MULTINATIONAL COPORATIONS AND THEIR ROLE IN INTERNATIONAL RELATIONS

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THESIS SUBMITTED IN PARTIAL FULFILLMEMT OF THE REQUIREMENTS FOR A MASTER OF ARTS DEGREE IN

INTERNATIONAL RELATIONS

LEIDEN UNIVERSITY

UNIVERSITEIT LEIDEN

2020

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Acknowledgments

I would like to recognize in these acknowledgements the patience and encouragement those such as my parents, brother, loving boyfriend, friends, and especially my supervisor Andy, have given me in completing this thesis.

I would also like to thank Leiden University for allowing me the time needed to find my passion and inspiration for the project.

Introduction

The study of International Relations (IR) has shifted and evolved multiple times since the discipline's inception at the commencement of the 20th century. For much of the first half of the twentieth century, studying *states* as the primary actor in international relations was valid as, "no other organizations had much effective power internationally."[1] However, after the Second World War, technological advancements and advanced interstate communication allowed for the creation of a global market and therefore new global actors. As a result, scholars became enthralled with the changing role states played within the international system and in the 1950s, they began exploring the "cross-border activities" of big businesses.[2] This excitement lasted briefly as the Cold War incited a new kind of paradigm within IR and scholars were more interested in explaining the new global order. Following the end of the Cold War however, new theories in IR such as constructivism began to look at non-state organizations such as non-governmental organizations (NGOs) and International Organizations (IOs) as actors increasingly able to influence international politics. Despite these developments, states remained the primary unit of analysis in IR.

In 1974 however, American Political Scientist Joseph Nye discussed the emergence of multinational corporations (MNCs) in world politics.[3] While large businesses and organizations such as the Dutch East India Company existed in the 17th century, the MNC, or "a business organization whose activities are located in more than two countries and is the organizational form that defines foreign direct investment," refers to a firm that successfully grows into larger corporations that can operate and strategize internationally.[4] Around the 1970s, these major enterprises began to outgrow national laws and markets which allowed them to replace their domestic productions for one more suitable to a global market and audience.[5] In his article, Nye suggests that MNCs had grown so large that nations feared the loss of their sovereignty and authority. For this reason, the MNC should not be ignored. Almost two decades later, Susan Strange referred to Nye's article, questioning why IR scholars have failed to incorporate MNCs in answering key questions integral to the study of IR. She argued

[1] Barkin, "Realist Constructivism," 327.
[2] Guillen and Garcia-Canal, "The Rise of the New Multinationals | OpenMind."
[3] Nye Jr, "Multinationals: The Game and the Rules: Multinational Corporations in World Politics."
[4] Aggarwal et al., "What Is a Multinational Corporation? Classifying the Degree of Firm-Level Multinationality," 558.
[5] Strange, 246.

that businesses play a central role in discovering the answers to the question of power in world politics and therefore should be included in discussing global dynamics.[6]

Other disciplines and scholars such as those interested in multilevel governance, political economy, and public administration have made use of MNCs in their research. Nevertheless, this has failed to take off in IR scholarship. This conceptual discussion has so far been neglected, to a large extent, because IR scholars remain mostly focused on state interaction. However, this thesis follows the argumentation of E.H. Carr which posits that analyzing states as the primary actor and unit of analysis is no longer necessary, nor sufficient.[7]

This thesis will argue that to remain relevant within scholarship, IR scholars should recognize, as Nye and Strange have, that MNCs are powerful actors that influence the states they operate in, the global political economy, and the norms and values the international system is based on. This point is fundamental to the study of IR so long as IR claims to explore power dynamics and the influences behind state-to-state interaction.

This thesis does not claim that multinationals ought to be included in the study of IR on the grounds that they supersede the state or that states are no longer important in global governance, rather it argues that MNCs are important to the current structure of the global order. Its central research question seeks to explore *how multinational corporations can be incorporated into the IR discipline*. It looks at constructivism as the appropriate theoretical tool to do so. Although it seeks to add to the constructivist school of thought, it also critiques previous constructivist literature for not having done so already. These criticisms are two-fold: constructivists have failed to 1) analyze the MNC in terms of identities, interest, and power; and 2) analyzing contemporary international relations from a standpoint that is too theoretical to fully observe the realities of international relations in practice.

Chapter 1 discusses how MNCs interests and identities shape their behavior as international actors and how this has an impact on other actors, such as states, international organizations, and non-governmental organizations, perception of MNCs. Chapter 2 discusses MNC power in relation to other global actors as well as how this may position them as an influential actor in world politics. Finally, Chapter 3 discusses the legitimization of MNC's in practice and discusses the cooperation and collaboration between MNCs, states, and other actors to solve societal issues.

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[6] Strange, "Big Business and the State," 245.
[7] Carr, *The Twenty Years' Crisis, 1919-1939: An Introduction to the Study of International Relations*.

Overall this thesis hopes to explain the value of analyzing MNCs as a global actor in international relations.

Literature Review

A reconceptualization of IR's key actor – the state – is necessary to overcome the current impasse in the IR discipline and tradition as a whole.[8] The following section explores this view, by looking at current scholarship on MNCs within international relations and how MNCs can and have acted as a pillar in the international order. This thesis borrows academic work outside of the IR discipline, namely from International Political Economy, Public Administration, and other economically tied scholars, as a means to provide insight and evidence for the claim made in it. This is largely due to a lack of IR scholarship focused on MNCs, but does however offer relevant work for exploring and incorporating the topic.

Justification for Including Multinational Corporations in IR

As mentioned in the introduction of this thesis, both Joseph Nye and Susan Strange have argued for the inclusion of MNCs in International Relations. With exception to a select few scholars (all discussed in the following section), little to no derivative literature resulted from either scholars' papers. While both Nye and Strange are crucial to this thesis for having addressed an existing void in IR, neither suggest a concrete solution to the incorporation of the MNC into IR. For the purpose of this thesis however, it is important that a similar case be made, and therefore analyzing both authors, along with derivative literature, can justify the inclusion of MNCs in IR. The following section discusses this rationalization.

Nye argues that MNCs *can* in fact have an influence on the day-to-day processes of world politics in at least three different ways: a 'direct role' in private foreign policy, an 'unintended indirect role' using instruments of influence, and 'indirect roles' by setting the international agenda.[9] His first reasoning breaks two traditional trends and assumptions about world politics and IR theory. First, it goes against the IR assumption that governments deal with each other through institutional mechanisms and that citizens and corporations have an indirect influence on foreign governments by way of policies they require from their own governments.[10] Nye offers three examples of MNCs having direct impacts on the governments and politics of other countries that stand alone from that of their home country's interaction

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[8] George, Sjolander, and Cox, *Beyond Positivism: Critical Reflections on International Relations*, 9.
[9] Nye Jr, "Multinationals: The Game and the Rules: Multinational Corporations in World Politics," section II, para. 3.
[10] Nye Jr., section II, para. 3.

with that state. These cases include the direct involvement of United Fruit in Guatemala in the 1950s, Union Miniere in Katanga in the 1960s, and ITT in Chile in the 1970s.[11] In these cases, citizens and corporations had direct influence on foreign governments. Today, examples of these cases can be seen in Washington and other state capitals where MNCs directly lobby state governments to influence legislation. For example, Kim and Milner found that MNCs have greater agenda-setting power when they operate in many countries and often prefer "to have decisions made at the supranational level."[12] In other instances, an MNC's direct impact on human rights violations can force not only the state in which these violations occurred to change policies, but can often spark a regional, or even global response to MNC conduct.

The second traditional assumption broken by Nye's analysis is that states always act as coherent entities. Simply put, his argument suggests that so long as governments are made up of alliances and "competing bureaucracies pulling in different directions," it is possible to frame a government as being formed by coalitions made from private and public interests: part government, part corporate.[13] This is an important claim that will be discussed in Chapter 3. Lastly, while it may not be a trend or traditional thought, Nye argues that corporations and their alliances with "less developed states" do not only affect the societies and governments of their host states, but also that of their home state.[14] This should not be ignored.

While Nye agrees that this first argument cannot be accounted for through traditional research, this can be a result of scholar's disinterest in MNCs or the resulting possible effects of MNCs on world politics. MNCs may also have an unintended indirect role in world politics when they act as instruments of influence in host states. "Apart from any political initiative of their own, the existence of corporations with decision domains crossing several national boundaries has provided an additional instrument that governments may attempt to use in relations with each other… The important point is that direct investment creates a transnational interdependence which groups or governments may try to manipulate for their own political purposes."[15] This can also be done when MNCs lobby on behalf of their home state, in other countries, or to benefit their interests within host states.

Similarly, Strange argues that to solve crucial questions in international relations theory, the multinational, together with the state, should be at the center of theory.[16] "The

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[11] Nye Jr., section II, para. 4.

[12] Kim and Milner, "Multinational Corporations and Their Influence Through Lobbying on Foreign Policy."

[13] Nye Jr, "Multinationals: The Game and the Rules: Multinational Corporations in World Politics.", section II, para. 7.

[14] Nye, section II, para. 9.

[15] Nye, section II, para. 13-19.

[16] Eden and Potter, *Multinationals in the Global Political Economy*, 9.

question of power in the world system, who has it, who does it, who does not – all central questions in international relations – demand a focus on big business as an international actor."[17] It should be noted here that this is not the claim of this thesis; it simply adds to the point that other disciplines recognize the influence and importance of MNCs in world politics.

