

Global Policies and Local Practice: Loose and Tight Couplings in Multi-Stakeholder Initiatives

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ABSTRACT: This paper extends scholarship on multi-stakeholder initiatives (MSIs) in the context of corporate social responsibility in three ways. First, I outline a framework to analyze the strength of couplings between actors participating in MSIs. Characterizing an MSI as consisting of numerous local networks that are embedded in a wider global network, I argue that tighter couplings (within local networks) and looser couplings (between local networks) coexist. Second, I suggest that this coexistence of couplings enables MSIs to generate policy outcomes which address the conditions of a transnational regulatory context. I argue that MSIs' way of organizing enables them to cope with three challenges: the stability, flexibility, and legitimacy of governance. Reflecting on these challenges, the article identifies a number of problems related to MSIs' role in transnational governance. Third, I discuss the UN Global Compact as an illustrative case and examine problems and opportunities related to its stability, flexibility, and legitimacy.

KEY WORDS: multi-stakeholder initiatives, corporate social responsibility, global governance, loose coupling, network theory, local networks

INTRODUCTION

MANY OF TODAY'S SOCIAL AND ENVIRONMENTAL PROBLEMS reflect transnational governance challenges (Doh, 2005; Scherer & Palazzo, 2008). Governance voids persist because there is an imbalance between the almost borderless operations of transnational corporations (TNCs) and the absence of enforceable regulations across borders (Ruggie, 2004). Neither nation states (whose jurisdiction is still largely territorially bound) nor intergovernmental organizations (who depend on, often unwilling, nation states for implementation) are currently able to adequately address these voids. This limited regulatory authority of nation states and the growing ambiguity of jurisdictions in the transnational sphere are characteristics of the so-called post-Westphalian setting (Kobrin, 2009; Santoro, 2010).

Because a system of transnational legally enforceable law is not realistic at the moment (Ruggie, 2002), several governance voids have been addressed through multi-stakeholder initiatives (MSIs). MSIs reflect self-regulatory governing arenas, which often operate on a transnational scale and are based on the voluntary contributions of participants (Utting, 2002). MSIs address a variety of social

and environmental problems by bringing together corporations and civil society organizations as well as, in some cases, governments, labor organizations, and academia (Fransen & Kolk, 2007). Examples of MSIs related to the corporate social responsibility (CSR) agenda include the UN Global Compact (Rasche, 2009a), the Global Reporting Initiative (Etzion & Ferraro, 2010), and the Extractive Industries Transparency Initiative (Kolstad & Wiig, 2009). These initiatives have proliferated in recent years and reflect, as Waddock (2008a) remarks, an emerging institutional infrastructure for addressing social and environmental problems.

The interdisciplinary literature on MSIs has discussed the role of TNCs and civil society organizations in institution building (O'Rourke, 2006; Tamm Hallström & Boström, 2010; Utting, 2002), has assessed the legitimacy of these initiatives (Mena & Palazzo, 2010), and has also criticized their lack of accountability (Fransen & Kolk, 2007; Utting, 2002). Despite these advances, further theory development is hampered by the agent-centered discussion putting too much emphasis on types and characteristics of actors but leaving the processes of organizing within MSIs underexplored. This is problematic because the organizational dynamics underlying MSIs may influence their impact on governance problems as much as the types and characteristics of participating actors.

Addressing this research deficit, this article suggests that MSIs organize participants in ways that looser and tighter couplings between actors *coexist*. More precisely, I argue that an MSI can be characterized as a network of networks: an assemblage of local networks which, as a whole, form a global network (see below for a definition of the term "network" in this context). My analysis demonstrates that while tighter couplings prevail within local networks, the global network is based on looser couplings. I argue that this coexistence of couplings allows MSIs to cope with three challenges that are frequently discussed in the recent CSR literature: the stability, flexibility, and legitimacy of governance in the post-Westphalian regulatory setting. Overall, I suggest that the coexistence of loose and tight couplings within MSIs creates a variety of functions and dysfunctions for organizing transnational governance.

My arguments rest on and contribute to three different, yet interrelated, scholarly discourses. First, my discussion is embedded into the wider discourse on CSR. While CSR theorizing has developed significantly over time (Carroll, 1979; Swanson, 1999; Wood, 1991), recent contributions focus on the political dimension of CSR conceptualizing the corporation as a participant in collaborative (global) governance processes (Scherer & Palazzo, 2007). Although this perspective highlights the multi-actor nature of CSR, it has not yet discussed how such multi-actor governance stretches across interrelated levels of analysis. This article addresses this deficit, as it develops a framework to understand how multi-actor governance on the global level relates to collaborative implementation activities on the local level. Second, I contribute to the emerging discussion of MSIs in the context of CSR. While existing contributions have focused on the impact of MSIs and the types of actors involved (Hemmati, 2002; O'Rourke, 2006), my focus on couplings among actors highlights the underlying (local) organizing processes. This complements the existing discussion of MSIs as global phenomena (Fransen & Kolk, 2007) with a focus on their local embeddedness.

Third, this article also contributes to the scholarly debate on tight and loose couplings (Orton & Weick, 1988, 1990; Weick, 1976, 1979, 2001). Although the strength of couplings has been discussed in organization theory (Beekun & Glick, 2001; Luke, Begun, & Pointer, 1989), it has not been utilized in the context of MSIs. While different types of network theories have been used to study interactions between businesses, governments, and civil society (Bled, 2010; Dahan, Doh, & Guay, 2006; Lucea, 2010), I employ Weick's concept of loose coupling for two reasons: Firstly, whereas some network theories emphasize actors' positions in networks (e.g., the structural holes literature), loose coupling logic highlights the organizing processes underlying the interplay between specialization and integration (which I apply in the MSI context). Secondly, loose coupling logic identifies characteristics of the strength of couplings, which is of importance in the context of my analysis. Exploring the strength of couplings in the context of MSIs is valuable, because it helps to understand the interplay of interdependence and independence between different governance actors.

The next section begins by laying the theoretical foundation for the analysis through a discussion of the three relevant discourses: CSR, self-regulation through MSIs, and the logic of loose/tight couplings. Section three applies and combines these theoretical insights by developing a framework that discusses the coexistence of tighter and looser couplings in MSIs. The fourth section outlines the implications of this coexistence of couplings for the stability, flexibility, and legitimacy of MSIs. In section five I discuss the UN Global Compact as an illustrative case. I focus on the Global Compact, as it is, with over 10,000 participants, the largest MSI in the area of CSR (data as of July 2012). I apply the theoretical framework to the Global Compact and, based on this, uncover problems and opportunities related to its stability, flexibility, and legitimacy. This section also discusses the applicability of the presented arguments to other MSIs. The last section discusses implications of my findings and outlines an agenda for further research.

