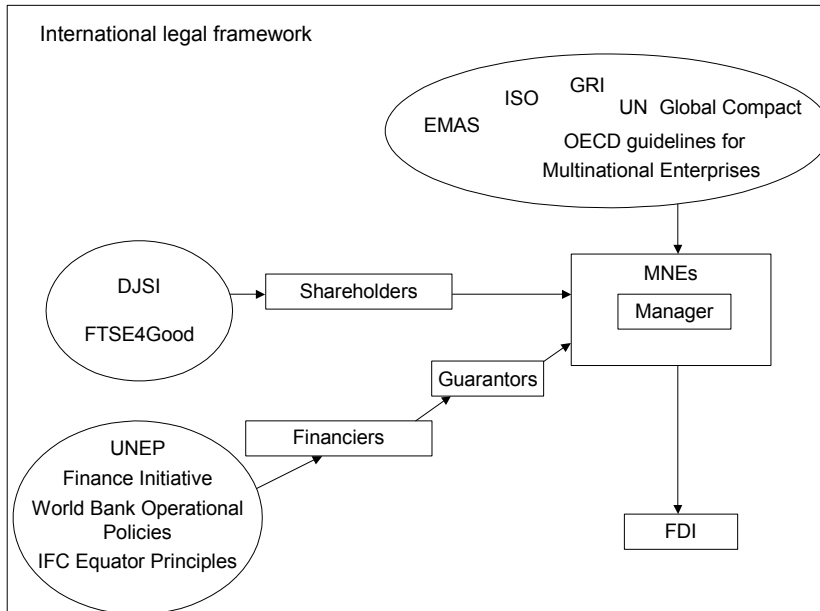
4   Critical analysis of sustainable foreign direct investments

In this section, we critically examine the often overlooked problems that relate to SFDIs. We start by analysing the conceptual problems of the sustainability rhetoric. We paraphrase the ambiguities related to sustainability as a concept by referring to Janus, a god with two faces, one looking backward and the other forward. We then explore the ways in which sustainability is constructed within SFDIs. We use the case of the pulp and paper industry in Latin America to illustrate these topics.

4.1   What do you mean by 'sustainable'?

As their social legitimacy literally depends on it, it is nowadays extremely important for firms to portray themselves as green and responsible and thus, create an image of sustainability. The destroyed image could not only cost millions or even billions of dollars' worth of 'facelift' campaigns, but also lead to major changes in the ways of running business; take Shell's problems in Nigeria and the Brent Spar oil rig as examples (see *e.g.*, Dunphy *et al.*, 2003). While the most impudent actions are relatively easy to detect, in the end, it is virtually impossible to say exactly when something is 'green' and 'responsible'. Levy (1997, p.136) has strikingly characterised the problematic nature of 'greenness' by stating that:

> "A green corporation is one that markets green products to green consumers; green consumers are constituted through their consumption of green products and images, and the products are green because they are sold by green companies to green consumers."

We believe that term 'green' might equally be replaced by 'responsible' in Levy's (1997) statement and the end result would still be more or less the same. Cerin (2004, p.314) seems to be sharing this idea when he states that firms are often more interested in maintaining "the right *image* than really achieving the corresponding real results".

Greenness and (social) responsibility are usually understood as the expressions and cornerstones of 'overall' sustainable development. Consequently, as there are significant problems in understanding and defining these concepts, it is hardly surprising that there is no general understanding of the concept of sustainable development, either. Thus, as we know only too well, sustainable development, and sustainability as its abridgment, is a highly vague and disputed concept (Cerin, 2004; Kallio *et al.*, 2007). This can be illustrated by a striking fact: while as much as 70% of the average Finns state that they have heard of sustainable development, no more than 6% believe that they know the core content of the concept (Nurmela *et al.*, 2002). While this is obviously not a thing to brag about for a nation frequently ranked as the world's number one in sustainable development, whatever that means, it obviously tells more about the problematic nature of the concept than the level of education in Finland.

Bearing this in mind, the level of complexity obviously increases when examining SFDIs. As mentioned, both Veracel and Botnia have been labelled as top-quality with regard to sustainability. One may ask what the criteria are and how this is supposed to be measured, since both pulp mills have faced international opposition after their announcement to build their mills. In the course of the debate, all parties involved have presented contradictory arguments for and against the projects. In the setting of this paper, it is relevant to examine a few of them in more detail.

First, both Veracel and Botnia quote the use of BAT as an insurance of low environmental impact. It should be noted that this may not be a self-evident fact, because the concept has financial feasibility built in and thus, makes it bound by profitability requirements. The Finnish Environmental Protection Act (86/2000, Section 4) defines BAT as follows (emphasis added):

> "Best available technique refers to methods of production and treatment that are as efficient and advanced as possible and technologically and *economically* feasible and to methods of designing, constructing, maintenance and operation with which the pollutive effect of activities can be prevented or most efficiently reduced."

Therefore, if a certain process is used, it does not necessarily refer to the *absolutely* best option for the environment that is technically known, but the best option that is also *economically* feasible. In the cases of Botnia and Veracel, the dispute concerns the elementally chlorine-free and totally chlorine-free bleaching methods. The former is used in both Veracel and Botnia, while both are classified as BAT. The key point is that BAT is used as a generally approved metric for sustainability, although it has economic feasibility built in.

Second, there are differences in the Environmental Impact Assessments (EIAs). The EIA that is quoted as one of the cornerstones of the sustainability of a project may be conducted on behalf of either the project sponsor or a technical consultant directly involved in the project. The EIAs of both Veracel and Botnia have faced criticism and in the latter case, the impacts have been analysed several times. As a consequence, the content and accuracy of an EIA may vary considerably, especially in the developing countries. The same applies to the environmental permit, which is subject to the host

country legislation. Therefore, one should ask that if the 'facts' concerning a project are subject to significant variation, does it not apply to the sustainability of the project as well?