Strange names two structural changes that occurred to sustain the global market: a change in the international financial system (IFS) and necessary technological changes that allowed for national markets to expand as transnational ones; the 'Financial Structure' and the 'Production Structure,' respectively.[18] The change in the IFS meant the "integration of capital markets into the worldwide market for savings and credit," whereas the previous financial structure linked national markets through trade and investment flows as they affected the exchange rates between national currencies.[19] The new structure advantaged transnational corporations (TNC's) over small, local markets competing on the world market. Strange concludes that these structural changes are what caused TNCs to openly embrace the governments of developing countries and vice versa. This is cause for a renewed assessment of diplomacy in general. The game, to Strange, has shifted to include big business where bargains are made "between states, between big businesses, and state to firm."[20]

Babic, Fichtner, and Heemskerk respond to Strange's call by addressing two major opposing views between IR (state centric perspective) and International Political Economy (IPE) (transnational capitalism perspective) in addressing MNCs in the global system.[21] The former, classical view, positions MNCs as actors subordinate to the nation state and at most can argue that MNCs influence the relations between states.[22] The latter, including scholars of transnational capitalism or global governance, theorizes corporate power beyond the nation state, arguing that state power is limited and constrained "vis-à-vis the mobility and agility of transnational capital that is detached from the old world of nation states."[23] The authors argue that both run risks: state-centrism underestimating the power of corporations in contemporary international politics and transnational capitalism undermining the nation states' current role and relevance in global capitalism and global power relations.[24] Because it is undisputed that

[17] Eden and Potter, 9.
[18] Strange, "Big Business and the State," 248.
[19] Strange, 248.
[20] Eden and Potter, *Multinationals in the Global Political Economy*, 9; Strange, "Big Business and the State," 249.
[21] Babic, Fichtner, and Heemskerk, "States versus Corporations: Rethinking the Power of Business in International Politics," 21.
[22] Babic, Fichtner, and Heemskerk, 21.
[23] Babic, Fichtner, and Heemskerk, 22.
[24] Babic, Fichtner, and Heemskerk, 22.

states and corporations are interdependent, i.e. "states can own and control firms in order to participate in global capitalism; and firms can create ties through internationalization that have a feedback on state power," the authors argue that a dialogue between the disciplines should be had to discuss the serious neglect of the role of international corporations in international relations and politics that Strange discussed in her 1991 paper and to "bring back the relevance of MNCs in international politics."[25]

The author's central argument is that today's world is largely run by transnational capitalism, state power has not disappeared, but has simply transformed.[26] This argument is reinforced by their acknowledgment that the new global structure favors corporations over states, which allows for an increase in global power and agency over states in international politics. This does not, however, mean the role of the nation state is irrelevant or diminished. A mutual dependency also exists, according to the authors, where states can own and control firms in order to participate in global capitalism; and firms can create ties through internationalization that have a feedback on state power.[27] This argument will be central to the third chapter of this thesis.

While the authors provide a contemporary and well-structured case for the incorporation of MNCs into IR, they do not propose or build upon IR theory. It is this thesis' argument that to incorporate MNCs into IR it is necessary that either a theoretical framework be built to encompass their role in international relations or that MNCs be absorbed by current theory as a unit of analysis. As this thesis does not serve as a platform large enough to conceptualize and theorize the importance of MNCs in IR, it therefore takes constructivist theory as a theory already capable of incorporating MNCs into its framework and makes a case for doing so. The following section makes such an argument.

Justification for Using Constructivist Theory to Explain MNCs in IR

For much of the history of the study of International Relations (IR), debates about the nature of state interaction were largely shaped by the Realist and Liberal schools of thought. Structural Realism, the dominant school of thought traditionally viewed states as functionally identical, primary actors in international relations. The state-centric view perceives the world order as

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25 Babic, Fichtner, and Heemskerk, paras. 22–31.
26 Babic, Fichtner, and Heemskerk, 28.
27 Babic, Fichtner, and Heemskerk, 31.

one that is anarchic and therefore cannot be mediated through international institutions.[28] In this view states are driven by their own interests, power is distributed amongst nation-states, and changes are subject to that of national interests over time.[29] On the other hand, Liberals view states as important, but recognize other actors' existence in the international system.[30] Unlike Realists, Liberals view the international order as one that can be structured and governed by international organizations and institutions. In both cases, IR is the study of state-to-state interactions whether the international order is anarchic or structured through an international system. Neither school of thought aims to explain anything other than interactions between states. The last three decades of IR scholarship have however begun to analyze non state actors, or actors who are "not affiliated with national governments including social movements, international or regional nongovernmental organizations and MNCs,"[31] and who have otherwise been largely neglected by traditional IR theories (Realism and Liberalism).

Structuralism takes a wholly opposite approach, claiming that states are not necessarily the key, primary actors in international affairs, but that economic issues and the understanding of class are more crucial to the understanding of world politics.[32] This paradigm "stresses the impact of world economic structures on the political, social, cultural and economic life of countries."[33] Similarly, World-Systems Theory, theorized by Immanuel Wallerstein, privileges economic factors over political ones, claiming a "total social system" defined by technological advances, culture, labor, and general society (including class, as structuralists do) which resulted from modernization, and created by a capitalist world-economy.[34] While both theories take into account a global economic structure in contemporary international relations, both tend to undermine the state as a key player.

While a claim can be made against the contemporary relevance of the liberal and realist approaches in only acknowledging state interaction in international relations, for the purpose of this thesis it is not necessary for either liberalism or realism to include MNCs (or other non-state actors) in their analyses. This conclusion is based on the grounds that both schools claim to primarily explain and understand the role of the state. Similarly, this thesis does not, unlike structuralism and world-systems theory, claim that the state is *not* a key player in international relations.

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[28] Slaughter, "Liberal International Relations Theory and International Economic Law," 722.
[29] Maghroori and Ramberg, "Globalism Versus Realism: A Reconciliation," n.p.
[30] Moravcsik, "Liberal International Relations Theory: A Social Scientific Assessment," 4.
[31] Deborah Stienstra, "Assessing International Relations Theory: Nonstate Actors, Change and Gender," *abstract*.
[32] Holmes and Rofe, *Global Diplomacy: Theories, Types, and Models,* 74.
[33] Holmes and Rofe, 310.
[34] Wallerstein, "The Rise and Future Demise of the World Capitalist System: Concepts for Comparative Analysis," 387–415.

In *Constructivist theory* however, it is unnecessary to "imply any unit of analysis as fundamental in the study of international relations."[35] In fact it explores how these units may come to 'develop highly cooperative forms of behavior' despite what might be considered an anarchic world system.[36] Put simply, *constructivism* means that "people and societies construct, or constitute, each other" and it acknowledges that *interests* and *norms* are fluid and can therefore be altered.[37] In a socially constructed world, while existing patterns, cause-and-effect relationships, and states remain relatively stable, they are still subject to change as ideas and practices (rules and norms) evolve and develop over time.[38] Through this, constructivism offers the flexibility to incorporate multinationals in IR and is therefore the most logical choice.

The following section further explores the concepts within constructivist theory necessary to analyze and incorporate MNCs into IR.

Brief Overview of Constructivism

The introduction of constructivism to IR is often associated with the end of the Cold War and the resulting claims that traditional IR scholars and theories failed to account for this end.[39] The key component of constructivism that separates it from its IR predecessors, is its view that meaning (knowledge) is socially constructed; therefore, the world, and everything we believe it to be, is socially constructed.[40] It also makes the claim that the *social world* is socially constructed. This assumption implies two things: firstly, that the structure of international politics is social and material (realism claims that it is only material); secondly, it claims that these fundamental structures shape not only state behavior (a point claimed by rationalists), but also the *identities and interests* of international actors.[41]

Identities and interests play a significant part in constructivist analysis in that the categorizations we use for classifying and naming interacting actors are important for how we perceive them: hence, while it makes no difference to a cat how we may classify it, it matters and makes a difference to people.[42]

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[35] Hurd, *Constructivism,* 8.
[36] Dunne, "The Social Construction of International Society," 372.
[37] Dunne, 372.
[38] Hurd, *Constructivism*, 2.
[39] Theys, "Introducing Constructivism in International Relations Theory," para. 2.
[40] Guzzini, "The Concept of Power: A Constructivist Analysis," 498.
[41] Wendt, "Constructing International Politics," 71-72.
[42] Guzzini, "The Concept of Power: A Constructivist Analysis," 499.

The role state interests play in forming the international order is another distinguishing factor in the debate between constructivists and other IR scholars. Both neorealists and neoliberals argue that states are self-interested actors who are dominant in the international system and are driven by their self-interest in security.[43] Because non-constructivists believe the primary interests of states are driven by desires for survival, power, wealth, and security, the ideas of state construction are those that bolster these desires, and therefore do not impose different outcomes on their behavior or interests.[44] Constructivists view structures differently. While structures for neorealists are made up of material capabilities, Wendt like other constructivists argue that the structures of international politics "are social rather than strictly material, and therefore these structures shape actors' identities and interests rather than just their behavior."[45] These social structures are composed of shared knowledge, material resources, and practices. Constructivism also leaves more room for agency for both the state or individuals to either influence their environment or be influenced by it.[46] These assumptions about interests and identities will be further explored in Chapter 1 and will serve as the basis for arguing the role of MNCs in comparison to the state.

Another element within constructivism and particularly important to the study of contemporary IR, is the view that interests are both socially constructed and guided by *norms*, which "create meaning through the construction of intersubjective (i.e. collectively held) understandings of who and what things are."[47] Similarly, "a fundamental principle of constructivist social theory is that people act toward objects, including other actors, on the basis of the meanings that the objects have for them."[48] Norms are understood as "shared understandings that make behavioral claims" or as "standards of appropriate behavior."[49] Kratochwil states that they are "used to make demands, rally support, justify action, ascribe responsibility, and assess the praiseworthy or blameworthy character of an action."[50] Or as Cortell and Davis state, they aid in providing solutions to problems in cooperation and articulate a universal and international code of politics.[51]

[43] Wendt, "Anarchy Is What States Make of It: The Social Construction of Power Politics," 392.
[44] Hurd, *Constructivism, 5*.
[45] Wendt, "Constructing International Politics," 72.
[46] Dunne, Kurki, Smith, *Constructivism,* 165.
[47] Winston, "Norm Structure, Diffusion, and Evolution: A Conceptual Approach," 640.
[48] Wendt, "Anarchy Is What States Make of It: The Social Construction of Power Politics," 396-7.
[49] Checkel, "Norms, Institutions, and National Identity in Contemporary Europe"; Finnemore and Sikkink, "International Norm Dynamics and Political Change"; Winston, "Norm Structure, Diffusion, and Evolution: A Conceptual Approach."
[50] Kratochwil, "The Force of Prescriptions," 686.
[51] Winston, "Norm Structure, Diffusion, and Evolution: A Conceptual Approach," 638.

Power for the constructivist is a tricky matter. For realism, power and politics are one and the same i.e. politics is about the national pursuit of power. This is not as clear for constructivism. Oppenheim refers to power as the "causal relation between one action and another."[52] This is a rather broad and vague view of power, yet there is not one single approach to the conception of power neither within the IR discipline or within the constructivist school.[53] Wendt states that "power and interest do not have effects apart from the shared knowledge that constitutes them as such" while "the meaning of power depends on the underlying structure of shared knowledge." [54] Strange on the other hand looks at power through a structural lens, claiming that the balance of power has shifted in favour of markets over states.[55] For the purpose of this thesis, power over states is exercised by nonstate actors through power resources i.e. information, available to these actors, and which can then be shared through complex interdependence situations.[56] Chapter 2 discusses these power relations and how MNCs may come to hold such power.

