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INTRODUCTION

SUSTAINABILITY, JUSTICE AND CORPORATIONS

The shift from state-centered multilateralism to multistakeholderism has been widely promoted in the global governance discourse as a more inclusive and effective approach for addressing the most pressing challenges of sustainability (Gleckman 2018). This transition, characterized by the involvement of business actors alongside governments and civil society, is intended to overcome the limitations of traditional governance mechanisms and advance the Sustainable Development Goals (SDGs). Despite this optimistic outlook, empirical evidence indicates that the effectiveness of Multistakeholder Initiatives (MSIs) and the resulting Voluntary Sustainability Standards (VSS) remains limited, especially in relation to critical goals such as reducing poverty (SDG 1), mitigating inequality (SDG 10), and promoting climate action (SDG 13) (UN DESA, 2023; MSI Integrity, 2020).

Research across multiple academic fields highlights a fundamental tension between the profit-driven imperatives of corporate actors and the broader public goals of sustainability initiatives. This tension is particularly evident in voluntary sustainability standards (VSS), which have long been promoted as soft regulatory tools to mitigate human rights abuses and environmental degradation in sectors such as agriculture (Jaffee 2012; Ponte 2019; Dauvergne 2018). However, the effectiveness of these initiatives is frequently undermined by entrenched power imbalances among stakeholders. In the context of multistakeholder governance (MSG) frameworks, such disparities emerge as a central challenge. While MSG frameworks are ostensibly designed to foster inclusive decision-making and advance sustainability objectives, they often reproduce institutional conditions that disproportionately benefit private-sector actors, particularly multinational corporations (MNCs). As corporations wield considerable influence over the design and enforcement of standards, these latter are often shaped in ways that fundamentally align with commercial interests while marginalizing the claims of weaker stakeholders. This process, commonly described as regulatory capture, not only reinforces existing asymmetries of power but also significantly weakens the transformative potential of these initiatives, limiting their ability to drive systemic change (Ponte 2014; Silva-Castañeda 2015).

Therefore, despite the supporting discourse on private sector engagement (Scheyvens, Banks, and Hughes 2016), the limitations of current MSG frameworks raise important questions about the role private actors play as key participants in the global governance of sustainability. As anticipated, the literature in international relations and political theory identifies a key challenge in the structural

orientation of corporations toward self-interest, which often conflicts with the broader public goals that MSG frameworks aim to advance in sustainability efforts. However, the most problematic feature is not that private actors hold privately oriented objectives but rather the relative and institutional power to pursue them, the combination of the two raises deep concerns about their suitability to act as legitimate governance actors. Given their primary focus on profit maximization, corporations may not naturally align their practices with broader social and environmental objectives, posing a challenge for the effectiveness of MSIs and VSS in addressing global inequalities and environmental degradation.

This concern has grounded the elaboration of the following Research Questions:

- Can deliberative democratic theory address the problem of power imbalances among stakeholders in transnational MSIs for sustainability?

The construction of the main argument is built on the following Sub-Research Questions:

- How can deliberative theory mediate the tension between corporate participation in MSIs for sustainable development and its orientation toward self-interest?
- What kind of public reason could provide a more effective principle of justification among potentially conflicting economic, environmental, and social claims?
- What institutional structures could empower weaker stakeholders within deliberative multistakeholder governance frameworks?

The main argument advanced is that the tension between legitimacy and effectiveness of MSIs can be mitigated by grounding more robustly their decision-making processes into the principles of deliberative democratic theory. In particular, the *leitmotiv* of this research is offered by 1) the identification in power imbalances as one of the key problems hindering both the legitimacy and the transformative potential of MSIs, 2) the suitability of deliberative democratic theory to foster means of power rebalancing compatible with the liberal principles of the global order, 3) the mediation between self-interest and common goals through the notion of public reason and 4) the outline of a framework to assess the reflection of the normative ideals of deliberative democracy into the governance structure of MSIs.

The multidisciplinary nature of the study enables several contributions. First, it discusses key themes in governance, political theory, business ethics and sustainability advancing new perspectives on theories of corporate legitimacy and private authority. From a normative political perspective, it

contributes to the debate on the integration of public reason in the sustainable development framework. Additionally, it outlines a framework for the assessment of the deliberativeness of MSIs.

However, before elaborating such contributions into greater details, I provide now more precise context for both the rationale of the research and the argument defended.

1. Problem Statement

The evolution of global governance, particularly in the context of sustainability, has seen the growing importance of MSG as a central framework for addressing transboundary challenges (Gleckman 2018). As issues such as climate change, biodiversity loss, water scarcity, and inequality have become more pressing, it has become increasingly evident that traditional, state-centric governance structures are insufficient (Dentoni, Bitzer, and Schouten 2018b). The rise of multistakeholder governance marks a significant departure from the earlier models of global governance, where states were identified as primary actors. Instead, multistakeholder approaches involve the participation of diverse actors, including national and local governments, international organizations, civil society, the private sector, in decision-making processes.

MSG has emerged from several key theoretical shifts in global governance and sustainability discourses (Taggart 2022). Traditional global governance was largely state-centric, rooted in international relations (IR) theory and based on the principles of sovereignty and interstate cooperation through international organizations like the United Nations (Keohane 2012). However, as globalization intensified, it became evident that the scope of global challenges extended beyond the capacity of individual states or international organizations (IOs) to manage them effectively. The increasingly complex and interdependent nature of global problems led to a recognition that governance must involve a wider array of actors and operate across multiple levels (Rosenau and Czempiel 1992).

This framework is particularly relevant for sustainability governance, where decisions often need to be made at different levels, from local to global, and involve diverse actors with different interests, resources, and knowledge systems (Risse 2007). The United Nations Conference on Environment and Development (UNCED), or Earth Summit, held in Rio de Janeiro in 1992, is widely considered as a pivotal moment in the history of global sustainability governance (Taggart 2022). It was at this summit that the concept of sustainable development, as defined in the Brundtland Report (WCED, 1987), was embraced as the central organizing principle of international environmental

governance. However, the Earth Summit also introduced the idea that *sustainability governance must be multistakeholder in nature* (Bäckstrand 2006a).

One of the key outcomes of the Earth Summit was the *Agenda 21*, a comprehensive action plan for sustainable development. The Agenda 21 explicitly recognized the need for partnerships between governments, non-governmental organizations (NGOs), private sector, and civil society in achieving sustainable development goals (United Nations 1993). The principle of "major groups", introduced in Agenda 21, identified nine key societal sectors, including women, youth, indigenous peoples, local authorities, and businesses, that should be involved in sustainable development decision-making processes (Dodds, Donoghue, and Roesch 2017). This recognition of diverse stakeholders as *legitimate* actors in global sustainability governance laid the groundwork for future multistakeholder approaches represented by the SDGs.

The 2030 Agenda for Sustainable Development, adopted in 2015, is perhaps the most comprehensive example of multistakeholder governance in global sustainability policy. The SDGs, consisting of 17 goals and 169 targets, reflect an integrated approach to sustainable development that spans economic, social, and environmental dimensions. The drafting process of the SDGs was a highly inclusive and participatory one, involving multiple stakeholders at every stage (Dodds, Donoghue, and Roesch 2017).

Once the SDGs were adopted, their implementation also required multistakeholder governance mechanisms. Governments at the national and subnational levels are responsible for translating the global goals into actionable policies, but they are also expected to collaborate with non-state actors. For example, civil society organizations play a critical role in advocacy, monitoring progress, and holding governments accountable, while the private sector is viewed as essential for mobilizing financial resources and driving innovation in areas such as clean energy and sustainable agriculture (van Zanten and van Tulder 2018).

The governance of climate change provides another prominent example of multistakeholder governance in global sustainability efforts. The Paris Agreement, adopted in 2015 under the United Nations Framework Convention on Climate Change (UNFCCC), explicitly recognizes the role of non-state actors, including businesses, cities, and civil society organizations, in addressing climate change (Chan et al. 2018). The Paris Agreement also attempted a significant shift from the more state-centric approaches of earlier climate accords, such as the Kyoto Protocol, toward a more inclusive model of governance. This reflects a broader trend in climate governance toward a multistakeholder, polycentric approach that leverages the strengths and capacities of a wide array of actors (Dryzek et al. 2019; Dryzek and Stevenson 2014).

The shift towards MSG in sustainability governance was motivated by several potential benefits. First, it would increase the political legitimacy of non-state based governance processes by involving a wider array of stakeholders. When diverse actors are engaged, governance decisions are more likely to reflect a broader range of perspectives and interests, making the outcomes more equitable and sustainable (Landemore 2012; Pattberg et al. 2012).

Second, a key rationale for involving the private sector in MSG would lie in its capacity to mobilize diverse resources essential for addressing sustainability challenges. Beyond financial investments, corporations contribute technical expertise, managerial capabilities, and innovation that can enhance the effectiveness of governance initiatives. Leveraging these resources can help bridge gaps in public-sector capacity, particularly in areas where state-based regulation is weak or underfunded. Additionally, businesses often have access to extensive global supply chains and logistical networks, which can be instrumental in scaling up sustainability solutions and ensuring their implementation across different contexts (Bäckstrand 2006b; Scherer and Palazzo 2011). By harnessing these varied forms of capital, MSG frameworks aim to create governance mechanisms that are not only more inclusive but also better equipped to drive meaningful and practical change (Bexell and Mörth 2010).

Third, MSG would facilitate more flexible and adaptive governance arrangements. Given the complexity and *uncertainty* associated with sustainability issues, top-down governance systems have often resulted into too ineffective mechanisms to respond to emerging challenges. In contrast, MSG allows for more decentralized decision-making, enabling actors at different levels and in different sectors to experiment with solutions and adapt their strategies as conditions change (Ostrom 1990; Abbott 2012a).

Of particular interest for the purposes of the present research is the focus on *the private sector as a governance actor*. As we have seen, the 2030 Agenda stresses that achieving the SDGs will require "all countries and all stakeholders, acting in collaborative partnership" (United Nations, 2015). This universality is critical because it positions the private sector as a key partner alongside governments, civil society, and international organizations, recognizing that sustainable development requires contributions from all parts of society, particularly in terms of financing, innovation, and technical expertise.

The private sector's engagement is therefore deemed essential in addressing several core SDGs. For example, SDG 8 "decent work and economic growth", SDG 9 "industry, innovation and infrastructure", SDG 12 "responsible consumption and production" and SDG 13 "climate action", all highlight the need for businesses to adopt sustainable practices, reduce their environmental footprints,

and contribute to climate change mitigation. These goals explicitly acknowledge that businesses must transform their practices and operations to support sustainable development (Kolk 2016).

As a consequence, the SDGs have institutionalized various mechanisms that formalize the role of the private sector in MSG. One of the key mechanisms is SDG 17 "Partnerships for the Goals". SDG 17 calls for strengthened partnerships between governments, civil society, and the private sector to mobilize the resources needed to achieve the other 16 goals. This goal emphasizes the importance of financial, technical, and institutional partnerships, recognizing that the private sector can contribute through investments, technology transfer, and capacity-building (Sachs 2015).

Moreover, the UN has created several platforms to facilitate private sector participation in the SDGs. For instance, with over 12,000 companies and 3,000 non-business participants, the Global Compact provides a platform for businesses to align their strategies and operations with the SDGs, particularly in areas such as human rights, labor standards, environmental protection, and anti-corruption (Rasche and Waddock 2014).

One of the most significant ways in which the SDGs have created space for private sector engagement is through the recognition of the critical role businesses play in financing sustainable development. This has supported a changing discourse around private sector engagement in global governance where earlier development paradigms often viewed businesses as external to or antagonistic to the development process (Hestad 2021). The SDGs have reframed this relationship, positioning the private sector as a co-creator of sustainable development outcomes rather than merely a source of funding or a target of regulation.

Particularly influential has been the integration of a shared value perspective. Developed by Michael Porter and Mark Kramer (2011), it argues that businesses can generate economic value in ways that also create value for society by addressing social and environmental challenges. This approach has gained traction in the SDG era, with businesses increasingly recognizing that integrating sustainability into their core operations can lead to long-term profitability and competitiveness (Rashed and Shah 2021). By addressing social and environmental challenges, businesses can reduce risks both creating new market opportunities and enhancing their reputation. This new discourse has been critical in creating space for deeper private sector engagement in multistakeholder governance (Cummings, Seferiadis, and de Haan 2020).

However, while the engagement of the private sector in the SDGs is widely seen as essential, it is not without its challenges and critiques. While these governance forms have been praised for engaging the private sector and fostering collaboration, their effectiveness in driving transformative progress toward key SDGs, particularly SDG 1 "No Poverty", SDG 10 "Reduced Inequalities", and SDG 13 "Climate Action", has been increasingly called into question.

In fact, empirical data suggest that corporate-driven governance mechanisms often fall short of their stated objectives (MSI Integrity 2017; 2020). The gap between corporate profit motives and the SDGs' public-oriented goals is particularly evident in the slow progress in poverty and inequality reduction, and the mixed environmental outcomes, as well as the proliferation of environmental conflicts documented in the Environmental Justice Atlas (EJAtlas).

According to the International Labour Organization (ILO), in 2021, over 700 million people, or 10.7% of the world's population, were living on less than $1.90 per day (ILO, 2021). Many are employed in sectors that VSS seek to regulate, such as agriculture and manufacturing. Yet, the effectiveness of VSS in improving incomes for the most vulnerable workers has been marginal (MSI Integrity 2020). A study of Fairtrade coffee producers in Latin America revealed that Fairtrade certification raised household incomes by only 5-10%, which is often not enough to lift families out of poverty (Jaffee 2012). This raises questions about the scalability and transformative potential of these initiatives in addressing SDG 1.

As a consequence, corporate involvement in VSS has been widely critiqued for reinforcing, rather than mitigating, global economic inequalities. At the core of this critique is the disproportionate distribution of value within global supply chains, where multinational corporations (MNCs) capture the largest share of profits while producers, particularly in developing countries, receive minimal returns. Raphael Kaplinsky (2013) highlights how this dynamic leaves small-scale farmers and workers in precarious economic conditions, despite their essential role in production.

This pattern reflects broader structural inequalities within the global economy. Oxfam's *Time to Care* report (2020) underscores the extent of wealth concentration, revealing that the richest 1% of the global population owns more than twice the wealth of the remaining 6.9 billion people. This extreme disparity illustrates how corporate-driven economic systems continue to exacerbate inequality rather than redress it. The *World Inequality Report* (2022) further supports this argument, showing that in 2021, the top 1% of earners captured 20% of global income, while the bottom 50% received just 8% (Chancel et al., 2022).

Although multistakeholder initiatives (MSIs) and VSS claim to address these imbalances through fair trade and ethical sourcing, their reliance on voluntary commitments without enforcing structural reforms often leads to superficial or fragmented progress. Rather than fundamentally altering the economic structures that drive inequality, these initiatives frequently legitimize existing power imbalances, enabling corporations to maintain control over global markets while making only marginal concessions to equity and sustainability goals.

From an environmental perspective, the EJAtlas highlights the contradictions between corporate sustainability claims and on-the-ground environmental harm. As of 2022, the EJAtlas had documented over 3,700 environmental conflicts, many of which involve corporate actors engaged in extractive industries, agribusiness, and infrastructure projects (Temper et al. 2018; Scheidel et al. 2020). A telling example is the Yanacocha gold mine in Peru, where despite the company's participation in the Extractive Industries Transparency Initiative (EITI), local communities have continuously protested against water contamination, land degradation, and human rights violations. This case illustrates a broader pattern in which corporations engage in sustainability initiatives while simultaneously driving environmental and social harm, raising serious doubts about the ability of voluntary governance mechanisms to hold them accountable (Bebbington et al. 2008).

This contradiction points to two deeper structural issues: the fundamental tension between corporate profit-making and public sustainability goals. While MSIs are designed to promote sustainability, their effectiveness is severely limited by the economic logic that governs corporate decision-making. While corporations may adopt sustainability commitments when they align with profitability or enhance their public image, they frequently resist the deeper structural changes needed to address the root causes of environmental degradation and inequality (Fleming, Roberts, and Garsten 2013; Banerjee 2022). As a result, sustainability initiatives often amount to incremental adjustments rather than transformative interventions, allowing businesses to maintain their dominance while avoiding substantive accountability.

The second: power asymmetries within MSIs themselves. Unlike state-led regulatory frameworks, MSIs operate without strong enforcement mechanisms, leaving governance structures vulnerable to corporate influence. Large multinational corporations, as dominant stakeholders, exert disproportionate control over decision-making processes, shaping the rules, standards, and enforcement mechanisms in ways that prioritize business interests over systemic change.

This problem is eminently manifest when looking at MSIs grievance mechanisms. The analysis of the RSPO Dispute Settlement Facility reveals a pattern of ineffectiveness in safeguarding indigenous peoples' land rights and hold large companies accountable for undue business expansion (Afrizal et al. 2023). A 2020 report by Greenpeace highlighted this issue, noting that out of 64 disputes brought to the RSPO between 2013 and 2019, fewer than 10% resulted in meaningful sanctions against the companies involved (Greenpeace 2020). Many of the cases were either dismissed, delayed, or settled with minimal consequences for palm oil companies. This pattern suggests that corporations operating within MSIs are not merely participating in governance but arguably shaping it to minimize their exposure to accountability.

The central issue is not just that corporations are driven by self-interest but that their structural power allows them to embed this logic within sustainability governance itself. MSIs are designed to balance diverse stakeholder interests, yet in practice, they often privilege corporate actors, who have the financial resources, legal expertise, and market leverage to influence decision-making processes. Without a strong regulatory authority to counterbalance this power, corporations are able to set the terms of sustainability governance in ways that align with their profit motives while avoiding substantive constraints on their operations. This results in governance mechanisms that appear legitimate but, in practice, function as tools of corporate discretion rather than effective oversight.

This problem is exacerbated by a flawed conceptualization of corporations as purely private entities that, when brought into governance frameworks, can function as neutral or public-minded actors. In reality, corporations operate in an intermediate space where their commercial imperatives frequently come into direct conflict with the public objectives of sustainability governance. However, rather than recalibrating their priorities when they enter governance roles, corporations often bring their market-driven logic into these spaces unchallenged, reinforcing rather than transforming the status quo. As a result, MSIs remain structurally limited: they grant corporations authority in shaping sustainability policies while lacking the enforcement mechanisms necessary to ensure that corporate power serves broader environmental and social goals rather than corporate self-interest.

The ability of corporations to shape sustainability governance in their favor is not merely an outcome of institutional design flaws within MSIs but is also deeply embedded in corporate legal structures. Many corporate law regimes, particularly in shareholder-driven economies, reinforce the prioritization of financial returns over public sustainability goals, further limiting the scope of corporate accountability (Bruner 2022).

Corporate law in many jurisdictions, particularly in shareholder-dominant economies like the United States, mandates companies to prioritize shareholder returns. This fiduciary responsibility compels corporate managers to make decisions that maximize shareholder value, often at the expense of long-term sustainability and public goods (Sacconi 2006; Stout 2012). The firing of Emmanuel Faber in 2021 as CEO of Danone is a case on point. Faber's approach was rooted in the concept of responsible capitalism, advocating for a long-term focus on ESG initiatives as a means to benefit both society and shareholders. However, over time, his leadership came under scrutiny from shareholders such as Bluebell Capital and Artisan Partners, who expressed dissatisfaction with Danone's financial performance, particularly in comparison to competitors like Nestlé and Unilever. These shareholders argued that Danone's relative underperformance was a consequence of Faber's emphasis on sustainability, which they perceived as detracting from the prioritization of profitability and shareholder returns. Under increasing pressure to enhance stock prices and improve financial results,

the board ultimately decided to remove Faber from his position (Zattoni and Rech Graciano Dos Santos 2024). This case illustrates how even when corporate leaders seek to balance sustainability with profitability, the legal and financial pressures embedded in corporate governance structures create strong incentives to prioritize shareholder returns over systemic change.

This structural prioritization of profit maximization does not affect all stakeholders equally. The consequences of weak corporate accountability mechanisms and the prioritization of shareholder returns fall disproportionately on marginalized communities, particularly in the Global South (Dauvergne 2018). Power asymmetries in MSIs ensure that while corporations retain decision-making authority, those most affected by sustainability failures, including indigenous communities, smallholders, and other vulnerable groups, remain excluded from meaningful participation (Ponte 2019; Banerjee 2022). As a consequence, corporate participation in MSIs not only legitimizes businesses as governors of sustainability but it reconfigures governance structures in ways that reinforce corporate dominance rather than democratizing decision-making.

2. Main Argument

Given the structural orientation of corporations toward self-interest, it is necessary to rethink the legitimacy of the private sector as a governance actor in sustainability. Scholars have extensively critiqued the limitations of market mechanisms in ensuring corporate accountability, with many advocating for stronger regulatory frameworks when these mechanisms fail to address broader societal concerns (Banerjee 2008; Court and Stephens 2020). However, this research argues that while the imposition of state-driven regulations is desirable, it is also inconsistent with both the logic and the practical realities of transnational law enforcement.

First, national governments may lack the capacity as well as the political will to implement and enforce comprehensive accountability measures, especially in the context of increasingly globalized corporate operations (Bartley 2007; Vogel 2008). The complexity of global supply chains and the cross-border nature of multinational activities pose significant challenges for individual states attempting to impose effective regulatory oversight (Dingwerth and Pattberg 2009). Second, from a normative perspective, transnational MSG systems derive their legitimacy not from state mandates but from liberal principles of voluntary consent and collaboration, wherein corporations and other stakeholders co-develop and adhere to shared norms and rules (Bäckstrand et al. 2010; Cashore, Auld, and Newsom 2004). The normative premises of such frameworks rely therefore on cooperation rather than coercion, making traditional hierarchical state regulation less suitable and effective in the transnational arena (Keck and Sikkink 1999).

Rather than advocating for state-centric regulatory models, this research acknowledges that that valid transnational governance need to rely on non-hierarchical, communicative forms of action coordination (Risse 2000; Risse, Börzel, and Draude 2018). Hence, these governance models should derive their legitimacy from the integration into their governance structures of democratic principles, particularly those found in deliberative democratic theory, which emphasizes transparency, inclusion, reasoned dialogue and mutual justification (André Bächtiger et al. 2018). Especially in the governance of transnational value chains, deliberative democratic theory can play a vital role in mediating the tension between corporate self-interest and the broader public good by equipping MSG mechanisms with principles capable of exposing self-interested practices and eliciting adequate explanations (Fung 2015).

However, inclusivity alone is not enough. This is where deliberative democracy offers another promising normative framework. By emphasizing inclusive dialogue, equal participation, and reasoned debate, deliberative democracy can help outlining procedural safeguards necessary to mediate the tension between corporate self-interest and public goals, ensuring that governance mechanisms serve the broader public interest. Particularly, procedural rules that require stakeholders to justify their positions with reasons that others can accept, deliberative democracy helps ensure that corporate self-interest is not the sole driver of governance outcomes.

This brings us to a central contention of the thesis: decisions made within global MSG frameworks are legitimate to the extent that their procedures are genuinely deliberative. When decisions are reached through deliberative democratic processes, ensuring inclusive and equal participation, reasoned debate, and mutual justification, they derive legitimacy by grounding rules and norms in the principle of public reason. This concept, as developed by John Rawls (2005), requires that political decisions and justifications be grounded in reasons accessible and acceptable to all citizens, irrespective of their individual comprehensive doctrines or religious beliefs. In societies characterized by the fact of pluralism, public reason establishes a framework for legitimate political discourse by appealing to shared principles of justice and constitutional values, ensuring that the coercive power of the state is exercised in a manner that all reasonable citizens could endorse as part of a common public framework. However, while the literature on deliberative democracy typically emphasizes a proceduralist approach to public reason (Scanlon 1998), this thesis argues for the introduction of a qualified substantive principle of public reason to better resolve conflicts between economic, environmental, and social claims.

This substantive principle I intend to outline extends beyond traditional concepts of impartiality, generality, and reciprocity (which focus primarily on the fairness of the deliberation process itself), and introduces two crucial qualifications. First, practices that fail to meaningfully

advance the SDGs, the core mission of VSS, are not justified and must be subjected to further deliberative scrutiny. Second, due to the inherent socio-environmental justice dimensions of sustainability, the reasons put forth by those most severely affected, whose livelihoods, environments, or rights are at greater risk, *should take precedence* over the reasons offered by more powerful actors. Any rejection of claims made by the least advantaged (to put it in Rawlsian terms) should face heightened scrutiny from a generalized public sphere, potentially represented by deliberative forums such as mini-publics.

This approach tries to ensure that decisions within VSS not only follow constraints of procedural fairness but also adhere to substantive demands of justice, aligning them with both democratic legitimacy and the ethical imperatives of sustainability while not imposing a single conception of the good.

The rationale is that while a proceduralist account emphasizes the fairness of the process, it often lacks sufficient guidance on how to resolve conflicting claims when deeply divergent interests (such as economic profits versus environmental protection or corporate autonomy versus social justice) are at stake. For example, within the RSPO, corporate actors may argue for more lenient sustainability standards on the grounds of economic necessity, while local communities would demand stricter regulations to protect their land rights and livelihoods.

Without substantive principles guiding decision-making, procedural fairness may legitimize decisions that reinforce existing power imbalances. For example, if corporate actors have greater influence within a governance process due to resource asymmetries or lobbying power, a purely proceduralist approach may validate their interests as legitimate outcomes, even when they undermine sustainability objectives. To address this problem, the qualifications I propose aim at ensuring that decision-making is not merely procedurally fair but also substantively aligned with the broader imperatives of sustainability. This means establishing principles that constrain corporate influence and prevent sustainability governance from being co-opted by narrow economic interests, even when those interests are expressed within a procedurally fair framework.

The second qualification, in particular, builds on Rawlsian principles of justice, where inequalities are only justified if they benefit the least advantaged (Rawls 1971). I interpret this principle to mean, in the context of VSS, that the claims and needs of weaker actors should take precedence over those of large corporations when determining sustainability practices and address grievances. For example, if a dispute arises in the RSPO regarding land use, where a corporation claims that expanding palm oil plantations is necessary for economic growth, but indigenous communities argue that the expansion threatens their land rights and livelihoods, the claims of the indigenous communities should be given *prima facie* priority. Their reasons would need to be

addressed first in the deliberation process, and any rejection of these reasons should be subject to qualified examination from a generalized public sphere (Fraser 2014).

This public sphere could be represented by mini-publics[1] (Setälä 2017; Smith and Setälä 2018), in charge of critically assessing the reasons for and against specific practices. Mini-publics could function as deliberative bodies that safeguard the inclusion of marginalized groups, ensuring their voices are not overshadowed by dominant interests. The use of mini-publics is further justified by the "systemic turn" in deliberative democracy (Mansbridge et al. 2012), as will be explored in Part II. In this view, mini-publics contribute to democratic legitimacy of the wider governance system by complementing other institutions and providing spaces for inclusive and reasoned debates.

A common critique is that the power imbalances between corporate actors and weaker stakeholders are so stark that the force of reason alone cannot overcome the influence of economic power (Young 2002; Mouffe 2005). This is a central challenge that deliberative democrats still wrestle with. The systemic turn offers a first strategy in this direction by interpreting deliberative practices not as a single and isolated bargaining instances but as repeated interactions embedded into a broader deliberative system. A key element of this framework is the role of civil society in the form of mini-publics or citizen assemblies. In the context of MSG, these institutions could be integrated to deliberate on specific issues, such as land rights, deforestation, or labor conditions, and provide quasi-binding recommendations (Parkinson and Mansbridge 2012).

The institutional reform proposed here would therefore ensure that MSG integrate public scrutiny and accountability mechanisms while avoiding resorting to problematic enforcements of (often weak) domestic legal frameworks (Risse, Börzel, and Draude 2018). At the same time, by going beyond the mere exchange of reasons and by incorporating institutional safeguards, the proposed framework tries to foster both the effectiveness and legitimacy of MSG models for sustainability.

3. Research Methodology

This dissertation employs an interdisciplinary methodology to investigate MSG frameworks, integrating research from governance studies, moral and political philosophy, and business ethics. The research bridges theoretical and empirical insights to address its central questions, emphasizing a philosophical approach that underpins the core methodology. While interdisciplinary in nature, the research is grounded in philosophical methods, particularly through conceptual analysis and normative evaluation. Following academic standards for interdisciplinary research (Tanner 2022) this study utilizes three complementary methods: a comprehensive literature review, conceptual analysis,

[1] Deliberative forums composed by a randomly selected sample of citizens.

and case study analysis. These methods ensure both breadth and depth in exploring the dynamics and ethical implications of stakeholder governance in sustainability contexts.

As stated, the methodological core is philosophical. This orientation is reflected in the emphasis on conceptual analysis and normative theorizing, which are pivotal in scrutinizing the ethical dimensions of governance structures and stakeholder engagement. Philosophical methods allow for a deeper exploration of foundational concepts such as legitimacy, justice, and democracy, providing the necessary tools to interrogate and clarify the principles that guide multistakeholder governance. By drawing on philosophical traditions, the research engages with questions about the moral justification of governance practices, the nature of ethical obligations within multistakeholder frameworks, and the role of deliberative norms in enhancing stakeholder inclusivity and social justice.

Literature Review

A literature review was conducted to map out the conceptual and empirical landscape of multistakeholder governance and its relevance to sustainability. This review follows an integrative approach, synthesizing findings from different disciplines to create new frameworks that reflect the complexities of governance for sustainability. Governance studies, moral and political philosophy, and business ethics were the key bodies of literature examined.

Governance studies provided insights into various governance models, such as collaborative governance (Ansell and Torfing 2022), which are particularly relevant for sustainability due to their emphasis on participatory decision-making processes. Special attention was paid to studies that analyze cross-sectoral governance models, which incorporate a wide range of stakeholders, including businesses, governments, civil society organizations, and local communities (Pattberg and Widerberg 2016).

From the realm of moral and political philosophy, the review draws on normative theories that support the ethical analysis of stakeholder involvement in governance. Key texts include, among many others, John Rawls' political theory (2005) and Jürgen Habermas' model of deliberative democracy (1996). These theories were essential for addressing the normative questions surrounding political legitimacy, equality, and power.

Additionally, business ethics literature (Frynas and Stephens 2015), with a particular focus on stakeholder and CSR theories, was reviewed to explore the role of corporate actors in sustainability governance and the conceptualization of normative arguments for the inclusion of democratic theory into the field of management studies (Felicetti 2018). This body of research informed the analysis of how businesses can contribute to sustainable development, emphasizing ethical frameworks that guide corporate responsibility and stakeholder engagement.

The literature review as a methodological tool provided the foundational groundwork for identifying theoretical gaps and informing the framework developed later in the dissertation.

Conceptual Analysis

The second methodological component, conceptual analysis, has been used to critically engage with and clarify key theoretical constructs central to multistakeholder governance. Conceptual analysis, as defined by Cappelen, Gendler, and Hawthorne (2016), involves a systematic examination of the logical structure and meanings of concepts. This method is particularly suited for interdisciplinary research, allowing for a nuanced exploration of concepts across governance theory, ethics, and philosophy. Given its philosophical roots, this approach is essential for unpacking the ethical implications of stakeholder participation, power asymmetries, and the legitimacy of governance mechanisms.

Through conceptual analysis, this dissertation develops an integrated framework for evaluating multistakeholder governance models that combines insights from ethics and political theory. The ethical dimensions of stakeholder participation, particularly questions about whose voices should be included and how power asymmetries should be managed, are addressed through the lenses of deliberative democracy (Bächtiger et al. 2018). This philosophical inquiry allows the research to engage with questions of normativity, validity and justification that underpin legitimate and effective forms of post-national governance.

Case Study Analysis

The third methodological component is case study analysis, an empirical tool that grounds the dissertation's theoretical insights in real-world practice. Three cases were purposively selected based on their relevance to MSG: the Forest Stewardship Council (FSC), the Roundtable on Sustainable Palm Oil (RSPO), and the Accord on Fire and Building Safety in Bangladesh. The FSC and RSPO are considered archetypical examples of well-established VSS-based MSG models. Their rich academic literature enables therefore a comprehensive desk-based analysis. In contrast, the Accord represents a worker-driven social responsibility initiative with legally binding commitments, providing a unique model for comparison with the voluntary frameworks of the FSC and RSPO.

These case studies illustrate the varying efficacy of voluntary and binding MSG frameworks in addressing sustainability challenges. The comparative analysis sheds light on both the potential and limitations of different governance models in achieving ethical, inclusive, and accountable sustainability outcomes. By applying the normative framework developed through conceptual analysis, the case studies provide a means to test and refine the theoretical insights against practical examples, ensuring the research remains grounded in real-world dynamics.

This interdisciplinary methodology, combining a literature review, conceptual analysis, and case study analysis, allows for a comprehensive investigation of multistakeholder governance for sustainability. Specifically, the literature review synthesizes theoretical and empirical insights, the conceptual analysis critically examines normative principles, and the case study analysis grounds these discussions in practice. Together, these methods follow best practices in interdisciplinary research, ensuring both theoretical rigor and empirical relevance (Szostak 2012).

To summarize, this dissertation's methodology demonstrates how philosophical inquiry can enhance interdisciplinary research on multistakeholder governance. By integrating multiple methods, it addresses the complexity of governance systems and highlights the ethical and practical challenges of achieving sustainable outcomes through multistakeholder processes. This synthesis allows for the development of a more robust framework for evaluating governance practices, which can inform both academic discourse and practical applications in sustainability contexts.

4. Outline of the Thesis Structure

The thesis is structured into four Parts, each of which contributes a crucial dimension to the overall argument concerning the legitimacy of private actors in global governance and the role of deliberative democracy in addressing power asymmetries in MSIs.

Part I: Global Governance and Global Governors

The first section focuses on the theoretical and empirical landscape of global governance and the increasing prominence of non-state actors, particularly corporations, in shaping global policies and standards. It explores the transition from state-centric governance to multistakeholder governance models, with an emphasis on the role of VSS and other corporate-led initiatives in addressing global challenges such as environmental sustainability and human rights.

The research here critically examines the legitimacy concerns surrounding private actors in governance, particularly in relation to their profit-driven orientation. Drawing on theories of global governance, this section argues that while corporations have become powerful actors within these systems, their influence raises fundamental questions about their accountability and the power asymmetries that arise when profit-maximizing entities are tasked with delivering public goods.

Part II: Deliberative Democracy and Transnational Governance

Part II transitions to an exploration of deliberative democracy as a theoretical response to the governance challenges identified in Part I. This section engages with the key principles of deliberative

democratic theory, such as inclusion, transparency, reason-giving, public reason, and empowerment, and examines their applicability to transnational governance frameworks such as VSS.

The research in this section argues that deliberative democracy offers a potential solution to the legitimacy deficit observed in corporate-dominated governance systems. Inclusive dialogue, reasoned debate, and the fair representation of marginalized voices are seen as essential components for ensuring that governance outcomes reflect the public interest rather than the interests of powerful corporate actors. However, the thesis also acknowledges that deliberative democracy, as currently conceived, often fails to account for the power imbalances inherent in MSIs, where corporate actors possess significant economic and institutional leverage. This section also introduces the thesis's substantive principle of public reason, which expands traditional deliberative principles by prioritizing the interests of those most severely affected by unsustainable practices. According to this framework, practices or decisions that do not effectively advance the SDGs must be subject to further deliberative scrutiny, and the reasons of marginalized stakeholders must be given priority in decision-making processes. This section introduces the need for institutional reform based on the systemic turn in deliberative democracy.

Part III: Business Ethics and Deliberative Democracy

Part III delves into the intersection of business ethics and deliberative democracy, focusing on the role of corporations as both economic actors and governance agents within MSIs. This section critically examines the ethical responsibilities of corporations in multi-stakeholder governance, drawing on theories of Corporate Social Responsibility (CSR), stakeholder democracy, and business ethics to interrogate how private actors can be held accountable to both ethical norms and public interests.

The profit-oriented nature of corporations presents a significant ethical challenge, as their decisions frequently prioritize shareholder interests over broader societal or environmental concerns. The thesis contends that deliberative democratic principles, particularly those emphasizing inclusive participation and transparency, can serve as a framework to enhance corporate accountability within governance structures. This section highlights the tension between corporate power and public governance, setting the stage for the more detailed framework proposed in Part IV.

Part IV: Framework for Institutional Reform

The final part of the thesis presents the framework for institutional reform, addressing the limitations of current VSS and MSI structures in managing corporate power and ensuring deliberative legitimacy. Drawing on the critiques discussed in earlier sections, this part argues that governance

systems must evolve from isolated deliberative processes into deliberative systems; comprehensive frameworks that integrate public spheres, civil society, and institutional accountability into the governance process.

The research proposes that civil society organizations (CSOs), advocacy groups, and mini-publics should be formally integrated into VSS governance structures to ensure that the voices of marginalized and vulnerable populations are adequately represented. In doing so, the research addresses the critique that reason-exchange in deliberative democracy alone cannot overcome entrenched power asymmetries. The deliberative system framework seeks to create mechanisms for public scrutiny and accountability that are capable of balancing the influence of corporate actors with the needs of broader society.

Each part of the thesis contributes to the central argument that corporate actors in global governance cannot be considered legitimate regulators unless they operate within deliberative democratic frameworks that effectively mediate between self-interest and public goals.

PART I

GLOBAL GOVERNANCE AND GLOBAL GOVERNORS

Collaborative governance has emerged as a central mechanism for addressing the multifaceted challenges of sustainability, providing the institutional frameworks necessary to manage the intricate interrelations between social, economic, and environmental systems (United Nations 2019; UN DESA 2023). In the context of global challenges such as climate change, biodiversity loss, and socio-economic inequality, governance structures are critical in facilitating coordinated action across various sectors and levels of society (Meadowcroft 2013; Biermann, Pattberg, and Zelli 2010). Effective governance aims not only at promoting collaboration among governments, private actors, and civil society, but also at ensuring that sustainability policies are both technically robust and socially inclusive, fostering equitable outcomes that consider both present and future generations (Loorbach 2010). In other words, the sustainability framework set forward by the SDGs describes both the aims of global efforts and how they should be pursued. In this regard, the SDGs are both a substantive and proceduralist agenda. Under this light, the complex challenges of governance start to emerge, the main one being arguably the one of adopting governance methods that are capable of aligning interests toward shared objectives and fostering transformative practices while avoiding coercion and domination.

Christopher Ansell and Jacob Torfing (2022) define governance as *"the interactive processes through which society and the economy are steered towards collectively negotiated objectives"* (p. 4; emphasis in the original). The definition[2] captures how the road toward effective governance is laden with both empirical and normative challenges, including but not limited to the authority and legitimacy of global governance institutions, globalization, the role of markets and private actors and the rethinking of the relationship between private and public spheres.

Part I seeks to explore the changing landscape of global governance with a particular focus on the rise of multistakeholder initiatives (MSIs) and the role of private sector in achieving the SDGs. The chapter is divided into five sections. The first section lays the theoretical foundation by presenting four major perspectives on global governance: liberalism, realism, constructivism, and cosmopolitanism. It explores how each theory conceptualizes legitimacy, power dynamics, and the role of non-state actors. Liberalism emphasizes the rule of law, democratic principles, and market-

[2] For other definitions see Ansell, C., & Torfing, J. (2022). Introduction to the Handbook on Theories of Governance. In *Handbook on theories of governance* (pp. 1-16). Edward Elgar Publishing.

based cooperation, while realism views global governance as a reflection of state power and self-interest. Constructivism highlights the importance of norms, ideas, and identities in shaping global governance, while cosmopolitanism envisions a global order rooted in shared values and democratic participation. This section sets the stage for understanding the broader intellectual debates that inform the analysis of MSIs.

The second section focuses on the evolving concept of legitimacy in global governance. It examines how legitimacy has shifted from traditional, top-down state authority to more horizontal, deliberative processes that engage a plurality of voices. The discussion addresses the normative foundations of this shift, particularly the growing emphasis on participatory governance and democratic inclusion in international decision-making. The section critically assesses the challenges posed by pluralism, where governance must balance competing interests and diverse perspectives, and examines whether participatory models can achieve genuine legitimacy in global governance.

The third section traces the transition from multilateralism to multistakeholderism. It outlines how multilateral governance, previously dominated by sovereign states and international organizations, has increasingly given way to governance models characterized by the inclusion of nonstate actors (Zürn 2018). This shift reflects broader transformations in global power structures and highlights the growing influence of private actors, particularly multinational corporations, in shaping international policy. The section provides an in-depth analysis of how this transition has redefined the role of states and non-state actors in governance, setting the context for the emergence of MSIs.

In the fourth section, the chapter turns to an analysis of MSIs as a prime form of collaborative governance. This section focuses on the structure and objectives of MSIs, particularly their role in addressing sustainability issues and advancing the SDGs. The final section takes stock of the previous sections reflecting on the implications of business authority in global governance. In particular, the section discusses the normative relationship between private and public spheres as corporations play a central role in the governance of sustainability. The chapter starts engaging with the main RQ by providing a conceptualization of the different kinds of power that private actors wield in global governance and problematizing the divergence between the supporting narrative toward private sector engagement (UNEP 2019) and the empirical reality of private sector contributions toward the achievements of the SDGs (van Zanten and van Tulder 2018).

1. Global Governance: Key Perspectives and Concepts

Globalization and global governance have attracted a considerable amount of scholar attention over the years, condensed into an overwhelming literature (Held and McGrew 2009; Held 1997; Held et al. 1999a; 1999b; Bartley 2018; Aksu and Camilleri 2002; Buchanan and Keohane 2006).

Over the years following the post-World War II era, four major approaches in global governance have emerged (Hewson, Sinclair, and Sinclair 1999; Gordenker 1995; Koenig-Archibugi 2019; Karns, Mingst, and Stiles 2015). The purpose of this section is to provide an overview of the major approaches to global governance and their relation to the phenomenon of globalization and development. The *leitmotif* of our analytical framework will be represented by the legitimacy aspect of the international domain, the actors involved in global governance and their power.

Different schools and approaches can be identified in the liberal, the realist, the constructivist and the cosmopolitan model. These accounts present similarities and differences pertaining to the ways in which they conceptualize legitimacy, agents and the separation between the private and public spheres. Section 1.6 presents a summarizing Table.

1.1 Liberalism

The first category of theories to be addressed finds in liberalism its unifying philosophical outlook. At its most basic core, liberalism posits freedom as its fundamental political value. While we cannot address the debate in depth[3] (Keohane 2012; Doyle and Recchia 2011; Moravcsik 1992), the relevance for the purposes of the current discussion lies in the fact that "the expansion of human freedom is a core liberal belief that can be achieved through democracy and market capitalism" (Karns, Mingst, and Stiles 2015: p. 44).

Liberalism works therefore as the conjunction point between *political* and *economic* theory. From the first point of view, liberals defend the idea that democracy is to be promoted as it better supports international peace and stability. Democracies would be better suited to promote and foster cooperation and peaceful conflict resolution by subscribing to the idea of an international order governed by the rule of law. International institutions like the United Nations system acquire therefore a highly important governance role in fostering multilateralism and accountability. From the second point of view, liberals underscore the role of free markets and trade in creating cooperation and State interdependencies capable of increasing global prosperity. The governance role of institutions like the World Trade Organization is therefore based on the liberal notion that increased economic interstate

[3] Nor we can dive into a detailed history of liberal theory. See Freeman, S. (2018). *Liberalism and Distributive Justice*. Oxford University Press, and Courtland, Shane D., Gerald Gaus, and David Schmidtz, "Liberalism", *The Stanford Encyclopedia of Philosophy* (Spring 2022 Edition), Edward N. Zalta (ed.), URL = <https://plato.stanford.edu/archives/spr2022/entries/liberalism/>.

relations would significantly reduce risks of wars and instability. A core point of debate among liberal international political theorists is which angle should the system promote, the political or the economic. Supporters of the latter would then develop into a neoliberal perspective on international governance (Gash 2022).

A key political argument for economic liberalism, advanced by Adam Smith and Jeremy Bentham and subsequently developed by neoliberals like von Hayek and Krueger (Mirowski and Plehwe 2015), is that peace and freedom is not coincidental to economic growth. According to proponents of this thesis, global economic integration reduces the incentives for war by increasing the opportunity costs of conflict and creating interdependencies that make cooperation more attractive. As states become more integrated into the global economy, they rely on trade and investment for economic growth, making them less likely to disrupt these beneficial relationships through conflict (Gartzke 2007).

Hayek's emphasis on individual freedom and market-driven cooperation further reinforces this view, as he believed that free markets create natural bonds between nations, reducing the need for centralized control or coercion. The diffusion of economic power among individuals and corporations, as opposed to concentrated state power, allows for peaceful interactions based on mutual benefit rather than zero-sum competition (Hayek and Hamowy 2020).

As extensively described by Samuel Freeman (2018), the idea that scientific progress and knowledge and free trade would make cooperation, competition, and prosperity largely outweigh the costs of interstate wars is also spread in the utilitarian tradition. This and other considerations will play an important role in the emergence of an international order based on the creation of free-markets, deregulation and minimal State interventionism (Held et al. 1999a).

More fundamentally, liberal approaches in global governance reflect classic normative understandings of the concept of liberty in political philosophy. As well-known, liberty has been conceptualized by Isaiah Berlin (1958) in two different ways, each developing and endorsing a different ideal of the social and political order. Freedom of speech, press, property, (trade) association, privacy, personal integrity and so forth will come to represent the *negative* conception of liberty. On the other hand, rights to education, social security, health care, work, access to public services, political participation would correspond to a *positive* notion of liberty. In a nutshell, negative liberties would indicate a set of freedoms and rights underpinning the creation and protection of an individual private sphere. Positive liberties would indicate, on the other hand, those set of rights necessary for individuals to participate in the public and political spheres thus constituted.

Defenders of one or the other conception promote distinct conceptions of the *relationship of citizens vis-à-vis the State*. At their core, the first tradition defends the primacy of negative liberties

identifying political, social and economic institutions that reflect the need of the State to refrain from constraining the liberties of its citizens. In this regard, freedom from interference in one's own private sphere from the State is the quintessential understanding of liberty of proponents of this conception. In the other tradition, individual autonomy reaches its fuller expression when exercised in the political sphere and citizens are enabled to form and express their will. Priority is therefore given to positive liberties and the duty of the State is to promote institutions capable of providing citizens with the necessary resources and opportunities to participate in political life.

Consistently with this distinction, liberals of the first kind draw a well-defined line between private and public spheres. According to this separation, the role of the State is to protect the private sphere of citizens and the property rights regime at its center. State interventions that limit individual economic liberties are typically viewed as illegitimate and should be avoided to not disturb the optimal unfolding of the laws of the market (Friedman 2016).

In line with this understanding of liberty, States should respect the autonomy of other States in managing and shaping their socio-economic affairs. From this perspective, capitalism appears to be the most compatible economic system for a global order grounded in principles of national sovereignty and property rights. However, this reveals a fundamental tension within liberal thought when considering the political order it seeks to uphold. As previously discussed, liberalism strongly advocates for international cooperation based on global interdependencies. At the same time, it champions a political framework in which states assert their right to self-determination, national sovereignty, security, and economic freedom, while simultaneously engaging in economic interdependence, cooperation, and relying on international organizations. This duality raises critical questions about the coherence of a liberal order that seeks to balance national autonomy with deep economic and institutional integration.

This is the kind of duality that regime theory has tried to address. Conceptualized since the mid 1970s by international relations scholars like Stephen Krasner, Andreas Hasenclever, Volker Rittberger, Oran Young and Robert Keohane, its central claim is that international cooperation arises in opposition to "anarchist" and realist conceptions of global (dis)order. Krasner has provided a generally accepted definition of regime by describing it as a "set of implicit or explicit principles, norms, rules, and decision-making procedures around which actor expectations converge in a given issue area" (Krasner 1982, p. 186). With this theory, scholars sought to understand how cooperation could be achieved without looking exclusively at economic incentives and power politics (Keohane 2012). It represents an evolution by offering a more sophisticated, empirically grounded framework. It bridges the gap between idealistic liberal hopes for cooperation and the realities of international politics, especially in areas where cooperation seems difficult or unlikely. Unlike classical liberalism,

which focused on moral imperatives and broad institutional frameworks, regime theory zeroes in on the role of specific regimes in fostering cooperation in issue-specific areas, such as trade, security, and the environment. Liberalism's early focus on fostering peace through democratic governance, economic openness, and the creation of international organizations laid the groundwork for understanding how global governance could function. However, these early liberal theories often lacked the detailed mechanisms to explain how cooperation could persist in a fundamentally anarchic system, especially in areas where states had diverging interests.

As a consequence, one of the advantages of regime theory is that it offers more flexibility in understanding the emergence, transformation and influence of agreements on actors' behavior and vice-versa (Buchanan and Keohane 2006). Another key contribution, more directly related to the purposes of the argument of this research, was the ability to capture the rise of actors beyond the nation-state as capable of influencing patterns of behavior and rule-making at global governance level.

In regime theory, non-state actors are conceptualized as crucial intermediaries that help bridge gaps between states, international organizations, and global governance processes. These actors are often seen as facilitators of cooperation, as they bring specialized knowledge, resources, and technical expertise to the table. For example, in environmental governance regimes like the Kyoto Protocol or the Paris Agreement, NGOs and scientific organizations have been instrumental in advocating for stronger climate commitments and ensuring compliance through monitoring and reporting (Keohane and Victor 2011; Widerberg and Pattberg 2017). Moreover, non-state actors are instrumental in creating pressure on states to comply with international norms, especially when they mobilize public opinion or advocate for transparency and accountability in global governance processes (Raustiala 1997; Lambin and Thorlakson 2018). In this way, regime theory recognizes non-state actors as important drivers of change, capable of influencing both the formation and implementation of global governance regimes.

Particularly within the context of global governance and sustainable development, the legitimacy of private actors is conceptualized through several interrelated mechanisms that emphasize their role in addressing complex, transnational challenges. The increasing role of private actors in global governance is primarily seen as a response to the limitations of state-based governance in effectively tackling issues like climate change, environmental degradation, and social inequality, which are central to the SDGs.

The first mechanism through which private actors gain legitimacy is their participation in governance networks. As previously seen, regime theory views global governance as a multi-actor process where states, IOs, and non-state actors, including private corporations, collaborate to shape

rules, norms, and practices. Private economic actors are therefore crucial players in these networks since they control significant resources and influence over global supply chains (Cutler, Haufler and Porter 1999).

Performance-based legitimacy is another crucial concept in regime theory, whereby it is the effectiveness of private actors in contributing to global governance goals that enhances their standing. In the context of sustainable development, this often means demonstrating that they can implement policies that achieve tangible environmental and social benefits, often more efficiently or effectively than state actors. Particularly in sectors like forestry, energy, or agriculture, where private firms are deeply integrated into global value chains, their capacity to mitigate negative impacts, such as deforestation or carbon emissions, through sustainable practices is a key source of legitimacy (Cashore 2002; Dingwerth 2007).

As regime theory acknowledges a greater space for moral and social norms in international relations (IR), normative alignment with international standards and values is identified as another cornerstone of legitimacy for non-state actors (Ruggie 2017; Keohane 2012). Since sustainable development is governed by a range of global norms, from the SDGs to human rights and environmental protection frameworks, by integrating these norms into their operational strategies, they gain legitimacy as actors that uphold the global governance regime's objectives.

Finally, the legitimacy of private actors is often framed within their ability to share authority with public actors through collaborative frameworks (i.e., public-private partnerships). In the global governance of sustainable development, private actors frequently collaborate with states and IOs to co-regulate and co-manage public goods. The legitimacy of private actors in this context stems therefore from their ability to complement the role of the state in providing public goods, thus strengthening their position as legitimate participants in global governance (Pattberg et al. 2012).

1.2 Realism

The core tenet of modern realism is, essentially, the rejection of this view. In this perspective, formally developed by IR scholars like Hans Morgenthau (1967), States remain the main unit of analysis and the most important (if not the only) actor of international law. International cooperation simply reflects the distribution of power among States and cooperation is guided by a limited set of incentives.

From this perspective, international agreements that lack enforcement mechanisms are seen as having neither authority nor power. As a result, organizations without clear enforcement capabilities are largely dismissed as meaningful actors in global governance. This leads realists to downplay the influence of NGOs and MNCs in international politics, arguing that the balance of

power and deterrence among sovereign States has historically been more effective in maintaining peace than non-binding agreements (Gruber 2000).

Unlike liberals or regime theorists, realists stress the conflictual nature of global politics. Without a super-arching authority, the international context is conceptualized as a Hobbesian state of nature where relations among States are governed by material interests. The quest for power and securing leadership positions is what motivates primarily international politics and asymmetries are mobilized to strengthen positions and resolve disputes.

The defining characteristics of realism are therefore 1) an anarchic international sphere, 2) the nation-state as the single relevant actor in global governance, 3) rational self-interest as the motivational basis in international behavior and 3) power as the ultimate mean and goal of international politics.

The centrality of the State as the single, most significant, actor in global politics and governance cannot be overstressed. From a realist perspective, IOs are mere tools in the hands of States where the most powerful ones leverage their position to secure favorable trade policies and assert political influence. As a consequence, realists argue that states are the primary actors in IR. Although non-state actors, such as MNCs, NGOs, and international organizations, exist and may influence global affairs, their actions are functional to the interests and power of sovereign states.

Therefore, realists (and neorealists) are skeptical about the prospects of meaningful cooperation between states, especially through IOs or regimes. Despite the creation of institutions like the United Nations, the WTO or NATO, realists contend that states use these institutions instrumentally, to further their own interests, rather than as genuine mechanisms for global governance (Mearsheimer, 1994). Robert Gilpin (1987), a leading realist scholar, argues that international economic institutions like the International Monetary Fund or the World Bank primarily serve the interests of the most powerful states, particularly of the United States. The purpose is therefore to help powerful states maintaining their economic dominance, while weaker states are constrained by the rules imposed on them (see also Stiglitz and Pike 2004).

John Mearsheimer (1995) provides a detailed critique of liberal institutionalism, arguing that institutions are incapable of preventing conflict between great powers. According to Mearsheimer, the anarchic structure of the international system ensures that states will continue prioritizing their own security and national interests over international rules. Fundamentally, institutions can facilitate cooperation when state interests align, but they cannot change the underlying power dynamics or prevent conflicts from arising when state interests diverge.