4.2   Constructing greenness and responsibility within investments

In order to be listed in the sustainability indexes, it is obviously important for firms to portray themselves as green and responsible in the eyes of the sustainability raters, potential investors and other participants in the game. In a similar way, in the case of FDIs, it is important for a firm to create an impression that it takes into account the ecological and social impacts in order for the project to be classified as 'sustainable'. However, if it is indeed true that only a small portion of average people believe that they know the essence of sustainable development, it would be fair to ask what the average people's understanding of sustainability could be when it comes to investments. While the answer would probably be anything but flattering, without much hesitation, we state that the 'sustainability' of FDIs and investment projects is open to interpretation. In other words, as there are no universal and generally approved metrics for evaluating sustainability, anybody could choose from the multitude of voluntary guidelines (ISO, GRI, *etc.*) or set his or her *own* criteria. To illustrate this, we have formulated two fundamentally different definitions of SFDIs. The first can be labelled as the lay definition and the latter, as the socially constructed definition.

In the *lay understanding*, SFDIs can be defined as the FDIs that meet, on the one hand, economic and, on the other hand, ecological and social conditions. First, they should be economically sound, *i.e.*, logical from the economic perspective. This does not necessarily imply that FDIs are profitable; a firm might even incur heavy losses insofar as the shareholders approve it for one reason or another and refrain from withdrawing their financing. Second, the FDIs should be ecologically and socially sound, leading to no unacceptable negative ecological or social impacts. It is obvious that the tradeoff is difficult to determine, since increasingly more economic activities have negative side effects. This could be described as the 'forward-looking face' of SFDIs, which is associated with the socially and ecologically more sound ways of behaving and operating.

In the *social constructionist understanding*, SFDIs can be defined as the FDIs that are declared as sustainable by the firm itself or by some other actor and accepted as sustainable by the project sponsor, financier, investor or another participant of the game. This does not imply that the acceptance of sustainability need not be reasoned. Thus, placing capital is enough to produce the title of 'sustainable investor'. The key point is that there are no universal and generally approved metrics that would specify the criteria used to define the sustainability of an FDI. This could be described as the 'backward-looking face'; the sustainability of the FDI might thus simply be determined by the key actors based on some criteria, such as private sector voluntary-based guidelines. Importantly, a dangerous circularity of image-building is possible, as the evaluated firms partly create the image of the evaluators and vice versa (Cerin, 2004; Cerin and Dobers, 2001; Ilinitch *et al.*, 1998; Levy, 1997).

Defining the pulp mill Veracel as a model of sustainability has received intense criticism. A majority of the pulp produced in the mills are exported back to Europe, North America and China for further processing. The critics question the need for eucalyptus mills altogether: increasing the consumption of raw materials is seen as

incompatible with sustainable development. Therefore, the battle on the meaning of sustainable development is also present in the debate on the pulp mills. In addition, the social benefits of the projects have also been criticised. While new jobs are created at the mills, the existing jobs, such as in tourism, are seen to be threatened.

One of the most troubling aspects behind the debate on the pulp mills is the uncertainty of current scientific evidence. Cossalter and Pye-Smith (2003) stress the importance of evaluating the impacts of the plantations site-specifically. The authors also remind that we do not have enough scientific evidence of the large-scale effects of the plantations. For instance, the hydrological impacts of the eucalyptus plantations have largely rested on the observations of the local people, who try to bring their observations into the debate as relevant opinions. Based on the above reasons, the sustainability of the eucalyptus pulp mills is highly subject to interpretation, depending on the viewpoint.

The ultimate problem is that in many cases, the firms "might find it easier and cheaper to construct themselves and their products as green rather than undertake expensive and risky investments in equipment and processes to reduce environmental impacts", as Levy (1997, p.136) has noted. Like in the other cases of corporate greenwash, the firms are far from immune to this type of lip service sustainability in their investments. It should be no exaggeration to say that the embodiment of 'sustainability' in investments, regardless of whether the FDIs or indexes are concerned, comes closer in many cases to the social constructionist definition of sustainability. In other words, in many cases, the 'sustainability' of investments is more of a manifestation of social construction than of practice; it is more symbolic than concrete.

Taking the problematic nature of SFDIs a bit further, by following the logic set of Levy (1997, p.136), one could state that the sustainability of an investment might be nothing else than 'a simulation created in a self-referential circle of symbols', a sustainable investment is one that is made by a sustainable investor to a sustainable firm, a sustainable firm is constituted through the sustainable investments invested in its operations by sustainable investors, and the products are sustainable because they are produced by a sustainable firm funded by sustainable investors.

5 The implications of sustainable foreign direct investments – intentions versus consequences

In their thought-provoking paper, Malmelin and Vaarla (2005) ask why firms even bother to mention in their environmental and social reports that they pay taxes and comply with laws. Should such things not be self-evident? Unfortunately, the answer is no, bearing in mind cases like Enron, Parmalat and Worldcom. This is an indication of something more profound. In the business world, morals may not have any value in themselves and they are merely rules of the game to be followed for profit-maximising purposes.

The sense of responsibility can be seen in two different ways. In the case of *genuine responsibility*, something is done or left undone based on the notion of what is correct or incorrect. On the other hand, in the case of *calculative responsibility*, something is done or left undone on the basis of calculated advantage or disadvantage (cf. Nooteboom, 2002). For example, a firm might decide to pay taxes because the risk of getting caught is too high and not because paying taxes is the right thing to do. Calculative responsibility obviously has very little to do with the sense of responsibility as understood in the

everyday, genuine sense of the term, and would thus hardly be called responsibility at all. In the business context, it is only fair to say that this sort of amoral understating of responsibility is everyday life (see Crane, 2000). Moreover, and this should be emphasised, it is highly questionable whether a firm that strictly follows the logic of genuine responsibility could even survive in the market, as there are always other firms that defy such a logic and gain competitive advantage.

What comes to the distinction between genuine and calculative responsibility, the great advantage of the free market economy is that its members are able to act in socially approved ways without knowing most of the consequences of their actions. The main function of legislation is to create the appropriate incentives that produce a desired balance between the individual and societal interests. It is often suggested that it is possible to generate profits, but still act in the interests of society at large. In the invisible hand theorem of the market, everyone aiming at his or her own good will produce the best conceivable societal outcome. There are, however, a plethora of reasons why the market fails to produce the desired outcomes.