Finally, while constructivists often account for non-state actors as influencers of international relations – and IR scholarship has grown to encompass this notion – the majority of literature on non-state actors tends to focus on NGOs, international organizations (IOs), and terrorist groups as agents influencing state to state interaction.[57] While these non-state actors have a direct influence on the governance of world politics, with NGOs directly influencing development and other global interest areas, IOs superseding national governments to benefit a larger group (and sometimes world politics i.e. UN, NATO, IMF, etc.), and terrorist groups requiring multilateral, international cooperation, it is a wonder that MNCs, who drive the global economy, have been ignored. Nevertheless, IR scholarship (as mentioned previously) has kept steadfast in its resolve that the state should remain the primary unit of analysis in IR. Chapter 3 aims to explore the dynamics and partnerships between states, NGOs, IOs, and MNCs and discuss how MNCs may be legitimized as global, political actors by their interaction with those actors.

While this thesis intends to add to the school of thought by adding MNCs as a nonstate actor and global actor in international relations, it also critiques constructivist theorists and scholars for failing to acknowledge the importance of MNCs on state-to-state interaction. The

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[52] Oppenheim, *Political Concepts: A Reconstruction*, 189; Guzzini, "The Concept of Power: A Constructivist Analysis," 501.
[53] Guzzini, "The Concept of Power: A Constructivist Analysis," 507.
[54] Wendt, "Constructing International Politics," 74 & 78.
[55] Strange, *Retreat State Diffus. Power World Econ.*, 29.
[56] Milner and Moravcsik, *Power, Interdependence, and Nonstate Actors in World Politics*, 18.
[57] Bensahel, "A Coalition of Coalitions: International Cooperation Against Terrorism," 37–39.

following three chapters use constructivist theory by applying the concepts of identities, interests, power, and the socially constructed world to MNCs. This is integral to the research as it applies MNCs to IR where other scholars have not yet done so.

Chapter 1: Identities & Interests

Introduction

It is useful to realize an actor's identity when trying to understand their actions and to discover the motives behind their behavior. The purpose of identities in international relations and for constructivism is to "tell you and others who you are and they tell you who others are."[1] The identity portrays and implies a certain set of interests. Then, through daily social interaction the actor can reinforce its identity and other actors begin to relate themselves to said identity.[2] For example, if an MNC identifies itself as an environmentally aware company, then through interaction with others, the MNC will exert this identity through actions guided by their interests. However, an MNC's identity, as is for all actors, can only be legitimate once others perceive it to be that identity. Wendt argues that "each identity is an inherently social definition of the actor grounded in the theories which actors collectively hold about themselves and one another and which constitute the structure of the social world. Identities are the basis of interest."[3] Therefore, by understanding an actor's identity and how they wish to portray themselves, we can get a better understanding of where their interests lie. He continues, "actors do not have a 'portfolio' of interests that they carry around independent of social context; instead, they define their interests in the process of defining situations."[4]

Understanding identity is important for three reasons. First, identity is at the core of constructivist theory. Therefore, to use constructivist theory to incorporate MNCs into IR, identity should be analysed and discussed. Secondly, identity is integral to understanding world politics and the role of MNCs in that it reveals the intentions and interests of any given actor in interpreting and reacting to changes.[5] Finally, identity is critical to understanding MNCs role in relation to other global, political actors, and how other actors respond to MNCs intentions and interests.[6] The identity perceived by other actors is created and legitimized through "cultural mechanisms connected with consumerism, education, leisure activity and the construction of individualist identities, etc.," specific to each social context.[7] Put into the

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[1] Hopf, "The Promise of Constructivism in International Relations Theory," 175.
[2] Hopf, 175–76.
[3] Wendt, "Anarchy Is What States Make of It: The Social Construction of Power Politics," 398.
[4] Wendt, 398.
[5] Bolt, "How Important Is an Actor's Identity in Understanding Global Politics Today?," 1.
[6] Bolt, 1.
[7] Gill, "New Constitutionalism, Democratisation and Global Political Economy," 31.

context of this thesis, it is important to understand the MNC's identity, and therefore their interests, to understand its role in international relations.

Following the constructivist's central argument that the social world, and therefore the political world, is made up of social cues, norms and rules, this chapter looks at such cues as *interests* and *identities* to illustrate how MNCs fit into this socio-political world, and more broadly, how they partake in state-to-state interaction.

MNC Identity & Interests

The MNC is often lumped together in a monolithic group. When we think about big companies and corporations, we identify them with labels such as 'rich,' 'global,' 'powerful.' Sometimes, we even attribute negative identifiers such as actors prone to 'corruption' and non-state 'colonizers' to them. While MNCs may on occasion be identified in these ways, to analyze them so vaguely and to group them together in such a way is to lose out on the opportunity to recognize their impact as individual actors. This thesis recognizes that MNCs should be studied as "transnational social spaces."[8] Multinationals, like the state, are social constructs.[9] They are "built out of specific national institutional contexts that shape how they internationalize."[10] MNCs are geographically, socially, culturally and institutionally diverse organizations, and therefore cannot be monolithic in nature. A single MNC's identity can and most often diverges and diversifies across the many countries they operate in.

However, an MNC's company-wide, corporate branding will remain largely consistent throughout the world. This section's core argument is that an MNC's identity is based on their branding. By definition, branding is a "marketing practice in which a company creates a name, symbol or design that is easily identifiable as belonging to the company."[11] By creating a brand, others are able to identify and distinguish between one business (its products and services) from others. Branding is important because not only is it what makes a memorable impression on consumers but it allows stakeholders and other actors to know what to expect from the MNC.[12] An MNC's brand is "built to be a true representation of who [MNCs] are as a business, and how they wish to be perceived."[13] It should be stated here however, that when this thesis

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[8] Geppert and Dörrenbächer, "Politics and Power in the Multinational Corporation: An Introduction," 5.
[9] Morgan, "The Multinational Firm: Organizing Across Institutional and National Divides," 1.
[10] Morgan, 1.
[11] Smithson, "What Is Branding And Why Is It Important For Your Business? | Brandingmag," paras. 1–2.
[12] Smithson, paras. 1–2.
[13] Smithson, paras. 1–2.

discusses branding it does not refer to branding in relation to products or goods. Instead, it refers to the company's corporate branding, which is based on "the way the brand behaves in society and is loaded from its own corporate identity."[14] It describes what is central, distinctive, and enduring about an organization and therefore refers to the MNCs characteristics that remain relatively stable over time.[15]

Branding may also influence how the MNC operates and structure how to maintain its main interest: its reputation. *Corporate reputation* refers to the public's collective opinion regarding the company which is based on features such as media coverage and publicized actions of the company.[16] For example, the chocolate industry is notorious for using child labor in its production. However, Tony's Chocolonely, a Dutch chocolate multinational, was started on the premise of raising awareness of child labor and pledging to change the industry from within.[17] Through its political activism and consumer outreach, the MNC has a brand and reputation based on free trade and child-labor, free chocolate. If the reputation were to be tarnished by the revelation that they do indeed use child labor, then the brand and identity would also be subject to different perceptions.

Therefore, for the purpose of this thesis, an MNC's branding (identity) upholds its reputation (interest), while a good reputation upholds the way the MNCs and others view it. It is important to note here however, that the distinction between branding and reputation does not cover all of the possible identities/interests that MNC's have. It is simply the example chosen in order to demonstrate how constructivism can explain the incorporation of MNCs in international relations. Finally, this thesis also argues that MNC's two significant interests are to maximize profits and to maintain a credible reputation in order to survive. They do so by maintaining their reputation and the way they do that reinforces and reveals their identity. The drive to perform also produces interests for MNCs as interests are a product of the identity and values of any given actor.[18] An example of such branding and reputation management is corporate social responsibility (CSR).

MNC Incorporation of CSR in Corporate Branding and Reputation

CSR is a rather new and developing concept that suggests that companies have the social responsibility to "try to make the world a better place." It is now "occurring when a business

14 Global Brands, "Corporate Branding | Strategy by Naming."
15 Boivin, Roch, and Rodier, "Growth And Corporate Identity: The Case Of Ocean Spray," 51.
16 Campbell, "Corporate Reputation: What, How, and Why."
17 Tonys Chocolonely, "Over 2 Million Children Still Work in the Chocolate Industry - Tony's Chocolonely."
18 Dunne and Hanson, "Human Rights in International Relations," 65.

firm consciously and deliberately acts to enhance the social well-being of those whose lives are affected by the firm's economic operation […] The goal is to achieve a balance between the firms' economic operations and the societies aspirations and requirements for community welfare."[19] Early use of the concept arose in the 1920s when increased government pressure on big business pushed business leaders such as Andrew Carnegie and John Rockefeller to share their wealth with educational and charitable institutions on behalf of their corporations.[20] However, changing international norms on human rights and the environment showed that violations or damage to these social issues were no longer tolerated. By the 1990s, media coverage and changing policy toward MNCs revealed them as being actors who violated these societal challenges. The acceptance of these international social norms changed the way consumers consumed. A 20-nation poll conducted by Environics International found that "consumers' perceptions of companies are now determined as much by a company's social and environmental practices as by its product brands."[21] Similarly, technological advancements and social media pressure meant that MNCs, just as states, simply could not afford to lag behind in social issues and challenges. Just as a government aims to perform well to please the electorate and therefore be re-elected, the MNC will do so for the sake of pleasing consumers and to ensure the survival of the company. In both cases, the actor seeks identity legitimacy from their primary stakeholders in order to survive. In the case of the MNC the interest lies in maintaining its reputation. Furthermore, the adoption of best practices on social and environmental issues, codes of conduct aligned with CSR, the creation of new organizations to address CSR issues, and entering into dialogue and cooperation with their critics in so-called multi-stakeholder forums, adheres to the wishes of the society and ensures the MNCs continue to maximize their profits and survive.[22] Big global companies such as Heineken and Nike have responded by integrating CSR schemes that aim to ensure the best environment for their employees and for the societies they operate in.

CSR can help brand a company as a human rights protector, environmentally friendly, or social warrior, which therefore reinforces its reputation as such. This ultimately also reinforces how consumers identify this MNC and how they consume. For MNCs, facilitation of this positive change over time may lead to CSR becoming a part of their brand.