From this realist viewpoint, when global governance regimes clash with the national interests of powerful states, realists argue that these regimes will be weakened or ignored. A clear example is

the US withdrawal from international agreements such as the Paris Agreement and the Iran nuclear deal, both instances where the US government prioritized perceived national interests over multilateral cooperation (Zhang et al. 2017).

Concerning the role of private economic actors, these are viewed as tools or instruments that States use to achieve their broader geopolitical or economic objectives. Private firms, particularly large MNCs, play a role in advancing state power by promoting economic growth, technological innovation, and geopolitical influence. In this view, private actors derive their legitimacy from their utility to the state, rather than their ability to adhere to international norms or contribute to public goods (Strange 1996). For instance, firms that are heavily involved in sustainable development initiatives, such as those focused on renewable energy or carbon trading, may gain legitimacy if their efforts align with the economic or environmental policies of their own states (like the U.S. or China), which may use these private actors to maintain their influence in global governance regimes (Clapp and Dauvergne 2011). Hence, in realist thought, legitimacy is often a byproduct of economic power.

While realism offers a powerful explanation for state behavior and conflict in international relations, liberal and constructivist scholars argue that international institutions play a significant role in fostering cooperation, reducing conflict, and promoting norms of human rights and environmental protection (Keohane 1984; Wendt 1992). In particular, constructivists argue that global governance is not merely a reflection of power politics but is also shaped by ideas, norms, and identities.

1.3 Constructivism

Social constructivists like Alexander Wendt (1992) differ from realists in many important ways. The most relevant of which being their treatment of preferences and interests. While realists understand preferences and interests in fixed and pre-given terms, constructivists posit that actors mutually construct the beliefs and the meaning of practices that shape their opinions (Risse 2000).

Constructivists, in common with proponents of regime theory, stress the centrality of shared norms, beliefs and cultural practices to influence actors' agency and behavior. This view, opposite to realist perspectives, acknowledges that international processes of rule-making and governance are not exclusively explainable in terms of clash of interests and power distribution to settle disputes and policy goals (Karns, Mingst, and Stiles 2015). On the contrary, national interests and self-interested approaches still play an important role but do not exhaust the motivational set of why States cooperate and participate in IOs, in multilateral agencies or in supranational bodies like the European Union. Constructivists reject realism as downplaying the place of normativity (i.e., a set of ethical and moral considerations, opinions and worldviews) in global policy-making and international cooperation (Zürn 2018).

The central claim of social constructivism is that actors' agencies and identities are pluralistic and are co-created in a process of mutual engagement and interaction that shapes beliefs, values and normative orientations. For constructivists, the social ontology of global rule and policy formation is the result of the continuous interaction among actors themselves. Against realists, constructivists acknowledge therefore the influence on rule-making that non-state actors do have in global governance. Essentially, while realists stress that it is eventually the brute force of material interests of States and their relative power (military or economic) to shape world politics and global policies, constructivists recognize that many aspects determining national interests are also socially constructed. As a consequence, they highlight the role of norms, values and identities in shaping State attitudes toward foreign policies. From this point of view, organizations like the World Bank and the IMF, and the influence exerted by the US government, are interpreted not in terms of power but, ultimately, of ideology.

This brings constructivists to better focus on the importance of discourse, narratives and intersubjective understandings to sustain institutions and practices in IR and how such interactions, recursively, influence and shape the very discourses and understandings supporting them. This is what grounds the *possibility of change* in a world otherwise sustained by rather fixed preferences, interests, national identities.

In conclusions, this opens a radically different understanding for the status of non-state actors in global governance. Social movements and transnational advocacy groups challenge the very notion of State sovereignty through the mobilization of human rights discourse, democratic values and solidarity. This has important consequences from the point of view of public authority, legitimacy and legitimation. By focusing on a more ideational (or noumenal, see Forst 2015) kind of power, this leads to the opposite conclusion of realists perspectives where actors do not necessarily need to have monitoring and enforcing mechanisms to wield power.

1.4 Cosmopolitanism

I primarily interpret this concept through the lens of critical theory, as it is the perspective that has made arguably the most significant contribution to its development. In IR, critical theory's key contribution lies in its effort to address both the problem of power, a central concern of realist approaches, and the importance of norms and institutions, which are central to constructivist perspectives (Zürn 2018).

From a critical theory perspective, one of the most significant periods in the evolution of global governance is the post-Cold War era, from 1989 to the present (Jurkevics and Benhabib 2018). Typically, the study of international relations and governance from a critical perspective has taken

the shape of a political and policy debate on different conceptions of cosmopolitanism (Bohman 2004; Held 1992). While an exhaustive reconstruction of this debate would fall out of the scope of this section[4], I will focus on some of its key themes.

The relevance of globalization on governance cannot be overstated from a critical perspective. Through the idea of globalization, critical thinkers analyze the relationship between political democratic orders in the West and the evolution of globalized capitalist economy (Aksu and Camilleri 2002).

The advancement of globalization throughout the 1990s has deepened not simply States interdependencies based on global trade but also legal and administrative ties. As a result, what seemed to be a global order increasingly shaped by post-national politics received renewed attention from political theorists. In particular, the major trends characterizing that period were:

- growing criticisms of the idea of State sovereignty
- the rise of International Human Rights Law paradigm in global politics
- the constitutionalization of International Law
- the call for post-national models of democracy
- the movement from government to governance

In the early days of the Frankfurt Critical Theory, ranging from the 1950s to the 1960s, thinkers like Adorno, Horkheimer, Marcuse and Pollock focused their research program on the dynamics of rationalization of the social domain mediated by the technical and instrumental rationality inherent to the capitalist modes of social reproduction. The main focus of their analysis was to unmask the capitalist forms of domination as they were unfolding in post-war European democratic societies. Their main concern was studying how economic rationality was colonizing the administrative powers of the liberal State as well as almost all other aspects of social life (Marcuse 1964). However, through the 1980s the focus of critical thinkers on the European context was challenged as globalization was extending to global politics and international relations the same kind of colonizing forces (Harvey 2020).

The rapidly changing global context, brought later generations of the Frankfurt School to include international politics in their analysis. Several crises were pivotal in promoting this shift. The optimism stemming from the fall of the Berlin wall and the end of the Cold War era was soon curtailed by the rise of consumerist society, the strengthening of neoliberalism as the leading global ideology,

[4] For an overview, see Sutch, P. (2018). The Slow Normalization of Normative Political Theory. *The Oxford Handbook of International Political Theory*, 35-47.

rising poverty and the deepening of inequalities in the capitalist global order and environmental degradation (Jurkevics and Benhabib 2018; Harvey 2007). After the 1990s, the new phase of global politics characterized by the strong interventionism of the Bush administration and the "war on terror" narrative, increasingly jeopardized the idea of a world order based on national sovereignty and self-determination. Globalization made increasingly clear that the legal tools available to States were inadequate to address complex crises whose origins were, more often than not, lying outside of their national borders. This awareness would lead critical thinkers like Jürgen Habermas to dedicate extensive attention to the outlining of a post-national global order based on a gradual process of constitutionalization of international law (Habermas 2017).

Against this background, cosmopolitan accounts of the global society started to emerge pivoting around the normative ideal that all human beings, regardless of their political affiliation, race, or nationality, belong to a single global community. Central to the cosmopolitan project was the outlining of a legal-moral framework transcending national boundaries and emphasizing a form of universalism based on human rights, global justice, and the shared responsibility for addressing global challenges like poverty, climate change, and inequality through the institutionalization of a democratic system of global governance (Bexell, Tallberg, and Uhlin 2010; Habermas 2017).

However, cosmopolitanism has also harbored a tension between universalism and communitarianism (or particularism), also evident in those cosmopolitans that did not find in critical theory their normative foundation (Sutch 2018; Smith and Brassett 2008).

Nonetheless, David Held and Daniele Archibugi have developed a political proposal based around the idea of a cosmopolitan democracy (Held 1995; Archibugi 2004; 2012; Held and McGrew 2009). Emerged as a response to the increasing interdependence of states and the necessity of democratic governance beyond national borders, this model of governance would seek to expand democratic principles, such as accountability, participation, and representation, to global institutions, countering the limitations of a state-centric political order (Archibugi, 2004). Unlike traditional international relations models that emphasize either state sovereignty or intergovernmental cooperation, cosmopolitan democracy envisions a multi-tiered system of governance where decision-making is democratized at various levels, from the local to the global. As aptly put by Archibugi, "the basic idea behind cosmopolitan democracy [was] to globalize democracy while, at the same time, democratizing globalization" (Archibugi 2004, p. 438).

Among the institutional features identified by proponents of this approach, one finds 1) a global rule of law, 2) direct participation in transnational decision-making, and 3) the establishment of a World Parliamentary Assembly. These institutional mechanisms aim to address the democratic deficit in global governance while ensuring a more equitable distribution of political power.

The first institutional feature is intended to establish legal frameworks that can hold both states and non-state actors accountable at the international level. The establishment of the International Criminal Court (ICC) in 2002 marked an initial step toward this goal. The second feature challenges the current structure of IOs, where decision-making authority is largely confined to state representatives. Cosmopolitan democrats argue that affected populations, including non-state actors, civil society organizations, and transnational advocacy groups, should be given a more direct role in shaping international policies. The participation of global movements in WTO and IMF meetings, as well as the influence of NGOs in UN deliberations, represent preliminary manifestations of this principle. The third aspect, the establishment of a World Parliamentary Assembly, an elected body designed to represent global citizens directly rather than through nation-states, would serve as a counterweight to intergovernmental organizations and provide a forum for global democratic deliberation (Held 1997). Unlike the UN General Assembly, which is composed of state representatives, a World Parliament would function as a transnational democratic institution, ensuring that citizens have direct influence over global policymaking (Archibugi and Held, 1995).

As anticipated, critical theory has however developed both into a cosmopolitan strand and into a deliberative one. Hence, the debate between cosmopolitan democracy and deliberative democracy represents a significant divergence in contemporary theories of global governance. In particular, John Dryzek's deliberative democracy critiques this institutional focus and instead emphasizes the role of discursive processes, communicative engagement, and contestation within global civil society (Dryzek 1990; 1999; 2002b; Smith and Brassett 2008).

Dryzek has argued that Held's model is overly reliant on state-centric mechanisms, failing to account for the fluid, decentralized, and often informal nature of global governance. Rather than focusing on the democratization of formal structures, Dryzek emphasizes the role of transnational civil society, global activism, and the communicative power of discursive engagement as central to democratic legitimacy. Dryzek stressed therefore the emergence of global public spheres where transnational actors, including civil society groups, social movements, and NGOs, engage in deliberation to shape norms and challenge dominant discourses (Dryzek 1999, p. 34).

The tension between universalism and communitarianism is evident in the following critique of Dryzek to cosmopolitans. In his view, cosmopolitan democracy assumes a level of shared identity, interests, and civic engagement that does not exist at the global scale (Dryzek 1999). Unlike national democracies, where a shared civic culture can foster democratic participation, global governance operates in a fragmented and pluralistic environment, where identities and political allegiances are deeply divided. Thus, imposing formal democratic institutions on such a diverse global public risks alienation rather than engagement.

Finally, Dryzek also noticed that cosmopolitan democracy's institutional reliance would make global governance still vulnerable to elite capture and bureaucratic control as formal democratic institutions would likely still be dominated by powerful states, multinational corporations, and technocratic elites, rather than genuinely representing global citizens (Dryzek 1999). For this reason, along with political theorists like Cristina Lafont more recently (2020), he emphasized (2002) the importance of inclusive and participatory processes allowing for diverse voices to be heard in global decision-making.

In a nutshell, in the cosmopolitan framework, nation-states, while still important, are insufficient to address the complexities of global problems such as climate change, economic inequality, human rights violations, and international security. The globalized nature of these challenges necessitates coordinated action at the international level, facilitated by robust institutions capable of enforcing regulations and policies effectively. However, this shift toward global governance is not solely about institutional mechanisms; it also involves a transformation in how authority and influence are distributed among different actors.

Thomas Risse's discussion (more as a constructivist than a cosmopolitan) well captures the emergence of "non-hierarchical steering modes in global governance" (2004, p. 288), providing significant insights into how power is redistributed in an increasingly interconnected world. Whereas traditional IR theories have focused on hierarchical model of governance, where States exercise authority through legal frameworks, coercion, or formal agreements, globalization has fragmented this model, leading to a renewed emphasis on communication as a key coordinating mechanism to address global challenges. This has paved the way for non-state entities like businesses and NGOs to engage in governance platforms through dialogue, persuasion, and voluntary compliance rather than through mandates or coercion.

Risse explains that these non-hierarchical modes, relying on communication, argumentation, and deliberation, operate on a form of "soft steering" (2004, p. 288), where influence is exerted not through force but through norms, ethical appeals, and the creation of shared goals. More specifically, Risse notes how "arguing and persuasion constitute tools of 'soft steering' that might improve both the legitimacy problems of global governance by providing voice opportunities to various stakeholders and the problem-solving capacity of governance institutions through deliberation" (pp. 288-289). This approach is particularly relevant in situations where diverse actors must collaborate despite differences in power, resources, and national interests. The idea is that through dialogue, these actors can reach a common understanding and develop norms that guide their actions, even without a central authority enforcing compliance.

A critical aspect of Risse's analysis is his focus on the legitimacy of non-state actors within these governance frameworks. In the traditional state-centric system, legitimacy was derived from sovereign authority, states were seen as the ultimate decision-makers because of their legal and political power. However, in the non-hierarchical models that Risse describes, legitimacy is instead constructed through participation, transparency, and the ability to contribute effectively to solving global problems. Businesses, for example, gain legitimacy by showing that they can adhere to ethical standards, engage in corporate social responsibility (CSR), and participate in initiatives that promote sustainability and human rights.

Risse illustrates this point by discussing PPPs[5], which allow non-state actors to have a seat at the table, contributing their expertise and resources. "In such networks, the more these trisectoral networks and 'public-private partnerships' privilege learning processes and the mutual exchange of ideas and knowledge, the more arguing and reason-giving should matter", (p. 303) Risse argues, underscoring the shift from coercion to persuasion. To be sure, while non-hierarchical mechanisms can enhance legitimacy by promoting inclusivity and transparency, they are also susceptible to power imbalances. For instance, MNCs may wield significant influence within these frameworks, potentially skewing outcomes in their favor. This raises concerns about whether such arrangements can genuinely democratize global governance or whether they might reinforce existing inequalities. Risse notes that

> The more arguing matters in negotiation processes, the more we should also observe that actors with lesser material resources get empowered through the process. While genuine truth-seeking and ideal speech situations are usually absent during international negotiations, institutional settings that allow or even force actors to shift towards reasoning and deliberation should level the playing field between the materially powerful and the powerless. Assuming that the materially more powerful do not necessarily control the 'better arguments', we should expect materially weaker actors to improve their negotiating position the more arguing matters in such institutional settings (p. 303).

While this position still relies on a profoundly voluntaristic (and idealistic) framework, at the same time it recognizes the need for institutional mechanisms to address the problem of power imbalances. In fact, the very problem of *empowerment* starts to be introduced[6].

Fundamentally, private actors such as businesses are increasingly integrated into the public domain, assuming roles that involve responsibility for global public goods. This is especially evident

[5] While he uses the term "PPPs", examples like the World Commission on Dams and the UN Global Compact are better framed as multi-stakeholder initiatives. A clearer typology will be introduced in Section 3.
[6] This concept will be extensively treated in Part II and IV.

in PPPs, where businesses engage directly with states, NGOs, and international organizations to address complex global issues. Drawing from Habermasian critical theory, the legitimacy of these interactions hinges on the processes of *communicative action* (Heath 2003; Habermas 1985), the ability of these actors to engage in open, rational dialogue to build consensus and set norms beyond the achievement of exclusively self-interested purposes. Hence, private actors like businesses can gain legitimacy when they participate in deliberative processes, justify their actions in accordance with broader societal norms, and contribute to solving collective problems.

While his account is key in justifying the application of a deliberative democratic perspective to governance modes, this justification still rests primarily on a pragmatist argument. Namely that due to globalization, the ability of states to address global problems is continuously eroded and needs to be compensated by a larger involvement of non-state actors in addressing such problems. However, this account does not capture the deeper normative shift that enabled the passage toward multistakeholderism in governance over the past decades. Without the acknowledgment of the normative reasons behind the emergence of dialogue-based non-hierarchical modes of governance, we would not be able to explain why then the legitimacy of such mechanisms is not called into question given the mixed track record they display (MSI Integrity 2020).

1.5 Summarizing Table

Theoretical Framework	Conception of Global Governance	Key Actors	Legitimacy Perspective	Conception of State Sovereignty and Authority
Liberalism	Rules-based international order	States, International Institutions (e.g., UN, WTO, IMF), NGOs, Multinational Corporations	Adherence to democratic principles, rule of law, and consent of the governed	Enhance sovereignty through cooperative frameworks; non-state actors increase transparency, accountability, and democratic participation
Realism	Anarchic arena of state competition	Sovereign States	Derived from power and state interests	Sovereignty is paramount; global governance is a tool for state power; non-state actors are secondary and often instrumentalized by states
Constructivism	Norms-based governance	States, NGOs, Transnational Advocacy Networks, International Institutions	Based on shared norms and values	Sovereignty is shaped by social constructs; non-state actors as norm entrepreneurs shape and diffuse international norms, influencing state behavior
Cosmopolitanism	Inclusive, democratic global governance	Global Civil Society, International Institutions, NGOs, Transnational Networks	Universal principles of justice, human rights, and democratic participation	Sovereignty is redefined to accommodate global responsibilities; non-state actors play crucial roles in promoting global justice, human rights, and ensuring inclusive and participatory governance

Table 1: Different conceptions of global governance, key actors, legitimacy perspectives, and roles in relation to sovereignty and authority.

2. Legitimacy as Consent and the Liberal Global Order. Key Concepts

This section seeks to elucidate the normative foundations that have catalyzed the rise of constructivist and communicative models of coordination in global governance, signifying a paradigmatic shift from hierarchical, top-down approaches to more horizontal, bottom-up frameworks. These models are premised on the principle, heralded in liberal political theory, that governance legitimacy fundamentally rests on the consent of the governed (Rawls 2008), reflecting a broader normative shift towards 1) the affirmation of individual autonomy, 2) the erosion of metaphysical and traditional justifications for authority, and 3) the recognition of pluralism as an inescapable feature of contemporary political life. These concepts have fostered a compelling discourse on inclusive governance, which has become integral to the development of multistakeholder governance mechanisms that transcend the traditional bounds of state-centric authority.

At the core of this transformation is the reconceptualization of legitimacy in governance, increasingly understood as contingent upon participatory and deliberative processes that engage a plurality of voices and respect diverse perspectives. This shift is closely aligned with normative developments within the liberal global order, where the legitimacy of governance is no longer derived solely from institutional authority but from communicative rationality, democratic equality, and the inclusivity of decision-making processes. Consequently, the emergence of multistakeholder governance models, despite their limitations, reflects a deeper normative commitment to inclusivity and deliberation in addressing global governance challenges. These models are positioned as a response to the complexities of globalization, wherein no single actor or institution can adequately address transnational issues. Instead, governance is increasingly conceived as a deliberative and cooperative enterprise, requiring ongoing dialogue, negotiation, and collaboration among states, international organizations, non-state actors, and civil society to navigate the intricacies of shared global problems.

2.1 Postmetaphysical Thinking and Governance

The emergence of a constructivist and critical reading of international politics over the 1980s is coupled with the so-called linguistic turn in political philosophy (Lafont 1999; Bohman 2001). The relevance of this development in the history of ideas lies in the fact that it captures a set of underlying, more normatively compelling reasons, explaining the emergence of governance modes not (directly) based on nation states public authority. In other words, facilitating the change from government to governance (Rosenau and Czempiel 1992).

The theoretical ambition of this move is to take stock of sociological and philosophical reflections on globalization and modernization but also of the normative roots contained in the Enlightenment period. These lines of reflection converge in what Habermas has later labeled as post-metaphysical thinking (Habermas 1992). Basically, this concept tries to encapsulate the normative context in which liberal democracies find themselves in terms of legitimacy and public authority as a result of processes of modernization since the Enlightenment.

As well-known, the Enlightenment era marked a profound turning point in Western thought, emphasizing the primacy of reason, empirical science, and the quest for knowledge through observation and experimentation. Immanuel Kant famously examined the limitations of human cognition and the capacity to attain absolute knowledge. At center of Kant's critique was the notion that metaphysical claims about the nature of reality could be known with certainty. To this view, he counterargued that our knowledge is confined to phenomena while the noumena, or things-in-themselves, remain inaccessible. This epistemological shift laid the groundwork for a more critical approach to metaphysical claims, emphasizing the importance of understanding knowledge as contextually and subjectively grounded (Habermas 1992).

Later on, the Industrial Revolution (i.e., the 18th and 19th centuries), profoundly changed European economic and social structures through technological advancements. The rapid pace of industrialization and urbanization introduced complexities that traditional metaphysical frameworks were ill-equipped to address (Giddens 2023; Habermas 1990). The emergence of a mechanized and interconnected society necessitated new ways of understanding human experience, social organization, and the implications of technological progress. However, unbounded faith in scientific discovery and rationalism led to a positivist discredit of reflections on moral philosophy and metaphysics seen as meaningless (Habermas [1968] 2015).

The catastrophic impact of two World Wars served as a crucial catalyst for re-evaluating traditional metaphysical and ideological systems. The global conflicts exposed the limitations and failures of grand narratives of human progress and absolutist principles that had previously underpinned political and social orders. The existential devastation and the rise of totalitarian regimes, which justified their authority through rigid ideological and metaphysical claims, led to a profound skepticism towards universal truths. This historical context significantly influenced the development of postmodern and postmetaphysical perspectives that emphasize the contingency, plurality, and contextual nature of knowledge and authority (Habermas 1975).

Later on, during the Cold War era (1947-1991), the ideological confrontation between capitalism and communism further demonstrated the inadequacies of traditional metaphysical claims. The bipolar geopolitical tensions and the ideological struggle for global supremacy underscored the

need for more nuanced and context-sensitive approaches to understanding political and social issues. This period reinforced the shift away from absolute metaphysical claims towards a more pragmatic and critical examination of authority and legitimacy, emphasizing the importance of democratic deliberation and rational discourse (Steffek 2003; 2018).

The mid-20th century witnessed then the emergence of various social movements, including the civil rights movement, feminist movements, and decolonization efforts. These movements challenged established social and political structures and questioned traditional metaphysical and normative assumptions about race, gender, and colonialism. The quest for social justice, equality, and recognition of diverse perspectives highlighted the importance of acknowledging and integrating multiple viewpoints, further influencing the development of postmetaphysical thinking. This era's emphasis on pluralism and the contingent nature of social realities fundamentally aligned with the postmetaphysical critique of universal truths and fixed principles.

This period reinforced the need for adaptable and responsive approaches to understanding reality and authority, reflecting the dynamic and pluralistic character of contemporary society. A key corollary of this has been the emergence of a new *legitimation paradigm* where appeals to forms of authority based on tradition, religion, ethical self-understandings or metaphysical worldviews, could not be view as sufficiently stable nor adequate (Habermas 1975).

This shift has had profound implications for the legitimacy and validity of public choices, particularly in pluralistic, democratic societies. From a postmetaphysical perspective, legitimacy is no longer derived from absolute, transcendent values or metaphysical truths but rather from processes of intersubjective rational discourse among free and equal participants. According to Habermas, public choices gain their legitimacy through what he terms the ideal speech situation, a communicative process where individuals engage in open, transparent dialogue free from coercion, with the aim of reaching mutual understanding. This model asserts that validity claims, such as truth, rightness, and sincerity, are tested in the course of dialogue, and the legitimacy of public decisions hinges on the inclusivity and rationality of this deliberative process.

Postmetaphysical thinking also emphasizes the procedural aspects of democracy over substantive claims rooted in moral or religious traditions. In such a framework, the validity of public choices is grounded not in universal truths or metaphysical principles but in the shared reasoning and deliberation of citizens. By removing metaphysical justifications from the sphere of public decision-making, postmetaphysical thinking aims to foster inclusive deliberation and avoid the imposition of a particular moral or religious framework. The role of the state, therefore, becomes one of facilitating communicative action, ensuring that all voices are heard and that decisions are justified based on the strength of arguments, not metaphysical authority. This aligns with Habermas' theory of discourse

ethics, which posits that moral norms and public choices are only valid if they can be agreed upon by all affected parties through rational discourse (Habermas 1990). In other words, the only way norms and values can achieve binding force is through the communicative practice of those who would be affected by their consequences (Habermas 1985). This offers Habermas the possibility of developing a discursive model of democracy in which legitimacy arises when legal norms and public policies are generated by a process of free and open discussion, where reasons are offered, criticized, and either accepted or rejected based on their merits (Habermas 1996).

2.2 The Fact of Pluralism

One of the fundamental transformations of modernity and modernization processes has been the rise of a new self-understanding of liberal societies that, after the fall of unitary foundational metaphysical frameworks, cannot but be *inherently* pluralistic.

Pluralism has developed according to different contexts. However, legal, ethical and cultural pluralism share one common feature: the inability to establish *a priori* orders of priority in terms of settling potential conflicts between seemingly incompatible parts of comprehensive ethical and moral worldviews. Pluralism finds in the idea of a moral equality status of diverse doctrines, cultural and ethical claims its normative cornerstone (Bohman 2000).

Pluralism therefore rejects the notion of a monolithic truth or a singular authoritative perspective. Instead, it acknowledges that reality is multifaceted and that different individuals and groups may hold various, conflicting, interpretations based on their unique experiences, cultural backgrounds, and historical contexts (Benhabib 2002).

This recognition aligns with the postmetaphysical critique of grand narratives and universal principles, advocating for an approach that values the contributions of diverse voices and the legitimacy of different forms of knowledge.

One of the key implications of pluralism is its impact on democratic processes and public discourse. In pluralistic societies, decision-making and the creation of policies must involve the active participation of diverse citizenries, ensuring that various perspectives are considered and respected. This inclusive approach fosters a more vibrant and dynamic public sphere, where dialogue and deliberation are central to resolving conflicts and reaching consensus (Habermas 1990).

Furthermore, pluralism challenges the dominance of any single worldview or ideology, advocating instead for a multiplicity of perspectives that can coexist and interact productively. This openness to diversity is essential in addressing complex social and political issues, where rigid, one-dimensional solutions often prove inadequate. Pluralistic approaches encourage adaptability and

responsiveness, allowing for more flexible and context-sensitive policies that can better address the needs and aspirations of a diversified polity.

Post-traditional approaches have often elevated scientific rationality as the dominant form of knowledge, sidelining alternatives such as indigenous wisdom and experiential knowledge. This, as illustrated by Will Kymlicka, has had profound implications in terms of designing governance structure capable of respecting minority and indigenous voices and claims based on non-western epistemological paradigms (Kymlicka 2018). Pluralistic approaches, instead, advocate for the recognition and integration of multiple knowledge systems, underlying that each offers valuable insights and contributes to a more holistic comprehension of reality.

From the point of view of political theory in the liberal tradition, John Rawls (1993) has provided an extensive treatment of the question of pluralism and stability in liberal democracies. As we will see in later Chapters, he argues that pluralism must be reasonable. The fact of pluralism refers to the recognition that modern democratic societies are characterized by a permanent plurality of incompatible yet reasonable comprehensive doctrines. These doctrines encompass various philosophical, religious, moral, and ethical beliefs held by individuals within a society. Rawls argues that this diversity is not a temporary or contingent feature but a fundamental and enduring aspect of free societies.

In Rawls' view, therefore, pluralism naturally arises in a free society where individuals exercise their reason under conditions of liberty. A critical aspect of the fact of pluralism is that it pertains to *reasonable comprehensive doctrines* (Alm and Brown 2021). According to Rawls, reasonable doctrines are those that, despite their differences, recognize and adhere to certain norms of democratic coexistence and principles of justice. Fundamentally, citizens holding reasonable comprehensive doctrines are willing to propose fair terms of social cooperation and accept the principles of reciprocity and mutual respect. Reasonable pluralism acknowledges that while individuals may hold different ultimate values and beliefs, they can still engage in constructive dialogue and consensus-building processes. This idea is succinctly captured by the idea of a priority of the right over the good (Finlayson 2019).

This, however, should not be confused with a foundationalist take on Rawls moral philosophy. In fact, political liberalism posits that political philosophy should not aim to establish a single, comprehensive doctrine as the foundation for society. The question rather becomes how can we achieve forms of publicly legitimate coercion under conditions of pluralism and post-traditional authority.

Rawls introduces the concept of *overlapping consensus* to address this challenge. The idea suggests that individuals with different comprehensive doctrines can agree on certain fundamental

principles of justice that regulate the basic structure of society. These principles form the core of a political conception of justice that does not presuppose any particular comprehensive doctrine but is supported by the overlapping endorsement of all reasonable doctrines. This consensus ensures that the principles of justice have widespread acceptance and can provide a stable foundation for social cooperation (Freeman 2018).

Habermas addresses the same problem from another perspective. His treatment of pluralism is embedded in his broader theories of communicative rationality, democracy and the public sphere (Habermas 1995). In particular, he also argues that pluralism is an inevitable feature of modern democratic societies and is both a challenge and an opportunity for democratic governance. To state it simply, to effectively navigate this diversity societies must rely on rational communication processes where individuals engage in open, inclusive, and reasoned deliberation.

In Habermas's framework, the *public sphere* is the crucial arena where such rational communication can occur. Because of the centrality of the concept from a deliberative perspective, it is worth to provide a clearer conceptualization. Habermas defines the public sphere as a realm of social life in which private individuals come together to discuss matters of common concern, forming public opinion that can hold political authority accountable (Habermas 1989). This is because

> the public sphere is that space in which private individuals, with their specific interests, come together to form a "public body" whose task is to precisely delimit what is of "public" concern and how it should be dealt with. As private individuals, they do not rule, but instead seek to "supervise," "guide," and make "public" the rules, regulations, and laws that mediate the articulation of what is of general public concern. The public sphere, then, is also that space in which public opinion can be formed, where opinion is not simply the expression of either beliefs or the way in which something is regarded. Instead, public opinion is meant to be the crystallization of a "people's public use of their reason" (Habermas 1989, p. 27; in Mendieta 2019, p. 357)

Habermas famously described the historical emergence of the bourgeois public sphere in the 18th century, where individuals engaged in discussion through coffeehouses, salons, and print media, thereby shaping public opinion that influenced governance. Nancy Fraser emphasized, instead, that the public sphere has never been a singular, universal space but rather a contested domain shaped by structural inequalities. She defined the public sphere as a discursive arena where social groups come together to articulate their needs, contest dominant discourses, and influence political decision-making (Fraser 1990). Unlike Habermas, Fraser highlighted the exclusionary nature of the bourgeois public sphere, arguing that marginalized groups have historically been excluded or disadvantaged in public discourse. To address these inequalities, she introduces the concept of *subaltern*

counterpublics, spaces where subordinated social groups create alternative discursive arenas to contest hegemonic norms (Fraser 1990, p. 67). More importantly for the purposes of our discussion, in her later work on *transnational public spheres*, Fraser argued that Habermas' model is still constrained by a Westphalian framework that should be expanded to account for globalized forms of public discourse and political authority (Fraser 2007). Fraser's model thus reconceptualizes the public sphere as a dynamic and contested terrain, rather than a singular space governed by a uniform rationality. For instance, Fraser identifies multiple dimensions of transnational public spheres, including global media networks, transnational activist movements, and international institutions that shape public discourse on global issues such as climate change, human rights, and economic justice (Fraser 2007).

The challenge in a transnational context, she argues, is that there is often no single sovereign authority to which public opinion can be directed. This raises fundamental questions about the legitimacy and efficacy of transnational publics. In response, Fraser advocates for a model of scaled-up democratic deliberation, where public discourse is institutionally linked to mechanisms of governance beyond the nation-state (Fraser 2007, p. 22). This shift demands new forms of democratic legitimacy, where accountability structures are not confined within territorial boundaries but reflect the complex, interdependent realities of global politics.

In conclusion, the expansion of the transnational public sphere is inherently tied to the concept of pluralism, as it facilitates the coexistence of multiple voices, perspectives, and interests in global governance. Unlike state-centered models that often prioritize singular national interests, a deliberative and cosmopolitan approach acknowledges the diversity of normative commitments and values shaping global discourse. The transnational public sphere, as a space where political actors beyond the nation-state engage in deliberation, provides a crucial venue for pluralism to thrive by enabling cross-border dialogue and contestation. Pluralism within this sphere ensures that governance is not solely dictated by dominant states or powerful economic actors but instead reflects a broader spectrum of societal concerns. This dynamic aligns with deliberative democracy's emphasis on communicative action, where legitimacy emerges not from top-down mandates but from the continuous negotiation of competing viewpoints through reasoned debate and public justification (Smith and Brassett 2008).

2.3 Autonomy and Equality

If pluralism captures the idea of an epistemic equality of worldviews and normative claims, this derives from a more fundamental conception of equality that regards the moral status of the

persons holding those claims. In this regard, the Kantian roots of liberal pluralistic societies become even more evident.

As we have seen, while autonomy is at the center of the debate between negative and positive liberties, each emphasizing private autonomy (the freedom of exercising autonomous decisions in the private sphere) and public autonomy (the freedom of taking part in the public life of the polity and steering political power), another distinctive idea of liberalism is equality. This aspect is better understood in connection to the idea of democracy (as it will be further developed in Part II). In line with its Enlightenment roots and the philosophy of the subject that stemmed from it, the normative force of liberalism would be drastically curtailed if not bearing within it a distinctive universalist aspiration. As such, the opposition to the class system of privileges and arbitrary power would resort to a rather thin normative concept if not extending to all the status of equal community members. The central claim of liberalism is therefore that a liberal society is one where a democratic model of government is in place since it is the only political system compatible with a conception of persons as free and equals (Rawls 2005).

Autonomy, fundamentally, refers to the capacity of individuals to govern themselves and make decisions based on their own values, beliefs, and preferences. In liberal theory, autonomy is central to the conception of individual freedom. It underscores the right of individuals to make choices about their own lives, free from undue interference by others or by the state (Ryan 2017). This principle is rooted in the ideals of self-determination and rational agency. As we will see in later sections, in the context of governance and international development, these ideals have been for instance extensively addressed most notably by Amartya Sen (1999; 2009).

In contrast to other theories, such as John Rawls' "justice as fairness", which focus on ideal institutions and structures, Sen's approach prioritizes the capabilities and freedoms individuals have to pursue the lives they value. Agency plays therefore a crucial role in this framework because it connects justice not just to material conditions, but to the capacity of individuals to make meaningful choices and actively shape their circumstances. As he puts it, agency regards "what a person is free to do and achieve in pursuit of whatever goals or values he or she regards as important" (Sen 1985, p. 203).

For Sen, agency refers to the ability of individuals to act and bring about change based on their own values and decisions, rather than merely being passive recipients of welfare or aid. This concept is crucial in his capability approach, which shifts the focus from traditional welfare economics (which often measures well-being in terms of income or utility) to the real freedoms individuals have to achieve well-being. According to Sen, a just society is one that expands people's capabilities, giving them both the resources and the opportunities to exercise their agency effectively.

Sen also critiques theories of justice that prioritize abstract principles or perfect institutions over real-world considerations of how individuals are able to act within their social, political, and economic contexts. In *The Idea of Justice* (2009), Sen introduces the concept of comparative justice, where the focus is on improving people's lives in practice rather than achieving an idealized notion of justice. This is where the notion of agency becomes critical, as the enhancement of justice must be measured by how much individuals are empowered to pursue their own goals and improve their lives, rather than by the fairness of the structures around them.

Furthermore, Sen emphasizes that agency is deeply interconnected with democratic participation and public reasoning. More specifically, "public discussion and deliberation can lead to a better understanding of the role, reach and significance of particular functionings and their combinations" (Sen 2009, p. 242). Therefore, justice can only be realized if people have the ability to contribute to the decision-making processes that affect their lives. Agency, in this sense, goes beyond individual well-being to include the collective capability to shape social arrangements through public discourse. By enabling people to participate in democratic deliberation, Sen connects agency to the broader pursuit of justice, where diverse voices and perspectives must be taken into account.

In a liberal society, autonomy is protected through various means, such as personal freedoms, rights to privacy, and freedom of expression. These protections ensure that individuals can pursue their own conceptions of the good life without coercion or arbitrary restrictions. The liberal focus on autonomy supports the idea that each person should have the liberty to live according to their own values and aspirations, provided their actions do not infringe upon the rights of others.

Autonomy plays therefore a crucial role in democratic processes. A functioning democracy relies on the active participation of individuals who are empowered to make informed choices. Voting rights, public deliberation, and democratic institutions should therefore be designed to ensure that citizens can exercise their autonomy in shaping public policies and governance structures. This democratic engagement reinforces the notion that individuals, as autonomous agents, should have a voice in the decisions that affect their lives and communities. This idea has had important consequences in driving a shift in the governance of international development since the Rio Conference in 1993 (Taggart 2022).

Equality, in its various forms, is therefore essential to liberal, pluralistic, and democratic societies. At its core, the principle of equality asserts that all individuals should be treated with equal respect and have equal opportunities to pursue their goals and participate in societal functions. This principle is manifested in different dimensions, including legal equality, political equality, and social equality (Sen 1979).

The interplay between autonomy and equality is critical in understanding their role in liberal, pluralistic, and democratic societies. While autonomy emphasizes individual freedom and self-determination, equality ensures that this freedom is not limited by social or systemic barriers.

Despite their foundational role, the implementation of autonomy and equality in practice faces significant tensions becoming a key governance challenge in conditions of pluralism. Achieving genuine equality requires addressing deep-seated social and economic disparities. Similarly, respecting autonomy while ensuring equality necessitates navigating complex issues related to cultural diversity, competing interests and values.

In liberal democracies, ongoing efforts to balance and integrate autonomy and equality continuously involve policy reforms, legal protections, and social initiatives aimed at promoting both individual freedom and fairness. For instance, anti-discrimination laws, social safety nets, and affirmative action programs are designed to enhance equality while respecting individual rights and freedoms.

In summary, the emergence of a deliberative governance system is also the result of important changes in normative theories underpinning approaches to international law and global regulation. As autonomy and equality are foundational ideas that underpin liberal, pluralistic, and democratic societies, governance mechanisms trying to address the negative impacts of globalization need to do so by also respecting the fundamentally liberal framework of a global order that cannot resort to hierarchical steering modes based on power and force to yield both compliance and legitimacy.

3. From Multilateralism to Multistakeholderism. The Growing Importance of MSIs

The previous discussion has highlighted the emergence of the following themes in the liberal tradition, namely the emphasis on consent, pluralism and autonomy. In the context of global governance, these ideas have shaped the expectation that those affected by policies should have a say in their creation and implementation (Held 1995).

Especially in the wake of globalization, the liberal emphasis on individual rights and freedoms has been extended to global governance through principles of inclusivity and participation. This extension implies that governance models must not only accommodate the voices of different states but also integrate the perspectives of non-state actors who are directly impacted by sustainability issues. The adaptation of liberal democratic principles to the global stage has thus paved the way for the development of multistakeholder governance models that seek to be both inclusive and effective (Bäckstrand, Khan, Kronsell, and Lovbrand 2010).

Autonomy and agency work as crucial justifications for the democratic nature of multistakeholder governance. As we have seen, in particular through the work of Amartya Sen,

development should not be measured solely by economic indicators but by the ability of individuals to lead the kinds of lives they have reasons to value (Sen 1999; 2005). While not explicitly embracing a deliberative perspective, his emphasis on agency aligns with the principles of deliberative democracy, which argue that legitimate governance is achieved through open, reasoned deliberation among stakeholders (Sen 2009, pp. 321-355). More explicitly, deliberative democrats emphasize that for governance to be democratic and legitimate, it must facilitate dialogue beyond merely consultative procedures and ensure that all relevant stakeholders have the opportunity to influence outcomes.

In the context of sustainable development, this approach has been critical for addressing the inefficiencies and ineffectiveness of development models based on the imposition of development objectives onto agency-less recipients. Historically, development projects were often top-down, with local communities treated as passive recipients of aid or interventions. This approach frequently led to failures, as policies were disconnected from the realities and needs of those they were meant to help (Escobar 2011; Mohan 2007).

However, as Taggart (2022) points out, multistakeholder frameworks should go beyond simply bringing diverse actors together; they must create structures that allow for equitable dialogue, where marginalized voices can challenge and shape the agendas of more influential actors. This aligns with Sen's emphasis on agency: for governance to be truly democratic, it must empower individuals and communities to act as agents of their own development, rather than passive participants. Achieving this requires careful design of governance platforms, with mechanisms for accountability, transparency, and equitable representation.

These reflections help in highlighting how the multistakeholder governance of sustainability has emerged, supported by both descriptive and normative arguments, as part of a transformation of governance towards collaborative models.

3.1 Collaborative Governance: A Typology

Collaborative governance has emerged over the past decades as an overarching concept describing governance approaches to addressing complex public issues that require collective action and cooperation among diverse stakeholders (Purdy and Gray 2018; Austin and Seitanidi 2012). Unlike traditional governance models, which often rely solely on governmental authority, collaborative governance emphasizes shared decision-making and joint problem-solving among public, private, and civil society actors. This section has the purpose of providing a basic typology of the different types of collaborative governance, examining their structures, mechanisms, and effectiveness. Despite current debate in the governance literature and the high degree of overlapping among them, we still find useful to attempt a conceptual differentiation of these modes of governance

(Vogel et al. 2022). To make things complex from an analytical perspective is the fact that all of them include, to some extent, elements from other models. We take this as an advantage since while we will focus mostly on one type of collaborative governance, the reflections and arguments developed will be applicable to other forms. We will focus, specifically, on MSIs due to 1) their mission to develop and implement industry-specific global sustainability standards and 2) their direct aim at addressing the sustainability objectives enshrined in the SDGs. MSIs present an interesting case to address in light of the strong egalitarian narrative they embrace to foster more effective and legitimate governance models (Ponte 2014). As Stefano Ponte puts it:

> the term 'roundtabling' better emphasizes the current process of fitting a variety of commodity-specific sustainability situations into a form that not only 'hears more voices' (as in *multi*-stakeholder) but also portrays to give them equal standing at the table of negotiations (*round*table), thus raising higher expectations in terms of accountability, transparency, inclusiveness and 'proper' democratic process (2014, p. 262; emphasis in the original).

Collaborative governance is therefore generally defined as a process where public and private actors engage in collective decision-making, aiming to create mutually beneficial outcomes (Ansell and Gash 2008). The key rationale behind the emergence of this approach, as we have seen, is the recognition that complex, interconnected problems such as climate change, public health crises, global poverty and inequality cannot be effectively managed by any single actor or sector (Dentoni, Bitzer, and Schouten 2018). Instead, collaboration allows in theory for pooling resources, expertise, and authority, fostering innovative solutions that are more responsive to the needs of diverse stakeholders (Emerson, Nabatchi, and Balogh 2012).

Several scholars have identified key principles of collaborative governance, including inclusiveness, transparency, accountability, and shared responsibility (Emerson 2015; Greenwood, Singer, and Willis 2021; Gash 2022; Rasche 2010; Qi and Ran 2023). These principles serve as the foundation for different types of collaborative governance models, each of which varies in terms of its structure, level of stakeholder engagement, and decision-making processes.

Collaborative governance can be categorized into several types, based on the nature of stakeholder involvement, the institutional setting, and the governance goals. The main types discussed in the literature include:

1. Multistakeholder Initiatives (MSIs)
2. Public-Private Partnerships (PPPs)
3. Network Governance
4. Co-Management

5. Collaborative Policymaking

3.1.1 Multistakeholder Initiatives

This model involves the participation of diverse actors, including governments, private sector companies, civil society organizations, and sometimes international organizations, in governance processes. This is particularly prevalent in global governance contexts (Dentoni, Bitzer, and Schouten 2018b). MSIs, such as the Forest Stewardship Council (FSC) and the Roundtable on Sustainable Palm Oil (RSPO), are prime examples of this approach.

Multistakeholder governance is characterized by inclusive decision-making, where stakeholders collaborate to set standards, develop policies, or manage shared resources. This type of governance has been particularly adopted in areas where technical expertise and stakeholder buy-in are crucial, such as sustainability and human rights (Bäckstrand 2006; Ruysschaert and Salles 2014).

3.1.2 Public-Private Partnerships (PPPs)

Public-Private Partnerships (PPPs) are collaborative arrangements between government entities and private sector organizations to deliver public services or infrastructure. PPPs leverage the strengths of both sectors: the public sector's regulatory authority and the private sector's efficiency, innovation, and capital. This type of governance has been widely used more specifically in transportation, healthcare, and urban development, where governments seek to reduce costs, improve service delivery and share risks with private partners (Hodge and Greve 2007).

PPPs are often structured through formal contracts that specify the roles, responsibilities, and performance expectations of each party. They can vary significantly in terms of risk-sharing, financing arrangements, and governance structures. While PPPs can bring substantial benefits, such as improved efficiency and innovation, they also pose challenges, including the potential for inadequate public oversight, misaligned incentives, and a focus on profit over public interest (Rosenau 1999).

3.1.3 Network Governance

Network governance refers to the governance of inter-organizational networks composed of multiple stakeholders connected through formal and informal relationships. This approach is distinct in that it emphasizes horizontal, rather than hierarchical, coordination among autonomous organizations working towards common goals (Provan and Kenis 2008). Networks can include government agencies, NGOs, businesses, and other stakeholders who collaborate to achieve shared objectives. For these reasons they have attracted the attention of the deliberative governance literature

(Dryzek et al. 2019), unfortunately governance platforms like the RSPO or the FSC are often cited as examples of networked governance adding to confusion (Dryzek and Niemeyer 2010a).

Network governance is particularly effective in sectors characterized by complex interdependencies and the need for coordinated action, such as healthcare, environmental management, and disaster response. Unlike PPPs, network governance is less formalized and often relies on trust, reciprocity, and shared norms to function. However, it faces challenges related to coordination, accountability, and the potential for conflicts among network participants (Klijn and Koppenjan 2012).

3.1.4 Co-Management

Co-management is a type of collaborative governance that involves the sharing of power and responsibilities between governments and local communities, often in the management of natural resources. Co-management arrangements are prevalent in fisheries, forestry, and wildlife conservation, where local knowledge and community participation are essential for effective resource management (Carlsson and Berkes 2005).

This approach seeks to blend scientific knowledge with traditional practices, allowing stakeholders to jointly develop management plans, enforce regulations, and monitor outcomes. Co-management has been shown to enhance resource sustainability and improve compliance, as it fosters a sense of ownership and accountability among community members. However, it also faces challenges, including power asymmetries between state and local actors and the potential for conflict over resource use (Armitage, Berkes, and Doubleday 2010).

3.1.5 Collaborative Policymaking

Collaborative policymaking involves direct engagement of stakeholders in the policy development process, aiming to achieve consensus-based decisions that reflect diverse perspectives. This approach is often used in environmental policy, urban planning, and public health, where stakeholder input is crucial for addressing contentious issues and generating broad support (Sabatier 2005; Dryzek et al. 2019; Dryzek and Stevenson 2014).

The collaborative policymaking process typically involves public consultations, multi-party negotiations, and consensus-building exercises (Kiatkoski et al. 2022). It seeks to enhance the quality of decisions by incorporating local knowledge and stakeholder preferences, thereby increasing the legitimacy and acceptance of policies. However, achieving consensus can be time-consuming and may result in compromises that dilute the effectiveness of the final policy (Innes and Booher 2010).
While each type of collaborative governance has its strengths and weaknesses, their common goal is arguably to leverage the collective capacity of diverse stakeholders to achieve more effective and

sustainable outcomes. They have therefore become highly popular mechanisms to deliver the objectives of the 2030 Agenda.

3.2 The Role of MSIs in Addressing Sustainability Challenges

As we have explored in previous sections on global governance, MSIs operate on the principle that cooperation among diverse stakeholders can yield more legitimate and effective outcomes than traditional state-centric governance (Risse 2007). By including private actors, civil society, and international organizations, MSIs are often able to leverage specialized knowledge, financial resources, and operational capacities that are unavailable to state-only governance structures.

As global public goods, such as clean air, biodiversity, and stable climates, require substantial investments that often exceed the capabilities of governments and international organizations, MSIs provide a means to tap into private sector resources (Abbott 2012b). By involving businesses in governance processes, MSIs can mobilize funding, drive technological innovation, and promote best practices that contribute to sustainable development. The Science Based Targets initiative (SBT) exemplifies how MSIs can drive corporate action toward sustainability by providing a framework for companies to set emission reduction targets aligned with scientific goals. Such initiatives highlight the potential of MSIs to influence corporate behavior and harness private sector capabilities in pursuit of public policy objectives, thereby contributing significantly to the SDGs (critically, Wright and Nyberg 2017).

MSIs play a crucial role in advancing specific SDGs by setting voluntary standards, creating accountability frameworks. For instance, the Global Reporting Initiative (GRI) contributes to SDG 12 (Responsible Consumption and Production) by promoting transparency in corporate sustainability reporting. Similarly, the Fair Labor Association (FLA) supports SDG 8 (Decent Work and Economic Growth) by setting labor standards and monitoring compliance in global supply chains (Brown, De Jong, and Lessidrenska 2009).

In the environmental domain, for instance, the Marine Stewardship Council (MSC) contributes to SDG 14 (Life Below Water) by certifying sustainable fishing practices, thereby helping to reduce overfishing and protect marine ecosystems (Gulbrandsen 2009).

The literature emphasizes that such coordinated efforts are essential for addressing the interlinked nature of the SDGs, where progress on one goal often depends on advancements in others. By facilitating cross-sectoral dialogue and collaboration, MSIs help to identify synergies and trade-offs, enabling more holistic and effective strategies for sustainable development (Pattberg and Widerberg 2016b).

However, because MSIs rely on stakeholder engagement to manage effectively their operations and the resort to *market incentives*, the ability of MSIs in aligning stakeholder interests toward shared common goals is key. For this reason, it is crucial to assess actors' motives to understand the potentially divergent forces that can undermine the ability of MSIs to pursue their objectives, broadly interpreted in this context as the SDGs.

3.3 Actors and Rationales in Multistakeholder Initiatives

Understanding the motivations of different actors in MSIs is crucial to ensuring the success of collaborative efforts. Each stakeholder group participates in MSIs with distinct priorities that reflect their unique objectives, resources, and political or economic contexts. For example, businesses may engage in MSIs to enhance market access, mitigate risks, or fulfill CSR goals, while governments often focus on regulatory compliance and international commitments. Civil society organizations, on the other hand, tend to prioritize advocacy for ethical practices and social justice (Glasbergen 2011). Recognizing these diverse motivations allows for better alignment of interests and helps prevent conflicts that could otherwise hinder cooperation and impede progress (Selsky and Parker 2005; van der Ven and Barmes 2023).

This section explores the different non-state actors involved in MSIs, discusses their rationale for engagement, and examines the roles they play in governance.

3.3.1 Multinational Corporations

MNCs are among the most prominent non-state actors involved in MSIs. Their participation is often driven by several factors, including the need to manage risks, enhance corporate reputation, access new markets, and comply with evolving regulatory environments. Often MNCs engage in MSIs to align global standards with their business interests, thereby influencing regulatory frameworks that could affect their operations (Fuchs, Kalfagianni, and Havinga 2011a; Ahlquist and Mosley 2021; Donaghey and Reinecke 2018). Additionally, by participating in MSIs, MNCs can demonstrate CSR, which can improve their brand image and foster consumer trust (Scherer and Palazzo 2011).

In the context of MSIs, MNCs often play roles as standard-setters, financiers, and implementers of agreed-upon policies. In initiatives like the FSC, MNCs are involved in both the creation and adherence to certification standards for sustainable forestry practices. Their financial resources and global reach enable MNCs to implement and scale MSI-driven policies, often serving as key players in the diffusion of these standards across industries and regions (Levy and Kaplan 2008).

While MNCs' involvement in MSIs can lead to significant positive outcomes, such as the widespread adoption of sustainable practices, their dominant role has also been criticized. Scholars argue that MNCs may exert disproportionate influence over decision-making processes, potentially skewing outcomes to favor corporate interests at the expense of broader public goods (Fuchs, Kalfagianni, and Havinga 2011b; Utting 2002). Due to the centrality of this theme, it will be addressed in greater depth in later Chapters.

3.3.2 Non-Governmental Organizations

Participation in MSIs allows NGOs to directly interact with other stakeholders, including governments and businesses, thus enabling them to push for more ambitious standards and practices that reflect their ethical and sustainability goals (Brown, De Jong, and Lessidrenska 2009).

In MSIs, NGOs often serve as watchdogs, standard-setters, and advocates for marginalized communities. They play a crucial role in monitoring compliance with MSI standards, sometimes conducting independent audits, and reporting on the social and environmental impacts of corporate activities. For instance, in the FLA, NGOs work alongside businesses to develop labor standards and monitor supply chains for compliance with these standards. NGOs also provide critical expertise and legitimacy to MSIs by contributing their knowledge of local conditions and global best practices (Fransen and Kolk 2007).

However, NGOs face challenges in MSIs related to resource constraints and power dynamics. Often operating with limited financial and human resources compared to corporate actors, NGOs may struggle to exert equal influence within MSIs (Bebbington, Hickey, and Mitlin 2008). Additionally, the collaborative nature of MSIs can sometimes lead to co-optation, where NGOs may compromise their principles in exchange for a seat at the table, potentially diluting their advocacy efforts (Dingwerth 2008). There is also criticism that some NGOs, particularly larger ones, may become too aligned with corporate interests, weakening their ability to act as independent watchdogs (Boström and Hallström 2010).

3.3.3 Civil Society Organizations

Civil society organizations (CSOs), which include community-based organizations, advocacy groups, and grassroots movements, participate in MSIs to represent, often together with social and development NGOs, the interests of local communities and vulnerable populations. Their engagement is driven by the need to ensure that the voices of those directly affected by global policies are heard and considered in decision-making processes. CSOs view MSIs as platforms for empowering local stakeholders, advocating for social justice, and ensuring that development initiatives are inclusive and equitable (Fox 2015).

CSOs play critical roles in MSIs as representatives of marginalized communities, facilitators of local engagement, and providers of ground-level insights (Lambin and Thorlakson 2018; Brinkerhoff and Brinkerhoff 2011). They often act as intermediaries between global governance structures and local populations, ensuring that MSI policies are effectively implemented on the ground. In the Extractive Industry Transparency Initiative (EITI), CSOs work to ensure that local communities benefit from natural resource extraction, and that revenues are transparently managed and equitably distributed (Van Alstine 2017).

