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*Business Influence in
Global Governance for
Sustainable Development:
Assessing the role of the
WBCSD*

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FOREWORD

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ABBREVIATIONS AND ACRONYMS

BAE	– Business Action for Energy
BASD	– Business Action for Sustainable Development
BCSD	– Business Council for Sustainable Development
CAC	– Command and Control Regulation
CS	– Corporate Sustainability
COP	– Conference of the Parties
CDM	– Clean Development Mechanism
CSD	– Commission for Sustainable Development
CSR	– Corporate Social Responsibility
ECOSOC	– The UN Economic and Social Council
ENGO	– Environmental NGO
FBS	– Foundation for Business and Society
GHG	– Greenhouse Gas
GRI	– Global Reporting Initiative
IIED	– International Institute for Environment and Development
IISD	– International Institute for Sustainable Development
ICC	– The International Chamber of Commerce
JPOI	– Johannesburg Plan of Implementation
MBI	– Market Based Instruments
NA	– Negotiated Agreement
NGO	– Non Governmental Organisation
PPP	– Public Private Partnership
SD	– Sustainable Development
TNC	– Transnational Corporation
VA	– Voluntary Agreements
WRI	– World Resources Institute
WWF	– World Wildlife Fund
UNFCCC	– United Nations Framework Convention of Climate Change
UNCED	– United Nations Conference on Environment and Development
UN GC	– United Nations Global Compact
WBCSD	– World Business Council for Sustainable Development
WICE	– World Industry Council for the Environment

ABSTRACT

This paper examines the role and influence of the World Business Council for Sustainable Development (WBCSD) and its policy discourse “Corporate Sustainability” (CS) in global governance for sustainable development (SD). The WBCSD aims to provide leadership for the private sector on issues pertaining to SD, and plays an increasingly active political role in the multilateral system. Through active participation in international SD conferences and negotiation processes, the organisation exercises influence through vigorous normative advocacy of its policy discourse CS – the ‘business case sustainable development’ – providing formal and informal input to processes of agenda setting and the formulation of policy frameworks. The report considers critiques regarding the private sectors growing role in governance networks, the common assumption being that business efforts to play part in policy development represents the attempt by big corporations to “hijack” the SD agenda and furthermore firmly establish the legitimacy of a market-friendly approach to SD in public agencies. It is argued that the policy discourse CS, as promoted by the WBCSD, offers a reductionist interpretation of the SD problematique, its solutions and appropriate remedies, which marginalises the role of regulations, while overstating free-market and voluntary approaches’ capacity to generate sustainable production and consumption. On the other hand, the WBCSD and the CS policy discourse has reached out to a vast number of businesses through learning and training programmes, and has been highly successful in promoting the concepts of eco-efficiency and CSR as strategic management tools for corporations worldwide. The paper asserts that while the increasing influence of the Corporate Sustainability discourse on SD agenda setting and policy formulation is not unproblematic, the influence of the WBCSD has had the positive effect of building business awareness and capacity for implementing management strategies that enables the private sector to contribute effectively to SD.

1 INTRODUCTION

It is widely acknowledged that the private sector plays a growing role in global governance for sustainable development. Increasingly, public agencies are inviting business to provide formal and informal input to intergovernmental negotiations of international environmental regimes, and to participate in the agenda setting and formulation of sustainable development policy. In addition, the “partnership approach” which emerged at the Johannesburg Summit (WSSD) in 2002, has paved the way for new forms of governance, in particular through public-private partnerships (PPPs) and increased private sector participation in the day-to-day and practice of UN agencies.

The currently largest and no doubt most influential business representative in the multilateral system is the organisation ‘World Business Council for Sustainable Development’ (WBCSD). The overarching political aim of the WBCSD is to provide business leadership on sustainable development issues, and to play an active role in international policy development – through strategic engagement in negotiations and through PPPs – to enable the creation of an international framework that allows business to contribute effectively to sustainable development (The WBCSD, 2005a; 2005b). To this end, the WBCSD advocates a policy discourse defined here as “Corporate Sustainability” (henceforth CS), a policy programme which connotes a specific ensemble of ideas, concepts and norms, with the aim of promoting a particular set of practices and regulatory frameworks in global governance for sustainable development (SD). Apparently, the political advocacy of the WBCSD has been so successful, that already by the time of the 1997 Rio+5 conferences, ‘big business had moved from a position where its views on sustainable development were reluctantly tolerated to one where they are now actively sought. Despite the dismay of some groups, WBCSD...is no longer seen as a gate-crasher at international environmental forums, but an honoured guest’ (Najam, 1999:69)

While the growing role of big business in global governance is thus widely recognized, its effects remain under-researched and unsettled. This paper seeks to substantiate the debate regarding the consequence of private actors’ increasingly *political* role, by examining the role and influence of the WBCSD in promoting a policy discourse on “Corporate Sustainability”. To date, few studies of this progressively influential organisation and its role in international SD politics have been conducted. The current report is an attempt to raise a debate concerning the normative approach, power, strategic role and practical contribution of this leading business representative in global governance for SD. The report argues that while the WBCSD does not employ any formal political authority, the organisation has arguably exercised widespread *normative* influence through vigorous advocacy of the CS discourse in processes of negotiating international policy and regimes for the promotion of SD, and throughout the business community at large. The paper attempts to illustrate how the CS discourse and “normative entrepreneurship” of the WBCSD has had a constitutive effect upon the *content* of environmental policy frameworks, as well as influencing conceptions as to the appropriate means and instruments by which sustainable development can be achieved.

A popular claim regarding the consequences of growing private sector involvement in global governance is that the active participation of corporations in global politics represents merely the attempt by big business to “hijack” the sustainable development agenda to steer regulatory efforts to entail no more than a minimum level of environmental and social management that business can easily accommodate. From this perspective, business’ increasing political role allegedly has the negative consequence of reducing the environmental problematique to questions concerning rational management and technological innovations, while concurrently undermining political work for more

stringent regulatory regimes to steer the activity of transnational corporations (TNCs). This paper considers both sides of this debate – with promises of total greening on the one hand (WBCSD) – and accusations of “greenwash” on the other. While academic scholarship generally remain polarized, this paper attempts to investigate both how the influence of WBCSD might result in undesirable policy outcomes, and the extent to which CS can in fact facilitate the endeavour of meeting the sustainable development challenge. To this end, the study focuses primarily on influence at the level of 1) international policy and regimes, but also takes into consideration influence at the level of 2) business policy and practice; to provide a more complete discussion of both negative and positive elements of the possible effects of CS in global governance for SD.

The paper proceeds with a discussion of global governance, with particular attention to the growing role of private actors “public” governance for sustainable development. The first section moves on to examine what is defined here as “normative governance”; the role of ideational configurations and norms in global governance; which is deemed crucial in the context of explaining the influence of business and the WBCSD in global environmental politics. Subsequently the paper looks briefly at the evolution of environmental norms, to provide a context in which the emergence of the business approach and its distinct environmental norms can be understood. This section illustrates how the CS policy discourse promoted by the WBCSD forms part of broader ideological developments in world politics. The overarching objective of the first chapter is to outline and provide a theoretical perspective and conceptual framework for approaching the study of the WBCSD and CS. The next chapter provides a descriptive account of the WBCSD; its core principles and objectives, and structure of organisation. Here, the WBCSD’s ‘business case for sustainable development’ and the ways in which the CS discourse as such is advocated through a number of key concepts and norms, is outlined. This section also reviews key WBCSD programmes and activities. The final chapter examines the influence of the WBCSD and its possible effects in light of these key activities and the policy discourse. This discussion takes place within the framework of “normative governance”. First, the report investigates the influence of the WBCSD on key environmental policy negotiations and their outcome policy documents. The next section considers a number of critical approaches to the influence of business in world politics. Finally, the paper concludes with an analysis of the quality of CS influence. This involves an assessment of the normative tenants of the CS policy discourse, in particular the CS ‘optimal’ policy instrument mix advocated by the WBCSD. Finally, the report presents some conclusions regarding the normative approach, power, strategic role and practical contribution of this leading business representative in global governance for SD.

2 THE INFLUENCE OF PRIVATE ACTORS AND THE ROLE OF NORMS IN GLOBAL GOVERNANCE

2.1 Private Governance for Sustainable Development

The term “Governance” has become such a catchword in the social sciences that its content has been used to connote a variety of phenomena. At the most general level, governance involves the establishment and operation of social institutions; sets of rules or programmatic activities that serve to define and guide social practices and interactions (North, 1990). The term can be associated with forms of ‘steering’ and can thus be defined as the totality of mechanisms and instruments available for influencing social change (Lafferty, 2004:5). *Global* governance typically refers to Rosenau’s notion of “governance without government” (Rosenau, 1992:4), presuming the absence of some overarching governmental authority at the international level monitoring and enforcing the activities and interactions governed.

For decades, research on international institutions and global governance has remained in a state-centric setting, focusing on inter-state regimes solving collective action problems (See Rittberger et al, 1997). Recently however, the growing role of private and civil society actors – and the increasing tendency for them to engage in forms of global governance – has stimulated the emergence of less state-centric conceptualisations. This tendency has been identified as “*Private governance*”, which emerge at the global level where ‘the interactions among private actors, or between private actors on the one hand and civil society and state actors on the other, give rise to institutional arrangements that structure and direct actor’s behaviour in an issue specific area’ (Falkner, 2003:72-73). Private Governance thus refers to institutionalised cooperation between *public and private* functions, but whose arrangements often resemble the “public” governing functions of states and inter-governmental institutions. For this reason the term private is applied to governance and international organizations that has traditionally been associated with public and state-centric governance (See Cutler, Haufler and Porter, 1999). Private governance is not an entirely new phenomenon. However, the growth or re-emergence of private forms of governance since the 19th century (Falkner, 2003) should be seen as closely related to processes of economic globalisation, which has strengthened the role of private actors in the world economy and generated reconfigurations in political power (See Strange 1996; Dicken, 1998; Held et al, 1999; Giddens, 1999)

The study of global governance usually centres on 2 key concepts; regimes and institutions. Regimes are social institutions that consist of *implicit or explicit principles, norms, rules, decision-making procedures and programmes* around which actors expectations converge –and that guide interactions of actors in issue specific areas (Krasner, 1984; Levy et al, 1995). Institutions are similarly defined as *codes of conduct* that serve to define and delineate social practices, assign roles to the participants of these practices, and guide the interaction among occupants of these roles (Young, 1997, See also IDGEC)

Increasingly, global governance scholarship has identified public-private partnerships (PPPs) as one particular form of private governance – in both descriptive and normative terms. Linder and Rosenau define PPPs as ‘the formation of cooperative relationships between government, profit-making firms, and non-profit organisations to fulfil policy functions’ (Linder and Rosenau, 2000:5). PPPs are identified by the WSSD and the CSD as important means to the implementation of Agenda 21 and the Johannesburg Plan of Implementation (JPOI). Generally, PPPs may be conceptualised in terms of 5 different forms of cooperation; policy dialogues, advocacy partnerships, the mobilisation of

private funds, information and learning partnerships, and private sector participation in operations (Bull et al, 2004). From a neo-liberal perspective, private governance in the form of regimes, institutions and PPPs is often seen as responses to “state failure” in providing public goods and services, and that private actors thus are better suited to regulate their affairs and coordinate their activities. As such, PPPs are said to increase the effectiveness (problem-solving capacity) of international governance (Risse and Börzel, 2002). On the other hand, partnerships also ‘raise more profound questions of authority and legitimacy in International Relations’ (Bull et al, 2004:481), because of the changing nature of the interaction between public and private in the multilateral system.