THEORETICAL BACKGROUND AND LITERATURE REVIEW

Corporate Social Responsibility

There is no strong consensus on what exactly CSR entails as a theoretical concept (McWilliams, Siegel, & Wright, 2006). Here I refer to CSR as an umbrella term that defines the responsibilities of business firms towards their stakeholders and the natural environment and describes how these responsibilities are operationalized (Waddock, 2008b). Early discussions of CSR were focused on specific levels of application. Carroll (1979) highlighted that a firm's economic responsibilities are limited by its legal obligations, followed by ethical expectations and a discretionary desire for philanthropy. Wood (1991) distinguished CSR principles on three levels of analysis: the institutional level (covering businesses general obligations), the organizational level (covering businesses responsibilities related to specific activities), and the individual level (covering managers as moral actors). Reframing Wood's work, Swanson (1999) added a stronger normative dimension to these levels by stressing the role of executives' personal values in shaping organizational cultures capable of

responding to the law and ethical expectations. Although these models emphasize the general multi-level nature of CSR, their primary point of reference remains the national corporation. Hence, there is a lack of concern for the interplay between global policies and local practices in this part of the literature. When considering that transnational soft law is increasingly complementing national law (Kobrin, 2009), it is important and timely to understand how ethical responsibilities (to use Carroll's terminology) are shaped by interactions between actors on the global and local levels.

Recent theorizing has put more emphasis on a multi-actor approach. For instance, Scherer and Palazzo (2007) frame CSR as a political concept that is discursively constructed through public deliberation among a variety of actors. Their notion of "political CSR" is based on the idea that CSR transcends the corporation—"corporate responsibilities are analyzed as resulting from the corporation's embeddedness in a context of changing societal institutions." (Scherer & Palazzo, 2007) Such a perspective shifts the focus of CSR from corporate reaction to stakeholder pressures to an analysis of firms' participation in (global) governance processes. Particularly in the context of global business activity, where nation states often miss sufficient influence on corporate policies, there is need to discuss CSR as a process comprising actors from multiple domains (Palazzo & Scherer, 2006). By now, a rich literature discusses the interactions between corporations, civil society actors, and governments (see Kourula & Laasonen, 2010 for an overview). It has also been emphasized that a politicized conception of CSR needs to be sensitive to different levels of analysis (Aguilera, Rupp, Williams, & Ganapathi, 2007), because the governance challenges that CSR addresses and the resulting interactions between public and private actors are not limited to the national level.

What becomes evident from looking at the CSR literature is that, while we have understood the need for multi-actor analysis, we have not yet sufficiently theorized how a multi-actor perspective on CSR connects global policies (e.g., as embedded in MSIs) with localized implementation behavior. By theorizing the interplay of actors within MSIs across global and local levels, this study builds upon and extends the politicized conception of CSR. The presented arguments conceptually link the participation of multiple actors in global initiatives to contextualized local CSR activities.

Multi-Stakeholder Initiatives

The multi-actor governance approach underlying the politicized conception of CSR has been discussed under a variety of labels, including global public policy networks (Benner, Reinicke, & Witte, 2003), global action networks (Waddell, 2011), non-state market-driven governance systems (Bernstein & Cashore, 2007), international accountability standards (Gilbert, Rasche, & Waddock, 2011), and MSIs (Koenig-Archibugi, 2004; O'Rourke, 2006). This scholarly discourse discusses the rich variety of voluntary initiatives blending public and private actors in the context of addressing social and environmental problems. In line with existing debates in the CSR community (Mena & Palazzo, 2010; Roloff, 2008; Utting, 2002), this article uses MSI as an umbrella term for these initiatives. MSIs can be defined as a collaborative form of

governance for CSR issues voluntarily involving an array of stakeholders, which, as a whole, cross the state/non-state and profit/non-profit boundaries (see also Fransen & Kolk, 2007; Hemmati, 2002). Possible actors within MSIs include: (transnational) firms, civil society organizations, trade unions, academic institutions, national governments, and intergovernmental organizations. Based on multi-stakeholder processes, MSIs define, implement, and enforce rules that direct corporations' behavior with regard to social and environmental issues. Although MSIs are based on multi-stakeholder dialogues, both are not the same thing. Multi-stakeholder dialogues can be limited to a single firm, while multi-stakeholder engagement in the context of MSIs is aimed at setting rules that should be abided by many firms.

When contrasting MSIs with other forms of business regulation, it becomes clear that such initiatives relate to a soft law approach (Vogel, 2010). Contrary to hard law, which is based on legal sanctions and rooted in public authority, soft law is based on the voluntary participation of actors (Kirton & Trebilcock, 2004; Mörth, 2004) and derives its force from societal expectations and, in some cases, evaluations by external audiences (Cashore, 2002). Although participation in MSIs is *de facto* voluntary, participants are expected to comply with the underlying rules once they have joined an initiative. In cases of non-compliance, participants can face non-legal sanctions (e.g., refusal of certification). MSIs are just one possible type of soft law, while softer forms of legalization are also reflected in numerous other institutional arrangements (see Abbott & Snidal, 2000 for an overview).

Although MSIs are similar insofar as they include actors from various domains, they also differ in a variety of ways. The existing literature distinguishes four complementary types of MSIs in the context of CSR (Gilbert et al., 2011; Waddock, 2008a): (1) MSIs defining broad principles of engagement and offering learning platforms for the exchange of best practices (e.g., the UN Global Compact; Rasche & Kell, 2010), (2) MSIs offering reporting frameworks for communicating and assessing non-financial information (e.g., the Global Reporting Initiative; Etzion & Ferraro, 2010), (3) MSIs outlining criteria for certification (e.g., SA 8000; Stigzelius & Mark-Herbert, 2009), and (4) MSIs standardizing management processes related to CSR (e.g., ISO 26000; Tamm Hallström & Boström, 2010). While the present analysis is applicable to all four types of MSIs, it focuses on those initiatives that have established national or regional participant clusters over time (see the discussion below).

The literature discusses a variety of advantages and disadvantages of MSIs. Whereas some scholars have pointed to MSIs' fragile nature (e.g., because of power imbalances during rule-making; Tamm Hallström & Boström, 2010), others have argued that such initiatives reflect relatively stable institutional spaces in which experts from different domains can interact (Detomasi, 2007; Rasche, 2009b). MSIs' flexibility and their resulting adaptiveness to local circumstances has also been discussed as an advantage (Ruggie, 2004), whereas others have criticized the lack of stringency and comparability that follows from this flexibility (Gulbrandsen, 2012). MSIs have been also lauded for their ability to create legitimate solutions to global governance problems (Kirton & Trebilcock, 2004), while some initiatives have been criticized for their lack of inclusiveness and resulting lower levels of legitimacy

(Black, 2008). What has remained largely unexplored so far are the (dis)advantages of MSIs when focusing on their concern for bridging global solutions to social and environmental problems with local practices. This paper fills this research gap by focusing on the processes of organizing underlying MSIs and by theorizing them as being based on loose and tight couplings among participants.

The Nature and Strength of Couplings

Weick (1976) argues that loose coupling implies that coupled elements are in some way responsive to each other, while, at the same time, they also uphold their own identity and logical separateness. Loose coupling does not indicate decoupling (Meyer & Rowan, 1977). Rather, loose coupling occurs if the coupling mechanisms still exist but are weak. It is the equal and simultaneous existence of separateness and responsiveness as well as coordination and independence that characterizes loose coupling. The word *coupled* in the phrase “loosely coupled” denotes that elements are linked with each other and thus preserve a degree of determinacy, while the word *loose* suggests that elements can change swiftly and thus also maintain a degree of indeterminacy (Orton & Weick, 1990). Focusing on loose coupling does not imply to fully dispense with the existence of tighter couplings. It would be naïve to claim that all couplings between elements in a system are loose (Weick, 2001). It is a matter of degree and context (and not exclusiveness) as to whether the loose or tight nature of couplings within a given system prevails (Kaplan, 1982).

