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DEMOCRACY IN POLITICAL CORPORATE SOCIAL RESPONSIBILITY: A DYNAMIC, MULTI-LEVEL ACCOUNT

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Abstract

Political CSR calls for firms to implement and engage in deliberative democracy processes and structures, addressing governance gaps where governments are unwilling or unable to do so. However, an underlying assumption that the implementation of PCSR will enrich democratic processes in society has been exposed and challenged. In this conceptual article we explore this challenge by developing a framework to reveal the dynamics of firms' deliberative democratic processes and structures (meso level), and those at nation state (macro) level. Using existing cases as illustrative examples, we demonstrate that despite the public good premise of PCSR theory towards thickening the overall democracy in a society, corporate democratization at meso level can have the opposite effect and may actually erode macro level democratic control of society and the economy. These findings imply a need for multi-level analysis in PCSR research and greater consideration of state level public institutions and the responsibilities of business firms towards those institutions. Furthermore, we contribute to the PCSR literature by identifying the disruptive mechanisms associated with these dynamics and outline two alternative perspectives to allow firms to continue to take on political responsibilities.

Keywords: Political corporate social responsibility; deliberative democracy; democratic institutions; democratic corporate governance

Introduction

The political turn to CSR scholarship has brought to the fore the role of business firms in the public sphere adding a political dimension to the well-established field of corporate social responsibility. The literature gives rise to differing definitions of political CSR (PCSR) which comprise political and citizenship (Matten & Crane 2005, Scherer & Palazzo 2007) responsibilities for business firms such as engaging in global governance (Mena & Palazzo 2012) or providing public goods and services which governments are unwilling or unable to offer (Scherer, 2017). Uniting these efforts tend to be a "public good" aim and novel forms of global or corporate governance based on deliberative democratic principles to promote and legitimize the engagement of business firms with civil society and other stakeholders often in "locations that lack democratic control" or "rule of law" (Scherer & Palazzo 2011: 902; Scherer et al 2016). On the other hand, critics have argued that rather than thickening macro level democracy, firms' involvement in public service provision and their use of democratic processes and structures may go as far as to "de-democratise" society even in already well-established democratic settings (Rhodes & Fleming 2020). These (de-)democratizing trajectories of PCSR in developed and democratic national settings merit closer scrutiny.

PCSR scholars have tended to argue for a greater use of deliberative democracy processes and structures to enhance the legitimacy of public good outcomes which are seen as the fruits of firm participation in filling governance gaps. A frequent focus of this literature is on the global level whereby a group of multinational firms set up global governance initiatives and engage actively in deliberative processes with stakeholders (Scherer et al 2013; Scherer et al 2016; Matten & Crane, 2005) to set voluntary international standards on a particular issue with the aim of filling regulatory gaps in countries of operation with "weak" or non-existent hard law (Mena & Palazzo, 2012). A second focus has been at the firm or meso level where firms 'democratize' their processes and structures to engage with diverse stakeholders in a step

towards a more democratic corporate governance (Scherer et al., 2013; Scherer et al., 2016) to increase their legitimacy as actors working for the public good. Evident in much of this work at global and firm level is a dynamic, or movement over time (Lamont & Pierson 2019), towards a thickening of democratic processes which seems to go hand in hand with the goal of enhanced social welfare.

However, this democracy enriching account of PCSR (Scherer & Palazzo, 2007: 1109, 1110; Scherer & Palazzo, 2011: 901, 917, Mena & Palazzo, 2012) has paid less attention to the public institutions at a national level and lacks a robust explanation of its relationship with government (Rasche, 2015). This omission is important: states, after all, do have recourse to numerous mechanisms to regulate and influence business firms and their activities internationally (Schrempf-Stirling 2018) and therefore need robust public sectors to generate and implement such regulation. Others take a more critical approach questioning the common good focus of PCSR (Lee & Romano, 2013; Lock & Seele, 2017; Nyberg & Murray 2017, Rasche, 2015) and raising concerns over firms' PCSR activities which may take a different trajectory, eroding broader democratic processes and institutions at the nation state level (Rhodes and Fleming 2020). Going back to the institutional and philosophical roots of deliberative democracy, supporters of this critical approach argue for the macro level separation of economic and political spheres, reducing the political role of firms and calling for the reintegration and reinforcement of public institutions in PCSR research and practice (Hussain & Moriarty 2018, Hsieh 2009, Sorsa & Fougère 2020).

Given the importance of public institutions at the national level for effective PCSR (Schrempf-Stirling 2018) and concerns about the potential de-democratizing effect of PCSR (Rhodes & Fleming, 2020) as well as calls for more theorization on public goods provision by firms operating in or coming from developed economies with liberal democracies (Scherer et al., 2016), we ask: What can a multilevel, dynamic view of PCSR reveal about the relationship

between democratic corporate governance and societal level democracy? We build a conceptual framework and use illustrative examples to explore this relationship and identify the mechanisms by which meso level use of deliberative democratic processes and structures may erode, rather than enhance macro level democratic control of society and the economy. We distinguish between macro and meso levels of analysis which have been used to structure previous research on PCSR, understanding macro as meaning system or societal level and meso as firm level (Enderle, 1996; Frynas & Stephens, 2015; Scherer et al., 2013). We further precise our societal level as bounded by the nation state as this is where the major public governance structures and institutions are located.

As a means to structure our analysis and frame the meso and macro levels we draw on the Rawlsian notion of the division of moral labor in political theory and business ethics (Rawls, 2005; Cordelli, 2012; 2020; Phillips & Margolis, 1999; Mäkinen & Kourula 2012; Mäkinen & Kasanen, 2016; Smith, 2019) to provide the coordinates of different combinations of democratic governance at the level of the firm and of the state. A Rawlsian perspective on the separation of public and economic spheres is particularly useful as it identifies a clear division of moral labor in a liberal system, where managerially run firms operate within the democratically governed basic structure of state institutions. Rawls' focus on liberal democratic systems offers the opportunity to explore the potential for de-democratization in already established liberal economies. This provides the baseline for our framework and from there we develop three further political coordinates at the extremes of thick and thin macro democracy, and narrow and broad democratic roles for meso level economic actors.

We characterize the 4 political coordinates as: democratic market economy, democratized society, privatized society, and corporate democracy. Our analysis is framed in the space between these coordinates onto which we map the dynamic aspect of firms' deliberative democratic processes and structures (meso level), and those at nation state (macro

level) associated with four illustrative examples of business firms' engaging in PCSR. The examples are not intended to be perfect examples of each coordinate but rather are taken from detailed accounts of deliberative processes, structures, and political activities used by business firms and their implications at the societal level. The examples (Resource Super Profits Tax, Lafarge, JCDecaux's Vélib' cycle share, and Volkswagen's emission scandal) suggest trajectories which can be analyzed in reference to the different coordinates.