2.2 “Normative Governance”

Perhaps the most prevalent way to conceive of global governance is the rationalist account of the formation and function of regimes and institutions, focusing on inter-state cooperation and rule-making to facilitate collaboration between actors by providing information and reducing transaction costs (Keohane, 1989; Rittberger, 1997; Young, 1994). Yet these approaches fail to recognise the normative dimension of regimes and institutions, such as norms, principles and ideas, which may have a constitutive effect on accepted forms of social behaviour in global politics. Thus regimes and institutions may also be conceived of from a social-constructivist perspective as non-material, ideational and normative configurations (Kratowil and Ruggie, 1986; see also Rittberger, 1997) that shape the ways in which actors perceive their interests, and how particular problems and solutions come to be constructed, contested and learnt (Ruggie, 1998). The constructivist approach place less emphasis on formal rules, referring rather to norms that predetermine and underpin policies, programmes, and rule-making; and which serve to guide actor’s conduct and interaction. Such non-coercive steering often involves learning and other forms of communicative action that is geared towards changing actor’s interests and even identities (Risse and Börzel, 2002; See also Risse, 2000).

This paper defines such informal steering as “normative governance”. Normative governance as such is exercised through the constitutive and persuasive power of norms and discourses. Norms are shared conceptions, standards or ‘intersubjective understandings’ of appropriate behaviour or action (Axelrod, 1986; Finnemore, 1994:3; Florini, 1996; Finnemore and Sikkink, 1998). The most important characteristic of norms is that they are obeyed not because they are enforced, but because they are considered legitimate (Florini, 1996). It is the prescriptive quality of “oughtness” that sets norms apart from other kinds of rules (Finnemore and Sikkink, 1998). For constructivists, the influences of norms are crucial in explaining social change (See for example Wendt, 1987 and Katzenstein (ed), 1996), in that norms shape both the goals of actors, their perception of their interests, and the means they use to achieve the goals they set. The importance of norms also comes from their institutionalisation, which concerns the perceived legitimacy of a norm as embodied in public discourse and institutions, even if not all relevant actors follow it. In the context of global environmental governance, norms help define, guide, steer and legitimate actors’ interests, behaviour and identities (Bernstein, 2002).

Norms are often embodied in public discourses which provide for a wider conceptual context. Discourses are defined here as ‘specific ensembles of ideas, concepts and categorizations that are produced, reproduced and transformed in a particular set of practices’ (Hajer, 1995:44). Discourses are thus systems of belief maintained by (e.g. scientific) knowledge. They can appear explanatory in that they embody descriptive accounts of the social reality. Yet these accounts carry specific normative connotations – norms that may be biased towards a particular discourse’s idealism. This report uses the term discourse to describe the set of ideas, concepts and norms that define, guide and steer actor’s

interests and behaviour, and which have a constitutive effect upon the content of policy. The paper is particularly concerned with the emergence of what is defined here as the Corporate Sustainability discourse, which embodies specific explanations and norms related to the business interpretation of the sustainable development problematique and its solutions.

Focusing on discourses and norms enables an emphasis on the ways in which power shapes and constrains political processes through language, sets of ideas and normative propositions. While power is often conceived of in behavioural terms (See Dahl, 1957; Bachrach and Baratz, 1962), a constructivist approach call attention to how power should not be reduced only to a capability or something that one can effectively 'possess'. Power is also embodied in specific knowledge structures (domains of knowledge), which shape and/or constrain how we define and conceive of "the truth" (Foucault, 1972; Lukes, 1974). Discourses thus represent structures of "power-knowledge" (Foucault, 1980) in their attempt at producing, defining, legitimising and guiding what is perceived as appropriate and true within a domain of knowledge. This paper is similarly concerned with how the CS discourse exercise power over the definitions, explanations and resolutions that form the content of global SD policy and business practice.

The paper applies a social constructivist approach to the study of CS and the WBCSD; focusing on global governance as being exercised through discourses and norms advocacy. The advantage of this approach is that it enables us to fully recognise and explore how the concept of sustainable development is socially constructed, involving a variety of different interpretations and normative prescriptions, which are adopted by different actors and interests and used to legitimise struggles over hegemonic definitions, conceptions and specific solutions the SD problematique.

2.3 The Evolution of Sustainable Development Norms and the Corporate Sustainability discourse

Since the rise of SD politics, diverse conceptions of what are the key problems, challenges and solutions to environmental degradation and sustainable development have existed alongside each other. While no single discourse has defined the policy agenda at one time, the dominant set of environmental norms – manifest in key (UN) policy documents – have since the early 70s evolved from a 'radical environmentalist' to a 'liberal environmentalist' agenda. At the United Nations Conference on the Human Environment in Stockholm 1972, and in the seminal reports "Limits to Growth" (Meadows et al., 1972) and "Blueprints for Survival" (1972), environmental policy discourse drew upon an image of the world as a 'biosphere'; presenting a radical critique of the capitalist world economy as the root cause of the ecological crisis, and environmental degradation as the effect of continued economic growth and unregulated industrial development (See e.g. Redclift, 1984; 1987). By the the time of the commencement of the UNCED process in 1992 however, SD discourses had evolved towards a "liberal environmentalist" (read: neo-liberal) agenda (Bernstein, 2002). The Rio Declaration and Agenda 21 posited sets of norms that were largely consistent a liberal, de-regulated markets and economic growth, promoting further liberalisation of trade, finance and markets (Bernstein, 2002).

A market and growth friendly environmental discourse also emerged in academic literature during the 80s. Since its early technologically deterministic formulations, the theory of Ecological Modernisation (EM) (See Murphy, 2000; Mol and Spaargaren, 2000; Gouldson and Murphy, 1997) – however still frequently contested – has nevertheless come to occupy nearly universal acceptance. EM, contrary to radical environmentalism, embraces the opportunities to overcome the apparent zero-sum conflict between environment and economy through structural reform programmes within the current socio-economic order. Other scholars have brought this debate into a more business specific setting, building a case for how the right type of environmental management, innovations of

eco-efficiency can stimulate competitive advantage, new business opportunities and cost savings (See Porter and van der Linde, 1995; Howes, Skea and Whelan, 1997; Ekins and Speck, 1997)

The discourse on Corporate Sustainability (CS) thus may be understood as a particular ensemble of descriptions, ideas, conceptions, and norms defining the problems and solutions related to sustainable development – that can be accommodated within the current dominant liberal paradigm – but is distinguished by its specific normative connotations to the *role and responsibilities of business*. CS uses definitions of SD that arguably can be accommodated within a management trajectory, as opposed to a social trajectory often placed at the core of concept. Through the CS discourse, and by the advocacy of CS norms, the business sector retain the power to shape and construct the “meaning of greening”, the ways in which global SD politics is “framed” (see Snow et al, 1986) and by what means specific solutions are sought. In the following, this paper focuses on “normative governance” through the influence of the CS discourse and norms, in analysing the leading business organisation and advocate within global SD politics; the World Business Council for Sustainable Development.

3 THE WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT (WBCSD)

The World Business Council for Sustainable Development was launched on 1 Jan 1995, as the product of a merge between the 'Business Council for Sustainable Development' (BCSD) and the 'World Industry Council for the Environment' (WICE); a Paris based brainchild of the International Chamber of Commerce (ICC). In 1991, the ICC developed a 'Business Charter for Sustainable Development'¹ existing of 16 principles; launched at the 1991 second World Industry Conference on Environmental Management in Rotterdam; which underpinned the release of the book 'From Ideas for Action' in 1992. This spurred the foundation of the WICE the next year, whose aim was to provide for direct business contributions and input to the implementation of Agenda 21 (DeSimone and Popoff, 1997; Najam, 1999; The WBCSD, 2005b). The BCSD, a Geneva based business organisation headed by the Swiss industrialist Stephen Schmidheiny, was set up in response to UNCED Secretary-General Maurice Strong's request for business input to the Rio Summit (The WBCSD, 2005b; Najam, 1999). The BCSD voice and input at Rio was translated into to the book '*Changing Course: A Global Business Perspective on Development and the Environment*', a blueprint which outlined 'the business case for SD' emphasising the changing economic bottom line for environmentally conscious companies (See Schmidheiny, 1992)

Thus in 1995, the 2 organisations merged to form the most authoritative business voice and representative for the interests of the corporate sector in SD (DeSimone and Popoff, 1997; The WBCSD, 2005a). Now, for the first time global business leaders – at the highest levels – joined forces to create an international organisation that express a business approach to environmental protection. Since its launch, the WBCSD has grown into a coalition of 175 companies (The WBCSD, 2005b)

3.1 Policy Objectives and Organisation

The WBCSD has 2 main objectives: i) to influence international policy development for SD by means of being the leading business representative at international policy negotiations and conferences, as well as working in close partnership with the key international players in the SD agenda; and ii) to promote a 'greening of industry' itself by advocating change in business practices through various learning and education programmes. More specifically, the WBCSD have the following aims: (The WBCSD, 2005a; 2005b):

- 1) **Business Leadership:** to be the leading business organisation and advocate on issues connected with SD,
- 2) **Policy Development:** to participate in policy development in order to create a framework that allows business to contribute effectively to SD;
- 3) **Best Practice:** to demonstrate business progress in environmental and resource management and CSR, and to share leading-edge practices among our members, and finally,

¹For ICC Business Charter for SD, see <http://www.iccwbo.org/policy/environment/id1309/index.html>

4) **Global Outreach:** to contribute to a sustainable future for developing nations and countries in transition.

Membership in the WBCSD is by invitation to companies deemed committed to SD, and more specifically to promoting the role of *eco-efficiency, innovation and corporate social responsibility (CSR)*. The WBCSD is thus a fairly exclusive club, which offers membership only to companies that are explicitly dedicated to the working goals of the organisation (Najam, 1999). The core idea is that WBCSD provides leadership ‘by example’ (DeSimone and Popoff, 1997), through publishing case studies and concrete illustrations of how their members have implemented win-win solutions successfully. Member companies are required to make their knowledge, experience and appropriate resources available to the WBCSD; to participate in the WBCSD work programme; and to publicly report on their SD performance, covering all the 3 pillars of SD- the economic, social and environmental – in their reporting (The WBCSD, 2005c).

Key to the WBCSD is the commitment of Chief Executive Officers (CEOs) which act as Council members, by which the WBCSD is internally governed. The CEOs co-chair the various WBCSD working groups; organise support for the WBCSD work programme; serve as influential advocates for the WBCSD policies; and ensure the adoption of sustainable practices within their respective companies (The WBCSD, 2005c; DeSimone and Popoff 1997). Moreover, senior managers are brought in to help in individual projects and to provide feedback to their companies (The WBCSD, 2005c). The Council elects the Executive Committee, the Chairman and 4 vice-Chairmen for the WBCSD. The Executive Committee oversees the management of the organisation, while the day-to-day management lies with the President and the Secretariat of 50 people in Geneva.

The WBCSD has also established a Regional Network – an informal configuration of more than 50 independent organisations – which consists of regional and national “BCSDs” and partner organisations. The Regional Network provides a platform for implementing SD policies and concepts, and brings into the WBCSD local and regional perspectives. The Regional Network is a conduit through which the WBCSD can reach out to numerous small and medium enterprises (SMEs) worldwide, and it enables companies to benefit from cooperation with each other and to keep up to date on SD issues (The WBCSD, 2005d).