The concept of loose coupling needs to be specified in a given research context. To characterize something as a “loosely coupled system” it is necessary to define which elements are loosely coupled. Weick (2001) refers to Miller’s definition of a system: “A system is a set of interacting units with relationships among them. . . . The state of each unit is constrained by, conditioned by or dependent on the state of other units. The units are coupled” (Miller 1978: 16). The loose coupling concept has been a key one in organization studies. Scholars have applied the general logic of loose/tight couplings to a variety of research contexts. For instance, prior research has discussed the strength of couplings between individuals (Luo, 2005), organizations and their environments (Weick, 1979), and intentions and actions (Thomas, 1984). This paper follows those scholars who have examined the strength of couplings between organizations (see, e.g., Beekun & Glick, 2001; Luke et al., 1989).

Following the analyses of Weick (1976, 1979, 2001) as well as Orton and Weick (1988, 1990), I suggest that the strength of coupling is influenced by four characteristics of the relationship between elements. First, loose coupling exists if there is a low *frequency of interaction* between elements. If elements interact on an irregular basis, and hence affect each other occasionally rather than constantly, loose coupling is likely to be found, while the degree of coupling increases with the frequency of interaction (Weick, 2001). Second, loose coupling can also be caused by *indirect relationships* between elements (Weick, 1976). For instance, if two organizations do not communicate directly, but only via a third party, their relationship becomes loosely, rather than tightly, coupled. Relationships are loosely coupled because elements fail to exercise control in an uninterrupted way, therefore decreasing their

ability to directly respond to each other (Orton & Weick, 1990). Firestone (1985), for instance, suggests that loose coupling is likely to occur in hierarchies because of the missing direct relationships between people operating at distant hierarchical levels.

Third, loose coupling occurs when a high *degree of causal indeterminacy* exists. Causal indeterminacy implies that there is “disagreement among observers on interpretations of means-ends connections” (Orton & Weick, 1988: 13). High causal indeterminacy means that people disagree about how their environment functions or should function. As a consequence, the coordination of actions becomes difficult which, in turn, causes looser couplings. The existence of indeterminacy is related to divergent and selective perception. This is because people in different organizations not only focus on different parts of the environment but also interpret these parts in their own way (March & Olsen, 1976). The result is that their knowledge about potential cause and effect relationships differs, causing diverse reactions to similar external stimuli.

Fourth, loose coupling is also caused by the existence of *non-immediate effects* (Weick, 2001). Non-immediate effects cause a lag between a stimulus by one coupled element and the response by another element. Luke et al. (1989), for instance, suggest that non-immediate effects often characterize interorganizational relationships creating “quasi firms” instead of tightly coupled networks. The absence of immediate responses fosters looser couplings because coupled elements are better able to sustain their distinctive nature. By contrast, couplings are tightened when immediate effects between elements exist (e.g., when feedback is given on time).

TIGHT AND LOOSE COUPLINGS IN MSIS: TOWARDS A FRAMEWORK

This section first describes the multi-level nature of MSIs, which is important as my argumentation suggests that the strength of couplings varies according to the level of analysis. Based on this, I develop a theoretical framework suggesting that MSIs organize participants in a way that looser and tighter couplings coexist.

The Multi-Level Nature of MSIs

While some MSIs operate without any explicit national/regional groupings of participants (e.g., SA 8000), the present analysis is focused on those initiatives that embed local participant clusters into a wider global network (see Table 1 [pp. 686–87] for an overview of relevant examples). This multi-level nature of MSIs reflects the understanding that “global governance is conceived to include systems of rule at all levels of human activity” (Rosenau, 1995: 13), thereby increasing MSIs’ ability to address governance problems on a global scale, while, at the same time, remaining responsive to local conditions (Kell & Levin, 2003; Ruggie, 2004). I characterize the groupings of participants on the local level as “local networks,” whereas I describe the overarching entity in which these local networks are embedded as a “global network.” Understood in this way, an MSI is reflected by the global network in which a variety of local networks are embedded. The resulting multi-level nature of CSR is, as argued above, not yet well understood.

Table 1: Exemplary Overview of Local and Global Networks in the Context of MSIs

Multi-stakeholder Initiative	Date of Creation	Main Issue(s) Being Addressed	Global Network	Local Networks
UN Global Compact	2000	Human rights, labour rights, environmental sustainability, and anti-corruption	A global multi-stakeholder, albeit business-led, network reaching more than 130 countries. A central Global Compact Office and various other entities (e.g., a Donor Group) govern the global network.	Global Compact Local Networks (GCLNs) aimed at contextualizing the Compact's principles in specific country contexts. GCLNs are hubs for local partnerships and multi-stakeholder dialogue.
Global Reporting Initiative	1997	Sustainability reporting in line with the triple-bottom line	A global multi-stakeholder network with over 600 registered participants from more than 50 countries. A Secretariat and other governance entities run the global network.	Regional Network Program (RNP) aimed at uniting national/regional stakeholders to form local reporting communities. The RNP also harmonizes GRI guidelines with national reporting standards.
Global Water Partnership	1996	Sustainable development and management of water resources	A global multi-stakeholder network with more than 2300 participants from around the world. A Global Secretariat together with other governance entities manages the global network.	Country Water Partnerships (CWPs) promote multi-stakeholder dialogue on the ground and develop solutions, which are tailored to the specific local conditions.
Principles for Responsible Investment	2006	Responsible investment decisions	A global multi-stakeholder, albeit business-led, network with more than 850 participants. A central Secretariat oversees the global network; an Advisory Council governs the initiative.	PRI Local Networks aimed at providing a platform for sharing ideas and best practices in the context of a specific country; also aimed at engaging with local policy makers.
Global Fund to Fight AIDS, Tuberculosis, and Malaria	2002	Fight against AIDS, tuberculosis, and malaria	A global multi-stakeholder network uniting business, government, and civil society. A Fund Secretariat runs the global network, while a Board (together with other entities) exercises governance.	Country Coordinating Mechanisms (CCM) promoting multi-stakeholder solutions on the ground. CCMs are supposed to reflect local ownership and participatory decision-making.

Multi-stakeholder Initiative	Date of Creation	Main Issue(s) Being Addressed	Global Network	Local Networks
Forest Stewardship Council	1993	Sustainable forest management	A global multi-stakeholder network involving NGOs and businesses. The global network is coordinated through a Headquarter and governed by a General Assembly and a Board of Directors.	National Initiatives supporting the development of national forestry standards and providing country-based information about the FSC; also active in training and fundraising.
Transparency International	1993	Anti-corruption	A global multi-stakeholder network operating in more than 90 countries. The global network is overseen by a central Secretariat and governed by a Board of Directors as well as an Advisory Council.	National Chapters bringing together multiple stakeholders on a local level to promote transparency in business activity, elections, and public administration.
World Business Council for Sustainable Development	1992	Sustainable development and climate change	A global multi-stakeholder, yet business-run, network comprising participants from over 30 countries. Two central Secretariats manage the global network; a Global Executive Council governs the initiative.	National and Regional Networks in around 55 countries are supposed to provide a local platform to engage with other members and to implement project-based initiatives under the Council's umbrella.
Extractive Industries Transparency Initiative	2002	Transparency around money transfers in the extractive industries	A global multi-stakeholder network fully active and functioning in 11 countries, while 24 countries remain candidate countries. A multi-stakeholder board oversees the initiative on a global level.	National Networks aimed at setting up and organizing multi-stakeholder groups, which steer and oversee the national implementation process and contextualize the global standards.