We contribute to the literature on the political role of firms by bringing a dynamic, multi-level account of the relationship between firms' use of deliberative democratic processes and structures, and societal level democracy. We argue that, counter to the premise of PCSR, the use of democratic corporate governance by the firm at the meso level does not necessarily correspond to the enrichment of democracy at the macro level and indeed can be compatible with a weakening of public institutions and democratic processes in society. This is problematic since strong macro level public institutions have had and still have a significant role in different national business systems to shape and steer corporate behavior (e. g. Hall & Soskice, 2001; Whitley, 1999) and those institutions are also potentially significant well beyond national borders (Sarfaty, 2015; Schrempf-Stirling 2018). If deliberatively oriented firms are able to undermine the institutional public political power needed to shape their activities (that takes place in our four examples) this hardly promotes the aim of PCSR i.e. "a democratic control on the public use of corporate power" (Scherer & Palazzo, 2007: 1109). PCSR may even erode existing democracy in contexts where nation states are already providing public goods and democratically shaping and steering economic activities of firms. In light of our analysis, we identify different disruptive mechanisms leading to imperfect deliberation associated with these dynamics and their potential remedies. We finally outline two alternative perspectives to allow firms to continue to take on political responsibilities thus avoiding calls to abandon their

involvement in the deliberative democracy project altogether and opening a new research agenda for PCSR scholars.

The rest of the paper is organized as follows. We first introduce our conceptual framework of political coordinates drawing on the Rawlsian notion of the division of moral labor which helps to structure and identify the different political responsibilities at meso and macro level. We then use our framework to analyze different examples of firm use of deliberative processes and structures and identify the trajectories in relation to macro level democracy. This is followed by a discussion and suggestions for future research, and we close the paper with our conclusions.

Locating political responsibilities in society

There are different perspectives on where to locate political responsibilities and roles of the firm in society which could help to frame our analysis. These are based on different background political philosophies including different models of corporate citizenship (Moon et al 2005) and the Habermasian approach taken by PCSR scholars (Scherer & Palazzo, 2007; 2011). However, given our multi-level focus on the relationship between business firms' democratic corporate governance and democracy at the nation state (rather than global) level, particularly in liberal settings, we turn to a Rawlsian perspective on the division of moral labor.

Rawls' notion has been used as a basis for understanding the political roles of non-profits in liberal democratic settings (Cordelli 2012), to normatively analyze privatization in US and UK (Cordelli 2020), to define organizational and business ethics (Phillips & Margolis, 1999; Smith, 2019), and to analyze political CSR approaches (Mäkinen & Kourula 2012; Mäkinen & Kasanen, 2016). Drawing on this idea enables us to demarcate the public and economic spheres in a liberal system where the managerially run firms operate within the democratically governed basic structure of state institutions taking care of the background justice in a society. In the liberal setting, the boundary between business and politics is needed,

the democratic governance of society belongs to the public domain, and economic value creation is the task of the private economic sphere of society. The frequent focus on the global level by PCSR theorists often obscures what is happening at the national level of a liberal democratic society.

In our framework, the liberal system works as a basic benchmark of the democratic design of society. The fundamental elements of this "democratic market economy" are suggested by the classical liberal and high liberal traditions in political theory (Freeman, 2011; Rawls 2005, 448f) as well as by Habermas (2009, 139-141, see also Whelan, 2012; Finlayson, 2019, 7). From the liberal system we develop other political coordinates by making the macro level institutions thinner (moving towards the libertarian minimal state) and/or by broadening the democratic roles and governance of firms in a society.

Much could be written on each of these political coordinates. However, our intention is rather to use these coordinates as conceptual reference points for a multi-level analysis focusing on the dynamics in the space *between* them and on the disruptive mechanisms leading to imperfect deliberation. In the following sections we offer an outline of each coordinate noting similarities to other political systems and then visualize them in Figure 1. The characteristics of the different political coordinates are summarized in Table 1.

Insert Figure 1 around here

Insert Table 1 around here

Democratic Market Economy

In the top left corner of Figure 1 is a democratic market economy: a combination of the thick democratically governed public sphere of society and non-democratic private sphere of business consisting of economically oriented and competing business firms with no real internal democratic decision-making processes. In this type of social order, there is a more or less robust separation between the political sphere of society (the democratically governed

public sector of society) and the economic sphere (competitive markets and economically oriented private firms). Democratically elected government and its institutions are tasked with making and enforcing the rules which shape the private sector within which businesses function. Citizens are considered to be free and equal with equal access to political participation where economic power is not the proper currency. The use of CSR is considered to be instrumental only as it is the role of the public institutions to provide public goods.

This system represents the mainstream liberal democratic idea of a regulated market economy and it is suggested by the classical liberal and high liberal traditions in political theory (Freeman, 2011; Rawls 2005, 448). It is in line with Rawls' liberal conception of justice as well as with the market failures approach in business ethics. In the liberal tradition, there are interesting political versions of this idea of regulated market economy like classical liberalism, liberal equality, welfare-state capitalism, and property-owning democracy (e.g. S. Freeman, 2007; Mäkinen & Kourula, 2012; Mäkinen & Kasanen, 2015; 2016 Rawls, 2001, 2005). In our framework the Habermasian understanding of the basic design of the democratic society also represents this combination, albeit a leftist interpretation of it (Habermas, 2009, 139ff, see also Finlayson, 2019, 7-8; Whelan, 2012).

Democratized Society

The second political coordinate called "democratized society", is generated by extending the thick democratic logics of the public sector of society to cover the economic sphere of society as well, infusing it with the same political philosophy. This type of organization of society is similar to democratic socialism (McCarthy, 2018; see also Arneson, 1993; Miller, 1993).

In the top right corner of our figure, not only is the public sector of society democratically governed but also firms in the economic sphere of society are operating on democratic logics. The political economy of society is democratically united in the sense that

there are no real boundaries between business and politics or between the public and economic spheres of society.

In this type of social order, there is public ownership of the means of production and firms are publicly owned. The major aspects of society are democratically administered so that you may have a strong democratic state combined with firms run by employees, stakeholders, and/or democratically appointed managers. In this setting, the major political and socio-economic issues are decided collectively in democratic processes and democratically managed firms are accountable to the public. This type of system comes close to the democratic socialist position (McCarthy, 2018) where social equality and democracy are overarching values (Arneson, 1993; Freeman, 2007; Miller, 1993). For many, this system is dangerously close to democratic totalitarianism undermining not only the basic capitalistic rights of freedom of contracts and private property rights, but also other individual freedoms and rights needed for the functioning democracy. However, to make this system less totalitarian and to offer some room for liberal democratic values, civil society associations, NGOs, religions, and families are allowed to organize themselves based on their own ends and purposes.

Privatized Society

The third coordinate called "privatized society", arises when the economic market logics are extended to cover the major areas of the public sector of society. The political philosophy that is relevant here is libertarianism where society is organized as a network of private economic contracts within the narrow institutions of a minimal state (Nozick, 1974).

In the bottom left corner of Figure 1 is a privatized libertarian social order that may arise historically by the free contractual interactions of individuals respecting private property rights (Nozick, 1974). Thus, this type of society is a more or less complex network of private agreements where the political relations of citizens to the institutions of the state are like their relations with "any private corporation with which they have made an agreement" (Rawls,

2005: 264-265). Citizens then are not considered equal and are valued on the basis of their interests, power and negotiating position.

