

T12P06 / Corporate Power and Developing Countries

Topic : T12 / Policy, Business and Interest Groups

Chair : Jaroslaw Czub (Department of Law and European Union Institutions, Faculty of Political Science and International Studies, University of Warsaw)

Second Chair : Nirvia Ravena de Sousa (Center for Advanced Studies of the Amazon -NAEA-UFPa and Amazonia University Brazil)

Third Chair : Karsten Ronit (Department of Political Science)

GENERAL OBJECTIVES, RESEARCH QUESTIONS AND SCIENTIFIC RELEVANCE

Quite a challenge for business in developing countries in the area of public policy is a blockage resulting from the deficit and complexity of regulations. It is worth emphasizing that more and more interest groups in and beyond business is trying to influence on the conditions of citizens and firms. In order to improve the lives of people in developing countries, different interest groups should have a real impact on changing public policy and regulation. Until we offset the difficulties that have an impact on legislative changes in developing countries economic and social progress will be halted in the different fields. Consequently, this process may lead to the inhibition of the economy and will have a negative impact on the lives of citizens in these countries.

Strategic, overarching aim of the research will be an analysis on the possibility of conducting lobbying by interest groups in the developing countries and their impact on public policy. The lobbying activity is a process of constant interaction between interest groups and political institutions to reach an agreement on the control of certain variables in public policy fields. Furthermore, lobbying in the developing countries is a dynamic variable and depends on the one hand on the processes taking place at international levels and on the other hand on legislative changes in individual countries.

The aim of this panel is to engage in a discussion on the actions taken by business and that that affect the lives of citizens and firms through various public policies. This panel seeks to study the influence of business in relation to: the differences of corporate strategies in developing countries, and the variation in patterns of institutional path dependence and styles of regulation. The panel aims for an in-depth examination to be undertaken on the impact of business on public policy.

CALL FOR PAPERS

Quite a challenge for business in developing countries in the area of public policy is a blockage resulting from the deficit and complexity of regulations. It is worth emphasizing that more and more interest groups in and beyond business is trying to exert influence on the lives of citizens and firms. Until we offset the difficulties that have an impact on legislative changes in developing countries economic and social progress will be halted in the different fields. What consequently can have this process to the inhibition of development of economy and how will have impact on the lives of citizens in these countries? Strategic, overarching aim of the research will be legal analysis on the possibility of conducting lobbying by interest groups in the developing countries and their impact on the results achieved in the context of the interests protected by the various interest groups having an impact on civil society in the public policy sphere. Recognizing this, all papers should address the question of how strong is business lobbying in the developing countries in public policy. The aim of this panel is to lead a discussion on the actions taken by business that affect the lives of citizens and firms through various public policies. This panel seeks to study the influence of business in relation to: the differences of corporate strategies in developing countries, and the variation in, patterns of institutional path dependence and styles of regulation. The panel aims therefore for an in-depth examination to be undertaken on the impact business on public policy. The panel welcomes the following kind of paper proposals. 1. The role of business and other interest groups, 2. The role of business in specific areas of public policy, 3. The relationship between domestic and international processes.

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Session 1

Friday, June 30th 13:45 to 15:45 (Block B 5 - 5)

Discussants

Aynsley Kellow (University of Tasmania)

Palm Oil Certification and Modern Slavery: how certified companies operate in amazonian context

Nirvia Ravena de Sousa (Center for Advanced Studies of the Amazon -NAEA-UFPa and Amazonia University Brazil)

The paper aim is to discuss Corporations' behavior out of the core of the Corporate decision making process. The main interest is to understand what is the degree of compliance of the companies with sustainability and human rights standards derived from the self-regulation processes of the commodities supply chain in the Amazonian region. The production of commodities is one of the principal economic activities in the Amazonian region. Its supply chain comprises the flow of all information, products, materials and funds between the different stages on the way how these commodities are produced. In the Amazonian region, the process, from creating a good - its extraction, manufacturing, transporting and selling it - becomes a complexity process due to the characteristics of the region (e.g. poor infrastructure, communications, weather and other environmental conditions). Adding to this challenging conditions, it also exist a gap between the management headquarters where corporate decisions are made and the behavior of the subsidiaries operating locally. This gap has generated in the country's business scenario a dichotomy where ethic decisions of corporations can not be complied by the subsidiaries, and the management core can not know how local managers act. One of these phenomena is the resurgence of slavery work in a modern context.