Local networks have evolved under different names (e.g., country networks, local coalitions, national chapters). Their primary aim is to contextualize the rather abstract principles underlying the wider global network. Local networks are usually responsible for implementing MSIs' global policies on the ground and they also facilitate multi-stakeholder dialogue processes. For instance, while the Global Water Partnership has defined globally valid principles, there are more than seventy-four country water partnerships, which involve multiple stakeholders in creating solutions that are tailored to the specific national context (Global Water Partnership, 2009). Many local networks have emerged naturally, largely because participants felt the need to organize themselves into clusters that could better account for the context of implementation. Most local networks have built their own governance mechanisms over time, usually reflecting the stakeholder groupings represented at the global level (Waddell, 2011).

Global networks can be characterized as a “network of networks” in the sense that they are responsible for coordinating actions across local networks (Gilbert, 2010). Often, global networks contain an entity that runs the MSI as a whole and oversees the actions of local networks. For instance, Transparency International’s network of National Chapters is managed by an international secretariat that organizes cross-border initiatives (Transparency International, 2011). Organizations participating in MSIs can also engage directly in global network activities (e.g., via global working groups). Engagement opportunities on the global level are supposed to lead to solutions that can be applied to the entire MSI. For instance, organizations participating in the GRI can become part of a Regional Network, while participants can also engage in global advisory groups, which aim at developing the overall reporting framework (Global Reporting Initiative, 2011).

To provide definitional clarity there is need to discuss what constitutes a network in the context of the present analysis. Both global and local networks can be understood as a subcategory of interorganizational networks. Interorganizational networks are defined as long-term relationships between autonomous (usually legally separate) organizations, which are connected through sustained social relationships and/or common goals (Thorelli, 1986; Williams, 2005). This definition stresses the fact that although network members are autonomous entities who are linked together, they share common goals in terms of what they view as a desirable outcome of their cooperation (Dahan et al., 2006) and in some cases even adopt a collective identity (Daskalaki, 2010). What distinguishes the networks analyzed in this study from other types of interorganizational networks, such as strategic firm networks, is (a) that they are governed in a multi-stakeholder way by a mix of actors from different domains, (b) that they include non-profit organizations, and (c) that they are explicitly focused on finding solutions for social and environmental problems by defining and enforcing relevant rules (see also Fransen & Kolk, 2007; Hemmati, 2002; Roloff, 2008).

The Coexistence of Tight and Loose Couplings in MSIs

This section argues that while tighter couplings prevail between participants within local networks, looser couplings exist within the global networks (i.e., among organizations from different local networks). The discussion is guided by the abovementioned four influences on the strength of couplings between organizations, which are now discussed in the context of MSIs’ global and local networks. The analysis shows why the four influencing factors lead to looser inter-network and tighter intra-network couplings within MSIs. The resulting framework for discussion is depicted in Table 2. The framework helps to understand how a multi-actor approach to CSR stretches across global and local levels of analysis. To signify that the strength of coupling should be judged on a continuum (Weick, 1976), I refer to the terms “looser” and “tighter” couplings.

Frequency of Interaction

Based on Weick’s (2001) claim that a higher frequency of interaction among coupled elements causes tighter couplings, I suggest that the frequency of interaction among

Table 2: Framework to Discuss the Strength of Couplings in MSIs

	High	Low
Frequency of Interactions	Local Networks (tighter couplings)	Global network (looser couplings)
Degree of Existence of Direct Relationships	Local networks (tighter couplings)	Global network (looser couplings)
Degree of Causal Intimacy	Global network (looser couplings)	Local networks (tighter couplings)
Degree of Existence of Non-Immediate Effects	Global network (looser couplings)	Local networks (tighter couplings)

participants is higher in local networks (leading to tighter couplings), while global networks will face a lower frequency of interactions (and hence looser couplings). The frequency of interaction in local networks is likely to be higher, since spatial proximity among network participants limits the range of possible contact points and reduces the transaction costs of maintaining relationships (Granovetter, 1973). Spatial proximity is also positively related to frequency of interaction, because proximity enables knowledge spillovers within local networks (Wallsten, 2001), which in turn improves coordination and leads to tighter couplings among participants (Torre & Gilly, 2000). By contrast, global networks can be expected to rest on looser couplings, since the frequency of interaction is restricted by the limited accessibility to the overall network due to longer geographical distances that need to be overcome before interactions can take place. For instance, multi-stakeholder interactions in the context of the global ISO 26000 network were restricted by participants’ inability to bear the cost of travelling to attend meetings around the world (Tamm Hallström & Boström, 2010).

A higher frequency of interaction in local networks is also caused by the need to translate the global policies of the MSI into context-specific solutions. While the global network usually sets the general direction of the MSI, local networks have to contextualize this information. Existing research has demonstrated that developing context-specific solutions requires gathering and sharing more detailed information (e.g., on the local regulatory environment), which, in turn, entails more frequent interactions with those participants who hold the relevant information (Hansen, 2002; Putman, 1993). Tighter couplings in local networks reduce the search and transfer costs related to the exchange of detailed information and hence facilitate the sharing of contextualized knowledge (Uzzi, 1997). By contrast, looser couplings are usually associated with higher degrees of uncertainty regarding the reliability of other participants and hence impede the transfer of fine-grained knowledge (Aldrich, 2000).

Degree of Existence of Direct Relationships

Following Weick’s (2001) argument that the existence of direct relationships influences the strength of couplings, I suggest that actors in local networks are connected more directly (causing tighter couplings), while organizations in global networks tend to have more indirect relationships (causing looser couplings). Participants in local networks usually have direct access to other participants who are needed to collectively implement localized solutions. By contrast, participants in the wider global network are less likely to interact directly, as they often rely on advocates to

represent their interests. For instance, participants in Transparency International's National Chapters interact directly (e.g., to develop local standards of conduct), while participants from different National Chapters interact primarily through advocates representing their interests within the wider global network (Transparency International, 2011). Such indirect contact among participants from different local networks is sufficient in the context of the wider global network, as the bridging function of couplings, to establish links between different networks, can be provided by loosely structured relationships (Granovetter, 1973).

Local networks can also be expected to show direct interactions because they are limited in their reach, both geographically (in terms of physical distance) and cognitively (in terms of the issues that are perceived as relevant). In such a network setting there is less need to mediate the relationships between actors via advocates, since (a) the participant base is easier to oversee and (b) the needed trustful relationships for running the local network are unlikely to emerge when participants do not directly engage with each other (Friedkin, 1998; Tsai & Ghoshal, 1998). Trust-based information, which reduces the uncertainty associated with collective action, is often derived from direct interactions among participants (Portes, 2000). For instance, the Regional Networks of the World Business Council for Sustainable Development (WBCSD) are based on direct partnerships among participants, as they are supposed to facilitate mutual, trust-based exchanges between stakeholders (World Business Council for Sustainable Development, 2009).