In this setting, there are no strong boundaries between the public and private spheres of society since most of society is privately governed. However, in the libertarian setting a thin minimal state with very narrow functions related to the protection of basic capitalist rights might be needed and democratic processes can be used. Within the structures of such a minimal state, private firms can be governed in many different ways. However, in the most significant case firms focus on profits and they are, for their members, voluntary and internally non-democratic organizations managed by business managers. Our framework focuses on this significant version of Nozick's meta-utopia where a minimal state offers the setting for various non-coercive associations and communities (Nozick, 1974).

Corporate Democracy

The fourth coordinate called corporate democracy, is the result of introducing the traditional democratic logics of the public sector into the private sector, while the (traditional private sector) economic logics would dominate the public sector. Interestingly, the political philosophy that is relevant here seems to be combination of libertarian political theory and democratic stakeholder management (Freeman & Phillips, 2002; Scherer & Palazzo, 2007; Durant, 2011; Mäkinen & Kourula, 2012).

In the fourth corner, society is a combination of a thin and privatized public sphere and internally democratized private actors like corporations. What would traditionally be seen as public sector logics, such as providing public goods via democratic processes, would be seen in the private sector, while private sector economic logics would dominate at the macro level of society. On the face of it, this type of system seems like a theoretical curiosity. However, Freeman and Phillips's (2002) libertarian defense of stakeholder theory suggests this division of moral labor in society (see also Mäkinen & Kourula, 2012). In the following sections we

develop illustrative cases, three of which (Vélib', Lafarge and Volkswagen) bring some degree of this position into play. We argue that there are real life examples of this combination of democratic and economic logics with important consequences for how we understand PCSR which merit further investigation.

Whilst the four coordinates offer political reference points to provide a rational basis for evaluating the overall aims of political action (Rawls 2005, 285), we are more interested in the space within them and the dynamic movements between them. According to deliberative democracy scholars, *"democracy is not something that should be treated as either present or absent, but rather a matter of degree, and always a work in progress. In this light it makes more sense to think in terms of processes of democratization rather than models of democracy that can be either present or absent"* (Stevenson & Dryzek, 2014: 6). In line with this view, we do not attempt to measure or quantify the dynamics but rather to provide a comparative visualization of their direction over time and a framework for evaluation. Since our political coordinates are conceptual and therefore unachievable exactly in practice, our practical examples are used to illustrate characteristics of these coordinates but are not intended to, and could never be expected to fit exactly.

PCSR and Democracy

Democracy, and more specifically the Habermasian strand of deliberative democracy, is the foundation on which the dominant perspective of PCSR is built. Although it may not be stated explicitly, PCSR has an underlying concern for societal wellbeing which is intricately entwined with the notion of enhancing democracy whereby "corporate participation in the public sphere will reinvigorate and spread democracy" (Rhodes & Fleming 2020:4). This makes sense given that the presence of state level democratic institutions and processes is deemed essential to set the background regulations which legitimize the CSR activities of firms (Scherer et al., 2013) and the institutional conditions needed for deliberative democracy such

as equal political freedoms, equality before the law, economic justice, and procedural fairness (Rawls 2005:448-449; see also Crocker 2006; Richardson 2002; Habermas 2009; Bohman & Rehg 1997). A robust public sector at the level of the nation state allows multinational firms operating globally to be called to account through the use of state mechanisms for justice (eg Shell in Nigeria), negotiating and enforcing trade agreements and the threat of new regulation (Schrempf-Stirling 2018). Scholars following this line concentrate on strengthening background justice and public institutions within which corporate interventions are embedded (Néron 2010; Hsieh 2009; Mäkinen & Kasanen 2015; 2016; Heikkurinen & Mäkinen 2018; Schrempf-Stirling 2018).

However, despite the importance of nation state level democracy, PCSR scholars tend to focus on deliberative democracy processes and structures at the firm (or meso) level, and at the global level. At firm level, democratic corporate governance (Scherer et al, 2013) offers a way for companies to compensate for their lack of legitimacy in providing public goods and services by "internalizing democracy, that is, by establishing democratic structures and processes in their internal corporate governance structures." (Scherer et al 2013: 477). This includes the introduction of deliberative democratic decision-making processes within the firm as a "first step toward the democratization of organizational decision making" (Scherer et al 2013: 495); and structures which involve stakeholders in governance such as appointing outside directors, creating an additional corporate board or redesigning other corporate governance structures. At global level, the development of global governance forms such as multi-stakeholder initiatives (MSI) are called for to define and enact global rules and standards and provide global public goods (Scherer & Palazzo 2011; Mena & Palazzo, 2012). These initiatives allow for global collaboration and dialogue on specific issues such as sustainable palm oil or deforestation and include a range of stakeholders from different sectors including

firms, civil society organisations and governments, offering a forum for deliberation (Arenas et al 2020).

Neither democratic corporate governance nor global governance initiatives provide a clear account of how PCSR relates to nation state democracy. While the implication is that these firm or global level interventions are somehow related to the enhancement of democratic processes and structures at state level, the nature of this relationship is not clear. Given the claims that "the corporatisation of the public sphere will ultimately help de-democratise the economy and society" (Rhodes & Fleming 2020: 2) and warnings that corporate capitalism has a "cynical desire to contain/manage democracy for its own specific interests" (Rhodes & Fleming 2020: 4), the relationship between meso and macro level deliberative democratic processes and structures becomes critical. In order to better make sense of the discussion to date, we propose to analyze the dynamics of firms' deliberative democratic processes and structures (meso level), and those at nation state (macro level). To account for these dynamics we draw on the framework of coordinates of differing degrees of democratic processes and structures at meso and macro levels developed in the previous section.

Locating Meso and Macro Level Dynamics

Generally implicit, if not explicit, in the deliberative democracy perspective is the notion of constant evolution and improvement towards the deliberative democratic ideals. Scherer and colleagues quote the political scholar Archon Fung as being in line with the Habermasian political concept which "suggests *small steps* of constant improvement and transformation of real democratic processes and institutions (Fung, 2005)." (Scherer & Palazzo 2007: 1107). Other deliberative democracy proponents support the treatment of democracy as a process or "matter of degree" rather than as being present or absent (Stevenson & Dryzek, 2014). Thus, we take the view that democracy can be considered as a trajectory. With the help of the coordinates established in the earlier section we examine the trajectories which may

result from the implicit assumption that the use of democratic corporate governance by business firms goes hand in hand with enriching democracy at the macro level. We visualize these dynamics in Figure 2 and explain them in more detail below.

Insert Figure 2 around here

Dynamic 1: Enriching macro level democracy

The focus of many PCSR studies tends to be on multinational corporations, often headquartered in liberal democratic market economies and operating in developing countries where the public sector may be weak, undemocratic, lacking power over the corporate world and where private interests strongly influence public sector welfare provision (Scherer et al, 2016). We take this developing country context which shows characteristics of a privatized society, as the starting point of this trajectory. From this perspective, the democratic deficit in the country of operation can be reduced through the business firm's increased participation in and internalization of deliberative democratic processes and structures. This premise is reflected by arrow 1 in Figure 2 whereby the business firm is seen as moving from a position of privately governed corporations in societies where national democracies may be weak (privatized society), towards greater participation and advocacy of democratic processes and practices at both macro and meso levels, restoring democracy and helping society to gain democratic control on the public use of corporate power (democratized society). However, as we note later through our analysis, this dynamic can also relate to the home country state institutions.

