

Global Business Associations, Self-Regulation and Consumer Policy

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1 Introduction

In recent decades new interesting efforts have been made in global consumer policy, and certain advances have been made to endow the consumers with more rights and provide better information. This should give the consumers a stronger position and thus sustain key functions of markets. According to the United Nations Guidelines for Consumer Protection (United Nations 2003), governments are attributed a crucial responsibility, but in addition, “all enterprises should obey the relevant laws and regulations of the countries in which they do business. They should also conform to the appropriate provisions of international standards for consumer protection to which the competent authorities of the country in question have agreed” (United Nations 2003).

Consumer issues have become an important concern, and today a number of intergovernmental organizations have added this field to their overall policy portfolio. Although cooperation has been achieved between these various agencies, no single center is actively coordinating these efforts in or beyond the UN system. Some overarching principles attending to the consumer cause have been formulated in diverse organizational contexts, but these principles entail struggles with other views and agendas. Indeed, many developments are unfolding not within consumer policy but within other and more institutionalized policy fields, such as competition policy or trade policy, and these have consequences for the shaping of norms and rules in global consumer policy.

Consumer policy is linked with many other issues and, in some cases, travels faster and more reliably when combined with other goals, as for instance, achieving environmental, humanitarian and social values. In terms of sustainability, a range of

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dimensions can be built into consumer policy, but it is far from certain that consumers, when equipped with more rights and better information, will ultimately make choices that, for instance, halt climate change, reduce child labor or preserve cultural diversity. Such spill-over effects may definitely occur. But excessive consumerism may jeopardize these other goals of sustainability, so there can be significant conflicts between the different dimensions of sustainability, and, as discussed in the introductory chapter to this book, many dilemmas arise in the management of sustainability politics. Indeed, it may even be argued that the unfolding of markets alone is a potential threat to other dimensions of sustainability in society and nature. This chapter is focused on the more limited but still highly complex task of sustaining markets as an important societal system to distribute resources, and thus avoiding the disruptive forces that create monopolies or manipulate information that undermines the position of consumers, classically depicted as forming a “countervailing power” in the market (Galbraith 1952). In this sense, regulation seeks to correct situations in markets where the seller is structurally privileged in relation to the buyer (Stigler 1961; Arrow 1963; Akerlof 1970).

Interestingly, initiatives in global consumer policy are not taken by states and intergovernmental organizations only; significant initiatives are also fostered by private parties. It is obvious that consumer organizations seek to influence the conditions of consumers, strive to play a strategic role in setting relevant consumer agendas, and influence various norms and rules that govern consumer policy. It is perhaps less evident that business plays a role in the development of consumer policy. As the key authority holder in the market place, however, business has many opportunities to contribute to the development of consumer policy at the global level, create a level playing field, and improve the reputation of firms. Alone, the contributions of business are too few and unreliable to give a stronger position to consumers and help sustain important mechanisms in the market, but it would be a great mistake to ignore these efforts.

This chapter proceeds in three steps. In the following section we provide theoretical insights from relevant literature on the role of global associations and other collective formats that are able to adopt rules for wider group of firms, and we adapt these insights to study efforts taken by three different groups of actors. First, we examine global industry associations which organize members within rather special segments of business activity (beverages and airlines) and which can adopt industry initiatives within a rather narrow field that is of particular interest to this group of firms. Second, we study multi-sectoral associations (advertising and environment) which organize large sections of global business, and which engage profoundly in a number of issues that are relevant to several industries in their relations with consumers, but without having the same broad membership base and coverage as the peak associations usually have. Third, we analyze global peak associations (commerce and economic issues) which are entities that organize business on a grand scale and which are active in encompassing initiatives. Finally, we compare the findings and present our conclusions.

2 Business, Self-Regulation and Consumer Policy: Theoretical Reflections

Different business actors have the potential to establish norms and rules that are accepted in the business community and in society more broadly; and to provide a brief review of relevant research, we need to distinguish between various modes of individual and collective action in business.

In economics, business administration and management studies, the favored point of departure is the firm and its role in the market. Indeed, the stronger social and environmental orientations of many corporations in recent years have operated under the flag of corporate social responsibility, business ethics and other labels (May et al. 2007). These approaches accommodate different areas of research but also develop as practical programs guiding corporate governance and decision making.