Degree of Causal Indeterminacy

According to Orton and Weick (1990), looser couplings are caused by a high degree of causal indeterminacy (see also Weick, 1976). I argue that the degree of causal indeterminacy is lower in local networks (causing tighter couplings), while global networks can be expected to face more causal indeterminacy (causing looser couplings). Causal indeterminacy can be expected to be lower in local networks, since the existence of a clear reference point (e.g., a nation state) reduces the uncertainty around means-ends connections regarding the issues that are addressed by the local network. For instance, the GRI's Regional Network Program aims at harmonizing the reporting framework with existing national standards (Global Reporting Initiative, 2011). Such harmonization is based on rather clear means-ends connections (i.e., existing regulations around non-financial reporting), which lowers the related uncertainty and makes coordination among participants easier (Faulkner & Anderson, 1987). The resulting lower degree of uncertainty around means-ends connections supports tighter couplings within local networks, while relationships between organizations in global networks are characterized by higher degrees of uncertainty (e.g., because problems, solutions, and actions are harder to relate to each other; March, 1987).

Lower causal indeterminacy in local networks is also influenced by network density (Weick, 1976). Density refers to the relative number of couplings that organizations participating in a network share, compared to the total number of all possible couplings (Rowley, 1997). Local networks can be expected to reflect a higher density, because organizations participating in local networks maintain a higher proportion

of couplings compared to the overall number of possible couplings (largely because local networks have fewer participants which maintain closer relationships). Oliver (1991: 171) suggests that dense networks create common behavioral expectations, since they “provide relational channels through which institutional norms can be diffused” (Oliver 1991: 171). The resulting shared cognitive frames reduce causal indeterminacy within local networks and allow for better coordination. This enhanced ability of participating organizations to coordinate their behavior supports the creation of tighter couplings (see also the related discussion by Dahan et al., 2006).

Degree of Existence of Non-Immediate Effects

According to Weick (2001: 383), loose coupling occurs when coupled elements affect each other “eventually (rather than immediately).” I suggest that interactions in local networks produce more immediate effects (leading to tighter couplings), while interactions in global networks are likely to generate delayed responses (leading to looser couplings). Immediate effects occur in local networks because participating organizations work on both design and implementation of the underlying activities. For instance, the Country Water Partnerships operating under the umbrella of the Global Water Partnership not only define priority issues in their respective countries, but they also work on implementation (Global Water Partnership, 2009). The resulting direct link between the design and implementation of collaborative activities generates more immediate responses and tightens the couplings among participants (see also Orton & Weick, 1988). By contrast, global networks only define broader areas of interest for the entire MSI but usually do not engage directly in implementation. As a result, design and implementation are less closely related leading to non-immediate effects, such as when an issue is defined globally but pushed down into local networks for contextualization and implementation.

The interrelated nature of design and implementation within local networks also enhances the identification of participants with the local network. Because results can be directly related to participants’ collaborative activities, they will find it easier to identify with “their” local network and its relevant activities. Recent research has demonstrated that the degree of organizational identification is positively related to the strength of couplings among organizations (Jones & Volpe, 2011). Hence, in the context of local networks the existence of more immediate effects can be expected to strengthen the identification of participants with the network and, as a result, generates tighter couplings among participants.

THE EFFECTS OF TIGHT AND LOOSE COUPLINGS: THE STABILITY, FLEXIBILITY, AND LEGITIMACY OF MSI-BASED GOVERNANCE

My analysis now moves to the question of what *effects* the coexistence of tight and loose couplings has for MSI-based governance in the context of the post-Westphalian order. The post-Westphalian order characterizes a governance context in which nation states’ regulatory authority is often limited due to the transnational nature of social and economic interactions (Falk, 2002). The premise of the Westphalian system, that nation states have authority to regulate, is challenged by the context of globalization

in which non-state actors are increasingly involved in governance. This is not to say that there once was a time in which nation states were vested with full sovereignty and had complete control over their territories (Scholte, 2005). Multi-actor forms of governance, which *complement* state and inter-state governance arrangements, have existed for a long time (Wiener, 1999). The post-Westphalian order only points to the increasing scale and scope of these forms of governance.

I suggest that the coexistence of loose and tight couplings creates functions and dysfunctions for MSIs in the context of the post-Westphalian order. As illustrated in Table 3, the mix of couplings positively influences the stability, flexibility, and legitimacy of MSIs and, as a result, allows these initiatives to respond to some of the challenges of the post-Westphalian context. However, the mix of couplings also impedes the stability, flexibility, and legitimacy of MSIs. The identified functions and dysfunctions should be understood as *tendencies* existing on a continuum; they do not represent deterministic predictions. They show that multi-actor approaches to CSR face problems as well as opportunities when theorizing them in the context of the global-local link.

The analysis focuses on MSIs' stability, flexibility, and legitimacy for the following reasons. First, the stability of MSIs has been controversially discussed, largely because the inclusion of different actors can potentially create fragile governance solutions (Tamm Hallström & Boström, 2010). Second, the need to contextualize global rules has been identified as a challenge for MSIs, since the necessary flexibility can have counter-productive effects (Gulbrandsen, 2012). Third, MSIs' legitimacy has been subject to much debate and analysis, mostly because the inclusion of non-state actors in rule-making has raised concerns about their lack of embeddedness in established democratic mechanisms (Mena & Palazzo, 2010). Overall, the stability, flexibility, and legitimacy of MSIs reflect important challenges requiring further analysis and discussion.

Stability

Since both state and non-state actors exercise governance in the post-Westphalian order, one key challenge for MSIs is stability. Stability, here, refers to the persistence of network ties among participants despite the existence of internal or external challenges (Tichy, Tushman, & Fombrun, 1979). Collaboration between actors, who are often not used to talking to each other, can be difficult (Risse, 2005). What, then, if an MSI does not function as planned (e.g., because actors do not find a basis for collaboration)? A loose coupling between actors from different local networks is beneficial in this context, because problems in single networks can potentially be sealed off and thus do not negatively affect other networks (see also Weick, 1976). Loose coupling enhances the stability of the wider global network since problems in single local networks are unlikely to create negative spillover effects. For instance, in 2009 civil society members of the EITI local network in Niger announced their decision to postpone their participation until further notice due to sustained harassment against activists who were campaigning for enhanced transparency (Publish What You Pay, 2009). While this decision impeded operations in the local EITI network,

Table 3: Functions and Dysfunctions of MSIs in the Post-Westphalian Governance Setting

MSI-based Governance Dimension	Function	Dysfunction
Stability	Looser Couplings: Help to seal off problems in single local networks, which then do not negatively affect the wider global network of the MSI.	Looser Couplings: Can hinder solutions to potential problems within local networks via interventions (as influences from the outside are weak).
	Tighter Couplings: Facilitate collective action on the ground and hence create stability and continuity of governance on the local level.	Tighter Couplings: Can make it hard to seal off problems between stakeholders in local networks creating potential negative effects for the entire local network.
Flexibility	Looser Couplings: Potentially enable localized adaptations of the global principles underlying MSIs and hence facilitate contextualized solutions.	Looser Couplings: Can create opportunities to shirk, because flexibility can be misused in the absence of tighter controls within the overall MSI.
	Tighter Couplings: Support implementation efforts of localized policies, as participants interact more frequently around specific projects and partnerships.	Tighter Couplings: Can impede inter-network learning, since localized policies are harder to share and apply across the wider MSI network.
Legitimacy	Looser Couplings: Facilitate a decentralized type of deliberation to achieve moral legitimacy by retaining independent sensing schemes.	Looser Couplings: Impede integration of deliberations from different networks hampering truly global discourses on governance problems.
	Tighter Couplings: Help ensure that participants frequently exchange arguments and good reasons, address conflicts, and share information.	Tighter Couplings: Can potentially lead to a “closed club” approach, where voices of fringe stakeholders are not much considered.

it did not negatively influence operations in other local networks. The downside of this is apparent: If problems in single local networks can be sealed off, it will be also difficult to fix potential problems in these networks (as influences from the outside are weak). Hence, although the entire global network remains stable, the coordination of actions on a transnational level is harder to achieve since lasting links between participants from a range of local networks are difficult to establish.