While the WBCSD has been classified as an Environmental NGO (ENGO) (Najam, 1999), the *for-profit* character of their members renders this definition misleading. The WBCSD itself presents itself as purely a *business organization*, which’s normative approach should be distinguished from that of most ENGOs. The WBCSD should thus be differentiated by classifying it as a *private international organisation*. This definition furthermore enables analysis of structural changes in interests representation within global SD politics; away from a ‘bipolarity’ of governments and NGOs; towards a ‘tri-polar’ representation between governments, civil society (NGOs) and business (see Stigson, 1998).

3.2 Key Programmes and Activities

The WBCSD seeks to govern business activity by SD awareness creation and CS norms entrepreneurship through a variety of learning and education programmes. Here, the Foundation for Business and Society² (FBS), established in Norway in 1996, play a principal role. In 97, the FBS launched ‘The Sustainable Business Challenge’, and Internet based exam for students preparing for careers in business and government (WBCSD, 2005a). The FBS also host a ‘Virtual University’ established in 1998 with Cambridge University, which is a structured distance learning framework

² <http://www.foundation.no/text/view/1958.html>

built primarily for Internet use. The Foundations' objective is to use this concept for introducing an operational understanding of sustainable development. According to Phil Watts, Managing Director of Royal Dutch/Shell Group and Lord Holme of Rio Tinto – heads of the initiative - "this type of training material [distributed by the virtual university], as well as the opportunity of virtual learning, represents a significant step forward in understanding the principles and practices by which companies can best live up to their responsibilities as global citizens and local neighbours. We, in Shell and Rio Tinto will be using this material to raise awareness in our companies.' (FBS, 2005) The virtual university function has made its way into a variety of universities and business curricula, and thus constitutes an important influence channel for the WBCSD (Najam, 1999)

In 1998 the WBCSD also initiated its internal 'Learning by Sharing' (LBS) programme, which encouraged members to share both good and bad experiences connected with SD. This later became known as the '*Capacity Building*' Programme, a scheme designed to promote learning and to provide managers with the tools needed to make SD a core element of their operational management (WBCSD, 2005a). One initiative has been the "Yong Managers Team" (YMT) which identifies young professionals within member companies committed to SD, and invites them to share their visions of the sustainable company with other businesses (WBCSD, 2005a). Another main initiative is the recently launched e-learning tool *Chronos*. Developed in collaboration with the Cambridge Programme for Industry, Chronos is a desktop tutorial designed to help employees understand the business case for sustainable development. While companies are the primary users of Chronos, public sector organisations and universities are increasingly adapting this tool. (WBCSD, 2005a).

3.2.1 Publications

The WBCSD is a highly active publisher of policy documents, reports and case studies. Since 1996, approximately 130 papers, including books, have been published on the various themes that fall within WBCSD policy. Some of these documents are intended for public policy institutions, other for business itself. Books, reports, case studies and policy statements/prescriptions have been published on key WBCSD issues, such as the business case for SD, the market and sustainability, eco-efficiency, CSR, innovation and technology, energy and climate, accountability and reporting, sustainable livelihoods, water, numerous sector specific projects, ecosystems, risk, learning modules (capacity building), stakeholder dialogues, regional networks, and finally – annual reviews of WBCSD work and engagement.

3.2.2 E-Newsletters

The WBCSD also distribute E-newsletters, not only to member companies but to anyone that may wish to sign up to the scheme. These are: 1) WBCSD Business and SD News³; a compilation of business and SD news which covers topics of high importance in the field of SD and in the WBCSD work programme, issued on a weekly basis. The material is selected from a wide range of printed and web news sources, and features topics such as energy and climate, sustainable livelihoods, water, CSR, forest issues and WBCSD member companies. 2) WBCSD Energy and Climate News⁴; focuses on sustainable energy and climate, and monitors development in the political and business areas, scientific advances and environmental and social concerns. 3) WBCSD Sustainable livelihoods news⁵; covers cases of sustainable livelihoods business ventures on a monthly basis. 4) WBCSD Regional

³ <http://www.wbcd.org/plugins/workspace/default.asp?WSpaceId=Mjg>

⁴ <http://www.wbcd.org/plugins/workspace/default.asp?WSpaceId=NTA>

⁵ <http://www.wbcd.org/plugins/workspace/default.asp?WSpaceId=NTc>

Network news⁶; informs about its activities on a monthly basis. 5) WBCSD Sustainable Mobility news⁷; provides information on sustainable transportation, including infrastructure, policy measures, fuels and new technology, on a monthly basis. 6) WBCSD Water & SD⁸; features up-to date information about the activities of the WBCSD water project and case studies, and includes news, reports and events relevant to the topic, on a monthly basis. 7) WBCSD Update⁹; a short announcement message that keeps subscribers informed on the WBCSD latest activities, issued on a weekly basis.

3.3 The WBCSD Policy Discourse: Corporate Sustainability

This section presents the central tenants of the WBCSD's policy approach and framework, defined here as the CS discourse. The CS policy discourse prescribes specific interpretations of appropriate techniques, instruments and remedial strategies with respect to sustainable development and greening of industry; which 'fit' the interests and visions of global corporate capital.

3.3.1 The Business Case for Sustainable Development

There are many cases that can be made for sustainable development: moral, ethical, religious and environmental. But being a business council, we emphasise the business case (The WBCSD Executive Committee, 2002:227).

The most fundamental set of ideas embodied in the CS discourse can be characterised as 'the business case' for SD. In essence, the business case holds that sustainable corporate practices are not only good for the environment, but *good for business*.

There are several reasons why the relationship between improved environmental practices, financial returns and competitiveness may exist in a win-win relationship. First, sound environmental management can lead to total *cost savings* for companies. By employing the concept and policy of eco-efficiency – a 'management strategy that combines environmental and economic performance' – companies may construct win-win scenarios by producing more with less. As such, eco-efficiency and zero/less waste can lead to materials and thus cost savings, while simultaneously enhancing the environmental performance of the company. The WBCSD have published numerous case studies of success stories, an endeavour the organisation views as key to proving and strengthening 'the business case' for SD worldwide (DeSimone and Popoff, 1997).

The WBCSD also emphasise that 'business can be more *competitive* by being more sustainability driven' (The WBCSD Executive Committee, 2002: 227). The promise being offered by the WBCSD is that being sustainable will 'provide companies with an edge in competition by being aware and ahead of others, and thus being able to anticipate the emerging environmental and social trends which might impact their business' (The WBCSD in Najam, 1999:67). Being sustainable is also a competitive issue because 'environmental performance is increasingly a determinant of a company's reputation, among employees, stakeholders, and customers alike. A poor environmental reputation can harm recruitment, retention and morale, damage sales, and threaten a company's "licence to operate". Good performance can have the opposite effect.' (DeSimone and Popoff, 1997: 8)

The WBCSD argues that that 'sustainable development is best achieved through open, competitive, *rightly framed markets*' (The WBCSD Executive Committee, 2002:227). However, in order to enable markets to compel development in a sustainable direction, the right type of regulatory framework is imperative. According to the WBCSD, existing frameworks however in fact discourage

⁶ <http://www.wbcd.org/plugins/workspace/default.asp?WSpaceId=MTE2>

⁷ <http://www.wbcd.org/plugins/workspace/default.asp?WSpaceId=NjE>

⁸ <http://www.wbcd.org/plugins/workspace/default.asp?WSpaceId=MTE5>

⁹ <http://www.wbcd.org/plugins/workspace/default.asp?WSpaceId=Mjk>

the structural factors that may enable industry to pursue the wise use of resources, resource productivity, energy efficiency, or the search for innovative and eco-efficient methods of production, products or services generally (Holliday et al., 2002; DeSimone and Popoff, 1997:16). To encourage governments to enable markets to deliver sustainability through regulatory reform, the WBCSD advocates a specific set of “favourable framework conditions” directed at governments and policy institutions.

3.3.2 Framework Conditions for Sustainable Markets: Regulations and Policy Instruments

One of ‘the most important factors in an effective pursuit of sustainable development is “getting the price right”’ (Schmidheiny, 1992:17). According to the WBCSD, sustainable markets requires *full cost pricing* – prices that reflect real economic, social and environmental costs – to integrate effectively environmental costs or ‘externalities’ into economic decisions (Schmidheiny, 1992; The WBCSD Executive Committee, 2002). Although there are severe problems associated with quantifying accurately the costs of pollution and other environmental damage, internalising environmental costs (on production of goods and extraction of resources) would allow for the price mechanism itself to discourage environmental degradation and perverse use of resources. Another key framework condition necessary to implement full cost pricing is the dismantling of much of government subsidies (e.g. agriculture). Many production, extraction and distribution processes do not even pay the economic costs of the activity, much less the added cost of environmental damage, because elements of these activities are subsidized. According to the WBCSD, subsidies that degrade the environment are not a market failure but a policy failure (Schmidheiny, 1992).

At the core of the WBCSD and CS agenda, is the advocacy of a specific type of “*complimentary policy mix*” directed at governments and multilateral institutions. The framework is assumed to enable the market work effectively for SD. The framework refers to 3 basic policy instruments typologies: i) Command and Control regulations (CACs), ii) Market-Based Instruments (MBIs, and iii) Self-Regulations / Voluntary Agreements (VAs). In general, the WBCSD advocates increased use of VAs and MBIs such as taxes, charges, and tradable permits that reward sustainability oriented behaviour and discourage pollution by making the polluter pay; while discouraging traditional CACs (Schmidheiny, 1992; Holliday et al, 2002). While the WBCSD acknowledge that a minimum of CACs may be helpful to prevent “free riders” who will not commit to VAs, it argues that regulations are usually carried at an unnecessary high price and gives companies little incentive to move beyond compliance. CAC regulations also discourages technological innovations that reduces costs while achieving environmental benefits, due to their focus on cleanup and control remedies (end-of-pipe) rather than on product or process redesign to prevent pollution in the first place (DeSimone and Popoff, 1997). Therefore the WBCSD see CACs as inflexible and thus the least innovative and cost-effective way of achieving change. CACs are also seen as less feasible for developing countries, which often lack the required administrative structure to assure compliance and regulatory enforcement (Schmidheiny, 1992). The WBCSD assert that MBIs and VAs on the other hand, seize a number of advantages relative to CACs. They are cost effective, bear lower administrative burden, offer greater flexibility in the choice of means, and stronger incentives for improvement and innovation. MBIs harness companies’ creativity and self interest to achieve environmental and social objectives. VAs and self-regulation moreover offer the most economically efficient or cheapest way for society to regulate business, because industry often holds the information on technologies and emissions that governments needs to regulate effectively. Self-regulation thus avoids the expense of governments collecting information, processing it into regulations, and then monitoring the effect (Schmidheiny, 1992).

In sum, the WBCSD definition of the “optimal” mix, i.e. mix of regulatory instruments is reflected in Box. 1, the “Smart Hierarchy of Public Policy Tools”. The instrument hierarchy places VAs on top,

followed by MBIs and economic instruments generally, with CACs at the bottom (Holliday et al, 2002; see also WBCSD, 2001). Thus while the WBCSD acknowledge the advantages of providing a basic regulatory framework to regulate areas where there are serious threats to health or safety when pollution becomes particularly dangerous and to prevent free-riding, they believe that extensive CAC based frameworks have the negative effect of disabling markets of becoming sustainable¹⁰. The general impression gained from the reviewing WBCSD documents is that the WBCSD – through their publications and political activity – criticize CACs frameworks beyond a low minimum, while being strong advocates of voluntary, market-based approaches to environmental regulation.