In order to problematize the often assumed macro level democratic gains from meso level democratic corporate governance captured in dynamic 1, we draw on examples already reported in the literature to expose different dynamics at meso and macro level. These examples do not constitute an exhaustive list, nor do they fit perfectly with our political coordinates. However, they have been selected because they depict contrasting dynamics to the underlying

assumption in the dominant view of PCSR and enable us to draw attention to an issue which has not been fully addressed in the literature. We do not claim to quantify or measure in any way the degree of movement in these examples but rather to use them to provide an orientation of the directional shifts which the examples reveal. The dynamics are shown in Figure 2 while an overview of the cases is provided in Table 2.

Insert Table 2 around here

Dynamic 2 Increasingly Privatized Democratic Market Economies

The first dynamic evident in our cases starts from a democratic market economy with a relatively strong public democracy. This context is familiar in much of the developed world and is of particular interest here as it represents the context from where claims of de-democratization have originated (Rhodes & Fleming, 2020). This dynamic is characterized by a movement in the direction of a privatized society whereby private power dominates and the public sector moves towards organization around private contracts. To illustrate this shift, we draw on the example of the discussion between the mining industry and the Australian government around the proposed Resource Super Profits Tax (Nyberg & Murray 2017). The example is outlined below and discussed in light of its (reported) implications for meso and macro level democracy.

Resource Super Profits Tax, Australia. In May 2010, after an extensive public consultation and deliberation, the Australian government announced a series of tax reform recommendations, one of which was the Resource Super Profits Tax (RSPT). On the same day, the mining sector including the mining industry association and large mining companies who strongly opposed the tax, launched an intense public and political campaign against the RSPT (Nyberg & Murray 2017). The Government responded with its own media campaign costing Aus$10.6 million, but was dwarfed by the Aus$22.2 million spent on communications by the mining industry. By July 2010 the debate had escalated to such a level that the then Prime

Minister Kevin Rudd had resigned and his replacement proposed a lower tax alternative leaving a lasting institutional legacy.

Through their discursive analysis Nyberg and Murray show how the Australian government put forward the RSPT as a process of fair distribution of the income generated by the mining of natural resources. These resources were framed as community assets and as a common good thus providing a democratic legitimacy for the tax. However, the mining industry claimed it had not been consulted during the policy development, labelling the government's deliberative process "window dressing" (pp18) and their RSPT as a "revenue grab". In contrast to the government's characterization of resources, the mining industry framed their campaign to equate natural resources with the mining companies themselves claiming that the industry was vital for the economy, provided jobs and funded other essential infrastructure and services. In this way the industry painted *itself* as a common good. The industry then went on to demonize the government as being against the public interest.

Nyberg and Murray make the case for the existence of what they term "*corporate citizenspeak*—engaging in the public sphere as citizens but undermining citizenry activities" (Pp 4) which they claim is a way for corporations to manipulate and weaken the deliberative function of the public sphere. This is done through the strategic use of deliberative democratic processes to undermine trust and the common good commitment of established public sector institutions at macro level. Key to the ability of the mining sector in achieving public support were the extensive resources spent by large multinational firms on the media campaign – more than double spent by the public sector. This enabled the mining industry's narrative to become dominant painting themselves as the financier and provider of public goods and jobs even though only around 2% of employment in Australia at the time was in the mining sector (Australian Bureau of Statistics, 2012). They conclude with the position that firms can in this way "diminish" democratic processes (Nyberg & Murray 2017).

Dynamic 3 Increasingly Democratized Private Sector in a Weak Democracy Society

Dynamic 3 represents a trajectory from a position demonstrating characteristics of a privatized society, such as in developing economies with potentially thin public governance and limited democratic aspects where private interests may dominate public institutions. It then moves towards a corporate democracy where the internal governance of the firm may show signs of democratizing some aspects of corporate governance. We argue that this would be a fairly typical movement of multinational firms, often originating in liberal democratic market economies but operating in fragile states, who introduce deliberative democratic processes and structures to their business. To illustrate this, we draw on the example of Lafarge used by Scherer and colleagues (2013) to exemplify the proposal of democratic corporate governance.

Lafarge. Originally a family-owned firm, Lafarge is now an established multinational company producing building materials. Its early success was linked to the company's participation in the construction of the Suez Canal and it has since grown rapidly. Headquartered in Paris, France, Lafarge now operates in a complex international environment and is present in over 70 countries, focusing on high growth emerging economies, many of which have weak, "unstable or undemocratic political institutions" (Scherer et al 2013: 498). In response to this Lafarge participates voluntarily in activities and initiatives, often with an NGO partner, to further social and environmental objectives. These activities are representative of the typical PCSR provision of public goods by a privately-owned business firm.

At the meso level, Lafarge developed and institutionalized a stakeholder panel consisting of 10 experts, recommended or selected for their close knowledge and relationship with the firm. These experts have met biannually since 2003 to critically review the company's sustainability progress and make "morally binding" (pp500) policy recommendations for the company. The formalization of the panel and the creation of a second panel focused on biodiversity, are considered to be a strong indicator of democratic corporate governance within

the firm. While this example is held up as an "ideal configuration of democratic corporate governance" (Scherer et al 2013:496), we suggest it does not align fully with the dynamic assumptions underlying PCSR and its trajectory towards a robust democracy at the societal level depicted in dynamic 1. The internal democratization of Lafarge may address some issues of legitimacy of the firm. However, one may question whether the selection of members based on close knowledge and relations with the company allows for a sufficient representation of a variety of stakeholder concerns, particularly those of local communities or potentially critical positions. Moreover, apart from some possible positive impacts through spillover effects such as the provision of some public goods, there is no real evidence of a strengthening of democratic processes and structures at the macro level. Indeed, Lafarge has been involved in some major public scandals including the financing of armed groups in Syria to assure security of its employees (France 24, 2019).

The case of Lafarge given here also raises a challenge analytically given that it is not constrained by state borders but is rather operating in multiple states. To be sure, this differs from the other examples, however, it remains relevant from a Rawlsian perspective since the firm's home base is in a liberal democratic market economy (France/Switzerland) and it provides an opposing view to the typical PCSR dynamic. The firm is taking on board the liberal political responsibility of development and foreign policy (or this political responsibility is outsourced to it) of the country of origin which is characterized by the French/Swiss government and people. The question then arises of how such a view of democracy relates to the different societies where the company operates: Are they too expected to become liberal democracies or does the firm respect their right to nationally determine their own political direction? And how is the case of Lafarge in line with the national public responsibility for development and foreign policy in France/Swiss?

From a Rawlsian perspective, the firm, originating from a liberal democracy is operating in what are likely to be burdened societies (where limited resources mean that institutional structures needed for democracy are weak or non-existent), decent societies (which may have developed some democratic elements but are not aiming towards liberal democracy), outlaw states (aggressive and not respecting human rights), or benevolent absolutisms (respecting human rights but not having basic democratic elements) (Rawls, 1999). It would be problematic if these burdened societies desire to move to a liberal democracy model but instead move towards a corporate democracy (dynamic 3). Likewise, the imposition of a shift towards a liberal democracy against the will of a burdened or decent society would also be problematic. In addition, operating within outlaw states and benevolent absolutisms might conflict with the general political will of the French/Swiss governments and people. More generally, it can be argued that the case of Lafarge suggests a movement towards the privatization of national development and foreign policy (see Schwak, 2021) in liberal democratic settings.