While looser inter-network couplings enhance the stability of MSIs, tighter intra-network couplings facilitate collective action on the ground and hence create stability and continuity on the local level. Tighter couplings increase interdependencies among local participants fostering network integration and trust. However, tighter couplings in local networks can also be problematic, because problems between different stakeholder groups (e.g., conflicting agendas) can hardly be sealed off and may affect the entire local network. As summarized in Table 3, MSIs’ way of organizing seems to be particularly appropriate for providing stability across multiple levels of governance and in the context of multi-actor collaboration.

Flexibility

Many of the arising governance problems in the post-Westphalian setting are new and complex (Sindico, 2006), particularly as they cross borders and are referring to domains that are still under research (e.g., global warming). Real-life solutions to some of these problems are influenced by local particularities (e.g., religious norms) and thus cannot be approached through a one-size-fits-all regulatory men-

tality (Bernstein & Cashore, 2007). Some of the governance problems can only be meaningfully considered when regulations are adapted (a) to local circumstances and (b) over time. The loosely coupled nature of MSIs' wider global network can help to perform such adaptations. As Weick argues, "a loosely coupled system may be a good system for localized adaptation" (Weick 1976: 7). However, the mere possibility to achieve local adaptations is useless, if there is no implementation of localized policies on the ground. The coexistence of tighter couplings in local networks supports implementation efforts because participants interact more frequently around specific projects.

But, as illustrated in Table 3, the possibility of local adaptations also creates problems. If links among local networks are loose, it is harder to identify weakly performing entities. In the absence of frequent interactions and direct communication between networks, it is hard to assess and benchmark the performance of participants in a particular local network. As a result, the flexibility of governance can potentially create opportunities to shirk (Abbott & Snidal, 2000). For instance, the Russian National Initiative of the Forest Stewardship Council (FSC) has been criticized for not issuing certification reports and lacking transparency (FSC Watch, 2007). As FSC National Initiatives are only loosely coupled to the wider global FSC network, it is hard to resolve such problems through increased inter-network control and regulation.

Legitimacy

The increased power of non-state actors in the context of the post-Westphalian setting raises concerns about the legitimacy of these actors' decisions and actions (Cutler, 2001; Santoro, 2010). Due to the politicization of the corporation and the transnational character of some governance problems, the predominant form of legitimacy in the post-Westphalian context is moral legitimacy (Palazzo & Scherer, 2006). Moral legitimacy rests on deliberation and is constructed through open communicative processes between multiple parties (Suchman, 1995). According to Dryzek, "the most appropriate available institutional expression of a dispersed capacity to engage in deliberation that helps determine the terms of discourse in the international system is the network" (Dryzek 1999: 48).

Loose couplings between local networks support a *decentralized* type of deliberation, while tight couplings within networks ensure that participants frequently exchange arguments and good reasons, address conflicts, and share information. Fung (2003) argues that decentralized deliberation helps to address transnational problems, because it (a) yields results which would likely be rejected as universal demands, (b) considers differences in economic development contexts, and (c) helps to manage unintended consequences of results by including local feedback mechanisms. Loose coupling between local networks supports decentralized deliberation because it allows organizations to develop "sensitive sensing mechanisms" (Weick, 1976: 6). Participants in local networks can retain their independent sensing schemes and thus know "their" local environment better. Decentralized deliberation relies on the resulting local knowledge and allows actors to exchange arguments about local

problems. Although interpretations of similar local events can differ among actors (e.g., between firms and NGOs; see Lucea, 2010), the possibility of continuous deliberation enhances acceptance among those who have to live with the results of the discourse (Cohen & Rogers, 1998).

There are two downsides to this discussion. First, since couplings between local networks are loose, integration of deliberations from different networks may be more difficult. While deliberation in general “can cope with fluid boundaries, and the production of outcomes across boundaries” (Dryzek, 1999: 44), this advantage cannot be played out very well in the context of MSIs. Second, as illustrated in Table 3, tighter couplings between participants in local networks can potentially lead to a “closed club” approach, where voices of fringe stakeholders are not much considered. Ideally, deliberation requires participation of *all* affected parties and equality among them (Cohen, 1997). While some MSIs have been criticized for their missing inclusiveness on the local level (e.g., the Global Compact; see below), other initiatives have installed governance structures to ensure a balanced representation of stakeholder groups. For instance, FSC National Initiatives have to ensure that stakeholders represent at least three chambers (i.e., economic, social, and environmental) and that decisions need the support of each chamber (Dingwerth, 2008).

ILLUSTRATIVE CASE: THE UN GLOBAL COMPACT

The UN Global Compact: A Network of Networks

To focus the discussion and to provide an illustrative example of an MSI, I refer to the UN Global Compact. The Global Compact is the world’s largest voluntary CSR initiative with nearly 7,000 active business participants and over 3,200 non-business participants from over 130 countries (as of July 2012). Participating firms are asked to align their operations with ten universal principles in the areas of human rights, labor standards, the environment, and anti-corruption. The Global Compact brings together business actors, local and global NGOs, trade unions, UN agencies, and academic institutions. The idea is to initiate a constructive dialogue among multiple stakeholders on how to best implement the ten principles (Ruggie, 2001). Business participants have to submit an annual Communication on Progress (COP) report. These reports summarize participants’ activities in support of the Global Compact. Failure to submit a report leads to a delisting of the corporation from the Global Compact database. So far, more than 3,600 firms have been delisted (as of July 2012). The Global Compact has received significant scholarly attention and fostered critical debate (see, e.g., Baccaro & Mele, 2011; Deva, 2006; Rasche, 2009a). The following analysis contributes to and extends this debate by focusing on the strength of couplings between participants—a dimension that has not been discussed up to this point.

The Global Compact consists of over ninety-five local networks. Whelan defines such networks as “clusters of participants who come together voluntarily to advance the Global Compact and its principles at the local level” (Whelan 2010: 318). Different economic, cultural, religious, and linguistic needs across nations and regions require reflections about how to root the ten general principles in these contexts (Kell & Levin, 2003). Although the majority of local network participants

are businesses, networks also include NGOs, trade unions, academic institutions, UN agencies, and government entities. Local networks provide platforms for multi-stakeholder dialogue to facilitate mutual understanding among participants and to coordinate joint efforts.