Undoubtedly, firms have much to gain through enhancing the social dimension of corporate performance, and their various orientations are seen as an essential element of their self-interest rather than as a social concern per se: To excel in competition, new strategies that respond to demands from a variety of stakeholders are needed. In other words, it is possible to distinguish leaders from laggards because the former raise standards and, consequently, get the competitive edge (Gunningham et al. 2003), while the latter are in danger of being driven out of the market.

In this firm-centered perspective, an effort must be made on behalf of firms to reach “beyond compliance” (Potoski and Prakash 2005) and comply with standards that are higher than prescribed by law. The goal is not merely to establish higher standards than those of other firms but also to achieve outcomes not already demanded by public regulation. In the context of emerging global consumer policy, there is much that firms can do in terms of their global operations. There is an enormous variation at regional and domestic levels, and in some jurisdictions with miniscule regulation, almost any initiative with a social aspect can, in principle, be of benefit to consumers. It should be borne in mind, however, that most studies on the social and environmental behavior of firms in national domains focus on areas where more advanced public regulation is already in place, making comparison of private and public efforts more meaningful.

Although some initiatives adopted on a global scale by leading transnational corporations can be helpful from a consumer point of view, these efforts are qualitatively different from public regulation, which establishes rules to be complied with by all firms in a given industry or in business as a whole and that have a public-good character. Therefore, private entities which create norms and even adopt and police more advanced rule-systems that benefit all consumers, and not just those consumers exchanging with a limited number of the pioneering firm, have much more to offer and can be conceived of as a specific governance system (Streeck and Schmitter 1985).

Also at the global level, a huge variety of business actors have the potential to adopt norms and rules addressing relations with consumers (Braithwaite and Drahos 2000). If sufficiently recognized as representing business and capable of coordinating interests effectively, associations can in some cases also share responsibility for public policy, a perspective that can be extended to understand efforts at the global

level, a level also combining different forms of governance (Koppell 2009). Thus, business associations are able to provide an important governance element in society.

This view of business associations as important intermediaries in society is ignored in many studies on state and market (Underhill 2000), but, in other literatures business associations are recognized as important vehicles to influence public regulation. Firms have many common interests, a basic requirement for joining an association, and the global business community displays a significant complexity in the organization of interests. A basic assumption, though, is that the organization of interests is more difficult in larger groups (Olson 1965), and this is also likely to characterize the global situation where large-scale collective action is required. Challenges are therefore particularly strong for the very large business associations, and business is also better organized at the industry level than at the peak level (Porter and Ronit 2010), where collective action also has been less required.

Large-scale collective action is complicated but is nevertheless of particular value. Those business initiatives that regulate the behavior of firms in their relations with consumers – they are more important when they embrace large section of business – gain wider currency and move toward becoming global public goods (Sandler 2004). If a large group of firms establishes rules and norms and the number of free-riding firms is reduced, then business self-regulation can in some cases and to some extent become alternatives to traditional public regulation.

Business associations can establish and communicate norms and rules that fill a void where public initiatives are missing, sometimes also with a deliberate ambition to forestall public interventions, or to follow up on public interventions that encourage private action. Admittedly, some of these initiatives are not very advanced, containing mainly broad mission statements and signaling no more than a general will to incorporate consumer concerns and having no real measures to implement them. Other initiatives, however, have a quite different character. When business associations establish various solid forms of self-regulation and formulate ways to implement them, they can play a significant role, although such codified forms of private regulation do not necessarily have the same quality as public regulation. Such efforts, however, are today a factor in global consumer policy and must be seen as potential contributions to sustain vital functions in the market.

The efforts of business must also be seen in the context of consumer pressures (Hilton 2009). Consumers are an important countervailing force in the market but they form a very fragmented group and, hence, organized consumers have not exhausted their full potential to enhance the institutionalization and coordination of consumer policy as a specific policy field (Ronit 2007). In turn, the lack of challenges and institutional frameworks may result in a lower and discrete pressure on business and result in less demand for coordinated business efforts in the global context. Accordingly, there are reasons to believe that the business provision of private governance in the area of consumer policy will be impeded in various ways. Under these circumstances, a diversity of initiatives uniting groups of firms in and beyond formal associations may emerge.