CSOs also contribute to capacity-building efforts, helping local communities develop the skills and knowledge needed to participate effectively in governance processes. This role is therefore crucial in ensuring that MSIs are not just top-down initiatives but are also informed by and responsive to the needs and aspirations of local stakeholders (Gaventa 2006).

The participation of CSOs in MSIs is often constrained by resource limitations, political pressures, and the complex power dynamics within these initiatives. CSOs, especially those based in the Global South, may lack the financial and technical resources needed to engage effectively in MSIs, making it difficult for them to influence outcomes (Bäckstrand, Koliev, and Mert 2022). Some also raise concerns that the participation of CSOs in MSIs may lead to the depoliticization of their struggles, as they become integrated into institutionalized governance frameworks that may not fully address the root causes of inequality and marginalization (Mohan and Stokke 2000).

3.4 Multistakeholder Initiatives. Effective mechanisms to address Sustainability Grand Challenges?

MSIs have emerged as a prominent mechanism in global governance, particularly in efforts to address complex issues such as deforestation, poverty, and inequality. A large part of the narrative supporting them describes them as effective mechanisms to address such challenges (United Nations 2019; Sachs et al. 2022). However, despite their widespread adoption, there is growing evidence and scholarly debate suggesting that MSIs may be ineffective in addressing these critical issues (Gatti et al. 2019).

3.4.1 Addressing Deforestation through MSIs

Deforestation remains one of the most pressing environmental challenges globally, with significant implications for biodiversity, climate change, and indigenous communities. Despite the establishment of numerous MSIs aimed at promoting sustainable forestry practices, such as the FSC and the RSPO, deforestation rates continue to rise in many parts of the world. According to the Global

Forest Watch, the world lost 12.2 million hectares of tropical tree cover in 2020 alone, indicating that current efforts, including those led by MSIs, are insufficient (Global Forest Watch, 2021).

For example, one of the primary criticisms of MSIs in the context of deforestation is their reliance on voluntary compliance and market-based mechanisms (Cashore, Auld, and Newsom 2004). The FSC, for example, relies on certification schemes that are meant to incentivize sustainable practices through consumer demand for certified products. A study by Auld, Gulbrandsen and McDermott (2008) found that while FSC certification has improved forestry practices in some regions, it has failed to significantly reduce deforestation rates in areas where governance is weak and illegal logging is prevalent. This leads us to one the most problematic in trying to combine a liberal governance framework with more stringent sustainability standards. In fact, the voluntary nature of these certifications means that companies can opt out without facing substantial penalties, undermining the effectiveness of the initiative.

From a structural standpoint, a significant challenge is therefore the implementation and enforcement of MSI standards. In many cases, MSIs lack the capacity or authority to enforce their standards effectively. The FSC has struggled to monitor and enforce compliance across the vast and remote forests it covers, leading to instances of certified companies being involved in deforestation (Cashore, Auld, and Newsom 2004; Börner et al. 2020).

3.4.2 The Ineffectiveness of MSIs in Addressing Poverty

Initiatives such as the FLA aim to improve labor conditions and ensure fair wages in global supply chains. However, despite these efforts, global poverty remains pervasive, with the World Bank estimating that approximately 9.2% of the world's population, namely 689 million people, lived on less than $1.90 a day in 2021 (World Bank, 2021).

A critical issue with MSIs addressing poverty is their limited scope and reach. Many MSIs focus on specific industries or regions, which limits their ability to address systemic poverty on a global scale. For example, the FLA has made progress in improving labor conditions in certain sectors, such as apparel and agriculture, but their impact is often confined to specific companies or supply chains (Barrientos and Smith 2007). Moreover, the voluntary nature of these initiatives means that only companies willing to participate are involved, leaving vast segments of the global workforce unaffected (MSI Integrity 2020). This approach has led to criticisms that MSIs contribute to the perpetuation of low-wage labor rather than promoting genuine economic empowerment (Riisgaard 2009).

Another challenge is the enforcement of MSI standards in regions with weak governance and limited infrastructure. In many developing countries, where poverty is most acute, governments lack the capacity to support MSI initiatives or enforce labor standards. This has led to situations where

MSI-certified companies continue to operate in ways that actually perpetuate poverty, such as paying below living wages or denying workers basic rights (Lund-Thomsen and Lindgreen 2014).

Therefore, the reliance on corporate self-regulation within MSIs raises concerns about the depth and sustainability of their impact. Without robust mechanisms for independent monitoring and enforcement, there is a risk that companies may prioritize compliance with the minimum standards required for certification rather than making substantial improvements to workers' livelihoods (Blowfield and Dolan 2008).

3.4.3 MSIs and Inequality

Inequality, both within and between countries, remains a significant global challenge, exacerbating social tensions and undermining economic stability.

> An average adult individual earns PPP €16,700 (PPP USD23,380) per year in 2021, and the average adult owns €72,900 (USD102,600).1 These averages mask wide disparities both between and within countries. The richest 10% of the global population currently takes 52% of global income, whereas the poorest half of the population earns 8.5% of it. On average, an individual from the top 10% of the global income distribution earns €87,200 (USD122,100) per year, whereas an individual from the poorest half of the global income distribution makes €2,800 (USD3,920) per year. Global wealth inequalities are even more pronounced than income inequalities. The poorest half of the global population barely owns any wealth at all, possessing just 2% of the total. In contrast, the richest 10% of the global population own 76% of all wealth (Global Inequality Report 2022, p. 10).

The importance of this data is better captured by another passage of the Global Inequality Report 2021. Deregulation, neoliberal trade policies and favorable tax laws have led to a continuous capture of resources and wealth from the private sector undermining the public sector's funding and managing capabilities.

> One way to understand these inequalities is to focus on the gap between the net wealth of governments and net wealth of the private sector. Over the past 40 years, countries have become significantly richer, but their governments have become significantly poorer. The share of wealth held by public actors is close to zero or negative in rich countries, meaning that the totality of wealth is in private hands (p. 15).

As MSIs are typically centered around specific industries and value chains, no private governance mechanism is tailored to address the problem of inequality. Tellingly, the vast majority of MSIs, including the FLA and Fairtrade International, refer to the necessity for corporations of paying minimum wages determined by local legal requirements (MSI Integrity 2020).

One of the key criticisms of MSIs in addressing inequality is their failure to challenge the structural factors that drive and sustain inequality. Many MSIs focus on mitigating the symptoms of inequality, such as poor working conditions or lack of access to education, rather than addressing the systemic issues like unfair trade practices, tax avoidance by multinational corporations, and unequal power relations in global governance (Kaplinsky 2013). This approach has led to limited progress in reducing inequality, as the underlying economic and political structures that perpetuate disparities remain intact.

3.5 The Problem of Power in MSIs

Despite their potential, MSIs face significant obstacles in achieving their goals. One of the most critical being the distribution of power among participant actors. In the context of MSIs, power asymmetries typically manifest as disparities in the ability of actors to shape the agenda, influence decision-making processes, and determine outcomes (Qiang, Liu, and Steenbergen 2021; Fortin 2018). These disparities are often rooted in differences in resources, expertise, access to information, and political or economic leverage (Lambin and Thorlakson 2018; Bartley 2018b).

For example, MNCs often have significant financial resources, technical expertise, and global reach, which they can leverage to exert considerable influence within MSIs. In contrast, NGOs, CSOs, and smaller states may have fewer resources and less access to decision-making platforms, limiting their ability to influence the outcomes of these initiatives (Schouten, Leroy, and Glasbergen 2012).

Power asymmetries in MSIs can arise from several mechanisms: MNCs and other large private sector actors typically have more financial and human resources compared to NGOs and CSOs. This allows them to participate more actively in MSI processes, fund research and advocacy that align with their interests, and lobby for favorable outcomes (Baur and Schmitz 2012; Boström and Hallström 2010). Actors with more resources and expertise often have greater influence over the agenda-setting process in MSIs. They can shape the issues that are prioritized, the terms of the debate, and the framing of problems and solutions.

As illustrated by Stefano Ponte and Emanuelle Cheyns (2013), access to information and technical expertise is another source of power. Actors who control critical data, scientific research, or technical knowledge can use this information to dominate discussions and steer decision-making processes. This often leaves less resourced stakeholders, who may lack the same level of access or technical expertise, at a disadvantage.

Ultimately, power asymmetries undermine the inclusivity of MSIs by marginalizing the voices of less powerful stakeholders, particularly those from the Global South, small-scale producers, and

vulnerable communities. When these groups are excluded or underrepresented in decision-making processes, the resulting policies and standards may fail to reflect their needs and concerns (Bexell, Tallberg, and Uhlin 2010). This lack of inclusivity not only compromises the legitimacy of MSIs but also reduces their effectiveness in achieving equitable and sustainable outcomes.

Despite recent improvements, in the RSPO smallholder farmers have often struggled to have their voices heard due to the dominance of large agribusinesses. This has led to standards that are more favorable to large-scale producers, while smallholders face challenges in meeting certification requirements, ultimately limiting the initiative's impact on sustainability and equity (Pye 2019).

The presence of significant power asymmetries within MSIs can erode trust among stakeholders and undermine the legitimacy of the initiative. When less powerful actors perceive that their concerns are not being adequately addressed or that the process is biased towards the interests of more powerful stakeholders, they may disengage from the initiative or challenge its outcomes (Schouten, Leroy, and Glasbergen 2012).

In fact, some environmental NGOs and indigenous groups have withdrawn their support for the initiative, citing concerns that the FSC's standards have been watered down to accommodate the interests of large forestry companies (Moog, Spicer, and Böhm 2015). This has led to the emergence of alternative certification schemes, further complicating efforts to achieve widespread sustainable forestry practices (Cashore, Auld, and Newsom 2004).

In conclusion, implementing inclusive governance structures and capacity-building initiatives requires significant resources and political will, which may be lacking (Bäckstrand, Koliev, and Mert 2022). Additionally, the effectiveness of independent monitoring and accountability mechanisms depends on the integrity and capacity of the institutions responsible for enforcement. In regions with weak governance or high levels of corruption, ensuring impartial oversight can be particularly challenging (Risse, Börzel, and Draude 2018).

4. Conceptualizing Corporate Power in the Governance of Sustainability

Corporate power demands extensive attention due to the structural changes and challenges in global governance discussed in the previous chapters. The rise of multistakeholderism has legitimized non-state actors' influence over public outcomes and policies, allowing MNCs to play an increasingly prominent role in global rule-making.

The purpose of this section is to highlight the normative and practical challenges that corporate power poses to the ability of MSIs to meet their sustainability objectives and establish effective, transparent, and accountable governance mechanisms, often without direct state involvement. The section will outline the different types of power global businesses wield in

governance contexts, with particular emphasis on theories of *private authority* and their political implications.

The section will also examine corporations' control over supply chains and the difficulties MSIs face in promoting effective governance mechanisms. It will conclude by reflecting on the need for authentically democratic *and* deliberative governance models to address these challenges, paving the way for a more detailed exploration of deliberative democracy theories in Part II.

4.1 Corporations and the Governance of Global Supply Chains

While globalization has profoundly impacted governance dynamics and paradigms, deregulation and neoliberal trade policies have concurrently restructured the global economy around global supply and value chains (GVCs). Complex, interconnected networks that span multiple countries and involve various actors, including corporations, suppliers, and subcontractors (Gereffi, Humphrey, and Sturgeon 2005).

The rise of GVCs has fundamentally altered the way goods and services are produced, distributed, and consumed. This economic restructuring has had profound implications for global governance, as traditional regulatory frameworks often struggle to keep pace with the dynamic nature of transnational networks (Gereffi 2017). In this context, MSIs have emerged as governance mechanisms capable of offering flexible and inclusive platforms. More importantly, in light of their networked and collaborative nature, they promised to be able to address the cross-border nature of production and trade, managing risks, and ensuring that economic activities would align with broader societal goals (Beisheim and Simon 2018).

Throught voluntary sustainability standards and market incentives, MSIs try to influence the behavior of corporations and other actors within supply chains (Cashore, Auld, and Newsom 2004). In light of this influence, governance scholars have started reflecting on the notion of private authority and its normative implication for public regulation and the achievement of public goals. Scholars have both addressed this notion on relation to governance theory (Ponte 2014; Cashore et al. 2021; Green 2013; Sasser et al. 2006) and sustainable development (Levy and Newell 2004; Haufler, 1999; Bartley 2018; Macdonald and Macdonald 2010; Hofferberth 2019), aiming at showing how corporations increasingly influence on global supply chains and their ability to shape governance mechanisms have profound implications for the realization of the SDGs.

Corporate power, as exercised by MNCs, is a defining feature of modern global supply chains. These corporations, often controlling vast networks of suppliers and partners, wield significant

authority over how goods are produced, distributed, and consumed. Scholars such as Levy and Newell (2005) argue that this concentration of power allows corporations to effectively set the rules for supply chain governance, often overshadowing or even circumventing national and international regulatory frameworks (Levy and Newell 2005).

Corporate dominance in global supply chains has led to a so-called 'governance gap', wherein private corporate interests outweigh the influence of public governance institutions. This is particularly evident in the case of labor standards, environmental sustainability, and ethical sourcing. Locke (2013) highlights that although corporations increasingly promote transparency and due diligence in their supply chains, these initiatives are often driven by self-regulation and voluntary compliance rather than legally binding obligations (Locke 2013). This voluntary nature of governance creates challenges in ensuring meaningful and sustained progress towards the SDGs, as corporate goals may not always align with broader societal objectives.

Notably, the 2030 Agenda and its associated 17 SDGs provide a comprehensive blueprint for global sustainability. However, achieving these goals requires substantial cooperation from MNEs that dominate global supply chains. The literature on corporate governance and sustainability demonstrates that companies increasingly recognize the value of aligning their operations with the SDGs, particularly in terms of improving their corporate image, enhancing market competitiveness, and mitigating risks (Kolk and Van Tulder 2010; Van Zanten and Van Tulder 2018).

Therefore, corporate power in supply chains offers both opportunities and challenges for SDG integration. However, there is a tendency for corporate commitments to the SDGs to remain superficial. Corporate commitments to CSR, for example, may focus on "greenwashing" rather than substantive changes to business practices (Van Zanten and Van Tulder 2018). Cutler and Lark argue that arbitration and other dispute resolution mechanisms within supply chains often fail to impose significant limitations on corporate power, allowing firms to evade accountability and delay meaningful progress towards the SDGs (2022). As they show, private arbitration courts tend to serve corporate interests at the expense of social and environmental priorities. In many cases, these arbitration systems, established to resolve disputes within global supply chains, lack the robust enforcement measures needed to hold corporations accountable for failing to meet SDG-related targets (Cutler and Lark 2022).

The governance gap is most evident in regions where state capacity is weak or where local governments are unable to enforce labor or environmental standards effectively. In such contexts, MNEs may exploit regulatory loopholes, further exacerbating inequalities and environmental degradation (Dentoni, Bitzer, and Schouten 2018b). For instance, in the case of the Brazilian poultry supply chain, Pohlmann et al. (2020) observe that vertical integration, where corporations control

multiple stages of production, offers opportunities for sustainability but also concentrates decision-making power within a small number of corporate actors (Pohlmann et al. 2020).

Given the complexities outlined in the discussion of corporate power in global supply chains and the challenges posed by voluntary governance mechanisms, there is a growing recognition that the concept of private authority requires further attention (Mende 2023; Büthe and Mattli 2011; Bartley 2018a). Understanding how private actors, especially MNCs, shape governance in transnational networks is key to addressing the governance gaps that arise from the privatization of traditionally public functions. Scholars have noted that while corporations wield significant influence over global production and trade, this often circumvents established regulatory frameworks, resulting in weakened accountability mechanisms and a misalignment between corporate practices and public goals (Levy, Reinecke, and Manning 2016; Ahlquist and Mosley 2021). As private authority increasingly defines global governance structures, it becomes essential to conceptualize mechanisms that ensure these actors are held accountable, not just to shareholders but also to broader societal and environmental constituencies. Further investigation into private authority is crucial for developing frameworks capable of mitigating corporate dominance, closing governance gaps, and ultimately achieving the ambitious targets set by the SDGs.

4.2 Theories of Business Power in Global Governance

In the literature, the study of business power and its influence in governance settings is also referred to as "private authority" (Hall and Biersteker 2002; Cashore et al. 2021; Ahlquist and Mosley 2021). One important feature of this concept is its ability to carry within it the notion (even if not spelled out) of legitimacy. Since Weber, power and legitimacy form an uncontournable relational dyad. A central question then becomes, what is legitimate about business influence on public policy formation. Theorists of private authority tend to skirt this issue, favoring a pragmatic view that emphasizes the actual influence of private actors on both global and domestic policymaking. Nonetheless, some influential studies break from this trend by attempting to construct a theory of the emergence of private authority and to define the conditions under which it is deemed legitimate.

The literature on private authority focuses on Multinational Enterprises (MNEs) or Transnational Corporations[7] (TNCs), as the champions of the globalized economic order emerged after the Cold War Era. In their influential work, Hall and Biersteker (2002) address the ways in which non-state actors have become authoritative figures in global governance, challenging the conventional

[7] I will use the acronyms MNEs, MNCs and TNCs interchangeably throughout the text.

assumption that authority belongs exclusively to states and intergovernmental organizations. Their framework examines both the nature and exercise of private authority, focusing on how non-state actors contribute to the production and regulation of global norms, rules, and practices.

> Our conception of "private authority" is intended to allow for the possibility that private sector markets,market actors,non-governmental organizations, transnational actors,and other institutions can exercise forms of legitimate authority. We find it telling that at the beginning of the twenty-first century there are so many examples of sites or locations of authority that are neither states,state-based,nor state-created. The state is no longer the sole,or in some instances even the principal,source of authority,in either the domestic arena or in the international system (2009, p. 5).

The central tenet of their work is that private authority has become a prominent force in world politics, constituting a shift in the nature of authority from being solely a state-centered phenomenon to one that includes non-state actors. This shift has significant implications for how power and influence are understood in the global political economy.

Specifically, their theory unfolds along three main levels. In fact, they distinguish 1) different types of private authority, 2) how they operate, and 3) the conditions under which they emerge. Their work is deeply embedded in the broader discourse of governance, which acknowledges that the state is no longer the only actor with the ability to regulate and shape international affairs. Instead, private entities can also set rules, enforce norms, and legitimize practices on a global scale.

At a minimal level, private authority refers to the ability of non-state actors to exercise governance functions that were traditionally associated with states. This implies a form of recognition of those outside formal governmental structures as legitimate participants in rule-making processes. As stressed also by Jessica Green (2014), this is not just a question of influence; private authority involves a recognition that non-state actors possess the capacity to create binding rules or standards that others need to adhere to.

Therefore, according to Hall and Biersteker, private authority necessitates to arise two key ingredients, legitimacy and recognition from other actors. The appeal to *legitimacy,* however, seems to prelude to a circular argument where new actors would need to *presuppose* a quality they cannot claim by status. Unlike social formations such as states, private actors' ontology does not provide them with a legitimacy they ought to provide as legitimate governance actors. As we will later see, this brings us to the key problem of private authority, legitimacy and public governance.

Private actors exercise authority not just because they have the capacity to exert pressure or shape outcomes, but because other actors (i.e., states, firms, or civil society groups) accept their right

to do so. This recognition makes private authority an integral part of global governance, where rules and norms are created and enforced by a multiplicity of actors beyond the state.

Despite their relevant analysis, this theory is unable to shed light on the very *grounds* on which such recognition and acceptance by other actors should be elicited and obtained. From our perspective, the crucial shift is from actors to the *reasons*, *motivations, narratives* and *justifications* such actors carry and by which are reflexively defined.

Back to Hall and Biersteker, their differentiation on the different types of private authority offers a valuable analytical tool as these categories help differentiate the mechanisms by which private actors govern and shape global norms.

As globalization has severly undermined the ability of nation-states to regulate integrated markets, the 1) market authority of private actors sets for itself precisely this task. Market authority emerges when MNCs create market-based rules, standards, and practices that regulate global markets. At its most basic level, this form of authority is driven by the economic power of private actors and their capacity to shape the behavior of other economic agents through market mechanisms. MSIs, for instance, rely heavily on incentive structures to expand their sphere of influence and effectiveness. For instance, MNCs establish through industry-based MSIs their own rules regarding environmental practices, labor standards, and supply chain management, which have global implications. These companies often self-regulate or create industry-wide standards that affect entire sectors, bypassing state regulations in the process. For example, the creation of private certifications like Fair Trade or ISO standards serves as a form of private governance that determines acceptable behavior within global supply chains.

The second type of authority they distinguish is 2) moral authority. This refers to the ability of private actors, particularly NGOs and advocacy groups, to shape global governance by promoting normative values and ethical principles. This form of authority is grounded in moral legitimacy and the ability of private actors (i.e., NGOs and CSOs) to represent global ethical concerns such as human rights, environmental protection, and social justice. Intuitively, NGOs such as Amnesty International or Greenpeace use their moral authority to influence both states and corporations, often acting as watchdogs that hold public and private actors accountable to global ethical standards. These organizations gain legitimacy by advocating for principles that resonate with a global public, positioning themselves as representatives of civil society. Through their advocacy campaigns, reporting, and public shaming, they are able to induce changes in policies or corporate behavior without wielding formal political power.

The third type of authority is 3) Expert authority. This kind of authority arises when private actors, such as technical organizations, think tanks, or professional associations, contribute to

governance through the provision of specialized knowledge and expertise. These actors gain authority because of their ability to produce technically sound and scientifically grounded solutions to complex global problems. For example, organizations such as the ISO or the International Accounting Standards Board (IASB) set global standards in technical fields like environmental management, cybersecurity, and financial reporting. These standards are often adopted globally, and their legitimacy derives from the perception that they are created through objective, expert-driven processes. In the field of global health, the authority of organizations such as the WHO, is not derived from state coercion but from their expertise and knowledge, which other actors recognize as legitimate.

As we anticipated, Hall and Biersteker's theory is also concerned with the conditions under which private authority arises and is recognized as legitimate. To this purpose, they identify several structural and normative changes in the global political economy that have contributed to the rise of private authority. The first of these conditions is notably globalization. On their accounts, and others[8], globalization is responsible for an erosion of state sovereignity leading to the creation of regulatory gaps new modes of governance aim at filling. As we have highlighted previously, globalization has diminished the capacity of individual states to regulate transnational economic activities. As global markets expanded and economic interdependence deepened, states increasingly found themselves unable to control activities beyond their borders. This opened up space for private actors to step in and regulate areas that states could no longer effectively govern.

Perhaps more fundamentally, the internationalization of capital has entailed the transnationalization of production and the subsequention restructuring of production networks toward efficientization principles, thus paving the way to the rise of global value chains as the basic productive structure of the globalized capitalist economy. The immediate implications of such restructuring is that GVCs are, by definition, often beyond the regulatory reach of any single state. As a consequence, MNCs have often access to a form of capillar power capable of reaching the far ends of their value chains that can be unavailable to states. When setting their own standards for labor conditions, environmental practices, and corporate social responsibility, these corporations wield market authority by leveraging their economic power and controlling the terms of trade for their suppliers. In this regard, MNCs can be more effective than states in regulating operational practices that would otherwise fall beyond the jurisdiction of nation-states (Cashore 2017).

A third crucial element is the role of neoliberalism as the dominant economic ideology of post-World War II. Neoliberalism, which advocated for the privatization of governance functions and the

[8] A similar view is famously expressed by Susan Strange, *The Retreat of the State: The Diffusion of Power in the World Economy*, Cambridge University Press, 1996; and Saskia Sassen, *Losing Control? Sovereignty in an Age of Globalization*, Columbia University Press, 1995, pp. 31–58.

deregulation of markets, has since the 1980s, marked a widespread ideological shift toward market-based solutions to governance problems. Consistently with the idea of fostering market perfect competion, neoliberal policies have endorsed the adoption of a self-regulation discourse legitimizing the role of MNCs and other private actors in global governance.

However, an account of private authority is incomplete without the consideration of the expansion of the role of civil society and social movements in the regulation of transantional issues like environmental crisis and human rights. According to Hall and Biersketer, the growth of global civil society and the rise of transnational advocacy networks have contributed to the prominence of moral authority in global governance. As global issues such as human rights, environmental degradation, and social justice gained traction, NGOs and advocacy groups became more prominent actors on the international stage. These organizations have been able to build moral legitimacy by acting as representatives of global ethical values, often in opposition to state and corporate interests (Schouten and Glasbergen 2011). Through their ability to mobilize global public opinion, frame issues, and hold both public and private actors accountable, NGOs have become key players in shaping global norms and influencing governance processes.

Another influential theory of private authority is the one offered by Claire Cutler, Virginia Haufler and Tony Porter (1999). While Hall and Biersteker emphasize market, moral, and expert authority as key forms of private authority, Cutler, Haufler, and Porter distinguish between market authority (economic actors) and moral authority (civil society actors), pointing to the same broad categories of private influence.

Another point of convergence regards the role of globalization as a primary driver behind the rise of private authority. As they argue, globalization opens the door for private actors to step in and fill governance gaps, especially in transnational issues where state jurisdiction is limited. Globalization is, therefore, seen in both theories as creating governance voids or regulatory gaps that private actors are able to occupy, whether through the creation of industry standards, certifications, or ethical norms. Cutler and co-authors also rise concerns regarding the accountability and legitimacy aspects that inevitably grow when private actors assume governance roles.

For the purposes of our analysis, the advantage of Cutler's analysis is the one of paying closer attention to mechanisms like self-regulation, certification schemes, and governance networks as expressions of private forms of authority in global governance. For this reason, they highlight the role of business actors such as MNCs in assuming governance roles especially through self-regulation and industry-led initiatives.

One could argue that the major point of concern of Cutler analysis is represented by the broader dynamic of privatization of governance functions. As she puts it, "the democratic, formalistic,

and legalistic associations of authority with states and the public sphere obscure the growing authority of private institutions, actors, and processes" (Cutler 2002, p. 24). What is interesting here to notice is the directionality of her argument. While the intuitive reading would reverse the causality link, her interpretation has deeper consequences. In her view, it is not so much a matter of business power jeopardizing the well-established bridge between legality, statehood and legitimacy as much as this well-established assumption making it more difficult to perceive the growing importance of business power. In her perspective, prior to a matter of technical complexity is a matter of intellegibility. In fact, "efforts to hold private institutions accountable in any democratic way are bound to flounder, for that which goes unrecognized is difficult to regulate" (ibid.). The direct consequence of this observation is that since legal formalism views state or public authority as the only legitimate form of authority, this makes non-state or private authority an empirical impossibility. Therefore, "as an ontological *non sequitur*, private authority is thus not part of the discourse of responsible or accountable governance" (ibid.). The importance of this passage lies also in its ability to gradually put into focus the reasons why a deliberative democratic theoretical framework offers a valuable normative political perspective.

Cutler's theory draws on international regime theory to delineate the study of a set of normative conventions that can be extended to non-state actors. Consistently with regime theory as developed by Robert Keohane and others, regimes in international relations allows to perceive the emergence and the influence on non-traditional political actors on governance outcomes beyond states and public actors. She distinghuishes bewtween an analytical and a normative component of private authority. In her view, "one might begin by noting that authority has both analytical and normative dimensions, and one might draw upon the insights of regime analysis in developing the analysis of these dimensions" (p. 27). While the first aspect refers to how private authority is structured and operates among actors while the second pertains to how it is justified and accepted by others. The first strand has been explained by a variety of theoretical approaches.

> In seeking to explain the emergence of private international regimes, analysts have focused on market-based explanations, drawing upon efficiency incentives, transaction cost analysis, and public goods theory. For example, the emergence of the law merchant order is explained by some as comprising institutional responses to the transaction and information costs and insecurity experienced by traders engaging in trade over wide geographical regions. Other, power-based explanations of the emergence of private international regimes focus on the regulatory influence of firms dominating markets and issue areas. More historical explanations focus on the significance of broader trends like globalization, rapid technological change, and the expansion of markets in enhancing the influence of corporate actors (Cutler 2002, p. 31).

Clearly, under conditions of increased modern complexity, all of the above have to some degree contributed to explain the emergence of inter-firm as well as government-nonstate actors cooperation regimes. We are more interested in the normative implications this move represents from the perspective of auhtority, normativity and legitimacy. In this regard, Culter offers an alternative view to the one present in other governance theories. In her view,

> Legitimacy involves the respect accorded "an authority," such as a specialist, a scholar, or an expert whose authority derives from specialized knowledge and practices that render such knowledge acceptable, and appropriate, as authoritative. It also involves the respect accorded those "in authority," such as political leaders, generals, or representatives who possess an explicit or implicit grant of authority from the state. Efficacy involves general compliance with rules and practices (p. 28).

A rather controversial aspect of her reading, however, comes from the conclusions she draws from the excercize of private authority in governance. Most succintly, her argument is that when inter-firm cooperation assumes increasing influence, and therefore authoritative function, "firms are basically functioning like governments" (p. 32). While I maintain that it takes a lot more than merging corporate and governmental roles to function as a state, I do agree that private authority poses significant challenges to democratic and representative theories.

Traditionally, political authority is linked to the public sphere, where only public authorities are entitled or empowered to prescribe behavior for others because they are accountable through political institutions. In contrast, private entities, such as corporations, "are not entitled to act authoritatively for the public" (p. 31) as they are not authorized by society and are accountable only to their private members. Thus, democratic theory maintains that "only elected representatives and their delegates may function authoritatively in prescribing and proscribing behavior" (ibid.).

When corporate actions are framed through the "persona of the state", ensuring accountability becomes problematic, especially concerning environmental damage and consumer harm caused by defective products in areas with weak consumer protection laws (Risse, Börzel, and Draude 2018; J. Martens 2020). Additionally, States often hesitate to "assume responsibility for the actions of corporations" (p.32), particularly when these corporations can deny liability for their subsidiaries' actions abroad. The increasing difficulty in determining corporate nationality and legal jurisdiction for transnational corporations, whose operations, holdings, and directorships are globally dispersed, effectively renders these corporations "invisible" under international law (Cutler 2002).

Under this view, delegating of public functions to private actors challenges traditional liberal understandings of democracy and law. Granting political authority and accountability to corporate

actions could "turn representative democracy on its head" (p. 33). While the normative view is that only elected governments "ought" to exercise political authority, it is an empirical reality that corporations increasingly *are* functioning authoritatively, regulating themselves and others.

A key corollary is that the growing reliance on private ordering and self-regulation among corporations, particularly through "autonomous processes of dispute resolution" (such as the ones found in numerous MSIs) and private arbitration in trade disputes, is reducing the role of explicit legal rules and increasing the influence of "private, ad hoc, and discretionary practices". This shift renders traditional legal analyses, focused on explicit rules and institutions, increasingly "formalistic, if not irrelevant" (p. 34).

Hence, one of Cutler's central conclusions is that private actors, with particular regard to MNCs and business networks, have become de facto governors in the global political economy. Crucially, these actors are not simply influencing states or intergovernmental organizations; they are creating and enforcing rules and norms in the absence of state authority. This has led to a considerable *fading* of the line between public and private domains where private actors exercise public-like governance functions, including regulating international trade, enforcing contracts, and shaping global markets.

However, we are left with some serious difficulties. I will focus here on two. The first is the equation between public and private actors based on pragmatic reflections. In theories of private authority there is a tendency to consider a private actor as public in light of the fact that it *acts* as one. The main risk is therefore to analitycally confuse the different *normative* orientation of the two. Most importantly, private law-making (so to speak) and public one, do not sit on the same plan. While political authority can be and is dispersed across multiple levels and centers, private actors sit formally under publicly formed laws that draw their force from a legitimacy status private actors cannot fulfil. The second is that such approaches do not sufficiently question the concepts of power wielded by private actors. This has important implications since such lack of analytical precision leaves these theories uncapable of addressing the problems they bring forward. For this reason, I turn now to an overview of the kinds of power typically available to corporations.

4.3 What Kind of Power?

The dimension of power and its distribution among actors involved in global governance is a key question from several perspectives. The link between power and global governance is well-expressed by Doris Fuchs:

> The core idea of the global governance debate is that political and economic changes associated with globalization have led to shifts in political capacity. Specifically, scholars argue that various non-state and supra-state actors have acquired important political roles. […] In this context, scholars highlight "new" forms of political activity, such as self-regulation and PPPs, or the role of specific business actors such as rating agencies in establishing binding rules for business actors and society alike. Moreover, this literature delineates the increasing privatization of the public sphere, that is, the provision of goods previously considered the domain of the state by market actors, as representative of business's new political role.

One of the merits of Doris Fuchs' *Business Power in Global Governance* (2007) is to provide a more dynamic account of how different sets of issues intertwine. As we have seen in previous sections; globalization has resulted into a reshaping of structural components concerning the reproduction of legitimate norms and localized forms of social coordination. The increased interdependence of trade exchanges and free movement of capital across national borders, has determined that technological advancements and change in social dynamics (i.e., de-localization in developing countries) would routinely outpace the traditionally slow regulatory rhythm of liberal democracies (Habermas 2001). Inspired by a critical theoretical approach, Fuchs provide a step forward toward the creation of a more complete framework for analysis of corporate power in global governance and its implications for sustainabilty and social justice (Clapp and Fuchs 2009).

Fuchs (2007) argues that business power is multifaceted and operates across multiple dimensions and that this power enables business actors to shape global regulatory frameworks, public policy, and even societal norms. Her analysis provides a comprehensive framework for understanding how businesses' influence challenges democratic accountability, legitimacy, and the balance of power in global governance. One of ker contributions is an analyitical typology on the kinds of power that MNCs wield in political settings of rule-making. Fuchs identifies three distinct dimensions of business power: instrumental power, structural power, and discursive power.

4.3.1 Instrumental Power

Instrumental power refers to the direct influence that businesses and MNCs have over political decision-making processes. This form of power involves the ability of business actors to shape policies, typically, through lobbying, campaign donations, and other forms of direct engagement with political institutions. They can also engage in behind-the-scenes negotiations, influencing the content of trade agreements, and other forms of global regulation. As such, "the exercise of instrumental power by business is first and foremostassociated with *lobbying*, that is, business representatives'

communication with politicians and bureaucrats in attempts to influence political and regulatory decisionmaking" (Fuchs 2007, p. 71).

Businesses can use their instrumental power to capture regulatory agencies, ensuring that global regulations are designed in ways that accommodate their interests. This is particularly prevalent in industries such as finance, pharmaceuticals, and energy, where corporations may have a disproportionate influence over regulatory frameworks. The implications of instrumental power need not be underestimated. For instance, multinationals like Monsanto and Cargill have used their instrumental power to influence international trade negotiations, particularly within the WTO. These corporations have heavily lobbied governments and trade representatives to shape trade policies that favor the global export of genetically modified organisms (GMOs) and other agricultural products (Clapp and Fuchs 2009).

Major oil and gas corporations, such as ExxonMobil and Chevron, have famously used their instrumental power to lobby against stringent environmental regulations, including those related to carbon emissions and climate change mitigation efforts (Hofferberth 2019). Whether in trade, environmental policy, global health, or financial regulation, corporations exert direct influence through lobbying, political contributions, and negotiations, often with significant implications for public governance and global regulatory frameworks.

4.3.2 Structural Power

According to Fuchs (2007), structural power is fundamentally embedded in the architecture of international institutions and norms, rather than residing solely in the direct control or coercion exercised by dominant actors. Structural power operates by defining the parameters within which international interactions occur, thereby influencing which interests are advanced and which perspectives are marginalized. Global institutions often reflects and reinforces the preferences of the most powerful states, thereby institutionalizing these preferences as ostensibly neutral norms that govern international relations (Fuchs 2007, p. 54). This perspective highlights how systemic arrangements can perpetuate existing hierarchies and inequalities by embedding the preferences of dominant actors into the foundational structures of global governance.

Another relevant point she raises for the purposes of our discussion is that traditional conceptions of power, which focus on overt coercion and conflict, fail to fully account for the subtler mechanisms through which power is exercised. Structural power, as Fuchs emphasizes, influences global governance through the less visible processes of agenda-setting, issue-framing, and norm creation (Fuchs, 2007, p. 68).

Following Frank (1978) and Wallerstein (1979), she argues that "the structural power of business actors, in particular corporations, traditionally discussed in the literature derives from the

capacity of MNCs to punish one country and reward another for their policy choices by moving jobs and investment across territorial borders" (Fuchs 2007, p. 104).
Among the different examples of structural exercise of power, Fuchs discusses PPPs, self-regulation and codes of conduct. Particularly,

> Self-regulation and PPPs, business actors presently do not just influence agendas and induce governments to make certain policy choices indirectly. Rather, such arrangements provide opportunities to business actors to set rules directly. They determine issues, define problems, and design, adopt, implement, and enforce "solutions" themselves (p. 104).

While she does not mention MSIs in her book, her reflections can be extended nonetheless to multistakeholder governance platforms. In fact, she addresses directly the FSC as a prime PPP example (p. 113), while subsequent literature more appropriately subsumes the FSC under the MSI model. Concerning corporate codes of conduct, these self-imposed codes help corporations claim legitimacy in global governance by demonstrating their commitment to socially responsible practices, such as environmental sustainability or ethical labor standards

> Codes of conduct provide a "soft-law," nonbinding form of governance of the behavior of business actors. They delineate roles and responsibilities of management and accounting systems and regulate the provision of resources for implementation as well as monitoring, auditing, certification, and labeling programs demonstrating the performance of the industry or company to the outside world (p. 120).

As a consequence, by shaping the very rules and standards that govern international interactions, structural power effectively determines the scope of legitimate discourse and action within the global system. This conceptualization underscores the limitations of conventional models that overlook the systemic nature of power dynamics and emphasizes the need for a more nuanced understanding of how global governance structures can both reflect and perpetuate power inequalities.

Corporations are major employers, and governments often prioritize policies that protect corporate profitability to maintain high employment levels. MNCs may threaten to relocate production to countries with more favorable regulatory environments, which pressures governments to align their policies with business interests (e.g., lowering corporate taxes or deregulating certain sectors). This has been, in fact, one of the key drivers behind the Rana Plaza disaster (Ahlquist and Mosley 2021).

More closely related to the problem of sustainability, global corporations manage complex, transnational supply chains, which give them significant power to shape global labor standards,

environmental practices, and trade policies. Therfore, as she points out, “the fundamental question is, of course, what the implications of business’s rule-setting activities through voluntary self-regulatory arrangements are for global problem-solving” (p. 126).

4.3.3 Discursive Power

Essentially, “discursive power is the capacity to influence policies and the political process as such through the shaping of norms and ideas” (p. 139). The ability of businesses to shape ideologies, norms, and public perceptions through the control of discourse is particularly important from a constructivist appraoch to legitimacy (Risse 2007). This form of power operates through the dissemination of narratives, values, and knowledge that shape the political and societal understanding of issues, often framing the interests of corporations as aligned with the public good.

Through channels like academic research funding, public campaining or others, they can promote pro-business narratives, such as the idea that free markets lead to prosperity or that corporate self-regulation is preferable to state-imposed regulation. Particularly, in the field of management theories, CSR can be viewd as a powerful tool in business’ hands. By promoting environmental sustainability, human rights, or philanthropy, corporations can legitimize their role in global governance and deflect calls for stricter regulation. Fuchs notes that CSR can be a powerful tool for businesses to maintain public trust and present their activities as being in the public interest.

To put it succintly, Fuchs argues that discursive power is particularly important in the era of neoliberalism, where pro-market ideologies have become dominant. Corporations have played a central role in promoting the idea that deregulation, free trade, and privatization are the best ways to achieve economic growth and development. By shaping the discourse around these issues, businesses are also able to legitimize their influence over global governance. Companies like British Petroleum and Shell have rebranded themselves as environmentally conscious, investing in renewable energy projects and advertising their commitment to sustainability. This helps them maintain legitimacy while resisting more stringent regulations on carbon emissions and environmental degradation.

Discursive power has therefore important implications from a democratic perspective. The problem she points at is “a continuing growth in power, in particular of TNCs, and a corresponding divergence in resources between business actors on the one side and the state and civil society on the other as a source of serious concern for a democratic balance in the political process” (Fuchs 2007, pp. 43-44). The expansion of discursive power is inherently connected to the interplay between authority and legitimacy. As she puts it:

> The authority of state actors generally derives from formal institutions and positions. Nonstate actors draw legitimacy as political actors from the public’s trust in their ability to deliver desired results as

> well as in their intentions. […] Business has particularly benefited from the former source of trust, as its resources and economic expertise have come to be viewed as a valuable and necessary basis for the solving of societal problems. The increasing emphasis on efficiency, competitiveness, and growth, for instance, in the last three decades of the twentieth century has turned business into *the* politico-economic expert, the primary actor considered able to provide and guarantee the provision of the desired goods (p. 144).

The clear emphasis on technical expertise cuts through a form of legitimation in democratic theory that tends to blend technocracy and epistocracy. Addressing a fundamental critique to representative democracy, defenders of tecnnocratic and epistemic approaches promote the idea that those who better know about a subject should regulate it (Lafont 2020). In the context of global governance, corporations can therefore claim a governance role on the *assumption* that they will be more effective in addressing collective action problems. The terrain of discursive power is perhaps the most valuable resource to maintain their influence. In fact,

> scandals and market crashes can easily create fundamental threats to business's political legitimacy and therefore discursive power. Moreover, the present extent of the discursive power of business depends on the prominence of neoliberal norms and ideas. A shift in societal support for these norms would damage business's political legitimacy and discursive power as well. Importantly, a challenge of business's political legitimacy from either side would affect not only its discursive but also its structural and instrumental power (p. 154).

Contrary to realist and liberal views in international relations and governance, the constructivist approach offers clearer ways to engage in social change while maintaining intact the liberal presuppositions of the global order.

4.4 The Privatization of The Public Sphere and the Role of Deliberative Democracy

Among the important contributions of theories of business power and private authority is the ability to bring into scope the wider process of "privatization of the public sphere" . The expression typically indicates a significant shift in the dynamics of governance and public decision-making, particularly within the context of global governance. This is majorly exemplified by the increasing role of private actors in functions and domains traditionally managed by public institutions. According to Fuchs (2007), privatization in this sense involves the transfer of responsibilities and decision-making authority from state institutions to private entities, thereby altering the nature of public governance (Fuchs 2007).

The implications of this privatization for democratic governance and public accountability are profound. The increasing dominance of private actors in the public sphere can undermine traditional mechanisms of democratic oversight and accountability. As private entities, driven by profit motives and sector-specific interests, take on roles previously held by public institutions, concerns arise regarding transparency and the prioritization of public over private interests (Fuchs, 2007, p. 65). Moreover, this process contributes to a concentration of power within influential private sector actors, continuously undermining the capacity for democratic scrutiny and the representation of broader public needs. By framing an increasing number of economic spheres as "private", corporations consistently take advantage of the "liberal art of separation" (Walzer 1984) which "serves to isolate and insulate increasing aspects of existence from public scrutiny and review" (Cutler 2002, p. 24).
Despite their contributions, however, a key question remains unaddressed. What exactly is the proper *locus* (or the foundation) of business authority in global governance? beyond the insights of previous theories of governance and private authority, better understanding the source of business authority can help in drawing important conclusions concerning its conditions of legitimacy or illegitimacy.

Leading governance theories characterize business authority as by the ability to create rules, standards, and regulatory frameworks that influence the behavior of other actors, including states, markets, and civil society (Cashore et al. 2021).

Cashore and co-authors (2021) posit that, unlike public authority, which derives its legitimacy from legal mandates, democratic processes, and coercive enforcement, private authority is more dependent on voluntary compliance, market mechanisms, and the perceptions of legitimacy held by various stakeholders (Schleifer 2019). In their work, Cashore and co-authors (2021) introduce the concept of *governance spheres* to provide the theoretical foundation for situating private authority within broader governance regimes. Governance spheres are defined as dynamic spaces where public and private actors interact, compete, or collaborate to address governance challenges. These spheres are characterized by overlapping jurisdictional boundaries, with both public and private actors exercising varying degrees of influence over governance outcomes. By framing governance as occurring within shared governance spheres, the authors demonstrate how private authority is not merely an alternative to public regulation but is interwoven with public governance efforts. Private authority becomes part of the broader governance system, influencing and being influenced by public policy, political dynamics, and regulatory frameworks. In this context, governance spheres allow for a more integrated understanding of how private authority operates: it does not replace public authority but rather coexists with it, often interacting in complementary or competitive ways.

This reframing is significant because it grounds the legitimacy and function of private authority within interactions with public governance systems. Private governance schemes such as

the FSC gain legitimacy not only through market adoption but also through their ability to influence and align with public regulatory frameworks.

The governance spheres framework also helps ground private authority by explaining how it evolves over time. In many cases, private authority emerges to fill gaps left by weak or absent public regulation. This is particularly common in sectors where state capacity is limited, such as transnational supply chains, environmental sustainability, or global labor standards. In these contexts, private governance initiatives often begin as substitutes for public regulation, offering voluntary standards and certifications that businesses can adopt to demonstrate their compliance with ethical or environmental norms (Locke 2013).

A central consequence of the governance spheres framework is that it blurs the traditional distinction between public and private authority. This is exemplified especially by private governance initiatives such as CSR programs, sustainability certifications, and voluntary codes of conduct often operating in policy areas where public regulation is absent or insufficient (Risse, Börzel, and Draude 2018). These private initiatives not only set standards for corporate behavior but also influence public policy by shaping market norms and consumer expectations (Bartley 2007; Locke 2013).

The blurring of the public-private divide is particularly evident in cases where public authorities adopt or integrate private governance mechanisms into their own regulatory frameworks. For example, public authorities in the European Union have incorporated private certification schemes for organic agriculture and biofuels into their regulatory frameworks, effectively co-opting private standards to achieve public policy goals (Renckens 2020). In these cases, private authority becomes part of the broader public governance system, demonstrating the fluid and interdependent nature of governance within governance spheres.

However, while this theory effectively explains that "non-state actors do not operate in a public policy vacuum" (Cashore et al. 2021, p. 1166), it does not adequately question the *nature* of business authority in global governance.

4.4.1 The "Societal" Authority of Business Actors

Such question is more convincingly addressed by Janne Mende (2023). Her argument better captures the normative relationship between private and public spheres but moving the debate on private authority forward. Mende acknowledges the insights of prior works but argues they do not fully capture the complexity of business roles in global governance. Specifically, she critiques the tendency to categorize business actions either as private authority or as a blurred form of public authority (Scherer and Palazzo 2011). Such models, she argues, fail to recognize that businesses often operate in ways that are neither wholly public nor wholly private. Instead, Mende advocates for a *mediated* approach that recognizes how public and private roles *mutually constitute* each other

without collapsing them into a singular category[9]. She extends this argument by introducing a third category of business authority she defines as "societal".

The key interrelated components of her model of business authority are: power, legitimacy, and a connection to public interests. Concerning the first element, much like Cutler and Fuchs, Mende argues that while traditionally businesses exert instrumental and agenda-setting powers, the most abstract, but potentially most influential, form of power is ideational power, which refers to the ability of businesses to shape norms, identities, and perceptions (Carstensen and Schmidt 2016). As we have seen, this is a key conception of power from a critical and constructivist approach in global governance (Risse 2000; Ansell and Torfing 2022) as ideational power operates through discourse, branding, and public relations, where businesses not only advocate for specific policies but also shape broader societal values. Mende notes that companies influence societal perceptions of human rights, environmental protection, and even social justice, often contributing to the formation of collective identities and societal expectations (Holzscheiter 2005). Mende's second component of business authority is legitimacy.

> Legitimacy indicates an actor's or institution's 'minimal moral acceptability' (Buchanan and Keohane, 2006: 219) and justifiability (Beetham, 2013: 11ff.). It thus empirically denotes 'the normative belief by an actor that a rule or institution ought to be obeyed. It is a subjective quality, relational between actor and institution, and defined by the actor's *perception* of the institution' (Hurd, 1999: 381, emphasis in original; in Mende, 2023; pp. 8-9).

According to Mende, businesses seek legitimacy to enhance their power and influence in governance; on the other hand, they are also increasingly pressured to justify their actions in terms of broader societal values, particularly in the realms of human rights and environmental protection (Buchanan and Keohane, 2006). Her triadic model of business authority offers a conceptual way to overcome classical readings of legitimacy, leading to the most crucial component of her model.

> Authority concepts can be categorised into two strands based on the weight they give to legitimacy. The first suggests that authority equals legitimate power. According to this view, 'the phrase legitimate authority is, strictly speaking, redundant' (Hurd, 1999: 400) […]. The second strand emphasises the difference between authority and legitimacy: 'authority is to be distinguished from legitimacy: authority implies a rebuttable claim to legitimacy' (Bogdandy et al., 2017: 140, referring to Raz, 1988) […].

[9] Surprisingly, while the structure of her argument closely resembles the co-originality thesis advanced by Habermas in *Between Facts and Norms* (1996), she does not acknowledge this analogy.

> Both strands thus envision a strong connection between power and legitimacy. The triadic concept of authority reconciles both strands by capturing legitimacy as one of three components with varying forms, weight and scope. Authority in global governance denotes power that is, strives, or appears to be legitimate. The legitimacy component can be contested or diminished, but not eliminated. Authority may rise or fall as legitimacy increases or decreases, but the strength of authority also depends on other factors, such as the substance of the shared norms and values that constitute legitimacy – particularly the connection to public interests.

This latter aspect (a company's connection to public interests) is, according to my understanding, the normative core of business authority in governance. Mende argues that businesses are increasingly expected to contribute to these public goods, particularly in the realms of human rights, environmental sustainability, and economic stability (Fuchs, Kalfagianni, and Havinga 2011). This is where the societal role of businesses becomes most evident.

She offers the example of corporations like Facebook, which in 2018 faced public backlash for both failing to address hate speech in Myanmar (thus abdicating its public responsibility) *and* for deleting accounts tied to social movements in the United States (thus overextending its private role). These cases illustrate how businesses are entangled in public concerns even when they act primarily as private entities. According to Mende, such entanglements reveal that businesses' actions have far-reaching effects on public welfare, requiring new frameworks for holding them accountable (Wettstein 2009; Young 2006).

Mende argues that businesses, despite pursuing private goals, cannot be regarded as purely private actors due to the far-reaching and significant impact they have on public welfare. Their influence on public interests is too extensive to fit neatly into the category of private authority. At the same time, businesses cannot be equated with public actors, as their authority does not stem from the democratic mechanisms of legitimation typical of state actions. To address this complexity, Mende introduces the concept of business-societal roles, offering a more nuanced framework that acknowledges the hybrid nature of businesses' interaction with public interests, bridging the gap between public and private governance.

Building on this conceptualization, I argue that the *societal* role played by businesses better frames the location of business authority in public governance. I use this concept to argue that if business authority is ultimately societal, its legitimation must be rooted not in private or state mechanisms, but rather in a broader public sphere.

Building on Mende's argument, I argue that business authority cannot be fully explained by its role as either public (state) or private (market). Instead, businesses function in a societal capacity, exerting influence over public norms, values, and policy outcomes that go beyond traditional market

functions. In this understanding, the connection to public interests is the most critical aspect in evaluating the adequacy of a business' role in governance. Following this line of reasoning, the question becomes how businesses maintain legitimacy over time. I complement Mende's argument by grounding the societal role of business into deliberative democratic processes of public will-formation. More precisely, as in her argument the societal dimension mediates between private and public roles, I propose to justify the application of deliberative democracy to the context of MSIs not only according to the empirical view that democratic ideals are *already* present in multistakeholder governance approaches, but also in the normative (to certain extent) view according to which deliberative democracy is the most adequate framework to provide a legitimacy basis to business actors in light of their "societal" role. As such, deliberative democracy works in my view as the appropriate mediating theory between the internal orientations of private and public spheres.

The key point advanced by Mende is that corporations cannot be satisfactorily conceptualized as either private or public entities. She therefore introduces, as we have seen, the concept of "societal". I argue that the legitimacy basis of this involvement is more complete if one founds this very "societal" dimension into a deliberative democratic understanding of normative validity. The connection to public interests cannot be, in fact, unilaterally established by corporations and state agencies alone. In this case, we would have the currently familiar model of realist power politics where corporations' legitimacy is ultimately the advancement of state interests. Rather, what the belonging to a societal dimension implies is a specific form of accountability. In light of their being societal entities, corporations legitimate exercise of power in global governance is not reduced to accountability to state formations but *also* to a broader civil society. The essential principle of legitimation therefore becomes the alignment of private objectives to collective goals which are not singlehandedly defined by states but by a process of real inclusion of affected stakeholders whose views could be otherwise overlooked or sidelined.

MSIs provide a more explicit deliberative context in which the connection to public interests can be more directly assessed through processes of mutual justification and stakeholder accountability. MSIs can provide a form of institutional empowerment on deliberative means that allows different stakeholders to mobilize different kinds of power to maintain a form of mutual accountability.

By applying deliberative institutional forms, leveraging on unionizing and civil associations, actors can be empowered by compensating lack of material resources with communicative power. Therefore, in MSIs we can find a more direct applicative field to explore the empowering potential of deliberative democracy and the institutionalization of governance mechanisms that can better provide the mediating function between self-interest and public objectives necessary to perceive

corporations as legitimate co-regulators. In a nutshell, I argue that deliberative democracy is the appropriate framework to assess the legitimacy of corporations' exercise of public authority.

As a consequence, I suggest that the societal nature of businesses imposes the institutionalization of deliberative mechanisms of governance to ensure that private actors do not import into the governance process modes of reasoning and value orientations that prevent the corporation from understanding its duties toward the achievement of common goals. Based on this, deliberative democracy can be seen as the most appropriate model of legitimate policy formation in the societal sphere.