The Global Compact can be characterized as an extensive “network of networks” (viz., a global network with many nested local networks; Gilbert, 2010). Representatives from the business world, the UN system, NGOs, and trade unions jointly govern this global wide network through an advisory board. The board offers strategic advice on how to develop the initiative and also initiates important changes (e.g., the addition of the tenth principle on anti-corruption in 2004). The Global Compact Office oversees this global “network of networks” but does not control or enforce policies. Participants from local networks can engage directly with the global network by joining global working groups (e.g., on human rights) and issue-specific initiatives for collective action (e.g., on climate change; see below).

*Looser and Tighter Couplings and the UN Global Compact:
The Climate Change Case*

In the wake of discussions around global warming and climate change, the Global Compact started to put this issue on its agenda in 2007. The Compact’s policies on countering climate change were first introduced into the wider global network and then “pushed down” into local networks (UN Global Compact, 2007). To initiate first actions, the global network launched a platform called “Caring for Climate.” This initiative aims at setting the agenda for developing climate change solutions in the context of the Global Compact and is open to participants from different local networks (Fussler, 2010). Caring for Climate intends to “mobilize business on a global scale to take a stand and develop a strategy for energy efficiency” (UN Global Compact, 2010a: 2) through dialogue and sharing of best practices.

The Caring for Climate platform connects Global Compact participants from a variety of local networks and is based on looser inter-network couplings. The *frequency of interaction* in the context of this initiative is low. Since 2007, participants have been meeting on an annual basis to exchange knowledge on climate change solutions and to lobby for binding global climate agreements (e.g., through joint statements prior to Conference of the Parties meetings). So far, 350 participants from various local networks have joined Caring for Climate accounting for 5 percent of all Global Compact participants (as of July 2012). As spatial proximity between Caring for Climate participants is low (increasing the transaction costs of maintaining interactions), the low frequency of interaction is not surprising. As a result, *direct relationships* are limited to the annual meetings. Caring for Climate interacts with local networks through networks’ focal points (i.e., an organization in charge of local coordination) leading to non-direct relationships with participants in these networks (UN Global Compact, 2010a, 2010b).

Caring for Climate faces rather high *causal indeterminacy*, since the potential number of explanations for solutions increases when participants from different local networks engage with each other (because the national context cannot filter

solutions). As a result, the coordination of actions is difficult and often relies on general commitments. For instance, participants commit to “building significant capacity within our organizations to understand fully the implications of climate change for our business” (UN Global Compact, 2010a: 5). As national legislation regarding low-carbon business operations varies (King, 2011), there will be different interpretations of this commitment leading to higher causal indeterminacy and looser couplings. Couplings in the context of Caring for Climate are also loose, because activities related to such a global platform produce lagging or *non-immediate effects*. The sharing and replication of best practices is slowed down by the existence of indirect relationships, a high causal indeterminacy, and a low frequency of interaction. Although a global replication of best practices is possible and has also been observed (Fussler, 2010), the created effects emerge slowly and with delays (for example, because the implementation of innovative low-carbon technologies is often influenced by national legislation; see also Giddens, 2009).

While Caring for Climate aims at establishing inter-network relationships, local networks also responded directly to the debate on low-carbon business models through intra-network actions. After the climate debate occurred on the Compact’s global agenda, local networks started to launch relevant activities (e.g., related to energy efficiency and life-cycle assessments). Numerous local networks offered a mixture of interaction formats on climate-related topics (e.g., partnership projects and learning events) and thus ensured a high *frequency of interaction* between participants (UN Global Compact, 2008, 2010c, 2011). For instance, the South African local network facilitated an Energy Efficiency Accord with the government to address the National Energy Efficiency Strategy that was released in 2009. To assist companies in meeting the identified target (15 percent energy reduction), there were regular meetings to share best practices on investments in energy efficiency. Numerous other networks (e.g., South Korea, the UK, and Germany) also organized activities around climate change. The German network, for instance, identified climate change as one of its core topics and offered coaching sessions for businesses that wanted to learn about reducing carbon emissions. Because of the underlying geographic proximity and the manageable size of local networks, such interactions were based on *direct relationships* between participants (see also Whelan, 2010).

Local networks’ climate-related activities reflected a lower degree of *causal indeterminacy* and thus tighter couplings. Participants’ familiarity with the local institutional environment lowered the likelihood that divergent perspectives turn into sustained problems. For instance, the Nordic network approached climate change based on the recognition that “Nordic companies have a deep-rooted preference for non-authoritarian management systems, decentralized decision-making and the empowerment of individual employees. . . . In line with this general approach to corporate responsibility, climate change has not been conceived merely as a risk, but increasingly as a business opportunity” (UN Global Compact Nordic Network, 2009: 7). As a result, collective action in the Nordic network emphasized the business case for climate-related actions and focused on the contributions of individuals (e.g., by reducing emissions through rethinking business travel). Tighter couplings were also reinforced by the existence of fairly *immediate effects* of participants’

collaboration. While effects were often delayed in the context of Caring for Climate (see above), climate-related actions in local networks were organized by focal points which ensured timely implementation. For example, a business association spearheaded the activities on energy savings in South Africa.

*Effects of Looser and Tighter Couplings
in the Context of the UN Global Compact*

The discussion of couplings in the context of the Global Compact's intra- and inter-network climate change activities reveals insights on the initiative's stability, flexibility, and legitimacy. Although local networks initiated a variety of initiatives on climate-related issues, it is also clear that networks showed different levels of activity, ranging from highly frequent actions (e.g., in Japan) to the complete absence of activities (e.g., in Paraguay; UN Global Compact, 2010c). Due to the existence of looser inter-network couplings, problems with inactive local networks were easier to isolate resulting in *stability* for the overall initiative. However, looser inter-network couplings also made it harder to encourage underperforming local networks to become more active.

Looking at *flexibility*, local networks responded in very different ways to the climate agenda. Responses usually reflected networks' idiosyncratic local context (e.g., the Pakistani network raised awareness for the effects of a changing climate on poverty; UN Global Compact, 2010c). Responses also differed in terms of the types of activities, ranging from the organization of learning events to the creation of partnership projects. While such adaptations were useful to increase the relevance of local actions, the underlying flexibility also impeded the integration of activities across local networks.

In the post-Westphalian setting, organizational *legitimacy* must be (re)produced through deliberation. The Compact's network-based structure supported decentralized deliberations, since tighter couplings in local networks allowed for contextualized discourses about climate-related challenges. Tighter couplings also enhanced trust and thus created a supportive environment for discourses (e.g., when sharing information on how energy is saved or used more efficiently). Reflecting on her experiences in the German network, Helmchen states that regular controversial and frank discussions among participants were "enriched by external experts and topical inputs, but defined by an in-group feeling of trust, mutual respect and common purpose" (Helmchen 2010: 357). Such deliberations helped to enhance the legitimacy of networks' localized activities. However, not all local networks were inclusive enough for deliberations to produce legitimate results; the Nordic network, for instance, only included businesses and business associations.