[19] Weber and Wasieleski, Corporate Social Responsibility, 4.
[20] Weber and Wasieleski, "Corporate Social Responsibility," xiv.
[21] Ruggie, "The Theory and Practice of Learning Networks: Corporate Social Responsibility and the Global Compact ," 30.
[22] Segerlund, 2.

One example of CSR is that of human rights. In the early 2000s CSR entered a phase where communities (both local and international) expected corporations to do "everything in their power to promote universal human rights standards, even in conflict situations where governance structures [are] broken down."[23] Although most IR frameworks claim that promoting and protecting human rights is a state issue, in practice non-state actors intervene in cases of human rights violations and issue humanitarian interventions.[24] In many cases, the monitoring of internationally standardized human rights has been informally transferred from the state to human rights advocates like Human Rights Watch and Amnesty International. Other disciplines such as International Law have studied the effects of MNCs on human rights, arguing that states should not hold sole responsibility in protecting them as they are not the only actors to violate them.[25] Constructivists claim that Human rights goals are pursued by states for reasons to do with their identity and status. For the same reasons, this thesis argues that MNCs pursue human rights obligations in contemporary society because it is required of them.

As human rights have become more prevalent in the international system, so have those who tend to influence them (i.e. NGOs, MNCs, and other non-governmental institutions). However, while multiple sets of expectations and rules on human rights were imposed on states by the UN Declaration of Human Rights (UNDHR) and normalized in the Western World, pressure from consumers and other stakeholders propelled MNCs behavior to become consistent with these norms. What was observed was that MNC behavior reinforced the norms and vice versa.[26] "Globalization and the mounting number of conflicts occurring in regions where MNCs operate have prompted international organizations, the media, human rights groups, social investors and consumers, as well as some corporate executives, to discuss the responsibility MNCs share in promoting peace and avoiding conflict."[27] The 2008 UN Framework 'Protect, Respect and Remedy' and the 2011 UN Guiding Principles (UNGP) on Business and Human Rights address the societal and economic costs "associated with business-

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23 Clapham and Jerbi, "Business & Human Rights: Clapham-Jerbi Paper on Corporate Complicity in Human Rights Abuses," 1.

24 Deva, "Human Rights Violations by Multinational Corporations and International Law: Where from Here?," 1; Segerlund, *Making Corporate Social Responsibility a Global Concern: Norm Construction in a Globalizing World*, 3.

25 Deva, "Human Rights Violations by Multinational Corporations and International Law: Where from Here?," 1.

26 Dunne and Hanson, "Human Rights in International Relations," 64; Dickerson, "Human Rights: The Emerging Norm of Corporate Social Responsibility," 1433.

27 Bennett, "Multinational Corporations, Social Responsibility and Conflict," 55:394.

related human rights abuse."[28] When states violate human rights, "shaming and disapproval proved to be a powerful influence on states that value their international reputation or identity."[29] This same tactic worked on MNCs.

In general, MNCs recognize that workers in developing countries have the right to working conditions above a minimum standard.[30] Companies such as Apple and Walmart have published human rights statements, stating that they are committed to treating everyone within their business and supply chain with *dignity and respect*, to *uphold human rights* across a global network of suppliers, and to *protecting the planet* we all share.[31] Similarly, multinationals increasingly work with NGOs and states to rid developing countries of leaders prone to accepting payoffs for favors and many have also cut prices of HIV/AIDS drugs in the developing world.[32] Companies such as Amazon, however, claim that "while it is the duty of governments to protect human rights," they recognize their responsibility to respect and uphold internationally recognized human rights through the ethical treatment of their workforce and those within its value chain.[33] For all MNCs, there are clear guidelines set by IOs stating proper behavior: i.e. companies cannot use slave labor – which would maximize profits – because there would be social repercussions and the MNC would lose customers.

It is also worth mentioning that many companies also use CSR to tackle societal challenges such as social development and environmental challenges. For example, many companies such as TOMs – who used to give away a shoe to a child in need for every shoe bought, and now gives $1 for every $3 they make – or Tony's Chocolonely – who are known for their lead on free trade practices and opposing child labor and chattel slavery – have a role to play in contemporary global challenges.[34] Other companies such as Tesla use their platform to help transition the world from using fossil fuels to using renewable sources of energy to "reduce or even halt global warming." Furthermore, an MNC's approach to CSR may differ depending on its identity. Identities based on sector and products will vary between companies

28 Buhmann, "Public Regulators and CSR: The 'Social Licence to Operate' in Recent United Nations Instruments on Business and Human Rights and the Juridification of CSR," 699.
29 Solomon, "Rights Beyond Borders:The Global Community and the Struggle Over Human Rights in China," 38.
30 Dickerson, "Human Rights: The Emerging Norm of Corporate Social Responsibility," 1455.
31 Apple, "2019 Statement on Efforts to Combat Human Trafficking and Slavery in Our Business and Supply Chains 2019 Statement on Efforts to Combat Human Trafficking and Slavery in Our Business and Supply Chains 1"; Walmart, "Walmart Policies and Guidelines."
32 Dickerson, "Human Rights: The Emerging Norm of Corporate Social Responsibility," 1455; Poret, "Corporate-NGO Partnerships through Sustainability Labeling Schemes: Motives and Risks," 3 of 19.
33 Amazon, "Amazon Global Human Rights Principles."
34 TOMS, "The TOMS Story | TOMS®"; "Tony's Impact - Tony's Chocolonely."

and therefore an MNCs interests will be catered to that. Interests in maximizing profit may influence other interests and how to accomplish those.

Overarching similarities also exist between MNC interests (i.e. maximization of profits and maintaining reputation) just as there are between states (i.e. survival and power). Similarly, their identities can alter the way to achieve their interests. MNC's identities such as Procter and Gambles (P&G) for example, can vary significantly across the 80 countries they operate in. While the variety in company culture is a given, the social perception of such companies in different parts of the world can also vary. Nevertheless, P&Gs aim to be a "model corporate citizen" and their overarching identity to 'touch and improve lives,' is unitary across the world.35 This resembles the state: e.g. even though the United States is composed of 50 separate state identities, the umbrella identity is American. In the same way that state actors can distinguish between other states and NGOs can distinguish between other NGOs, so do MNCs have distinct identities. Take Heineken and Tony's Chocolonely. Heineken's "When You Drink, Never Drive" campaign is part of their CSR scheme that promotes the safe use of drinking.36 Tony's Chocolonely actively pursues the prevention of child labor and modern slavery in chocolate production. While in both cases the companies share a core interest of profit maximization and reputation management, their varying brands lead them to pursue very different CSR projects. Heineken is more inclined to pursue CSR projects involving alcohol and health, while Tony's Chocolonely is more inclined to pursue projects related to labor conditions within the chocolate supply chain. This is an important distinction. While this thesis recognizes that most companies' biggest interest is to survive, their identities make it so that their mechanism to realizing their interests are approached differently. Just like other global actors, these differences also impact the way MNCs approach policies in different parts of the world and which CSR projects they may choose to partake in.

Innovation is also key. The identity is created by the norm that MNCs and big businesses such as Tesla, Phillips, and at one time Ford, have over time consolidated their identity as world leaders in innovation; through their behavior and social practices they have continuously legitimized and protected their reputation in relation to their social contexts. For the MNC, competition for resources and innovation reflect its brand/identity. The changing nature of the international economy, stakeholders, and consumer demands require MNCs to constantly adapt to their environments; i.e. their interests in maintaining reputation.

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35 "Our Company Culture and Corporate Citizenship | P&G Careers."
36 Amsterdam Corporate Office, "Heineken® Unveils New 'When You Drive, Never Drink' Campaign Featuring Two Formula 1 World Champions."

These differentiating factors are also important for the way MNCs incorporate CSR and how they interact with states, other MNCs, and NGOs. Constructivists argue that actors who seek to legitimize their conceived identity are continuously competing to obtain "the power necessary to produce meaning in a social group."[37] The drive to perform has much to do with the way a company perceives its own behavior within its own social context. Conceptually, the acceptance of CSR as an identifying norm by other societal actors through engagement with MNCs, legitimises the MNC: MNC behaviors reinforce the identity and vice versa.[38] In practice, the perception of an MNC's social responsibility has been legitimized by the media, by states, and/or by other MNCs by, for example, receiving an award such as those for Climate Leadership (administered by the US Environmental Protection Agency (EPA)) or Best Corporate Citizen (administered by the Corporate Responsibility Magazine).

Today CSR remains a "contentious issue, where different world views and perspectives on the workings of the international system are at odds in a contest for legitimacy."[39] The US public relations firm, Richard Edelman, found that NGO 'brands,' such as Amnesty or Greenpeace, enjoy greater public trust than corporate brands.[40] However, even if states and NGOs do not accept every MNC as a global actor, an argument can be made that the legitimation of MNCs are not necessarily provided by social institutions or other non-corporate actors, but by those transnational actors within an MNC's own networks (for example production and wealth networks) that permit the exercise of global governance and spread of capital.[41] Nevertheless, it is evident that these CSR initiatives have social influences that are of increasing importance .

Conclusion

Although a company may diverge and diversify transnationally, across sectors, and products, their corporate identity and interests are linked to their brand and reputation. Recognizing the differences between MNCs identities and interests is important for understanding their interaction with other global actors and their influence on the states they operate in by taking on global, social projects. The example on corporate social responsibility provided in this section revealed not only how MNCs have adapted to changing international norms and

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[37] Hopf, "The Promise of Constructivism in International Relations Theory," 180.

[38] Dunne and Hanson, "Human Rights in International Relations," 64; Dickerson, "Human Rights: The Emerging Norm of Corporate Social Responsibility," 1433.

[39] Segerlund, *Making Corporate Social Responsibility a Global Concern: Norm Construction in a Globalizing World,* 1.

[40] Ruggie, "The Theory and Practice of Learning Networks: Corporate Social Responsibility and the Global Compact ," 30.

[41] Babic, Fichtner, and Heemskerk, 25-26.

standards to survive but have in the meantime contributed to solving social challenges. CSR also reveals that MNCs are willing and able to work alongside global actors in partnerships to achieve these. This is explored further in Chapter 3.

While it is important to *identify* the MNC as a global actor, it is not enough to do so. The following chapter looks at how MNCs interact in power dynamics in world politics.