The basic structure of the argument I defend in this research is the following:

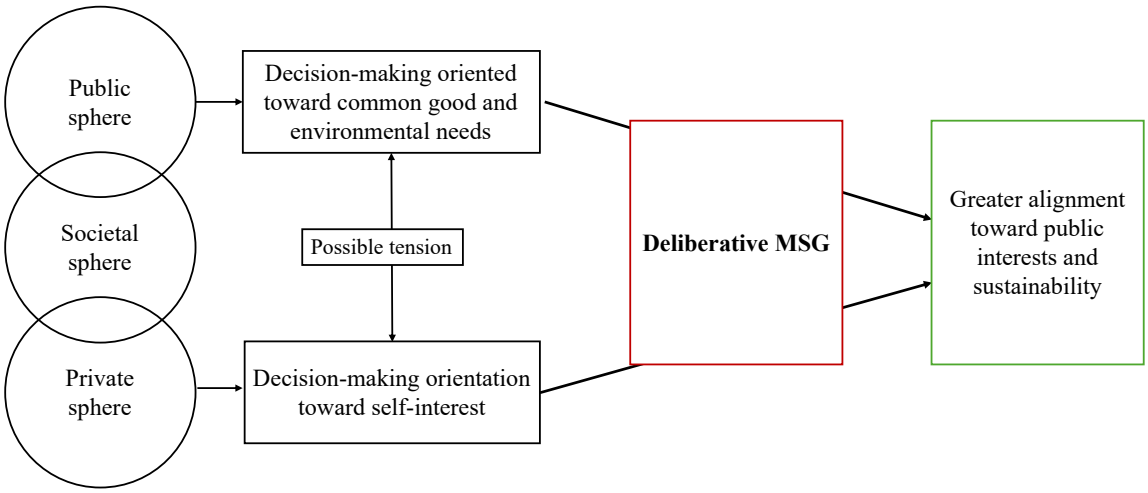

Figure 1. Outline of the Main Argument

Deliberative democratic theory therefore provides a normative foundation for the rise, use, and retention of business authority in global governance. In this context, business authority can be viewed as legitimate only if it is connected to public interests determined through processes of deliberative engagement with the public sphere represented by civil society.

Such dialogical processes can take the form of multi-stakeholder dialogues, public consultations, or citizens' assemblies, where businesses, civil society actors, and other stakeholders engage in reasoned deliberation about the impact of corporate actions on public interests (Dryzek et al. 2019). This would allow businesses to maintain an observable and justifiable connection to public concerns while ensuring that their governance roles are democratically legitimate. Given its critical role, deliberative democratic theory and its normative implications for the multistakeholder governance of sustainability will be object of extensive analysis in the next Part.

PART II

DELIBERATIVE DEMOCRACY AND TRANSNATIONAL GOVERNANCE

The best political hope is a commitment to fair procedures for
collective decision-making among unequals.
(Cohen and Rogers 1994, p. 143)

5. Deliberative Democratic Theory: An Overview

Before outlining an overview of the deliberative democratic camp, preliminary remarks are in order. The first is that confusion between democracy as a positive political system and democracy as a normative political theory must be avoided. While important strands of literature have developed on how democracies work (Dahl 2008b, 2008a; Inglehart 2005; Cox 1997; Przeworski 2000), political philosophy remains mainly focused on how democracies and legitimate law-making should operate (Rawls 2005; Habermas 1996; Dahl 1989; Pateman 1985; Young 2002; Cohen 2005; André Bächtiger et al. 2018). Deliberative democrats have typically espoused the latter approach, defining the contents and contours of a highly central normative theory. As Dryzek and Niemeyer put it, "deliberative democracy began as a theory of democratic legitimacy and remains so to a considerable degree" (2010a; p. 21). A third strand of literature developed aiming at combining both empirical and normative approaches (Fishkin 1991; 2009; Dryzek 2002a; Fung 2009; Mansbridge 1983; Chambers 1996; Gutmann and Thompson 2004).

Deliberative democracy, as all political theories, has also attracted the attention of numerous critics that developed important arguments against its overly idealistic nature. In particular, critics have focused on the mismatch between the theory and practice of democracy, the unrealistic relationship between rationality and deliberation, the centrality of power dynamics governing decision-making and, finally, the emphasis on consensus as the normative purpose of political deliberation (Shapiro 1999; 2009; 2016; Mouffe 1999; 2005; Young 2002; Honig 1993; Connolly 2005; Pettit 1997).

The second is that while the research focuses on democracy as a normative political theory, an exhaustive overview lies nonetheless beyond the scope of this Chapter. Instead, the task is to explore the relationship between the concept of deliberation and collaborative governance in the international context. To do so, it is important to still provide an overview of the most prominent models of deliberative democracy. The Chapter will discuss the proceduralist, the epistemic, the

communicative (or discursive), the agonistic and the participatory variations of deliberative democracy. The purpose is not so much the one of providing a history of deliberative democracy through its different "turns" (Dryzek and Niemeyer 2010b), nor defending one particular conception over the others. Since several authors can hardly fit squarely into one single model, it is unrealistic to defend the idea that communicative models of democracy can be insulated from their proceduralist or epistemic components. This is exemplified, most notably, by authors like Habermas (1985; 1996) or Chambers (2003). Rather, the major differences arise according to which aspects should be given priority in providing a compelling model of public political legitimacy.

The main objective of the Chapter is therefore to introduce to main concepts and themes informing a broadly interpreted deliberative approach. For this reason, key authors and views will be used to outline 1) an overview on main deliberative conceptions, 2) how such views construe a normative core of deliberative democracy and 3) how this political theory relates to the problem of power distribution in non-hierarchical steering mechanisms of international governance. Tracing back to the main research question, the key objective is therefore to show "how *political deliberation can be empowering to those on the weak side of power inequalities*" (Lafont 2020, p. 65; emphasis in the original).

5.1 Main Conceptions of Deliberative Democracy

5.1.1 Proceduralist Democracy

The proceduralist conception of democracy represents a foundational approach in democratic theory, emphasizing the primacy of fair and inclusive procedures over specific outcomes (Dahl 1989; 2008; Cohen 1994). In contrast to substantive conceptions, which often evaluate democracy based on the justice or quality of the outcomes it generates, the proceduralist approach focuses on establishing rules and mechanisms that ensure political equality, fair representation, and the opportunity for citizens to participate in decision-making.

According to Robert Dahl (1989), democracy requires not that citizens be equally capable of making correct decisions but that they be equally free to participate in decision-making processes. According to Lafont, the proceduralist view can stem out of a pluralist conception of social disagreement (2020, Chapter 2). Deep pluralism requires a procedural approach because substantive agreement is often impossible. Lafont argues therefore that procedural fairness (i.e., ensuring that all citizens have a voice in the deliberative process and that decisions are made transparently and inclusively) can help to ensure that democratic decisions are acceptable to a broad range of citizens, even if they disagree with the outcome.

Due to its strong commitment to the ways in which decisions are taken, a central tenet of the proceduralist conception is the principle of political equality condensed in the idea that every citizen should have an equal say in the political process. As Joshua Cohen (1997) articulates, proceduralists contend that the fundamental democratic value is the equality of citizens in the determination of the rules under which they live. This principle entails that democratic procedures should ensure that each voice carries equal weight in the decision-making process, thus upholding the normative ideal of equal participation and preventing the dominance of any particular group or interest.

Another distinctive aspect of the proceduralist approach is its support for majoritarian decision-making as a central democratic mechanism. This view holds that decisions should reflect the preferences of the majority while respecting the rights of minorities. Here, majoritarianism serves as a procedural tool to resolve disagreements in a fair and orderly manner, ensuring that democratic decisions are legitimate and authoritative (Dahl 1989).

From a realist perspective, proceduralism has a certain appeal since it can offer a competitive advantage over other variants of democratic thought in light of its practical feasibility. Since it imposes fewer demands on the content of democratic decisions, such minimalism is viewed as a strength, enabling proceduralist democracy to accommodate a wide range of value systems and preferences within a diverse polity (Tilly 2007).

As Cohen (1997) notes, procedural democracy is attractive because it does not impose a specific moral or ethical framework on citizens, allowing for pluralism and respect for diverse viewpoints. By emphasizing fair procedures over substantive outcomes, proceduralist democracy is able to accommodate a wide range of values and preferences, making it is particularly suitable for societies marked by the fact of pluralism.

Due to its focus on procedures and its aggregative quality, this is also known as the liberal model of democracy (Habermas 1994). Despite its strengths, the proceduralist conception of democracy is subject to several critiques. Scholars have raised concerns about its limited focus on outcomes, potential for majoritarian tyranny and inadequate attention to power dynamics.

A primary critique of proceduralist democracy is its limited focus on outcomes. Critics argue that democratic processes should not only be fair but also produce just and equitable results. This argument is further acknowledged and developed by another influential political philosopher, Iris Marion Young (2000), contending that procedural democracy is insufficient because it does not ensure that the outcomes of democratic processes are fair or just; on the opposite, it can legitimate deeply unjust decisions as long as they are procedurally correct. The key contribution of this critique is to shed a light on crucial aspect, namely that proceduralism may fail to address underlying inequalities or injustices that persist despite formally fair procedures.

This line of argumentation touches upon a fundamental theme in democratic theory, namely the relationship between formal models of democratic participation and the pre-existence of a theory of justice, guiding the institutionalization of deliberative procedures themselves. The fundamental inadequacy of the liberal order is well captured by Cohen and Rogers (1994), "considered on its own terms, such a chastened aspiration to a merely procedural justice risks incoherence. It assumes, implausibly, the robustness of fair procedures independent of substantive agreement" (p. 143). In other words, proceduralism *alone* would provide a rather thin normative basis for the validity of public choices unless coupled with a suitable theory of justice[10].

The relevance of a proceduralist conception of democracy for global governance is however pivotal. The establishment of decision-making procedures is in fact fundamental in any democratic conception of governance, even in those who endorse more substantive or agonistic approaches. Put it otherwise, the question of procedures is simply unavoidable in democratic theory and practice.

From a governance standpoint, proceduralist conceptions are often evident in constitutional frameworks that prioritize the establishment of rules and mechanisms for democratic engagement. For instance, they support the idea of constitutional checks and balances, judicial review, and other procedural safeguards that protect democratic processes from manipulation or abuse. In this sense, proceduralist democracy provides a blueprint for designing constitutional arrangements that promote accountability, transparency, and inclusivity. In the context of global governance, where there is no overarching authority or agreed-upon substantive goals, the proceduralist conception is therefore potentially particularly relevant.

In conclusion, the proceduralist conception of democracy offers a compelling account of democratic governance that prioritizes fair and inclusive procedures over substantive outcomes. While this approach is valued for its clarity, practicality, and respect for pluralism, it also faces critiques regarding its limited focus and potential for majoritarian tyranny (Benhabib 2021). Despite these critiques, the proceduralist conception remains a foundational approach in democratic theory, providing important insights for the design and operation of democratic institutions in both national and global contexts.

5.1.2 Epistemic deliberative democracy

The epistemic version of deliberative democracy emphasizes the capacity of deliberation to produce not just procedurally fair outcomes but also *substantively* superior ones. Namely, decisions that are informed, rational, and aligned with the truth or common good (Bohman 2006; Landemore 2017; Chambers 2017; Anderson 2006).

[10] This point will be further elaborated in relation to the concept of public reason.

Notably, such perspective has been developed as a normative justification for deliberative democracy by authors like David Estlund (1997; 2009; Estlund and Landemore 2018) and Hélène Landemore (2012; 2012b; 2013; 2017; Landemore and Elster 2012). The epistemic version of deliberative democracy is grounded in the idea that democratic deliberation is fundamentally about producing better decisions through collective reasoning. It moves beyond the purely procedural accounts of democracy, which focus solely on the fairness of decision-making processes, to argue that deliberation *inherently* carries epistemic value. That is, the public exchange of arguments and counterarguments enhances the likelihood of reaching an impartial assessment of facts and correct decisions (Estlund 2009).

Intuitively, epistemic arguments for democracy are better understood as part of a wider debate on democratic theory and social choice (Riker 1987). According to Riker, epistocracy has long defended the idea that popular decisions are right as they are the fundamental expression of the will of the people. Popular will that is revealed through voting. Populism of this sort rests on the idea that the majority always leads to truer or right decisions. As he puts it, "the opinions of the majority *must* be right and *must* be respected because the will of the people is the liberty of the people" (p. 14, emphasis in the original). He then charges this view with what he calls the incoherence objection. In light of cyclical majorities[11], the view that voting reveals a self-consistent and rational will is incoherent. However, according to Cohen (1986) this amounts to a misinterpretation of the epistemic argument:

> while Rousseau thought that the general will - which aims at the common good - is 'always right', he denied that it "follow[s] that the people's deliberations always have the same rectitude" since those deliberations may reflect insufficient information, or be dominated by private interests, or subordinated to factional conflict, or addressed to issues on which there is no common interest[12]. He concluded that majority judgments are good if fallible indicators of the general will under certain specific background conditions, including good information, widespread political participation, absence of factions (or else a multiplicity of factions), limited economic inequality, and the rule of law. And even with these qualifications, Rousseau did not endorse rule by *simple* majorities. Rather, he thought that, on more fundamental issues, it would be reasonable to require larger majorities. In fact, only on "business matters", as distinct from laws, is it in general true that simple majorities should be decisive. The

[11] For a discussion on this point see Gehrlein, W. V. (1983). Condorcet's Paradox. *Theory and Decision*, *15*(2), 161-197. Sen, A. (2014). Arrow and the impossibility theorem. In *The Arrow Impossibility Theorem* (pp. 29-42). Columbia University Press. And Estlund, D. M., Waldron, J., Grofman, B., & Feld, S. L. (1989). Democratic theory and the public interest: Condorcet and Rousseau revisited. *American Political Science Review*, *83*(4), 1317-1340.

[12] Jean-Jacques Rousseau, *Social Contract*, ed. Roger D. Masters, trans. Judith R. Masters (New York: St. Martin's Press, 1978), bk. 2, chap. 3, p. 61.

> incoherence argument misses its intended target because Riker assumes that the populist is committed to a *purely procedural* account of the general will (p. 28).

To Riker's reading, Cohen opposes his conception of epistemic populism, introducing topics that will play a central role in the debate between proceduralism and substantivism in deliberative democratic theory (Cohen 1997).

Collective reasoning is not just about expressing preferences but involves critically engaging with diverse perspectives, refining arguments, and arriving at decisions that reflect a shared understanding. His view of epistemic democracy relies on an *independent standard* for evaluating political decisions, such as a theory of justice or the common good, which is not contingent on transient consensus or voting outcomes. This standard provides a benchmark against which the correctness of policies can be judged. Decision-making is here viewed as a rational process wherein beliefs about the common good are adjusted through public deliberation.

> According to the epistemic populist, the "independent standard" is a "general will" or "popular will". A group has a general will if (1) the members of the group share a conception of the common good; (2) the members regard the fact that an institution or policy advances the conception as a reason for supporting it; (3) it is fully common knowledge that the conception is shared; and (4) the conception is consistent with the members of the society regarding themselves as free and equal. To fix matters for the sake of discussion, think of the content of the general will as given by Rawls's requirements of equal basic liberties, fair equality of opportunity, and the difference principle, and of a society regulated by a general will as a society in which there is a publicly shared view that institutions and policies ought at least to satisfy these principles. Agreement on these general principles is, of course, compatible with disagreements about the institutions and policies that are best suited to these principles and their continued satisfaction over time. What the epistemic populist claims is that, when there is a general will, and public deliberation is guided by the principles that define that will, the decisions of majorities about which policies to pursue can provide good evidence about which policies are in fact best (p. 34)

More recently, Estlund has argued that democratic decision-making processes have intrinsic value due to their potential to aggregate individual judgments in a way that approximates the truth or common good (2008). Central to his argument is the truth-tracking function of deliberation (Chambers 1996). Based on this notion, he qualifies his position as epistemic proceduralism, arguing that deliberation contributes to legitimacy because it helps to track the truth, even if imperfectly. While no decision procedure guarantees the correct outcome, deliberation among diverse perspectives increases the likelihood of a truth-tracking result (Estlund, 2008). This view positions deliberation as a mechanism that enhances the quality of decisions by engaging participants in reasoned debate,

critical scrutiny, and mutual justification. Deliberation becomes then a corrective mechanism that mitigates errors in judgment, misinformation, and cognitive biases. By engaging in dialogue, participants are exposed to alternative viewpoints that can challenge their assumptions and lead to more reflective and informed decisions (Gutmann and Thompson 2004). For this reason, Estlund challenges proceduralists views claiming that democratic institutions should therefore be designed to support epistemic virtues such as public deliberation (Estlund, 2008). In short, institutions that promote transparency, accountability, and public input are better equipped to yield epistemically justified outcomes.

Landemore (2013) stresses that cognitive diversity is crucial to the epistemic quality of deliberation. Inclusive deliberation emphasizes that the diversity of perspectives and the pooling of dispersed knowledge increase the collective intelligence of deliberative bodies. Landemore therefore argues that diverse groups are better equipped to solve complex problems because they bring different heuristics, experiences, and insights to the table. This cognitive diversity helps correct individual biases and makes the deliberative process more robust and adaptive, enhancing the likelihood of reaching well-informed decisions.

However, as it is comprehensively exposed by Cristina Lafont (2020), one of the core problems with the epistemic view is that it risks the reinforcement of group polarization, exclusion, and unequal access to deliberative resources. In practice, it is highly probable that individuals and groups that have longer benefitted from access to higher quality education will be in a position of advantage to dominate the discussion toward their positions. For this reason, Landemore cautions that deliberative processes must be carefully managed to avoid reinforcing existing power imbalances and ensure that marginalized voices are heard. Addressing these challenges requires attention to the design and facilitation of deliberative spaces, ensuring they are inclusive and empowering for all participants.

This brings into focus the importance of institutional design to address power imbalances especially at global governance levels where an external enforcing authority is either absent or difficult to reach. Deliberation among diverse stakeholders is crucial for addressing complex transnational issues. Lafont brings into focus a fundamental critique:

> I agree with defenders of epistemic conceptions of democracy like Landemore that we can partly base a defense of democracy against skeptics on both instrumental reasons related to the substantive quality of outcomes and upon the epistemic properties of inclusive deliberation that are essential to reaching better outcomes. However, once we account for the epistemic aim of justification towards those who must do their part in realizing such outcomes it becomes clear that the proper scope of deliberative inclusion is not just the set of knowers who can figure out the best political answers, but the set of

> citizens to whom justification for their compliance is owed. […] The potential mismatch between these two logically independent sets indicates why an epistemic strategy that focuses only on truth and not on justification to others can at best hope to defend democratic epistocracy but it cannot defend democracy whenever the two sets come apart (p.100).

Despite this objection, the epistemic reading of democracy advances some of the central tenets of now classical accounts of deliberative democracy. Among such features we find the importance of the quality of the argumentation, the reason-exchange process and the role of the idea of the common good. These and other aspects will be the focus of other deliberative democrats, aiming at building a more complete account of a normative conception of deliberative politics and its implications for global rule making.

5.1.3 Communicative Action and Deliberative Democracy

Jürgen Habermas' model of deliberative democracy, as most notably articulated in *Between Facts and Norms* (1996), has arguably had the most profound influence on the development of deliberative democratic theory as a normative paradigm in political theory (Bohman and Rehg 1997; Dryzek 1990; 2012; Chambers 1996).

The section cannot provide an exhaustive overview of his linguistic, social and moral theories as developed throughout his work. As well-known, however, his theories of communicative rationality and discourse ethics[13] work as the foundations of his theory of democracy (Finlayson 2019).

As Simone Chambers (2003) argues, Habermas' work has had a transformative effect on democratic theory, moving the focus from a procedural emphasis on voting to a normative emphasis on the quality of the deliberative process. The heart of Habermas' model is its ability to synthesize elements of liberal and republican traditions while addressing their respective shortcomings. Liberal democracy, with its emphasis on individual rights and private autonomy, often fails to adequately incorporate the role of public discourse and collective decision-making. Republican democracy, on the other hand, stresses civic engagement and the pursuit of a common good but can overlook the importance of individual autonomy and the diversity of values in pluralistic societies.

[13] The first is famously articulated in his monumental theory of communicative action, Habermas, J. (1984). *The Theory of Communicative Action: Reason and the Rationalization of Society* (Vol. 1). Beacon Press. And Habermas, J. (1987). *The Theory of Communicative Action: Lifeworld and System: A Critique of Functionalist Reason* (Vol. 2). Beacon Press. The second is the result of his collaboration with Karl-Otto Apel and sets the normative conditions of valid intersubjective communication by formulating the ideal speech situation and the Principles of Universalization (U) and Discourse (D). These notions work in conjunction to establish what interests may be generalized and politically justified. For an overview see Brunkhorst, H., Kreide, R. & Lafont, C. (2017). *The Habermas Handbook*. New York Chichester, West Sussex: Columbia University Press. https://doi-org.pros2.lib.unimi.it/10.7312/brun16642

Habermas's deliberative model bridges these traditions by integrating the liberal commitment to individual rights with the republican emphasis on public participation and collective will-formation. His model does not merely blend these traditions but reconfigures them around the paradigm of communicative action (Lafont 2018), where both private and public autonomy are upheld through the process of inclusive deliberation.

Central to his approach is the idea that democracy is not simply a matter of aggregating preferences through voting or other majoritarian mechanisms, but rather about ensuring that political decisions emerge from rational deliberation among free and equal citizens (Finlayson 2019). In this model, public reasoning, rather than mere bargaining or interest-based compromises, is the core of democratic legitimacy (Freeman 2000). A key feature of Habermas's model is the interaction between the public sphere and formal law-making institutions. In *The Structural Transformation of the Public Sphere* (1989), Habermas conceptualizes the public sphere as an informal arena where citizens and civil society engage in rational-critical debate about political issues. This public sphere serves as a space for the generation of public opinion, which can then influence the political system. The public sphere brings to the formal political system the "raw material" parliaments turn into positive law after processing the communicative material through filters of rationalization.

To explain this relationship between the informal public sphere and formal decision-making processes, Habermas elaborates the two-tracked or "sluice" model (Flynn 2004). In this model, the ideas and discourses that emerge in the public sphere "flow" into the formal political system through channels that connect the two stages. Informal deliberation acts as a filtering mechanism, allowing a diversity of voices to shape public opinion, which in turn influences the legislative and judicial processes in formal political institutions. These institutions, while constrained by legal norms and procedural requirements, must remain responsive to the will of the public as expressed through deliberation.

The public sphere in Habermas' theory serves therefore as a key site for citizen participation and reasoned debate, while formal institutions, such as parliaments and courts, are responsible for making binding decisions based on public reasoning. This dual structure ensures that political decisions are rooted in public discourse rather than in elite bargaining or purely technocratic reasoning. Law plays a crucial role in this model, acting as the formal embodiment of the public's will, while also serving as a stabilizing force that allows decisions to be revised and contested as public discourse evolves (Habermas 1996).

The sluice model is critical in understanding how Habermas's theory seeks to balance the normative ideals of deliberation with the pragmatic requirements of decision-making in complex societies. By connecting the informal and formal spheres, Habermas provides a framework in which

democratic legitimacy is not merely a matter of who holds power, but of how decisions are discursively justified in the public arena and then formalized through institutional processes of law-making. This is what his principle of democracy expresses

> Only those statutes may claim legitimacy that can meet with the assent of all citizens in a discursive process of legislation that in turn has been legally constituted (Habermas 1996, p. 110)

Which builds on the moral principle of discourse (D):

> Only those action norms are valid to which all possibly affected persons could agree as participants in rational discourse (Habermas 1996, p. 107)

The all-affected principle introduces a key normative element within deliberative democracy. Much like the foundational ideas of liberalism, this principle serves as a cornerstone for establishing legitimacy (Goodin 2007). At its core, as we know, the all-affected principle asserts that anyone impacted by a decision or policy should have the right to participate in the deliberative and decision-making processes concerning that issue. As well-known, this approach is rooted in the belief that democratic legitimacy depends on including all those who bear the consequences of a decision, ensuring their voices are heard and considered.

Despite its intuitive appeal, this model has faced significant critiques. Scholars such as Iris Marion Young (2002) and Seyla Benhabib (2021) have argued that Habermas's emphasis on rational deliberation tends to downplay the effects of power dynamics and social inequalities, which can restrict genuine participation both in the public sphere and within formal institutions. Additionally, critics point out that his reliance on an idealized form of rational discourse may fail to account for the roles of emotion, identity, and conflict that are often present in real-world political processes (Lafont, 2015).

Despite these critiques, Habermas's two-track model offers a robust framework for thinking about how democratic legitimacy can be achieved in pluralistic societies. It emphasizes the need for a vibrant public sphere that allows for inclusive deliberation, while also ensuring that formal political institutions remain connected to the public they serve.

In Habermas' framework, deliberation presupposes participants treating each other as equal and autonomous agents, where everyone affected by a decision has the opportunity to contribute to the discussion. This model therefore emphasizes that each participant's contribution is respected and that all positions are evaluated on the basis of rational justification. Consensus, then, is seen as the outcome of a discursive process where participants come to mutual agreement after weighing reasons

and arguments in a setting free from domination or coercion. The deliberative process requires that participants give reasons for their positions, which others can understand and critique, with the goal of reaching a collective decision that can be rationally justified to all (Gutmann and Thompson 2004).

For Habermas, reaching consensus has a profound epistemic value because it implies that the decision arrived at is not merely a reflection of majority rule or compromise among competing interests but has been subjected to *the test of public reasoning* (Smith and Brassett 2008). This process enables participants to arrive at a norm or policy that could, in principle, be accepted by all those involved, thus grounding its legitimacy in shared rational agreement.

5.1.4 The Agonistic Critique of Deliberative Democracy

Agonistic pluralism is a critical framework within contemporary political theory that rethinks the nature of democracy, emphasizing the inevitability of conflict and the value of political contestation. Predominantly associated with the works of Chantal Mouffe (1999; 2005), agonistic pluralism also draws on the ideas of other influential theorists such as William Connolly (2005), and Bonnie Honig (1993). These scholars challenge the consensus-driven models of democracy, proposing instead a vision of politics that embraces the persistence of deep-seated disagreements as a vital aspect of democratic life.

Agonistic pluralism is grounded in the recognition that conflict and contestation are central to politics. Mouffe argues that the political in its proper sense is the manifestation of antagonism, suggesting that efforts to eliminate conflict are both unrealistic and, eventually, undemocratic (2005). Agonistic pluralism posits that political conflict should not be seen as a pathology to be healed but as an inevitable feature of pluralistic societies, where differing values, beliefs, and interests need to coexist.

A critical distinction within agonistic theory is between agonism and antagonism. According to Mouffe (2013), agonism refers to a struggle between adversaries, who recognize each other as legitimate opponents within the democratic process. In contrast, antagonism denotes a more destructive conflict between enemies who deny each other's legitimacy. William Connolly (2005) expands on this by advocating for a *deep pluralism*, which acknowledges that while fundamental differences in identity and belief cannot always be reconciled, they can be managed within a framework of mutual respect. Agonistic pluralism offers then a critique of traditional liberal democratic models that prioritize consensus[14], arguing that their emphasis on rational consensus marginalizes conflicting perspectives and suppresses legitimate political disagreement. As Bonnie

[14] For a discussion see Martí, J. L. (2018). Pluralism and Consensus in Deliberative Democracy. In *Democracy and Diversity* (pp. 28-51). Routledge.

Honig (1993) asserts, democracy should be seen as a perpetual contest of incommensurable values rather than a harmonious space of shared reasoning.

Unlike rationalist models that prioritize reasoned debate, agonistic pluralism acknowledges the critical role of emotions, passions, and identities in politics. Connolly (1995), for instance, emphasizes that political engagement often involves visceral attachments and affective investments that cannot be easily rationalized. Mouffe echoes this view, suggesting that democratic politics must make room for the passions that are at the root of collective forms of identification (2013).

From a governance perspective, an important contribution of the agonist view is the conceptualization of the political space as an arena where diverse groups compete for recognition, influence, and power. Agonistic pluralism suggests that policies should be crafted with an understanding that disagreement is a constant and productive force in democratic societies. Policies should create spaces for contestation, allowing diverse groups to voice their disagreements constructively.

Agonistic pluralism therefore advocates for a vibrant political culture that values dissent and encourages public debate. Mouffe (2000) argues that fostering a healthy democracy involves cultivating a "conflictual consensus", where adversaries engage critically with one another without seeking to eliminate their differences. This approach aims at respecting political diversity but also at strengthening democratic engagement by bringing to bear the most consistent conception of radical democracy, inspired by the ideals of self-government and participation.

> From Laclau and Mouffe's radical democratic perspective, neither liberal democracy nor even deliberative democracy can ever amount to a truly political approach because their normative foci, on aggregation of interests and the construction of consensus, respectively, decenter or sidestep the problems of difference, undecidability, negativity, and antagonism. Rather than seeing consensus or the aggregation of interests as the measure of success for politicization, radical democracy implies that we should look to the ways that a political process not only helps to expose difference and dissent but also, in doing so, leads us to confront, as problematic and in need of revision, our own self-identifications and understandings of the world (Rendtorff 2013, p. 574).

Institutions under agonistic pluralism are seen not merely as neutral arbiters but as arenas of contestation that should actively protect and encourage the expression of dissent. Honig (2001) argues that democratic institutions must be designed to welcome disruption and contestation, enabling new and marginalized voices to challenge established power structures.

Social movements are crucial in an agonistic democracy as they often articulate demands and grievances that disrupt the *status quo*. Mouffe (2013) highlights the role of movements in challenging

the hegemonic order, arguing that they serve as critical spaces of counter-hegemonic struggle. This view is shared by Connolly, who contends that social movements keep democratic politics alive by pressing issues that mainstream institutions might otherwise ignore (2013).

However, views inspired by agonism present critical limitations. The first is that the suspicion that consensus is more about reinforcing structures of power and social domination rather than addressing them is simply misplaced. The reason is that agonists such as Mouffe assign to the "ideal of consensus" a substantive and foundationalist role that it simply never plays in any sensible proposal of deliberative democracy. Paralleling the same criticism Cohen levelled at Riker, their argument would be far more convincing if proponents of deliberative democracy would defend the position of democracy as a political order in which disputes *must* find resolution *at all costs*. No serious deliberative model has ever argued as such.

The second criticism is that the agonistic view offers little clarity on its institutional and governance implications. If agreement equates to erasing diversity and identity, how can societies navigate beyond conflict and dispute? One response might be to question whether resolving conflicts is necessary at all. However, this raises a fundamental objection: what kind of society (whether domestic or global) would emerge from such an approach? As Lafont highlights, in practical terms, pluralists are left with no alternative but to rely on robust participatory procedures to manage social conflict.

5.1.5 The Deliberative Participatory Conception of Democracy

Participatory deliberative democracy, championed by theorists like Cristina Lafont (2020), is a model of democratic governance that emphasizes direct, active, and meaningful participation of citizens in political decision-making. It seeks to empower citizens by involving them directly in deliberative and decision-making processes, aiming to deepen democratic legitimacy and accountability.

Participatory democracy revolves around a central idea: direct citizen influence over decisions that affect their lives, implemented through referendums, citizens' assemblies, participatory budgeting, and local councils. For instance, initiated in 1989, Porto Alegre's participatory budgeting process allows citizens to decide directly on the allocation of a portion of the city's budget. This approach has improved public services, particularly in marginalized neighborhoods, and increased transparency and accountability in local governance (Abers 2000).

The emphasis in this perspective is rather on *the role of public deliberation as an empowering tool* by offering citizens forums for discussion, mutual understanding, and collective problem-solving. Irish citizens' assemblies, composed of randomly selected citizens, have addressed complex issues such as same-sex marriage and abortion. Participatory mechanisms have actively empowered citizens in influencing policy outcomes on highly divisive topics (Courant 2021; Suiter 2018).

Participatory democracy delves into one of the normative cores of democratic theory at large. While liberal democracy may well reinforce distributional asymmetries of wealth and power, participatory democracy seeks to include marginalized and underrepresented groups, enhancing inclusivity and equity. For example, the Zapatista movement in Chiapas, Mexico, established autonomous municipalities practicing participatory democracy. Local assemblies include voices from indigenous communities, women, and the poor, illustrating how participatory democracy can empower marginalized groups and challenge traditional power dynamics (Speed 2008).

Cristina Lafont, in particular, offers a significant contemporary defense of participatory deliberative democracy. Lafont's work emphasizes the importance of participatory mechanisms that allow ordinary citizens to influence political decisions meaningfully and avoid the risks of elitism associated with purely proceduralist models. Lafont's primary argument, articulated in *Democracy Without Shortcuts: A Participatory Conception of Deliberative Democracy* (2020), challenges the notion that democratic legitimacy can be achieved solely through expert deliberation or elite-driven processes. She contends that participatory democracy provides a necessary corrective by ensuring that all citizens have a voice in political decision-making.

Lafont argues for the importance of permanent public deliberation, where all citizens continuously engage with political issues rather than leaving deliberation to small, selected or self-selected groups. She emphasizes that participatory democracy should create structures that facilitate ongoing engagement, enabling citizens to contribute to shaping policies rather than merely endorsing or rejecting proposals. This integration would allow wider public input, ensuring that the deliberations of mini-publics reflect the concerns of the broader citizenry. This opens a highly relevant perspective to tackle complex issues such as climate change, where sustained public involvement and debate are crucial for crafting legitimate and sustainable policies.

This overview of deliberative democratic theory has laid the foundation for the extrapolation of normative principles that define a minimal denominator of deliberative democracy. By examining its key conceptual frameworks, proceduralist, epistemic, communicative, agonistic, and participatory, this chapter has highlighted the main tensions and complementarities shaping deliberative democratic thought. These models, while distinct in their emphasis on fairness, knowledge production, discourse ethics, conflict, and participation, collectively contribute to a deeper understanding of deliberation as a central mechanism of democratic legitimacy.

Building upon this foundation, the normative core of deliberative democracy will be now explored in detail, providing the conceptual grounding necessary for the development of a framework at the center of Section IV. This framework will serve to articulate how deliberative democracy can function as both a normative and institutional paradigm, particularly in addressing the challenges of

governance in pluralistic and transnational contexts. By doing so, this study aims to refine deliberative democracy's applicability to contemporary political structures, ensuring that its principles are not only theoretically robust but also practically implementable in diverse governance settings.

5.2 The Normative Ideals of Deliberative Democracy

As we have seen, one of the key contributions of the critical model of Habermas has been the one of developing a comprehensive (although he would probably reject this adjective) normative framework of analysis. This section has the purpose of highlighting the key elements and themes that broadly construct a deliberative perspective with particular emphasis on its normative components.

5.2.1 Inclusiveness and the All-Affected Principle

The all-affected principle and the principle of equality are deeply interconnected in democratic theory (Christiano 2008; 2021). The principle of political equality, formulated in many forms, asserts that all individuals have an equal right in influencing political decisions, the right to vote being the cornerstone of this ideal (Christiano 1990). The moral basis of such approach being the status of moral equality of all citizens. The all-affected principle extends this notion by suggesting that the scope of equality in participation should not be restricted to formal citizens of a given political community, but to all those affected by a decision, regardless of geographical, legal, or political boundaries (Goodin 2007).

The all-affected principle posits that all individuals affected by a political decision should have a say in its deliberation and outcomes (Nasstrom 2011; Fritsch 2019). This principle has gained prominence in democratic theory as a normative ideal that seeks to expand participation beyond traditional boundaries, such as citizenship or territory, arguing that anyone impacted by a decision should have the right to influence it (Goodin 2007).

Habermas's discourse ethics offers an important articulation of the all-affected principle, particularly in its early formulations. According to Habermas's Universalization Principle (U), a proposed norm or policy attains normative validity only if all those affected by it could rationally consent to it. This criterion emphasizes the need for those affected to participate in real discourses, moving beyond Kant's monological norm justification and John Rawls's veil of ignorance, which do not involve actual participation[15] (Habermas 1996; Rawls 1999). The principle insists that democratic

[15] For a discussion on how the Habermas model is more monological than intended and, reversely, how Rawls' veil of ignorance is less solipsistic than normally acknowledged see Finlayson, J. G. (2019*). The Habermas-Rawls Debate*. Columbia University Press.

decisions must be legitimate only when those impacted by them are actively engaged in reason-giving processes.

The all-affected principle has therefore gained prominence within deliberative democratic theory, particularly as a solution to the democratic boundary problem: who constitutes the demos, or the group entitled to participate in decision-making (Goodin, 2007; Owen, 2012). The principle challenges traditional theories of democracy that presume a pre-existing people, typically defined by nationality or ethnicity. Instead, it suggests that the scope of the demos should be determined by the range of its decision-making, a shift that helps avoid the so-called paradox of a self-constituting people (Näsström, 2011).

The respect for individual autonomy complements these democratic principles, as argued by Benhabib (1994). Autonomy, in deliberative democracy, refers to individuals' capacity to participate in decisions that affect their lives. This recognition of agency is not merely a procedural matter; it is an ethical requirement. The respect for autonomy reinforces the imperative that individuals have a right to participate in deliberations over matters that concern them (Young 2000; Dryzek 2000).

Together, these principles form the normative foundation for reason-giving in deliberative processes. Reason-giving ensures that democratic decisions are not arbitrary but are justified through rational arguments that participants can engage with, critique, and evaluate (Gutmann and Thompson 1996; Mansbridge et al., 2012).

In sum, the normative justification for deliberative democracy draws on political equality, the all-affected principle, and respect for autonomy. Reason-giving, as a procedural practice, is central to ensuring that democratic outcomes are both morally and politically legitimate, grounded in mutual respect, fairness, and inclusivity (Bohman 1996; Dryzek 2000).

5.2.2 Mutual Justification and the Orientation Toward the Common Good

Another normative requirement that distinguishes deliberative democratic approaches is that public deliberation must keep the advancement of the common good as its normative orientation. The tension between privately-oriented interest and publicly-oriented goals is therefore mediated by the concept of justification. This becomes then a key foundational concept. As Cohen argues, "the deliberative conception of democracy is organized around an ideal of political justification. According to this ideal to justify the exercise of collective political power is to proceed on the basis of a free public reasoning among equals" (1996, p. 99). For Habermas, democratic legitimacy depends on the process of communicative action (Krüger 2019), where participants engage in discourse aimed at reaching mutual understanding (Habermas 1996). In this framework, justification is not simply about offering reasons for decisions, but about providing reasons that are reciprocal and inclusive. This aspect is echoed by Rawls when he says that "public justification is not simply valid reasoning,

but argument addressed to others" (2005, p. 465). This means that participants must present their arguments in a way that others can reasonably accept, ensuring that decisions are rooted in shared reasoning rather than strategic bargaining or self-interest[16]. Jane Mansbridge and coauthors (2010) summarize the issue effectively by stating that "deliberative democracy has traditionally been defined in opposition to self-interest" (p. 64).

Bruce Ackerman and James Fishkin (2002) go then at the heart of the debate by highlighting the key tension between markets and politics when it comes to private and public reasoning.

> When entering a marketplace, it is generally acceptable for the consumer to limit herself to a single question when choosing amongst competing products – and that is 'Which product do I find most pleasing? […] This is not true for citizenship. When you and I get together to choose a new set of leaders, we are not engaged in a private act of consumption, but a collective act of power – one that will profoundly shape the fate of millions of our fellow citizens, and billions more throughout the world. With the stakes this high, it is morally irresponsible to choose the politician with the biggest smile or the biggest handout (Ackerman and Fishkin in Steiner 2012, pp. 88-89).

Ackerman and Fishkin continue their argument noting that there are many situations where what benefits the country might also benefit individuals personally. However, a responsible citizen, unlike a consumer, recognizes that this alignment is not guaranteed. Practicing good citizenship involves rising above personal interests to seriously engage with the concept of the common good. However, this begs the question since, under conditions of pluralism, how do we determine what the common good is? The answer to this question is pivotal in avoiding false steps towards a foundationalist notion of the good that viable conceptions of deliberation cannot afford in liberal and pluralist societies. To put it differently, democratic societies characterized by post-metaphysical thinking seem to be left with no choice other than the appeal to a formalist (or proceduralist) conception of public reason to avoid the risks of a self-conferred metaphysical foundation.

Ian O'Flynn (2010) suggests to interpret the common good or public interest as a fundamentally *moral concept*, focused on the ethical conduct of political life and the proper methods for making collective decisions. O'Flynn warns that it's too simplistic to say that whatever comes from deliberation automatically reflects the public interest. Even after thorough deliberation, people may still struggle to agree on a clear outcome. This means that the public interest can remain

[16] Investigating the relationship between rational choice and bargaining theories and democratic theory would fall out of the scope of this Chapter. Dialogue between these traditions has been historically difficult with some notable exceptions, see Freeman, S. (2000). Deliberative Democracy: A Sympathetic Comment. *Philosophy & public affairs*, *29*(4), 371-418; Heath, J. (2003). *Communicative Action and Rational Choice*. MIT Press; Gaus, G. (2011). *The Order of Public Reason: A Theory of Freedom and Morality in a Diverse and Bounded World*. Cambridge University Press; and, from a contractarian ethics perspective, Gauthier, D. (1986). *Morals By Agreement*. Clarendon Press.

contested, with different individuals arriving at various conclusions about what is best for society as a whole. Answering Ackerman and Fishkin's point, while they highlight a fundamental tension, reasoning as citizens may likely still not deliver the hoped results in terms of deliberative outcomes. Nevertheless, for O'Flynn, these disagreements do not weaken the concept of the public interest itself; he believes it remains valuable to discuss and pursue the public interest, even in the absence of full agreement.

To reformulate the question in more radical terms, should we remove self-interest from political deliberations toward the common good altogether? Once we frame the problem in such terms the spontaneous answer is that we are heading toward an impossibility. How is it possible to avoid self-interest in non-ideal conditions? But if self-interested reasoning cannot be avoided it must be kept in check. Therefore, Mansbridge and co-authors (2010) conclude that "self-interest, suitably constrained, ought to be part of the deliberation that eventuates in a democratic decision" (p. 64). At this point all the stakes seem to fall on the "suitably constrained" requirement. As they argue,

> In the ideal of deliberative democracy, the expression and pursuit of self-interest must be curtailed both by the universal constraints of moral behavior and human rights and by the particularly deliberative constraints of mutual respect, equality, reciprocity, fairness and mutual justification. Thus, many forms of self-interest are ruled out, not as desires but as justifications. "The desire to be wealthier come what may," for example, is in most instances not compatible with mutual respect, equality, reciprocity, fairness and mutual justification (p. 76).

The conclusion they draw is that, ultimately, "the question of which kinds of claim are appropriate in any deliberation must itself be subject to deliberation and mutual justification" (p. 77). This contextualist and non-foundationalist approach, which also runs through Sen's idea of democracy, leaves however the reader with a suspicion of circularity. Or, if not, surely with the feeling of being back to the starting point.

The problem here further stresses the relevance of one the sub-research questions exposed in the Introduction. The issue is what kind of reasons should be admissible in a process of mutual political justification. In fact, asking what is the common good in deliberative democracy could be re-written, eventually, as what constitutes an adequately justified claim or policy proposal in the political venture. The question sits on the limen between moral and political philosophy as Rawls' *Political Liberalism* shows. The kinds of reasons on which the stable co-existence of liberal and pluralistic societies could rely on are political, not metaphysical. As summarized by Chambers,

> we should try as much as possible to refrain from appealing to parts of our personal belief system that involve controversial or simply unshared ideas of truth, the good life, ultimate values, and so on. Instead, we should seek reasons that are free-standing in the sense that we could imagine them being endorsed by people who do not share our particular comprehensive views. Gutmann and Thompson incorporate this idea into their conception of deliberative democracy by insisting that citizens "appeal to reasons or principles that can be shared by fellow citizens … moral reasoning is in this way mutually acceptable" (1996, p. 55; in Chambers 2018, p. 64)

Rainer Forst extends this idea by emphasizing the moral right to justification (2011; 2014). According to Forst, every individual affected by a decision has the right to demand that it be justified in terms that are generalizable, namely grounded in principles that all affected parties can accept as fair and reasonable (Forst 2005). This focus on universal justification ensures that deliberation is not simply about reaching a majority decision but is oriented toward producing outcomes that respect the dignity and autonomy of all participants. In this way, justification becomes the key mechanism by which the tension between self-interest and the common good is negotiated in deliberative democracy.

Especially in the discourse-ethical tradition, the notion of mutual justification is inherently connected to the concept of universalizable or generalizable interests (Finlayson 2000). This concept is central to the normative framework of deliberative democracy because it frames a clear and procedural constraint on the types of reasons that can be offered in deliberation. Generalizable interests require participants to offer reasons that can be applied universally to others, ensuring that decisions reflect fairness and reciprocity. In Habermas' theory, generalizable interests are those that can be justified through reciprocal and universal discourse, reflecting principles that all affected parties can accept through rational deliberation. These interests serve as the foundation for the common good and the legitimacy of political decisions in deliberative democracy. The key aspect is that by requiring that interests be generalizable, Habermas ensures that democratic legitimacy is rooted in inclusive, rational discourse, where only those interests that can withstand the scrutiny of public reasoning can be deemed legitimate.

Forst reinforces this view by arguing that the right to justification entails that all affected parties must be able to accept the reasons offered in deliberation. For him, generalizable interests are the product of justificatory practices, where individuals are required to provide universalizable reasons that others can reasonably accept (Forst 2012). This principle prevents the imposition of particularistic or self-serving interests in deliberative processes and ensures that the common good is constructed from a basis of mutual respect and reciprocity.

> The decisive criteria of justice, therefore, are those of reciprocity and generality, notwithstanding the plurality of goods and normative viewpoints concerning the distribution of educational opportunities, health care goods, etc. These criteria serve to filter out unacceptable claims to privilege, for the intrinsic social dynamic of justice is always geared in the first instance to the question: Which positions of advantage are not justifiable towards those who do not enjoy these advantages but are nevertheless supposed to recognize them? (Forst 2014, p. 21)

Forst therefore adds as fundamental criteria of mutual justification the elements of reciprocity and generality. As he explains,

> in justifying or problematizing a moral norm (or mode of action), one cannot raise any specific claims while rejecting like claims of others (reciprocity of contents), and one cannot simply assume that others share one's perspective, evaluations, convictions, interests, or needs (reciprocity of reasons), so that, for example, one claims to speak in the "true" interests of others or in the name of an absolute, unquestionable truth beyond justification. Finally, the objections of any person who is affected, whoever he or she may be, cannot be disregarded, and the reasons adduced in support of the legitimacy of a norm must be capable of being shared by all persons (generality) (p. 44).

These criteria represent the primary tenets of a constructivist theory of morality and serve the purpose of discovering, trough the practice of justification, generalizable interests that can form the basis of a "good" common to all participants. This transforms the deliberative process into a means of collective reasoning, where the common good is shaped by the interplay of generalizable interests and public-spirited reasoning.

The interest in Forst view stems also from his attempts to tackle, from his justificatory perspective, problems of global justice and international governance. The principles of justification and generalizable interests provide a framework for addressing these challenges, as they require that global actors justify their decisions to all those affected, not just to those within their immediate political jurisdiction (Forst 2001).

Forst argues that the right to justification is particularly crucial in global governance because the power asymmetries that characterize international politics can often result in decisions that benefit the powerful while neglecting the interests of the less powerful (Forst 2017). Recalling Dryzek, his emphasis on generalizable interests in the global context suggests that international institutions must provide *universal* reasons for their policies, namely reasons that can be justified to all affected parties, including marginalized and less powerful nations. The relationship between justification and the

common good in global governance highlights therefore the need for inclusive deliberation and the universalization of interests as foundational principles for legitimate global decision-making.

Forst offers, moreover, an important link toward the problem of power, exploring how justification can serve as an empowering mechanism. The primary problem lies in the fact that, more often than not, those in positions of power control the terms of justification, determining which reasons are considered legitimate and who has a voice in the process. As he puts it, "this brings us to the central insight for the problem of political and social justice – namely that *the first question of justice is the question of power*" (2014, p. 21; emphasis in the original). Forst makes the connection between justification and power by arguing that power is exercised when individuals or institutions have the capacity to determine the framework of justification, deciding a) who gets to justify, b) what counts as a justification, and 3) which claims are recognized as legitimate. Power, in this crucially constructivist sense, is not just the ability to enforce decisions, but the ability to structure the justificatory *space* in which reasons are exchanged (Forst 2014). This is the foundation of Forst's emphasis on reciprocity and generality: power is exercised illegitimately when these principles are violated, that is, when reasons are not given reciprocally or generally. In such cases, those affected by norms are not treated as equal participants in the moral or political community, and power operates as a means of domination (Benhabib et al. 2015).

Forst's analysis of power extends therefore to structural forms of power, where individuals or groups are systematically excluded from the justificatory process. Structural power refers here to the *institutionalized* ways in which certain groups are marginalized or rendered voiceless within society, preventing them from exercising their right to demand justification. Economic and social inequalities are therefore a mean of justificatory domination as they create power imbalances preventing certain individuals or groups to participate in political deliberation on equal terms.

Forst sees this form of domination as one of the most dangerous forms of power because it undermines the very principle of equal moral agency that justification is supposed to protect, therefore excluding people (and groups) from the moral community. The emancipatory potential of justification emerges as its *inherent* capacity to unmask power relations that operate without adequate justification. When individuals demand reasons for the exercise of power, they expose the ways in which power may be arbitrary, coercive, or exclusionary. This *critical* function of justification enables, according to Forst, individuals to resist domination and to claim their place as equal participants in the justificatory process.

The discussion has highlighted how the deliberative democracy takes the orientation toward the common good as, to the very least, the implicit telos of the deliberative process. This poses that deliberative outcomes on policy proposals, norms and laws should be guided by the idea of addressing

common problems in a process of collective reasoning. This, represents, as I sustain, the normative benchmark of governance models based on deliberative presuppositions. From a deliberative perspective, it is not required that participants withhold self-interested reasons and concerns. Rather, that self-interested reasons are "suitably constrained" in an attempt to make sure that the "I" does not jeopardize the "we" while, at the same time, protecting the "I" from fading into the "we". In order to mediate this tension, democratic theorists have introduced different models of public reasoning and justification to determine *what kind of reasons* should be admissible in a process of political justification.

5.2.3 What kind of Public Reason? Fundamental Conceptions

The relevance of the notion of public reason in a deliberative conception of democracy cannot be overstated. As William Smith and James Brasset put it, "while there is no settled definition, deliberative democracy is often understood as a system of government in which free and equal citizens engage in a collective process of political debate. What differentiates deliberative theories from alternative interpretations of democracy is the idea of public reason" (2008, p. 72).

The idea sat at the center of the famous Rawls-Habermas debate[17] in the mid-90s, notably exposed in the essays *Reconciliation Through the Public Use of Reason* (Habermas 1995) and *The Idea of Public Reason Revisited* (Rawls 1997). Both Rawls and Habermas take the challenges posed by the fact of pluralism in modern democratic societies as their starting point. Fundamentally, they each advance frameworks that seek to mediate between the demands of individual freedom and the need for collective decision-making, aiming to secure a basis for social cooperation that respects the diversity of citizens' beliefs and values.

Rawls emphasizes that public reason emerges from the reality of reasonable pluralism, the fact that in democratic societies, people hold a variety of reasonable but conflicting worldviews. Public reason helps manage this diversity by offering a common language for debating fundamental political issues without imposing any particular comprehensive doctrine. Public reason applies specifically to matters of constitutional essentials (e.g., the structure of government, basic rights) and questions of basic justice (e.g., principles governing the distribution of resources, equal liberties). Rawls argues that when citizens or public officials debate these fundamental issues, they should rely on public reason to justify their positions. Essentially, "public reason refers to an ideal of political justification that specifies the norms that are to regulate democratic institutions and their argumentative practices. It requires that democratic institutions and political decisions be defended on the basis of reasons that all participants can accept" (Smith and Brassett 2008, p. 72).

[17] For an extensive reconstruction see Finlayson, J. G. (2019). *The Habermas-Rawls Debate*. Columbia University Press.

Building on Scanlon's contractualist view (1998), Rawls emphasizes that citizens and public officials should appeal to principles that all reasonable citizens can accept[18]. This is especially true in relation to his four-stage sequence of justification, where individuals must mobilize increasingly endorsable reasons when occupying public positions[19]. In fact, "the entire process [of political justification], however, must unfold within public reason – that is to say, the parties justify proposals to one another using premises and standards that all citizens in a pluralistic society may reasonably endorse, rather than controversial views about what is ultimately true or of value" (Ronzoni 2015, p. 290).

He acknowledges therefore that individuals may privately hold different comprehensive doctrines, but in public deliberation, they must frame their arguments in ways that others with different views can reasonably be expected to support. This aspect is at the center of his norm of reciprocity (Moon 2015). Rawls clarifies that while comprehensive doctrines (such as religious or philosophical beliefs) play a significant role in individuals' private lives, they should only influence political discussions in the background. However, citizens can draw on their comprehensive doctrines in public discourse as long as they provide additional publicly accessible reasons to justify their positions.

Habermas, on the other hand, places public reason within his concept of communicative rationality (Strecker 2019), which emphasizes the role of dialogue and exchange of reasons in political processes. For Habermas, public reason is procedural as long as it emerges from open, inclusive, and rational discourse among free and equal participants. Citizens engage in reasoned debate where they offer arguments, challenge each other's views, and attempt to reach consensus through the force of the better argument, therefore renouncing to forms of coercion or bargaining contained in instrumental rationality (Habermas 1996; Yates 2019).

While Rawls views public reason as primarily concerned with justifying political principles that can be accepted by all reasonable citizens, Habermas focuses on the process of deliberation itself. For him, legitimacy comes from the quality of the deliberative process (Chambers 1996; Lafont 2020), where participants reason together in an inclusive and transparent manner, rather than from the specific outcomes or shared principles. Public reason, in this sense, is the means through which citizens engage in collective decision-making, respecting each other as equal participants in a shared communicative space.

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[18] Scanlon's central criterion for moral justification is that "an act is wrong if and only if it could not be justified to others on grounds that they could not reasonably reject", in Scanlon, T. M. (1998). *What We Owe To Each Other*. Belknap Press of Harvard University Press, p. 4. Moving to the positive form improves clarity, an act is right if and only if it could be justified to others on grounds they could not reasonably reject.

[19] The highest public position being, in the context of his theory, the Supreme Court of Justice. Rawls, J. (1971). *A Theory Of Justice*. Belknap Press of Harvard University Press, pp. 171-176.

The public sphere, as the arena where public reason is practiced, plays therefore a pivotal role. Through informal exchanges citizens debate political issues, form public opinion, and engage in rational-critical discourse. As we have seen, this public form of discursive engagement then informs formal decision-making processes within democratic institutions like parliaments and courts. For Habermas, public reason is not confined to institutionalized debates, but also includes civil society as a fundamental component (Baynes 2010).

Another author whose conception of public reason deserves closer scrutiny is Joshua Cohen (1997; 2005; 2009). The advantage of his conception is that it performs a compelling blend of the proceduralist conceptions of Rawls and Habermas. The basic claim is that an overly proceduralist notion of public reason inadequately serves the purposes of a sufficiently stable principle of public justification. This brings one step closer toward the idea of public reason I intend to advance here.