Dynamic 4 Increasing Corporate Democracy in a Weakening Democratic Society

The fourth dynamic depicts a movement from a democratic market economy, in this case France, with a democratic public sphere towards a corporate democracy, whereby the firm takes steps towards engaging in deliberative democratic processes and structures while at the same time showing signs of privately influencing or undermining the democratic public sphere. We illustrate this dynamic with the case of the cycle share system launched in 2007 in Paris by JCDecaux.

Vélib'/JCDecaux. This case, reported in a number of innovation studies (Goodman et al 2017; Ruiz et al 2016), investigates the provision of the Vélib' cycle share system in Paris by the outdoor communications company JCDecaux. In return for setting up and maintaining Vélib', the company received the rights to install street furniture in the French capital which

provided the infrastructure for over 1600 advertising boards in Paris, the income from which drives the profits of the company (Nadal, 2007). This joint venture with the city of Paris aimed to create positive social and environmental impact. The venture included the creation of a user committee which exhibited a number of characteristics of deliberative democracy: as well as company and government representatives, 12 volunteer members were chosen by a democratically elected body to be representative of gender, geography and technical and professional backgrounds and sat on the committee for a period of two years. The user committee met four times a year and were not paid for their participation. Information flowed in different directions with the company sharing information and insights into the current and future workings of the service and users raising issues from the wider user community, cycling associations and other civil society organizations (Ruiz et al 2016).

However, projects such as shopping malls (Staeheli & Mitchell, 2006), private housing estates, and the provision of public services in cities (energy, sewage, water and even bus/tram shelters and other street furniture (Taipale, 2009)) by private, global companies have been used to identify an ongoing process of privatization of urban spaces (Kohn, 2004). This has led to claims of a transformation of urban spaces, considered as part of "the commons" (Lessig, 2001), by business firms to the exclusion of local citizens. The disappearance of public spaces has been argued to have negative and potentially lasting consequences for democratic politics such as undermining opportunities for free speech: "big corporations have paid tens of thousands of dollars to emblazon their logos on Times Square-style digital billboards while citizens were arrested for drawing peace signs in chalk on the plaza" (Kohn, 2004: 5). Further concerns have been raised that the privatization of urban spaces can lead to separation and inequality, for example, as private housing with leisure facilities separates the wealthier residents from those using public parks (Kohn, 2004; Macleod & Johnstone, 2012).

The development of a user committee shows the firm creating a space to engage directly with diverse stakeholders within the company in line with a democratic corporate governance approach. However, at the macro level, arguments evidencing the privatization of public spaces suggests the opposite. For the firm to receive the unique rights to the provision of street furniture reflects a lack of democratic accountability at the macro level and raises questions about the agenda of publicly elected actors. If tenders for one public service provision lead to a monopoly in another area of the public sphere it would seem that the autonomy of public institutions, and therefore their independence and public accountability is undermined. Thus, we see a shift towards a corporate democracy through a compromised positioning of public officials and lack of democratic scrutiny at the macro level.

Dynamic 5: Democratic Corporate Governance Undermining Public Good

Dynamic 5 represents the vertical movement from a context with characteristics of a democratized society. In our illustrative case, the public sector of society is considered to be a democratic welfare state. In addition, corporate governance is also relatively broad and democratic with strong representation of the major stakeholders within the firm. However, in this case it seems that democratic corporate governance is not able to stop, or it may even contribute to undermining external public regulation of businesses (traditionally seen to be responsible for the common good in a society).

Volkswagen emission scandal, Germany. To illustrate this dynamic, we draw on the example of the Volkswagen emission scandal reported by the U.S. Environmental Protection Agency (EPA) and international media. According to the BBC, the EPA found in September 2015, that over a period of around 8 years many VW diesel engine cars being sold in America had been fitted with a "defeat device" - or software - “that could detect when they were being tested, and change the performance accordingly to improve results (Hotten, 2015). Volkswagen later “admitted that about 11 million cars worldwide, including eight million in Europe” used

the defeat device (Hotten, 2015). With the installed software VW fooled the external public regulators, customers of the auto industry as well as the general public, and hid emissions of as much as 40 times the allowable amount of nitrogen oxide (EPA, 2015; Elson et al. 2015; Bovens, 2016).

In the German business system, firms are not predominantly devices that maximize shareholder value (Whitley, 1999). Instead, they are often seen as autonomous economic entities constituting a coalition of stakeholders "striving for the continuity of the firm as a whole" (Weimer & Pape, 1999,157; see also Dore, 2000). Dubbed as a 'stakeholder economy', the control of management in German firms is operated mostly via deliberation and dialogue between the major stakeholders within the firm and less via external forces in the stock markets which focus primarily on shareholder value and economic performance (Vitols et al., 1997; Conyon & Schwalbach, 1999). German codetermination laws require a supervisory board including shareholders and employee/union representatives to oversee the management board (Gorton & Schmid 2004) and demonstrates many democratic aspects (Goodman & Arenas, 2015).

However, despite this German type of democratic corporate governance the case shows no real internal and/or external oversight over the management policy to evade the emissions regulations and to undermine the public good in a society and may even have contributed to the firm's policies. The dominant stakeholders of the firm (that is the owning families of VW) were aiming for industry domination and empire building i.e. power over money (Elson et al. 2015). More precisely, the aim of the controlling coalition within VW was to create the worlds' largest auto manufacturer with the largest market share globally (see also Rhodes, 2016). Elson et al. (2015) argue that such a policy, like that of the emissions scandal was made possible by this German business system and type of democratic corporate governance in two ways. Firstly, external shareholder control of VW's shareholder value and the profitability of its industrial

operations was strongly lacking. Secondly, the internal control of the dominant coalition within VW was also weak. Both labor unions (represented on the supervisory board) and the state (as a major shareholder of VW), were interested in (and actively supportive of) the advantages of greater employment that would be the natural result of the extended market share targeted by VW (Elson et al. 2015).

Seen from the perspective of our evaluative framework, at the macro level VW operates in a developed society with a strong democratic public sector. There are also many democratic elements at meso level in the system of VW's corporate governance. Despite this, it seems that VW's meso level governance is not necessarily enhancing the checks and balances of a strong democratic society. Rather, it appears that the deliberative democratic aspects of VW's corporate governance structure eliminated the internal ethical checks of power within the firm. At the same time, Germany as the institutional home base of VW eliminated to some extent the external economic checks of power of the dominant coalition within VW potentially undermining long term trust in institutions needed to regulate emissions. Thus, this kind of division of responsibilities within the German business system helped the dominant coalition within VW to aim towards the internally democratic industrial empire at the expense of democratic processes and structures and of the public good globally, nationally, and locally.

Discussion

The discourse around PCSR has proliferated over the past decade and it has become a well-established normative theory (Scherer et al. 2016). By taking a dynamic, multi-level view focusing on developed national settings we develop a more complete picture of how firms' use of deliberative democratic processes and structures at meso level does not necessarily lead to more robust national democracies and thus expose an aspect of PCSR which has to our knowledge not been explored in depth.