Those affected directly or indirectly by the actions of the firms usually care little and usually know even less about the intentions of the actors. An investment may be based on a ruthless calculation of cost and revenue and it may be merely constructed to look sustainable. However, insofar as the investment results in new job opportunities and other hoped-for outcomes, few demands arise to question the responsibility of the firm. In such fortunate win-win cases, economy and ecology go hand in hand, the ideal world of social optimum prevails and institutional changes are not required. This represents Cell 2 in Table 1 below.

Table 1   The matrix of intentions and outcomes

Nature of outcomes	Genuine societal responsibility	Calculative societal responsibility
Societally desirable outcomes	1 Naïve CSR idealism	2 Win-win cases
Societally nondesirable outcomes	3 Constricted networks	4 Market failure or government failure

The increasing worry about the social responsibility of firms is a testimony to the fact that legislation often fails to do its job. There are several reasons why a balance between the private and social interests is not attained. First, a firm determined to make SFDIs may not have the means to ensure that its promise or commitment to do so is credible. Consumers might be willing to pay extra for goods that are labelled as sustainable, but they have limited possibilities to confirm the truthfulness of the corporate statements. As a matter of fact, sustainability is a prime example of the problem of asymmetric information, known to be a major reason for serious market failure (cf. Cerin and Karlson, 2002).

A conceivable reason for government failure is the reluctance of the Parliament to tighten environmental standards and pass laws that destroy jobs or lead to a loss of votes, for other reasons. Politics can be viewed as a bargaining process, in the course of which the rival interest groups struggle to obtain political benefits for themselves. When the participants of the game aim at a definition of sustainability that serves their own interests, a variety of strategies are employed in order to win the battle (Bonardi and

Keim, 2005; Hillman and Hitt, 1999). An outcome of the political process may be a definition that has little to do with genuine responsibility. The market and government failures originating from various sources are in Cell 4 of Table 1.

When the market, the government or both fail, a popular way to solve the problem is to plea to the firms and their sense of responsibility. To expect genuine responsibility from the large multinational corporations may be wishful thinking and we call it naïve Corporate Social Responsibility (CSR) idealism in Cell 1. Genuine responsibility is common in a family and other small groups, but in the global economy, the rules of the game are entirely different. An individual manager might adjust his or her decisions towards social considerations, within the bounds set by the shareholders. The possibility of the other managers free-riding on the decision discourages in part such benevolent conduct. Shleifer (2004) argues that the share option and other executive incentive schemes, common in firms aiming to maximise the shareholder value, tend to produce a selection process where those most eager to earn money and perhaps least eager to serve the social good are sorted to become managers.

A genuine intention of a firm to act in a responsible way does not alone ensure that the consequences are desirable. An investment project purposively aimed to serve the social good might well have more adverse effects than another project based on the usual profit calculation. It is obvious that we have to keep the intentions of firms, on the one hand, and the ultimate social consequences of their decisions, on the other hand, carefully apart from each other. Furthermore, 'society' means different things to different people. Whereas social responsibility may, for one, refer to the entire humankind, for another, it may refer to a nation state, a local people or even only to a single family. This is illustrated in Cell 3 of the matrix by referring to constricted networks.

The elements from the various cells of the matrix can also be found in the cases of Botnia and Veracel. As mentioned above, the key motivator for investment is the access to low-cost, high-quality raw material. For the kind of win-win situation in Cell 2 to materialise, this would mean that the alleged negative environmental and social impacts would prove to be incorrect and that the alleged positive impacts would prove to be lasting.

The aspects in Cells 1 and 4 represent perhaps the most interesting dimension in both Veracel and Botnia. On the one hand, the acceptability bargaining processes have, in both cases, involved voluntary measures, such as restoring natural forest areas and supporting the local social activities. This implies the persuasion related to (naïve) CSR and is further associated with genuine responsibility. On the other hand, governmental measures may also have consequences on the sustainability of the investment. In the case of Botnia, the Uruguayan government has granted Botnia a Free Trade Zone status, a common measure to attract FDIs which entails numerous exemptions from national regulations. This may be associated with government failure in Cell 4. Considering the multitude of voluntary guidelines present in both cases, the 'sustainability' of both projects lies somewhere in between these two cells.

Firms are nowadays under a growing pressure to take sustainability into consideration in their investments decisions. It is only fair to say that the ultimate consequences of both these individual projects and the large-scale expansion of the fast-wood industry remain an interesting target for evaluation, especially since Veracel began its operations in 2005 and Botnia is scheduled to do so in the third quarter of 2007. Given the fact that the MNEs are in an especially narrow position to do requirements due to the competitiveness

of the global markets, the realistic thing to do for the goal of SFDIs is, thus, to seek institutional reforms that channel the calculative decisions of the firms towards socially desirable outcomes. Such reforms are often difficult to bring about and the defects in the political process of the nation states are not the least among the difficulties. Genuine social responsibility may appear, but it would be naïve to build the societal system on it alone.

6   Conclusions

In this paper, we critically analysed the phenomenon known as SFDIs and took the pulp and paper sector in Latin America as a case example. The purpose has been to argue that there are seldom rational arguments for far-going optimism with regard to SFDIs. In fact, such optimism could be characterised as naïve. Considerable ambiguities exist about what sustainability actually means. Obviously, the lay meaning of the concept is strongly associated with socially and ecologically sound ways of behaviour. However, in the global economy, the operations of firms often have very little to do with such an interpretation. Maximising the shareholder value sets a determinate constraint for decisions and even in cases where the investments are labelled as 'sustainable', the social and ecological aspects might remain trivial.

In the absence of universal metrics or one single set of internationally accepted criteria to determine the 'sustainability' of an FDI, the firms might find it tempting to artificially construct the image of sustainability, rather than to put resources in new technologies and new ways of operating (cf. Levy, 1997). For the time being, it seems that in many cases, the 'sustainability' of an FDI could be defined based on one's own criteria and the evaluation of the environmental and social factors is ultimately dependent on the evaluator or reporter (cf. Cerin, 2002). While the investors give legitimacy to the projects titled as sustainable by placing capital, they themselves reciprocally receive the status of a 'sustainable investor'. Consequently, in many cases, the circularity of image-building is potentially apparent (Cerin, 2004; Ilinitch *et al*., 1998) and the SFDIs might turn out to be nothing else than greenwash.