Cohen sees public reason as the foundation of deliberative democracy, a central aspect of his conception is the equality of participants in the deliberative process. He argues that for public reason to function properly, all citizens must have an equal opportunity to participate and present their views. This reflects Rawls's original position, in which individuals are situated equally to ensure fairness (Cohen, 1997). Cohen's public reason emphasizes that participants in democratic deliberation must treat each other with reciprocal respect, meaning that they must engage in reason-giving in a way that acknowledges the equal standing of their fellow citizens. This commitment to equality and reciprocity would ensure that public reason does not privilege certain voices or perspectives over others.

Cohen's conception of public reason places a strong emphasis on mutual justification. In his view, public reason also requires that citizens offer justifications for their political positions that others, with different values or beliefs, can reasonably accept (Cohen 1996). This focus on mutual justification is crucial to ensuring that political decisions are not merely the result of power struggles or strategic negotiation but are instead the product of reasoned deliberation aimed at identifying the common good. For Cohen, the legitimacy of political decisions depends on the extent to which they can be justified to all affected parties through public reasoning, making the process of deliberation as important as the outcomes themselves.

A crucial distinction is that while Rawls limits the application of public reason to constitutional essentials and questions of basic justice, Cohen expands its role to a broader range of political decisions. Cohen contends that public deliberation should be the norm for addressing a wide variety of political issues, not just those involving fundamental constitutional matters. This broader application of public reason means that deliberative democracy plays a central role in guiding the everyday political processes of a democratic society, ensuring that public discourse remains rational and inclusive across a wide spectrum of political debates (Cohen 1997). This expansion reflects

Cohen's view that public reason is integral to the ongoing legitimation process of democratic governance.

Public reason, therefore, cannot do without an internal theory of justice guiding toward the justification of political arguments on more substantive grounds. The fundamental element is the attempt to redeem a form of substantivism that can be compatible with the conditions of pluralism and with the liberal presuppositions of a globalized world-order. This is a crucial passage to provide suitable "foundations" for institutional reforms addressing transnational challenges and fostering sustainable development while avoiding the pitfalls of purely formalistic models of liberalism (Quong 2011).

In this regard, a key author is Amartya Sen (Sen 2005; 2009; Brown 2010). The relevance of his view lies in its extensive application of the idea of justice in addressing global developmental issues. In fact, Sen's view of justice and public reason are more alternative to the Rawlsian liberal paradigm than it is the Habermasian one. Sen's conception of public reason is focused not on creating a blueprint for a perfectly just society but on addressing and mitigating injustices in the real world. Unlike Rawls, who concentrates on achieving ideal justice through the application of principles like the original position and the veil of ignorance, Sen's approach is more comparative and pragmatic (Brown 2010). He views public reason as essential for identifying specific injustices and for providing the space in which these injustices can be challenged and rectified through public discussion (Sen 2009). This approach shifts the focus from ideal theory to what he calls a "realization-focused comparison" (Sen 2009, pp. 4-8), where public reasoning helps societies recognize and address existing inequalities and deprivations.

Much like Habermas, Sen understands public reason as an open process involving ordinary citizens on discussions on matters of justice, therefore not confined to elite or institutional discourse. Sen's conception is broader and more inclusive than Rawls's public reason, which focuses primarily on discussions about constitutional essentials and basic justice within a well-ordered society. Sen argues that public reason must be open to a wide range of perspectives, including those from marginalized groups and global communities, as justice cannot be determined by a narrow or elite subset of the population (Sen 2009).

On the epistemological plan, public reason, for Sen, should reflect the plurality of values that exist within any society, meaning that different viewpoints (rooted in various cultural, religious, and philosophical traditions, or, as Rawls would say, comprehensive doctrines) should be taken seriously. This inclusion, however, is not merely epistemological but, as a trojan horse, carries a political claim. This inclusiveness, in fact, prevents that public reasoning merely reflects the views of dominant groups while instead being attuned to the needs and perspectives of disadvantaged and marginalized

people. Sen stresses that public reason and deliberation need to be dynamic and adaptable to respond to new voices and new concerns.

Another key distinction between Sen and Rawls is the global scope of public reason. While Rawls' political liberalism focuses primarily on domestic discussions about justice within a particular society[20], Sen expands the idea of public reason to include global concerns. He argues that issues such as human rights, poverty, and global justice require public deliberation that transcends national boundaries (Sen 2009). Public reason, should involve voices from across the globe, particularly when decisions or policies in one part of the world have profound effects on people in other regions. This global approach challenges state-centered models of public reason[21] and reflects Sen's concern with global interdependencies and cross-border injustices[22].

To address such problems, Sen argues in favor of a pluralist approach to public reason. This commitment to plurality leads him to support an account of *public reasons* rather than public reason. This plurality regards, fundamentally, both the kinds of reasons that can be offered and the diversity of participants in public debate. Sen's account of public justification allows for greater flexibility than Habermas' model, resting on more burdensome theory of language (Heath 2019). Endorsing a pluralistic view of public reason, means that arguments and values are considered legitimate as long as they can be publicly discussed, scrutinized and accepted (Sen 2009). This plurality does not, however, lead to relativism. For Sen, public reason helps guide societies toward objective assessments of injustice by encouraging open criticism and public debate, which helps people see beyond their own local perspectives and consider the broader implications of their views and policies.

Sen's conception of public reason is therefore fundamentally *comparative*. Public deliberation, in this context, helps citizens evaluate different policies and practices in terms of their ability to reduce inequality, poverty, and deprivation, even if a perfect solution is unattainable. This approach encourages incremental improvements rather than seeking unattainable ideals, making public reason an essential tool for real-world problem-solving.

This theme is at the center of the notion of discursive democracy advanced by another influential author in deliberative democracy (Dryzek 1990). John Dryzek, like Sen, expands the scope of deliberation beyond institutional settings like parliaments or courts to include informal spaces where diverse voices and ideas can interact arguing that democratic legitimacy is achieved when these

[20] Rawls addresses more directly the question of how his theory of justice fares into the international domain in Rawls, J. (1999). *The Law of Peoples: With "The Idea of Public Reason Revisited"*. Harvard University Press.

[21] Consistent with liberal theories of international relations and politics, such models are profoundly criticized as fundamentally inadequate to address global challenges like poverty, inequality and climate change. For a discussion see Quong, J. (2011). *Liberalism Without Perfection*. Oxford University Press.

[22] The same concerns are also famously addressed by another influential moral philosopher like Onora O'Neill. See O'Neill, O. (2000). *Bounds Of Justice*. Cambridge University Press; and O'Neill, O. (2016). *Justice Across Boundaries: Whose Obligations?*. Cambridge University Press.

discussions are open to multiple discourses, allowing marginalized voices to be heard alongside dominant narratives (Dryzek 1990).

A major component of his notion of discursive democracy is its strong commitment toward the inclusion of all affected parties in public deliberation, ensuring that those traditionally excluded from formal decision-making processes, such as minorities, social movements, and environmental groups, have a say in public discourse (Dryzek 2002a). Aware of the difficulties (even impossibility) in achieving idealized conditions of unbiased and free discourse in real life contexts, instead of trying to eliminate disagreement, discursive democracy allows for the coexistence of competing discourses, with the understanding that public reasoning will still produce legitimate outcomes if it reflects this diversity. Dryzek asserts that democratic legitimacy does not require full consensus but rather the recognition and inclusion of multiple voices in the process of reasoning and decision-making (Dryzek 2000).

Like Sen, Dryzek argues for a pluralist view of public reasons therefore incorporating also environmental discourses. Such discourse can claim a legitimacy basis in a globalized world. More strongly, public reasoning must transcend national borders to incorporate the perspectives of global actors and address transnational issues such as climate change and human rights. Dryzek's globalized version of public reason therefore challenges state-centric approaches and advocates for a model that engages international institutions, civil society organizations, and transnational networks (Dryzek and Stevenson 2014; Dryzek et al. 2019; Dryzek and Niemeyer 2010a).

However, Dryzek moves an important critique to Sen conceptions of democracy and public reason (Dryzek 2013). The central argument is that Sen's treatment of democracy (2009) is inadequate for addressing the complexity of *justice* in pluralistic societies. While Sen emphasizes the importance of democracy as a means of reconciling multiple and often conflicting claims to justice, Dryzek argues that Sen's conception of democracy is underdeveloped, particularly when considered against the challenges posed by deep moral disagreements and societal divisions. In other words, while Sen argues that conflicting claims need to find reconciliation through democracy, he nowhere specifies how. Therefore, in Dryzek's view, Sen view is inherently incomplete as it misses outlining an institutional account.

Moreover, Dryzek argues (perhaps less convincingly) that Sen's idea of public reason is too rationalistic potentially privileging certain forms of communication and reasoning and excluding those for whom rational argumentation is unfamiliar or uncomfortable. The problem becomes more evident when applying public reason to deliberative contexts characterized by multiculturalism where participants do not hold the same western value systems. MSIs for sustainability are quintessential

examples of such contexts where Indigenous peoples argue through different cosmologies (Kymlicka 2018).

Dryzek advocates a more pragmatic and dynamic understanding of public reason, where the focus is on continuous engagement and adaptive reasoning in response to evolving social issues. His model acknowledges that real-world deliberation often involves power imbalances, socio-economic inequalities, and asymmetries of influence and information. Thus, in his view, public reason must remain flexible and open to new discourses and *emerging challenges*, rather than adhering to rigid procedural rules or aiming for idealized rational agreement (Dryzek 2000).

Building on this discussion, I contribute to the debate by introducing in the next section a principle of public reason, working as a principle of justification, that, in line with Johua Cohen (1997; Cohen and Rogers 1994), redeems a form of viable substantivism made necessary by the very framework of sustainable development.

5.2.4 The Idea of Public Reason Re-Revisited

The key contention I put forward is that sustainability warrants the introduction of a more stringent idea of public reason. Without providing a more stringent evaluative criterion of justification, the risk of a purely procedural conception of public reason is, paradoxically, to miss the *normative* point of sustainability. That is, its inherent orientation toward the realization of the demands of global social justice beyond the advancements of technical solutions to socio-environmental problems. Without such an appeal, proceduralist conceptions of public reason may fall short in demanding the adoption of socially transformative business practices along global value chains, which are instead integral to the concept of sustainability. That is to say, ideals of public reason insufficiently attentive to the *context* of sustainable development may end up actually reinforcing liberal models of development that insufficiently challenge the separation between private and public spheres and the distributional setup of a capital-based and corporation-led global economy.

The first step is to connect more clearly sustainable development with justice-based approaches, specifically in the Rawlsian understanding. Seen through this lens, sustainable development finds its moral justification in its attempt to improve the conditions of the most vulnerable. This is a straightforward application of Rawls' "difference principle", according to which inequalities are only justified if they benefit the least advantaged (Rawls 1971), to sustainability.

In this context, MSIs provide an ideal field for applying the difference principle. However, as we have seen, these forums often struggle to address the power imbalances between large corporations and vulnerable communities. Rawls' difference principle offers a way to address this imbalance, requiring that the practices endorsed by MSIs not only meet formal criteria of justification but also demonstrate that they are of the greatest benefit to the least advantaged. In other words,

sustainable practices must be shown to improve the livelihoods of marginalized communities, namely those who are most severely affected by corporate activities like deforestation, resource extraction, or labor exploitation.

To this end, the principle of public reason defended here extends beyond a procedural focus on fairness. While procedural justice ensures that all parties can participate in decision-making processes, it does not necessarily lead to outcomes that are just. Therefore, I argue for a qualified substantivist principle of public reason. In particular, drawing on Rainer Forst's work on justice (2007), the substantive conception of public reason in sustainable development requires that the *reasons and interests* of the least advantaged must receive priority.

While to maintain the communicative character of MSG no stakeholder should hold veto power over decisions, the claims made by the most vulnerable should take precedence in deliberative settings. For example, when corporate actors argue that loosening environmental regulations is necessary to maintain economic competitiveness, and local communities demand stricter protections to preserve their land and livelihoods, it is the reasons provided by the latter that should be addressed first. However, this does not mean that corporate claims of economic necessity should be disregarded altogether. Rather, if corporate actors or decision-making bodies reject the claims of vulnerable communities, they must offer a thorough justification before a broader public sphere. This justification must demonstrate that *their alternative not only serves broader economic goals but also leads to a greater improvement of the conditions of the least advantaged*, thus aligning with the difference principle. This substantive framework ensures that decision-making is not only procedurally fair but substantively just, prioritizing the interests of those most at risk of harm from unsustainable practices.

This model of public reason emphasizes a crucial shift in how sustainability is approached. Rather than attempting to balance economic, environmental, and social claims as equal considerations, it prioritizes *who* is making these claims. In contexts like MSIs, where corporate actors often wield disproportionate power, the voices of marginalized communities must be given greater moral and political weight.

Clearly, even though the claims of the least advantaged take priority, they are not immune from being rejected. However, any rejection must be accompanied by a robust justification, grounded in a clear demonstration of how the proposed alternative benefits the least advantaged. This requirement holds decision-makers accountable, ensuring that rejections are not motivated by narrow economic interests but by a genuine commitment to justice and sustainability. By doing so, this model ensures that decisions made within MSIs reflect the ethical imperatives of sustainability, protecting both the environment and the vulnerable.

In this sense, the model of public reason I propose sits across proceduralism and substantivism as it is post-formalist but pre-foundationalist. By "post-formalist", I mean that it transcends an over-reliance on formal procedures and technical compliance. Traditional approaches to public reason often focus on process, ensuring that deliberation adheres to principles of fairness, reciprocity, and impartiality. However, these approaches frequently fail to resolve conflicts where competing interests, such as corporate profit and community rights, clash. Prioritizing the reasons of the least advantaged attempts to ensure that deliberative outcomes are not just procedurally fair but substantively just. It is "pre-foundationalist" in the sense that, clearly, does not rest on nor promotes a pre-determined conception of the good as its principle of internal justification.

For example, in MSIs like the RSPO, a company might argue that restricting their operations in High Conservation Value Forests will harm profitability and shareholder returns. From their perspective, this argument is reasonable, as it aligns with the economic logic of expansion and profit maximization. However, the same claim could be rejected from the standpoint of the affected communities, who depend on these forests for their livelihoods and cultural survival. Both claims are understandable and might appear reasonable within their own respective logics, but the key question is which claim should be given priority. The substantive principle of public reason argues that the reasons offered by the communities must take precedence and must be fully addressed before corporate interests can be considered legitimate.

I now introduce the analytical elements of this model of public reason, tailored on the needs of the justice demands present in the context of sustainable development:

a) All participants shall provide adequate justifications for their policy preferences and actions.
b) A claim is adequately justified when corroborated by reasons others could not reasonably reject.
c) The reasons of the most vulnerable and affected have received adequate understanding and priority over the ones of the most powerful.
d) Rejection of the reasons and claims of the most vulnerable and affected is supported by adequate reasons (i.e., procedural reasons are insufficient) by effectively showing that the proposed counter-alternative improves to a larger extent their positions according to their own value system.
e) Even when adequately discursively justified, a policy and its enforcement is legitimate if its generalized observance leads to a visible improvement of the conditions of the least advantaged and the attainment of the MSI declared objectives.

The proposed model of valid decision-making aims at offering a viable synthesis of the different philosophical perspectives we have until now analyzed, with particular emphasis on its Habermasian and Rawlsian underpinnings and its application to the sustainable development framework from Sen and Dryzek. In offering such synthesis, the model attempts to provide a theoretical contribution around the debate on corporate action and sustainability[23] not simply by re-stating the well-known argument that companies should balance the interests of their direct and indirect stakeholders but also how to do so.

To achieve political legitimacy in sustainability governance, the proposed model tries to provide a robust model to counterbalance the predominance of economic reasoning that often dominates these governance processes.

The model integrates the discourse ethical principles of Universalization (U) and Discourse (D) we have seen in Part I. Respectively, (U) "all affected can accept the consequences and the side effects its general observance can be anticipated to have for the satisfaction of *everyone's* interests (and these consequences are preferred to those of known alternative possibilities)" (1990, p. 65) and (D) "only those action norms are valid to which all possibly affected persons could agree *as participants in rational discourse*" (1996, p. 107). The model's stipulation that "all participants shall provide adequate justifications for their policy preferences and actions" directly draws from these principles, ensuring that discourse is not dominated by coercion or strategic behavior, but by rational and communicative engagement where claims are scrutinized and validated through reason-giving.

The insistence that claims must be corroborated by reasons "others could not reasonably reject" maintains the achievements of the Rawlsian formal model of public reason but here seen as a minimal threshold. To move a step forward, greater emphasis is given to Rawls' second part of the second principle of justice, according to which socio-economic inequalities "are to be to the greatest benefit of the least-advantaged members of society" (2001, pp. 42-43).

By reinterpreting this principle of justice as a principle of legitimacy of political decision-making in the international context (Forst 2001), we obtain the most direct normative foundation to the mandate that the concerns of marginalized and vulnerable populations be given priority in policy deliberations. This explains the model's requirement that "the reasons of the most vulnerable and affected have received adequate understanding and priority."

This priority, however, is justified also on pragmatic grounds. As we have seen, sustainable development, by its very nature, requires addressing systemic inequalities that threaten both social stability and environmental sustainability. The prioritization of the most affected is therefore critical

[23] This topic will be discussed in detail in Part III.

also because these populations often bear the brunt of environmental degradation, resource depletion, and climate change, while having the least capacity to adapt, mitigate or counteract these impacts. Rawls's principle, as embedded in the model, ensures that governance does not merely reflect the interests of those with economic power by mandating that reasons substantively engage with the needs of the least advantaged.

The centrality of the needs of the affected from a sustainability standpoint is also directly expressed by Amartya Sen's perspective on agency. Since development should be about expanding the "ability of people to live the kind of lives they have reasons to value" (1999, p. 18), policy-making should remain responsive to the actual needs and preferences of individuals, ensuring that their agency is respected. This means that governance mechanisms cannot impose external judgments about what constitutes well-being but must genuinely engage with the self-understandings of affected populations.

This emphasis on agency is particularly pertinent to the role of corporate actors in governance. Corporations, due to their significant economic influence, often play a decisive role in shaping policies within MSIs. However, the legitimacy of their participation should be contingent upon their ability to align their actions with shared, collective goals. The model sets a high bar for this legitimacy by requiring that all participants, including corporate entities, engage in rational discourse, providing justifications that can be mutually accepted and that prioritize the needs of the least advantaged. If business actors are unwilling to adopt this form of public reason, they undermine their credibility and legitimacy as co-regulators. Conversely, by aligning their actions and justifications with the principles outlined in the model, corporations can demonstrate a genuine commitment to sustainability, thereby enhancing their role as legitimate participants in global governance.

This latter aspect is grounded in the discussion presented in the last section on corporate legitimacy and governance in Part I. To quickly recall, the reasoning often employed by economic actors, prioritizing efficiency, profit-maximization and competitive advantage, present a significant challenge to the context of sustainability governance. Such models tend to frame decisions in utilitarian terms, focusing on cost-benefit calculations that may overlook the broader social and environmental implications of policy actions (Sajjad, Eweje, and Tappin 2020). This can lead to outcomes that disproportionately affect vulnerable communities, perpetuating inequality and environmental degradation. The model of public reason, by contrast, offers a comprehensive framework that resists the reduction of complex policy issues to economic terms.

Finally, the model's insistence on a recursive equilibrium between discourse and action ensures that corporate legitimacy is not based solely on rhetorical commitments but on demonstrable outcomes. This feedback loop requires corporate actors to show that their actions lead to tangible

improvements, particularly for the least advantaged, reinforcing the notion that legitimacy must be earned and maintained through consistent alignment with shared goals. This model therefore articulates and provides a clear benchmark for the assessment of corporate alignment with such goals.

However, as Dryzek's critique of Sen highlighted, public reason alone cannot fully capture the power dynamics that shape deliberative democracy (Dryzek, 2000). Only by complementing public reason with institutional mechanisms, we can expect deliberative processes to address and mitigate power imbalances currently at the heart of multi-stakeholder governance.

Before moving into the next section, it is however important to clarify a potentially problematic aspect related to the relationship between empowerment and public reason arising from a strict interpretation of the normative argument I have developed here. As I have argued, the voices of the most affected (often vulnerable and marginalized communities) should be given greater moral and political weight in decision-making processes. However, a critical question remains: what happens when the interests of the least advantaged conflict with sustainability goals, with the interests of the broader global community (i.e. national interests, companies and so forth) or with the interests of other vulnerable groups? One could possibly object that I am assuming a direct alignment between the interests of the least advantaged and the broader aims of sustainable development or, which is the same, that I regard as mutually exclusive the economic interests of the private sector and the non-economic interests of the environment and localized societies. If this were true one could simply argue that the views, wills and preferences of those representing (and interpreting) the interests of the least advantaged and the environment should be *systematically prioritized* over the interests of economic actors. This is not the argument advanced in this Thesis.

In practice, this alignment cannot be taken for granted. There are instances where local communities, especially those facing extreme economic hardship, may demand loosened environmental regulations or may resist sustainability reforms that appear to threaten their livelihoods. Consider, for example, communities reliant on deforestation-driven agriculture, coal mining, or informal industries that contribute to pollution. If sustainability initiatives impose stricter environmental standards that disrupt these economic activities without offering viable alternatives, affected communities might reasonably oppose them.

My response to this dilemma is twofold. First, the deliberative democratic framework proposed in this thesis does not simply privilege the voices of the least advantaged *unconditionally* but requires that all claims be subject to reasoned public justification. The qualified substantive principle of public reason introduced is not just about ensuring the inclusion of vulnerable actors but also about evaluating claims based on their broader implications for justice, sustainability and equity. In other words, even if a particular community demands relaxed environmental standards or opposes

business development projects, this demand must still be justified in ways that can be accepted by a broader public.

Second, rather than viewing these cases as binary trade-offs, a more robust deliberative framework would explore alternative solutions that reconcile economic and environmental interests. This requires, for example, discussing local economic diversification strategies. For instance, in the context of Just Transition policies the shift away from fossil fuel industries is accompanied by investments in alternative livelihoods, social protections, and skills training, ensuring that affected workers and communities are not left behind (Newell and Mulvaney 2013). Deliberative MSG should function similarly, ensuring that environmental protection does not come at the expense of social justice nor economic development.

Finally, it is important to stress that the focus should be on the *reasons* to be examined. In a nutshell, what the principle of justification aims at establish is to institutionalize a governance system where it is publicly ascertainable that in the context of governance networks in charge of promoting environmentally and socially sustainable practices, the *reasons* of those more severely exposed to unsustainable business conduct have received adequate priority and consideration in the discussion process leading to establishing *what* sustainable practices are and *how* they should be implemented. In the case of rejection of their claims by economic actors, it needs to be clear that such rejection follows from largely shareable reasons. This is what I mean by the necessity of giving those claims "greater moral and political weight".

5.2.5 Transparency and The Role of the Public Sphere

Without transparency and publicity, the entire deliberative democratic project could not work. In fact, "the principle of publicity – expressing reasons in public – is central to the pursuit of the common good. To determine shared interests and forge collective decisions, citizens must be able to scrutinize these reasons" (Curato et al., 2019; p. 35). Transparency is therefore preconditional to ensure that, as much as possible, the force of the better argument guides the discussion towards a shared interest while helping in collectively determining this latter.

As argued by Risse (2004) and Lafont (2020), the deliberative conception of communication advances a triadic communicative model where participants' discursive engagement is embedded into a wider public sphere. Without embedding the deliberation into a public frame, dialogue could easily resort to a bargaining dynamic. An informed and well-functioning public sphere can therefore reduce the risks associated with huge power asymmetries by creating widespread societal expectations that the most powerful would provide convincing arguments in front of a wider collectivity (Dryzek et al. 2019; Smith and Brassett 2008).

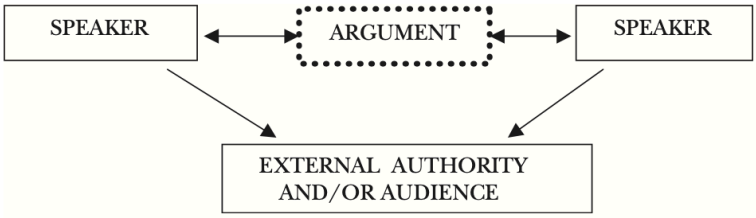


Figure 2. From Risse, T. (2004), p. 298.

But while a centralized external authority is mostly absent in the functioning of MSIs, such role can be acquired by multilateral agencies (Ruggie 2017; Abbott and Snidal 2021) and, to ensure greater presence of civil society actors while maintaining operational agility, mini-publics (Smith 2009; Goodin and Dryzek 2006). As we will better explore in later sections, in complex systems, mini-publics can support that process of connection between geographically dispersed civil societies and MSIs. Regardless for their institutional specificities, the key normative role of mini-publics would therefore become representing the public sphere in contexts of complexity and polyarchic governance.

In global governance and MSIs, via mini-publics, the public sphere can scrutinize processes and understand decision-making criteria and, if need be, challenge any of them. Mini-publics can act as a microcosm of the global public sphere. This approach allows for a broader range of voices to be heard, especially those that might be marginalized in traditional PPPs governance frameworks dominated by States and corporations. Furthermore, mini-publics can mediate the orientation toward self-interest by corporate actors by bringing together a representative sample of stakeholders, including citizens who are not beholden to corporate interests.

Mini-publics could therefore play a central role in changing the nature of MSIs toward deliberative grounds by emphasizing the reason-giving aspect of MSG, where proposals would have to be justified on the basis of shared reasons and not vested interests. This process could force corporate actors to articulate their positions in ways that can withstand public scrutiny and align with broader social values. The structured engagement (i.e., its institutional integration into governance structures) with mini-publics can lead to policy suggestions that prioritize sustainability, social equity, and ethical considerations, areas where corporate self-interest might otherwise prevail (Niemeyer 2011). In this way, mini-publics may act as an important mediating structure channeling deliberation toward a non-metaphysical concept of common good by balancing corporate self-interest with the needs and values of the broader public. In fact, the structure of mini-publics can foster the circulation of preferences and arguments that are reasoned and reflective, leading eventually to more public-oriented outcomes.

Ultimately, the integration of the public sphere into governance structures may lead corporate actors to be more cautious about advocating for self-serving policies if they know these stances will be publicly debated and scrutinized by an impartial and diverse group which is, in turn, empowered with the mobilization of communicative power.

To conclude, the key elements outlined in this section, political equality, the all-affected principle, mutual justification, and the orientation toward the common good, form, to my view, the minimal normative denominator of deliberative democracy. While various strands of deliberative democratic theory emphasize different aspects of this normative foundation, they converge on the idea that legitimate political decisions must be publicly justified through discourse that is accessible, rational, and non-coercive. This commitment to reason-giving and mutual justification distinguishes deliberative democracy from other democratic models, reinforcing its potential as a framework for fair and inclusive governance.

Establishing these normative foundations paves therefore the way for the introduction of a specific form of power in the next section. Communicative power, as theorized by Habermas, can transform deliberation into a mechanism capable of influencing political outcomes and, hopefully, addressing power dynamics.

5.3 Communicative Power and Democracy

The concept of communicative power (Curato, Hammond, and Min 2019) is central to understanding the empowering function of the public sphere in democratic societies, as articulated in Habermas' theory of democracy. Communicative power arises through the processes of dialogue and deliberation that occur within the public sphere. The relationship between communicative power and the public sphere is thus foundational to the operation of democratic systems, as it provides a mechanism through which political legitimacy is both constructed and contested.

Communicative power is thus distinct from traditional forms of power, such as administrative or coercive power, as it derives its legitimacy both from reason-giving process in the public sphere and from the inclusivity of the deliberative process. In this model, the translation of communicative material in law is a key feature. For public institutions to act legitimately, they must incorporate the opinions and normative claims generated through deliberative processes in the public sphere. The legal system therefore acts as the conduit for this transformation, ensuring that public deliberation has a direct impact on decision-making within formal institutions. In a nutshell, laws, policies, and regulations that emerge from this process are legitimate as long as they reflect the normative insights produced by public discourse.

Law functions as a hinge between system and lifeworld, with a much more significant role: it acts as a 'transformer', taking the normative messages of ordinary language and translating them into the complex legal code which can communicate with the functional steering media of money and power (Habermas 1996, p. 56). In other words, law translates public reasoning into enforceable rules that guide administrative action, holding institutions accountable to the normative demands of the public sphere.

The translation of communicative power into law ensures that public institutions are held accountable through democratic procedures. Institutions such as legislatures, courts, and regulatory bodies derive their legitimacy from their responsiveness to the deliberative will of the public. This means that public institutions are responsible for upholding the normative principles articulated through public discourse and for making decisions that align with the public's rational expectations. Institutional accountability is therefore further reinforced by the inescapable requirement that decisions be transparent and publicly justified. Public officials and institutions must provide reasons for their decisions that can be understood and evaluated by the public. *Ideally*, this reason-giving practice prevents arbitrary or self-serving decisions and ensures that institutions remain accountable to the rational expectations formed through deliberative processes.

A key element is that the mechanism of accountability does not end with the translation of communicative power into law; it is maintained through continuous public scrutiny. That is to say, the essential role of the public sphere is to remain active especially after decisions are made, providing a *feedback loop* where the public can assess whether institutions have upheld the normative objectives generated through deliberation (Habermas 1996, Chapter 8).

Recalling the idea of reflexive equilibrium in Rawls (2005), this recursive quality ensures that institutions are reflexive, that is, they are aligned with communicative power. In other words, democratic governance derives its legitimacy from the extent to which it reflects the public will, as articulated through deliberation in the public sphere. The public sphere thus functions as the site where communicative power is generated and exercised, enabling citizens to influence the formal mechanisms of governance. The public sphere is therefore a critical arena for the legitimation of political authority where communicative power plays an essential role in empowering citizens within a democratic polity (Flynn 2004; 2019).

However, Fraser's argument for a transnational public sphere emerges precisely in response to the inadequacies of Westphalian democracy, which assumes a congruence between public deliberation, state sovereignty, and democratic legitimacy. This brings to bear the discussion introduced in Part I on governance and globalization.

As governance becomes increasingly transnational, many of the most consequential political decisions are made outside the reach of national democratic processes (Fraser 2007). This creates a legitimacy deficit, whereby institutions with profound effects on global populations operate without democratic accountability. In response, Fraser calls for a transnational public sphere where civil society actors, advocacy groups, and marginalized communities can engage in global deliberation and contestation, thus reclaiming political agency.

This transnational expansion is directly linked to the empowering potential of the public sphere. If democracy is to retain its function as a mechanism for collective self-governance, then publics must be able to hold transnational actors accountable, just as in Habermas' account national publics historically sought to hold states accountable. Fraser's analysis highlights the importance of what she labels subaltern counterpublics, spaces where marginalized voices, such as indigenous movements, climate activists, feminist networks, and anti-globalization coalitions, can challenge dominant economic and political structures. These transnational counterpublics serve an essential function in reshaping global discourse, advocating for the inclusion of perspectives historically marginalized in international decision-making.

Fraser's reconceptualization of the public sphere from a bourgeois, unitary space to a plural, contested, and transnational domain offers a crucial theoretical framework for understanding democratic empowerment in a globalized world. Therefore, following this conceptualization of the public sphere, I understand it as a contested, pluralistic space where diverse social actors engage in deliberation and struggle over matters of common concern, shaping public opinion and influencing political decision-making. As a consequence, a global public sphere consists of multiple, overlapping and competing publics which arise in response to systemic inequalities.

The effective use of communicative power can be shown by several cases. One prominent example are the anti-sweatshop campaigns of the 1990s and early 2000s, targeting companies like Nike and Gap. These campaigns were driven by coalitions of students, labor rights activists, and community organizers who exposed the harsh working conditions and low wages in factories across Asia and Latin America. By raising consumer awareness and organizing protests, they managed to pressure these companies into adopting codes of conduct and third-party monitoring systems for their suppliers. Although these reforms did not eliminate all labor abuses, they marked a shift toward greater corporate transparency and accountability, spurred by the active participation of a global network of stakeholders (Bartley and Child 2014).

Lastly, the global movement against privatization of water services, particularly in the Global South, offers a compelling case of how grassroots mobilization can challenge predatory business practices. The water wars in Cochabamba, Bolivia, where residents successfully resisted the

privatization of water utilities by the multinational corporation Bechtel, are emblematic. In 2000, widespread protests erupted when water prices soared after the privatization deal, which granted Bechtel a monopoly over water distribution. The resistance, led by local coalitions of labor unions, indigenous groups, and CSOs, eventually forced the Bolivian government to reverse the privatization, and Bechtel withdrew from the contract. The case of Cochabamba has since inspired similar movements around the world, underscoring how participatory, bottom-up mobilization can effectively counteract corporate overreach and defend public goods (Kruse 2005).

These examples highlight the broader relevance of participatory engagement and public mobilization in transnational governance. In each case, the direct participation of affected stakeholders, combined with effective communication and alliance-building across borders, enabled movements to challenge corporate practices that threatened environmental sustainability, labor rights, or public welfare. Whether through consumer boycotts, public protests, or legal action, these movements have demonstrated that even in the face of powerful corporate interests, collective action and participatory democracy can bring about significant change.

Overall, these examples show how the public sphere thus acts as a dynamic space where citizens not only express their political will but also contest existing power relations (Baur and Arenas 2014). This capacity for resistance is a vital aspect of the public sphere's empowering role, as it enables citizens to assert their agency and influence the trajectory of democratic governance (Young 2006). A key challenge remains in establishing how deliberative models of accountability would fare in the international domain and in multistakeholder governance mechanisms in charge of fostering sustainable practices. A significant answer in this direction comes from the "systemic turn" in deliberative democracy.

5.4 Institutions for a Deliberative Global Governance

The question this section sets out to explore is how MSIs could be rethought as part of a wider deliberative governance system. What would be the implications for the governance structures of MSIs? Would a better connection of MSIs to such system improve their mixed track record concerning legitimacy, effectiveness and accountability? In other words, would this move provide a convincing basis for addressing the question of power at the center of MSIs?

To answer these questions, the section will analyze the integration of deliberative democracy into the global governance system and discuss the institutions inspired by this integration. In particular, the section will focus on how such institutions could be connected to MSIs as a crucial way of developing more equitable and fair decision-making spaces toward the promotion of sustainability.

5.4.1 The Systemic Turn in Deliberative Democracy

The systemic turn in deliberative democracy represents a major theoretical advancement, offering a more comprehensive and pragmatic approach to understanding how deliberation functions across different arenas in complex democratic systems.

The deliberative systems framework proposed by Parkinson and Mansbridge (2012) forms the foundation of the systemic turn. Essentially, it argues that no single deliberative forum can fully embody all deliberative ideals, such as inclusivity, reason-giving, and mutual respect. Instead, deliberation should be understood as dispersed across multiple sites within a system, including formal institutions like legislatures, governments and parliaments, as well as informal spaces such as media, civil society organizations, and protest movements. The emphasis is rather on the division of deliberative labor, where different institutions perform distinct deliberative functions, contributing to the deliberative quality of the system as a whole (Mansbridge et al., 2012).

This systemic perspective contrasts with earlier deliberative models in conceptual terms. As proponents of this turn argue,

> When Jürgen Habermas (1996) employed the spatial metaphor of centre/periphery – the centre being the place of binding decisions (will-formation) and the periphery being the place of less formal deliberation (opinion-formation) – his deliberative system took the modern nation state as its subject and made the legislature its centre. Many subsequent scholars have done the same, conceiving of the deliberative system as 'rings' around the state. By contrast, our understanding of deliberative systems includes both informal decisions by accretion and binding decisions that take place outside the state. It goes beyond the boundaries of the nation state to include international, transnational, and supranational institutions, and extends as well to societal and institutional (e.g. *corporate*) decisions that do not involve the state (Mansbridge et al. 2012, p. 9; emphasis added).

With this conceptualization in mind, the systemic turn attempts to address the practical challenges that social complexity and diversity impose in real-world contexts. The problem of power asymmetries is then reformulated by recognizing that non-deliberative elements, such as interest group lobbying or competitive party politics, can play productive roles in a deliberative system (Hendriks 2006).

For instance, courts and legislatures may not always function as ideal deliberative bodies, but they contribute to a deliberative system by institutionalizing reason-giving and accountability (Parkinson 2006). Similarly, the media and social movements can help raise public awareness and bring marginalized issues to the fore, thereby enriching the deliberative process (Dryzek and Niemeyer, 2010). The systemic approach, therefore, enables a more pragmatic understanding of how

deliberation can function in real-world settings, acknowledging that deliberative ideals are distributed across multiple venues rather than concentrated in any one space (Mansbridge et al., 2012).

Another crucial aspect of the systemic turn is the development of new criteria for evaluating deliberative systems. André Bächtiger and co-authors (2018) emphasize that traditional metrics, such as the presence of rational debate, mutual respect, or consensus, are inadequate when applied to complex systems with multiple, interacting parts. Instead, they propose evaluating deliberative systems based on their overall deliberative capacity, which includes factors like inclusiveness, connectivity between different forums, and the system's ability to respond to public input. As Mansbridge and co-authors (2012) define it, "a *system* here means a set of distinguishable, differentiated, but to some degree interdependent parts, often with distributed functions and a division of labour, connected in such a way as to form a complex whole" (p. 4). The relevant implication is that the success of a deliberative system therefore depends not on the perfection of any single forum, but on how well the system (as a whole) channels deliberative outcomes into broader democratic processes (Parkinson 2006).

The second crucial takeaway regards, as we have seen, the problem of power. While early deliberative models often *assumed* ideal conditions of equality, real-world deliberation is marked by inequalities in resources, knowledge, and influence (Shapiro 2016). The systemic turn offers a more realistic approach by acknowledging that power imbalances cannot be fully eliminated but can be *mitigated* through institutional design and the interaction of different parts of the system (Dryzek 2012). The systemic turn recognizes that different actors contribute to addressing power imbalances in complementary ways (Mansbridge et al. 2012).

An important corollary of this turn is therefore the emphasis on the different deliberative sites that can be connected as part of a wider system. Among the main institutions that this turn has inspired or that has further conceptualized as critical are citizen assemblies, forums and juries, indicated by the umbrella concept of mini-publics. Due to its fundamental relevance, I provide now a brief overview of the debate on mini-publics[24].

5.4.2 Mini-publics and Empowerment

Mini-publics refer to a range of small-scale, deliberative bodies composed of randomly selected citizens tasked with discussing and making recommendations on specific public issues. Examples include citizens assemblies, citizens juries, and deliberative polls, all of which emphasize informed, structured deliberation among a representative cross-section of the public. As Fung (2003) notes, the

[24] For a detailed discussion see Ryan, M., & Smith, G. (2014). Defining Mini-publics. *Deliberative Mini-publics: Involving Citizens in the Democratic Process*, 9-26.

random selection process is crucial for ensuring that mini-publics reflect the diversity of the broader population, thus providing a microcosm of public opinion that is less influenced by elites and partisanship.

John Dryzek (2009) emphasizes that mini-publics are designed to foster reasoned argument and mutual respect among participants, who are typically given access to expert testimony and evidence to inform their discussions. Mutual respect is a rather fundamental component since

> To deliberate with another is to understand the other as a self-authoring source of reasons and claims. […] By the same token, being open to being moved by the words of another is to respect the other as a source of reasons, claims, and perspectives (Mansbridge et al. 2012, p. 11).

This aspect is key to improve the deliberative quality of democratic decision-making. As Goodin and Dryzek (2006) argue, mini-publics provide an environment conducive to deliberative democracy, where citizens can engage in reasoned debate free from the pressures of electoral competition or media sensationalism. The structured nature of deliberation, often facilitated by professional moderators, encourages participants to reflect on the arguments presented and consider alternative viewpoints. For example, in the Irish Citizens' Assembly (2016–2017), which deliberated on issues such as abortion and climate change, participants were exposed to expert testimony and a range of perspectives before making recommendations that significantly influenced public policy (Farrell, Suiter, and Harris 2019).

However, mini-publics have also being the object of various criticisms. Inclusivity, for instance, has been a point of contention in the literature. Despite randomization, participants with higher levels of education, public speaking experience, or confidence may dominate discussions, potentially undermining the inclusivity of the process. Andrea Felicetti and co-authors (2016) highlighted that marginalized voices can still be sidelined in deliberative processes if specific measures are not taken to empower underrepresented groups.

This argument is echoed by Curato and co-authors (2017), arguing that deliberative inclusivity should not only be about who participates in mini-publics but also about how these deliberations are connected to broader public discourse. Mini-publics, their research suggests, are most effective when embedded within a larger deliberative system that includes the media, civil society, and formal political institutions. This integration ensures that the voices heard in mini-publics resonate beyond the small, controlled setting of deliberation and can influence wider public debates and policymaking. Dryzek and Niemeyer (2008) further contended that mini-publics can serve as forums of reflective public opinion, generating informed judgments that are both legitimate and democratic and thus fueling communicative forms of power. They argue that mini-publics are particularly valuable in

addressing complex policy issues where public opinion is uninformed or volatile. By providing a space for reasoned deliberation, mini-publics help to crystallize public preferences in ways that traditional polling or electoral processes cannot.

Another point of criticism is the question of democratic legitimacy. Lafont (2015) is particularly critical of the idea that randomly selected bodies of citizens, with no formal electoral mandate, can make binding decisions on behalf of the public. She argues that while mini-publics can play a valuable advisory role, their decisions should not substitute for those made by elected representatives, who are directly accountable to the electorate.

The issue of authority is particularly salient in cases where mini-publics have been granted substantial decision-making power. In the British Columbia Citizens' Assembly (2004), for example, the assembly's recommendation for electoral reform was put to a public referendum, raising questions about the balance between the deliberative authority of the mini-public and the electoral legitimacy of the broader population (Warren and Pearse 2008). While the assembly's recommendation was grounded in careful deliberation, the referendum outcome reflected wider political dynamics that the mini-public process could not fully control.

This puts further emphasis on the fact that the ability of mini-publics to influence policy depends heavily on how well they are integrated into the broader deliberative system. As Graham Smith (2009) notes, mini-publics are often marginalized by political elites, who may ignore or downplay their recommendations if they conflict with entrenched interests or party platforms. Without connections to formal decision-making bodies, the deliberative work of mini-publics may fail to translate into meaningful policy outcomes.

To complete, as much as possible here, our discussion on mini-publics we need to give greater attention to their relationship with marginalized groups. In particular, one of the most significant challenges in deliberative governance is the fact that "weaker" stakeholder groups themselves are not immune to power imbalances and dynamics of domination and exclusion. Too often, discussions of deliberative democracy and mini-publics assume that once citizens are brought together, an idealized form of democratic engagement will naturally emerge. However, as critical scholars of participatory governance have emphasized, deliberation does not take place in a vacuum; rather, it is embedded within existing social hierarchies and power relations that shape both who gets to participate and whose voices are heard (Kapoor 2002).

A major concern in designing mini-publics is therefore the risk of romanticizing stakeholder groups, assuming that local, marginalized, or vulnerable communities are internally cohesive, equitable, and inherently democratic in their decision-making. In reality, even the least advantaged groups, as defined in Rawlsian terms, can exhibit internal stratification, exclusion, and forms of

domination that affect how deliberation unfolds. For instance, the literature on sustainable development has long recognized this issue, particularly in community-based governance models, where local elites, gender hierarchies, and economic inequalities influence participation and decision-making (Li 2007).

One of the most prominent forms of internal exclusion within Indigenous and local communities is in fact gender-based marginalization, particularly in resource governance. Bina Agarwal (2001) has famously examined how community forestry programs in India and Nepal, despite being framed as participatory and community-led, tended to be dominated by male leadership, with women having limited access to forest governance structures. Even when formal policies mandate women's inclusion, cultural norms often relegated them to secondary roles, thus reinforcing gendered exclusions. This gendered marginalization is clearly not unique to South Asia; studies from Latin America, Africa, and the Pacific Islands reveal similar patterns, where Indigenous women face barriers in accessing communal lands, participating in environmental governance, and receiving the benefits of conservation and development programs (Rocheleau and Edmunds 1997; Parsons, Taylor, and Crease 2021).

Beyond gender, ethnic and caste-based exclusions also manifest within local conservation and sustainability initiatives. Bolivia's Indigenous movements, while framed as efforts to decolonize governance, have been criticized for privileging dominant Indigenous groups such as the Quechua and Aymara while marginalizing smaller ethnic communities in decision-making over land and natural resources (Postero 2017). Similarly, Paul Robbins (2019) has highlighted how dominant caste groups in India's forest management projects control access to resources, often sidelining lower-caste or landless individuals despite the rhetoric of inclusive governance. In Tanzania, financial benefits from wildlife conservation initiatives have often been directed toward a small group of politically connected individuals rather than being equitably distributed among community members (Nelson and Agrawal 2008). In Mexico's Yucatán Peninsula, studies of community forestry programs have found that wealthier Indigenous landowners disproportionately benefit from conservation incentives, while landless or quasi-landless community members remain excluded from decision-making and economic opportunities (Bray, Merino-Pérez, and Barry 2005).

Another dimension of internal exclusion is generational conflict, which can shape access to land and influence environmental governance. In many Indigenous and local communities, land tenure systems are controlled by older generations, whose authority is rooted in customary governance structures. While these elders often serve as custodians of traditional ecological knowledge, their control over land rights can marginalize younger community members who seek alternative livelihood strategies or new approaches to sustainability. Research from the Pacific Islands

indicates that traditional leaders sometimes resist youth-led environmental initiatives, fearing they threaten customary authority and land tenure norms (ESCAP 2014).

These examples collectively challenge the romanticized view of Indigenous and local communities as inherently just and egalitarian. As argued by Larson and Ribot (2007), decentralization efforts in environmental governance must critically assess who within the "community" actually benefits from increased autonomy. While external marginalization by states, corporations, and international institutions is well-documented, the internal dynamics of exclusion should also be recognized.

This exposes a key problem that proposals for the integration of mini-publics into global sustainability governance structures should be aware of. The empowering potential of the public sphere and mini-publics depends in fact not only on formal inclusion but on actively addressing the power dynamics that shape deliberative interactions. Even the "least advantaged" groups are not homogeneous; rather, they can be shaped by internal dynamics of segregation, marginalization, and exclusion that need to be acknowledged to avoid the assumption that bringing stakeholders together leads to fair and balanced discussions.

In a nutshell, we cannot assume an automatic overlap between local communities and the most vulnerable actors. In reality, the most vulnerable groups may not always be located within the immediate geographic community affected by an MSI but could be elsewhere in the world. For example, a decision made by a sustainable palm oil MSI might benefit smallholder farmers in Indonesia but harm Indigenous communities in the Amazon if it incentivizes land-use changes that drive deforestation elsewhere. Similarly, a governance reform in the apparel sector might improve conditions for garment workers in one country but shift production to another country where labor standards remain weak (Ahlquist and Mosley 2021).

Proposals for institutional design should therefore be sensitive to different forms of vulnerability. A first step may be distinguishing among contextual (e.g., local communities facing immediate displacement due to conservation projects), systemic (e.g., garment workers in a global supply chain who lack bargaining power), or intergenerational (e.g., future populations affected by climate change) forms of vulnerability (Adger 2006). MSG deliberative mechanisms should therefore also ensure that different dimensions of vulnerability are recognized and addressed within decision-making processes, rather than privileging only geographically proximate actors.

5.5 Conclusions

This Chapter has explored the theoretical foundations and practical implications of deliberative democracy, particularly in the context of transnational governance. Various models of deliberative democracy have been discussed. Central to all these models is the emphasis on fair, inclusive, and reasoned deliberation, aimed at empowering citizens to influence decisions that affect their lives. Despite differences in focus, from procedural fairness to epistemic quality or agonistic contestation, these models converge on the importance of equal participation and the necessity of mutual justification in democratic processes.

This Chapter has also highlighted the critical role of deliberation in addressing power imbalances, especially within international governance structures. As decision-making moves beyond state borders to include multilateral institutions, corporations, and civil society, deliberative democratic theories provide essential frameworks for ensuring legitimacy and accountability. Mechanisms such as citizens' assemblies, mini-publics, and participatory budgeting are increasingly recognized as effective tools to enhance global governance by incorporating diverse voices and perspectives into deliberative processes.

However, one of the most persistent challenges to deliberative democracy, both in theory and in practice, is the centrality of power dynamics and the disproportionate influence of self-interested actors. This is particularly evident in the sphere of corporate governance, where businesses often wield significant influence over policy decisions and global governance structures. Corporate interests, typically driven by profit maximization, can be at odds with the broader public good, raising questions about how democratic principles can be reconciled with the practices of corporate management and governance.

A critical contribution made in this chapter is the introduction of a tailored conception of public reason specifically designed for the context of sustainability. This expanded model of public reason seeks to address the unique challenges posed by global MSG frameworks. By prioritizing the interests of the most vulnerable and aligning decision-making with the principles of justice and the common good, this conception ensures that deliberation in MSG forums does not merely reflect procedural fairness but also substantively addresses issues of global inequality and environmental sustainability. Moreover, when combined with institutional reforms designed to enhance the transparency, accountability, and inclusivity of global MSGs, this approach can mitigate the power imbalances that currently skew global decision-making in favor of powerful corporate interests.

In the next Chapter, we will address this issue by expanding the discussion to include the intersection of democracy, management theories, and sustainability. As corporate governance plays a pivotal role in shaping global governance outcomes, and it is crucial to explore how democratic

principles can be integrated into business practices that are traditionally oriented towards self-interest. We will examine the literature on democracy in corporate management, focusing on the potential for aligning corporate strategies with sustainability goals and the common good. By bridging the gap between deliberative democracy and corporate governance, we aim to offer a more comprehensive framework for addressing the pressing challenges of sustainability in the global economy.

PART III

BUSINESS ETHICS AND DEMOCRATIC GOVERNANCE

Part II has highlighted the role self-interest plays in deliberative processes which seek to balance individual and collective interests in decision-making for the common good. Yet, when deliberative democracy is applied to the transnational domain, particularly within MSG, it faces some fundamental conceptual challenges. Among them one of the most important is the substitution of citizens by stakeholders. This shift from citizen-based participation to stakeholder involvement in global sustainability governance is rarely addressed, and its implications are inadequately theorized in the current literature (Martens, van der Linden, and Wörsdörfer 2019).

In transnational governance, stakeholders, especially corporate actors, assume a more prominent role. This raises important normative questions about deliberative practices in such settings. Corporate stakeholders often operate under functional imperatives that differ significantly from the value orientations typically associated with citizens in democratic theory (Schormair and Gilbert 2021). The replacement of citizens by stakeholders, particularly corporate entities, requires deeper theoretical reflection on the legitimacy of these actors as participants in governance processes intended to promote the common good.

The purpose of Part III is to explore the private sector's structural logic, exemplified in adoption of governance structures that provide institutional articulation to the principle of shareholder value maximization. As the business ethics literature underscores, this orientation presents significant challenges in aligning corporate objectives with broader societal and collective goals. Consequently, various approaches have emerged to integrate democratic principles from political theory into corporate governance (CG). The normative challenge common to all these approaches lies in developing CG models that can better accommodate non-economic interests within corporate decision-making.

The approaches are organized along a spectrum that moves from those maintaining a degree of separation between the private and public spheres toward those advocating for greater integration. This progression highlights the key limitations in understanding economic actors solely as private entities. Specifically, the Part will examine four major frameworks: 1) stakeholder democracy, 2) workplace democracy, 3) corporate citizenship, and 4) political Corporate Social Responsibility (PCSR). For each, we will critically assess their strengths and weaknesses in integrating democratic principles into CG.

Part III concludes by outlining a theory of business legitimacy in global governance as an alternative argument for the introduction of democratic governance models in the corporation. This justification rests on the normative argument that, in order for corporations to legitimately participate as co-regulators in the global governance of sustainability, they shall demonstrate governance structures capable of mitigating the orientation toward self-interest typical of CG models based on shareholder value maximization. This shift is necessary to reduce the risks of non-compliance with shared norms and principles, thus enabling corporations to legitimately participate in governance spaces oriented toward sustainability.

6. Business Ethics and MSIs: An Overview of Key Themes

While the literature on CSR and CG has burgeoned over the past decades[25] (Frynas and Stephens 2015), the vast majority of theories and studies have maintained a firm-centric approach (Harrison et al. 2019). As a consequence, they have largely focused on firms' internal responsibilities, ethical practices, and governance structures (Freeman, 1984; Donaldson & Preston, 1995; Garriga & Melé, 2004), while the relationship between corporations and their roles as public co-regulators remains comparatively underexplored (Scherer & Palazzo, 2007; Rasche, 2012).

While much has been said about the private sector's role in achieving sustainability from a governance standpoint (van Zanten and van Tulder 2018; Rashed and Shah 2021), the participation of MNCs in MSIs has received relatively less attention in the business ethics literature. However, a debate is emerging also in this field as "multi-stakeholder initiatives […] have emerged as part and parcel of the private regulation of (global) corporate conduct" (De Bakker, Rasche, and Ponte 2019, p. 343). It is around this debate that the Chapter will be primarily based.

The most comprehensive literature review on MSIs in this context has been provided to date by De Bakker, Rasche, and Ponte (2019), whose work offers an extensive synthesis of the fragmented business ethics and management research on MSIs. Their study begins by situating the role of MSIs in the broader context of private governance. While national governments and IOs used to be the main regulatory actors responsible for ensuring compliance with sustainability standards, in recent decades the governance landscape has shifted as private actors, especially in sectors like agriculture, fishing, and forestry, have taken on a more prominent role in setting and enforcing sustainability standards. The governance structures of MSIs, consisting of businesses, civil society, and sometimes governmental actors working together to co-define and monitor standards compliance has been

[25] For an extensive overview see Crane, A., McWilliams, A., Matten, D., Moon, J., & Siegel, D. S. (Eds.). (2008). *The Oxford Handbook of Corporate Social Responsibility*. OUP, Oxford; Rendtorff, J. D., & Bonnafous-Boucher, M. (Eds.). (2023). *Encyclopedia of Stakeholder Management*. Edward Elgar Publishing, and Luetge, C. (Ed.). (2013). *Handbook of the Philosophical Foundations of Business Ethics* (Vol. 1). Dordrecht: Springer.

welcomed as a promising governance innovation (Ferroni and Castle 2011; Bexell, Tallberg, and Uhlin 2010; Vogel et al. 2022).