BOX 1. THE ‘SMART’ HIERARCHY OF PUBLIC POLICY TOOLS

1. **Voluntary Initiatives** should be preferred since these often provide the most flexible and, ultimately, overall most cost-effective way to achieve a desired result
2. **Negotiated Agreements** (a sub-type of voluntary regulations) can provide high operational flexibility if focused on what is required rather than on how it is to be achieved
3. **Economic Instruments** (MBIs) can provide incentives but must be carefully designed to avoid unintended consequences such as the creation of perverse subsidies
4. **Command-and-Control regulations** are needed to outlaw unsafe and unacceptable behavior and to provide the framework within which innovation can flourish. Alone however, they cannot deliver continuous improvements, since the most effective solutions cannot be predicted or prescribed in advance.

(Holliday, Schmidheiny and Watts, 2002)

3.3.3 Key Norms and Concepts

At the core of the CS policy framework and discourse are 3 key norms and concepts: *eco-efficiency, innovation and corporate social responsibility (CSR)* (The WBCSD, 2005a; 2005b). These are advocated as instruments or strategies through which the ability of the market mechanism to achieve sustainability may be enhanced. Based on central WBCSD publications (See e.g. The WBCSD 1999; 2000; 2001; 2004a; 2005a; Schmidheiny, 1992; Holliday et al, 2002), the following section outlines the normative content of these core concepts.

Innovation. For the WBCSD, innovation in clean technologies are essential for reversing negative environmental trends, and can simultaneously generate value for business. According to the organisation, ‘those living in wealthier countries do not intend to consume less. Given that the other 80% of the planet’s people appear to seek to emulate those consumption habits, the only hope for sustainability is to change forms of consumption. To do so, we must innovate [...] Sustainable consumption is not necessarily about consuming less but consuming differently: consuming efficiently’ (Holliday et al, 2002:193) One of the key solutions to this challenge is the development, diffusion and implementation of *clean technologies* – technologies that build products and production processes that reduces and minimises pollution and waste at source – as opposed to ‘end-of-pipe’ remedies.

¹⁰ It should be noted that the extent to which the WBCSD posit itself as a CAC sceptic is variable. On the one hand, some WBCSD publications completely downplay the role of traditional regulations, while being completely dedicated to the advocacy of voluntary regulatory approaches, i.e. self-regulation, voluntary agreements (including negotiated agreements¹⁰) (see for example WBCSD, 2001; the WBCSD Executive Committee, 2002). On the other hand, in some policy document the WBCSD recognise the need for a minimum level of CACs, especially avoid unfair competition (Schmidheiny, 1992), to outlaw unsafe and extremely environmentally damaging behaviour (Holliday et al., 2002).

Innovations and new technologies however, do not emerge in political or institutional vacuums. There is no guarantee that environmental technologies will appear when – and in the form – they are most needed (See for example Kemp, 1992; and Kemp and Soete, 1992). According to the WBCSD, ‘the optimal policy mix’ (see 3.4.1) offers a supportive framework for the diffusion of clean technology which may promote the selection and adoption of clean technology, because it provides ‘right’ signals to innovators and users of technology processes to fund research and to support initiatives in an appropriate manner. The WBCSD also recommend the framework conditions presented by OECD in its report *‘Policies to Enhance Sustainable Development’* (OECD, 2001 in Holliday et al, 2002:200). These call for increasing use of market based instruments (e.g. financial incentives), public-private partnerships and capacity building efforts to support innovation and clean technologies.

Eco-Efficiency. Eco-efficiency continues to form the cornerstone of WBCSD work and policy advocacy (DeSimone and Popoff, 1997, The WBCSD, 2005a; Najam, 1999). The concept has been defined by the WBCSD as a *‘management philosophy* that links environmental excellence to business excellence’ (DeSimone and Popoff, 1997:11) – ‘achieved by the delivery of competitively priced goods and services that satisfy human needs and bring quality to life, while progressively reducing ecological impacts and resource intensity throughout the life cycle, to a level at least in line with the Earth’s estimated carrying capacity’ (Holliday et al, 2002:83). Thus eco-efficiency is a strategy that combines environmental and economic performance, through ‘doing more with less’.

The WBCSD identifies 7 strategies for eco-efficiency: 1) reducing material intensity, 2) reducing energy intensity, 3) reduce dispersion of toxic substances, 4) enhance recyclability, 5) maximise the use of renewables, 6) extend product durability, and 7) increase service intensity (Holliday et al. 2002). More specifically, the WBCSD advocates 4 aspects of eco-efficiency that can contribute to the decoupling of economic growth and environmental degradation: 1) De-Materialisation: strategies for substituting material flows for knowledge flows, 2) Closing production loops: strategies to create zero-waste factories wherein output is returned to natural systems as a nutrient or becomes an input for manufacturing other products, 3) Service extension; strategies that encourage a move away from supply driven economies to demand driven economies, and 4) functional extension; strategies that encourage smarter products with enhanced functionality that enhances value (WBCSD Executive Committee, 2002; Holliday et al, 2002).

A key strategy of the WBCSD is to advocate eco-efficiency in political forums, while concurrently disseminating best practice cases studies of eco-efficiency in business practice. In addition, the WBCSD has developed a business framework for measuring eco-efficiency in a consistent manner (WBCSD Executive Committee, 2002; Holliday et al, 2002). Innovation is a key driver to promote eco-efficiency. The WBCSD acknowledge that stepping up efforts in eco-efficiency requires cooperation among civil society, business and governments, and the right type of policy framework. Therefore the organisations also direct its policy advocacy at public institutions.

Corporate Social Responsibility (CSR). Recently, the WBCSD has broadened its focus from a one-dimensional environmental policy approach, to embrace a more complex SD agenda that addresses a wider range of issues – including poverty alleviation and social ethics (WBCSD Chairman Collomb in WBCSD, 2005a:2). This broadened SD focus is captured in the concept of CSR, which was launched as a central norm for the WBCSD in 1999, with the report ‘meeting changing expectations’ (The WBCSD, 1999).

The business case for CSR holds that a coherent CSR strategy – based on sound ethics and core values – offers clear business benefits. Acting in a socially responsible manner is more than just an ethical duty for a company; it is something that actually has a bottom-line pay-off (The WBCSD, 2002a). An important aspect of the WBCSD’s work on CSR has been to explore what CSR really means and implies; both to business itself and to the wider spectrum on non-business stakeholders. In 1998, the WBCSD started to arrange series of stakeholder dialogues around the world, to establish a

fresh perspective on what CSR means. While the dialogues resulted in the development of a definition of CSR - ‘the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life’ – that is reasonably consistent with the various inputs to the process, the dialogues illustrated how the concept indeed is highly culturally, historically and geographically dependent (The WBCSD, 2000). The following issue areas constitute the core of WBCSD CSR policy: 1) human rights, 2) employee rights, 3) environmental protection, 4) community involvement, and 5) supplier relations (The WBCSD, 2000). The concept of CSR emphasise business *responsibility*, (i.e. voluntary action) as the most appropriate policy approach to improving CSR in industry. This is in line with the CS discourse and the focus on “favourable framework conditions” for business in general.

3.4 The Energy and Climate Programme: an illustration of the WBCSD and CS policy approach

WBCSD Energy and Climate programme was formed in 1999, with the overarching objective to develop innovative ways for business to address global warming within a sustainable development framework. The programme aims to promote and facilitate international interaction and dialogues on policy frameworks to promote sustainable energy. Since its launch, the programme has devised practical mechanisms, measurement tools and market based solutions to help companies reduce the impact of their operations and prepare for a carbon-constrained future, by exploring new energy frameworks, sources, and technologies (The WBCSD, 2005f; 2005g).

In 2005, the WBCSD turned energy and climate into a main focus area, in order to address climate change more actively, which the organisation recognise as one of the key challenges of the 21st century (The WBCSD, 2005f). The energy and climate programme is built upon several inter-linked components and work streams (The WBCSD, 2005f):

3.4.1 The Energy Programme Work Streams

Policy Frameworks for Sustainable Energy. A key goal for the WBCSD policy work is to create frameworks that enables effective business action to combat climate change. The core aspiration of the programme is to add to and influence the development of such a framework by working to enhance opportunities for multilateral dialogues and partnerships (The WBCSD, 2005g; 2005f). To this end, the WBCSD has been an energetic player in climate change negotiations (Najam, 1999; the WBCSD, 2005a). The WBCSD aims to includes all large GHG emitters in their efforts.

The Greenhouse Gas (GHG) Protocol Initiative. In 1998, the WBCSD in – partnership with the World Resources Institute (WRI) – developed and launched the *GHG Protocol*; an international corporate standard for measuring and reporting greenhouse gas emissions. The Initiative aims at harmonising GHG accounting and reporting standards internationally to ensure that different trading schemes and other climate related initiatives adopt consistent approaches to GHG accounting. In 2004, the WBCSD published a revised edition of the ‘The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard’ (The WBCSD, 2004c) which objective is to help companies identify, calculate and report GHG emissions.

The GHG Protocol Initiative consists of 2 modules: i) the Corporate GHG Accounting and Reporting Standard (Corporate Module), and ii) the Project GHG Accounting and Reporting Standard (Project Module). The Corporate Module was launched in 2001, and covers the accounting and reporting of the 6 greenhouse gases covered in the Kyoto Protocol. The Corporate Module was designed to help companies prepare a GHG inventory that represents a true and fair account of their emissions – through a standardised approach –, to provide business with information that can be used

to build an effective strategy to manage and reduce GHG emissions; to simplify and reduce costs of compiling a GHG inventory; and to increase consistency and transparency in GHG accounting and reporting among various companies and GHG programmes. The Project Module aims at developing reporting standards and/or general guidance for emissions reduction and land use, land-use change and forestry projects. It is being developed in response to requests by a number of companies and inter-governmental organisations to help develop an accounting module that could help inform project developers and GHG programme developers.

The GHG Protocol standard has become increasingly relevant since the ratification of Kyoto and the development of GHG emissions trading schemes both within and outside the Kyoto framework (the WBCSD, 2005f), and has become the most widely used global standard for corporate accounting of greenhouse gas emissions. It has been adopted by over 150 companies, including industry associations, and enjoy the support of NGOs and governments alike (The WBCSD, 2005h). According to the WBCSD and the WRI, it is the absence of international leadership in tackling climate change that has led to the development of the GHG Protocol (The WBCSD, 2005h). Numerous climate initiatives, including reduction programmes, trading schemes, environmental standards, and registers have based their measurements and reporting guidelines on the GHG Protocol. This includes the US EPA Climate Leaders Initiative¹¹, the Global Reporting Initiative¹², the WWF Climate Savers Programme¹³, The World Economic Forum Global GHG Register¹⁴, the UK Trading Scheme¹⁵ and the EU Trading Scheme¹⁶.

Capacity Building Initiatives in Energy and Climate. The energy and climate programme has recently engaged in a number of new capacity building initiatives, working with a variety of partners including the WBCSD regional network. For example, the Mexican GHG Pilot Programme is capacity building initiative based on a partnership between Mexico's secretariat for the environment and natural resources (SEMARNAT), the WBCSD and the WRI. According to the SEMARNAT secretary Jimenèz, the programme will 'provide tools and training for Mexican business in applying accounting approaches to quantify GHG emissions, identify GHG reduction opportunities, and attract new technology and investment' (The WBCSD, 2005h). The partnership has developed a voluntary reporting scheme for Mexican businesses following the GHG Protocol. While many industries throughout the world have adopted the GHG Protocol, Mexico is the first country to adopt it. The implementation of the programme started in January 2005. The partners believe that successful implementation will serve as an inspiring example for other countries to consider adopting similar capacity building initiatives towards mitigation of climate change.