To conclude, it seems only fair to say that greenness and responsibility manifest themselves in no greater extent in SFDIs than in other business-related 'sustainable' phenomena. This is not to say that there may never be a true SFDI. However, in the future, much more emphasis should be directed to further improving the needed transparency of SFDIs and in developing the international standards and metrics that could be used in determining the sustainability of FDIs. The standards we have mentioned, and that have been developed, *e.g*., by the World Bank and UNEP, have apparently been insufficient guarantees of sustainability thus far. Accordingly, numerous problems exist, including the multitude of guidelines and concepts. Moreover, because an FDI purposively aimed to serve the social good might have destructive effects, the intentions and outcomes should thus be kept apart. Using the metaphor of Janus, SFDIs might also have two faces: one looking forward and the other looking backward. Accordingly, what is initially portrayed as an ecologically and socially sustainable investment might turn out to be the opposite. In the future, much more scholarly emphasis should be directed to understand the outcomes of SFDIs in order to further develop the standards and metrics used in determining the sustainability of FDIs.

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The role of stakeholder dialogue: NGOs and foreign direct investments

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Abstract

Purpose – This paper seeks to analyse the role of stakeholder dialogue, in particular with non-governmental organisations (NGO), in connection with a foreign direct investment. Specific emphasis is placed on the NGOs' perspective on dialogue process.

Design/methodology/approach – This paper focuses on a case of a pulp mill in Uruguay. It adds to previous research by focusing on the dialogue as a process and the NGO viewpoint in the conflict. The arguments of two key NGOs headquartered in Uruguay and Argentina are analyzed with particular emphasis on how the argumentation evolves in relation to stakeholder dialogue in the case.

Findings – The case consists of two entirely different dialogue processes. The first process was conducted by the investing company as information providing and consultation. Despite a more thorough process in theory, the NGO argumentation shows deep mistrust in the second process conducted by the International Finance Corporation. Therefore, it is argued that, as the degree of preparation of the investment increases and the room for alterations decreases, the possibility of achieving meaningful dialogue diminishes. Dialogue in a situation with limited room for choice occurs rather in the realm of conflict resolution and bargaining than in that of true dialogue. This, in turn, causes lack of trust towards the terms of dialogue and increases the problem of non-participation.

Originality/value – The paper contributes to knowledge on issue-specific stakeholder dialogue. It emphasises the role of non-participative NGOs as a key challenge in dialogue. It also adds to previous research on the formation of argumentation and expertise, and highlights the role of the International Finance Corporation as the highest expertise in the case. It also critically evaluates the preconditions for dialogue in connection with foreign direct investments.

Keywords Stakeholders, Non-governmental organizations, Conflict, Direct investment, Paper industry

Paper type Research paper

Introduction

Corporate responsibility (CR), in all its dimensions has established itself as one of the greatest challenges to business. The global shifts in the roles of business, governments, and civil society are at the heart of current debate (van Tulder and van der Zwart, 2006; Bendell, 2000; Crane *et al.*, 2004). The democratic challenges of global governance are in turmoil and the search for solutions to these challenges is urgent. In the meanwhile, corporations are increasingly adopting voluntary measures to account for the increased pressure they face, and non-governmental organisations (NGOs), on the other hand, are stepping in as powerful institutional actors in the international business arena (Doh and Teegen, 2002; Doh and Ramamurti, 2003). One of the corner stones of this recent debate concerns the promise of dialogue as a key component of CR and corporate accountability (e.g. Crane and Livesey, 2003; Foster and Jonker, 2005; Bendell, 2003; Rasche and Esser, 2006; Gilbert and Rasche, 2007; Palazzo and Scherer, 2006). Public participation, stakeholder consultation, and stakeholder dialogue have established their role in public policy (see Reed, 2008), due diligence procedures of international financiers, and CR conduct, in which companies quote their transparency openness to dialogue. If, indeed, we are moving towards a bargaining

society (see van Tulder and van der Zwart, 2006) in which CR is defined in the interaction of business, governments and civil society, it places great expectations on the terms of this bargaining. It raises fundamental questions on the prerequisites for dialogue and what can be accomplished thereby. This is a particularly relevant question in terms of stakeholders with less power, such as civil society and NGOs.

The underlying motivation for this article lies in the question whether stakeholder dialogue between NGOs and business, particularly in connection with a foreign direct investment (FDI), has potential in bringing positive societal impacts. Is the value of dialogue in a learning process (see van Huijstee and Glasbergen, 2008) in which the actors gain knowledge or can dialogue be relevant in terms of actual consequences and can dialogue live up to the expectations that are increasingly pointed towards its direction? These perspectives become particularly relevant in NGO-business interaction in connection with a specific issue, such as an FDI. In contrast to ongoing dialogue on public policy and global standard development, the dialogue on an FDI is very issue-specific. In that case, if dialogue is convened, governed, and lead from the business interest perspective, it can be questioned whether the necessary prerequisites for meaningful dialogue exist.

An FDI is an example of where contradicting interests of participants from the business-government-society interface meet. In case an investment faces intense criticism, the result may be an unprecedented conflict and societal debate at the international level. A recent example of this is the former Botnia[1], now UPM pulp mill in Uruguay, where the conflict escalated to an international political dispute, involving numerous actors, governments and global institutions. Among the disputes on the environmental, social, political, and cultural aspects of the investment (see Pakkasvirta, 2008; Joutsenvirta and Vaara, 2009; Fassin, 2009), there is a contradiction in dialogue: on the one hand, the investing company quotes open communication and dialogue and the and the International Finance Corporation (IFC) has stakeholder consultation as one of the cornerstones of their due diligence, and on the other hand, NGOs claim that no meaningful dialogue took place. Thus, the purpose of this article is to assess the significance of dialogue in connection with the pulp mill in Uruguay. In order to understand the NGO viewpoint in the dialogue, the objective is to analyse how the expertise and the dialogue process is constructed in the argumentation.