De Bakker and co-authors (2019) assert that MSIs represent a unique form of private regulation in light of their participatory and inclusive governance structures, which are intended to provide all relevant stakeholders with "*equal possibility of input*" (Fransen 2012, p. 166; emphasis added) in decision-making processes. Despite their significant role in global sustainability governance, the authors point out that the academic discussion around MSIs remains fragmented across multiple disciplines, including business ethics, environmental studies, political science, and management. Consequently, understanding the full scope and influence of MSIs has become a challenging endeavor due to the lack of comprehensive and cross-disciplinary analysis.

A critical concern in this area is the concept of input legitimacy, as highlighted by Mena and Palazzo (2012), which refers to the extent to which decision-making processes within MSIs are inclusive and accountable to all relevant stakeholders. In fact, many scholars have focused on the challenges of ensuring that MSI governance structures truly represent the voices of all stakeholders, particularly marginalized groups such as small-scale producers in developing countries (Dingwerth 2008; Fransen and Kolk 2007). The central claim that emerges from the literature is that "although many MSIs have set up governance structures that are supposed to enable equal participation of stakeholder groups, these structures are seldom enacted in practice" (De Bakker et al., 2019, p. 356).

Another key issue related to input is *norm justification*, as MSIs often promote universal norms or sustainability standards that are expected to apply across diverse geographical and cultural contexts (Gilbert and Rasche 2008; Schouten and Glasbergen 2011). However, De Bakker and co-authors argue that the literature has not adequately addressed how these norms are ethically justified, particularly in light of the need for cross-cultural legitimacy (Tallberg, Bäckstrand, and Scholte 2018). The authors note that scholars have primarily focused on the governance processes within MSIs (Ponte and Cheyns 2013), without sufficiently considering how these initiatives are embedded in larger regulatory systems.

The second theme, institutionalization, refers to the processes by which MSIs are established within broader governance frameworks (Cashore, Auld, and Newsom 2004). This involves understanding the *motivations* of firms to join MSIs, the diffusion of MSI standards across industries and regions, and the challenges of coexistence with other regulatory models. De Bakker and co-authors observe that much of the literature on institutionalization emphasizes utilitarian reasoning, where firms participate in MSIs for market-based reasons, such as gaining reputational benefits, responding to consumer demand for sustainable products, or to mitigate risks (Ponte 2014). They argue that this focus on utilitarian motives dominates the literature, overlooking other ethical

frameworks that might inform firms' decisions to participate in MSIs. According to the authors, "the current literature primarily focuses on utilitarian reasoning when explaining why firms adopt MSIs and thereby neglects other types of motivations" (de Bakker et al., 2019; p. 345).

A significant aspect of institutionalization is the diffusion of MSI standards. The literature has explored how standards spread across different sectors and regions, often through processes such as isomorphism, where firms adopt MSI standards due to external pressures or perceived legitimacy (Sethi 2003; Ponte 2014; Sajjad, Eweje, and Tappin 2020). However, their review argues that much of the literature on diffusion fails to address the challenges of aligning global sustainability standards with local practices (Auld, Gulbrandsen, and McDermott 2008; Dentoni, Bitzer, and Schouten 2018a). They highlight the need for more adaptable governance structures that can accommodate the diversity of local contexts in which MSIs operate (Gulbrandsen 2009).

Another significant issue related to institutionalization is the coexistence of multiple MSIs within the same sector (Donaghey and Reinecke 2018). The proliferation of MSIs has led to overlapping standards, which can create confusion among consumers and complicate the certification process for firms (Fransen 2011; Gilbert, Rasche, and Waddock 2011). This coexistence can lead to either a race to the bottom, where competing initiatives lower their standards to attract more participants (Ahlquist and Mosley 2021), or a race to the top, where competition pushes MSIs to adopt more rigorous standards (Bernstein and Cashore 2007). However, the authors suggest that the literature has not sufficiently theorized the conditions under which either outcome is more likely (Auld 2014).

The third and final theme, impact, concerns the outcomes produced by MSIs. This includes both the direct outputs of MSIs, such as the number of certified companies or the area of land covered by certification, and the broader social and environmental outcomes resulting from MSI adoption (Vogel 2008). The authors highlight how much of the literature focuses on measuring outputs rather than assessing the substantive outcomes (Barrientos and Smith 2007; McCarthy 2012; O'rourke 2006). For instance, while some studies report the number of certified products or companies, they do not always examine whether these certifications lead to tangible improvements in environmental conservation or labor conditions (LeBaron and Lister 2021; Raynolds 2014). This focus on outputs reflects a broader problem in the literature: the failure to critically engage with moral legitimacy and ethical justification (Mena and Palazzo 2012). As they explain, "the current literature hardly clarifies how different actors mobilize different moral legitimacy criteria to justify MSIs' impact" (De Bakker et al., 2019, p. 345).

This opens to another key issue in the literature on the evaluation of MSI effectiveness, since assessing the impact of MSIs involves multiple and often competing evaluation criteria (Park, Yoon,

and Kim 2017). Different stakeholders, businesses, NGOs, and governments, may have divergent perspectives on what constitutes a successful outcome (Levy and Kaplan 2008). Typically, businesses may prioritize economic returns or market access, while NGOs may focus on social justice or environmental protection (Bartley 2007).

These shortcomings provide a strong rationale for exploring the potential of democratic theory as a means to address these deficiencies. However, before diving into how democratic theory has been integrated into corporate governance, it is essential to outline the key paradigm against which these efforts have emerged.

6.1 Theoretical Foundations of Shareholder Primacy

The shareholder primacy model has become the dominant paradigm in corporate governance, particularly in jurisdictions that follow the Anglo-American legal tradition (Sjåfjell and Taylor 2019; Sjåfjell et al. 2015). This model posits that the primary, if not the sole, objective of a corporation is to maximize shareholder value. Such an approach has been bolstered by legal, economic, and social norms that emphasize profit maximization as the guiding principle of corporate management.

The concept of shareholder primacy emerged from the broader evolution of corporate law and governance in the 20th century. As well-known, corporations were historically chartered with specific social purposes, ranging from building infrastructure to providing public goods, which aligned the interests of corporations with broader societal objectives (Bruner 2022). However, over time, especially in the post-World War II era, there has been a shift towards the notion that the corporation's primary duty was to its shareholders (Wickert and Risi 2019; Tricker 2020). This shift was driven by developments in economic theory, particularly the rise of agency theory, as articulated by Jensen and Meckling ([1976] 2019). In the corporate context, it conceptualized managers as agents responsible for acting in the best interests of shareholders, who, as principals, hold residual claims on the firm's profits. However, because managers have access to information and decision-making power that shareholders lack, they may be incentivized to pursue personal objectives, such as empire-building, excessive risk aversion, or managerial entrenchment, at the expense of shareholder value. This conflict, widely known as the principal-agent problem, has been a central concern in CG theory and practice (Sacconi 2011).

Agency theory thus underscores the need for governance mechanisms, incentive structures, and monitoring systems to align managerial behavior with shareholder interests. It has profoundly shaped CG frameworks, influencing, for instance, the design of executive compensation, the role of board oversight, and the reliance on market-driven accountability mechanisms such as shareholder activism, hostile takeovers, and regulatory compliance measures. By framing shareholders as the

firm's primary financial risk-bearers, agency theory has reinforced the shareholder primacy paradigm, which asserts that a corporation's primary duty is to maximize shareholder value. However, as we will see in later sections, while agency theory remains foundational to modern corporate governance, its dominance has faced growing scrutiny, particularly from stakeholder-oriented models that challenge the assumption that shareholders alone deserve primacy in corporate decision-making (Tricker 2020).

The concept of "residual claims" offers here the theoretical foundation for shareholder primacy as it is internally related to the one of residual risk. According to this view, because shareholders only receive profits after all other claims (such as debts and wages) have been paid, they should be seen as the owners of the corporation, and maximizing their returns would lead to overall economic efficiency. This reasoning is reflected in the works of Milton Friedman (1970), who famously argued that the sole social responsibility of business is to increase its profits within the bounds of the law. This view became entrenched, particularly in the United States and the United Kingdom, where legal frameworks evolved to support and reinforce the notion that the corporation exists primarily to serve its shareholders (Hansmann and Kraakman 2001).

The legal enshrinement of shareholder primacy is most evident in the corporate governance structures of common law jurisdictions, such as the UK and the US. In the UK, the Companies Act 2006 introduced the concept of "enlightened shareholder value", which, while requiring directors to consider the interests of employees, suppliers, and the community, still mandates that these considerations serve the ultimate goal of promoting the success of the company for the benefit of its shareholders (Sheikh 2013). This legal provision effectively embeds shareholder primacy by stipulating that all other stakeholder considerations are subordinate to shareholder interests (Villiers 2013).

Similarly, in the United States, Delaware's jurisprudence emphasizes that the primary duty of corporate directors is to maximize shareholder value, especially in the context of mergers and acquisitions, where directors are obligated to secure the highest possible price for shareholders (Bruner 2022). Although the business judgment rule gives directors some leeway in how they achieve this goal, it reinforces the expectation that shareholder interests should take precedence over other considerations, such as environmental or social impact.

As a consequence, by prioritizing short-term profits, we can see clearly the problematic relationship between CG and the demands and expectations of sustainable development. Companies acting under this model would often engage in practices that externalize costs onto society and the environment. For instance, businesses may prioritize cost-cutting measures that lead to reduced investments in employee welfare, safety, or training, undermining the long-term viability of their

workforce. Similarly, companies may underinvest in environmentally friendly technologies or practices if such investments do not yield immediate financial returns, thus contributing to environmental degradation and climate change (Sjåfjell et al. 2015).

Moreover, the shareholder primacy model is fundamentally at odds with sustainability as it fails to account for the full range of stakeholders affected by corporate actions. Sustainability requires an integrated approach that considers economic, social, and environmental dimensions. This necessitates a corporate governance model that, on the contrary, is capable of balancing the interests of various stakeholders, including employees, consumers, suppliers, and local communities, alongside shareholders.

Shareholder primacy often precludes such a balance (Rendtorff and Bonnafous-Boucher 2023). Under this model, any action that does not directly enhance shareholder value can be seen as a breach of fiduciary duty, discouraging companies from investing in sustainability initiatives that may have longer-term payoffs (Sacconi 2012). For example, significant investments in renewable energy or sustainable supply chain management may improve a company's environmental footprint and resilience over the long term but might not lead to immediate financial gains. Consequently, such initiatives are often deprioritized (Sjåfjell and Taylor 2022).

Moreover, the model championed by Friedman has led firms to adopt a compliance-based approach, namely doing the minimum required by law rather than proactively seeking to minimize their environmental and social impact. Even where companies engage in CSR initiatives, these are often peripheral to their core operations and are implemented more for reputational benefits than as part of a genuine commitment to sustainable practices (Bruner, 2022; Sjåfjell et al., 2015). This aspect is further supported by empirical research on MNEs engagement in the achievement of the SDGs. Van Zanten and van Tulder (2018) show how MNEs are more likely to engage with SDG targets that are actionable within their own operations or value chains (internally actionable) compared to those that require partnerships or broader collaboration (externally actionable). As found in their research, MNEs tend to focus more on "avoiding harm" rather than actively "doing good", indicating a preference for mitigating negative impacts rather than pursuing proactive social contributions. Their research further shows that corporations less likely to engage in SDG objectives (such as reduction of poverty and inequality) that do not align with their core business (p. 224).

The case of First Resources Limited appropriately illustrates how the shareholder primacy model can undermine sustainability. Recent investigations have revealed that First Resources, despite committing to a zero-deforestation policy in 2015, used "shadow companies" to continue deforestation activities, expanding their plantations without directly breaching their sustainability pledges. These affiliated companies, indirectly linked to First Resources, engaged in clearing

rainforests while remaining outside the scope of the company's formal commitments. This allowed First Resources to benefit from increased production and increase profitability for shareholders without bearing the reputational and legal risks associated with violating environmental pledges (Esterman 2023).

The limitations of shareholder primacy became especially pronounced in sectors like fossil fuels, agriculture, and manufacturing, where environmental and social costs often outweighed immediate economic benefits. As a result, scholars, practitioners, and regulators began to search for a new framework that would enable businesses to contribute positively to society without sacrificing economic performance. One proposed solution is to redefine the fiduciary duties of corporate directors to include responsibilities towards non-shareholder stakeholders (Sacconi 2012).

6.2 The Emergence of Stakeholder Theory

Stakeholder theory emerged as a direct response to the narrow focus of shareholder primacy. First articulated comprehensively by R. Edward Freeman in his seminal 1984 book, *Strategic Management: A Stakeholder Approach*, the theory redefined essentially the purpose of the corporation (Freeman et al., 2010). According to Freeman, companies are not just economic entities driven by shareholder profit but are embedded within a network of relationships with various stakeholders. These stakeholders include employees, customers, suppliers, communities, and even the environment. Building on the famous *separation fallacy* argument, stakeholder theory posits that corporations could achieve sustainable success by considering the needs and interests of all these stakeholders, fostering a more harmonious and ethical approach to business.

Freeman's stakeholder model challenged the traditional view by asserting that the long-term success of a company depends on its ability to create value for all stakeholders, not just its shareholders. For instance, a company that invests in employee well-being is likely to see higher productivity, while businesses that adopt sustainable environmental practices can enhance their brand reputation and reduce risks associated with regulatory compliance. Freeman's work shifted the debate from profit maximization to *value* creation, emphasizing that businesses operate within a broader social and environmental ecosystem (Donaldson and Preston 1995).

The theory's key principles can be summarized into 1) the need for balancing stakeholder interests**,** ensuring that corporate actions do not disproportionately favor one group at the expense of others, 2) the integration of ethical reasoning into business management since business decisions are *also* ethical choices and 3) the creation of long-term value that benefits both businesses and society avoiding business strategies based on shortermism.

From a CG perspective adopting stakeholder theory involves a shift in the firm's mission and decision-making processes. For instance, governance structures informed by stakeholder theory might include mechanisms for stakeholder engagement, such as sustainability committees, ethical audits, and transparent reporting practices.

Other approaches, coming from the CSR tradition, challenge the shareholder model and the consequent fiduciary duty of manager to maximize shareholder value by deriving a multistakeholder model of corporate governance. Lorenzo Sacconi, for instance, combining normative political theory as well as rational choice theory, notably argues for an extended model of multistakeholder governance where managers have multiple fiduciary duties (Sacconi 2006; 2011).

Central to Sacconi's theory is the notion of the firm as a system of multi-stakeholder cooperation. He suggests that CG should be based on a "constitutional contract", where stakeholders agree on the governance structure and shared objectives under a framework of fairness and mutual benefit modeled on Rawls' theory of justice. This contractarian approach emphasizes that stakeholders have legitimate claims, and, as a consequence, their interests must be acknowledged in the firm's decision-making processes. Sacconi uses game theory to model these interactions, suggesting that the fair distribution of surplus (or value generated by the firm) can be achieved through cooperative bargaining solutions, like the Nash bargaining solution, and the allocation of residual control rights to the firm's stakeholders (Sacconi 2011). The model therefore aims at making sure that firms maximize the collective welfare of stakeholders rather than focusing solely on maximizing shareholder value.

In opposition to the shareholder primacy model, several theories of CSR and management have emerged according different normative philosophical traditions (Rendtorff 2013). Some of the most influential being the Rawlsian (Fia and Sacconi 2019; Sacconi 2010; Hsieh 2005), the contractarian (Donaldson and Dunfee 1995), the Kantian (Bowie 2017) and the neo-Aristotelian (Solomon 1992). While all making compelling arguments against corporate self-interested behavior, I now turn to those approaches that have more directly aimed at integrating democratic principles into CG theory as more directly linked to the overall argument of the Thesis.

6.3 Democratic Approaches to the Theory of the Firm

The application of democratic theory to business ethics and CG has become an important scholarly topic as corporations increasingly act as powerful societal actors with influence over public goods, policy, and the environment (Mäkinen and Kourula 2012). The ethical and social responsibilities of MNCs have raised concerns about the legitimacy of corporate power, prompting the incorporation of democratic principles into corporate decision-making.

The purpose of this section is to analyze how democratic theory has been incorporated into CSR and corporate governance through different approaches such as, *stakeholder democracy*, *workplace democracy*, *corporate citizenship* and *Political CSR*.

6.3.1 Stakeholder Democracy

As illustrated by Moriarty, *Stakeholder democracy* extends stakeholder theory by designing a revision of CG models to allow effective representation of stakeholders interests in board meetings (Moriarty 2012). The integration of democratic control over corporate governance is rather straightforward. As Moriarty explains,

> In early writings, stakeholder theorists claim that stakeholders should be able to exercise formal, binding control over the firm. The clearest statements of support for this view are found in Evan and Freeman (1988, 1990). In their (1990), they say that "the only logical outcome [of their argument] . . . is that stakeholders be accorded voting rights with respect to deciding how to manage the affairs of the corporation" (p. 338). […] In later writings, stakeholder theorists including Freeman abandon these views. […] The theory can reasonably remain agnostic . . . concerning stakeholder representation on corporate boards of directors" (Moriarty 2012, p. 826)

Evan and Freeman (1988) argue that stakeholders are more than instrumental to the corporation's success, they are moral agents who have intrinsic rights. Therefore, excluding them from corporate decision-making processes is not only unfair but ethically indefensible. They write, "the corporation is an institution that affects the welfare of many different stakeholders, and as such, it must be governed in a way that respects their rights and interests" (Evan and Freeman, 1988; p. 84). From this perspective, the normative justification for stakeholder democracy is rooted in principles of *fairness*, *equality*, and *justice*.

> Stakeholder democracy, thus understood, has representative, deliberative, and aggregative aspects. It is representative in that most, but perhaps not all, of the decisions will be made by stakeholders' representatives (Mill, 1998). Itis deliberative in that stakeholders' representatives will reason together about how to achieve a shared goal (Cohen, 2009). Deliberation is the traditional function of the board of directors, and the reason for having a board as opposed to a single director (Bainbridge, 2008). While for members of traditional boards, this goal is how to promote shareholder value (Bainbridge, 2008; Hansmann & Kraakman, 2001), in a firm informed by stakeholder principles, it is how to keep the firm healthy (Evan & Freeman, 1988). Finally, stakeholder democracy has an aggregative component (Goodin, 2008). Despitet heir shared goal of firm health, directors will sometimes disagree about what the firm should do, because their constituents' interests diverge (Moriarty 2012, p. 829).

Drawing from John Rawls' theory of justice, Moriarty, along with Sacconi, argues that corporate structures should be arranged to benefit all stakeholders, particularly those who are most vulnerable or least powerful.

John Rawls' theory of justice plays a central role in shaping the moral justification for stakeholder democracy. Rawls (1971) argues that social and political institutions should be arranged to ensure fairness, especially by safeguarding the interests of the least advantaged members of society. In the context of corporate governance, this principle translates into a system where power and influence are distributed more equitably among stakeholders. According to Moriarty (2012), applying Rawlsian justice to corporate governance means that decision-making should not be solely controlled by shareholders, as they are not the only group that contributes to or is affected by the company's actions.

Moriarty's critique also resonates with Kantian ethics, which posits that individuals should be treated as ends in themselves, not merely as means to an end. Under the shareholder primacy model, stakeholders such as employees and communities are often treated as instruments for generating profits. In contrast, stakeholder democracy calls for the recognition of all stakeholders as morally valuable participants in the firm. This approach requires that organizations consider the impacts of their decisions on all parties and ensure that those affected have a voice in governance.

6.3.3 Employees Participation and Workplace Democracy

"At the most general level, the term "workplace democracy" describes systems for the exercise of power by workers or their representatives" (Frega, Herzog, and Neuhäuser 2019, p. 1). Workplace democracy has become an increasingly discussed topic within political philosophy, organization studies, and business ethics, largely because of its implications for justice, equality, and worker autonomy. Defined broadly, workplace democracy refers to systems in which employees participate in decision-making processes within their firms, ranging from operational decisions to more strategic matters.

A central argument for workplace democracy comes from Robert Dahl's (1985) analogy between the governance of states and firms. Dahl famously argues, "if democracy is justified in governing the state, then it must also be justified in governing economic enterprises" (Dahl, 1985, p. 111). His reasoning is that individuals subject to authority in their workplace should have the same right to participate in decision-making as they do within political structures, given that workplaces often play an equally significant role in shaping people's lives. The firm-state analogy has been picked up by numerous scholars in the field, such as González-Ricoy (2014) and Landemore & Ferreras

(2016), who argue that firms, much like states, involve higher "exit costs" than normally assumed and should therefore grant workers the right to democratic participation.

Elizabeth Anderson (2017) argues that hierarchical corporate governance fosters forms of "private government", where employees are subjected to the arbitrary power of their employers. She likens the control exerted by capitalist firms to the domination found in non-democratic political regimes. As a remedy, Anderson suggests workplace democracy, which would give workers a voice in decisions affecting their lives, thereby reducing the arbitrary authority of managers and owners.

The justification for workplace democracy rests therefore on principles of non-domination and relational equality. Drawing from neo-republican political theory, scholars like Pettit and Anderson claim that hierarchical workplaces are inherently unjust because they subordinate workers to the arbitrary will of their employers. Pettit (2012) asserts that freedom, defined as non-domination, requires individuals to have control over the conditions that shape their lives, including within economic enterprises. Anderson (2017) further argues that non-democratic workplaces violate the principle of equality by creating power imbalances that reach beyond the workplace, affecting workers' private and political lives. This critique of corporate hierarchy aligns with the broader stance of relational egalitarians, who contend that such structures contribute to social and economic inequalities incompatible with a just society.

Nevertheless, some critics remain skeptical of the claim that workplace democracy is the only way to ensure non-domination. Hsieh (2005), for example, offers a more moderate view, suggesting that workers could be protected from domination through legal and institutional safeguards, such as labor rights, without requiring full democratic control of the firm. Guaranteeing workers' basic rights and protections can address the problem of domination without the need for widespread workplace democracy.

Despite the compelling ethical arguments in favor of workplace democracy, several significant challenges remain, particularly concerning its efficiency and feasibility. Critics frequently argue that democratic workplaces may suffer from inefficiencies due to collective decision-making processes, which can be slower and more cumbersome than hierarchical governance. Gregory Dow (2003) lists various potential inefficiencies, such as difficulties in monitoring worker performance and the challenges of securing external financing for democratic firms. In particular, capital providers may be reluctant to invest in democratic firms due to perceived risks, particularly those related to moral hazards and collective decision-making.

6.3.4 Corporate Citizenship

In their influential work, Andrew Crane, Dirk Matten, and Jeremy Moon (2008) provide a comprehensive historical and theoretical analysis of corporate citizenship (CC). They argue that corporate citizenship has become a dominant framework in discussions about the social role of business. Their research emphasizes that corporate citizenship is a dynamic concept and must be understood in the context of a changing global landscape (Crane, Matten, and Moon 2008).

Crane, Matten, and Moon highlight what they call the "three views" of corporate citizenship that have evolved in the literature: the limited view, the equivalent view, and the extended view. The limited view associates corporate citizenship with philanthropic activities, largely aligning it with the top tier of Carroll's CSR pyramid (Visser 2006). This approach, they argue, sees firms engaging in charitable acts as part of their discretionary responsibility to "give back" to communities, yet remains closely linked to business self-interest, as it focuses on building social and reputational capital.

The equivalent view merges corporate citizenship with broader CSR theory. As they describe it, the second common understanding of CC is more general in scope and is essentially a conflation of CC with existing conceptions of CSR, without attempting to define any new role for the corporation (Crane, Matten, and Moon 2008; p. 29). For instance, Andriof and McIntosh (2001a) equate CC with CSR, in the same spirit as Maignan and Ferrell (2004), who define CC as businesses meeting economic, legal, ethical, and discretionary responsibilities, closely mirroring Carroll's (1991) CSR definition. Much of the CC literature therefore treats it, at best, as an extension of CSR, focusing on aspects like sustainability and stakeholder approaches (Toft 2020).

The extended view of corporate citizenship broadens the concept beyond CSR, applying it as a political metaphor that reflects the evolving role of corporations in governance. This view, developed by Matten and Crane (2005; Moon, Crane, and Matten 2005), positions corporations as political actors that assume responsibilities traditionally held by states, especially in contexts of globalization where governments may lack authority. In this framework, corporations are seen as administrators of citizenship rights (Matten and Crane, 2005). They can influence societal governance by providing services, influencing public debates, or shaping social policies, such as those related to climate change or human rights (Matten and Crane 2005).

In addition to the work of Crane, Matten, and Moon, the political theory of corporate citizenship has been influenced by Donna Wood and Jeanne Logsdon (2002). In examining the concept of corporate citizenship, Wood and Logsdon made an important contribution by addressing the political implications of globalization on the social role of corporations. They argue that CC entails not just a philanthropic or economic role but also a broader societal obligation to influence governance and policy, especially in contexts where governments may be ineffective or absent. Wood and Logsdon assert that corporations have increasingly assumed quasi-governmental roles,

particularly in developing countries, where firms often provide essential services traditionally delivered by the state (Wood and Logsdon 2002).

A key element of the extended view is the notion that corporations do engage as active players in global governance. In a globalized world, where MNCs often operate in jurisdictions with weak or absent governments, these firms become *de facto* regulators (Scherer & Palazzo, 2007). Crane, Matten, and Moon (2008) observe that in such contexts, corporations take on responsibilities for regulating labor conditions, environmental standards, and even human rights, essentially filling the gaps left by national governments. This shift toward corporate governance of public issues reflects a broader transformation in the relationship between business and society, where firms are expected to go beyond compliance with the law and take proactive roles in addressing global challenges.

However, the political conception of corporate citizenship is not without its critics. Néron and Norman (2008) offer a fierce critique of some the key aspects of CC. First, they argue that using the term "citizenship" for corporations creates a significant conceptual confusion. Traditionally, citizenship is understood to refer to individuals who are members of a political community, with rights and responsibilities linked to their participation in society. Therefore, by applying the label of citizenship to businesses, there is a risk of conflating different types of entities leading to an unclear understanding of what it means for a corporation to be a "citizen".

The most relevant critique for the purposes of our discussion, however, is the following. As they argue, by virtue of their structure and purpose, corporations cannot fulfill the same roles or responsibilities as citizens. By design, they represent entities guided by self-interest and profit-maximization purposes, a structural element that fundamentally limits the corporation's ability to act as a moral or civic agent. Thus, it is problematic to expect corporations to behave like responsible citizens motivated by public welfare or civic duties. They argue that corporate citizenship theory often overlooks this inherent conflict between profit-seeking behavior and civic responsibilities, placing unrealistic expectations on businesses to prioritize social interests over their economic objectives.

6.3.5 CSR and the Political Turn

Perhaps the most extensive application of principles of deliberative democracy, especially in its critical theoretical root, is provided by the framework of *Political CSR* (PCSR) as originally proposed by Andreas Georg Scherer and Guido Palazzo (2006; 2007; Scherer, Palazzo, and Matten 2014). One of their merits is to take globalization as the starting point of their theorizing on corporate conduct and highlighting the question of business legitimacy in society. Their key argument is that as globalization weakens the traditional role of national governments in regulating corporate behavior, corporations must engage in public reasoning and participatory governance to secure their legitimacy.

PCSR, therefore, demands that firms move beyond compliance with legal norms to actively participate in global public deliberation and moral discourse (Palazzo and Scherer 2006). The shift towards the *moral legitimacy* condition is perhaps their most significant contribution.

Their approach is rooted on the ideal of deliberative democracy (Habermas 1996). In this model, decisions gain legitimacy when all affected parties are given the opportunity to participate in the decision-making process, where the justification of actions is based on rational dialogue. Scherer and Palazzo apply this concept to the corporate world by arguing that corporations, particularly MNEs, have become political actors in a globalized world, a role that demands they participate in deliberative processes (Scherer, Palazzo, and Matten 2014). If my understanding is correct, the key passage is therefore that democratic principles of legitimate decision-making can be applied to the corporation in light of its *political* nature. However, it is worth noting that is it not clear what elements would make the corporation a political actor. The authors take as basis for their argument the fact that corporations are increasingly involved in the provision of public goods and the resolution of social problems (Scherer and Palazzo 2007, p. 1097). In this context, businesses can no longer rely on national laws alone for their legitimacy. More fundamentally, they must engage with a wide array of stakeholders in public deliberation to justify their actions and secure legitimacy through reasoned discourse (Scherer, Palazzo, and Seidl 2013).

This shift is necessary because, as Scherer and Palazzo explain, globalization has led to a weakening of the regulatory power of the nation-state. Under the postnational constellation of global governance, the traditional legitimacy mechanisms of the nation-state are no longer sufficient (Scherer and Palazzo, 2008). In other words, corporations cannot depend solely on national governments to define and enforce ethical business behavior; they engage directly in global governance through participatory and deliberative mechanisms.

Deliberative democracy plays therefore a critical role in this process by framing corporate legitimacy as something that must be actively constructed through inclusive discourse. Corporations engage in discursive processes of opinion and will-formation by participating in discussions that transcend national borders and involve multiple stakeholders, such as NGOs, local communities, and international institutions. This is particularly relevant for issues like climate change, labor rights, and environmental sustainability, where firms must demonstrate not only compliance with national regulations but also a commitment to global standards and moral principles (Willke and Willke 2008).

The most important corollary perhaps being that stakeholders must engage in communication *on equal terms*, with each participant's perspective respected and considered. In the context of *PCSR*, discourse ethics ensures that corporate actions are judged not by economic outcomes alone, but by their ethical justifiability in a transparent public dialogue. As Scherer and Palazzo argue, corporations

must be conceived as deliberative spaces where decisions are based on the best arguments, rather than on power or manipulation (Scherer and Palazzo, 2007). In their view, this implies that corporations must engage with stakeholders not as competitors or adversaries but as equal participants in a shared process of moral reasoning. This means that corporations must justify their actions in terms that are morally and ethically acceptable to a diverse range of stakeholders, moving beyond compliance-driven or profit-oriented CSR models. Ethical justification, therefore, becomes central to corporate legitimacy. For example, a company facing criticism for labor practices in its global supply chain would be expected, under discourse ethics, to engage with labor groups, NGOs, and other affected stakeholders in an open dialogue. Through this process, the company would not merely defend its actions but actively listen to stakeholder concerns, offer reasoned justifications for its practices, and demonstrate a willingness to modify its behavior based on ethical considerations.

By integrating deliberative democracy and discourse ethics into their model of *PCSR*, Scherer and Palazzo offer a rethinking of corporate legitimacy in the globalized world. Corporations are no longer seen merely as economic actors operating within legal frameworks but as co-governors in the global public sphere (Scherer, Palazzo, and Seidl 2013; p. 260). As a result, firms must justify their actions not only to shareholders but also to a broader range of stakeholders, including civil society, governments, and international organizations.

PCSR hence shifts the focus of corporate legitimacy from compliance with legal norms to participation in global governance. Scherer and Palazzo note that in traditional CSR models, legitimacy is often achieved through compliance with regulatory frameworks and social norms (Scherer and Palazzo, 2008). However, in the context of political CSR, legitimacy is instead derived from the quality of public deliberation and the company's engagement in ethical discourse with stakeholders. In short, corporations must earn legitimacy through engagement in transparent, participatory, and discursive processes with those affected by their operations (Scherer and Palazzo, 2011).

This deliberative model has real-world implications, particularly in areas such as sustainability and human rights, where global governance frameworks are often weak or underdeveloped (Tallberg, Bäckstrand, and Scholte 2018). PCSR would require the company to engage directly with local communities, environmental groups, and global institutions to co-create standards and solutions, thus securing legitimacy through dialogue and collaboration. In their account, as the power and influence of multinational corporations grow, these deliberative processes become essential for securing moral legitimacy and ensuring that corporate actions are aligned with global ethical standards.

Consistently, Scherer and Palazzo frame MSIs like the FSC as exemplary models for addressing complex global governance challenges. As deforestation is global in scope and cannot be effectively managed by any single actor or government, the FSC provides a platform for stakeholders to co-create standards, share knowledge, and enforce compliance through mechanisms of mutual monitoring and certification, ensuring broader legitimacy and accountability.

While this approach has tried to provide a deliberative foundation to the relationship between corporations and society based on discursive legitimacy, it has also been the object of important criticisms. Among the most significant we find the ones levelled by Sabadoz and Singer (2017) and Hussain and Moriarty (2018). Both expose internal limitations of theories of political CSR, I will pursue an alternative line of argumentation.

Sabadoz and Singer use the case of Starbucks' "Race Together" campaign to illustrate key weaknesses of *political CSR*, focusing on the contradictions between the ideals of deliberative democracy and the realities of corporate behavior. The campaign, launched in 2015, was an attempt by the company to initiate a national conversation on race relations in the United States. In a nutshell, Starbucks encouraged its baristas to write "Race Together" on coffee cups and engage customers in discussions about racial issues. This initiative was part of a broader effort to position the corporation as a socially responsible and politically engaged, aligning with the ideals of political CSR.

However, as Sabadoz and Singer show, the campaign quickly faced widespread backlash. Critics viewed the effort as "institutionally arrogant" (p. 183), questioning whether a coffee company could genuinely facilitate a meaningful conversation on such a deeply complex and sensitive issue. The criticism highlighted concerns that the campaign was more about Starbucks enhancing its brand image than genuinely fostering public deliberation on race. Sabadoz and Singer argue that this case reveals some core tensions within PCSR, especially between instrumental motivations and corporate involvement in social and political issues. Through the Starbucks example, Sabadoz and Singer illustrate how corporate attempts at public deliberation often conflict with the strategic interests of for-profit companies. As rightfully pointed out by the authors, this instrumental approach contradicts the principles of deliberative democracy, where the goal is mutual understanding and consensus rather than advancing self-interest.

Sabadoz and Singer argue that PCSR fails to adequately account for these instrumental motivations, which distort the deliberative process and prevent the kind of open, reasoned discussion that is central to democratic legitimacy. As the authors conclude, the campaign illustrates the inherent contradictions in asking profit-driven corporations to act as facilitators of public deliberation, where strategic interests and power dynamics compromise the openness and inclusivity required for genuine democratic dialogue.

While I find the criticism moved by Sabadoz and Singer instrumental in highlighting core issues regarding corporate engagement in social dialogue, I maintain that their point does not rest on an adequate foundation. In particular, the *kind* of deliberative engagement they depict misses the mark. Corporate positioning on matters of social justice does not equate to the kind of deliberative engagement that neither deliberative democracy nor Scherer and Palazzo have in mind. This passage further clarifies,

> we contended that given the corporation's market context and the nature of why people interact with it, the corporation makes for a poor venue for democratic deliberation. Indeed, it may be that trying to introduce deliberation therein will produce perverse and counterproductive results, as people mistake success-oriented bargaining for morally legitimate consensus (Sabadoz and Singer 2017; p. 206).

I think they are right in pointing out that the wider market system context in which corporations operate makes them, to say the least, suspicious deliberators in the eyes of the public. I think they are wrong in claiming that, based on this, "the corporation makes for a poor venue for democratic deliberation". This is not what political CSR theorists claim. There is a fundamental difference between internalizing democratic practices within the corporate governance structure (Scherer, Baumann-Pauly, and Schneider 2012), and conceptualizing corporations as deliberative *venues*. Sabadoz and Singer seem to conflate the latter into the former. Ironically, one could claim that Starbucks is on the contrary a quintessentially democratic venue for public discussion as cafés represented the initial spaces for the development of a communicatively mediated public sphere (Habermas, [1962] 1989). More to the point, their example unfortunately hardly shows why the efforts at internalizing democratic and deliberative practices at the level of corporate governance (as political CSR argues) would be misplaced. The Race Together campaign could be seen as a poorly executed marketing effort that falls short of the kind of social dialogue deliberative democrats envision for corporate engagement, possibly *supporting* the argument of political CSR.

On the other hand, Hussain and Moriarty (2018) move a deeper criticism at PCSR based on the concept of accountability. Their central argument is that PCSR, as conceptualized by theorists like Palazzo and Scherer, allows corporations to take on policymaking roles in global governance processes, which fundamentally undermines the very democratic ideals that PCSR purports to uphold. As they write,

> We accept that the expanding role of the corporation generates a democratic deficit, and that a novel form of democratic accountability based on the ideal of deliberative democracy may be a remedy for it. But Palazzo and Scherer's model for how we should make corporations more democratically

> accountable suffers from a fundamental problem: it allows corporations to participate in governance arrangements in a policymaking capacity, in much the same way as private citizens and political groups do. Allowing corporations to participate in this capacity violates a fundamental aspect of the ideal of deliberative democracy. As a result, Palazzo and Scherer's normative model does not actually address the problem it was meant to solve (pp. 519-520).

The heart of Hussain and Moriarty's critique lies in the belief that corporations, driven by profit motives, are not appropriate entities to engage in public deliberation or act as co-governors in political processes. Hence, they challenge the very assumption that corporations can and should participate in governance arrangements alongside other actors like NGOs, government agencies, and civil society organizations.

In the PCSR framework, corporations are increasingly seen as political actors that engage in governance, not just by complying with regulations, but by actively participating in the creation of norms, rules, and policies. This participatory role is grounded in the principles of deliberative democracy, wherein corporations are envisioned as engaging in public discourse and deliberation with stakeholders to help address global challenges like environmental sustainability, human rights, and economic inequality.

However, Hussain and Moriarty contend that this framework grants corporations policymaking authority that they are not suited to hold. They assert that the model proposed by Palazzo and Scherer allows corporations to act as "supervising authorities" in global governance, in much the same way as political representatives or government institutions (Hussain & Moriarty, 2018, p. 522). This, they argue, is problematic because it effectively elevates corporations, holding primary obligations to their shareholders, to a status that is equivalent to public institutions that should be democratically accountable to citizens.

A significant part of Hussain and Moriarty's critique lies therefore in the tension between corporate instrumentalism, the pursuit of profit and self-interest and the normative orientation toward the common good at the basis of the deliberative democratic ideal (Cohen 2005). Hussain and Moriarty argue that this ideal of deliberative democracy is fundamentally incompatible with the profit-driven motives of corporations.

Following their argument, corporations would be ill-equipped to serve as co-governors because their decision-making is driven by economic considerations rather than by the democratic principles of equality, reciprocity, and public reason, leading to an unrealistic expectation that corporations can engage in policymaking in a manner that is consistent with democratic ideals.

As anticipated, Hussain and Moriarty are skeptical about how public accountability would play in the PCSR model. As they put it,

> The point of the model of democratic accountability that Palazzo and Scherer advocate is to ensure that corporate activity that affects issues of common concern in the community is regulated by the free, unforced, rational deliberation of citizens. But instead of using elections to ensure that corporate activity conforms to evolving public opinion, the model uses a multi-stakeholder deliberative process to do so. […] All of the parties must be *willing* to take the arguments presented by the others seriously, and they must all cooperate to try and determine which standards and principles should govern the corporation's behavior. Finally, the corporation must be prepared to alter its behavior and follow the standards and principles that are supported by the balance of good arguments (Palazzo and Scherer 2006, p. 73, in Hussain and Moriarty 2018, p. 524; emphasis added).

Opposite to Sabadoz and Singer (2017), Hussain and Moriarty confront Scherer and Palazzo on the same terrain. In referring to the FSC, hailed by Scherer and Palazzo as a key example of the type of corporate involvement in global governance activities, they expose, on the contrary, how such initiatives fail in fostering corporate accountability.

The FSC brings together corporations, NGOs, and other stakeholders to jointly create standards for responsible forestry. In theory, the FSC's consensus-based approach aligns with the ideals of deliberative democracy, where all stakeholders are supposed to have an equal say in decision-making. But here lies the problem according to Hussain and Moriarty. Corporations should not be treated as equal participants in governance because they are fundamentally motivated by economic interests, not the public good. More specifically, *"the economic purposes of a business corporation are often at odds with the political purposes that would be characteristic of a political party, NGO, or other such organization"* (Hussain and Moriarty 2018, p. 530; emphasis in the original). Therefore, by participating in the FSC as co-governors, corporations are granted policymaking power, allowing them to influence sustainability standards while remaining primarily accountable to their shareholders. The fundamental problem here is that such governance setups intended to foster more sustainable business practices, end with the paradoxical result of making "the corporation accountable *to itself*" (p. 526; emphasis in the original).

While the criticisms advanced by Hussain and Moriarty are serious, they also present some difficulties. The first is a too sharp distinction (also running through a lot of deliberative democratic theory) between economic actors and their self-interest and the normative orientation toward the common good of public actors on the other. As famously showed in public choice theory by James Buchanan and Gordon Tullock (1965), state officials and public officers bodies are perfectly capable of self-interested behavior. More fundamentally, we need to problematize under what conditions we can establish legitimate forms of self-interest. The question is therefore understanding to what extent

MSIs can function as an institution based on deliberative principles capable of orienting economic actors toward public goals and hold them accountable against this benchmark.

Along these lines, another problem with their critique is the alleged *absence* of state-based forms of authority in multistakeholder initiatives. While the RSPO and the FSC are considered private forms of governance, this does not need to convey the idea that the ultimate foundation of such governance mechanisms is *entirely* private. In other words, some forms of public involvement and, as a consequence, of public accountability are indeed present. In the case of the RSPO, for instance, this is exemplified by the notion of "National Interpretation" by which public officers verify that the Principles & Criteria proposed by the RSPO do not contradict national legal frameworks (Marin-Burgos, Clancy, and Lovett 2015).

The main issue with Hussain and Moriarty's argument is its apparent contradiction of a fundamental principle of deliberative democratic theory. As we have seen, deliberative democracy is founded on the idea that those impacted by a decision should have a role in the decision-making process, or at least be in a position to rationally and reasonably consent to it. Excluding companies from this process seems to conflict with this core ideal. For their argument to be more persuasive, Hussain and Moriarty would need to show that companies, as economic agents, are a unique category of actors that can justifiably be excluded from the principle of affectedness. However, they do not provide specific reasons why corporations should be treated differently in this regard. Without addressing why corporations should be exempt from participating in deliberative processes, their stance remains unconvincing and problematic.

The line of argumentation I intend to follow against PCSR is different for the reasons above exposed. Despite its rooting in critical theory a Habermasian discourse ethics and democratic theory, some of the limits of the political CSR perspective have to do with both the diagnosis and the prognosis of Scherer and Palazzo's analysis. The main criticisms have to do with a) a conflation of corporations into political actors based on pragmatist arguments, b) an overstatement of the importance of legitimacy for corporate use of political power, c) an overall neglect concerning the problem of power asymmetries, d) the avoidance of an adequate reflection on the consequences of corporate disengagement from public discourse, or, in other words, the resting on an appeal to corporate goodwill to consider others as equal participants and e) a commitment to a form of agnosticism toward any role for a theory of justice (be it Rawlsian or otherwise) in their framework. To elaborate this set of objections I rely on the use of the critical perspective to highlight the normative resources Scherer and Palazzo did not use in their framework. Since my criticisms are connected (to varying degrees) it is perhaps more effective to present them in a combined way.

At the heart of Scherer and Palazzo's argument is the claim that globalization has shifted the governance landscape, requiring corporations to play an increasingly political role by filling regulatory gaps left by states (Scherer and Palazzo 2011). However, Scherer and Palazzo's treatment of the corporate role within governance mechanisms tends to emphasize the technical and procedural aspects of participation, such as consultation with stakeholders, reporting standards, and compliance frameworks, rather than addressing the deeper political dynamics of power, inequality, and justice that underpin these processes (LeBaron and Lister 2021; Bartley 2018a).

One of the most significant omissions in Scherer and Palazzo's deliberative model is the lack of a clear role for principles of justice. Their emphasis on dialogue as a means of securing legitimacy assumes that participation in deliberation is, in itself, sufficient to ensure fair outcomes. However, mere participation in dialogue does not necessarily lead to just outcomes (Levy, Brown, and De Jong 2010). Powerful corporations, with significant resources, can dominate deliberative spaces, shaping outcomes to align with their interests while marginalizing less powerful actors such as local communities, small businesses, or environmental advocacy groups (Fransen & Kolk, 2007; Banerjee, 2008).

This assumption that deliberation equals justice is a key weakness in Scherer and Palazzo's framework as they do not sufficiently address the question of how deliberation can serve as a process of stakeholder *empowerment*. For deliberation to lead to legitimate and just outcomes, there must be mechanisms in place to ensure that all voices are heard equally and that power asymmetries are addressed. However, in the real-world operation of MSIs and other governance platforms, the lack of adequate institutional mechanisms consistent with the normative principles of deliberative democracy entail that power asymmetries are often entrenched, with corporations wielding disproportionate influence over agenda-setting, decision-making, and the implementation of standards (Bäckstrand, 2006).

Another problematic aspect of Scherer and Palazzo's approach is that while they suggest that participation in MSIs and stakeholder dialogues is central to building corporate legitimacy, they do not adequately address the limits of voluntary participation in ensuring accountability or justice. In particular, their model insufficiently addresses the question of corporate accountability by failing in deriving practical consequences for corporations *not* engaging in the kind of social engagement they describe. One of the questions that Scherer and Palazzo's framework do not answer is what does it mean for a corporation to lose its legitimacy. Answering such question, however, presupposes the adoption of an institutional perspective beyond voluntary organizational goodwill they do not articulate.

In a nutshell, the core of my critique lies in Scherer and Palazzo's misapplication of critical theory. While they use it to legitimize corporate power in global governance, I contend that a more authentic and useful use of critical lenses lies in exposing the socio-environmental problems that corporate power perpetuates and suggesting institutional options to mitigate them.

6.4 Critical Reflections on Democracy and CG Theories

The integration of democratic theory into corporate governance has been driven by attempts to broaden the scope of corporate accountability and incorporate diverse stakeholder interests. However, existing frameworks, whether framed as stakeholder theory, workplace democracy, or political CSR, have significant limitations. They often fail to address the deeper, structural power dynamics between corporations and stakeholders, and their reliance on the paradigm of stakeholder "consideration" tends to reinforce existing inequalities without realizing the empowering potential of critical theory and deliberative democracy.

One of the core limitations of existing approaches to integrating democratic principles into corporate governance is their grounding in a paradigm that emphasizes the consideration of stakeholder interests under the guiding criterion of *value creation*. While stakeholder theory introduced a significant shift by asserting that firms should be accountable to a broader set of interests beyond shareholders, it has largely been operationalized in a way that aligns with utilitarian economic logics. This focus on value creation suggests that stakeholder engagement is beneficial to the extent that it contributes to the economic performance of the corporation (Donaldson and Preston, 1995). The result is a form of instrumental stakeholder engagement, where stakeholders' concerns are addressed only insofar as they do not compromise the economic objectives of the firm.

This paradigm fundamentally fails to alter power dynamics within corporate governance structures. By focusing on value creation, companies ultimately continue to prioritize shareholder interests, and the engagement of other stakeholders becomes a tool for sustaining profitability rather than facilitating substantive changes in corporate behavior (Wright and Nyberg 2017).

The emphasis on value creation can severely constrain the potential for stakeholder engagement to challenge corporate hegemony, as it frames participation within a system designed to reproduce existing capitalist relations (Rhodes and Fleming 2020). This suggests that stakeholder engagement practices that rely on value creation are unlikely to lead to a redistribution of power or resources, and they fail to confront the broader structural inequalities that characterize global capitalism. Thus, while companies may appear to engage in responsible business practices, these practices do not fundamentally alter the distributional dynamics that lead to the concentration of wealth and power within corporations.

For instance, PCSR often neglects to critically assess the conditions under which such partnerships are formed and the asymmetrical power relations that may exist between the participants (Levy and Kaplan 2008). The mere act of engaging in dialogue does not ensure that the outcomes will be equitable or transformative, especially when powerful corporations have the resources and influence to shape agendas and steer outcomes in their favor.

The assumption that corporate participation in MSIs inherently leads to positive, transformative outcomes overlooks the structural context within which these dialogues are situated. A fundamental claim I advance is that many MSIs are organized as technical problem-solving platforms, where socio-environmental issues are treated as obstacles to be managed rather than as systemic challenges that require fundamental changes in corporate practices (Fransen and Kolk, 2007). This technical orientation can lead to superficial solutions that address symptoms rather than causes, allowing corporations to appear socially responsible without making significant alterations to their business models (Rasche 2012).

Given these limitations, a more promising approach to integrating democratic principles into corporate governance lies in *rethinking* MSIs as deliberative arenas rather than as technical problem-solving platforms (Arenas, Albareda, and Goodman 2020). A deliberative approach, informed by the insights of critical theory and deliberative democracy, would emphasize the *political nature* of the problems being addressed, rather than the compatibility of technical solutions with dominant economic pardigms. This shift would require recognizing that socio-environmental issues are deeply embedded in the global political economy and that their resolution demands confronting the power relations that sustain inequality and exploitation (Young 2003; Dryzek 2000).

In this reconceptualization, MSIs would be seen not merely as spaces where stakeholders come together to mitigate risks but as forums for political deliberation where diverse actors can engage in open, critical discussions about the structural changes needed to address systemic problems. This would involve moving away from the managerial logic that frames stakeholder engagement as a means of maintaining corporate legitimacy and instead positioning MSIs as platforms where stakeholders can challenge corporate practices and advocate for alternative economic models. Such an approach would mobilize the empowering potential of critical theory by creating spaces for counter-hegemonic discourses that question the dominance of capitalist logics (Rhodes and Fleming 2020).

By focusing on the political nature of the issues, rather than just the actors involved, a deliberative approach could foster a more robust engagement with the root causes of socio-environmental challenges. For example, instead of merely setting standards for sustainable sourcing, deliberative MSIs could engage participants in discussions about the global trade policies and supply

chain structures that drive unsustainable practices. This would allow for a deeper exploration of the systemic barriers to sustainability and create opportunities for stakeholders to propose transformative changes that extend beyond the confines of corporate self-regulation (Bäckstrand, Khan, Kronsell, and Lovbrand 2010).

6.5 MSIs as Political Arenas

One of the key claims I advance in this research is that the adoption of a critical (or deliberative) perspective finds its justification in the shifting from the understanding of MSIs for sustainability as spaces of technical problem solving to deliberative arenas of political struggle. From this does not only follow an equal right to influence the decision-making process by requiring the respect of legitimate interests (and asking for adequate justification in case such interests are not respected), it also follows the right to introduce justice-based claims in the deliberative space and require that vulnerability-generating business practices and distributive models are publicly justified in front of a wider and (possibly) impartial public sphere.

The previous sections have served the purpose of letting emerge that the problems associated with the current institutionalization of MSIs for sustainability are not a matter of consensus-oriented mechanisms but a lack of engagement with the normative presuppositions of the global political economy they stem from. In other words, while a democratization of the firm is a necessary task, a better alignment of self-interest and public goals runs through a politicization of the multistakeholder governance frameworks corporations participate in.

Critics of the deliberative approach often argue that the fatal flaw of deliberative democracy is that it cannot escape its idealistic presuppositions. In other words, real-life political debate is characterized by conflict and dissensus rather than the consensus-oriented exchange that deliberative democrats envision (Mouffe 2005; Dawkins 2021; Willke and Willke 2008; Fougère and Solitander 2020). However, as we have seen in Part II, this objection rests on a profound misunderstanding concerning the role of consensus as downplaying the importance of dissensus (Lafont 2020; Dryzek and Niemeyer 2006). On the contrary, given the attention of deliberative democrats toward pluralism and deep disagreement (Gutmann and Thompson 2009), a convincing way of conceptualizing MSIs is offered by Daniel Arenas, Laura Albareda and Jennifer Goodman (2020) as both sites of consensus *and* contestation. The authors categorize four types of internal contestation within MSIs *procedural, inclusiveness, epistemic,* and *ultimate-goal* contestation and illustrate each type with examples from prominent MSIs. Procedural contestation occurs when stakeholders disagree about the rules governing decision-making within an MSI. Inclusiveness contestation involves disagreements over who is represented in the MSI and whose voices are heard in deliberation. For example, the RSPO

faced contestation when some members proposed restricting external criticism of the MSI, arguing that it would undermine the organization's credibility. This sparked a debate about whether limiting critical voices violated principles of inclusiveness and transparency, and the resolution was ultimately defeated (RSPO 2013). Epistemic contestation refers to conflicts over how facts and values are understood within the MSI, reflecting divergent beliefs about the social or environmental impact of MSI policies (Niemeyer and Dryzek 2007). Ultimate-goal contestation arises when stakeholders disagree about the fundamental purpose of the MSI. For instance, in the FSC, members disagreed over whether the goal of the organization should prioritize environmental conservation (as advocated by Greenpeace) or responsible forestry management that includes industrial-scale logging (FSC-Watch, 2014). These deep-rooted conflicts reflect differing values and visions for the MSI's ultimate objectives.

Arenas et al. (2020) argue that ultimate-goal contestation, by questioning the very purpose of the MSI, provides an entry point for less powerful actors, such as NGOs, civil society groups, and local communities, to articulate their values and challenge the dominant narratives often set by more powerful actors like corporations. This type of contestation "emerges when different stakeholders do not share fundamental values, or have clearly differentiated value priorities" (p. 184) and allows marginalized actors to raise concerns about long-term social and environmental objectives, which might otherwise be overshadowed by economic priorities.

As the analysis of case studies will show in the next Part, corporate power often shapes MSIs decision-making, in this context ultimate-goal contestation would enable marginalized groups to bring alternative worldviews into deliberations, especially those that emphasize social justice, environmental sustainability, or indigenous rights.

This conceptualization of MSIs sheds a critical light on their inability to foster transformative business practices across GVCs. One of the key points is the need for shifting the focus from an internal view on deliberative processes to an external perspective on how deliberative practices could empower weaker views and advance more transformative claims as part of a larger systemic interaction. Baur and Arenas (2014) stress the value of business-NGO interactions as these unfold not simply in formalized institutional sites but also in the presence of a public sphere.

The issue at stake here is therefore to outline an institutional theory of global governance consistent with the liberal preconditions of the global order while at the same time legitimately and yet effectively addressing the sustainability crisis we are currently facing. This is, in practice, the task of a democratic theory of governance, namely to provide an effective "reconciliation of liberty with equality" (Rawls 1971, p. 204).

As it will be argued in later sections, the strategy pursued in this research is to move beyond the self-defeating formalism that characterizes the liberal foundations of the modern globalized world. By this, I mean that the task is to elucidate what are the conditions under which it is possible to bring forward a pragmatic and substantive model of governance that does not contradict the normative premises of a pluralist global order.