Our analysis implies that in order to understand the implications for democracy, the dynamics of *both* meso and macro levels should be considered. Democratic corporate governance may flourish at meso level (and in a wider variety of forms than we are able to discuss here) and is likely to be facilitated, if not required in some form, by the EU's forthcoming Sustainable Corporate Governance initiative (EU 2021). However, these processes and structures at firm level might not actually contribute to macro level democracy, and may – purposefully or unwittingly – hide, or even cause the erosion of macro democracy in developed economies with liberal democracies. We consider this possibility as problematic since these macro level institutions are needed (Zysman, 1994; Hall & Soskice, 2001; Whitley, 1999; Schrempf-Stirling, 2018) if the aim is "a democratic control on the public use of corporate power" (Scherer &Palazzo, 2007: 1109). In the following section we extend these findings and, guided by concerns about mechanisms which may contribute to alienating citizens from the political process (Nyberg & Murray 2017), we identify the mechanisms which in each case appear to have disrupted the enhancement of deliberative democratic processes and structures at macro level, or in other words led to "imperfect" deliberation. We identify potential remedies in each case and discuss these in light of the broader theoretical discussions about the organization of democratic societies.

Disruptive Mechanisms

Lack of pluralism in the media. Dynamic 2 and the example of RSPT in Australia brings into sharp focus the importance of a wide range of voices in the media. In the case of RSPT, the industry perspective subsumed the citizen perspective claiming to speak for all, distorting different stakeholder positions and leaving government as the "other" viewpoint. The result was that citizens were no longer active in deliberation but rather had to choose to ascribe to already established positions or identities. This rendered them passive, hindered the deliberative democratic process at macro level and undermined the creation of the institutional

tax structure proposed by the government. This can be further exacerbated by dominant control of the media: Australia has one of the highest levels of media concentration in the world, unusually high compared to other liberal democracies (Harding-Smith, 2011) creating the possibility that balanced coverage could give way to a dominant viewpoint supported by the media owners.

Dynamic 4 and the case of Velib'/JCDecaux also demonstrates that exposure to contested perspectives in public places may be constrained or controlled by business firms. This has been evidenced through the privatization of public spaces such as parks or leisure facilities, village squares and street furniture all of which carry the advertising paid for by clients and restrict access to more varied messaging from different media, civil society or public sources.

In both these examples a focus on the institutions is needed to ensure more even access to public media and contested perspectives for diverse stakeholders in society. Public financing through redistributive institutions could help to maintain public spaces and ensure they are not monopolized by dominant or powerful stakeholders.

Interference in nation state development and foreign policy. Dynamic 3 and the case of Lafarge raises the question of the democratic will formation of individual states. The lack of robust democratic institutions in the country of operation provides an opportunity for business firms to support the development of a more robust democratic public sphere. However, this raises issues relevant to the ongoing discussion on colonialism and the potentially unwelcome imposition of home country deliberative democratic logics on another society (Banerjee, 2021). The privatization of development and foreign policy may come into play here indicating another area where political and economic spheres have become blurred.

Evidently a potential legitimacy issue arises in the firm's home country if it is operating in or supporting a political system which is viewed critically by its home government and wider

society. Furthermore, any privatization of development or foreign policy can undermine the democratic state institutions of public policy debate and formulation again raising a question around legitimacy in the home country. Whether the legitimacy issue arises in the country of operation or origin, a greater direct coordination between home and host governments is called for. Respect for national and democratic will formation in both countries would avoid a potentially colonialist imposition of deliberative democracy logics, while if the common political aim is to democratize a particular country then there should be a focus on the public institutions required to achieve that.

Limited critical checks and balances. Dynamic 5 shows how VW, through the extensive use of democratic logics, was able to create a consensus which undermined macro level deliberative democracy and the public regulatory framework to control emissions. Although the structures aimed to include different voices and perspectives, the ability to check this power externally was severely hampered. Interestingly, in 2016, the year following the emissions scandal, VW created an international Sustainability Council including "renowned experts from business, politics, science and society [to] advise the company on the topics of sustainable mobility and environmental protection, social responsibility and integrity as well as the future of work and digitization" (VW 2021). Activities of the Council to date have included creating a stakeholder roundtable including NGOs to discuss CO^2 regulation and decarbonization. They have also openly stated that there are still questions to be resolved regarding the emissions scandal which will be taken seriously (Kell 2017). Although the extent to which the Sustainability Council has 'teeth' may be as yet unknown, its creation suggests a recognition of the previous lack of external and critical voices at the meso and macro level and a step in the direction of restructuring governance to include more diverse stakeholder participation.

The example of Velib' also raises the question of checks and balances. JCDecaux was selected to offer the Vélib' service based on tender but it also meant that the company gained a monopoly position in the city of Paris for advertising and street furniture provision limiting political contestation in the public sphere. More exposure and checks on the government position are required to identify indirect impacts on multiple areas of the public sphere and establish a clear overall gain in macro level deliberative democracy. While it is often assumed that firms may work in their own interests, the strategic intentions of public sector actors to further a particular interest or agenda are also relevant to ensure the integrity of deliberative democratic processes. Both public and private sectors could make use of deliberative forums of strong and weak publics to assess public-private partnerships and contracts.

A Way Forward for the Firm in the Deliberative Democracy Project?

The firm's role in deliberative democracy has been brought increasingly under the spotlight, however the question about where firms' responsibilities lie remains contested. While some call for continued or increased political involvement and use of deliberative structures and processes, others reject the applicability of deliberative democracy to the business firm (Sabadoz & Singer 2017; Whelan 2012; Mäkinen & Kasanen, 2015; 2016) and call for a separation of the economic activity of firms and public good provision. This theoretically renders it unnecessary to democratize corporate governance as public institutions are strong enough to provide societal welfare. Some attempts have been made to establish a middle ground but have focused primarily on global governance initiatives. Notably Hussain & Moriarty (2018) use the concept of democratic accountability to argue that corporations must be accountable to the public rather than providing their own accountability through global governance initiatives. While they do not go as far as to say that business firms should be completely excluded from policymaking in PCSR, they argue that this role should be limited to technical experts in multi-stakeholder governance processes.

Our framework and analysis lead us to consider alternative ways to allow firms to play a role in deliberative democracy but at the same time being compelled (and limited) to enrich or thicken democracy at the societal level and thus avoid calls to abandon their involvement in the deliberative democracy project altogether. We outline these alternatives below and summarize them in Table 3.

Insert Table 3 around here

A New Integrative Approach

A more integrative perspective would be one where the strengthening of public institutional structures of society are used to create better spaces (more contestation, more equal resources etc.) for the deliberative democratic interactions between the firms, NGOs and government actors. Here the idea is not to write off deliberative democracy in a business setting altogether but to focus more on its institutional requirements and complexity. In this setting, there is a need for a relatively robust basic structure of institutions that limit economic inequalities, regulate political campaign spending in support of public financing, focus on education and promote more equal access to public media etc. (Rawls, 2001: 149). For example, firms' political activity budgets could be institutionally redistributed (taxed) to level the playing field so that NGOs and public officials have better resources to deliberate with firms over the governance of businesses. In this way, there is more room for the deliberative democratic processes where public reason, rather than economic power, dominates. This could have redressed the imbalance of power and resources between the public and private sectors in the RSPT case and avoided the shift in our framework towards a privatized society, potentially thickening macro level democracy.