¹¹ <http://www.epa.gov/climateleaders/>

¹² See <http://www.globalreporting.org/>

¹³ See <http://www.worldwildlife.org/climate/projects/climateSavers.cfm>

¹⁴ See <http://www.weforum.org/site/homepublic.nsf/Content/Global+Greenhouse+Gas+Register>

¹⁵ See <http://www.defra.gov.uk/environment/climatechange/trading/>

¹⁶ See <http://europa.eu.int/comm/environment/climat/emission.htm>

4 THE ROLE AND INFLUENCE OF THE WBCSD IN GOVERNANCE FOR SUSTAINABLE DEVELOPMENT

The review of the WBCSD policy approach, norms and work programme illustrate how the CS discourse is formulated by the WBCSD. In essence, much of the CS discourse and the WBCSD work programme entail specific normative connotations regarding the ‘appropriate’ and ‘optimal’ social organisation for SD, and for ‘regulating’ or enabling business contributions specifically. CS appears to be informed by the assumption and idea de-regulated markets work best for SD, if supported by “framework conditions” that facilitate voluntary and self-regulatory environmental and social management on behalf of industry. Meanwhile, innovation, eco-efficiency, and CSR are regarded as the most appropriate means by which actors (within this framework) can advance sustainable practices. This is the basic normative message that may be drawn from the CS policy discourse promoted by the WBCSD.

The remainder of this study is concerned with how the CS discourse – through the work programme and political activity of the WBCSD – has influenced and shaped relevant actors within governance networks for sustainable development. This paper primarily endeavours to assess such influence at the level of global governance and politics for SD. Yet it considers, albeit more briefly, such influence within the business community itself, to provide a fuller picture of the scope and effects of CS. The first part of chapter 4 investigates the power and normative sway of CS as advocated by WBCSD within key international policy conferences, negotiations and institutional forums. Section 4.1 scrutinizes the effects of WBCSD normative entrepreneurship at major policy negotiations such as the UNCED and WSSD, and assesses its influence on key policy documents. Thereafter the paper reviews relevant critical approaches to the influence of business in global governance, to set the stage for further debate. The final section considers such critiques in the light of the analysis of WBCSD influence, and assesses both the possible negative and positive effects the CS discourse.

The following analysis is conducted within the framework outlined introductory (chapter 1). In essence, the paper attempts to draw attention to how the WBCSD contributes to normative governance through the mechanism of *norms entrepreneurship* (See Florini, 199g; Finnemore and Sikkink, 1998), and the role that norms and discourses play in agenda setting and policy (frameworks) development within governance for SD.

4.1 The Influence of the WBCSD and CS – SD Conferences and Negotiations

The WBCSD have been an active and energetic player in global environmental and SD policy negotiations. Commencing with the UNCED process 1992 – where the BCSD was asked to provide input to the process – the WBCSD has been engaged as advocates and representatives for business at key policy negotiations. How and to what extent has this strong business presence and advocacy put a stamp on global politics for SD?

There is little doubt that Schmidheiny’s and BCSD contribution to Maurice Strong (as formulated in *Changing Course*) have influenced the formulation of Agenda 21. Indeed, in chapter 30 ‘*Strengthening the role of business and industry*’, there is a direct parallel between the CS policy discourse and its political vision.¹⁷ Chapter 30 provides numerous explicit references to the role of eco-

¹⁷ The CS policy discourse at this point was formulated in *Changing Course* (Schmidheiny, 1992) and ICC’s business and SD blueprint *From Ideas to Action* (Willums et. al., 1992).

efficiency and innovation, e.g. in recognising that ‘through more efficient production processes, preventive strategies, cleaner production technologies and procedures...business and industry, including TNCs, can play a major role in reducing impacts on resource use and the environment’ (section 30.2). References to the CS “framework conditions” – the merit of voluntary initiatives, self regulation and economic instruments in achieving SD – are also evident, for example in section 30.3/4. Given the explicit aim of the BCSO – and the UN request to them – to provide input to this process, it seems reasonable to hold that business norms advocacy at UNCED in 1992 proved successful in that they have influenced the content of this milestone SD policy document.

According to the ICC, business was pleased with the end result. ‘In general, the feeling among business participants was that the substantive input of the UNCED was positive. It could have taken a negative stance on market forces and the role of business, and there was at one time the real possibility that the conference might be pushed to lay down detailed guidelines for the operation of TNCs. Instead, it acknowledged the important role of business’ (Willums and Golüke, 1992: 20). ‘National governments have now begun to formulate their own policies and programmes in accordance with the commitments given in Brazil. We expect that these national laws and regulations will not be as stringent, bureaucratic and “anti-business” as some feared before UNCED’ (Willums and Golüke, 1992: 21)

Business and the WBCSD also appear to have played a key role in post-Rio SD policy development. At the UNGASS Rio+5 forums in New York 1997, the WBCSD co-hosted a high-level roundtable for government, NGO and business leaders, where member CEOs met with 250 civil society representatives. According to Najam, this was watershed for the WBCSD. ‘In just 5 years [since Rio], big business had moved from a position where its views on SD were reluctantly tolerated to one where they are now actively sought. Despite the dismay of some groups, WBCSD, as the most active and representative voice of big business on issues pertaining SD, is no longer seen as a gate-crasher at international environmental forums, but as an honoured guest’ (Najam, 1997:69). At Rio+5, WBCSD made recommendations to the Commission for Sustainable Development (CSD) to encourage a minimum regulatory system or one that permits flexibility and innovation; to motivate and introduce voluntary initiatives and agreements that encourage corporate responsibility, consumption based green taxes and to change subsidies and taxes so that they discourage unsustainable behaviour (The UN, 1997). These are in proportion to the market framework conditions promoted by the CS policy discourse.

In preparation for the World Summit on Sustainable Development (WSSD) in Johannesburg 2002, the WBCSD and the ICC created the *Business Action for Sustainable Development (BASD)* – a coalition/platform for the purpose of concerting a unified message from the business community. At the WSSD, the WBCSD also hosted a ‘Business Day’ event, which drew more than 900 participants from the world of business, government and other circles, including UN Secretary General Kofi Annan, which proved a landmark for the WBCSD presence at Johannesburg (The WBCSD, 2005a). The WSSD also served as a launch-pad for the WBCSD book ‘*Walking the Talk*’, which presented an up to date version of the business case for SD, and which ‘took a frank look at the areas where companies were progressing, where they were failing, and what would need to be changed’ (The WBCSD, 2005a:10). The book served as a showcase for how companies had begun the implementation of SD, through implementing the norms of eco-efficiency and CSR.

Furthermore, the CS policy discourse – and in particular the norms related to policy instruments (voluntary approaches), eco-efficiency, innovation and CSR – appear to have enjoyed a central position in the WSSD policy discussions and in the resulting policy framework; the *Johannesburg Plan of Implementation* (JPOI). Chapter 3 ‘Changing unsustainable patterns of consumption and production’ encourages the promotion and development of a framework that seeks to decouple economic growth and environmental degradation by improving eco-efficiency in the use of resources and production

processes (JPOI, 3.15). JPOI recommends that governments should increase investment in *clean technology and eco-efficiency* through incentives, support schemes and policies directed at establishing appropriate regulatory, financial and legal frameworks (JPOI, 3.16.a/b/d). JPOI more specifically suggests ‘the collection and dissemination of information of cost-effective examples in cleaner production, eco-efficiency and environmental management to promote the exchange of best practices and know-how on environmentally sound technologies between public and private institutions’ (JPOI, 3.16.c). It also recommends enhancing action in the field of ‘corporate environmental and social responsibility and accountability’ (JPOI, 3.18). Chapter 5 ‘SD in a globalising world’, asks governments to actively promote corporate responsibility, and to promote continuous improvement in corporate practices in all countries (JPOI, 5.49). In terms of instruments, industry’s social and environmental performance should be encouraged through voluntary initiatives; dialogue between industry and its stakeholders and workplace based partnerships and programmes (JPOI, 3.18.a/b/c/d). Furthermore full cost pricing (internalisation of environmental costs) and the use of economic instruments (MBIs) are promoted (JPOI, 3.19).

The prescriptions embodied in these paragraphs provide an overarching mandate for governments to promote WBCSD norms related to market framework conditions, eco-efficiency, innovation and CSR. The fact that it was the WBCSD who invented the concept of eco-efficiency in the first place – a concept to which JPOI makes frequent references – does indicate a vast amount of normative influence on behalf of WBCSD and CS in public policy institutions. As president Stigson argues, the WBCSD have been able to prove to the international community that eco-efficiency pays dividends in terms of cost savings and efficiency improvements, which has resulted in the concept gaining universal acceptance due to WBCSD advocacy (The WBCSD, 2005a). The correspondence between the CS policy discourse, the WBCSD work programme and JPOI appears conclusive. It is thus arguable that the WBCSD, in acting as the main representative of business and advocate of CS norms in WSSD negotiations, have put their stamp on the outcome of the process as documented in JPOI.

The WBCSD has also been highly engaged in international climate change negotiations. In the 1990 the UN set up the Intergovernmental Negotiating Committee (INC) which later led to the establishment of the UN Framework Convention on Climate Change (UNFCCC). The UNFCCC was first open for signature at Rio 1992, and since 1995, an annual Conference of the Parties (COP) comprising all signatories to the UNFCCC has taken place. The UNFCCC produced the Kyoto Protocol¹⁸ in 1997, which aims to reduce the developed world’s greenhouse gas (GHG) emissions to 5.2% below 1990 levels by 2012. The Kyoto Protocol came into force on Feb 16th 2005.