Hints in this direction can be already found in Cohen and Rogers (1994), in their essay *Solidarity, Democracy, Association* they highlight the need for what they label as an associative form of democratic order. Opposite to other variations of democratic political theory, their view stresses the importance of "secondary associations" for the development of more effective and legitimate institutions capable of addressing the social problems that liberal democracies are increasingly unable to address. To this end, they advance a strong argument in favor of institutions.

To my understanding, MSIs present suitable characteristics in order to become the kind of institutions that Cohen and Rogers invoke. The answer may however not be as straightforward. The reason lies in this passage, while they claim that such institutional arrangements intend to foster bonds of solidarity beyond citizenship, such deliberative arenas would

> Develop shared ground among people with different identities and views, thus encouraging the elaboration of comprehensive views in ways that are congruent with values of fair cooperation among equals. The effort might be thought of as one of "decolonizing the life world" - of establishing arenas of discussion that lie outside the formal political system and are not mediated by money and power. What we claim is that just such an effort is what is needed today to establish an overlapping consensus on an egalitarian-democratic conception of justice (p. 152).

While the overall spirit of the passage is in line with the argument advanced and defended in this research, I only cast doubts on whether the arenas they describe *could* not be mediated by money and power. As a matter of fact, it is actually unclear what they mean by this requirement. This seems to pose excessive expectations both on the composition of such arenas and, ultimately, on their very usefulness.

I share the need for creating informal deliberative arenas to build a stronger public sphere (Baur and Arenas 2014) but stating such arenas should not be mediated by money and power risks undermining their potentially beneficial role in bringing unchecked private power under democratic oversight. Considering their composition, it is not clear what actors should be eligible for participating in such kinds of organizations. If unmediated forms of belongings can access such organizations, then participation would need to be warranted either on the basis of persons *qua* human beings or *qua*

citizens. The first seems to run at full speed into an impossibility objection, the second would contradict the very intent of fostering relations of solidarity beyond citizenship.

Regardless, the political role of MSIs needs to be affirmed to develop more transformative governance mechanisms. The key problem is aptly described by Sjåfjell and Taylor (2019), commenting the role of shareholder value maximization and development:

> there is a contradiction embedded in the notion of sustainable development: a fundamental role for business in creating the value necessary for sustainable development is contradicted by the evidence of the central role played by business in creating unsustainable social and environmental impacts (p. 41).

This is the tension that the application of democratic theory to both corporate governance and MSIs needs to mitigate through institutional mechanisms of deliberative MSG. However, the relationship between corporate governance structures and sustainable development requires deeper exploration. While Cohen and Rogers rightly advocate for the creation of deliberative arenas aimed at "decolonizing the lifeworld", this endeavor cannot succeed without a more thorough consideration, as we said, of the specific conditions under which such deliberation takes place. Part of the "conditions" would be an examination of the CG structure of MNEs participating in governance capacities in MSIs.

Opposite to Risse (2004), I contend that the internal logic and motivations of the actors involved in these processes play a pivotal role (Cecchini Manara and Sacconi 2019). Corporate entities, NGOs, and other stakeholders operate according to distinct sets of incentives, organizational cultures, and strategic interests that influence their engagement in deliberative practices. Ignoring these internal dynamics leads to an oversimplified view of deliberation, which underestimates the complexities of achieving genuine consensus or cooperation. Thus, while the idea of deliberative arenas is compelling, a more nuanced approach is needed, one that incorporates a critical examination of both the external conditions and the internal rationalities that drive the participants' behavior within these governance structures.

This better gauge the relevance of CSR theories of CG to develop more effective models of MSG for sustainability beyond the state. The discussion on deliberative democracy has revealed the problematic stance of a structural orientation toward self-interest in a deliberative process. The present discussion has instead revealed the need for a convergence of purposes between the internal aims of corporations and the external participation in MSIs. We are now in a better position to evaluate how deliberative democracy can offer a comprehensive framework to better align corporate and collective goals. In taking stock of the discussion so far exposed, I argue that approaches to business

engagement in MSIs have long neglected the importance of internal corporate CG structures in jeopardizing the pursuit of MSIs goals.

Pushing the argument further, corporations that maintain a strong shareholder orientation should be perhaps recognized as ill-suited to govern sustainability effectively. This would enable to introduce a normative argument for legitimate participation in governance mechanisms. Given the limitations of shareholder value orientation, legitimate participation of corporations in MSIs should be contingent upon their formal adoption of collective goals within their CG structures. By embedding sustainability and social responsibility directly into their governance frameworks, corporations would be better positioned to align their business strategies with the objectives of MSIs, ensuring that their engagement is not merely symbolic but substantively contributes to the initiative's goals. Of course, this shift would necessitate a redefinition of fiduciary duties (Sacconi 2011), moving beyond shareholder primacy to a model that prioritizes the interests of a broader range of stakeholders, including communities and the environment. To put it simply, such structural reforms would be essential to ensure that corporations act as reliable partners in promoting sustainability, rather than obstacles to achieving it.

The purpose is to better draw the implications of the societal role of the firm for corporate governance on the one hand, and the implications of the political role of MSIs as deliberative arenas on the other. I further outline such implications in the following section.

6.6 Corporate Legitimacy in Global Governance Through MSIs

Corporate legitimacy in global governance has traditionally been conceptualized in terms of *de facto* assuming governance roles, the compliance with societal expectations, the conformity to legal standards, or engagement in stakeholder dialogues (Scherer and Palazzo 2011). However, this framework is inadequate for addressing the complex, global challenges of sustainability, human rights, and environmental protection. To develop a more robust and transformative theory of corporate legitimacy, I suggest to move beyond these traditional understandings and develop a model where the legitimacy of corporate involvement in global governance (and therefore its status as public governor) is grounded in two critical components:

1) The adoption of a corporate governance structure consistent with the societal role of the firm: this requires a shift in CG away from the traditional shareholder-centric model toward an emphasis on collective goods, reflecting a commitment to a broader set of societal interests.
2) The integration of deliberative democratic ideals into MSIs: This ensures that MSIs operate not merely as platforms for consultation or compliance but as deliberative arenas where

diverse stakeholders engage in meaningful, inclusive dialogue to mediate between self-interest and the common good.

1. Structural Orientation Toward Collective Goods

A critical feature of corporate legitimacy in global governance would be to require corporations, particularly those involved in MSIs, to adopt a structural orientation toward collective goods. This concept fundamentally challenges the traditional corporate governance model that prioritizes shareholder value maximization. In its place, a model focused on collective goods demands that companies integrate social, environmental, and ethical interests into their core strategic and operational frameworks. In practice, this means that corporations must embed sustainability, human rights, and social equity into their business models, decision-making processes, and performance metrics.

2. Integration of Deliberative Democratic Ideals Into MSIs Governance

While a structural orientation toward collective goods provides the ethical foundation for corporate legitimacy, deliberative democratic ideals are essential for ensuring that the governance structures of MSIs facilitate meaningful engagement between corporations and other stakeholders. Traditional approaches to stakeholder engagement often involve consultation and dialogue, where companies invite feedback from stakeholders but retain significant control over decision-making processes. This creates a dynamic where stakeholder input is considered, but not necessarily acted upon, leading to forms of engagement that fail to challenge existing power structures (Arenas, Albareda, and Goodman 2020).

A theory of corporate legitimacy that integrates deliberative democracy, on the other hand, envisions MSIs as deliberative arenas where stakeholders can engage in reasoned debate and critical dialogue. This approach is crucial for MSIs because it shifts the focus from strategic bargaining, where powerful actors can dominate the process, to a model where reasoned arguments and normative considerations play a central role in shaping outcomes (Risse 2000).

In practical terms, this means that the governance structures of MSIs must be designed to facilitate inclusive participation. Rather than merely inviting feedback, MSIs should establish mechanisms that allow stakeholders, especially those who are marginalized or have less power, such as local communities, small producers, and workers' representatives, to have a meaningful voice in decision-making processes. These deliberative structures would enable stakeholders to challenge corporate practices, propose alternatives, and negotiate standards that reflect the common good rather than self-interest.

The integration of deliberative democratic principles into MSIs also addresses a key limitation of political CSR and stakeholder theory: accountability. In many existing models, companies can engage in dialogue without being bound by the outcomes of those discussions. Deliberative democratic governance would require that agreements reached through stakeholder engagement are binding and that companies are held accountable for adhering to the commitments made during deliberation. As we will see in the next Part, the Bangladesh Accord on Fire and Building Safety serves as an example of how legally binding agreements can emerge from multi-stakeholder dialogue, providing a template for how MSIs can move beyond voluntary compliance (Donaghey and Reinecke, 2018). Such agreements derive their legitimacy not only from their enforceability but from the inclusive, transparent, and democratic processes that underpin them, ensuring that they reflect the interests of all parties rather than the will of the most powerful.

The integration of these two components (a structural orientation toward collective goods and deliberative governance) shows how MSIs could more effectively mediate between corporate self-interest and the common good. Of course, what remains to be examined is how the integration of deliberative democratic ideals into the governance structure of MSIs can be articulated in a manner that effectively mitigates power asymmetries to bolster both legitimate and more transformative business practices. In this context, the principle of public reason, as elaborated in Part II, emerges as a pivotal framework that can provide a clearer principle of practical guidance. This principle offers an alternative to the often ambiguous and instrumental approaches seen in stakeholder theory and political CSR, failing to address deep-rooted structural inequalities. By grounding MSI governance in public reason, it becomes possible to establish standards of deliberation that are transparent, inclusive, and oriented towards the common good, while also ensuring that the governance structures remain operationally viable.

Of course, a key challenge regards possible arguments why corporate actors would agree to the normative proposal presented in this Thesis. Since corporations have historically benefited from the current asymmetries within MSIs, leveraging their economic and structural power to shape regulatory outcomes in ways that align with their interests, why would they willingly engage in a process that seeks to curb their dominance? The answer is complex and far from straightforward. However, an initial reflection can develop according to (at least) two main points: the legitimacy imperative and the risk mitigation argument.

Concerning the first aspect, corporate legitimacy in governance is increasingly fragile as it depends upon its ability to deliver expected results. In this regard there is, for instance, skepticism surrounding the ability of private governance initiatives to deliver on key sustainability goals such as poverty reduction (SDG 1), inequality mitigation (SDG 10), and climate action (SDG 13) (MSI

Integrity, 2020; UN DESA, 2023). Corporations participating in MSIs often rely on these frameworks to secure their social license to operate (Cashore 2002). However, when governance mechanisms are perceived as weak, captured, or ineffective, their legitimacy erodes. This not only undermines trust in individual corporations but also threatens the credibility of entire sustainability certification systems, potentially leading to regulatory crackdowns or consumer backlash (LeBaron and Lister 2021). By supporting deliberative democratic reforms, such as recognition of affected communities, transparent deliberative procedures, and mechanisms for real accountability, corporations could reinforce the legitimacy of MSG frameworks strengthening, in turn, their legitimacy as governance actors.

With regards to the second aspect, corporations operate in an increasingly volatile landscape where environmental, social, and governance (ESG) risks can translate into legal, financial, and reputational threats. Labor rights violations, deforestation, and climate-related disasters are no longer externalities that corporations can ignore without consequences. Shareholders, regulators, and activist groups are intensifying their scrutiny, demanding that businesses take meaningful action to address sustainability risks (Gunningham, Kagan, and Thornton 2004; Gunningham 2017). A deliberative MSG model would offer corporations a way to mitigate these risks likely more effectively than the status quo. First, by integrating more diverse voices, including those of workers, indigenous communities, and environmental groups, firms gain access to early-warning systems that can help them anticipate conflicts before they escalate into full-blown crises. Second, strong deliberative governance fosters more stable and predictable business environments by reducing the likelihood of abrupt regulatory interventions, supply chain disruptions, or consumer boycotts. In this sense, power rebalancing could be seen not as a zero-sum game but as a strategic investment in long-term corporate resilience. A key example of this dynamic is the Bangladesh Accord on Fire and Building Safety, which emerged in response to the Rana Plaza disaster. Unlike traditional voluntary MSIs, the Accord incorporated legally binding commitments and robust worker representation. While many companies initially resisted these provisions, those that engaged found that the strengthened governance framework ultimately led to improved safety conditions and greater supply chain stability.

In a nutshell, by actively supporting a shift toward more deliberative governance structures, powerful actors can help ensure that MSIs remain credible and viable mechanisms for sustainability governance. This is not merely an ethical imperative, it is also a strategic necessity in a world where transparency, accountability, and sustainability are increasingly integrated.

The task of the following Part will be to elaborate on how this integration can be designed, focusing on the practical mechanisms and institutional arrangements that can enable MSIs to act as authentic deliberative arenas. By drawing on the normative ideals of deliberative democracy and the

principle of public reason, the discussion will outline how MSIs can mediate between self-interest and collective welfare, ensuring that their governance frameworks are not only inclusive and democratically legitimate but also capable of effective action.

6.7 Conclusions

The analysis in this Part has underscored the complex relationship between corporate governance and the principles of deliberative democracy within MSG frameworks. Despite the prevailing optimism about the role of the private sector in achieving the SDGs, a critical examination reveals deep-seated tensions between corporate self-interest and the pursuit of broader societal objectives. Traditional corporate governance models, primarily rooted in shareholder value maximization, fundamentally conflict with the inclusive and participatory ethos that MSG seeks to promote. This misalignment calls for a profound rethinking of how corporations engage in global governance, particularly in initiatives aimed at sustainability.

The discussion has highlighted that while corporations have been welcomed as key actors in MSG (UNEP 2019; UNDESA 2023), their participation can be contradicted by an inherent orientation towards profit and self-interest in need of reconciliation. This focus can undermine the collective goals of sustainability and lead to practices that prioritize short-term gains. The theoretical frameworks explored, from stakeholder democracy to PCSR, offer pathways for integrating democratic principles into corporate governance. However, these approaches also expose critical challenges, such as persistent power imbalances and the superficial engagement of corporations that use sustainability initiatives for reputational gains rather than genuine transformation (LeBaron and Lister 2021).

Moreover, the replacement of citizen-based participation with stakeholder engagement in global governance raises fundamental normative questions about the legitimacy of corporate actors. Corporations, unlike citizens, operate under a functional logic that prioritizes efficiency, profitability, and competitive advantage. While frameworks like stakeholder democracy attempt to reimagine corporate governance by incorporating multiple stakeholder interests, they still struggle to overcome the entrenched dominance of shareholder interests. PCSR, also, underscores the role of corporations as political actors, advocating for their involvement in global governance and public deliberation. However, it falls short in effectively addressing power imbalances. Despite its emphasis on democratic engagement, the integration of these principles within corporate structures is often hampered by entrenched governance models that resist transparency and inclusive participation. Consequently, PCSR struggles to transform the dynamics of corporate decision-making in a way that would genuinely empower less influential stakeholders.

To overcome these limitations, the analysis has introduced a normative argument for corporate legitimacy in sustainability governance. It suggests that for corporations to act as legitimate partners in global governance, their participation shall be contingent on adopting governance models that explicitly integrate societal goals into their decision-making processes. This would require a paradigm shift where the fiduciary duties of corporate managers extend beyond shareholders to include stakeholders such as employees, communities, and the environment. Only by institutionalizing democratic practices within their governance frameworks can corporations authentically contribute to the common good and address the global challenges that MSG aims to resolve.

This Part has stressed that the future of sustainable global governance hinges on the ability to align corporate conduct with democratic values. To this end, a deeper integration of deliberative democratic principles into corporate governance structures is not merely desirable but essential for achieving equitable and sustainable development.

PART IV

ASSESSING THE DELIBERATIVENESS OF MSG FOR SUSTAINABILITY

This Part is dedicated to the development of a framework for assessing power imbalances within MSG systems and to understand how private governance networks consistently institutionalize the normative ideals of deliberative democracy. Recalling the main research question of the Dissertation, the main objective is to create institutional conditions where less powerful stakeholders can participate on a more equal footing with dominant actors. This analysis seeks to enhance the legitimacy and fairness of MSG models by offering pathways for institutional reforms that address these imbalances.

As we have established, power disparities represent a central challenge in MSG (Kapucu and Hu 2020), as the influence of corporate and other well-resourced actors often overshadows that of weaker participants (Qiang, Liu, and Steenbergen 2021; Dewulf and Elbers 2018). These imbalances affect both the legitimacy and the effectiveness of governance processes in several ways. I focus especially on two levels, an epistemic and an accountability-based one. Concerning the first level, corporations typically succeed in framing sustainability problems in capital-friendly terms, while alternative epistemologies and discourses does not receive equal representation. Concerning the second level, as clarified by the RSPO case, the MSG model in the form of non-state market-driven systems faces significant challenges in enforcing compliance (Cashore 2017). Corporations often face minimal consequences for failing to adhere to agreed-upon norms and principles, limiting the overall effectiveness of these governance systems (Macdonald and Balaton-Chrimes 2016). A key aim of this Part is then to explore how institutional design and governance structures can mitigate these asymmetries, ensuring that decision-making processes are more inclusive and reflective of the interests of a broader range of stakeholders.

First, I restate why power remains a central issue in MSGs, emphasizing how imbalances among stakeholders, especially the dominance of corporate actors over marginalized groups, undermine the inclusive and equitable governance that MSGs aim to achieve. The second section provides an overview of the most prominent case studies explored in the governance and business ethics literature. Each of these initiatives serves as a practical example of how MSGs seek to balance stakeholder interests, while also illustrating the persistent challenges posed by power asymmetries in their governance structures. Thirdly, I argue against two major contributions from the business ethics

literature that propose frameworks for improving corporate accountability within MSGs to stress that although transparency is a necessary condition for improving deliberative processes, it is insufficient on its own to address the deeper issues of power imbalance and stakeholder marginalization.

After analyzing shortcomings of both approaches, I introduce a framework that seeks to overcome these limitations. By addressing both the reduction of empowerment to transparency in the first framework and the conceptual confusion and institutional gaps in the second, the proposed framework offers a more comprehensive strategy for mitigating power inequalities in MSGs.

Finally, I apply this framework to the RSPO case study. This analysis highlights how greater adherence to deliberative democratic principles could lead to more equitable governance structures.

7. Power as a Key Problem for Legitimate and Effective MSIs

Power asymmetry is a central political challenge to both the legitimacy and effectiveness of MSIs due to the disproportionate influence that powerful corporate actors exert on decision-making processes. This imbalance not only skews governance outcomes in favor of these actors but also undermines the collaborative and inclusive ideals upon which MSIs are based. MSIs, particularly those aimed at achieving the SDGs, rely on diverse actors working together to address complex global challenges such as climate change, deforestation, and labor rights abuses. However, when power asymmetry is left unchecked, it often leads to governance outcomes that prioritize corporate self-interest over the common good, and in some cases, facilitates environmental degradation and social harm, thus rendering these initiatives less legitimate and effective.

MSIs like the FSC and the RSPO are designed to create platforms where diverse stakeholders have equal say in setting sustainability standards and practices. However, the reality is that powerful corporations, often through their vast financial resources and control over key information, are able to dominate these governance structures. These actors use their instrumental power to influence the agenda, shape standards, and suppress or dilute the perspectives of weaker stakeholders, such as smallholder farmers, indigenous communities, and environmental NGOs (Fuchs 2007). This domination is particularly apparent in sectors where large MNEs control significant portions of the global value chain, such as in palm oil, forestry, and fossil fuels (van der Ven and Barmes 2023; Fuchs, Kalfagianni, and Havinga 2011b).

As mentioned, power asymmetries allow corporate actors to dominate MSIs severly hampering the effectiveness (here interpreted as the potential to foster more equitable economic models and co-determined business practices) of these initiatives in achieving the SDGs. Many MSIs operate on voluntary standards, allowing corporations to selectively adhere to sustainability commitments that align with their business models while ignoring or undermining those that would

require more substantial changes. This selective compliance results in a weakening of the overall effectiveness of MSIs, as corporations often prioritize profitability and market expansion over the environmental and social reforms necessary for sustainable development (Marx et al., 2024).

For example, in the palm oil industry, while the RSPO has helped raise awareness about sustainability issues, it has struggled to enforce its standards uniformly across the industry. Many RSPO-certified companies have continued to engage in practices such as illegal deforestation and labor exploitation, undermining the initiative's credibility and its ability to drive meaningful change (Ponte 2019).

The following section will delve deeper into the governance structures of three prominent MSIs: the FSC, the RSPO, and the Accord on Fire and Building Safety in Bangladesh. By exploring how these initiatives organize their decision-making processes, representation, and enforcement mechanisms, we will critically assess the extent to which their governance models address or perpetuate the power imbalances that hinder their effectiveness. This analysis will provide valuable insights into how these MSIs can be reformed to better align with the principles of inclusive and democratic governance.

7.1 Case Studies: A Comparative View

7.1.1 Case Study 1: the Forest Stewardship Council

The FSC was established in 1993 as a global MSI to promote responsible forest management and sustainable forestry practices. The FSC was founded as a voluntary certification system in response to failures by both governments and intergovernmental organizations to effectively regulate deforestation.

The FSC aims to provide a market-based solution by offering an internationally recognized certification scheme for responsibly managed forests. Products from FSC-certified forests, ranging from timber to paper, are labeled with the FSC logo, signaling to consumers that these products meet high environmental, social, and economic standards (Bartley 2010). The FSC's Principles and Criteria (P&C), which serve as the basis for certification, are designed to ensure sustainable forestry practices, protect biodiversity, and uphold the rights of indigenous communities (Cashore et al., 2004).

The governance model is rooted in its multi-stakeholder approach, which aims to balance the interests of three main groups: economic, environmental, and social stakeholders. The FSC is organized into three membership chambers, Environmental, Social, and Economic, each with equal voting power. This tripartite structure ensures that no single group can dominate decision-making, a feature designed to prevent the co-optation of the initiative by either corporate or NGO interests (Gulbrandsen 2008).

Each chamber is further divided into North and South sub-chambers, reflecting the differing priorities and challenges faced by stakeholders from developed and developing countries (Pattberg, 2005). The General Assembly is the FSC's highest decision-making body, where major policy decisions are made based on consensus or, if necessary, a weighted voting system that ensures balanced representation across the three chambers (McDermott, 2012).

The FSC also relies on third-party auditors to assess compliance with its principles and criteria. Accredited certification bodies carry out these audits, ensuring that forestry operations meet the FSC's standards. This independent verification process is intended to maintain the credibility of the FSC certification and provide transparency for consumers, companies, and environmental organizations alike (Cashore et al., 2004).

To further balance power, each chamber is divided between representatives from the global North and South, ensuring that the voices of developing countries, which are often most directly affected by deforestation, are represented alongside those from more economically powerful nations. The decision-making process requires a two-thirds majority from all three chambers, thereby fostering a collaborative approach to governance that emphasizes consensus-building and deliberation.

However, despite the innovative governance structure, several criticisms have emerged concerning the effectiveness of participation, representation of interests, and corporate accountability. Moog et al. (2014) argue that while the tripartite model aims to be inclusive, its actual functioning reveals significant limitations in practice, especially in the context of broader neoliberal market dynamics. One key issue is the imbalance of resources between corporate actors and civil society groups, particularly NGOs from the global South. Although the FSC's structure theoretically ensures that environmental and social interests hold two-thirds of the decision-making power, in practice, the resource disparities between these groups and their corporate counterparts have resulted in unequal participation. Large MNEs have greater financial and organizational resources, enabling them to navigate the complex governance and certification processes more effectively than smaller NGOs or local community groups (Counsell & Terje Loraas, 2002).

The FSC's reliance on corporate involvement for both certification and funding further complicates its governance model. Certification bodies such as SGS S.A. and SCS Global Services, which are for-profit entities, conduct the majority of the FSC's forest audits and certifications. These certifiers are hired directly by the timber companies they assess, creating an inherent conflict of interest. This dynamic undermines the credibility of the FSC's certification process and compromises its capacity to hold corporations accountable to stringent environmental and social standards. The FSC's decision to allow companies to choose their own certifiers further exacerbates this issue, as it

creates a system where companies can select the certifier most likely to approve their practices, even if they fall short of FSC criteria (FERN et al., 2008).

The pressures of market competition have also forced the FSC to make significant compromises in its certification standards. As the FSC grew in prominence, industry-driven competitor labels, such as the Pan-European Forest Certification (PEFC) and the Sustainable Forestry Initiative (SFI), emerged with much weaker environmental and social requirements (Panwar et al. 2023). To compete with these alternative labels and maintain its position as a market leader, the FSC began relaxing its certification criteria, particularly in relation to controversial practices like clear-cutting and monoculture plantations (Moore, Cubbage, and Eicheldinger 2012). This dilution of standards has led to a decline in the perceived legitimacy of the FSC's certification process. Environmental NGOs, which had initially supported the FSC as a means to promote sustainable forest management, have increasingly voiced concerns that the FSC's compromises with corporate interests are undermining its mission. For instance, the certification of large-scale tree plantations, which offer few ecological benefits and often harm local ecosystems, has been a source of major contention, leading several key NGO supporters, including Friends of the Earth and Robinwood, to withdraw from the initiative (Moog, Spicer, and Böhm 2015).

In conclusion, while the FSC's governance model is often held up as an example of deliberative democratic governance, it faces significant challenges in practice. The need to balance corporate, environmental, and social interests within the framework of a global market-driven economy has led to compromises that have weakened the FSC's ability to promote meaningful corporate accountability.

7.1.2 Case Study 2: The Roundtable on Sustainable Palm Oil

The RSPO has made significant strides in promoting more sustainable palm oil production. As of 2022, RSPO-certified sustainable palm oil (CSPO) accounted for 20% of global palm oil production, with an additional 22% in the process of certification. This progress is particularly notable in regions like Latin America, where CSPO now represents one-third of the region's palm oil production, and in Africa, where the number of certified plantations and mills doubled, bringing the region's certified share to 11.7% of total production (RSPO 2022).

Globally, RSPO members represent 42% of total palm oil output, which was approximately 77.6 million metric tons in 2022 (RSPO 2022). This growth has been driven by increases in certified hectarage and production, especially in key producing countries like Indonesia and Malaysia, but also across emerging regions like Africa and Latin America. Smallholders have played a growing role in this effort, with 166 independent smallholder groups now RSPO-certified, up from previous years, and women representing 28% of these smallholder groups (Qaim et al. 2020).

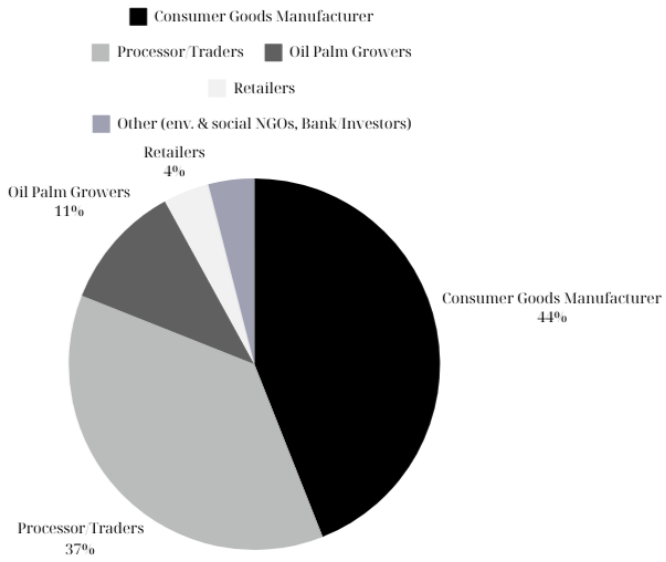
In terms of market uptake, Europe and North America lead the way, with nearly 90% of palm oil in these regions now sourced from certified sustainable sources. Japan, Australia, and New Zealand have also shown substantial growth in CSPO uptake, with increases of over 26% in Japan alone between 2018 and 2022. Even in more price-sensitive markets like India and China, there has been incremental progress in sustainable palm oil adoption.

Despite these achievements, the RSPO faces ongoing challenges, particularly in changing the still negative narrative around palm oil. Historically, palm oil production has become synonym of environmental degradation and social injustices, particularly in Southeast Asia. The expansion of palm oil plantations has led to extensive deforestation, the loss of biodiversity, and substantial carbon emissions (Qaim et al. 2020). According to Greenpeace, between 1990 and 2015, Indonesia alone lost over 24 million hectares of forest, with much of this loss attributed to the expansion of palm oil plantations (Greenpeace 2018). This deforestation not only destroys critical habitats for endangered species such as orangutans, tigers, and elephants but also contributes to climate change through the drainage and burning of carbon-rich peatlands (Gatti et al. 2019).

Equally concerning are the social consequences of palm oil expansion. Oxfam and other human rights organizations have documented widespread instances of land grabbing, where local and indigenous communities are forcibly displaced from their ancestral lands to make way for plantations (Oxfam 2011). These evictions often occur without proper compensation or consultation, leaving local inhabitants vulnerable to poverty and food insecurity (Yang and He 2021; Silva Castaneda 2011). Additionally, labor exploitation is rampant within the palm oil industry. In its report *The Great Palm Oil Scandal*, Amnesty International (2016) uncovered evidence of forced labor, child labor, and exploitative working conditions on plantations supplying palm oil to global brands such as Unilever, Nestlé, and Procter & Gamble.

Founded in 2004 by World Wildlife Fund (WWF), Malaysian Palm Oil Association, Unilever, AAK and Migros, the RSPO aimed at promoting more sustainable and equitable palm oil production practices implementing a collaborative governance model. Bringing together stakeholders from across the palm oil supply chain, producers, processors, retailers, NGOs, and financial institutions, the RSPO developed a certification system that sets environmental and social criteria for sustainable palm oil production (Schouten, Leroy, and Glasbergen 2012). These Principles & Criteria (P&C) are designed to curb deforestation, reduce greenhouse gas emissions, protect biodiversity, and ensure that the rights of workers and local communities are respected. By providing market access to sustainability-conscious consumers, particularly in Europe and North America, the RSPO aimed to incentivize companies to adopt more responsible business practices (Cashore 2017).

To achieve its objectives RSPO is organized According to clear membership guidelines and a governance structure reflecting its commitment to multistakeholderism. Its membership is divided into three categories: 1) Ordinary, 2) Associate and 3) Affiliate. The stakeholder categories recognized by the RSPO are Oil Palm Growers, Independent Smallholders, Processors and/or Traders, Consumer Goods Manufacturer and Retailers, Bank and Investors and Environmental, Social and Development NGOs. Currently, we find the following stakeholder distribution of ordinary members: Oil Palm Growers (226), Processors and Traders (748), Consumer Goods Manufacturers (896), Retailers (80), Banks/Investors (14), Environmental NGOs (41), Social NGOs (17). They amount to a total of 2.022 ordinary members, extending to more than 5.000 if we include associates and affiliates (RSPO, 2022). Based on data from Nesadurai (2017) referring to the membership composition at 2013, Social NGOs and Bankers have not registered a significant increase in their absolute presence while palm oil processors and traders have more than doubled, consumer goods manufacturers have almost tripled, oil palm growers have increase by 1.8 times, retailers have increased in absolute terms but decreased in relative percentage (from 5.9% to 3,9%), environmental NGOs, despite their increase, account now for the 2% of total membership.



Concerning the governance structure, the key bodies that constitute the RSPO governance structure are the Board of Governors (BoG), the Secretariat and the General Assembly (GA). The BoG is formed by 16 members and is designated by the GA every two years. Seats are allocated in the BoG as follows: 4 seats are reserved to palm oil growers while 2 seats are allocated to the remaining stakeholder categories.

The BoG relies on four Standing Committees (SCs) on 1) Standards, 2) Assurance, 3) Market Development and 4) Smallholders for its operations. Each committee being supported, in turn, by a

Task Force and a Working Group. The SCs are formed by members of the BoG and by rotating RSPO ordinary members. The SCs have a complex internal organization and rest on the work of several sub-units, which can be internal or external to the RSPO (for instance by involving experts and consultants). Their main responsibilities, among others, are providing strategic advice and support in the interpretation and implementation of the RSPO P&C.

The stakeholder distribution is replicated at all levels of RSPO governance. The examination of the membership composition of Standing Committees reveals a notable prevalence of major multinational corporations. This analysis underscores the significant presence of industry actors in pivotal decision-making entities, including the Standard Setting Committee, Assurance Standing Committee, Market Development Standing Committee, and Smallholder Standing Committee. While social and environmental NGOs are present in certain committees, the dominance of these corporations raises apprehensions regarding the equilibrium of interests within the RSPO.

One of the central critiques of the RSPO concerns its limited success in curbing deforestation. Ruysschaert and Salles (2014) provide a comprehensive analysis of the RSPO's environmental standards and their enforcement, concluding that while the certification process sets clear criteria for sustainability, deforestation continues unabated in many RSPO-certified areas. This finding is echoed by Ponte (2014), who argues that the RSPO's focus on market-driven incentives often prioritizes corporate interests over genuine environmental stewardship. By emphasizing certification as a means of gaining access to sustainability-conscious markets, particularly in the Global North, the RSPO allows large corporations to maintain their market legitimacy without necessarily altering their environmentally harmful practices.

Von Geibler (2013) explores the challenges of ensuring sustainability along the palm oil value chain and argues that the RSPO's effectiveness hinges on robust monitoring and verification systems, which are currently lacking. Without transparent and independent oversight, companies are able to circumvent the RSPO's environmental standards while still benefiting from the certification label, thereby undermining the initiative's credibility. This critique aligns with Greenpeace's findings that RSPO-certified companies are often involved in practices that contravene the organization's sustainability criteria, including deforestation and peatland destruction.

High-profile corporate scandals have further undermined the credibility of the RSPO. For instance, Wilmar International, the world's largest palm oil trader and a leading member of the RSPO, has been repeatedly linked to deforestation and human rights abuses (Greenpeace 2013). Similarly, Unilever faced scrutiny when reports emerged that its suppliers were involved in deforestation and labor exploitation. These scandals illustrate the RSPO's inability to prevent violations, even among

its most prominent members, casting doubt on the effectiveness of voluntary certification as a tool for industry reform.

From the perspective of our discussion, it is worth noting that the RSPO decision-making bodies, including the Board of Governors and various Standing Committees, are predominantly composed of large palm oil producers, processors, and consumer goods manufacturers, likely leading to an overrepresentation of economic interests. The prioritization of corporate interests within the RSPO's governance structure is visible, for instance, in the way the organization formulates its policies and criteria. For example, the RSPO's certification system is heavily focused on technical and market-based solutions, which are largely accessible only to well-resourced companies capable of navigating complex sustainability standards. Christelle Genoud (2014) points out that this governance model systematically favors large-scale plantation owners and multinational corporations, while excluding marginalized voices such as smallholders and indigenous communities. These groups often lack the financial resources and technical expertise to engage meaningfully in RSPO processes. This exclusion is especially problematic given that indigenous communities and smallholders are among those most affected by land dispossession, deforestation, and environmental degradation linked to palm oil expansion (Genoud 2021).

From an accountability perspective, the RSPO's lack of enforcement power is evident in its difficulty to ensure compliance with sustainability commitments. Golden Agri-Resources (GAR), a major palm oil producer and RSPO ordinary member, has similarly evaded consequences for non-compliance with RSPO standards. Despite GAR's public commitments to stop deforestation, the company continued to engage in deforestation through its subsidiaries and third-party suppliers (Filer, Mahanty, and Potter 2020). The ability of companies like Wilmar and GAR to avoid accountability for their actions underscores the deep structural flaws within the RSPO's governance and enforcement systems, where corporate power frequently overrides the RSPO's stated commitments to sustainability.

Sime Darby, a company participating in the RSPO governance structure, has also been implicated in serious violations related to land rights and labor exploitation. In 2012, Sime Darby was accused of illegally acquiring land in Indonesia's West Kalimantan province without obtaining the Free, Prior, and Informed Consent (FPIC) of local indigenous communities. Despite these accusations, the RSPO's response was slow, and no substantial penalties were imposed on the company. Investigations by Amnesty International (2016) later uncovered widespread labor abuses on Sime Darby's plantations, including forced labor and child labor. These findings were particularly concerning given Sime Darby's status as a "sustainably certified" company under the RSPO.

The RSPO's reliance on voluntary certification and self-regulation further exacerbates these problems. MacDonald (2016) critiques the RSPO's monitoring mechanisms, noting that third-party audits, which are supposed to verify compliance with RSPO standards, are frequently compromised by conflicts of interest. These audits are typically commissioned and paid for by the companies themselves, creating incentives for auditors to downplay non-compliance in order to maintain business relationships. This conflict of interest undermines the credibility of the RSPO's certification process and allows companies to present themselves as compliant with sustainability standards while continuing harmful practices (Macdonald and Balaton-Chrimes 2016).

Moreover, the RSPO's Dispute Settlement Facility (DSF), are ineffective in addressing grievances brought by local communities and NGOs. Paradoxically, the RSPO struggles in enforcing on corporations the very tools these latter co-developed, such as the FPIC (Filer, Mahanty, and Potter 2020). Afrizal and co-authors (2023) highlight how these mechanisms often favor procedural justice, which disproportionately benefits well-resourced corporate actors who can navigate the RSPO's legal and administrative processes with relative ease. Marginalized stakeholders, such as indigenous communities and smallholders, often lack the financial resources and technical expertise to effectively engage with the RSPO's complex grievance framework, resulting in many valid complaints being dismissed due to procedural issues or insufficient evidence (Macdonald and Balaton-Chrimes 2016). In their study, of the 64 conflicts involving RSPO member companies, only 11 resulted in formal complaints being submitted, with only 1 case receiving resolution favorable to the complainant. Many communities struggle to meet the legal and administrative requirements without the assistance of NGOs, and even when complaints are accepted, the outcomes rarely resolve the grievances (Berenschot and Dhiaulhaq 2023; Wielga and Harrison 2021). The DSF's design, therefore, while promoting procedural fairness, ultimately fails in providing communities without meaningful redress casting doubts on the impartiality of its rules.

Manual research on the DSF database shows that, in Indonesia alone, Wilmar appears through its subsidiaries in 14 formal complaints lodged between 2012 and 2022. Land rights appears to be the main terrain on which communities confront company through the RSPO DSF (5 out 12), the second reason is the fulfilment of redistributive or compensatory agreements between the company and land users (4 out of 12). In other cases, communities lament the absence of a free prior and informed consent (FPIC). 11 complaints out of 14 have been dismissed by the Complaint Panel. As grounds for dismissal in 7 cases, companies were found compliant with national and local regulations or with the RSPO P&C. In cases where disrespect of FPIC policy was contested, the RSPO dismissed the complaints for lack supporting evidence. This is not unusual (Filer et al. 2020) as, for instance, the

obtention of a property document legalized by a public notary often results in a barrier too high to pursue the complaint (Afrizal et al., 2023).

Further manual research on GAR, reveals a similar pattern. GAR appears in 14 complaints filed between 2010 and 2021. Of the total complaints, in 2 cases the DSF does not provide sufficient information, 1 case in under investigation, 3 complaints have been resolved in bilateral agreements, in 1 case the complainant has withdrawn from complaint while 7 cases have been dismissed.

In conclusion, corporate power within the RSPO is the central issue that hinders the organization's ability to achieve transformative changes towards sustainability. This power manifests in two ways: first, through the dominance of corporate actors in decision-making processes, which shapes RSPO policies to prioritize market-driven solutions over social and environmental justice; and second, through the ability of large corporations to evade serious consequences for non-compliance with RSPO standards. The failure of the RSPO to hold its members accountable significantly undermines its credibility and effectiveness as a sustainability regime.

7.1.3 Case Study 3: The Accord on Fire and Building Safety in Bangladesh

The Accord on Fire and Building Safety in Bangladesh (Accord) was established in the aftermath of the Rana Plaza disaster in 2013, when a garment factory complex collapsed, killing more than 1,100 workers and injuring over 2,500 others. The tragedy drew global attention to the unsafe working conditions prevalent in Bangladesh's garment industry, which supplies many of the world's largest clothing brands. In response, a coalition of trade unions, NGOS, and global apparel brands came together to create the Accord as a legally binding, multi-stakeholder initiative aimed at improving workplace safety in Bangladesh's ready-made garment (RMG) sector (Reinecke and Donaghey 2022).

The Accord's primary objective is to ensure that garment factories in Bangladesh comply with international standards for fire safety, building integrity, and worker safety through regular inspections, remediation programs, and training for workers and management. It also mandates a transparent reporting process, with publicly accessible data on factory inspections and safety progress, which distinguishes it from many other voluntary initiatives. The governance of the Accord is unique in its legally binding nature, making it more stringent than most other MSIs. The agreement was initially signed by over 200 global brands and retailers, primarily from Europe and North America, along with two global trade union federations, IndustriALL and UNI Global Union, and several Bangladeshi unions (Bair, Anner, and Blasi 2020). These parties form the core stakeholders responsible for overseeing the implementation of the Accord.

The governance structure of the Accord is designed to ensure shared decision-making power among the key stakeholders. The Steering Committee, which is responsible for key decisions related

to the implementation of safety measures, is composed of an equal number of representatives from signatory companies and trade unions, as well as a neutral chairperson.

One of the most notable features of the Accord is its dispute resolution mechanism, which allows for arbitration in the event of non-compliance by signatory companies. Brands and retailers are legally obligated to fund the safety improvements, and failure to do so can result in litigation. This aspect of enforceability sets the Accord apart from many voluntary initiatives, where companies often evade accountability for failing to uphold standards (Baumann-Pauly, Labowitz, and Stein 2018).

The Accord has made significant progress in improving the safety of garment factories in Bangladesh since its inception. As of 2020, the Accord had inspected over 2,500 factories and identified more than 100,000 safety hazards, ranging from structural weaknesses to inadequate fire exits (Accord 2020). Through its remediation program, over 85% of the identified safety issues have been resolved, including the installation of fire alarms, sprinklers, and emergency exits, as well as structural repairs to buildings (Huq, Chowdhury, and Klassen 2016). These improvements have led to a significant reduction in workplace accidents and fatalities within the garment sector (Donaghey and Reinecke 2018).

The transparency of the Accord's operations has been another key achievement. The Accord publishes detailed reports on factory inspections, listing the safety issues identified, the remediation progress, and the status of each factory. This publicly accessible data creates a level of accountability and transparency rarely seen in other industry-led MSIs, where such information is often confidential (Reinecke and Donaghey 2015).

Yet, the Accord has faced criticism from public authorities in Bangladesh. The Bangladeshi government, under pressure from local industry groups, has at times resisted the continued presence of the Accord, viewing it as an infringement on national sovereignty. In 2018, the government pushed for the transition of the Accord's functions to the RMG Sustainability Council, a move seen by some as a way to reassert national control over the industry, but which also raised concerns about the potential weakening of safety standards (Kabeer 2019).

Finally, there have been criticisms regarding the inclusivity of workers' voices in decision-making processes. While the Accord ensures union representation, there have been concerns that the voices of rank-and-file workers, particularly women, who make up the majority of garment workers in Bangladesh, have not been sufficiently prioritized (Huq, Chowdhury, and Klassen 2016).

In conclusion, the Accord's legally binding nature and its emphasis on transparency and accountability have made it a pioneering model for worker safety governance in GVCs. Its success in reducing safety hazards and holding global brands accountable has been widely acknowledged,

and it has contributed to a shift in the governance of global supply chains, emphasizing the need for enforceable standards over voluntary codes of conduct.

7.2 Improving Accountability and Effectiveness of MSIs. Toward a Deliberative Framework

The issue of power asymmetry, as discussed earlier, shows that sustainability challenges are not merely technical but deeply political. Within MSIs, the concentration of power among corporate actors reveals these political dimensions, as seen in cases like the FSC, RSPO, and the Accord. Corporations often have the resources, influence, and access to shape outcomes to favor their interests, resulting in unequal power distribution among stakeholders. This underscores the need for MSIs to function not just as platforms for technical governance but as spaces for equitable political decision-making.

The shift towards recognizing these political aspects is also reflected in the business ethics literature. Pek and co-authors (2023), as well as Gilbert and Schormair (2021), argue that frameworks based on deliberative democracy and mutual justification can enhance the legitimacy of MSIs. The following sections will elaborate on each to introduce a more comprehensive framework.

7.2.1 Deliberative Mini-Publics and Multistakeholder Governance

As we have seen in Part II, the introduction of mini-publics can play a substantial role in fostering a process of empowerment of civil society groups (Dryzek et al. 2019). An analysis on this aspect is offered by Simon Pek, Sébastien Mena and Brent Lyons (2023), drawing specifically on concept of deliberative capacity developed by Dryzek (2009). Deliberative capacity refers to the ability of a political system to host deliberation that is inclusive, authentic, and consequential.

The authors suggest deliberative mini-publics (DMPs) as a potential solution to these deliberative shortcomings (Ryan and Smith 2014). According to Pek et al., DMPs hold particular promise for enhancing MSIs deliberativeness because

> They advance a novel form of nonelectoral representation, "citizen representatives," whereby participants are authorized to undertake a representative function but are not beholden to electoral accountability. […] "Standing for" (Pitkin, 1967: 60) the broader population, these representatives create presence through their descriptive representativeness […], whereby they "are in their own persons and lives in some sense typical of the larger class of persons whom they represent" (Mansbridge, 1999: 629; in Pek et al., 2023, p. 104)

This ensures that a more diverse array of voices, including those typically marginalized in MSI processes, can contribute to decision-making. As argued by Warren and Gastil (2015), the inclusion of citizens in decision-making bodies through random selection can increase both the legitimacy and the quality of deliberation, since these participants are less likely to be influenced by entrenched interests (critically, Lafont 2015).

Pek and co-authors argue that DMPs could be implemented within the *empowered space* to ensure that marginalized actors have a direct voice in decision-making processes, counterbalancing the corporate dominance that currently characterizes these forums. By selecting participants through random sampling, DMPs would include a broader range of perspectives. Furthermore, DMPs could improve the *transmission mechanisms* of MSIs by providing a more direct and impartial channel through which public deliberations can influence decision-making.

Based on the FSC case study, the system integration they suggest would look like this,

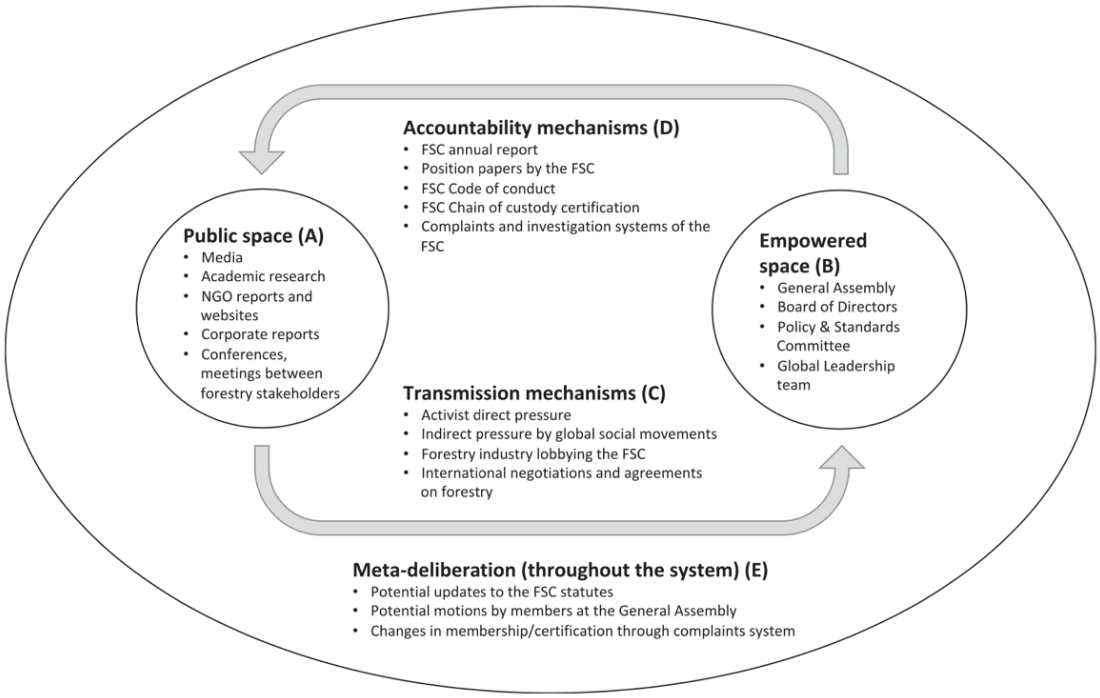


Figure 3. From Pek, Mena, and Lyons (2023), p. 108.

Their proposal is grounded in a detailed analysis of both the potential benefits and the challenges of integrating DMPs into MSIs. Realistically, Pek and co-authors recognize that DMPs are not a panacea and they carefully consider the design parameters that would need to be in place to ensure their success. For instance, they emphasize the importance of defining the population for DMPs, ensuring that the participants selected are representative of the intended stakeholder group (Pek, Mena and Lyons, 2023; p. 120).

Moreover, a key challenge in MSIs is ensuring that deliberations lead to outcomes that are not only inclusive and authentic but also consequential (i.e., they have a tangible impact on decision-making and corporate behavior). Deliberative mini-publics can enhance the consequentiality of MSI deliberations by providing a platform for more balanced, well-informed decision-making that directly feeds into MSI governance structures. According to the authors, by involving a cross-section of stakeholders, particularly those who are directly impacted by corporate activities, DMPs ensure that the resulting decisions are more likely to align with public goals. Moreover, the outputs of DMPs, which typically include recommendations or reports based on deliberation, carry the legitimacy of being the product of a diverse and representative group of participants. This legitimacy can help increase the pressure on corporate actors to align their practices with the common goals articulated through DMP deliberations, particularly when these outputs are made public and gain broader media attention. As they put it,

> this use [of DMPs] can help improve output consequentiality by inducing the empowered space to act in line with the public space's interests, as the former would anticipate having to justify its decisions through dialogue (Setälä, 2017). It can also help improve outcome consequentiality as it pertains to compliance by member firms. Such a use would allow greater transparency around compliance because a DMP would be less risky as a way to complain about corporate behavior (p. 132).

While I sympathize with the view expressed in their paper, I depart from their analysis in three aspects. The first has to do with the design of DMPs they choose. By interpreting DMPs as direct platforms to bring the voices of weaker stakeholders "to the table" they provide an inconsistent reading of the normative role of mini-publics. The risk here is twofold. Interpreting DMPs *as a vehicle to bring excluded stakeholders* into the governance structure poses the analytical challenge of making potentially the entire world society as a potential stakeholder (Goodin 2007). But more to the point, by including affected stakeholders into DMPs, one might provide MSIs with the institutional means to bypass the direct recognition of legitimate stakeholders (such as Indigenous Peoples) in the governance structure actually jeopardizing the effective inclusion of such groups. In other words, since DMPs are designed to reflect the discursive complexity of the public sphere, it is first necessary to consider whether currently unrecognized stakeholder groups would benefit more from being directly recognized as a distinct stakeholder category within the governance structure.

The second aspect concerns impartiality and provide additional reasons to support the first criticism. Deliberative democracy's project is arguably the one of providing institutional mechanisms allowing for greater involvement of civil society into the processes of government and governance affecting it. The systemic turn has then conceptualized democratic innovations through which such

involvement could stand the test of conditions of modern complexity. This implies, however, that ultimately the perspective expressed by mini-publics should be the one of a sufficiently diversified civil public sphere. Were indigenous groups part of DMPs the *impartiality* status of civil society would be seriously undermined questioning the overall legitimacy of their participation.

The third and final aspect I emphasize is the equation of empowerment as transparency. While increasing transparency is indeed a pivotal step toward making MSIs more democratic and accountable, it is insufficient on its own to fully address the entrenched power asymmetries that affect these initiatives. In their paper, the authors leave critical questions about the institutional reforms required to go beyond mere transparency largely unanswered. While transparency allows weaker stakeholders to observe and potentially voice concerns, without concrete institutional mechanisms to enable their participation on equal terms and ensure their influence over outcomes, their empowerment remains limited.

This limitation is particularly problematic in MSIs where corporate power remains structurally embedded, and transparency alone does little to dismantle these hierarchies. What is needed are robust governance reforms that not only make MSIs more transparent but also redistribute decision-making power in a way that allows weaker participants to exercise real influence. Such reforms might include, as I will elaborate in later sections, revising voting structures, or creating more stringent mechanisms for accountability and sanctions, especially for non-compliance. Without these deeper institutional changes, the participatory potential of mini-publics risks being reduced to a symbolic gesture rather than a transformative tool for genuine deliberative democracy in MSIs.

Finally, another aspect the authors do not address (and, in fairness, did not intend to) is the role of justification in their institutional model. In other words, while the authors argue that the introduction of mini-publics into the governance of MSIs can to enhance the accountability of the system by holding corporations accountable to, principles of internal deliberative dynamics are not spelled out. This aspect is addressed by other authors, as shown in the next section.

7.2.2 The ACCORD and the Role of Justification Theory

In the business ethics literature, the most direct application of the theory of justification (Forst 2011) and its potential role in MSIs has been provided by Maximilian Schormair and Dirk Ulrich Gilbert (2021). Their problem can be framed as follows: how can firms effectively manage value conflicts between stakeholders while fostering collective value creation? To guide firms through these challenges, the authors introduce a framework they call *discursive justification*, which seeks to mediate between conflicting values without forcing consensus or privileging one set of interests over another. As they put it,

> The proposed procedural framework enables an evaluation of stakeholder value conflicts before, during, and after communicative exchanges with stakeholders and provides material guidance for corporate decision-making and actual stakeholder deliberations. Furthermore, the Forstian notion of sharing provided in this article moves beyond the consensus orientation of Habermasian discourse theory by conceptualizing a communicative sharing process of discursive justification that replaces the orientation toward consensus with an orientation toward sufficient justification facilitated by specific criteria of justification as well as actionable guiding questions. Thus, our framework is less susceptible to criticisms voiced against consensual CSR in the recent literature (p.3).

Schormair and Gilbert begin their discussion by critiquing traditional monistic value approaches in stakeholder theory. This approach is overly simplistic and reductionist, as it reduces all stakeholder interests to financial metrics. They cite Jones et al. (2016), who highlight the growing dissatisfaction with financial value maximization (FVM) as the exclusive goal of firms. One of the key criticisms of FVM is that it neglects non-financial values such as job security, environmental sustainability, and ethical considerations, which are increasingly important to a wide range of stakeholders. While this model acknowledges the need for firms to generate social value alongside financial gains, Schormair and Gilbert point out that it remains constrained by its monistic focus on profit as the primary metric of success.