Despite drawing on four critical examples from the academic literature, our aims in this paper are more in line with this integrative perspective than with the strict separation approach where firms should be concerned only with their economic role while a deliberative democracy

political role is played only by public institutions (Mäkinen & Kasanen, 2015; 2016; Hussain & Moriarty 2018; Sabadoz & Singer 2017). Our aim is not to reject out of hand the use of deliberative processes and structures in business settings. Indeed, scholarly work continues to advance an understanding of how to improve the deliberative and democratic quality of firms' engagement activities (Arenas et al 2020; Soundararajan et al 2019). However, our results indicate that PCSR would need to investigate the deliberative democratic activities of firms in a more holistic way rather than as separate structures and actions, even though the latter is often chosen to reduce complexity. Our framework provides an opportunity to examine more precisely the dynamics at both meso and macro levels in order to identify the kinds of problems which might arise and the disruptive mechanisms harmful to macro level deliberative democracy and the public good. For example, as the case of VW suggests (Elson et al 2015) democratic stakeholder interests are still not necessarily focused on the common good as generally understood despite the well-established codetermination structure. Furthermore, governments themselves have their own negative powers and interests (Schrempf-Stirling, 2018). In order to go beyond the dichotomy of whether it is firms or governments which are acting instrumentally, we argue that the multi-level nature of the dynamics should be brought into focus. The PCSR discussion needs more exploration into not only the institutional design but also the types of institutions required to ensure that checks and balances are in place and to avoid cooptation of the process, regardless of the democratic combination of internal and external democracy (highlighted by VW).

The other relevant integrative discussion between macro and meso level democracy concerns the interaction between the Habermasian strong and weak publics (Fraser 1992; Baynes, 2002; Durant, 2011; Sorsa & Fougere, 2020). Here, weak publics can be seen as participatory regulatory forums and venues involving corporations, NGOs, civil society associations, and public authorities, while the deliberations of the strong publics take place

within the formal democratic institutions of the society. The integrative deliberative democratic system could involve the weak publics producing suggestions of the various elements of the regulatory frameworks of businesses, while the democratically governed strong publics are tasked to revise, decide and enforce the suggestions of the weak publics. It seems that this type of integrative perspective is in line with the Habermasian thinking (Fraser, 1992; Baynes, 2002, Habermas, 2009) and it could help to reconcile democracy and the market economy (cf. Mäkinen & Kourula, 2012; Heikkurinen & Mäkinen, 2018). The combination of weak and strong publics could be used to coordinate the development and foreign policy perspectives and business interests in the case of Lafarge, for instance, which would thicken macro level democracy in the home state.

Another way to connect a firm's common good intentions more directly to macro level democracy would be to identify those activities which could raise the profile of public institutions and directly impact on societal level democracy, without the firm needing to take a specific political position. For example, in the case of the RSPT, firms could use their resources to offer information and analysis which is perhaps beyond the capabilities of the public or government bodies. Firm resources could also provide the physical spaces and technology required for forums of political deliberation to be set up while remaining neutral on the content. Promoting participation in elections and other types of deliberative democratic forums to encourage awareness and engagement among employees and other stakeholders could be a form of political involvement towards enhancing democracy but without the risk of influencing the *content* of the public deliberation. Whether such a neutral participation could be ensured remains questionable but there are some positive examples in this setting as discussed by Nelson (2008, 7-8).

A Contestatory Perspective

Our multi-level framework also fits with a contestatory approach which could aid in navigating deliberative democracy processes and structures at both meso and macro level. Recent work in the context of multi-stakeholder initiatives argues for a contestatory strand of deliberative democracy which gives equal regard to both consensus and contestation (Arenas et al. 2020). Whilst not going as far as an agonistic perspective (Dawkins 2015), contestatory deliberative democracy understands contestation as a fundamental part of the democratization process which can improve the democratic quality of deliberation.

In the context of our framework, analyzing both the meso and macro levels serves as a reminder that while meso level deliberative democratic structures such as the well-established system of codetermination in place at VW may include different stakeholders, it falls short of including the variety of dissenting voices which would likely have been present at macro level. As a result, the different stakeholders found a consensus but were not challenged by the wider voices at societal level. A contestatory perspective could reverse the shift identified in dynamic 5 by thickening the macro level democracy. A plurality of voices were missing in the media in the RPST example, and in the case of Lafarge, the stakeholder panels included members with strong links and knowledge of the firm suggesting that potentially confrontational views were not included. A contestatory approach would demand recourse to the macro level in order to ensure a wide inclusion of critical and conflicting perspectives in society. It would require institutional work to develop a macro level meta-consensus on procedures, inclusion of contested discourses and a commitment to ongoing improvements on decisions. Meso level deliberations could then feed into such a macro level contestatory deliberative structure where meso level decisions would be confronted with a range of critical voices in society and therefore enhance the democratic quality of the deliberation. In this way dynamic 3 could move in the direction of a democratic market economy or a democratized society if that is the political direction chosen by the state.

Again, our objective here is not to completely reject the engagement of firms in deliberative processes and structures but rather seek to reinforce the importance of institutional requirements and complexity. A contestatory approach highlights the value of disagreement in advancing democratic quality which would require meso level processes to feed into a more highly contested deliberation at macro level. Ensuring the presence of conflicting voices, despite the challenges that would likely accompany this, a greater democratic quality could be achieved.

Conclusion

Political CSR has stimulated ongoing discussion and heated debate since its conception over a decade ago and has facilitated a broad new agenda for research. We join this discussion by examining the dynamics of meso level democratic corporate governance and macro level democracy, building a framework which brings the nation state back into focus in the PCSR debate. Our multi-level account shows that while democratic corporate governance may flourish at meso level, firms may not actually be contributing to societal level deliberative democracy, and may – purposefully or unwittingly – hide, or even cause the erosion of democracy at state level in developed economies with liberal democracies. By identifying different disruptive mechanisms we draw attention to the conditions which may undermine the assumed deliberative democracy enhancing dynamics at meso and macro level.

However, we do not discount the use of the deliberative democracy project. Rather we demonstrate that a multi-level dynamic perspective is essential to fully analyze the relationship between firms' use of deliberative practices and structures and macro level democracy. We suggest firstly, an integrative perspective which thickens democracy at macro level with a new role for firms and a well-resourced and informed civil sector in contributing to the development of a strong public sphere and spaces for deliberation; and secondly, a refocus on contestation and embrace of the wide variety of dissenting voices which exist at macro level in the

deliberative democracy project. This provides an alternative to the PCSR argument of increasing deliberative democratic activities by firms regardless of their imperfections, and to those who would completely abandon a role for firms in deliberative democracy.