The WBCSD regularly provides business input to the UNFCCC process and other intergovernmental energy and climate policy relevant bodies. In particular, the WBCSD has been an active participant at the COP conferences (The WBCSD, 2003; 2005f). At the Kyoto negotiations in 1997, the WBCSD was an energetic player at every session (Najam, 1999). In addition to providing ongoing input, the WBCSD furthermore organised a workshop together with the Keidanren (the Japan Business Federation) and the ICC (The WBCSD, 2003). In Buenos Aires 1998, ‘business was in the forefront...both in relative numbers and in involvement in the proceedings, and many national delegations now include business representatives’ (Stigson in Najam, 1999:69). At the COP10, 6-17 Dec 2004 – which focused on the post-2012 carbon reduction targets and bringing developing countries into the process – the WBCSD participated with a variety of publications, statements and hosted/co-hosted a number of events (7) (The WBCSD, 2005f; see also 2005a). The overarching aim of this policy involvement has been to advocate and promote a framework that enables business to contribute effectively to combat climate change at UNFCCC. Efforts have concentrated on advocating the integration of *flexible mechanisms* such as *emissions trading* and the project based

¹⁸ <http://unfccc.int/resource/docs/convkp/kpeng.html>

mechanisms – Joint Implementation and the *Clean Development Mechanism* (CDM). The WBCSD has thus promoted initiatives such as WBCSD/WRI's GHG Protocol, and supported the World Economic Forum's Global GHG Register¹⁹ and the EU emissions trading scheme (The WBCSD, 2003; 2005f; Stigson, 1999)

It is safe to say that the high level and frequent engagement on part of the WBCSD have had some impact on climate change policy development. Indeed, much of the emergent regime retains many elements that the WBCSD have been advocating (Najam, 1999). The WBCSD assumption that sustainability is 'best' (efficiently and cost-effectively) achieved through free market mechanisms, correspond to the basic framework adapted by UNFCCC to reducing GHG emissions – i.e. through flexible free-market mechanism such as emissions trading and joint implementation (JI) – as opposed to more stringent mandatory reductions. Furthermore, through participation in UNFCCC COPs, the WBCSD has exercised significant CS norms entrepreneurship. Encouraging market based mechanisms for GHG reduction which are efficient and function at low transaction costs, eco-efficiency and innovations in clean technology have formed the cornerstones of WBCSD climate and energy policy advocacy at COPs (See Stigson, 1999; Sykes, 2001; the WBCSD, 2004a)

The WBCSD has also been an active participant in the UN Commission on Sustainable Development (CSD) policy cycles, particularly within the area of energy and climate policy. The CSD was established in 1993 as a functional commission of the ECOSOC by Council decision 1993/207²⁰. The UN CSD is an inter-governmental body composed of 53 member states. Other states, UN organizations, accredited inter-governmental and non-governmental organizations can attend the CSD conferences and meetings (The UN, 2005a). The mandate of the CSD is to review progress in the implementation of recommendations and commitments contained in the UNCED documents Agenda 21 (1992) and JPOI (2002); to elaborate policy guidance and options for future activities to follow up the JPOI; and to promote dialogue and build partnerships for SD with major groups identified in Agenda 21 as key actors outside the central government – who have a major role to play in the transition towards SD (The UN, 2005a). Business and Industry represent one of these major groups²¹, for which the WBCSD has served as the main representative in CSD policy processes.

In April 2005, a new initiative established by the WBCSD together with the ICC and the World Energy Council (WEC) – the “Business Action for Energy” (BAE) – was launched at the 13th session of the UNCSD (UNCSD 13). The initiative brings together a comprehensive network of business from around the world. The BAE seeks to advocate and illustrate how business is a constructive contributor and indispensable participant in the strive towards delivering sustainable energy – alongside governments and civil society – and that business can contribute to the process through the provision of resources, and the development and deployment of new technologies. The role of the BAE within the UNCSD is to provide a platform to facilitate and coordinate the business input into the upcoming cycles CSD 14 and 15, commencing in May 2006 (The WBCSD, 2005i; 2005j). This cycle will review progress in the areas of 1) Energy for SD, 2) Industrial Development, 3) Air Pollution/Atmosphere, and 4) Climate Change (The UN, 2005a)

It should be noted that the WBCSD and its participants has also established partnerships with other UN agencies such as UNEP, UNDP, the IPCC²², the GRI²³ and the UN Global Compact²⁴. Partnerships have been formed with leading international organizations such as the World Bank and the OECD, and other key non-governmental players in environmental policy such as the IIED²⁵, the

¹⁹ <http://www.weforum.org/site/homepublic.nsf/Content/Global+Greenhouse+Gas+Register>

²⁰ <http://www.un.org/documents/ecosoc/res/1993/eres1993-207.htm>

²¹ Major Groups recognized in Agenda 21: NGOs, Business and Industry, Women and Youth, Local Authorities, Scientific and Technological Communities, Indigenous peoples, Workers and Trade Unions, and Farmers.

²² <http://www.ipcc.ch/>

²³ <http://www.globalreporting.org/>

²⁴ <http://www.unglobalcompact.org/>

²⁵ <http://www.iied.org/>

IISD²⁶, Earth Watch²⁷ and WWF – to mention some (WBCSD, 2005e). What these partnerships entail and mean in practice however – beyond generating increasing policy dialogue and cooperation – remains an open question. While this paper does not go further into the issue of PPPs, it can be assumed that through such collaboration the WBCSD norms entrepreneurship may have had an impact on policy formulation.

Thus the WBCSD has been highly successful in cultivating a close relationship with key inter-governmental players in global environmental politics, by actively participating in policy negotiations and through PPPs. The analysis of WBCSD influence on negotiations and policy documents indicate that WBCSD has been able to shape sustainable development policy frameworks, and to create a political platform and playing field for business – which has been the explicit aim of the organisation. Indeed, the WBCSD norms entrepreneurship has experienced an undeniable success. As Judy Henderson, former Chair of the Global Reporting Initiative (GRI) Board argue; ‘today the WBCSD is not only an important voice at the table, but plays a leading role in the identification of key SD challenges, along with collaborative and creative responses’ (WBCSD, 2005a:8). 10 years after its launch by the WBCSD, the concept of eco-efficiency has become a nearly universally accepted norm and solution in terms of meeting the global environmental challenge. The norms related to free-market framework conditions, promoting voluntary agreements, self-regulation, flexible economic instruments and MBI; corporate (social) responsibility and innovation similarly have gained widespread resonance in global politics for sustainable development – and now enjoy legitimacy by defining much of the content of inter-governmental “public” environmental and SD policy.

Now, while there is little doubt that the WBCSD and CS have exercised considerable normative influence by means of shaping the content of environmental policy, questions remain concerning the quality, effects and direction of this influence. Before discussing more broadly the possible consequences of the CS discourse and norms advocacy on part of WBCSD, the paper will consider the most pertinent critical approaches to increasing business involvement in global governance.

4.2 Critical Approaches to Corporate Influence in Global Governance for SD

One important implication of increasing CS influence in global politics is its potential to exercise widespread power over the cognitive framing of SD issues. The CS policy discourse embodies a system of knowledge and belief, involving for example explanations of the environmental problematique, its root causes (technological and managerial shortcomings), and its appropriate remedies (enhanced (rational) industrial management and regulation by business; thus reducing the SD problem to questions concerning “rational” management and technological progress. The danger is that the CS discourse, by steering actors’ beliefs, interest and behaviour, promotes a fairly limited conception of sustainable development, of how it should be managed, and who should participate and have a say in such management. Indeed, CS provides conceivably undemocratic means to solving the challenge of promoting SD. It presents a “top-down” (see Karliner, 1997), technocratic and managerial solution to achieving SD whose underlying “administrative rationalism” (see Dryzek, 1997; Rydin, 2003) suggests that environmental and social problems are best identified, defined, and solved by professional elites and experts. The implication is that CS might serve to marginalise the role of more radical “grass-root” environmentalists and NGOs.

For some critics furthermore, the increasing role and engagement by business in global SD politics is depicted as the explicit attempt by global capital to amplify their power and influence. Following a Gramscian hegemony perspective, various scholars have argued that recent commitments by transnational corporations to contribute to SD policy formulation and

²⁶ <http://www.iisd.org/>

²⁷ <http://www.earthwatch.org/>

implementation, signal the tendency of capitalist forces to engage in alliance building processes with a variety of state, inter-governmental and civil society actors; with the aim to protect their interests and to influence the ideological base of the dominant hegemonic order (see Murphy and Bendell, 1999; Falkner, 2003; Levy and Newell, 2002). Being at the policy forefront enables business to 'co-opt' (See Shiva, 1980) and thus silence the critiques towards global capital as being the primary source of environmental decline, through posing themselves as part of the solution rather than the problem. Simultaneously, by actively contributing to policy formulation, business may influence the content of environmental and social policy and the design of regulations to reflect and 'fit' corporate interests (Murphy and Bendell, 1999; Falkner, 2003). Following Levy and Newell (2002:92), such efforts by business should be understood as strategies 'of accommodation, combining material and discursive efforts to preserve corporate legitimacy and autonomy in the face of growing public environmental concerns'. Thus for opponents of corporate sustainability, business and the WBCSD is assumed to be simply a coalition of highly influential business leaders, whose aim is to promote and advance a market oriented and business friendly discourse and strategy in global SD politics; seeking to tame the concept of sustainable development²⁸ to mean no more than a level of social and environmental management that corporations can easily accommodate.

Such efforts have been popularly described as "Greenwash". Greenwash is defined as a strategy used by corporations working to manipulate the definition of environmentalism and SD, to ensure that trade and environment agreements are shaped, if not dictated, by the corporate agenda (Greer and Bruno, 1996). This perspective has been adopted by a number of NGOs²⁹. In 1997 the WBCSD received the "Greenwash Award" (Corporate Watch, 1997). According to Corporate Watch, the WBCSD discourse and the presentation of success stories of companies that have implemented sustainable practices, masks the reality behind WBCSD which aims first and foremost to increase corporate ideological influence and power on the global stage. The success of JPOI as agreed upon in Johannesburg, it is argued, 'is threatened by the lobby group BASD (Business Action for SD) – headed by the WBCSD – which intends to advocate voluntary measures and "self-regulation", while publicizing anecdotal case studies to prove industry's contribution to sustainable development' (Corporate Watch, 2002:1)

The negative effect of the increasing sway of Corporate Sustainability in global SD politics, critics argue, is in essence the potential that CS might serve to silence a more radical discourse. There is a danger that increasing CS influence over policy making might put at risk the SD movement's achievement in establishing a more far-reaching political agenda, and the formation of more stringent regulatory regimes for TNCs in a globalised economy. As Karliner (1997:32) argues, the political advocacy of big corporations as such represents merely the 'effort to ward off the threat that the environmental movement might convince the world's governments to force them to make much more far-reaching changes. Self-proclaimed environmentalists [corporations] have achieved this by absorbing the question of ecological sustainability into the overriding agenda of economic globalisation'. As such, the CS discourse provides a strategy that represent simply the 're-tooling' of business as usual and that fits the aspiration for further expansion of global capital. If successful, CS might preclude a more radical critique of the capitalist world economy as a source of the ecological crisis, and lead to marginal environmental improvements only (see e.g. Welford, 1997).

The process of corporations seeking to influence the hegemonic definition of sustainable development to fit their agenda has been depicted as the attempt by business to "hijack

²⁸ The concept of Sustainable development used here (and in the paper generally) with reference to Brundtland Commission's definition, 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'. This notably contains 2 key concepts: the concepts of needs (in particular the needs of the worlds poor) and the idea of limitations posed by the state of technology and social organisation on the environment's ability to meet present and future needs (Lafferty, 1996:188)

²⁹ See for example Corporate Watch <http://corpwatch.org/article.php?id=242> and Friends of the Earth (FoE) http://www.foe.co.uk/campaigns/corporates/news/earth_summit/23_august.html

environmentalism” (Welford, 1997). The rhetoric of CS, it is asserted, lacks any real vision and ignores the complex social and cultural issues which many see as central to SD. The central concept of eco-efficiency furthermore does little to tackle the root causes of the environmental crisis in advocating globalisation, free trade (as opposed to fair trade), materialism, economic growth and consumption. According to Ruud (2004b), eco-efficiency may be necessary, but is nevertheless not always sufficient to achieve sustainable development. By implication of the concepts’ limited focus, ‘in general, principles of justice, precaution and inclusiveness – as generic to the concept of sustainable development – are still not on the corporate agenda.’ (Ruud, 2004a:221)

A critical issue concerning the role of regulations is whether the influence of the CS policy discourse might undermine the work for more accountability through national regulations and regulatory regimes for business. As Greer and Bruno (1996:41) point out, ‘the real political danger of Greenwash lies in the possibility that it will convince governments and intergovernmental organisations to abdicate further their responsibility to regulate and hold accountable TNCs’. This is a key problematic will be discussed further in subsequent sections.