However, not only does business respond to external impulses, but also a variety of internal factors in business generate and shape the concrete forms of collective

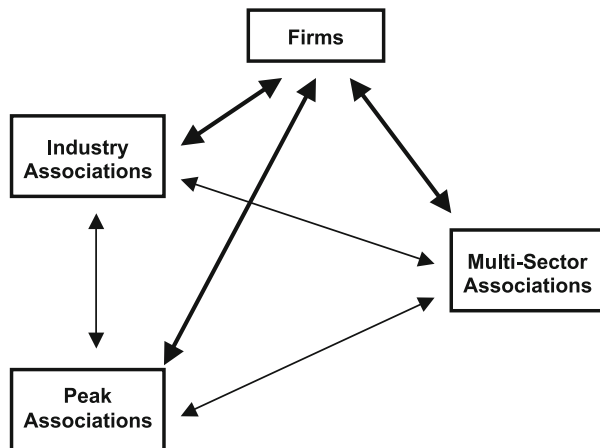
action – and as pointed out, certain measures can be of great benefit to business – so the strength on behalf of consumers is only one of several factors that have an impact on the behavior of business associations.

In this chapter we analyze business associations whose members have relations with the end consumers and whose activities in globalized markets relate also to other firms in earlier stages of the production and value chain. Therefore the industries represented by these associations should be sensitive to the expectations and demands of consumers, and, consequently, be motivated to develop norms and rules that in one way or another guide their members.

Furthermore, these associations represent conventional producers and service providers, but not in areas dominated by corporations that began life by profiling themselves as alternatives to established business such as organic producers, which have an explicit strategy to cater to consumer concerns. Conventional business is more challenged, must reform, and must adopt new norms and rules. There is, however, a strong structural variation between business associations, and to achieve a better understanding of the efforts of business we need to analyze different organizational formats without attempting to establish, discuss or depart from a full taxonomy of business associations (Schwarz 1979; Schmitter and Streeck 1981; Blümle and Schwarz 1985; Lang et al. 2008). However, we are able to find some pieces of the puzzle of how associations engage in consumer policy. This ability can guide further research and at a later stage assist us in establishing a pattern of the norm and rule-building initiatives of business associations in global consumer policy.

In this chapter we distinguish between industry associations, multi-sectoral issue-specific associations and encompassing peak associations, between which there is also a certain division of labor. Firms can join global industry associations which in some cases are members of larger global peak associations, but they can also join these entities directly. The multi-sector organizations are generally separate entities often not stringly linked to these encompassing associations (see Fig. 1).

Fig. 1 Global Business Associations in Consumer Policy



It is no simple task to distinguish between the three different formats of organizations, but there is also variation within them because the different industry, multi-sectoral and encompassing peak associations may also vary in their engagement. Indeed, some multi-sectoral associations are in some ways akin to the industry associations, while other multi-sectoral entities are similar to the peak associations, which allows us to posit the efforts of associations in consumer policy along a continuum rather than seeing them as three separate and sharply demarcated formats. Nevertheless, we should expect associations with a more narrow scope to find collective action easier, be able to more easily develop initiatives that address “their” group of consumers, and find it harder for larger associations to formulate norms and adopt self-regulation addressing consumer issues. This pattern, however, can be modified by many other factors, an issue discussed in the next sections.

3 Industry Initiatives

There are many industry associations at the global level. They are based on different principles of affiliation, but, depending on the structure of the industry, they include national associations or corporations or a combination of both. Although not all countries and regions in the world are necessarily represented in these global associations, the associations are still open to all these sections of business. Global associations have a stock of institutional capital and have fostered a tradition of cooperation among firms from around the world. This element of trust is a critical component, helping to bridge cleavages in the membership. Although challenges are perceived in different ways by firms depending on their situation in the market, they have in common some key interests related to particular products and their regulation. Moreover, firms in the same industry face relatively similar challenges in relation to a diverse group of stakeholders, and they also enjoy, or suffer from, some of the same reputational features that characterize an industry. All these factors shape collective action in general, but specifically, they also provide a basis for formulating norms and designing and running self-regulation in consumer policy.