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Table 1 Characteristics of Political Coordinates

	Democratic market economy	Democratized society	Privatized society	Corporate democracy
Public Sector	Thick and democratically governed	Thick and democratically governed	Thin minimal state with narrow functions	Thin public sector, economic logics dominant
Private Sector	Non-democratically governed. Managerially run business firms operating in competitive markets	Democratically governed. Publicly owned and democratically governed firms accountable to public	Non-democratically governed. Private sector covers most of the society	Democratically governed. Firms run by stakeholders, labor and managers in a democratic fashion
Structure of Society	Boundaries between spheres of society, diversity of operating logics	No strong boundaries between spheres of society, democratic operating logics dominate	No strong boundaries between spheres of society, economic logics dominate	Boundaries between spheres of society, diversity of operating logics
CSR	Economic/ instrumental perspective dominant	Political/ deliberative CSR dominates	Firms as non-democratic states	Political/ deliberative CSR dominates economic sphere
Deliberative aspects	In public sector deliberative democratic processes	Deliberative democratic processes across the board	Not much room for deliberative democratic processes	Deliberative democratic processes in private sector
Political Philosophy	Liberal democracy	Democratic Socialism	Libertarianism	Combination of Libertarianism and Democratic Corporate Governance

Table 2 Overview of Illustrative Examples

	RSPT Dynamic 2	Lafarge Dynamic 3	Velib Dynamic 4	VW Dynamic 5
Macro level	Relatively thick. Extensive and deliberative public consultations by democratically elected state	Relatively thin. Frequent presence in emerging economies	Relatively thick. Public tender by elected mayor in democratically elected state	Relatively thick. Democratically elected state imposing codetemination on firms
Meso level	Firms with narrow economic interest launch broad public engagement	Firm with narrow economic interest launches democratic corporate governance structure	Firm with narrow economic interest. Launches user committee at project level.	Firm governance includes limited stakeholders with shared narrow interest.
Result	Meso legitimacy obtained. Firms undermine government's public deliberation and trust in public sector	Meso legitimacy obtained to some extent. No real macro accountability or legitimacy.	Meso legitimacy obtained through project. No democratic governance at firm level. No macro accountability in terms of public space provision monopoly.	Meso legitimacy obtained. Limited stakeholders with aligned interests insulated from more diverse scrutiny at macro level.
Trajectory	Democratic market economy to privatized society	Privatized society to corporate democracy	Democratic market economy to corporate democracy	Democratized society to corporate democracy
Disruptive mechanisms	Private economic power and economic logics undermine public sector via media campaign. Insufficient media coverage of varied and contested perspectives.	Lack of contested and diverse voices at meso level. Lack of robust institutions and autonomy at macro level leading to potential colonialist imposition of deliberative democracy logics. Privatization of foreign and development policy.	Exposure to contested perspectives constrained or controlled by firms. Questionable political agenda with lack of contestation at macro level.	Powerful economic interests without external control. Lack of contested and diverse voices. Internalized democracy creates a subset of the common interest with a lack of checks and balances.
Suggested remedies	Focus on the institutions to ensure even access to public media and contested perspectives. Consider public financing and redistributive institutions to maintain public spaces.	Respect national and democratic will formation. More coordination between host and home governments as well as between strong and weak publics. Focus on the institutions needed for democracy if chosen.	Ensure even access to public media to facilitate freedom of expression and expose contested perspectives in the public sphere. Consider creating deliberative strong-weak publics forum to assess public-private partnerships and contracts.	Firm level democratic consensus needs to be controlled externally. Design space for contested and diverse voices in the corporate governance system. Work of independent meso level supervising council should be transparent to external macro level supervising bodies.

Table 3 Key Characteristics of Integrative and Contestatory Perspectives and Future Research

	Integrative	Contestatory
Meso level	Deliberative democratic processes and structures permitted Political activity of firms taxed and regulated. Raise the profile of public institutions that are needed for democracy and fair economy. Facilitate macro level deliberation by providing resources and technology, knowhow, giving employees time for political participation eg voting Avoid the use of political structures to advance your firms particular interests.	Deliberative democratic processes and structures permitted Ensure inclusion of contested and dissenting voices which are present at macro level Meso level deliberations feed into macro level contestatory deliberative structure Emphasis on democratic quality
Macro level	Robust basic deliberative structure with interaction between weak and strong publics Increased resources for civil society and public sector deliberation to limit economic inequalities and use of economic power in politics Regulated political campaign spending promoting public funding Invest in education and access to balanced media	Contestatory deliberative structure Institutional meta-consensus on procedures, inclusivity and commitment to ongoing improvements on decisions Emphasis on democratic quality
Related research questions	How can firms be involved in facilitating macro level deliberative democracy without influencing content? What types of institutions are needed to ensure that checks and balances are in place and enforced to avoid cooptation? How can external regulatory frameworks of businesses (focusing on economic efficiency and fairness) and participatory regulatory frameworks (focusing on inclusion and democratic legitimacy) be combined?	How can institutions be designed to ensure deliberations at meso and macro level are connected? In what ways can contestation be designed into deliberative structures? At what point does contestation become counter productive to democratic quality and how could this be addressed institutionally? How can coercive power be excluded from deliberative democracy processes and structures?

Figure 1 Political coordinates of deliberative democratic processes and structures at firm/meso and societal/macro level

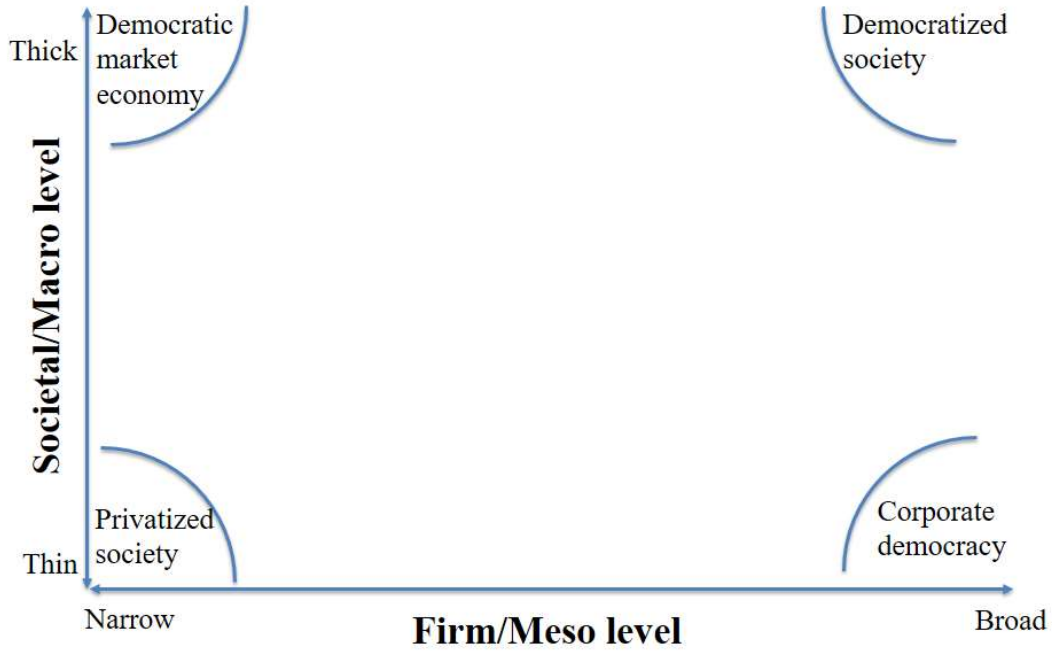


Figure 2 Map of the dynamics of deliberative democratic processes and structures at firm/meso and societal/macro level