4.3 The Corporate Sustainability discourse – a critical appraisal

This section aims to present an appraisal of the normative influence of WBCSD and the CS policy discourse. In order to investigate more thoroughly some of the claims made in this debate – with promises of total “Greening” on the one hand, and accusations of “Greenwash” on the other – the paper assesses the tenants and assumptions of CS. The analysis examines firstly the validity of the *win-win logic* and the relative advantage of the type of *policy mix / instrument hierarchy* advocated, with the aim to show how the assumed advantages of the WBCSD instrument hierarchy is not necessarily a given. The report argues that CS’s choice of instruments, if put to practice, might risk the environmental efficacy and the dependability of policy programmes and regulations. However, CS can also play a complimentary role to traditional regulations, while building private sector capacity to contribute effectively to SD. The debate regarding the implications of CS and WBCSD influence will finally be summarised and concluded in section 4.4.

4.3.1 The CS policy ‘instrument mix’

CS builds on the central postulation that investing in eco-efficiency, environmental innovations and CSR is *good for business*, assuming that the development and implementation of eco-efficiency and clean technology can reduce costs and negative environmental effects simultaneously. Yet, the total cost of environmental management is highly disputed. Critics argue that win-win solutions are at best a marginal phenomenon supported by anecdotal evidence only (Walley and Whitehead, 1996; Wagner, 2001; Ekins and Speck, 1998). Arguably, possibilities for catalysing win-win scenarios is not a universal given but will be dependent on industry and sector specific variables. Furthermore, those companies and industries that succeed in picking “low hanging fruits”(win-win solutions), will not be able to carry this out indefinitely (Walley and Whitehead, 1996). Thus critics have established that the assumption made by the WBCSD that eco-efficiency (e.g. reducing material and energy intensity, the dispersion of wastes and increases in reuse and use of renewables) unquestionably contributes positively to the financial bottom line, is problematic. Rather it should be expected that industry will run into win-lose scenarios in trying to implement eco-efficiency and clean technology innovations through environmental management systems. If one accepts that environmental protection invariably poses costs on firms and industries, the extent to which voluntary approaches alone should be seen as a helpful strategy for catalysing processes of ‘greening’ in industry is highly questionable, as voluntary initiatives might not be able to deal effectively with win-lose situations.

Much has been said about the advantages and disadvantages of environmental policy instruments. From a 'technical' point of view, the 'optimal' policy mix between CACs, MBIs and VAs to secure environmental protection remains a complex and unsettled question (See Jacobs, 1991; Turner et al, 1994; Andersen and Sprenger, 2000; Connelly and Smith, 1999; Seccombe-Helt, 2000). The selection of the 'optimal' policy mix moreover, is a normative undertaking dependent upon what type of criteria is favoured and sought satisfied. Policy instruments might be judged against a variety of different criteria, such as economic efficiency, environmental efficacy (dependability), equity impacts, adaptability, dynamic incentives and political acceptability. Often, a single policy instrument might satisfy one or two of these, while falling short on others. It is therefore important that the right mix of instruments is applied to each single situation and policy objective. What can the general strength and weaknesses of different instruments say about the potential for CS to achieve policy objectives?

Market based instrument might have a positive effect on greening in establishing economic incentives for firms to invest in environmental innovations, while forcing consumers to pay for negative environmental effects. They may also offer low compliance costs and flexibility for firms to chose and adapt their activities to what suits them (Andersen and Sprenger, 2000; Seccombe-Helt, 2000). While economic instruments might be efficient however, the extent to which they are really effective is questionable (Carter, 2001). MBIs might be undependable in terms of securing a minimum level of environmental performance, because how and when actors respond to MBIs, such as environmental taxes, is difficult to predict. Reaction to them might be slow and they do not ensure that the target is in fact met (Jacobs, 1991). MBIs also provide firms with a 'licence to pollute' (Connelly and Smith, 1999). The ability of MBIs to deliver SD is thus questionable.

The WBCSD and CS assume voluntary approaches such as VAs and self-regulatory measures to be the most advantageous way of generating SD practices in industry. Moreover, it is alleged that markets are inherently capable of catalysing innovations (eco-efficiency, CSR) without much government intervention. Yet the extent to which voluntary approaches are "innovation pushing", and whether it can secure that innovations are in fact beneficial not only for the economic- but environmental bottom line, is questionable. Indeed, established techno-economic practices are deeply embedded in their structural and organisational contexts, and often difficult to change (See for example Schot and Fisher, 1992; Steger, 2000). At the firm level, conventional routines are deeply entrenched, while investments in radically new technologies such as clean technology may pose short-term costs and long time horizons for economic gains from innovations on firms. Such factors might establish biases for incremental change to existing practices (see Gouldson and Murphy, 1998), which might get in the way of more radical change such as the replacement of environmentally damaging techno-economic systems. Therefore, voluntary approaches might prove insufficient in terms of catalysing and implementing necessary innovations for SD.

Another critical issue is the potential for VAs to prove ineffective as a result of free-riding (Börkey and Lèvéque, 2000). While WBCSD members represent the elite of environmentally conscious business, with strong records of implementing eco efficiency and committing to EMS and CSR, there is no guarantee that the vast number of firms less subject to public scrutiny will act in similar manner. Rather, for the most part companies will chose to free-ride on the performance of forerunners, or to commit only half-heartedly to concepts such as environmental innovations and eco-efficiency. As Videras and Alberini (2000) demonstrate, firms that are subject to public scrutiny – or have a particularly 'bad' track record – are indeed more likely to participate in VAs, while the majority of firms who are not subject to such scrutiny can continue business as usual. How to get non-participants of voluntary agreements and self-regulatory schemes to improve their practices remains a critical issue with which the WBCSD should actively engage (Ruud, 2004a:338-339).

For VAs to be effective, they should be backed by traditional CAC regulations (Delmas and Terlaak, 2002) to ensure proper sanctioning threats (Börkey and Lèvéque, 2000). Similarly, the

OECD recommends – for the successful implementation of VAs – that there should be credible regulatory threats linked to voluntary initiatives (Hansen et al., 2002), in order to deal successfully with companies that fail to commit to environmental management that involves win-lose scenarios (i.e. economic costs). This notion is supported by Khanna and Damon's (1999) study, which demonstrates that the principal motivation for firms to participate in VAs are the existence of traditional regulatory frameworks that would impose penalties of firms that do not undertake proactive measures for self regulations. Thus, credible threats of sanctions and mechanisms to penalise non-compliance and reliable monitoring are key to making VAs work.

The real impact of VAs on firms remains an unsettled question which needs to be explored further in research. However, considering the effect of environmental management systems (EMS) on companies' performance, Dahlström et al.'s (2003) study demonstrates some positive learning effects following the implementation of EMSs. Indeed, from the population of companies studied, the firms that had committed to ISO 14000 and/or EMAS performed significantly better in terms of environmental management than firms that had not. Yet, the authors reveal how impacts have been largely related to procedural aspects of environmental performance; such as maintenance, monitoring and record keeping; while there is no real evidence of direct improvements in *outcome*. These results further draw attention to the need for more stringent control over VAs to secure real improvements in corporate performance, and that the growing use of self-regulation should not lead to modified use of CACs.

In terms of traditional regulations (CACs), in contrast to VAs and MBIs, they have the advantage of being *dependable* in that they can guarantee a certain level of control; establish clear targets, predictable results, while holding firms accountable (Carter, 2001). There is also a case to be made for CACs being more innovation pushing than VAs. Following Porter and van der Linde (1995), strict CAC regulations – if designed properly, employing phase in periods and furthermore focusing on outcomes – present the most innovation friendly alternative of environmental regulation (see also Howes et al. 1997)

A critical issue emanating from this discussion concerns the potential trade-off between the economic efficiency and the environmental efficacy of policy instruments. On the one hand, VAs and MBIs often present the most economically efficient alternative, in that they provide firms with the time, flexibility and leverage to find cost-efficient solutions that are tailored towards the specific circumstances of the company and industry. On the other hand, the use of voluntary agreements can put at risk the environmental efficacy of policy, as VAs lack the dependability that CACs can offer. There is no guarantee that voluntary and self-regulatory initiatives can deliver real improvements in companies' social and environmental practices, especially if implementation poses financial costs, while free-riding generally might also undermine its efficacy. In contrast, CACs have been widely (and often correctly) criticised for being economically inefficient, in forcing firms to adopt fixed solutions and technologies that do not offer the most cost efficient (and innovative) way forward. Yet CACs offer high dependability – securing a defined level of environmental protection – while retaining relative control over what industry is doing, although the effectiveness of CACs also suffer from implementation deficits. The potential trade-off between economic efficiency and environmental efficacy indicate that there is a danger that CS in practice carries the consequence of trading dependability for the desire to secure the economic efficiency of policy.

Thus the CS policy discourse is perhaps too biased towards the interest of industry to find cost-effective solutions, sacrificing the interests of maintaining a certain level of policy dependability and thus ability to deliver desirable means for environmental and social protection. Indeed, the choice of policy instruments is only partly a technical matter of selecting the instrument that offer the 'best' means of delivering a policy objective, it is also a highly political process shaped by competing interests (Carter, 2001). CS's tendency to advocate strongly the use of voluntary approaches while

underplaying the role of CAC regulations, indicates that business is trying to protect their (economic) interests by attempting to influence the ideological basis of global SD politics towards an increasingly market-liberal agenda. This is hardly surprising, since 'policy instruments are intended to alter the behaviour of producers and/or consumers [...thus...] the affected interests will mobilise resources to influence these choices' of policy instruments' (Carter, 2001:285). WBCSD's CS advocacy should be understood within this context of different interest working to influence policy content and outcome to their advantage.

However, whether CS influence will lead to the marginalisation of CAC regulation of corporations is not given. On the contrary it is *possible* that the use of voluntary approaches might compliment a regulatory (CAC) regime positively. As previously noted, the potential for VAs to deliver environmental efficacy is likely to be much larger if they are backed by 'background' regulations, as well as independent systems of monitoring and sanctioning. However, while VAs and CACs used in synchronization can have a positive and complimentary effect, this notion is not fully recognised (at least not explicitly and officially) by the WBCSD. CS does not account for how they visualise an effective supporting regulatory framework to come into action in parallel to increasing use of VAs.

A final point concerning voluntary approaches vs regulatory regimes relates to the possible ineffectiveness of CACs following regulatory vacuums and lack of effective implementation enforcement. CAC regulations have in many instances proved ineffective and failed to achieve the desired policy objectives due to incapacities on behalf of governments to monitor and enforce regulations (Carter, 2001). Against the backdrop of state/government failure (lack of effective policy responses or public intervention) as such, the advocacy for increasing employment of voluntary approaches appears more practical, and an initiative which might lead instead to increased effectiveness of policy. Thus voluntary approaches can be interpreted as a fair attempt to fill the governance gap at both the national and global level in influencing the activity of business effectively. In this context, the CS policy discourse represents a creative means through which one might influence and govern business activity, in the absence of a better alternative. In the area of climate policy – according to the WBCSD – it is precisely state failure has resulted in the lack of international leadership to effectively tackle climate change. Thus it was the absence of such leadership that spurred the launch of the GHG Protocol Initiative. Similarly, capacity building initiatives in energy and climate, such as the Mexican GHG Pilot Programme, can be appreciated for attempting to mitigate climate change in the absence of government inventiveness.

So far we have discussed possible effects of the influence of CS on the systemic level only. However, in evaluating the quality of the impact of WBCSD normative advocacy, there is a need to discuss not merely the influence on public policy, but in addition its possible impacts at the firm level. Whether CS and voluntary approaches can have an overall positive effect is highly dependent on its ability to deliver enhanced environmental and social practices in business operations. While this paper has not conducted a detailed study of the influence of WBCSD policy programme and CS on business performance, it is possible to make some assumptions concerning type of effects one might expect.