The paper aim is to discuss how this corporations' behavior has impacted the self-regulation; specifically in the definition of supply chain standards and in the certification process of the supply chain of commodities produced on Amazonian. This work will focus on how this dysfunctional situation may be expressed the emergence of new forms of modern slavery in the commodities' supply chain. The research will focus on the labor relationship between Palm Oil producers and certified companies as a case study; where a perverse dynamics occurs in territories with low visibility and insufficient information disclosure. The theory approach is based on varieties of capitalism to analyze the market self-regulation for the supply chain of commodities (Palm Oil) and domestic public policies related to labor policies and human rights.

The case study uses data of the Brazilian palm oil production and compare multi-stakeholder initiative as RSPO (Round table of Sustainable Palm Oil) certification standards with the behavior of certified companies in Brazil. The Round table on Sustainable Palm Oil (RSPO) is one of the most important multi-stakeholder initiative for voluntary certification schemes. The round table aims at the sustainable production of palm oil and palm-based biodiesel through the inclusion of concerned stakeholders along the palm oil supply chain. Principles and Commitments are described on RSPO guidance document entitled "People, Planet & Profit". The document presents eight principles, 39 criteria, and 100 indicators guarantee the sustainability of the certified palm oil crop. Throughout the theory approach based on varieties of capitalism the paper aims to discuss this kind of market self-regulations for Palm Oil and the Brazilian domestic public policies related to labor policies and human rights.

Governing China's national champions: policy regime and corporate governance in China's central state-controlled enterprise sector

Chen Li (Faculty of Social Science and Center for China Studies)

China's state-owned enterprise reforms during the recent decades have led to the rise of a group of giant corporations and business groups as China's "national champions". Dominating strategic industries such as oil, power generation, telecommunications, aerospace, aviation, nuclear and banking, they occupy the "commanding heights" of the Chinese economy. For some, they represent the success of China's gradualist approach of enterprise reform versus the Russian-East European "shock therapy"; for others, they represent the resistance of vested interest groups that hinders China from completing its final steps of free market transition. How to define the relations between the party-state and China's "national champion" corporations is critical for the next stage of China's reforms. This paper examines the evolving policy regime and control mechanisms in the corporate governance of China's "national champions" and characterize them as a distinctive model of "central state corporatism": the central state-controlled corporate sector as a whole resembles a giant diversified business group, with the Party-state centre resembling the headquarters holding the ultimate authority, the Party-appointed technocrats acting as corporate managerial elites, and each legally-independent "national champion" corporation like a business division of this overall structure. Specifically, it analyzes the respective roles of enterprise organizational control, financial control and personnel control in governing China's national champions and evaluates the prospects of further reforms.

Interest groups as actors influencing the process of reforming the European Union: The Case of Poland

Jaroslav Czub (Department of Law and European Union Institutions, Faculty of Political Science and International Studies, University of Warsaw)