Chapter 2: Power

Politics is the exercise of power — coercion, authority, allocation, and persuasion — among groups and individuals. The notion of civil society captures the idea that some sets of institutions or relations outside the government structure also engage in politics.[1]

Introduction

The post WWII era was state-centric, "shaped by capital controls, fixed exchange rates, and limited free trade agreements."[2] When the Bretton Woods system ended in 1971 and information and communication technologies quickly broke down cross-border obstacles, MNCs and other non-state actors became capable of performing the role of authorship over important issues and domains.[3] Globalization allowed a community of these actors to exercise legitimate authority through exerting a large presence in the global market. In addition, the internationalization and the trans-nationalisation of multinational corporation (MNC) production, led to the transformation of the international economy.[4]

Even though MNCs were growing at a rapid rate, IR scholars in the 1970s related the trend to American hegemony. For example, they argue that because the American state was successful in transforming the former Bretton Woods System, big businesses were able to thrive.[5] MNCs in this view are therefore observed as a result of a strong state power.[6] In recent years, however, MNCs have engaged in the setting of international standards in human rights and environment protection alongside international organizations (IOs) and non-governmental organizations (NGOs), despite the absence of a state to monitor or explicitly support the MNCs actions in the international arena.[7]

Contemporary MNCs are transnationally involved with the politics of the countries they operate in; transcending the power of their home state. Similarly, the larger the MNC, the more involved and powerful their political engagements are.[8] According to Nye, power is the "ability

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[1] Brysk, *Human Rights and Private Wrongs : Constructing Global Civil Society*, 15.
[2] Hall and Biersteker, 4.
[3] Hall and Biersteker, 4.
[4] Babic, Fichtner, and Heemskerk, 23.
[5] Babic, Fichtner, and Heemskerk, 25.
[6] Babic, Fichtner, and Heemskerk, 25.
[7] Hall and Biersteker, "The Emergence of Private Authority in the International System," 4.
[8] Geppert and Dörrenbächer, "Politics and Power in the Multinational Corporation: An Introduction," 6.

to influence behavior of others to get the outcomes one wants."[9] He argues that three sources of power are evident in modern world politics: military, economic, and soft.[10] These exist to different degrees in different relationships.[11] For example, MNCs do not have a forceful power akin to those of state militaries. They do however exhibit hard power qualities such as the use of threats, protection, alliances, coercion, and deterrence. This hard power is often used by MNCs toward states, non-governmental organizations (NGOs), international organizations (IOs), and other MNCs.

Today, it is societally and politically understood that MNC production decisions have "significant environmental implications" both nationally and globally, they have political influence significant enough to obtain subsidies, reduce their tax burdens, and shape public policy, while also having the power to affect the quality of life for millions of people by dictating working conditions, benefits, and wages.[12] Similar to realists, constructivists argue that power is material and related to the security of a given actor. However, they add to the realist thought by arguing that power is relational to the social context in which the power is used. They also discuss power in an ideational manner; claiming that norms and values are created by the interaction of states and non-state actors and therefore reshape state interests.[13] Hence, while power is considered an aspect of international relations, the power of an actor exists in relation to the norms and rules of the international system: i.e. a state is only as strong as other states value it to be. Material power such as gold or nuclear weapons are only interesting in respect to other states. For example, the US is much less threatened by the knowledge of five-hundred British nuclear weapons than the prospect of five North Korean ones because the UK and the US have a long-lasting relationship while the US and North Korea do not.[14] For the MNC material power lies in money and information. The MNCs economic/material power is simple: it lies in the form of capital and privatized resources.

This section argues that MNCs, like states, have the ability to influence the behavior of those they interact with, to achieve their goals and drive their interests; they do so by using four forms of power: Hard power, economic power, soft power, and normative power.

[9] Nye, "Soft Power," 2.
[10] Nye, 30.
[11] Nye, 30.
[12] Roach, "Corporate Power in a Global Economy A GDAE Teaching Module on Social and Environmental Issues in Economics," 1.
[13] Baker and Chandler, *Global Civil Society: Contested Futures*, 126.
[14] Wendt, Constructing International Politics, 73.

Hard Power

When states use hard power, it traditionally means that they are using either military or economic power to influence behavior in their favor. While MNCs are capable of exerting hard power through the use of threats, inducements and payoffs over states such as those in the Global South, they do not use militaries to do so. The Weberian conceptions of the state claims that states are in essence unique in their monopoly of "legitimate use of physical force within a given territory."[15] The use of force legitimates power and authority in which the state can rely on to establish legal codes upon their citizens. This however is absent in the supranational context. The absence of a global state, therefore, has led to the denial of military authority as a legitimizing power within the international setting.[16] Hence, while MNCs do not have a military capacity as states do to exert force to change behavior in their favor, it is unnecessary to do so: i.e. exerting force is not a necessary condition for power.

Furthermore, many International Political Economy (IPE) and New Constitutionalist (NC) scholars argue that MNCs exhibit the power necessary to exceed the state's power. New Constitutionalism, or the thought that 'transnational elites' have institutionalized global governance, suggests that legal practices on both a national and international level surpass – and are often separate from – the direct influence of nation states and their electorates on a global level. NC scholars contest state hegemony, and replace it with transnational hegemony, run by MNCs and other big, regional businesses. They claim that capitalism made MNCs and other large businesses too powerful for individual states to manage, requiring IOs and international laws to keep surveillance on finance and the global market.[17]

The use of military power is unnecessary for the MNC to exert power as well as for the international arena to recognize it. However, this thesis claims only that MNCs should be incorporated into IR, not that MNCs supersede the state in international relations. IPE scholars do however make the point that MNCs are using their power to drive international change in their favor. This is important for IR in that analyzing what happens in practice should be incorporated in theory. Therefore, the following sections on economic power, soft power, and normative power will discuss how MNCs use these forms of power in world politics.

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[15] Weber, "Max Weber: Politics as Vocation, 77-78"; Hall and Biersteker, "The Emergence of Private Authority in the International System," 3.

[16] Hall and Biersteker, 3.

[17] Gill, "New Constitutionalism, Democratisation and Global Political Economy," 31.

Economic Power

While economic power, like military power, falls under the hard power umbrella, the mechanisms employed by states differ from those used by MNCs. For the state, the primary currency of economic power over other states and actors is the usage of payments and sanctions, while inducements and coercion are used to achieve the goal.[18] While the MNC may also make use of direct payments, the use of sanctions is not a power available to them; other economic factors such as trade and investment however, are. As a result of the economic globalization, MNCs were afforded the authority to self-regulate and therefore surpassed the capacity of states and IOs to regulate them.[19]

Monetarily, MNCs dominate both their national economies and the global economy. Together, they account for half of global exports, a third of world GDP (28%), and a fourth of global employment.[20] MNCs have become equal and/or in many cases larger (in revenue) than many states. For example, in 2019 the top five Fortune 500 companies, Walmart (US), Sinopec Group (China). Royal Dutch Shell (Netherlands), China National Petroleum (China), and State Grid (China), made more than $2 billion in total revenue.[21] Individually, these five companies make more than many state governments (in terms of GDP) do. In other words, if Walmart were a country, it would rank 25th in the world with a total revenue of $514 bn.[22] If comparing Walmarts revenues to government revenues (2017), it would rank 11th in the world; ahead of the Government of Spain and narrowly behind the Government of India.[23]

Key here is the argument that Strange also makes: multinationals have become "central organizers of global economic activity and key decision-makers over who gets what, when, where, and how in the global marketplace."[24] For example, MNCs are recognized widely as crucial actors in the political economy of natural resources and have major bargaining power over those countries who harbor such resources.[25] In many countries such as Angola, Burma, the Democratic, Republic of Congo, Indonesia, Nigeria, Papua New Guinea, Sierra Leone, and South Africa, the extraction of resources such as oil or diamonds has inflated existing ethnic

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[18] Nye, "Soft Power," 31.

[19] SPERI Research Team, "Corporate Power & the Global Economy | SPERI," para. 9.

[20] Kim and Milner, "Multinational Corporations and Their Influence Through Lobbying on Foreign Policy," 1.

[21] "Global 500 | Fortune."

[22] McGee, "How Highly Would Walmart Rank If It Were a Country? A Comparison of Walmart Revenue to Nations' GDP," 1.

[23] "Field Listing :: Budget — The World Factbook - Central Intelligence Agency."

[24] SPERI Research Team, "Corporate Power & the Global Economy | SPERI," para. 4.

[25] Rosenberg, "Multinational Companies and the Political Economy of Natural Resources," 2.

or religious tension (if competition for resource control was present).[26] In cases where a link exists between US military intervention in natural resource rich countries and US corporate interests in the same countries, the connection between MNC resource extraction and conflict in states is one that significantly affects political outcomes. [27] MNCs use these resources and capital, among others, to gain leverage and influence the behaviors of states and the international community toward their own favorable outcomes. They may do so in the form of donations to political parties during elections, to infrastructure projects, or directly to the incumbent government.[28]

For example, in many countries that MNCs operate in, governments are heavily reliant on MNC investment and/or partnerships. Developing states are especially eager to welcome and engage with MNCs, as MNCs integrate permanently, provide large scale employment opportunities, develop state economies, and lead research and development (R&D) projects worldwide.[29] For example, 5 companies (GSK, Johnson & Johnson, Merck KGaA, Novartis and Sanofi) account for 63% of all global health R&D projects worldwide; having major influence on health policy worldwide.[30]

However, a paradox exists for the MNC. While on the one hand MNCs are often claimed to be the "most important driving force behind economic development, especially in underdeveloped regions," on the other hand MNCs are credited with exploiting developing countries through a sort of post-colonial, economic domination.[31] Therefore if human rights violations occur by an MNC in a given state, the economic power the MNC might hold over said state may force that state to turn its cheek. In such a case, the state may be too weak to ensure human rights and environmental protections for its citizens anyway. One such case occurred in 2008, when a pipeline belonging to Shell in Ogoniland, Nigeria, burst and leaked oil for weeks, causing thousands of people within the region to lose livelihood.[32] As a result, protests over oil pollution and poverty ensued, causing the then military-led regime in Nigeria to intervene.[33] Shell allegedly supported the crackdown on protesters by providing the military government with "material support, including transport, and in at least one instance paid a

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[26] Rosenberg, 4.

[27] Rosenberg, 3–4.

[28] Speck and Olabe, "Money in Politics: Sound Political Competition and Trust in Government," 14.

[29] Kim and Milner, "Multinational Corporations and Their Influence Through Lobbying on Foreign Policy," 2.