Non-governmental organisations in dialogue

NGOs have been recognised as key actors raising the standard of CR practices, and they have attracted an increasing amount of academic interest (Kourula and Laasonen, 2010). The famous cases of Shell's Brent Spar, Nike, and Bhopal in India have paved the way for NGOs establishing a role as powerful watchdogs in the eyes of corporations (Spar and La Mure, 2003). NGOs generally refer to groups whose stated purpose is the promotion of environmental and/or social goals rather than the achievement or protection of economic power in the marketplace or political power through the electoral process (Bendell, 2000, p. 16). Typically, NGOs have been incorporated into the business agenda through stakeholder theory (Freeman, 1984; Donaldson and Preston, 1995), and the managerial business perspective has mainly been focused on identifying key stakeholders (e.g. Mitchell *et al.*, 1997) and how to defend against undesirable pressure (e.g. Savage *et al.*, 1991). The influence strategies of NGOs have also been evaluated, with a wide range of tactics ranging from offensive boycotts, litigation, and shareholder resolutions to more cooperative forms of partnership and multi-stakeholder dialogue to (Hendry, 2005).

Therefore, the traditional activist role of NGOs has given way to a more collaborative notion of business-NGO interaction. This is closely connected to the dialogic dimension of interaction, since companies have recognised the strategic value of dialogue, at least for public relations and risk management (Bendell, 2003; van Huijstee and Glasbergen, 2008). Dialogue has also become a key component in standards such as AA1000, SA8000, and GRI. The terminology related to dialogue encompasses many meanings, including consultation, engagement, participation, collaboration, partnership, and bargaining. In lay terms, dialogue is ''ultimately about exchanging opinions, about influencing each other into

a certain direction, about informing each other, in other words: about dialogue'' (Jonker and Nijhof, 2006). In this article, instead of referring solely to dialogue as action, dialogue is approached with discursive perspective, linguistic interaction through text between the parties involved to the specific issue in question: the pulp mill in Uruguay. This setting is relatively far from the origins of managerial stakeholder dialogue, namely participative decision-making in public policy. The seminal work of Arnstein's (1969) ladder of citizen participation has had a strong foothold participatory decision-making (Reed, 2008). The original ladder has eight rungs: manipulation, therapy, informing, consultation, placation, partnership, delegated power and citizen control. These rungs have later been modified to fit the business stakeholder dialogue, which evolve from sheer manipulation and one-way information providing, to consultation, and finally forms of partnership (Bendell, 2003; Grafé-Buckens and Hinton, 1998; Kaptein and van Tulder, 2003). Dialogue also takes different forms. It can be one-to-one dialogue, working groups, roundtables, and conferences (van Huijstee and Glasbergen, 2008), or multi-stakeholder dialogue processes.

While CR that is based on dialogic action has been declared the most advanced form of CR (van Tulder and van der Zwart, 2006), the managerial, positivist and instrumental approaches to stakeholder dialogue have gained increasing criticism (Scherer and Palazzo, 2007). The idea of a bargaining society that can have beneficial impacts for the global society is in many respects challenging, not to say the least due to the vagueness of the key umbrella concepts of corporate (social) responsibility that are supposed to be the shared terrain of reference (Fougère and Solitander, 2009; Arenas *et al.*, 2009). Making matters even more challenging, the multiple interpretations on stakeholder dialogue have been compared with the vagueness of CSR and sustainable development (Burchell and Cook, 2006). It is precisely due to this reason that the significance of dialogue in all its forms becomes crucial: vague definitions are constantly being reshaped in a discursive struggle between different societal actors. This constant struggle, together with uneven power relations, can have detrimental impact on meaningful dialogue, which can have more to do with manipulation, control, co-optation, and one-way monologue (Bendell, 2003; Owen *et al.*, 2001). The goal of consensus has also been acknowledged as problematic in many ways. Forced consensus may only exclude relevant stakeholder and therefore distort the process through non-participation (Ventriss and Kuentzel, 2005). Because in many cases talking can be more about manipulation and therapy than meaningful dialogue there is a strong call for the accountability of dialogue processes (Crane *et al.*, 2004; Gilbert and Rasche, 2007). The work of Jürgen Habermas (1984 onwards) and his concept of the ideal speech situation discourse ethics, have been suggested as a promising framework for addressing the thus far unresolved gaps (e.g. Unerman and Bennett, 2004; Foster and Jonker, 2005; Rasche and Esser, 2006). Although the principles of discourse ethics and the ideal speech situation are, as the name suggests, ideals, Habermas' ideas in the embedding the corporation in more democratic processes are seen as a valuable approach for tackling the shortcomings of CR (Scherer and Palazzo, 2007).

However, participatory public policy and ongoing dialogue are very different from an issue-specific setting such as a FDI. Defining the issue around which actors enter into dialogue is essential (Foster and Jonker, 2005). In contrast to public policy, the main actor in a FDI is a private company with entirely different goals than the government. Second, an investment is a very concrete, with relatively little room for alternative action, in contrast to more remote and abstract issues such as climate change or sustainable development. Therefore, a number of issues are predefined when entering into dialogue on whether, and under which terms, an investment is to realise.

Data analysis and methods − dialogue as discursive struggle

While media texts on the discursive legitimization strategies and the formations of cultural stereotypes of the case have been studied in depth (Joutsenvirta and Vaara, 2009; Pakkasvirta, 2008) this study adds to previous research by focusing on the dialogue process throughout the time-period of analysis 2002-2008. In addition, while the voice of the investing company has been studied via the international media (Pakkasvirta, 2008; Joutsenvirta and

Vaara, 2009) the direct NGO perspective remains without in-depth analysis. Also, as types of NGO strategies and influence in the conflict have been analysed (Aaltonen and Sivonen, 2009) the focus here is how the dialogue process and expertise is constructed in NGO argumentation.

As witnessed in the Botnia case, the ''facts'' of a certain matter have relatively little standing when different societal actors interact. The ''facts'' are more about legitimacy (Suchman, 1995 hidden ideologies, power relations and taken-for-granted presumptions, the objective of which critical discourse analysis is to expose (see, e.g. Wodak and Meyer, 2001; Fairclough, 1995). In this article, the objective is to locate rhetorical and discursive strategies that reinforce expertise and the different meanings assigned to dialogue. In the Botnia case, NGOs, and particularly the local Citizen's Environmental Assembly of Gualeguaychú (CEAG) in Argentina, have been acknowledged as one of the key opponents in the conflict. Given that the source of opposition lies with local citizens, reinforcing and creating expertise becomes essential. Therefore, the focus is on both how the dialogue process and expertise are constructed.