Interest groups play a constructive and important role in the political system of the European Union (EU). This is particularly evident within the decision-making process, which actively seek to participate. Interest groups have a influence on decision-making process and EU policies and thereby change EU law and direction of its development, but their activation at the level of the European Union, however, is somewhat limited due to exogenous factors such as: amendments to voting systems (from a qualified majority by unanimity and re-use of qualified majority voting), which can contribute to making sophisticated decisions affecting its processes Reformation. It is worth emphasizing that the changes taking place within the EU are also affected by the development and reform of the various interest groups including the Polish interest groups. Considering the above theories and adopted a research hypothesis and analyzing interest groups as one of the actors of European integration from the perspective of reforming the European Union should put the following research questions: Do interest groups were to have a significant impact on the reform of the European Union? the extent to which interest groups contribute to the process of reforming the European Union? whether their lobbying activity is active enough that the interest groups play a significant role in the reform of the EU or adapt to the existing situation and regulations? what external factors contribute to the fact that interest groups can influence the process of reforming the EU? The extent to which interest groups influence the individual institutions and what determines their mobilization against these institutions?

Institutions, Corporate Political Strategies and Economic Development: The Cases of Turkey and South Korea

Ceyhun Emre Dogru (Koc University)

Institutional perspectives will have an increased relevance to the study of corporate political strategies, especially as a result of the increasing importance of developing countries. The central premise of new institutional economics is that institutions incentivize actions of market actors via transaction costs, property rights, credible commitment and agenda control, which in turn determine the overall economic performance of the country. In addition to market conditions, institutions also set "the rules of the game" in the nonmarket environment, which is characterized primarily by the social, political, legal, and cultural arrangements that constrain or facilitate firm activity. Political governance plays a significant role in building and maintaining the institutions, and therefore both market and nonmarket conditions. This is why firms respond to institutional structures via corporate political strategies to gain competitive advantage. Therefore, scholars and managers need a deeper understanding of the institutional factors in nonmarket research, which will be the main contribution of this study.

This ongoing research will study the impact of state - business relations on the economic development of countries, driven particularly by institutional structures. More specifically, I explore the interactions between firms

and institutions (both formal and informal), corporate political strategies of firms in response to different institutional structures, as well as their impact on economic development. I will demonstrate that governance of institutions, their evolution and specific characteristics determine state – business relations in developing countries, which affect economic development as the main outcome.

I study two cases, Turkey and South Korea, to make a comparative analysis. The two countries had similar economic development levels in the late 1970s, but their development trajectories have significantly diverged since then (e.g. Turkey remains in the middle-income trap with less than \$10,000 GDP/per capita, whereas South Korea has reached the level of \$25,000 GDP/per capita as of 2016). By employing qualitative methods such as extensive archival work and process tracing, I will find out what factors have resulted in the divergence of economic development, within the particular context of state – business relations caused by differences in the governance and evolution of institutional structures. Rather than focusing on the economic development as the only outcome, the study will clarify the mechanisms under which institutional and corporate political preferences are made.

Role of Corporate in Science and Technology Policy Change in Lao PDR

Herlin Chien (National Pingtung University of Science and Technology)

In response to Taiwan central government's New Southbound Policy after Tsai administration assumed office after 2016, there is an urgent need for Taiwan's research community to deepen our understanding on science and technology development in our neighboring Southeast Asia countries. Lao PDR, as one of rapid developing country with GDP annual growth rate reaching an average of over 10% since 2013 and its abundant opportunities for introduction of new innovation in the next decade, will be the focus of this research. Beyond that, special attention will be paid to answer the two research questions of this study: what is the role of corporate in science and technology policy formation and policy change in Lao PDR? How does the business lobbying affect the developing country's overall science and technology development direction?

Methodologically speaking, this research plans to conduct a series of in-depth interviews with both the science and technology related business corporations and government agencies who is in charge of building the National Innovation System in Laos. The purpose of those interviews is to map out the historical interaction between corporate and state while tracking the influence of business throughout the policy making process and key policy change phases in the domain of science and technology development in Lao PDR. Besides the domestic business community, foreign investment actors in a developing country such as Laos will also be carefully examined in order to understand the relationship between domestic and international processes. In sum, since researches on S&T development Laos is scarce in the extent literature, this paper will be one of the pioneering studies that explores the innovation capacity building and corporate-state relation in such a developing country that receives less scholarly attention.