[30] Edwards, "Five Companies Are Carrying out 63% of the Most Urgently Needed R&D Projects - Access to Medicine Index."

[31] Pausenberger, "How Powerful Are the Multinational Corporations?," 130.

[32] Amnesty International, "Corporate Accountability | Amnesty International," para. 3.

[33] BBC, "Shell Accused of Abuses in Nigeria's Ogoniland - BBC News."

military commander notorious for human rights violations."[34] Amnesty International and other NGOs called upon the governments of the Netherlands and the UK to hold Shell accountable, yet were only semi-successful in their efforts when Shell agreed to an appeal in 2014.[35] Other similar examples include the accusations against Nestle in Colombia, Nike, Reebok and Walt Disney in China, and Union Carbide in India.[36] The latter saw the death of 8,000 people in the city of Bhopal after over 40 tons of lethal methyl isocyanate (MIC) gas spilled out from Union Carbide's pesticide factory.[37] The accident which occurred in 1984 was settled between the company and Indian government, however the site was never cleaned and some 100,000 people a year are still affected by the spill every year. [38]

Such cases are not uncommon and in some countries in the Global South, MNCs hold greater economic power than that of the state. However, according to constructivism, MNC power is relational to the setting and contexts for which it operates and engages in political activities.[39] Therefore, looking at *soft power*, or the power to get others to want the outcomes you want by co-opting them rather than coercing them, is important for MNCs.[40]

Soft Power

So far, this chapter has discussed power over states and how these may be exercised by MNCs through power resources such as economic and material resources. Others, such as information and political influence are also available to these actors. 'Complex interdependence' theorizes that some actors will have greater abilities than others to influence the shape and/or content of any given cooperation between actors, "even in situations where everyone gains from cooperation."[1] For MNCs an example of this might simply be that firms can offer assistance to political leaders in "defining problems, devising policies, and prioritizing objectives" toward states that the firm operates in.[41] As discussed in the previous sections, MNCs engage with some states, such as those in the Global South, in a way that forces the state to rely on the MNC. However, other power currencies such as those used in soft power are also used by MNCs to influence others into the outcomes they seek. "Soft power uses a different type of

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[34] BBC.

[35] Amnesty International, "Corporate Accountability | Amnesty International," para. 3.

[36] Ozden, "Transnational Corporations and Human Rights ," 12–13.

[37] Ozden, 13.

[38] Ozden, 13.

[39] Geppert and Dörrenbächer, "Politics and Power in the Multinational Corporation: An Introduction," 5.

[40] Nye, "Soft Power," 5.

[41] Milner and Moravcsik, *Power, Interdependence, and Nonstate Actors in World Politics*, 18.

currency (not force, not money) to engender cooperation – an attraction to shared values and the justness and duty of contributing to the achievement of those values."[42]

By discussing political influence through lobbying, information sharing, and business diplomacy, this section illustrates how MNCs use soft power to influence international relations.

Lobbying permits the MNC two consequential, political influences: first, the power to directly influence policy, policymakers, and political leaders and second, the power of policy agenda-setting. Considering the first influence, MNCs will often engage in political activities by contributing to political campaigns to try and convince political leaders to meet their demands. For example, the role of both American and international MNCs operating within the United States has been shed to light in recent years as many have vocally opposed and lobbied against President Trump's Administration for escalating "trade tensions, tightening of immigration restrictions, and disruption of global value chains."[43] This is not to say all MNC lobbying efforts are successful, rather that they do have significant influence on the outcome of certain policy outcomes. These policies range from economic policies such as trade, foreign investment, and exchange rates. MNCs have also been main advocates for the "inclusion of provisions protecting investment and intellectual property rights and liberalizing services in preferential trade agreements, as means to gain an edge over MNCs from other countries, which are excluded from the trade agreements."[44] MNCs have also been shown to lobby for national compliance at the supranational level, seeking compliance in World trade Organization (WTO) dispute settlement rulings.[45]

Another example of domestic lobbying occurred in 2018 when Apple's chief executive officer Tim Cook met with President Donald Trump to discuss budding challenges between China and the US.[46] Good relationships between the US (home country) and China (host country) would reduce the pressure and exposure of Apple to political risks, therefore it is in their best interest to lobby or attempt to mitigate the effects of trade and foreign policy.[47]

Another, more complex example, is that of tech companies. Companies such as Facebook dominates and controls the flow of information globally, which has major implications both for domestic politics and international relations. For example, in 2018,

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[42] Nye, "Soft Power," 7; Beyers and De Bruycker, "Lobbying Makes (Strange) Bedfellows: Explaining the Formation and Composition of Lobbying Coalitions in EU Legislative Politics," 962.
[43] Kim and Milner, "Multinational Corporations and Their Influence Through Lobbying on Foreign Policy," 2.
[44] Kim and Milner, 6.
[45] Kim and Milner, 6.
[46] Bloomberg, "Apple CEO Tim Cook to Meet President Trump over U.S.-China Trade War | Fortune."
[47] Iftinchi and Hurduzeu, "How Multinational Corporations Use Lobbying And Advocacy To Mitigate Political Risks."

Facebook's CEO and Founder Mark Zuckerberg testified to the US Congress for allegations against Facebook's role in helping Cambridge Analytica (at the time, by association, the Russian Government) to gain access to millions of Facebook's users data to influence the 2016 elections, BREXIT, and other elections.[48] In another example, Facebook admitted to failing to "foment division and incite offline violence" in Myanmar, where ethnic tensions were escalated through the social media platform.[49] Furthermore, in 2018 Facebook established partnerships with the Atlantic Council (a NATO-sponsored think tank), as well as the National Democratic Institute and the International Republican Institute (two US government think tanks from the Cold War era) to help combat "fake news" and protect US democracy from "foreign influence."[50] In this way, Roth argues that Facebook has become a tool of US foreign policy. The example of Facebook may also fall under hard power in that the company has the means to pour billions of dollars into data collection as well as gain access to millions of users.

MNCs may also attempt to influence domestic and foreign policy by engaging with industry associations and political action committees (such as those in the United States) to push issue topics forward. Outside lobbying, or "the use of public communication channels rather than exchanges with political elites," involves tactics such as "contacting journalists, issuing press releases, establishing public campaigns, and organizing protest demonstrations."[51] On top of this, MNCs can leverage support outside of government by promising future investments.

It is no surprise that political leaders will engage with MNCs from their home state. However, what is most important for international relations is when foreign MNCs interfere and lobby in host countries. There have been many cases of foreign MNCs lobbying to better the outcomes of policy toward their home state. For example, Japanese MNC, Kobe Steel spent over $1 million in US lobbying efforts in 2018 after the US and Canada threatened to seek legal actions for wrongdoings in production.[52] It is not clear how successful such initiatives are, as lobbying success is difficult to measure, however what is important here is that MNCs from foreign states have the ability to change policy outcomes worldwide and are therefore able to change international relations.

[48] Gertz, "Is Facebook Just a 'Tool'?"
[49] Stevenson, "Facebook Admits It Was Used to Incite Violence in Myanmar - The New York Times," para. 2.
[50] Roth, *Censored 2020* .
[51] Kim and Milner, "Multinational Corporations and Their Influence Through Lobbying on Foreign Policy," 7.
[52] Foreign Lobby Watch • OpenSecrets, "Kobe Steel"; BBC, "Japan's Kobe Steel Indicted over Quality Scandal - BBC News."

MNCs also partake in business diplomacy, which refers to the establishment and maintenance of business representatives "with foreign government representatives and non-governmental stakeholders (economic and non-economic) with the aim to build and sustain legitimacy (safeguard corporate image and reputation) in a foreign business environment."[53] MNCs develop their own business diplomatic capabilities. The purpose is to make an environment suitable for business and to reduce risk and uncertainty.[54] MNC representatives do so by dedicating teams solely tasked to analyzing geopolitical risks to their operations, identifying government stakeholders who shape those risks, developing multilevel networks of information and influence, "creating coalitions among the geopolitical stakeholders based on shared interests to put pressure on reluctant collaborators and marginalize 'problem actors'," and finally to integrate these findings into a corporate strategy.[55]

In practice, such representatives are often referred to as public affairs managers or government relations consultants. While business diplomacy is similar to lobbying, it is often much more informal and reliant on informal relationships and ties between company representatives and government officials. For example, a relationship between the Dutch Royal Family and Dutch MNC, Shell, existed for many years, as Queen Beatrix had up to 25 percent of shares in the company at one point.[56] These ties also often manifest in public-private partnerships, which will be discussed in the following chapter. However, if these ties are not already available, then when company representatives engage with governments, they may resort to lobby tactics or hire outside consultants to do so.[57]

Another way MNCs may exert soft power is when they are able to leverage information advantages such as expert and technical information over state policymakers.[58] The policy-makers, who are resource poor, are reliant on MNCs of which the nature of work provides them knowledge on the procurement of raw materials and resources, local politics and customs of states they operate in, and most important: technological innovation in advanced markets.[59] Policymakers rely on expertise and outside knowledge to make informed decisions on policy. In turn, policymakers can be influenced to make policy with favorable outcomes for the MNC. This interdependence – policymakers' reliance on information and knowledge sharing; MNCs

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53 Association of Accredited Public Policy Advocates to the European Union, "Increasing Business Diplomacy Effectiveness | Association of Accredited Public Policy Advocates to the European Union," para. 1.
54 Saner, "Effective Business Diplomacy ," 17.
55 Riordan, "Business Diplomacy: Shaping the Firm's Geopolitical Risk Environment," 1–2.
56 Forbes, "How Much Is Queen Elizabeth Worth?"
57 Speaking from first-hand experience working in a corporate public affairs team at HEINEKEN.
58 Kim and Milner, "Multinational Corporations and Their Influence Through Lobbying on Foreign Policy," 9.
59 Pausenberger, "How Powerful Are the Multinational Corporations?," 131–32.

on policy outcomes – ensures that both actors cooperate and co-depend on the other. What is more is that MNCs are interested in a variety of policy's ranging from foreign policy, economic policy, domestic policy, and a number of others depending on their sector and focus.

Furthermore, MNC decisions on lobby investments, business diplomacy, and policy intervention have a major implication for many policy issues world-wide.[60] This political influence has played out in many states, sometimes even in supranational settings (World Trade Organization (WTO)), through corporate lobbying efforts. States recognize that MNCs have knowledge and experience in countries and issue areas that policy makers of that state may not. This gives the MNC political power which helps drive its interests.