*Broadening the Discussion:
Looser and Tighter Couplings in the Context of Other MSIs*

The developed theoretical framework can also be used to analyze and discuss the strength of couplings in other MSIs. Whereas the magnitude of the four identified dimensions will vary across MSIs, I suggest that the core argument of this article—

that global networks lean towards looser couplings, while local networks tend to establish tighter couplings—is relevant for all MSIs with multi-level operations (see Table 1). For instance, Boström (2011) shows that the frequency of direct interactions among stakeholders in the FSC’s National Initiatives is high, largely because the local adaptation process of the general FSC standards requires an ongoing dialogue with indigenous people, local communities, and workers. As Karmann and Smith emphasize, “the encouragement of a more participatory forest policy process is often highlighted as an important benefit in countries which have undergone a national FSC certification standard setting process” (Karmann & Smith, 2009: 219). However, replicating these interactions in the context of the FSC’s global network represents a challenge, not only because of the lower frequency of meetings, but most of all because many participants are remotely located (e.g., indigenous NGOs) making it too costly for these actors to contribute to global network activities (Soderström & Boström, 2010). This challenges the legitimacy underlying the FSC’s global network.

Another example is the EITI, an MSI involving governments, companies, and NGOs to establish transparency around firms’ payments to governments in the extractive industries. Participating countries have to set up local networks to contextualize the EITI’s global standards (Hauffer, 2010). Although the EITI provides general implementation guidance, local networks have to embed the standards into their business environment and thus reduce the related causal indeterminacy. For example, local networks need to decide whether removing confidentiality clauses in contracts between governments and companies is necessary in the context of national legislation. The resulting flexibility has led to a wide adoption of the EITI and has increased transparency in resource extraction. However, this flexibility has also created problems, as national standards remained vague in some cases (e.g., when trying to decide how to measure physical volumes of oil to prevent theft; Ocheje, 2006).

IMPLICATIONS, CONCLUSIONS, AND FUTURE RESEARCH DIRECTIONS

This paper builds bridges between three scholarly discourses: the literature on CSR (advancing in particular the most recent literature on political CSR), discussions on MSIs in the context of transnational governance, and the debate on loose and tight couplings. My analysis contributes to the three discourses in different (yet interrelated) ways. First, I complement political CSR’s emphasis on multi-actor governance (Scherer & Palazzo, 2011) with a multi-level perspective highlighting connections between global and local activities. Second, I extend the scholarly debate on MSIs (Tamm Hallström & Boström, 2010) by offering a theoretical framework to analyze the strength of couplings within these initiatives and, based on this, to identify their functions and dysfunctions. Third, my arguments also inform the discourse on loose coupling in organization theory (Weick, 1976) by emphasizing the coexistence of tighter and looser couplings in the context of transnational network-based organizational structures. Based on these contributions, I outline implications of the discussion. I frame these implications as challenges for future research and practice.

Challenge 1: Enhancing Global Coordination within MSIs

On the one hand, the coexistence of tight and loose couplings within MSIs reconciles the need for flexibility of governance with the necessity for institutional stability. On the other hand, this coexistence also indicates that the strengths of MSIs are at the same time their weaknesses, particularly when considering the demands created by the post-Westphalian order. MSIs are often lauded for providing *global* platforms to address social and environmental problems (Fransen & Kolk, 2007). However, the analysis shows that there is need to better coordinate activities across local networks to address global problems in an organized way. While tighter couplings on the local level allow MSIs to impact specific national contexts, well-coordinated global action is unlikely to emerge without strengthening the couplings between local networks.

This is not to say that looser inter-network couplings are a problem. Loose couplings are essential as they bridge otherwise unconnected parts. Without loose couplings, momentum generated by one local network cannot spread *beyond* this network. Future research has to analyze how MSIs can better reconcile the need for loose couplings with the need to coordinate and integrate networks' actions globally. Two research questions seem particularly important: First, we need to better understand whether a regional network layer would strengthen coordination across local networks (e.g., the Global Compact has started to initiate regional meetings). Second, there is need to investigate whether web-based solutions can help to strengthen couplings between local networks (e.g., the Principles for Responsible Investment run a web-based clearinghouse platform to coordinate global actions).

Challenge 2: Building MSIs' Public Accountability

It follows from the analysis that public accountability, which can be understood as an organization's ability to be answerable to the public by explaining its actions, judgments, and omissions (Messner, 2009), should be hard to achieve for MSIs. Accountability mechanisms have to be established because of, and despite, loose couplings. Loose couplings require increased accountability (because they create opportunities to shirk), but, at the same time, they also impede accountability (because of indirect and infrequent information flows to the wider global network). Looser inter-network couplings hamper the collective accountability of the global network, while accountability of individual participants in local networks should be easier to establish. Given that the accountability of MSIs is often questioned (Deva, 2006), there is need to better utilize tighter intra-network couplings to improve individual accountability on the local level (e.g., via peer reviews) and to consolidate this information globally so that a picture of collective accountability in the overall MSI emerges.

Surprisingly, the organizational processes leading to accountability in MSIs have rarely been studied (for an exception, see Black, 2008). Future research can contribute to this debate in numerous ways. First, research is needed to examine which accountability mechanisms MSIs currently use and how these are affected by the strength of couplings. Possible practices include, but are not limited to: complaint and response mechanisms, regular and standardized reporting of actions, as well

as external evaluations. Second, research has to clarify the relationship between individual and collective accountability in the context of MSIs. Questions around “spillover effects” are of particular interest here: Does increased individual accountability create positive feedback effects for the collective? Can individual participants profit from high collective accountability and vice versa? Both questions can be meaningfully discussed by drawing on the findings of this study.

Challenge 3: Coping with Fragmentation of Knowledge and Power

My analysis suggests that MSIs can cope with the increasing fragmentation of knowledge in regulatory contexts (viz., knowledge about problems is spread across multiple actors and changes frequently). Following a Foucauldian research tradition, a fragmentation of knowledge is accompanied by a fragmentation of power and control (Foucault, 1991). Loose couplings “decenter” power, emphasizing that while actors’ responsive capacity increases, power is dispersed among multiple parties and geographic locations. If power does not rely on a central authority anymore, we have to rethink how compliance with MSIs’ rules can be achieved. Compliance in settings of dispersed power and control rests on a “logic of appropriateness”—rules are followed because they are perceived as legitimate in the context of action (March & Olsen, 2009). Legitimacy, however, rests on deliberation and mutual understanding among actors about what counts as appropriate. Using tighter couplings in local contexts as a source for sustained deliberation can thus enhance compliance with MSIs’ rules.

Future research should examine how such a “logic of appropriateness” is tied to participants’ deliberative capacity. This requires observations of how actors collectively interpret rules and translate them into action. One key question is how explicitly participants define appropriate action. As March and Olsen realize: “To act appropriately is to proceed according to the institutionalized practices of a collectivity, based on mutual, and often *tacit*, understandings of what is true, reasonable, natural, right, and good” (March & Olsen, 2009: 4, emphasis added). The discussion of compliance in the context of MSIs has to be challenged on the grounds of moving from an isolated evaluation of outcomes to an assessment of processes underlying the contextualized appropriateness of these outcomes.

To conclude, while my theoretical framework focuses on the strength of couplings between actors, MSIs’ stability, flexibility, and legitimacy are also influenced by a variety of other factors. For instance, analyzing the strength of couplings cannot account very much for exogenous shocks (such as political upheavals) that can affect the stability and legitimacy of governance. In the end, my discussion primarily emphasizes that MSIs are relational systems, and that by analyzing the nature and context of the underlying relationships we can start to better understand the impact of these initiatives on social and environmental problems.

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