For the purpose of this article, two NGOs are taken into closer examination due to their visible role in the case. The first NGO is the World Rainforest Movement (WRM), headquartered in Uruguay. Founded in 1989, it is ''an international network of citizens' groups of North and South'' with the objective to defend the world's rainforests. The key figure of the organization is Ricardo Carrere, who has published many books and articles of the eucalyptus plantation industry in Latin America (see, e.g. Carrere, 2006). The second NGO is the Center for Human Rights and Environment (CEDHA), headquartered in Argentina. Founded in 1999, it ''aims to build a more harmonious relationship between the environment and people''. With participation and access to information as one of their key themes, their coverage on the Botnia case is detailed and abundant with altogether 130 press releases, follow-up documentation, presentations, letters and other campaign material. Its head figure, Jorge Daniel Taillant, has an education background in political science and economics. As this background indicates, both NGOs have an emphasis on research and production and dissemination of information. Thus, their relevance in the discursive battle on expertise is essential.

After careful reading, all documents during in the English version of the WRM Bulletin, the key outlet for WRM, with a direct reference to Botnia and/or dialogue (including reference to consultation, public hearing, and meeting) were chosen. Due to CEDHA's campaign involving direct appeal and litigation measures on all actors of the case, those documents were chosen that were concerning Botnia, IFC, and CAO, which were the relevant actors in terms of dialogue. After careful reading of all 130 documents, 17 documents had a direct reference to dialogue in the context of the relevant actors. The final empirical data consists of altogether 35 documents of campaign material published in English by WRM (18) and CEDHA (17) during the years 2002-2008. Included are 16 bulletins, 12 letters, three presentations, two fact sheets, one e-mail and one press release.

Case Botnia in Uruguay: ''The World's Most Controversial Pulp Mill''

Nominated ''the world's most controversial pulp mill'' by WRM, the Botnia pulp mill at the boder river of Uruguay and Argentina in the city of Fray Bentos gained widespread interest of the international media, local governments and communities, and NGOs during the escalation of the conflict in 2004-2007. The credentials for the investment are notable: The Botnia pulp mill is the thus far the largest FDI in both Finnish and Uruguayan history, in terms of investment value (USD 1,1 billion) and capacity (1 million tonnes). From several perspectives, the case can now be considered closed. Botnia began operating in 2007, and the press has largely lost interest in the case in both Uruguay and Argentina, as well as in Finland (Pakkasvirta, 2008; Joutsenvirta and Vaara, 2009). The name Botnia has also disappeared by becoming UPM Uruguay after a restructuring of ownership at the end of 2009. As opposed to Botnia, UPM cannot be blamed for poor experience on environmental conflicts of this type. UPM's co-operation with the Indonesian April in the 1990's has gained widespread negative publicity, and is expected to be in the fresh memory of UPM. Despite

the change of name from Botnia to UPM, the most significant verdict on the case came on 20 April 2010, when the International Court of Justice (ICJ) ruled on the dispute between Argentina and Uruguay based on the 1975 Statue of the River Uruguay, a dispute that has had the bridge between the neighbouring countries blocked by local activists for nearly four years. Although the meaning of verdict was reproduced in many ways, for example by the Finnish press and CEDHA, the operations of the mill were safe to continue[2]. This end result leaves out a story of a full-blown conflict during the construction phase of the mill. A case that is increasingly less in need of further introduction, it has become a worst-case scenario benchmark at practitioner conferences. This is despite the common setting that ''in accordance with its commitment to social responsibility, Botnia complies with all laws and regulations, communicates openly about its activities, and encourages dialogue with all parties concerned'' (Botnia, 2004).

The case can be viewed as a struggle of legalistic argumentation, truth fights, and political battles (Joutsenvirta and Vaara, 2009), and from several levels (local, regional, national, and global) (Pakkasvirta, 2008). Since the focus in this article is on the dialogic process, viewing the case though an issue life cycle provides relevant insight to the case (Mahon and Waddock, 1992; van Tulder and van der Zwart, 2006). The case can be divided into five phases: birth (until 2003), growth (between October 2003 and February 2005), development (February 2005 to March 2006), maturity (March 2006 to November 2007), and post-maturity (November 2007 until now).

While the socio-political background of the case date to the 1970's promotion of eucalyptus plantations in South-America (Cossalter and Pye-Smith, 2003; Pakkasvirta, 2008) the first phase, the birth of the Botnia case, dates back to 1990, when the Finnish UPM (Kymmene Corporation at that time) and Shell founded Compania Foresteal Oriental (FOSA) and in March 2003, Metsä-Botnia aquired the majority of the eucalyptus plantations. In the meanwhile, the source of conflict already existed through the activities of the Spanish company ENCE, which had its environmental permit process under way during 2003. The triggering event for the issue to begin developing was a joint Uruguay-Argentine demonstration against ENCE was held in October 2003. It was during that same month, that Botnia announced it was investigating the possibility to build a pulp mill in Uruguay. The environmental (EIA) and socio-economic impact analyses were completed during 2004, and in December, the EIA was made public. In February 2005 Botnia received permission from the Uruguayan authorities to build the pulp mill.

The conflict started escalating when Botnia announced on 7 March 2005 that it was to go ahead with building the pulp mill. One month later, massive protests began on both sides of the river, and the bridge between the two countries was blocked. This critical event gave rise to a series of protests. By then, the International Finance Corporation (IFC) was also involved, and became the direct target of NGO claims. The conflict reached maturity when the Uruguayan and Argentinean governments approached Botnia with a request to halt construction for 90 days in order to promote dialogue between the countries. While first agreeing to the request, Botnia halted construction for only ten days which lead the disappointed Argentinean government to cancel the negotiations. From this point onwards, the conflict was marked with recurring protests and blockades, and numerous attempts to solve the conflict. In May 2006, Argentina took the case to the International Court of Justice (ICJ) on the grounds of Uruguay having violated the 1975 Rio Uruguay Treaty which sets guidelines for procedures in case of actions that may affect the river. Uruguay, on the other hand, threatened to leave Mercosur, on the grounds that the blockades prevent the free flow of goods. The ICJ released a preliminary verdict in July 2006 that the construction may go forward. Meanwhile, the IFC due diligence process was under way and in many ways added to the conflict in acknowledging certain shortcomings in the hitherto analyses (CAO, 2005). Several facilitation efforts were put forward, among others, by the King of Spain. In September, ENCE withdrew its project. The IFC also contracted a third party facilitator, the Consensus Building Institute (CBI) as a part of its due diligence process. But as CBI (2005) concludes, many aspects remain unresolved due to the full blown conflicting nature of the issue. In September 2006, the Spanish company ENCE withdrew from building its pulp mill.