3.1 Beverages: International Council of Beverages Association

“Food” is more than an industry. In fact, food is a basic, yet highly diverse, commodity that is represented by several industry associations in global contexts, which are tied together by encompassing regional entities for food and drinks, primarily in the EU and the US. Global action in the food business is complicated because separate regional entities exist, but these intermediaries are also in a position to assist in global coordination.

In the case of beverages, key action occurs through the International Council of Beverages Associations (ICBA), founded in 1995, which includes producers of non-alcoholic beverages represented through associations in the US, the EU and Japan, and more recently Canada, Mexico, Australia, Brazil, China Hong Kong, India, Taiwan, South Africa, plus a few firms which have joined on a direct-firm-membership basis.

Interestingly, as an international peak association for business, the International Chamber of Commerce (ICC) is involved in the shaping of rules in this industry, which are of significant relevance to consumers. In other words, there is a complex division of labor in the elaboration of private rules. In general, the large and encompassing organizations make norms and create rules for business as a whole, while specific industry associations adopt their own rules. However, the ICC, a highly experienced organization in self-regulation, also plays a role in relation to specific industries. Building on the *Consolidated ICC Code on Advertising and Marketing Communications Practice* (2011a), the ICC has also created the *ICC Framework for Responsible Food and Beverage Market Communication* (2012) and assisted these industries in developing and implementing their own codes of conduct.

In accordance with the broader rules of the ICC, steps have been taken in the beverage industry to change some of the more contested marketing practices of firms. As a large organization for beverages, the ICBA has adopted rules pertaining only to the consumer segments of soft drink producers, and in 2008 it issued the *International Council of Beverages Associations Guidelines on Marketing to Children*, an initiative very much focused on obesity. It prohibits members from placing advertisements in different media aimed at children under age 12. Members are to implement these guidelines at the company level, and some of the large companies in the industry have issued their own evaluation reports. Furthermore, the ICBA has installed various mechanisms to oversee compliance with these guidelines. The ICBA itself is not the primary monitor of compliance, however; this task is delegated to a third party, the consultancy firm Accenture, making self-regulation more than purely industry-self-regulation by extending participation to other parties and drawing on expertise from beyond the immediate and relatively narrow industry community.

The ICBA is also engaged in further norm and rule building initiatives where guidance is provided to members to implement strategies relevant to consumers. This capacity does not suggest that self-regulation is the only regulatory strategy, and the organization is also involved in formulating and implementing public policy. The association participates in the standard-setting work of the Codex Alimentarius Commission of the FAO, a vital entity in global food regulation and labelling.

3.2 Airlines: International Aviation Transport Association

Transport embraces several industries, and each industry, including air transportation, has its own agendas, norms and rules. Airlines provide international

transportation and are today the primary means of transportation that connects the world, constituting a global industry with the International Aviation Transport Association (IATA) as its unchallenged representative. The IATA, founded in 1945, is a strong advocate of competition, sees competition as the primary tool that benefits air passengers, and holds that the industry is over regulated.

For airlines to operate, however, a global regulatory framework is needed, part of which is actually provided by the industry itself and which is recognized by other intergovernmental bodies. Some of these norms and rules pertain to consumers either directly or indirectly, and it is sometimes difficult to draw a sharp and clear line between those measures that are targeted at consumers and those that are side effects of other strategies. Thus, a major concern of airlines is safety, expressed in the association's *Six-Point Safety Program* (IATA, n.d.) – not just for aircrafts but also for passengers – and different audit standards are developed, as for instance the *IATA Safety Operational Audit (IOSA)* (2003) and the *IATA Safety Audit for Ground Operations (ISAGO)* (2010). These measures, however, are not in each and every aspect formulated in terms of a consumer strategy, and in areas other than safety, the passenger dimension is sometimes made more explicit.

