

The lack of consistency between corporate lobbying and CSR policies

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Outline



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- Lobbying channels
- Government regulation
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Background



- Corporate lobbying can have negative impact on developing countries (e.g. Blowfield 2004, Dharanajan 2005, Utting 2000)
- Alignment of corporate lobbying with CSR policies lacking (Blowfield 2005)
- Few studies on corporate lobbying in developing countries

Questions



- How can stakeholders verify corporate lobbying practices?
- How can lobbying be regulated and included in CSR policies?
- What differences exist w.r.t. lobby targets and channels?

Lobbying targets



Lobbying can influence (Henriques 2007):

- Legislation
- Interpretation of legislation by judiciary
- Political ties (donations)
- Other stakeholders (brand management)

Lobbying targets



Important to distinguish policy areas:

- Directly related to CSR
→ E.g. Shell lobbying against UN Norms
- Other relevant policies
→ E.g. Financial Leaders Group lobbying for liberalisation of financial services

Lobbying channels



3 dimensional model (Hillman & Hilt 1999):

1. Approach → transactional or relational
2. Participation level → individual or collective
3. Type of strategy (Getz 1997)
 - A. Information-oriented types → informing decision makers, revolving doors
 - B. Pressure-oriented types → financial incentives (donations, threats & promises), constituency building (grassroots campaigning)

Additional strategies for salient issues (Bonardi & Keim 2005):

3. Type of strategy

A. Information-oriented types →

... influence experts, opinion leaders,
journalists (early stage)

B. Pressure-oriented types →

... self-regulation to pre-empt government
regulation (late stage, for policies directly
related to CSR)

Lobbying channels



| Orientation | Target group | 3. Type of strategy | 2. Part. level | |
|--------------------------|---------------|-----------------------|----------------|-------|
| | | | Indiv. | Coll. |
| 3A. Information-oriented | Policy makers | Direct lobbying | | |
| | | Revolving doors | | |
| | Experts | Influencing experts | | |
| 3B. Pressure-oriented | Policy makers | Donations | | |
| | | Threats | | |
| | | Self-regulation | | |
| | Stakeholders | Constituency building | | |
| | Public | Advertising | | |

Lobbying channels



For developing countries:

Foreign companies can also exert pressure via home country government

E.g. in China, when domestic strategies are insufficient (Kennedy 2007)

Lobbying channels - examples



- Cisco (ICT company) lobbyist appointed US assistant secretary of commerce, then founded lobby firm; favourable changes in US policies
- American Chamber of Commerce speaking out against new Chinese labour law
- ExxonMobil funding climate change denial groups, directing Global Climate Coalition
- US agribusiness companies invited by USTR to defend in-kind food aid in trade negotiations

Lobbying channels - examples



| Orientation | Target group | 3. Type of strategy | 2. Part. level | |
|--------------------------|---------------|-----------------------|----------------|-------|
| | | | Indiv. | Coll. |
| 3A. Information-oriented | Policy makers | Direct lobbying | | |
| | | Revolving doors | | |
| | Experts | Influencing experts | | |
| 3B. Pressure-oriented | Policy makers | Donations | | |
| | | Threats | | |
| | | Self-regulation | | |
| | Stakeholders | Constituency building | | |
| | Public | Advertising | | |

Lobbying channels - examples



| Orientation | Target group | 3. Type of strategy | 2. Part. level | |
|--------------------------|---------------|-----------------------|----------------|-------|
| | | | Indiv. | Coll. |
| 3A. Information-oriented | Policy makers | Direct lobbying | Cisco | |
| | | Revolving doors | Cisco | |
| | Experts | Influencing experts | | |
| 3B. Pressure-oriented | Policy makers | Donations | | |
| | | Threats | | |
| | | Self-regulation | | |
| | Stakeholders | Constituency building | | |
| | Public | Advertising | | |

Lobbying channels - examples



| Orientation | Target group | 3. Type of strategy | 2. Part. level | |
|--------------------------|---------------|-----------------------|----------------|-------|
| | | | Indiv. | Coll. |
| 3A. Information-oriented | Policy makers | Direct lobbying | China | China |
| | | Revolving doors | | |
| | Experts | Influencing experts | | |
| 3B. Pressure-oriented | Policy makers | Donations | | |
| | | Threats | China | China |
| | | Self-regulation | | |
| | Stakeholders | Constituency building | | |
| | Public | Advertising | | |

Lobbying channels - examples



| Orientation | Target group | 3. Type of strategy | 2. Part. level | |
|--------------------------|---------------|-----------------------|----------------|-------|
| | | | Indiv. | Coll. |
| 3A. Information-oriented | Policy makers | Direct lobbying | | |
| | | Revolving doors | | |
| | Experts | Influencing experts | Exxon Mobil | |
| 3B. Pressure-oriented | Policy makers | Donations | | |
| | | Threats | | |
| | | Self-regulation | | |
| | Stakeholders | Constituency building | Exxon Mobil | |
| | Public | Advertising | | |

Lobbying channels - examples



| Orientation | Target group | 3. Type of strategy | 2. Part. level | |
|--------------------------|---------------|-----------------------|----------------|-------|
| | | | Indiv. | Coll. |
| 3A. Information-oriented | Policy makers | Direct lobbying | Food aid | |
| | | Revolving doors | | |
| | Experts | Influencing experts | | |
| 3B. Pressure-oriented | Policy makers | Donations | | |
| | | Threats | | |
| | | Self-regulation | | |
| | Stakeholders | Constituency building | | |
| | Public | Advertising | | |

Lobbying channels - importance



US survey among executives and congressional aides (Lord 2000):

- Constituency building most effective to get proposed law passed or defeated
- Direct lobbying by executives or lobby firms most effective to influence content of legislation
- Advocacy advertising and political donations much less effective

Lobbying channels - importance



| Orientation | Target group | 3. Type of strategy | 2. Part. Level | |
|--------------------------|---------------|-----------------------|----------------|-------|
| | | | Indiv. | Coll. |
| 3A. Information-oriented | Policy makers | Direct lobbying | High | High |
| | | Revolving doors | | |
| | Experts | Influencing experts | | |
| 3B. Pressure-oriented | Policy makers | Donations | Low | |
| | | Threats | | |
| | | Self-regulation | | |
| | Stakeholders | Constituency building | High | |
| | Public | Advertising | Low | Low |

Government regulation



Types of government regulation (Chari & Murphy 2007):

- Disclosure of political donations
 - Disclosure of lobbying positions
 - Registration of lobbyists
 - Disclosure of payments to lobby firms
 - Government revolving door regulation
- Only a few jurisdictions have regulations (US, EU, Canada, Germany)
- Often lowly or intermediately regulated

Voluntary initiatives



Voluntary initiatives often concern disclosure:

- Disclosure of political donations most common (GRI S05)
- Some companies report lobbying issues, but not positions (GRI S06)
- No systems to align lobbying activities with CSR policies (e.g. SOMO pharma survey 2006)
- No initiatives on collective level

Conclusions & recommendations



Conclusions:

- Lack of consistency between lobbying and CSR not prevented
- Most important lobbying channels are least addressed
- Some lobbying channels cannot be regulated

Recommendations:

- Lobbying must be included in CSR policies
- Companies need to report on all lobbying channels and also on lobbying positions