In many ways, the issue reached post-maturity, or settlement, when the IFC decided to go ahead with the USD 170 million loan and the Multilateral Investment Guarantee Agency (MIGA) with the USD 350 million guarantee. At the same time, however, the Uruguayan government sent armed forces to guard the Botnia premises. Uruguay also filed a complaint to the ICJ in order to stop the blockades which in January 2007 ruled in favour of Argentina; no provisional measures were needed to stop the blockades. From this background, the post-maturity phase of the issue began when Botnia started its operations in November 2007.

Different forms of dialogue therefore took place in two different processes. The first process was conducted by Botnia starting January 2003. It was primarily part of the environmental permit process, but the information providing and stakeholder consultation activities. Due to IFC's due diligence process, a dialogue process was conducted a second time. Therefore, two separate and completely different processed took place in connection with the same case.

Non-governmental organisations questioning meaningful dialogue

The WRM acts as a secondary voice for several NGOs by republishing statements and press releases in English. The most frequent NGO in this respect is the Guayubira Group[3]. The joint cause of these NGOs is, although with varying emphasis, the opposition of eucalyptus plantations and their accompanying pulp mills, which affects are argued as environmentally and socially negative. The image of them being in accordance with sustainable development is contested, and they are referred to a ''neo-liberal project'', quoting an exploitative Northern economic interest. Due to this, even the Forest Stewardship Council (FSC) certification is rejected on these grounds (Carrere, 2006). Also the clean development mechanism (CDM) falls into the category of being greenwash.

The WRM argumentation on Botnia begins in 2002, when the suspicions about building a pulp mill are raised. At that time, the opposition had already begun against the Spanish ENCE, which proceeded with their pulp mill earlier than Botnia. A year later, WRM declared a ''successful crusade'' of Uruguayan and Argentinian environmental NGOs who joined forces to oppose the ENCE mill. The most significant supporter was the Argentinean government officials, who came to support their cause. The crucial role of the media in bringing support for their cause was highlighted: This ''crusade opened up doors that had hitherto been closed'', meaning the wide-spread media attention to the voice of NGOs. This media event remains as a key event throughout the WRM documents. It is brought up repeatedly, until the mass demonstration against both pulp mills at the General San Martin Bridge on 30 April 2005.

Until the point where the IFC became involved, the WRM argumentation followed a similar narrative logic. The Uruguayan government is portrayed as weak, and characterised as ''one of the countries in the region [South-America] that has best and fastest fulfilled the duties others have dictated'' (WRM Bulletin 83). Others refer to the international organisations that have promoted eucalyptus plantations in Latin America since the 1950's; the Food and Agriculture Organisation of the United Nations (FAO), the World Bank, and FAO, the World Bank, and the Japanese International Cooperation Agency (JICA). Accompanied by this colonialist discourse (for more see Pakkasvirta, 2008), is a demonstration of a bad track record of the company involved. While in the case of other companies, this strategy is more challenging in Botnia's case:

> In its [Botnia] favour, it has a ''cleaner'' image, a result of the strict environmental regulations in its own country and a more intelligent approach, with participative trends, that has won it some support. However, conscious of the problems it may have to face, it concerned itself with achieving the adoption by Uruguayan Parliament of an ''Agreement with the Government of Finland regarding the promotion and protection of investment'', which is in fact an agreement with Botnia. (WRM 83)

Therefore, even though Botnia lacks an outright bad track record, its activities are labeled calculative and even manipulative, and dialogue is labelled an image lift procedure in order

to gain popularity, although in reality it is only concerned with anticipating safeguard measures for protection against a justified opposition. In respect to the struggle for expertise, the key event was when the Compliance Advisory Ombudsman (CAO) of the World Bank acknowledged the NGO arguments at the end of 2005 (WRM 100). The responsibility is quickly reverted from the weak government to the IFC in June 2005.

> ...In the meanwhile the previous government and the present one affirm that all is well, that all the studies have been done, that all is under control, but now it is this Office of Compliance Advisor (OCA) to the World Bank that says that it is not so (WRM 100)

Starting that point, the tone of argumentation intensifies, and the activities of Botnia are portrayed as not only misleading, but outright deceptive towards the victimised people:

> They [Botnia] continue with their advertising campaign, based on falsehoods, which are then repeated as truths. Promises and mirages made to a population with a high rate of unemployment, desperately in need of solutions... They will be unable to accomplish this if the facts are known, so a different scenario has to be shown and the truth has to be hidden (WRM 102).

Apart form the pivotal role of the Compliance Advisor Ombudsman (CAO), and references to scientific evidence the role of local observations is portrayed as legitimate, but being unable to participate in the ''global demand'' and market discourse lead by the companies and international organisations. Thus they are portrayed as powerless to influence the environmentally and socially destructive trend of the increasing eucalyptus plantations and pulp mills. From this background it can be seen that a deep distrust exists both towards the proponents of the case; Botnia, IFC, and the Uruguayan government and the dialogue process. The discursive strategies of CEDHA have similarities with those of WRM (bad track record, weak government, undermined potential negative environmental and social impacts). Instead of a company specific bad track record, CEDHA emphasises the history of the pulp and paper industry in the South:

> Testimony of other communities around the world and in the region that have previously been affected by similar paper mill industries, (or by the very same companies that are sponsoring these projects), has alerted the community as to the false promises of these companies...