Considering the effects of VAs, one should not underestimate the potentially constructive effect voluntary approaches might have on business by building awareness for issues pertaining to SD (normative change) and in promoting *learning* (Börkey and Lèvêque, 2000). Indeed, studies of VAs (Khanna and Damon, 1999; Videras and Alberini, 2000) show that companies are also motivated to participate in VAs because they offer opportunities for firms to learn about environmental management at a lower cost, technical assistance and information transfer (although this is less a motivation than regulatory threats). VAs do to a certain extent function as learning and capacity building tools. For example, the UN Global Compact (GC) – while rightly subject to criticisms of ineffective monitoring and sanctioning – have nevertheless generated some positive effects on firms

through its 'learning approach'. Through GC forums – engaging companies in deliberative dialogue – participants have explored matters concerning corporate sustainability norms and strategies for their implementation, while learning about their appropriate social and environmental roles and responsibilities (Vormedal, 2005). The UN GC is thus an example of how governance is not only about the adherence to formal rules but about informal steering and normative influences. Normative governance as such might have a cultural impact on firms in bringing about a management focus on environmental norms and issues, while improving practical procedures of green management.

The WBCSD work programme and the CS policy discourse more generally also bear the potential of building awareness and influencing business through learning activities. To be fair, perhaps not enough time has passed to trigger significant and measurable changes in the outcome of business practices. Yet there are a number of areas in which WBCSD work has a clear potential of creating positive change. First, one might expect WBCSD norms entrepreneurship to work through its publication programme and e-newsletter scheme. By similar token, the inroads that the WBCSD is making into universities and business schools curricula, its virtual university functions, and the e-learning tool *Chronos*, are significant because these activities have the potential to reach millions of students and businesses. In being exposed to the WBCSD and their formulation of CS, they are likely to adapt to and absorb this particular version of what is SD and how it is most likely to be achieved. The capacity building programme's launch of "The Sustainable Business Challenge" for example, an internet based summary of WBCSD's CS and a multiple choice test based on the material (from which one may print a certificate of competence upon completion) has estimatedly reached over a million students (Najam, 1999). There is a case to be made for CS at least being capable of engaging the business sector in learning activities while contributing to cognitive reconstructions of corporations' role in the promotion of SD.

4.4 The effects of WBCSD and CS influence in global governance for SD

What emanates from the above discussion is the possible 2-dimensional effect of growing WBCSD and the CS influence, i.e. the systemic (macro) level and the company (micro) level. While the dynamics between positive and negative effects of CS and voluntary approaches at the macro and micro level are not fixed, it is possible to summarise the above discussion in terms of a few general hypotheses, and to present some conclusions.

The paper has established the possible scenario that CS might undermine regulatory approaches to environmental and social protection, by means of contributing to a growing acceptance and public policy encouragement of voluntary approaches. The assumption here is that VAs thus might replace CACs to a significant extent, and that governmental agencies increasingly rely on voluntary self-regulation to deliver sustainable development policy objectives instead of employing more stringent regulatory control. As the analysis of CS influence on the UNCED process show, this appears to already be the case. Voluntary approaches are increasingly accredited significance as a policy instrument, and its use in practice is growing. Simultaneously, traditional regulations are out of fashion (although independently of WBCSD advocacy), while a market friendly ideology and a bias towards (economic) efficiency in international institutions is unmistakable. It is arguable furthermore that the CS discourse itself does not fully acknowledge the need for governments and public agencies to utilize a variety of regulatory instruments for different purposes in different settings, which give a central place to CACs as a supportive framework for voluntary and self-regulatory initiatives. As it stands, the CS approach to the selection of instruments continues to present a restricted solution to governance of business for sustainable development.

On the other hand, one might argue that CS can contribute positively to governance for sustainable development. First, if the increasing utilization of voluntary approaches does not

correspondingly lead to less CAC regulations and government led monitoring, it is plausible that CACs and VAs can function in a synergetic relationship. Governments and public agencies can chose to establish CACs 'background' regulatory frameworks to support the VAs, providing a credible system of monitoring and sanctioning which enhances the implementation efficiency of VAs, and which deals effectively with free-riders. Considering the implementation deficit or regulatory vacuum associated with top-down CAC regulation, VAs and CACs used in sync provides a particularly attractive solution. Cooperative efforts between industry and public authorities designed to implement environmental policy goals (see Glasbergen, 1998) – captured in terms such as 'co-operative management regimes' (Lafferty and Meadowcroft, 1996 in Meadowcroft, 1998) – present one model for combining voluntary (VAs) and regulatory (CAC) efforts in a feasible and advantageous way.

However, the variable which ultimately determines and defines the definitive success of voluntary approaches as advocated by CS, is arguably *de-facto* impact of voluntary approaches on the company level. This paper has highlighted a number of ways in which VAs can generate enhanced environmental/social policy and practice in industry. Notably voluntary management and self-regulation can build awareness about sustainable development issues, and generate procedural and cultural change in firms which lead to enhanced environmental and social practices. The paper has also pointed out how CS in general can promote normative change in terms of how business conceive of and approach their responsibility as social and environmental agents. CS has the advantage of speaking the language of business and therefore perhaps has a much larger potential than other sustainable development and environmental discourses to appeal to industry and business actors. WBCSD and CS, in reaching out to large and small businesses worldwide, can through its advocacy and work programme spawn processes of social construction of corporate identities which provides the normative foundation for moving into a new state of affairs in which business actors fully recognise themselves not only as economic- but environmental and social agents. Furthermore, it is often assumed that one of the main (normative) change agents in international politics, is leadership. The WBCSD provides such leadership in 2 ways. On the one hand the organisation is a focal point and a representative for business at the global political stage. On the other hand the commitment of CEOs through the WBCSD provides important leadership within the business community and in the WBCSD companies. Because of the respect and power these CEOs enjoy within their respective firms, they have the potential to change the normative, strategic and operational approach of the corporation.

An important critical question here however concerns the vast number of firms that are not members of the WBCSD – or other voluntary agreements – such as the UN GC, GRI or ISO 14000. Indeed, the possibility that the majority of firms can continue to be 'laggards' and free-ride on the performance of a few 'forerunners' is a great problem which feeds into the argument for more stringent regulatory regimes and systems of background regulation to support VAs. Thus the problem of free-riding might undermine claims of VAs having a 'universal' and widespread effect. In addition, for the companies that do participate in VAs, studies show that real impacts are generally of an incremental nature related to procedural elements of business practice, while real effects on total 'outcome' of performance remains insignificant. These factors indicate that voluntary approaches and normative influences is not enough to create substantive change in business practice towards sustainable development.

Considering the Greenwash critique, it is undeniable that the WBCSD, while presenting their members companies as forerunners of 'best practices', are guilty of overlooking some of the 'worst practices' by the same corporations. Indeed, some of the WBCSD members are the largest CO₂ emitters globally, while simultaneously posing themselves as forefront fighters against global warming. This is a paradox that attributes resonance to the Greenwash critique. However the claim

that the WBCSD itself is *consciously* attempting to 'hijack environmentalism' or applying a Greenwash *strategy* appears much too strong. On the contrary, many of the WBCSD members appear to be truly dedicated to effectively contributing to sustainable development. Corporate Sustainability advocates (e.g. Stigson) are almost certainly themselves convinced of the advantages of this line of approach to solving the environmental problem. Yet the CS discourse itself does represent a reductionist picture of- and solution to SD. CS co-opts the SD problematique and transforms it into something that indeed is manageable and solvable for business, without having to go through large scale and costly changes to existing practices. The diffusion of this particular view regarding SD and its remedies is powerful and has the power to shape dominant conceptions in particular within the business community. As such the CS discourse itself exercises significant 'power-knowledge' which can potentially diverge critiques towards business and industry as the source of much environmental degradation.

4.5 Conclusion

It has been the aim of this paper to explore the effects and consequences of the growing role of business in global environmental politics, by examining the role and influence of the currently largest business representative – the WBCSD – and its policy discourse “Corporate Sustainability”. A popular claim in this context is that private sector involvement in ‘public governance’ represents merely the attempt by big business to hijack the environmental policy agenda to mean no more than a minimum level of environmental management that business can easily accommodate. From this perspective, business’ increasing political role has negative consequences, in that its influence contributes to a reduction of the environmental problematique to questions concerning rational management and technological innovations, while concurrently undermining political work for more stringent regulatory regimes to steer the activity of transnational corporations. This paper has found that the WBCSD, through its various work programmes and its normative advocacy of key CS norms and policy instruments, has exercised considerable influence on the content and formulation of international environmental policy documents from the UNCED process and beyond. Indeed, CS has put a mark on the hegemonic conceptions of what are the environmental and sustainable development problematique and its appropriate solutions, by firmly establishing the legitimacy of a market-friendly approach in public agencies. As such, voluntary approaches are increasingly seen as a more feasible and effective alternative to traditional regulations. The marginalisation of CAC regulations within this discourse can have the negative effect of putting at risk the environmental efficacy of policy, as VAs arguably need to be backed by a more stringent regulatory framework and independent monitoring and sanctioning to combat free-riding, and to be able to deal effectively with win-lose scenarios. As such, the increasing sway of CS should be understood as rather unhelpful for global governance for SD. Yet implementation deficits and governance gaps have the potential of rendering regulations ineffective, in particular with respect to business that operate trans-nationally. If the employment of voluntary approaches and self-regulations as advocated by CS is not replacing regulatory regimes per se, but instead lead to the development of cooperative efforts among public and private agencies, CS may indeed strengthen regulatory capacity and implementation effectiveness as a supplement to background regulatory frameworks. In addition, voluntary approaches have the potential of invoking learning, building awareness and diffusing norms related to business responsibility in promoting sustainable development, and investing time and money in improving their environmental and social performance.

This paper has demonstrated moreover that it is very likely indeed that the CS policy discourse, through WBCSD normative advocacy, has influenced business in a positive way. However this study has argued that the CS discourse does underplay the role of public authorities in governance for

sustainable development and in the process of greening industry. In order to develop a more sophisticated policy discourse, the WBCSD should reconsider its approach towards regulations and policy instruments, to acknowledge more fully the positive role that co-operative regulation can play, and the need to develop systems for independent (and perhaps public led) monitoring and sanctioning. It should also consider how to deal more directly with free-riders and the vast majority of companies that continue to lag behind the WBCSD members. On an end note, the paper calls attention to the need for further independent research regarding the de-facto performance of WBCSD companies themselves, as well as companies participating in WBCSD learning and capacity building programmes, to establish more concretely the real effect of WBCSD attempt at normative governance for sustainable development. Finally, the paper has argued that while the “Greenwash” and “hijacking” critiques posed to the WBCSD is perhaps too strongly put, the CS discourse has nevertheless exercised considerable power over hegemonic conceptions of SD and its appropriate remedies; and that CS thus have the potential to pail the way for a rather reductionist SD agenda, influenced by interests more concerned with protecting financial stakes than the earth’s carrying capacity. Yet criticisms towards business role in promoting SD overestimate the potential for radical change, and thus undervalue the role that incremental changes within the current socio-economic system. If the WBCSD acknowledge more fully the need for a regulatory regime for business, CS conceivably provides a more feasible and realistic solution to creating change towards more sustainable patterns of consumption and production, than proposed by proponents of radical change.

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