Soft power is also important in getting "others to buy into your values."[61] MNCs are often welcomed in the states that they operate in. They bring with them new jobs, information, pay taxes, and introduce modern technologies.[62] This expectation, or norm, offers MNCs what is called a normative power.

Normative Power

A rather contemporary look at power in IR is the concept of *normative power*. Normative power refers to an international actor and the "relevance of norms, perceptions, and roles" that actor may have within international relations.[63] It has been used most recently and most commonly, to define, direct, and legitimize the international role of the European Union (EU), specifically in how the EU has the ability to act as an actor in world politics and change the international community's idea of a norm.[64]

It has already been discussed that companies such as Toms and Tony's Chocolonely are founded for the purpose of tackling a social issue. Here the brand *is* the mission. More and more companies, such as United By Blue who focuses on ocean conservation, Kenco Coffee vs Gangs who teaches young Honduran kids to become coffee farmers instead of joining gangs, or Lush who creates unpackaged products for the purpose of reducing global waste, are gaining traction with consumers globally and sending messages to other companies to comply.[65] This has allowed these MNCs to interact with other global actors by contributing to social issues

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[60] Kim and Milner, "Multinational Corporations and Their Influence Through Lobbying on Foreign Policy," 1.

[61] Nye, "Soft Power," 5.

[62] Pausenberger, "How Powerful Are the Multinational Corporations?," 130.

[63] Gerrits, *Normative Power Europe in a Changing World: A Discussion*, 2.

[64] Savorskaya, "The Concept of the European Union's Normative Power."

[65] "Companies Solving Social Issues – Flux Trends."

such as human rights and environmental challenges. If NGOs like Greenpeace or WWF are recognized as international norm setters/spreaders due to their pursuit of social missions, then MNCs such as those mentioned should be as well.

Besides the normative power of CSR efforts from MNCs world-wide, an example of an MNC with the ability to act as an actor in world politics and change the international community's idea of a norm, is that of Facebook. Because Facebook has designed a universally adopted platform, it has changed the norm on international communication. Their policies on misinformation sharing and offensive content has shaped the international norm on freedom of speech and censorship. The same can be said for the majority of social media providers. In a recent case, both Twitter and Facebook flagged messages from President Trump, which sparked a global discussion on the power of these social media platforms: who holds the power on what can be said or not.[66] In this way social media MNCs have become a normative power.

Conclusion

The different power dynamics discussed above provides the MNC with power enough to play a distinct role as 'global' political actors. This chapter discussed the multiple power perspectives which can be applied to the MNC when considering its role in international relations and world politics. MNCs determine the level of productivity and prosperity in an economy, help spread new technology even if they do not develop it themselves, and its due to MNCs that the international system looks to find solutions to social problems (i.e. human rights violations, environmental issues, and others concerning race, poverty, and development).[67]

While this chapter did not discuss discursive power, it should be noted that discursive power is driven by actors' understanding of other actors' identities and therefore interests. "Actors are unable to act as its identity until the relevant community of meaning acknowledges the legitimacy of that action, by that actor, in that social context": hence, state recognition of MNC power, influence, and knowledge as a global actor solidifies and legitimizes the MNCs identity.[68] Most important to the concepts of power illustrated in this chapter is not how MNCs use this power, but how other actors perceive the consequences of it. The following chapter offers examples of these perceptions and how this may legitimize MNCs as a global actor.

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[66] Ortutay, "Facebook to Label All Rule-Breaking Posts - Even from President Donald Trump - ABC7 San Francisco."
[67] Pausenberger, "How Powerful Are the Multinational Corporations?," 130.
[68] Hopf, "The Promise of Constructivism in International Relations Theory," 178.

Chapter 3: Legitimization of MNCs as a Global Actor

MNCs set agendas, they establish boundaries or limits for action, they certify, they offer salvation, they guarantee contracts, and they provide order and security. In short, they do many of the things traditionally, and exclusively, associated with the state. They act simultaneously both in the domestic and in the international arenas. [1]

Introduction

This thesis has argued so far that MNCs ascribe to constructivist theory through the framework's idea of identities, interests, and power. While identity is integral to understanding MNCs in that it reveals their intentions and interests, it also gives them a platform in which to be identified as global actors capable of making changes at an international level. However, even after MNCs began both promoting human rights and engaging in rights violation prevention as well as contributing to other societal challenges, it took time, repeated behavior and practice before NGOs and states recognized and legitimized MNCs actions. Constructivism would claim that reducing the uncertainty that MNCs could function as a positive societal actor among other actors such as states, NGOs and IOs, within the contemporary, socially structured community, is crucial to increase those actors' confidence in the actions MNCs take.[2] Today, social and political actors such as states and NGOs collaborate with MNCs to address global challenges; llegitimizing the norm of MNC engagement in socio-political activities, and integrating this norm into MNC identity. The important argument here is that MNCs claim, perform as, and are recognized as legitimate by some larger public (that often includes states themselves) as authors of policies, of practices, of rules, and of norms.[3]

The following chapter discusses examples of contemporary cases where the international community has granted MNCs legitimacy and authority as global governance actors, by working alongside them. These are exhibited through *public-private partnerships* (PPPs). *Private authority* indicates either the allocation or transferring of public authority to private actors such as MNCs and/or other non-state actors. Transcending the public/private divide is crucial for the existence of private authority in that its assumed authority does not

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[1] Hall and Biersteker, 4.
[2] Hopf, "The Promise of Constructivism in International Relations Theory," 178.
[3] Hall and Biersteker, 4.

have to be pinned down to either public or private but can be accepted as any institution, public or private, exercising legitimated authority. If authority is legitimated through consent, and if power is unchallenged, private and non-state institutions are "implicitly legitimated as authoritative."[4]

While previous chapters discussed how MNCs have engaged in global issues, this chapter discusses the relationship between MNCs and the state and how this relationship has become increasingly co-dependent.[5] This notion is revealed in the following section and adds to the overall argument of the thesis in that it shows how theory has not yet accounted for the practice of MNCs in world politics.[6]

Public-Private Partnerships

The addition of MNCs as an actor involved in the international arena can be described as a shift from 'government' to 'governance.' The latter is characterised by cooperative relations in policy making between public and non-public actors, often embodied in 'public–private partnerships' (PPPs).[7] PPPs are described as collaborative and cooperative ventures between the state and private business. and initially began as partnerships within states that allowed the state to stimulate the private sphere into investing in 'inner-city infrastructure.'[8]
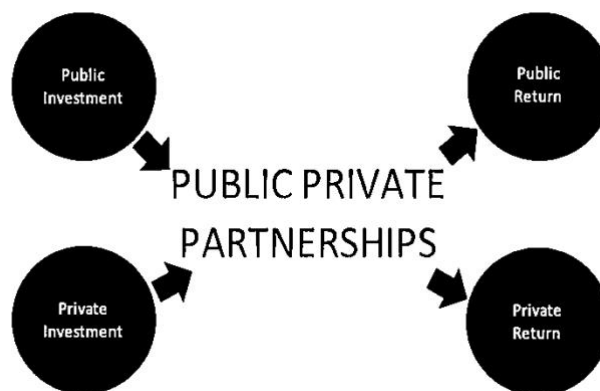

Figure 1

Figure 1 offers a visualization of the return scheme of PPPs. PPPs are beneficial for both parties, as states or other public actors can leverage the funds needed to drive policy, while the

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[4] Hall and Biersteker, 6.

[5] Babic, Fichtner, and Heemskerk, "States versus Corporations: Rethinking the Power of Business in International Politics," 22.

[6] Segerlund, 2.

[7] Papadopoulos, "Accountability and Multi-Level Governance: More Accountability, Less Democracy?," 1031.

[8] Linder, "Coming to Terms With the Public-Private Partnership," 35.

private sphere gains the public and media attention needed to both legitimize their role in social affairs and to make a profit. What is particularly interesting about PPPs is that they force the actors involved to "adopt characteristics and points of view that once defined and stabilized the identities of their counterpart."[9] For example, state actors in such arrangements are made to think and behave like entrepreneurs, while business actors must "embrace public interest considerations and expect greater public accountability."[10] Similarly, the rules and norms that have guided as well as divided the distinct sectors, have been blurred, allowing both to interact more confidently and efficiently. PPPs advocate new roles and innovative tools "for the public manager, leveraging private capital for policy initiatives."[11]

The purpose of such initiatives can come about for a variety of reasons and may combine a number of public and private interests. One reason may be that an MNC and a state may seek to address a problem that is important to both of them.[12] For example, technical innovations such as those immanent during the Cold War and Space Race or those currently sought after for cybersecurity, may be of vital importance for both private and public. Therefore, they may co-invest. Another reason may be that a public actor seeks to invest in public facilities and investment is attractive for the private actor i.e. infrastructure development such as national park facilities or highway development that the government cannot afford to pay alone.[13] A third reason may be that a public actor wishes to engage a private actor in order to pursue a public good or service, such as management of a public hospital or airport.[14] And finally, a private actor may seek to advance commercial interests while also realising a social and/or public interest and strengthening CSR. For example, Coca Cola creating a campaign for LGBTQ rights or Heinz having a business model of inclusive business for a particular agricultural commodity.[15]

The following section looks at a variety of contemporary MNC/NGO/state engaged PPPs to illustrate how cooperation across borders and in international relations does not only happen between businesses-to-businesses or states-to-states, but also through a combination and cooperative partnership between both.

9 Linder, 36–37.
10 Linder, 36–37.
11 Linder, 37.
12 PPP Lab: Food and Water, "Public-Private Partnerships: A Brief Introduction," 15.
13 PPP Lab: Food and Water, 15.
14 PPP Lab: Food and Water, 15.
15 Coca-Cola Company, "Coca-Cola Fosters Inclusive LGBTQ Community - News & Articles"; PPP Lab: Food and Water, "Public-Private Partnerships: A Brief Introduction," 15.