However, since it is one of CEDHA's area of focus, more emphasis is placed on disclosure of information and participation dimension of the case. CEDHA has also taken more active measures, including litigation and appeal measures directed at involved actors. The main message of CEDHA in the argumentation is: we want dialogue, but the dialogue is not meaningful. Deep mistrust towards the dialogue process is more explicit in CEDHA's argumentation. It is directed at both dialogue conveners, Botnia and the IFC. However, in the below excerpt from the complaint to the CAO, lack of trust is directed at Botnia. Declared as a whitewashed consultation process, ''a clearly biased and illegitimate attempt so that the IFC can say to its board members, that it has consulted stakeholders'', the CEDHA argumentation begins in September 2005, when a complaint is issued to the Compliance Advisor Ombudsman (CAO) of IFC:

> Communities of Uruguay which have been only superficially consulted and affected communities and stakeholders in Argentina, which have been largely ignored in the consultation and environmental evaluation processes... In fact, as the evidence shows, their opinion has been purposefully skewed and misrepresented. (Complaint to CAO)

The victims are the local people in both countries, not only Argentina, which are an object of definite pollution. Apart from the deep mistrust towards the dialogue process both conducted by Botnia and by IFC, public support for the pulp mill was highly questioned:

> Botnia claimed that project had ''wide public support'', when in fact, the world's largest environmental protest ever was building just across the river. This was an enormous miscalculation, attributable clearly to absent consultations. Had such a consultation taken place, the site chosen by both companies would have likely shifted some kilometers north or south, and this whole conflict would have been entirely avoided (Letter to Finnish National Contact Point).

> The conflict is not only about environmental impacts, it is about social license, failure to engage with local communities and to address the growing local complaint... (Nordea dialogue meeting).

What is noteworthy is that CEDHA places so much emphasis on the lack of meaningful dialogue, that it is even more important than the alleged negative environmental impacts. Meaningful dialogue is actually raised by CEDHA as a key criterion for a legitimate investment.

Conclusion: through dialogue against conflict?

The purpose of this article was to examine the role of stakeholder dialogue, particularly with NGOs, in connection with a foreign direct investment. By taking up the case of Botnia (now UPM) pulp mill in Uruguay, the NGO arguments are examined particularly from the dialogical process in the case: How is the dialogue process and expertise (as a cornerstone of NGO credibility) constructed by two NGOs involved in the case, the World Rainforest Movement (WRM) and the Center for Human Right and Environment (CEDHA).

The dialogue process in the case evolves in two entirely different phases. In the first phase, the investing company conducted a series of public hearings and information dissemination events as both part of the environmental permit process and to Botnia's own intention to further awareness. This phase is in many ways a very restricted form of dialogue, which is characterised by one-way information feed dictated by the company. While it has already been acknowledged that providing information in a situation where the cultural dynamics are not understood well enough (Pakkasvirta, 2008), it also has implications on the entire dialogue process. Namely, in the second phase of dialogue was conducted by the IFC, according to very systematic due diligence that entailed a third party facilitator, series of interviews with a wide variety of stakeholders, a feedback period of 60 days along with follow-up procedures and a web based channel for expressing concerns. Despite all this, the process was not perceived as meaningful. As a result of this, several stakeholders chose not to participate. And without participation, there is no dialogue. As witnessed in the Botnia case, establishing meaningful dialogue is difficult once the degree of choice and trust are minimal. It is argued the non-participation is one of the most significant challenges for issue-specific dialogue. If relevant actors choose not to participate, no meaningful dialogue can take place.

Based on these premises, there is a call for better understanding between the challenges of issue-specific dialogue in relation to ongoing dialogue and participatory public policy. Given the challenges related to participatory planning and ongoing dialogue in different forms, it is argued that the challenges only intensify in connection with a specific issue. It is argued that the foundations of conflict are actively present before the investment decision, and they intensify as the decisions and process related to the investment proceed from the acquiring of land and feasibility studies to the investment decision. As the issue specificity increases, or the room for choice and dialogue on alternative action decreases, the conflicting setting increases along with decrease of trust in counterparties. This moves the dialogue process away from the ideals of meaningful dialogue, towards bargaining and conflict. The ideals of dialogue are closer to being achieved in situations that are not issue-specific. This makes the investment decision the critical event that has detrimental effect on dialogue. In the case of Botnia, the dialogue in this phase took the form of information providing and consultation. After the investment decision, although the criteria for meaningful dialogue were filled in principle, dialogue had more to do with bargaining, public relations, and conflict mediation.

While the case has been viewed form numerous perspectives, what is thus far lacking is the emphasis of the International Finance Corporation (IFC) as the key source of expertise, legitimacy, and institutional rule setting. When the IFC became involved, the legitimacy of the investment was no longer in the hands of Botnia. It could be argued that the IFC had to ''pick up'' after Botnia, but at that time, when the investment decision was made and constructions were in full speed, it was too late to repair the lack of trust. However, as a result of the IFC involvement, several technical improvements were made, and at least by that time, the

technical merits of the mill filled the criteria for funding. In addition, it is now under intense monitoring and follow-up procedures of the IFC.

The significance of the CAO acknowledgement the NGO arguments was pivotal. It triggered the intensity of argumentation and furthered the loss of credibility towards the investing company and its financiers. The CAO statement also sets a threshold for future cases that are already taking place in Uruguay. Therefore, the question inevitably rises, whether the lessons are not being learnt? Or even worse: are there no lessons worth learning? Is ''dialogue'' perceived as something on the to-do checklist, taking care of inevitable opposition, but not a significant risk? Regardless of the answer to this, it is argued that if CR activities are to be increasingly based on the dialogue as a key component of accountability, numerous challenges lie ahead. Considering the expectations placed on dialogue, the urgent task is to continue to develop the prerequisites for meaningful dialogue. The dialogue setting in the Botnia case conflict shows that alleged dialogue is taking place in the wrong places at the wrong time, in other words too late, and that meaningful dialogue in connection with a specific issue such as a FDI, after an investment decision, has very limited prerequisites of succeeding.

Notes

1. Since the restructuring of the ownership of the mill from Metsä-Botnia (Botnia) to UPM on December 8, 2009, the current name is UPM Uruguay. However, since the Botnia was in charge of the entire construction phase and thus the key business actor throughout the empirical data in this study (2003-2008), the mill is henceforth referred to as ''Botnia''.

2. The verdict was announced only days before writing, and therefore it is not taken into further examination.

3. Other NGOs include the Friends of the Earth Uruguay (REDES), MOVITDES Group (Movement for Life, Work and Sustainable Development), Uruguayan Network of Environmental NGOs (Red Uruguaya de ONGs Ambientalistas del Uruguay).

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