In response to these insufficiencies, Schormair and Gilbert advocate for a pluralistic approach to value creation, which acknowledges the diversity of values that stakeholders bring to the table (Mitchell et al. 2016). The authors emphasize that this pluralistic approach is not without its challenges. When stakeholders hold conflicting values, firms may struggle to reconcile these differences in a way that creates value for all parties. To address the challenge of managing stakeholder value conflicts, Schormair and Gilbert introduce the concept of discursive justification. This framework is based on the work of Rainer Forst (2002, 2014). As we have seen, Forst's theory of justification emphasizes the need for actors to engage in discourse that adheres to two key principles: reciprocity and generality[26].

Schormair and Gilbert adopt these principles as the foundation of their framework, which they position as a middle ground between agonistic and deliberative approaches to stakeholder engagement. Their five-step procedural framework for managing stakeholder value conflicts through discursive justification offers practical guidance for how firms can engage with stakeholders in a way that fosters value creation without privileging consensus over dissensus.

[26] Let us recall, "reciprocity means that none of the parties concerned may claim certain rights or privileges it denies to others and that the relevance and force of the claims at issue is not determined one-sidedly; generality means that all those affected have an equal right to demand justifications" Forst, R. (2001), Towards a Critical Theory of Transnational Justice. *Metaphilosophy*, 32: 160-179. https://doi.org/10.1111/1467-9973.00180, p. 168.

The first step in the framework involves assessing the procedural conditions necessary for effective discourse. The second step involves a detailed analysis of the stakeholder value conflict. The third step involves convening the affected stakeholders in a structured dialogue, stressing the importance of independent facilitation in situations marked by significant power imbalances. The fourth step focuses on enabling mutual learning through joint fact-finding and the exploration of alternatives, in line with epistemic conceptions of democracy (Chambers 2003). The final step involves finding solutions that accommodate the diverse value perspectives, therefore being justifiable to all stakeholders involved.

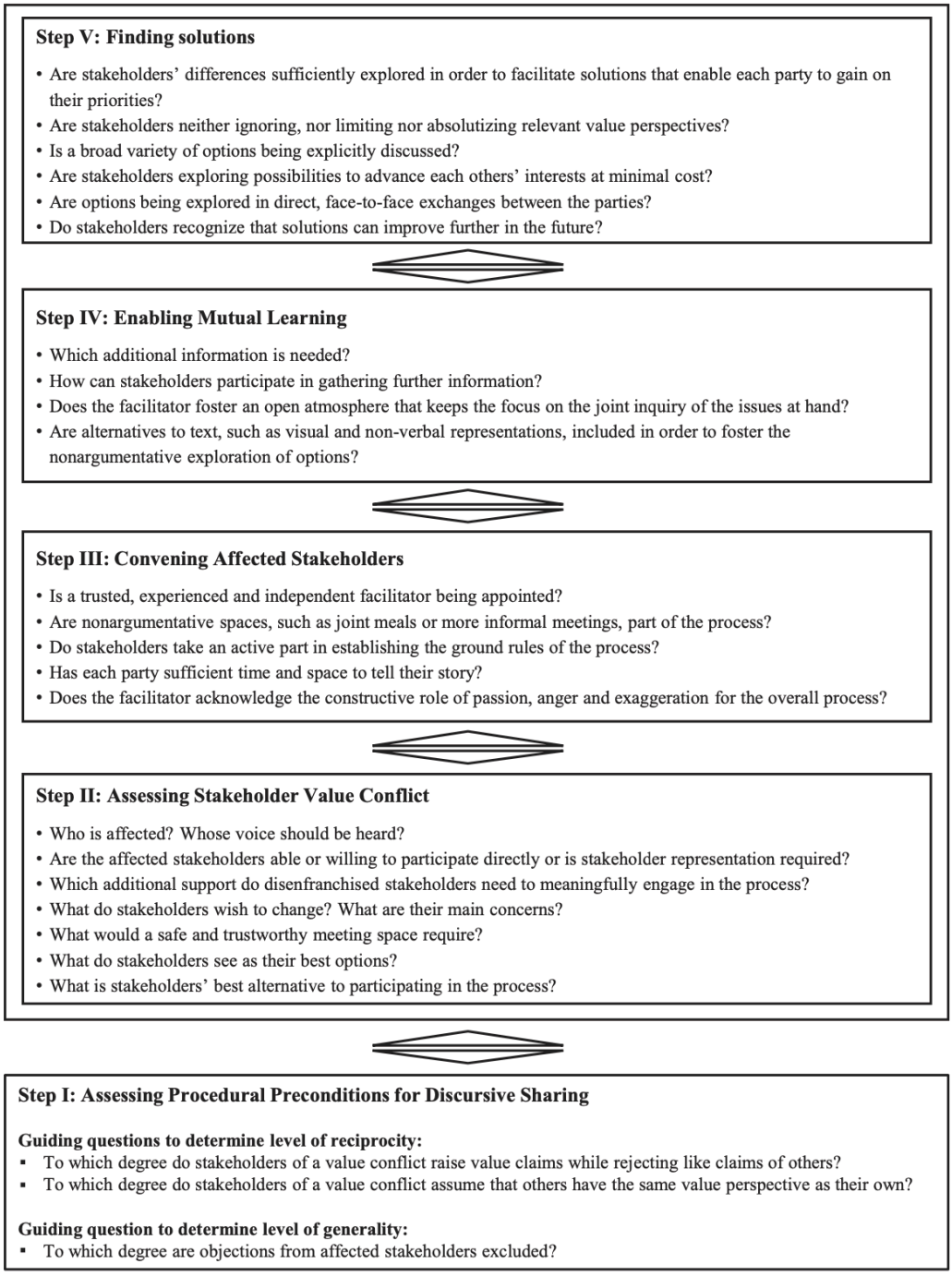


Figure 4. The Discursive Justificatory Framework by Schormair and Gilbert (2023), p. 11.

Schormair and Gilbert use the Bangladesh Accord on Fire and Building Safety as a case study to explore how stakeholder value conflicts can be managed. Essentially, they highlight that key principles like reciprocity and generality were not fully met. Stakeholders such as Bangladeshi factory owners and government representatives were excluded, creating an imbalance dominated by international brands and unions (Ahlquist and Mosley 2021). Moreover, workers, the most directly affected group, were largely sidelined, as their participation in negotiations was minimal, with NGOs and unions acting as their proxies. The second step highlighted how international brands prioritized maintaining low costs and minimizing reputational damage, while unions and NGOs sought to improve safety standards and workers' rights. Factory owners, however, feared that the new safety regulations would raise production costs and hurt Bangladesh's competitive advantage. Finally, while the Accord made significant improvements in factory safety, it did not fully address the concerns of all stakeholders. Factory owners and local government officials viewed the Accord as foreign intervention, and other critical issues like low wages and worker representation remained unresolved. Schormair and Gilbert conclude that while the Accord demonstrated the potential of discursive justification in managing value conflicts, its exclusionary process and lack of mutual learning undermined its long-term effectiveness, as evidenced by ongoing tensions and legal challenges.

While Schormair and Gilbert, building a discourse theoretical perspective (Habermas 1990), makes a significant contribution, I contend that they run into a conceptual mistake, well-exposed in this passage:

> The Accord represents a suitable empirical example for several reasons. First, the Accord is the result of an open and protracted value conflict between Western textile companies, global unions, the CCC, textile workers, factory owners, and the government of Bangladesh. While fundamental strategic interests of key actors converge at least to some degree (e.g., all actors involved benefit in different ways from the status quo), the value perspectives of these stakeholders strongly diverge, leading to an open value conflict driven by a clash of opposing values (e.g., safe and decent working conditions against the competitive position of Bangladesh as a low-cost textile producer). Thus, the Accord exemplifies the kind of stakeholder value conflict that our framework aims to address (p. 16).

Their mistake is to confuse values with interests, misjudging a conflict of interests for a clash of values. The drivers that led to the Rana Plaza collapse are to be found in the current *political economy* of globalized markets than in unspecified normative values about society[27].

While values are afforded equal moral status within the pluralist global order, extending this status to interest-based arguments is a self-defeating strategy to promote transformative business practices throughout global value chains. The fundamental critique I advance here is that *conflating interests into values poses on the same normative plan rights-based claims with economic reasons.* As a consequence, their framework is uncapable of critically examining the normative foundations of supposedly legitimate claims within global multistakeholder regulatory processes. In this way, MSIs leave the political nature of sustainability problems unaddressed.

Another key limitation of their framework is that it assumes reason-giving as inherently emancipatory. Deliberative democratic theory, however, shows that for reason-giving to serve as an effective transformative and emancipatory force, it must be situated within a larger institutionally-supported system of policy-making. This aspect remains unexplored in their research. In sum, their suggested use of the theory of justification does little to empower weaker stakeholders, as it remains narrowly focused on the internal deliberative dynamics of MSIs, overlooking the potential for the broader public sphere to enhance the empowering capacity of stakeholder engagement (Baur and Arenas 2014).

To address these limitations, I propose the development of a comprehensive deliberative framework in the next section, aimed at assessing both the procedural and substantive elements of MSG. The framework seeks to integrate both the internal and external dimensions of deliberative practices, better frame the role that public reason may play within it and outline clearer institutional links to a broader deliberative system.

7.2.3 Outlining a Comprehensive Deliberative Framework for MSG

This section aims to build on the discussion in Part II by presenting an integrated framework for deliberative governance. The goal is to differentiate between traditional democratic "multistakeholder" governance models and more robustly deliberative ones. While democratic governance focuses on forms of inclusion and participation, this is only the starting point of an authentically deliberative governance structure. To fully evaluate how MSIs align with deliberative

[27] The intricate relationship between culture, identity, and economic interests cannot be fully addressed here. For a discussion, see Benhabib, S. (2002). *The Claims of Culture: Equality And Diversity In The Global Era*. Princeton University Press.

principles, we must examine how they perform across all the normative and institutional dimensions of deliberative theory.

We are now able to draw a clearer picture concerning the normative dimensions inadequately addressed by the RSPO and, later, identify some institutional reforms that could better align the RSPO governance with the principles of deliberative democratic theory. In each section I quickly recall the main normative dimension informing an authentically deliberative approach, especially in relation to the governance of sustainable development, and then proceed to its application to the RSPO governance structure.

7.2.4 The All-Affected Principle and Political Equality

Legitimacy is inherently connected to the all-affected principle. This principle has received extensive attention in both critical and deliberative theory (Dryzek 2012; Goodin 2007; Koenig-Archibugi 2017; Nasstrom 2011). Drawing from the critical strand of deliberative democracy (Baur and Arenas 2014; Finlayson 2000), this principle asserts that only those norms can claim to be valid that meet, *or could meet*, with the approval of all affected individuals in their capacity as participants in a practical discourse (Habermas, 1996). In sustainability governance, the *affected principle* ensures that all stakeholders, especially those directly impacted by environmental degradation, resource management, or climate change, should be included in the decision-making process.

This principle reinforces the participatory core of deliberative democracy, which demands that all those impacted by a decision have the opportunity to influence it substantively. As Dryzek and Niemeyer (2010a) assert, "deliberative democrats generally believe that legitimacy is achieved by deliberative participation on the part of those subject to a collective decision. Moreover, this participation should have *substantial influence* on the content of the decision" (pp. 21-22, emphasis added). This highlights the essential link between participation and legitimacy, ensuring that the process is not only inclusive but also responsive to the voices of all stakeholders.

The RSPO's commitment to inclusivity is evident in its effort to involve a wide array of stakeholders, from palm oil producers to environmental NGOs. However, its practical implementation of inclusivity is highly flawed. According to Schouten and Glasbergen (2011), MSIs such as the RSPO often over-represent corporate actors, who dominate key decision-making bodies. The membership distribution of the RSPO shows a disproportionate representation of industry stakeholders, particularly oil palm growers, processors, and consumer goods manufacturers, while social and environmental NGOs are severely underrepresented. For example, as of 2022, oil palm growers occupied 226 membership positions, while environmental NGOs held just 41 seats, accounting for a mere 2% of total membership. This imbalance is not only numerical but structural, as corporate actors often hold key decision-making roles across RSPO's governance bodies.

Moreover, marginalized groups, including indigenous communities, are often excluded from direct participation and rely heavily on NGOs to represent their interests. This indirect representation creates a significant gap in the RSPO's ability to fully embody inclusivity as defined by deliberative democratic theory, which requires that all affected parties be given an equal voice in decision-making (Dryzek, 2000). Indigenous and local communities, despite being among the most affected by palm oil expansion, are often sidelined in favor of more powerful corporate actors whose economic interests dominate the discourse.

7.2.5 Mutual Justification and Public Reason

As Gutmann and Thompson put it, "In a democracy, leaders should therefore give reasons for their decisions, and respond to the reasons that citizens give in return. [...] Its first and most important characteristic, then, is its *reason-giving* requirement" (2004; p. 3). If people must submit their consent to the decisions made by their representatives in the formal political process of law-making, they must be able to do so based on shared and shareable reasons.

Another crucial reason why providing mutual justifications is key to rebalance power is that it enables participants to *contest* dominant discourses (Dryzek 1990). The inclusion of the affected is key to develop pressure on dominant actors as they are increasingly demanded to provide adequate reasons for their preferences concerning development policies, social welfare, labor rights, globalization and so forth (Dryzek, 1990). In this context, legitimacy is linked not to the mere fact of participation, but to the quality and inclusivity of the reasons exchanged.

As we have seen, the idea of public reason has sparked a debate of its own in deliberative democracy (Quong 2011). Smith and Brassett (2008) succinctly describe public reason as the requirement that "democratic institutions and political decisions be defended on the basis of reasons that all participants can accept" (p. 72).

In MSIs this principle implies that all participating stakeholders offer reasons that are comprehensible and potentially acceptable to all other parties. Since MSIs typically bring together actors with divergent interests and values, public reason demands that the justifications for sustainability policies and initiatives be rooted in shared principles such as environmental protection, social equity, or economic justice. The introduction of a clear and observable[28] principle of public reason, such as the one I outlined in Part II, increases the chances of stakeholders justifying their

[28] The "observability" of the principle of public reason has been defended, for instance, by empirical studies that have measured the correspondence of argumentative exchanges in policy-making bodies with the Discourse Quality Index. For a discussion see Steenbergen, M. R., Bächtiger, A., Spörndli, M., & Steiner, J. (2003). Measuring political deliberation: A discourse quality index. *Comparative European Politics*, *1*, 21-48; and Lord, C., & Tamvaki, D. (2013). The politics of justification? Applying the 'Discourse Quality Index'to the study of the European Parliament. *European Political Science Review*, *5*(1), 27-54.

actions and preferences not solely on the basis of their private or sectoral interests (e.g., corporate profit or NGO advocacy goals) but of their alignment with the shared goals of the MSI.

The normative role of public reason is to filter reasons that are generalizable and shared from those that are merely particularistic or self-interested. This, ultimately, enables deliberative settings to generate norms and policies justified from the point of view of parties' universalizable interests. Despite the potential of public reason and justification to advance universalizable interests, MSIs for sustainable development often face challenges related to power imbalances. Powerful actors may frame their interests as universalizable, when in fact they reflect sectoral priorities, such as market expansion or regulatory flexibility. This, however, is precisely what justifies the emphasis posed by deliberative democrats on the necessity of carrying out deliberations under conditions of public accessibility.

Concerning the RSPO, the principle of mutual justification demands that participants provide reasons for their positions and that these reasons be open to scrutiny by others. In theory, this would foster an environment where decisions are made based on rational, public arguments rather than power dynamics. In the RSPO, the General Assembly (GA) serves as the primary venue where mutual justification is expected to occur, allowing stakeholders to address and challenge each other's justifications in a public forum. However, beyond the GA, the extent to which this principle is observed is uncertain. The lack of transparency regarding how decisions are reached outside the GA exacerbates this issue. It is unclear whether mutual justification is practiced in the numerous subcommittees and working groups that play a critical role in interpreting and implementing RSPO's Principles and Criteria.

The principle of public reason requires that the reasons given for decisions be framed in terms that all stakeholders can reasonably accept, based on shared values such as justice, equity, and sustainability. In the RSPO, this principle is only partially realized. While the RSPO's P&C ostensibly reflect universal principles like social responsibility, the actual deliberations and justifications provided by stakeholders often remain opaque. This lack of transparency makes it difficult to assess whether the justifications offered in RSPO governance are truly aligned with public reason or whether they are driven by narrower interests.

Public reason in the RSPO is further undermined by the dominance of corporate actors who are primarily motivated by market access and profitability, rather than by ethical considerations such as environmental protection or social justice. Ponte (2014) argues that market-driven MSIs like the RSPO often prioritize corporate interests over the common good, framing sustainability in terms of business viability rather than ecological or social imperatives. As a result, the deliberative process

risks becoming a mechanism for legitimizing business practices rather than a forum for genuine ethical debate.

7.2.6 Transparency and Publicity

Without embedding the deliberation into a public frame, dialogue could easily resort to a bargaining dynamic. An informed and well-functioning public sphere can therefore reduce the risks associated with huge power asymmetries by forcing the most powerful to provide convincing arguments in front of a wider collectivity (Dryzek et al. 2019; Smith and Brassett 2008).

It is worth expanding here on an important point until now underdiscussed. While transparency and publicity play a pivotal and related function, these concepts indicate two distinct aspects. Simone Chambers offers a clear guidance in understanding the difference and its implications for the design of deliberative institutions like mini-publics (Chambers 2005).

Transparency refers to the accessibility of information necessary for the public to scrutinize decision-making processes. As she discusses in relation to the case of Vice President Dick Cheney's National Energy Policy Development Group (NEPDG), transparency is crucial in verifying whether deliberation incorporates diverse perspectives. The lack of transparency in the NEPDG raised suspicions that its discussions were dominated by private interests rather than broader public concerns (p. 264). In contrast, the U.S. Supreme Court, which also deliberates in secrecy, operates within an institutional framework that allows for public scrutiny of arguments presented before it. This suggests that transparency is not necessarily about *real-time access* to deliberation but about ensuring that decision-making is justifiable to the public afterward.

Publicity, however, functions differently. It refers, more specifically, to the act of making deliberation visible to a public audience, which can have both positive and negative effects on the quality of discourse. In other words, it refers more closely to what Habermas calls "the public use of reason" (Habermas 1998). Interestingly, Chambers explains that while deliberative democratic theory traditionally views publicity as beneficial, pushing participants to justify their positions with public reasons rather than self-interested arguments, empirical research suggests that publicity can also distort deliberation (p. 256). She discusses Jon Elster's comparison between the secret deliberations of the U.S. Constitutional Convention in 1787 and the highly public debates of the French Assemblée Constituante in 1789. According to Elster, the secrecy of the former enabled rational argumentation, while the publicity of the latter led to rhetoric, grandstanding, and demagoguery (p. 258). This suggests that excessive publicity can lead to what Chambers terms "plebiscitory reason", where arguments are tailored to gain popular support rather than to promote genuine deliberation (p. 261).

Additionally, Chambers points to empirical findings by Steiner et al. (2004) showing that public deliberation often encourages disrespectful speech and partisan posturing, particularly in

competitive political environments (p. 259). However, in some contexts, publicity also encourages more sophisticated argumentation, as speakers feel pressure to persuade their audience with well-crafted reasoning rather than relying on unexamined assumptions (p. 260).

Finally, the contrast between transparency and publicity is particularly evident in how institutions manage secrecy. In the case of Cheney's energy task force, secrecy undermined transparency because there was no way to assess whether the deliberation was conducted in the public interest. In contrast, the secrecy of the U.S. Supreme Court is more defensible because its decisions are accompanied by written opinions that provide reasons justifying the outcome. This means that while some deliberations may be conducted privately, transparency is necessary to ensure that their outcomes can be held to public standards of justification.

In the context of MSIs, transparency can help rebalance power by illuminating the interests, motivations, and actions of all parties. When information is openly shared, it becomes harder for powerful actors to manipulate outcomes through hidden agendas or to use their informational advantage to dominate discussions. Transparency creates here opportunities for less powerful stakeholders to challenge the dominance of corporate actors. Of course, as we have seen, while transparency is essential also in this context, it is not without its challenges. One issue can be information overload or the dissemination of overly technical or complex data that is not easily understood by all participants. This can inadvertently reinforce existing power imbalances, as those with the resources and expertise to interpret such information may retain their advantage.

Additionally, MSIs contexts show that transparency must be balanced with considerations of confidentiality, particularly in cases where certain types of sensitive information (such as trade secrets or security concerns) cannot be fully disclosed. As acknowledged by Gutmann and Thompson (1996), while transparency is critical for democratic legitimacy, there are instances where confidentiality may be necessary to protect the integrity of deliberative processes or the rights of certain stakeholders. In MSIs, this tension must be carefully managed to ensure that confidentiality does not become a pretext for withholding information in ways that distort deliberation or reinforce power asymmetries.

Concerning the RSPO, has made efforts toward transparency by publishing reports and making meeting minutes from key governance bodies available online. However, these efforts fall short in providing the comprehensive visibility necessary for a fully transparent deliberative process. Information is often fragmented and incomplete, making it difficult for stakeholders to fully understand how decisions are made and who is influencing them (Cheyns, 2014).

This partial transparency limits both internal and external scrutiny. Internally, marginalized groups such as smallholder farmers and indigenous communities are unable to access the information necessary to engage meaningfully in deliberations or to challenge decisions that adversely affect

them. Externally, civil society organizations and the broader public are similarly restricted in their ability to hold the RSPO accountable.

Additionally, the reliance on third-party audits as a key mechanism for verifying compliance with RSPO standards further complicates transparency. As Konefal and Hatanaka (2011) argue, third-party audits are often subject to conflicts of interest, particularly when auditors are paid by the very companies they are auditing. This arrangement can lead to a lack of impartiality and reduce the effectiveness of transparency as a tool for accountability.

7.2.7 The Public Sphere and Communicative Power

As articulated by Flynn (2004), the normative power of the public sphere in deliberative democracy lies in its capacity to generate *communicative power*, namely the capacity of public discourse to influence formal decision-making processes. The public sphere's role in fostering communicative power becomes particularly relevant in the context of MSIs (Fraser 2007). While traditional deliberative democratic approaches conceptualize relationships of political legitimacy in domestic legal communities identified with liberal democracies, MSIs pose a challenge by operating at transnational level (Dryzek and Niemeyer 2010a).

A viable way of representing the public sphere at global level is offered by the systemic turn in deliberative democracy and the use of mini-publics (André Bächtiger et al. 2018). Mini-publics can help maintain a communicative connection with the *global public sphere*, which is essential for ensuring that the outcomes of MSIs are not only legitimate but also responsive to the concerns of a broader range of affected stakeholders. The global public sphere, while diffuse and fragmented, serves as a space where transnational issues such as environmental sustainability, human rights, and economic inequality are debated. For MSIs to yield legitimate outcomes, it is crucial that they remain connected to this broader societal discourse, thus allowing for greater public scrutiny and accountability (Fung 2015).

However, the RSPO's connection to the public sphere is notably weak. Participation in the RSPO is largely restricted to its members, with little opportunity for the broader public, including civil society and affected communities, to engage in or influence deliberations. Public involvement is further limited by the RSPO's focus on market-driven incentives, which prioritize the needs of Northern consumers and corporations over the concerns of Southern producers and communities (L. Fransen and Conzelmann 2015).

The lack of meaningful engagement with the broader public sphere is particularly concerning in light of the RSPO's environmental and social impacts. As the expansion of palm oil production has been linked to deforestation, biodiversity loss, and human rights violations, the exclusion of public scrutiny from RSPO governance diminishes the organization's legitimacy.

This has notable implications from the point of view of corporate accountability. Accountability is critical in ensuring that decision-makers are responsible for their actions and that there are mechanisms for stakeholders to challenge decisions and address grievances. While the RSPO has established a DSF to address grievances, this mechanism has proven largely ineffective, particularly for marginalized stakeholders such as indigenous communities. Studies indicate that the DSF tends to favor well-resourced corporate actors who can navigate its complex procedural requirements, while communities often lack the financial and technical resources to pursue their claims (Afrizal 2023).

The inability of the DSF to provide meaningful redress for marginalized groups highlights a deeper problem within the RSPO's accountability framework. As Hale and Held (2011) argue, accountability in global governance regimes often reflects existing power asymmetries, where the interests of weaker actors are subordinated to those of more powerful stakeholders. In the case of the RSPO, this dynamic is evident in the organization's failure to hold corporate members accountable for violations of its P&C, including deforestation, land grabbing, and labor exploitation. Without robust accountability mechanisms, the RSPO becomes a platform for moderate corporate self-regulation rather than a genuinely transformative force for sustainability.

In conclusion, the RSPO case study reveals significant shortcomings in the organization's ability to adhere to the normative dimensions of deliberative democracy. Despite its efforts to promote sustainable palm oil production, the RSPO's governance is dominated by corporate interests, and its processes lack the inclusivity, transparency, and accountability necessary for genuine deliberative engagement. To truly embody the principles of deliberative democracy, the RSPO must address these structural imbalances by enhancing the representation of marginalized stakeholders, improving transparency, and strengthening accountability mechanisms. The task of the remainder of the Part is to precisely indicate how this can be accomplished.

Normative Dimension	Key Questions	Indicators of High Correspondence	Indicators of Low Correspondence	RSPO Case Study
Inclusivity	- Are all affected stakeholders represented in the decision-making process? - Are mechanisms in place to include marginalized or weaker groups?	- Broad stakeholder representation, including affected communities, marginalized groups, NGOs, and smaller actors. - Mechanisms to support the participation of marginalized stakeholders (e.g., capacity-building, financial support).	- Over-representation of powerful actors (e.g., corporations, governments). - Marginalized groups (e.g., small farmers, local communities) excluded or underrepresented.	Legitimate stakeholders like indigenous communities are not officially recognized, relying on NGOs to represent their interests. Industry-based actors are overrepresented in governance bodies and the General Assembly (GA), while development and social NGOs represent a small percentage of votes. This structural imbalance significantly affects inclusivity.
Mutual Justification	- Are participants required to provide reasons for their positions and decisions? - Is there space for contesting and scrutinizing reasons given by others?	- Justifications are required and publicly shared for all decisions. - Participants actively engage in reason-giving and scrutiny of each other's positions. - Opportunities for contestation are embedded.	- No requirement for reason-giving or justification. - Dominant actors make decisions without providing reasons or explanations. - No mechanisms for challenging or scrutinizing justifications.	A clearly identifiable deliberative setting is the GA, where all stakeholders can request and provide justifications publicly. However, it is unclear how this process unfolds outside the GA, leaving gaps in how deliberation and justification are maintained in other governance settings.
Public Reason	- Are justifications framed in terms that all stakeholders can accept? - Are decisions based on shared principles rather than sectoral or self-interest?	- Decisions are justified in terms of reasons accessible to all stakeholders (e.g., sustainability, fairness, equity). - Deliberation focuses on shared principles like public good, social justice, sustainability.	- Justifications are narrowly framed, reflecting particular interests (e.g., profit, corporate benefits). - Decisions are justified based on sectoral or self-interest without considering collective interests.	It is almost entirely unclear how stakeholders justify their positions based on principles of justice when conflicting claims arise. The available information does not provide a clear reconstruction of the argumentative process, making it difficult to assess whether public reason is truly upheld.
Transparency	- Is information about the deliberative process and decision-making openly accessible to all stakeholders? - Is the reasoning behind decisions transparent and open to scrutiny?	- Full transparency in deliberations and decision-making (e.g., minutes, agendas, supporting data publicly available). - Stakeholders can scrutinize decisions and their underlying justifications.	- Decision-making happens behind closed doors, with key information hidden from certain stakeholders. - Lack of access to data or justifications prevents scrutiny by marginalized stakeholders or the public.	While reports and online resources such as meeting minutes represent a visible effort toward transparency, the information provided is fragmented and incomplete. This limits the ability of stakeholders and the public to fully scrutinize the deliberative process and the argumentative exchanges within governance bodies.
Communicative Connection to the Public Sphere	- Does the MSI engage with broader public opinion and debates? - Is there a link between the MSI's deliberations and the wider public sphere?	- The MSI maintains active links with broader public discourse, allowing public scrutiny and public engagement with deliberative outcomes. - Regular engagement with civil society, mini-publics, or consultations.	- MSI is disconnected from public debates and civil society. - Decisions and deliberations remain isolated from the broader public sphere, with no mechanisms for public or civil society engagement.	Dialogue between RSPO governance and the broader public is largely inadequate. Public involvement is limited, with National Interpretation being the most significant connection. Mini-publics are absent, and participation is restricted to RSPO members, excluding broader public scrutiny.
Accountability	- Are decision-makers held accountable for their justifications and actions? - Are there mechanisms to revisit decisions or address grievances?	- Decision-makers must justify their actions and decisions publicly. - Appeals processes and accountability mechanisms ensure that all decisions can be revisited or contested by stakeholders.	- No accountability for decision-makers. - Lack of procedures for appealing decisions or addressing grievances. - Decision-makers act with impunity, without the need to provide public justifications.	The institutional empowerment of weaker stakeholders, such as indigenous communities, is substantially problematic. While an internal grievance mechanism exists, it is highly ineffective at ensuring respect for indigenous land rights, leaving accountability gaps in RSPO's governance structure.

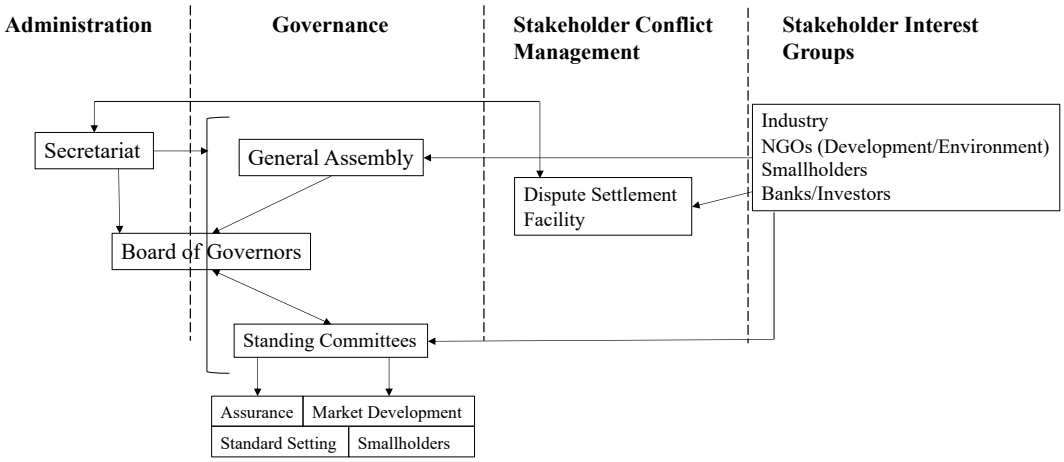
Figure 5. Normative Shortcomings of the RSPO Governance based on a Deliberative Approach.

7.3 Institutional Reforms. Toward an Empowerment of the Most Affected

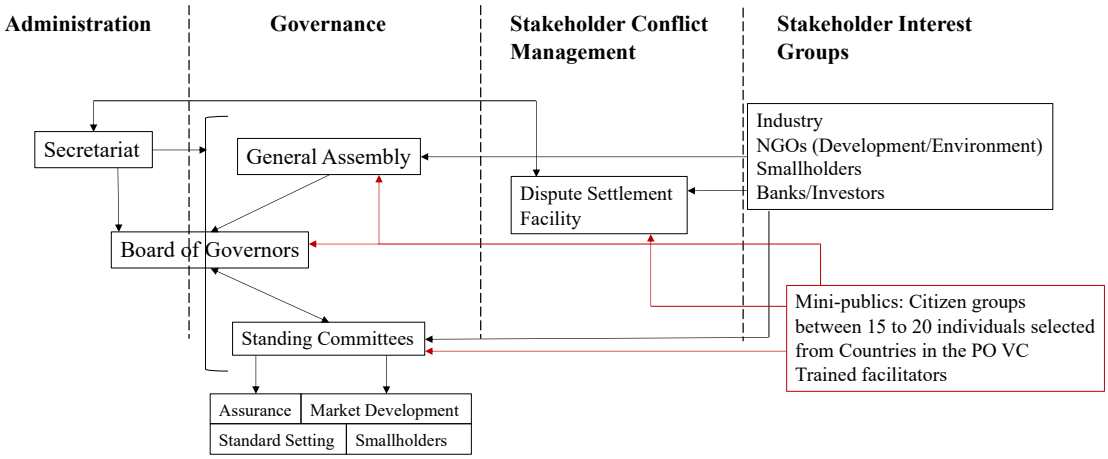
As we have seen, deliberative democracy emphasizes the need to convert citizen involvement into institutional mechanisms that actively empower an otherwise passive public. In this context empowerment can take different forms. Caroline Hendriks (2016) has examined the integration of citizens' juries into the Public Accounts Committee (PAC) of the New South Wales (NSW) Parliament. This mini-public was tasked with providing input on energy policy. The citizens' deliberations were incorporated into the PAC's inquiry process, broadening the range of perspectives considered in the final report. Hendriks convincingly presents this as an example of how "*designed coupling"* can bring citizens and elites together in a way that enhances the inclusivity and quality of public deliberation.

However, we find ourselves at an impasse where the presence of a clear legal framework, typically embedded in domestic contexts, is absent in non-domestic settings like global sustainability. Affected stakeholders, operating in post-national configurations, cannot rely on easily identifiable legal safety nets nor legally enacted political practices. I propose a two-step approach to address this challenge. In so doing, I try to provide a clearer pathway for the institutionalization of mini-publics into MSG frameworks and overcome the limits present in the proposals of Pek, Mena, and Lyons (2023) and Schormair and Gilbert (2021).

I will rely on the RSPO to illustrate the kind of institutional reforms needed to enhance the deliberativeness of this MSI. As mentioned, the suggested reforms pertain to two levels, the first is the institutional coupling of MSIs to a wider public sphere, the second pertains to necessary reforms to increase the fairness of the justificatory process of reason-giving internal to the MSIs governance bodies. To show a clearer integration of mini-publics into the RSPO governance model I suggest building on already existing institutions as depicted in the flow below.



The integration of DMPs into the governance system could take place at the indicated governance levels.



Opposite to Pek and co-authors, I maintain that the first institutional reform necessary is certainly be the direct recognition of Indigenous Peoples and consumers associations as legitimate stakeholder groups in the RSPO governance based on the principle of affectedness. According to the authority typology adopted by the RSPO, such groups would need to sit in decision-making bodies as ordinary members or as associate members with extended voting rights.

The second reform concerns more directly the application of mini-publics into the governance structure. In line with literature on mini-publics exposed in previous sections, I argue that mini-publics could be expression of civil society from countries from the Global North and Global South involved in the production, distribution and consumption of palm oil. Given the global nature of the palm oil value chain and the scope of the RSPO, membership in mini-publics could be performed in a rotating capacity to combine broader representation of diverse civil societies with issues of technical feasibility.

Both the recognition of new stakeholder groups and the institutionalization of mini-publics into the governance structure of the RSPO would clearly need to overcome a process of power reallocation performed by the GA leading to a revision of its governance statutes. Another shortcoming to address is to revise the distribution of seats of different "discourses" represented in decision-making bodies (Dryzek 1990). As the current distribution of seats reflects the distribution of membership, this results in a disproportionate representation of economic agents into the decision-making procedures. Even if a perfect egalitarian distribution of seats cannot be granted to all stakeholder categories, a rebalancing of such distribution is necessary to revise voting practices toward greater procedural fairness.

With regard to voting rights, while veto powers would certainly represent a strong form of empowerment especially of the least advantaged[29], it would also very likely lead to operational stalemate causing critical dysfunctionalities. Stakeholder groups should however be extended the same voting rights currently reserved to ordinary members. Concerning, instead, the formal powers of DMPs, these latter would need to perform a more supervisory role over stakeholder deliberations. Crucially, if not granted with voting rights in particularly delicate governance bodies, these groups could nonetheless be entitled with forms of *validating power*. Their function could therefore be the one of bestowing deliberative outcomes with legitimate validity after witnessing, together with trained facilitators, that arguments, claims and interests of minority groups have not been sidelined but have been adequately discussed and recognized.

Building upon this restructuring, a voting system to further ensure that deliberative outcomes are legitimate and weaker interests are not sidelined should be institutionalized accordingly. A recommendation may be that approval of essential changes should receive the approbation of absolute majority *internal* to each discourse represented. In practice this implies that proposed policies should receive the approval of more than 50% of representatives of economic interests, of environmental and of social interests.

Moreover, to foster greater policy dialogue and alignment global goals, RSPO could benefit from the inclusion of representatives of multilateral agencies involved in the promotion of the SDGs such as the UN Development Program and the UN Environmental Program. Representative from such international organization may not have direct voting powers but still foster useful dialogue with the RSPO and its members on how P&Cs and business practices align with both the legal framework (clearly in the form of soft law) of the SDGs. By extension, the same concept could be applied for the greater inclusion of regional regulatory bodies like the EU. As newly approved regulations like the EU Directive on Corporate Due Diligence are having profound impacts on the access of the European market, the RSPO is currently in the process of analyzing these possible impacts on the palm oil value chain. Great integration of a EU perspective could therefore support a process of harmonization between RSPO P&Cs and EU law.

Another key contribution of DMPs could be represented by a greater role in the DSF, offering more impartial considerations on how corporations could be held accountable for contract violations of agreements with communities. The participation in the Complaints Panel of large corporations severely undermines the legitimacy of the overall process of remediation by rising clear issues of conflicts of interest. To secure greater impartiality, greater role could be therefore played by mini-

[29] Traces of this suggestion can be found in Forst, R. (2001). Towards a critical theory of transnational justice. *Metaphilosophy*, *32*(1-2), 160-179; and Rawls, J. (1999). *A Theory of Justice*. 2nd ed. Cambridge, Mass.: Harvard University Press. First edition published 1971, p. 131.

publics. Once more, especially in such cases, mini-publics could scrutinize the validity of reasons for case dismissals requiring a re-examination of the case at hand if need be.

With this in mind, I now turn to the analysis of the second level of the approach defended in this Thesis, namely the adoption of a clearer principle of justification acting internally to the deliberative processes. In particular, I outline here how the model of justification suggested in previous sections would connect with the newly structured multistakeholder governance of sustainability.

7.4 Empowerment From Within

As we have seen, one of the key roles of mini-publics and trained facilitators would be the participation in GA, DSF and meetings of Standing Committees to ensure that deliberative exchange respect the principles of normative justification exposed in the notion of public reason. Indeed, one of the key arguments of this research is precisely that to become a credible and legitimate actor in global governance, corporations should submit themselves to the respect of a more stringent notion of public reason as the normative cornerstone of the MSIs they intend to be part of.

Let us recall from Part II, the principles embedded in suggested model of public reason are:

a) All participants shall provide adequate justifications for their policy preferences and actions.
b) A claim is adequately justified when corroborated by reasons others could not reasonably reject.
c) The reasons of the most vulnerable and affected have received adequate understanding and priority over the ones of the most powerful.
d) Rejection of the reasons and claims of the most vulnerable and affected is supported by adequate reasons by effectively showing that the proposed counter-alternative improves to a larger degree the position of the least advantaged according to the perspective they value.
e) Even if adequately justified, any suggested policy and its enforcement is legitimate if its generalized observance leads to a visible improvement of the conditions of the least advantaged and the attainment of the MSI declared objectives.

Since the justification of each point has already been discussed in Part II, I now provide a brief discussion of each point in relation to the challenges of sustainable development.

The first principle sets a foundational expectation of accountability. As argued in classical accounts of deliberative democracy and public reason (Rawls 2005; Quong 2011; Baynes 2010), this requirement ensures that deliberative processes are grounded in rational discourse, where each stakeholder, whether a powerful corporation or a marginalized community, must substantiate their

policy positions with reasoned arguments. In multi-stakeholder settings like the RSPO, it compels all actors to engage seriously with the positions of others. By requiring that their concerns be justified on a rational basis, this principle provides a platform where even those without economic or political power can influence the discourse.

Further developing this point, the second principle reasserts the Scanlonian model of liberal reasonableness in political justification. In the context of the RSPO, this means that justifications must be framed in a way that all stakeholders can accept, regardless of their particular interests. For example, while a corporation may seek to justify a policy in terms of economic efficiency, such a justification would not be acceptable if it ignored or undermined environmental sustainability or human rights. This principle ensures that powerful actors cannot rely on self-serving arguments and must present reasons that resonate across stakeholder groups.

The third principle emphasizes a more distinctive substantive argument by introducing the proviso that the reasons of the most vulnerable and affected shall receive adequate understanding and priority over those of the most powerful. This marks a critical departure from more traditional approaches to deliberation. Here, the model recognizes that power imbalances often skew deliberative processes, with the interests of powerful actors typically prevailing. To counter this, the principle requires that the reasons of those most affected by the decisions, often the least powerful in the process, be given precedence. In practice, this principle compels stakeholders in MSIs to ensure that the voices of those who bear the brunt of environmental degradation or economic exploitation, are not only heard but given a more decisive role in shaping outcomes.

The fourth principle addresses the circumstances under which the claims of the most vulnerable may be rejected. It posits that such rejection must be supported by substantive justifications that demonstrate that the proposed counter-alternative would improve the conditions of the vulnerable groups to a greater degree, according to the group's understanding of their situation. This notion takes inspiration by Sen's account of justice and his capability approach by arguing, for instance, that while a company may argue for greater economic compensation, a community might value such offer not as much preferring other forms of compensation and respect. In a nutshell, just as much people should develop the capabilities and functionings to achieve the life plans they have reasons to value, they should also establish what represents a betterment of their life context. This sets a high bar for the rejection of vulnerable groups' interests, preventing procedural or efficiency-based arguments from overriding substantive concerns. In MSIs, it is not uncommon for the voices of vulnerable stakeholders to be sidelined under the guise of procedural fairness or technical constraints. However, this principle demands that any rejection of their claims must be substantiated

by strong, outcome-oriented reasons, demonstrating that the alternative course of action would, in fact, be more beneficial to them in the long term.

Finally, inspired by the concept of reflective equilibrium, the model asserts that even when a policy is discursively justified, its legitimacy ultimately depends on its capacity to lead to a visible improvement in the conditions of the least advantaged and the attainment of the MSI's declared objectives. This outcome-based criterion is essential for ensuring that deliberative processes do not merely produce well-reasoned but ineffective policies. In many cases, deliberation can be dominated by rhetorical or procedural success, obscuring the real-world impacts on vulnerable populations. By tying legitimacy to tangible outcomes, this principle ensures that deliberative processes remain accountable to those most affected by their decisions. For example, within the RSPO, a policy aimed at improving sustainability practices would only be considered legitimate if it results in measurable benefits for smallholder farmers or local communities involved in palm oil production, such as improved livelihoods or greater environmental protection. This focus on real-world outcomes ensures that deliberation is not an end in itself but a means to achieving justice for the least advantaged.

Tracing back to the main research question of the study, the interplay between internal and external levels of MSG frameworks, facilitated by the integration of DMPs and a stricter adherence to the basic normative principles of deliberative democratic theory, is precisely what ultimately can enhance MSIs transformative potential. Internally, these reforms would likely foster a culture of reason-giving that demands justifications be accessible and universally acceptable, curbing tendencies towards self-interest and regulatory capture. Externally, they would strengthen the credibility of the RSPO by ensuring that its decisions are informed by a more comprehensive, inclusive, and representative deliberative process.

As independent and diverse deliberative bodies, DMPs could introduce an additional level of accountability within the RSPO by reviewing how deliberations are conducted, monitor adherence to fair procedural norms, and ensure that all stakeholder voices are adequately considered. By institutionalizing mini-publics as watchdogs of procedural fairness and deliberative integrity, the RSPO can build a more transparent and accountable governance system. This shift not only enhances the internal quality of decision-making but also strengthens external legitimacy, as stakeholders can trust that the process is genuinely inclusive and that decisions reflect collectively agreed principles. Finally, by turning from a simply multistakeholder governance model into an authentically deliberative one, the RSPO could evolve into an arena of equitable political decision-making working toward the achievement of genuinely co-determined goals of sustainable development.

7.5 Conclusions

The analysis offered in this Part underscores the critical need to address power imbalances within MSG systems. While the previous Parts focused on laying out the theoretical foundations of deliberative democracy within MSG frameworks, my purpose here has been to outline a practical framework that can be directly applied by practitioners and policymakers seeking to improve MSG processes. Drawing on key principles of deliberative democracy, I have developed an approach aimed at assessing and enhancing the deliberative quality of these systems, demonstrating how they can be restructured to foster more inclusive and equitable decision-making.

A central insight from this analysis is the recognition that existing MSG models often exhibit structural imbalances where corporate actors hold disproportionate influence. This dominance tends to skew governance outcomes in favor of private interests, undermining the ideals of inclusivity and fairness that should drive MSG initiatives. The findings suggest that, without effective mechanisms to check corporate power and truly empower weaker stakeholders, such as smallholders, local communities, and civil society organizations, MSG systems will likely continue to fall short of their sustainability goals.

The framework proposed in this part introduces practical tools for enhancing accountability and ensuring that the principle of public reason guides decision-making within MSG. Specifically, I have argued for the integration of DMPs as independent bodies within governance structures, positioning them as guarantors of procedural fairness and impactful outcomes. By institutionalizing these deliberative practices, they can help establish an environment where all participants must justify their positions based on reasons that are accessible and acceptable to all stakeholders, compelling even dominant actors to engage transparently and equitably. This practical application of deliberative principles offers, to my view, a pathway for rebalancing power dynamics, enhancing accountability, and ultimately increasing the transformative potential of MSG systems. By bridging theoretical insights with practical application, this framework aims at providing practitioners with a concrete guide for fostering more democratic and effective governance in sustainability initiatives.

CONCLUSIVE REFLECTIONS AND LIMITATIONS OF THE RESEARCH

The dissertation has aimed to explore the legitimacy and effectiveness of private actors in global sustainability governance, focusing on MSIs as central mechanisms in promoting the SDGs. Throughout the four parts of this research, I have critically examined the role of corporations in global governance, the deliberative democratic principles that could enhance legitimacy in these frameworks, and the power asymmetries that hinder their effectiveness. This concluding chapter synthesizes the key arguments advanced and offers reflections on the theoretical and practical implications.

Part I has explored the broader landscape of global governance and the emergence of non-state actors, particularly corporations, as influential players in the sustainability agenda. The SDGs have marked a significant shift in global governance, increasingly calling for the involvement of the private sector in addressing complex global challenges such as climate change, inequality, and biodiversity loss. This inclusion is not accidental but reflects the recognition that corporations, through their global reach and resources, have the potential to drive significant progress.

However, this growing reliance on private actors raises critical questions about their legitimacy as public regulators. Corporations are inherently driven by profit-maximization motives, which often conflict with the public goals of sustainability governance. As argued in Part I, the institutional design of multistakeholder governance attempts to reconcile this tension by fostering collaboration between governments, corporations, and civil society. Yet, the central issue remains whether these frameworks are capable of holding private actors accountable for their actions while ensuring that sustainability outcomes are achieved.

In Part II, the focus shifted to deliberative democratic theory as a potential solution to the legitimacy challenges posed by corporate involvement in sustainability governance. Deliberative democracy, with its emphasis on inclusive, transparent, and reasoned dialogue, offers a normative framework that could help mediate the tension between corporate self-interest and public goals. The core principle of deliberative democracy, that governance decisions must be justified through processes of public reason and mutual accountability, provides a theoretical foundation for understanding how multistakeholder initiatives could become more legitimate.

However, as the literature reveals, procedural fairness alone is insufficient. A purely proceduralist approach, which focuses on the inclusivity of decision-making, risks overlooking the

substantive outcomes necessary for sustainability. This is particularly problematic in cases where powerful corporate actors dominate discussions, marginalizing less powerful stakeholders, such as local communities and civil society organizations. The power asymmetries present in these governance systems must be addressed for deliberation to be truly fair and effective.

To strengthen deliberative processes, I introduced the concept of a qualified substantive principle of public reason. Recognizing the justice dimensions inherent in sustainability, I contended that the perspectives of those most adversely affected should be given precedence in governance deliberations. In practical terms, this necessitates prioritizing the voices of marginalized communities over those of dominant corporate entities. This principle further posits that policies failing to advance the objectives of the Sustainable Development Goals and yield a clear betterment of the life conditions of the least advantaged, must undergo processes of revision and contestation.

Part III has provided a critical examination of the power dynamics within MSG frameworks from a business ethics perspective, highlighting the ways in which corporations often exert disproportionate influence over decision-making processes. The analysis of cases such as the RSPO and the FSC illustrated how corporate actors can shape standards and enforcement mechanisms to align with their commercial goals, often at the expense of environmental protection and social justice. This corporate dominance is exacerbated by the voluntary nature of these governance frameworks, which frequently lack the enforcement mechanisms necessary to hold corporations accountable for non-compliance. As numerous studies have shown, violations of sustainability standards by certified companies often go unpunished, undermining the credibility and effectiveness of these initiatives.

To address these challenges, I have advanced in Part IV a framework for evaluating the deliberative quality of governance processes within MSIs. This framework focuses on assessing power imbalances, examining the extent to which all stakeholders have equal access to decision-making. By introducing mechanisms such as independent oversight bodies, mini-publics, and civil society representation, this framework seeks to enhance public accountability and ensure that corporate actions align with sustainability objectives.

While deliberative democracy offers, to my understanding, a compelling theoretical framework for enhancing legitimacy, its practical implementation requires a more systematic approach to governance. To this end, I argued that MSIs should be understood not as isolated governance mechanisms but as part of a larger deliberative system. This system would integrate public spheres, civil society, and independent oversight to ensure that powerful actors cannot dominate governance outcomes.

The proposed institutional reform framework emphasizes the need for greater public scrutiny and accountability in MSI governance. By expanding the role of civil society organizations and

introducing transparent decision-making processes, this framework would ensure that corporate actors are held accountable for their actions and that sustainability outcomes are aligned with the SDG objectives.

Despite the comprehensive analysis, there are several limitations that must be acknowledged. These limitations relate to both the theoretical scope of the research and the methodological approach employed, which in turn open possibilities for further exploration through empirical methods.

Methodologically, this dissertation has relied predominantly on academic literature and secondary data therefore providing a largely conceptual analysis. While this approach has enabled an in-depth exploration of theoretical issues surrounding legitimacy, governance, and deliberative democracy, it did not engage in empirical testing of the proposed ideas. For example, the argument that introducing mini-publics or emphasizing the reasons of marginalized communities would improve governance legitimacy remains untested in actual governance contexts. Without empirical data, it is difficult to assess whether such mechanisms would function effectively, how they might interact with existing institutional structures, or whether they would be accepted by all stakeholders involved.

Furthermore, the reliance on secondary literature means that this dissertation does not include any original fieldwork, surveys, or interviews that could provide direct insights into the perspectives of stakeholders involved in MSIs. As a result, the analysis might lack the granular detail necessary to fully understand how governance dynamics play out in different sectors or geographic regions. This is especially true in relation to the perspectives of local communities and civil society organizations, whose voices are often underrepresented in global governance debates.

Given these limitations, there are several promising avenues for future research that can build on the theoretical and conceptual foundations laid out in this dissertation. By introducing empirical research methods and experimental designs, future studies can test the hypotheses proposed here and contribute to a more nuanced understanding of global governance and deliberative democracy in practice and policy design.

A natural extension of this research would be therefore to empirically test the effectiveness of proposed deliberative mechanisms, such as the introduction of mini-publics in MSIs governance. Research could be designed to assess whether the inclusion of mini-publics leads to more equitable decision-making and improves the perceived legitimacy of governance outcomes. Such research could involve conducting controlled experiments or pilot projects within specific governance frameworks, comparing the decisions made in systems that include mini-publics with those that rely solely on traditional corporate and NGO actors.

These experiments could be accompanied by surveys and interviews with participants to gauge their perceptions of fairness, legitimacy, and inclusivity in the decision-making process. For example, local communities or smallholder farmers involved in MSI governance could be asked whether the introduction of mini-publics has given them a stronger voice in deliberations, or whether corporate actors perceive the system as fair and balanced.

Another important research avenue would be to conduct empirical fieldwork to investigate the presence of power asymmetries. While this dissertation has highlighted the structural dominance of corporate actors, there is limited empirical evidence on how this dominance manifests in specific sectors and regions. Fieldwork could involve conducting interviews and participant observation at MSIs meetings to better understand the dynamics of negotiation between corporations, NGOs, and marginalized groups.

This research could also include a comparative analysis of how power asymmetries play out across different sectors, such as agriculture, mining, or textiles, and how these sectors manage deliberative processes within their respective Voluntary Sustainability Standards. By comparing governance structures across industries, future research could identify best practices for mitigating power imbalances and enhancing deliberative equality.

Another avenue for empirical research is to test the qualified substantive principle of public reason proposed in this dissertation. As outlined, this principle asserts that decisions in VSS governance should prioritize the most severely affected parties and that any practices not aligned with the SDG objectives should be subjected to further scrutiny.

Future research could involve conducting deliberative experiments that test how this principle works in practice. For instance, in a controlled deliberation setting, participants could be tasked with making decisions about sustainability practices, with some groups following the traditional proceduralist approach and others adhering to the substantive principle of public reason. Researchers could then evaluate the outcomes in terms of equity, effectiveness, and perceived legitimacy.

These experiments could be complemented by qualitative interviews with participants to assess whether prioritizing the claims of marginalized groups leads to more just outcomes, and whether powerful actors are willing to consent to such a framework. This research could therefore contribute to the broader literature on deliberative democracy by exploring whether introducing substantive principles helps resolve conflicts between economic, environmental, and social claims in a way that proceduralist approaches cannot.

Finally, future research could explore how the findings of this dissertation apply beyond MSIs to broader sustainability governance frameworks. While this research has focused on these governance platforms as a key mechanism for achieving the SDGs, the insights gained here could be

extended to other governance models, such as public-private partnerships or international regulatory regimes.

Therefore, by incorporating empirical methodologies and experimental designs, future research could empirically test the theoretical propositions outlined in this study, thereby contributing to a more nuanced understanding of how deliberative democracy and accountability mechanisms can promote more equitable and transformative global governance. Investigating the real-world interactions between corporate influence, deliberative equality, and public reason will offer much needed insights into potential reforms that enhance governance systems in alignment with the public interest and the objectives of the Sustainable Development Goals.

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