PPP Models

The PPPs discussed in the following section are all global in nature. However, PPPs also exist on a purely national level. For example, the Indian Department of Economic Affairs has a task force specifically allocated to address PPP development. Their partnerships with Indian MNC's and other big Indian businesses are often created for the purpose of development, such as building railroads, harbors, and promoting eco-tourism, to name a few.[16] PPPs such as the Global Development Alliance (GDA) is the model used by the United States Agency for International Development's (USAID) to help identify key international development problems, "mobilize and leverage resources and apply expertise to address development challenges, share responsibilities, risks and rewards with partners, and offer a compelling value proposition or return on investment."[17] USAID partners with American MNC's who can help fund projects abroad. Similarly, Concordia is a non-profit organization who acts as the middleman in fostering PPPs for the purpose of social impact. They bring awareness to key social issues and leverage resources from states and non-state actors to realize and relieve those issues. An issue of concern for Concordia is defense and diplomacy. Through summits and panels, the organization brings together public and private parties interested in, for example, helping to combat violent extremism, exploring options for open-source intelligence gathering, and in reinforcing diplomatic exchanges globally. MNCs roles in these are often resources such as capital, knowledge, and in some cases expertise, but other times such as in the following cases, they act as researchers and contributors to global challenges.

The United Nations (UN) relies on its partnerships with the private sector to help fund its development work around the globe.[18] To achieve the UN Sustainable Development Goals (SDG's) the UN has collaborated with over 80 media and entertainment companies worldwide to "leverage their resources" and achieve the goals.[19] One such partnership is the Global Compact (GC). The GC "engages the private sector to work with the UN, in partnership with international labor and NGOs, to identify, disseminate, and promote good corporate practices based on nine universal principles."[20] These principles are in line with those of the Universal Declaration of Human Rights, the International Labor Organization's (ILO) Fundamental

[16] Department of Economic Affairs, "Projects List - Public Private Partnerships in India."
[17] the Development Assistance Committee, "Global Development Alliances (GDAs), United States Agency for International Developmen," para. 2.
[18] Juliette Bennett, "Multinational Corporations, Social Responsibility and Conflict," (*Journal of International Affairs*, 2002), 403.
[19] UNDP, UNDP, "The 2030 Agenda for Sustainable Development, A/RES/70/1." 2020.
[20] Ruggie, "Global_governance.Net: The Global Compact as Learning Network," 371–72.

Principles and Rights at Work, and the Rio Declaration on Environment and Development. The GC is structured as a PPP and has been implemented as a policy framework for the "development, implementation, and disclosure of sustainability principles and practices […] all designed to help advance sustainable business models and markets."[21] The central goal of the GC focuses on challenging big businesses and MNCs to move away from focusing solely on catering to their shareholders and rather to move toward good corporate practices and CSR understood to be so by the broader international community.[22] This coincides with the idea that MNCs should step away from relying on their superior bargaining power over national authorities, such as those who are vulnerable i.e. poor and/or small states.

To join, companies were required to express their commitments to the UN. Within the first year after the kickoff in June 2000, some 400 MNCs worldwide engaged in the compact.[23] This showed that companies were aware of changing social expectations and moved beyond their initial inclinations. In broader terms, the purpose of the GC was meant to "advance global corporate social responsibility."[24]

The GC is particularly interesting in that it was initially heavily debated: many states believed that the UN ought to enforce a code of conduct for the MNCs. What the UN facilitated, rather, was the opportunity for big businesses and states to collaborate and cooperate on both a national and global level. MNCs could therefore engage with states to solve social issues involving development, climate change, and human rights, strengthening their position as international actors.[25] The commitments included: advocating the compact and the nine principles it stood for, post on the GC website at least once a year discussing that years outcomes, and to join the UN in partnership projects to benefit development in Global South states.[26]

Alongside the UN, other IOs such as the World Bank have created numerous initiatives to enhance security for companies willing to invest in undeveloped, riskier parts of the world.[27] The World Bank encourages states to engage with foreign MNCs and to pursue policies that will help strengthen ties between MNCs and local businesses. While this is not directly a PPP,

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[21] "Overview of the UN Global Compact," 1.

[22] Ruggie, "Global_governance.Net: The Global Compact as Learning Network," 372; "Overview of the UN Global Compact," 1.

[23] Ruggie, "Global_governance.Net: The Global Compact as Learning Network," 372.

[24] Ruggie, "The Theory and Practice of Learning Networks: Corporate Social Responsibility and the Global Compact ," 31.

[25] Ruggie, "The Theory and Practice of Learning Networks: Corporate Social Responsibility and the Global Compact "; Kell and Ruggie, "Global Markets and Social Legitimacy: The Case of the 'Global Compact,'" 103.

[26] Ruggie, "The Theory and Practice of Learning Networks: Corporate Social Responsibility and the Global Compact ," 31.

[27] Bennet, multinational Corporations, 403.

it does however show that international organizations recognize the importance of linking MNCs and states and encourage their engagement in partnerships.

Other models of PPPs such as Product Development Partnerships (PDPs) or Public Social Private Partnerships (PSPPs) are created for specific goals. PDPs are designed for the purpose of aggregating funding for the development of drugs, vaccines, and other health tools as public goods through partnerships between public, private, academic, and philanthropic sectors.[28] Although they are non-profit partnerships, MNCs are actively engaged in contributing to them. Such MNCs include pharmaceutical companies, as their expertise lies closer to the goals of PDPs. For example, the PATH Malaria Vaccine Institution (MVI) partnered with both British pharma MNC GlaxoSmithKline (GSK) and Dutch biotech MNC Crucell independently to create a first-generation Malaria vaccination.

Similarly, pharmaceutical companies have also partnered with the World Health Organization (WHO) in accelerating work on neglected tropical diseases. The increase of medicine and medical donations by the pharma industry including MNCs such as Johnson and Johnson, Bayer, and Merck Sharp & Dohme (MSD), allowed NGOs and other intervention groups to scale-up and increase access of high-quality medicines to millions of people worldwide, free of charge.[29] The WHO has also partnered with the Bill and Melinda Gates Foundation as well as the Rockefeller Foundation are examples of for-profit organizations working toward combating global challenges and acting as investment organizations for development.

PSPPs, on the other hand, are simply designed for the purpose of including social actors such as NGOs or civil society actors. An example of such a partnership is EQUAL Community initiative which included European MNC's, EU member states, and the European Social Fund (SFU) for the purpose of finding common labor market challenges and tackling discrimination and disadvantage in the labor market by promoting gender equality, including asylum seekers, increasing employability, etc..[30]

[28] Lin, "The Value of Product Development Partnerships - The National Bureau of Asian Research (NBR)," para. 1.
[29] World Health Organization, "WHO | Contribution of Pharmaceutical Companies to the Control of Neglected Tropical Diseases"; Mebendazole, "Essential Medicines Donated to Control, Eliminate and Eradicate Neglected Tropical Diseases."
[30] European Commission, "About EQUAL."

Conclusion

Throughout the history of International Relations (IR) the role of multinational corporations (MNCs) in world politics has been significantly underestimated and underexplored. However, influential scholars such as Joseph Nye and Susan Strange have both made claims for the incorporation of the global actors in IR. Nevertheless, over the last 50 years very little derivative literature has been written. Much of the literature used for this thesis, therefore, exists outside of the IR discipline. This proved to be both a strength and limitation to the thesis. Because IR is an interdisciplinary discipline, the lack of literature only advanced the argument that more attention to MNCs should be paid. It did however limit the thesis in that there was little guidance for general theory use, let alone constructivism, to incorporate MNCs.

Even though IR academia largely disregarded MNCs as an important area of study in the discipline, this thesis finds it essential to include the MNC when discussing or researching state-to-state interaction. This thesis therefore sought to explore and justify how MNCs could be incorporated in IR. As it served as the best existing theory within IR to do so, this theory used constructivism to explain the various ways in which MNCs could fit into the IR discipline.

Chapter 1 analysed the constructivist concepts of identities and interests in shaping the behavior of MNCs and how this impacts the perception of the MNCs in relation to other global actors such as states and NGOs. What this thesis found is that MNCs are heterogenous actors with differing identities and interests across sector and brand. The thesis presented *brands* as the identity, and *reputation* as the interest of the MNCs.

Using the example of corporate social responsibility (CSR) to drive the argument, the chapter analysed MNCs use of CSR, specifically in cases of human rights, to discuss how MNCs have adapted their corporate brands and reputation to changing international norms and standards, to survive. This chapter has two important implications for international relations. First it implies that MNCs have incorporated CSR into their businesses, which by definition makes them involved in solving societal challenges normally solved by states and nonstate actors. The second implication is in distinctions. By distinguishing between MNCs and their branding, different interests are revealed. These will have significant impacts on the kinds of CSR projects they partake in, and in the kind of policy change they pursue. The pursuit of policy change, both domestically and internationally, is an important discussion for IR in that it has a direct impact on how one state interacts with another. If MNCs direct their focus on

changing foreign trade policy in their home state toward a certain state they operate in (host state) and succeed, this has major consequences for the host state.

Chapter 2 discussed the various power dynamics used by MNCs both in their interaction domestically and globally. The chapter looked at four power dynamics in world politics: hard power, economic power, soft power, and normative power. It argues that while MNCs were afforded the authority to self-regulate, they surpassed the capacity of the state and international community to regulate them. In cases where states are small, or underdeveloped, MNCs are often relied on to invest in infrastructure and development projects. However, in such circumstances the state may find it challenging to hold the MNC accountable in cases where the MNC violated human rights or contributed to environmental damages. This chapter discussed instances of both material and ideational power employed by the MNC. Most importantly, this thesis revealed cases of MNCs influencing both domestic or international policy and norms by means of coercion. The case of Facebook proved to be an interesting example of power in that it transcended all forms of power discussed in the chapter.

This chapter is important for IR in that it reveals the power and influence some MNCs have beyond economic power; even over some countries. A realist might argue that the power held by MNCs provides them with a distinct role in world politics. However, constructivists argue that power is relational to the contexts for which the power is exerted. Therefore, this thesis found it necessary to discuss the legitimization of MNCs as a global actor, in practice.

While Chapter 1 and 2 discussed the MNCs capacity to perform the role of authorship over important issues and domains in world politics, Chapter 3 discussed the relationship of NGOs, states, and MNCs through the practice of Public-Private Partnerships (PPPs) and other such partnerships. These examples revealed that MNCs have been legitimized in practice by others within their social contexts, including NGOs and states.

Finally, this thesis acknowledges that MNCs have not been a central actor in IR because most IR scholars focus on analyzing the interaction of states. However, other disciplines have made use of theorizing big businesses and MNCs on global affairs and dynamics. Based on the research laid out in the chapters of this thesis, it seems clear if anything, that MNCs are major global players that influence both their home and host states, the global political economy, and the international norms and ideas of global affairs. This thesis maintains that if MNCs are engaged in, identify as, and have the power to enact societal change, aid in international challenges, and act as a global, political actor, then they too should be included in the study of International Relations.

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