In some areas governments and intergovernmental bodies are improving consumer protection, to which the IATA makes significant input. Consumer rights have been expanded and new regulation has been adopted, for instance with regard to cancelled flights and related compensations, but in these cases different national and regional arrangements prevail. While the IATA is a proponent of competition, it also places a strong emphasis on competition as a factor impeding cooperation among airlines in some areas, and “the ability for the industry to voluntarily develop common standards and procedures has been lessened significantly over the past few years” (IATA 2009: 1). In spite of these limitations, key measures with a focus on some of the services provided to passengers are introduced.

The IATA is also engaged in consumer policy through its own programs. Its measures and recommended practices facilitate interline standards as well as standards between airlines and surface transportation, limit costs and improve the conditions of passengers in many ways, and include issues such as tariffs, reservations, ticketing and baggage. These recommendations are often based on specific programs, such as the *IATA Baggage Improvement Program* (2011) in which monitoring through the association and through site visits is included to implement standards. Accordingly, a number of industry committees, specialized working groups and task forces have been created to assist in developing and overseeing these standards. Several entities cater to passenger issues, but the key unit is the Industry Committee, which is tasked with “all industry affairs and aeropolitical matters connected with international passenger air transport” (IATA, Rules and Regulations of the Industry Committees, n.d.), but many efforts are also coordinated at a technical level through the different working groups to make travelling easier for passengers.

4 Multi-sectoral Initiatives

Industry-specific associations form promising platforms as traditional institutions of cooperation at the global level, but business action is not exhausted by associations at this level. In other words, the integration of consumer affairs into established organizations responsible for a large portfolio of issues is not the only feasible strategy. Indeed, some issues cut across the business community in ways that make industry associations less suitable.

Furthermore, industry associations typically embrace multiple issues, and it is not possible for firms to freely pick and choose, because they have to accept the whole “package” – although they may give priority to only certain issues. Under these circumstances firms have incentives to join multi-sectoral organizations committed to certain aspects of cooperation, such as consumer issues, not necessarily in competition with the other associations but as a useful complement.

Indeed, such demands can, for instance, also be triggered by stronger endeavours on the side of business to address certain consumer issues and link these with social and environmental concerns. When established associations are too inflexible to face these dynamic developments and cannot embrace these challenges, new entities can pursue such tasks.

4.1 *Advertising: International Advertising Association and World Advertisers Federation*

Some associations engage in multi-sectoral activities that affect a multitude of industries, and advertising is such an activity. But setting norms and rules for advertising is also an activity carried out by very specialized entities in the business community. These associations formulate guidelines for the advertising and media industry specifically and for all other industries where firms are engaged in advertising. Advertising can therefore be considered both an industry unto itself and an activity or function carried out by virtually all firms, and in our case in relation to consumers.

One of the leading international associations in advertising is the International Advertising Association (IAA), established in 1938, with chapters in many countries. A number of firms are direct members (as diverse as Unilever and Boeing) of the IAA, including, interestingly, several types of firms in marketing communication.

Apart from assisting the local activities of advertising firms, the association also engages in international activities and has issued the *Guide to Advertising Self-Regulation* (IATA, n.d.). If regulations vary considerably across countries and if the advertising industry must adapt to different conditions, then the management of advertising poses additional costs for business. Accordingly, the industry seeks to standardize rules and is a strong proponent of self-regulatory schemes: “We are a

leader in advertising self-regulation by supporting existing structures; encouraging the establishment of new mechanisms; providing for an exchange of information and best practices; promoting self regulatory structures to governments” (IAA 2013b).

The organization emphasizes both responsible behavior on the part of business and the importance of consumer choice, and, underscoring freedom of advertising, it opposes, for instance, a ban on tobacco advertising. One of its specific concerns, however, and an area where restrictions are demanded, relates to children as consumers. This is an issue that has attracted attention in different industries in recent decades, and as we shall see later, is an area where the ICC plays a significant role.

Proceeding from the approach that children form a specifically vulnerable segment of consumers, it is appropriate to adopt rules in the industry to protect children, especially in the area of food and drinks to help prevent life-style diseases: “IAA recognizes the need to change advertising codes to answer public policy concerns, but that a total ban would be disproportionate. Advertising in the context of children needs to be both responsible and sensitive to children and families” (IAA 2013a). It therefore seeks to balance different concerns and has adopted a flexible approach.

Another key organization in advertising is the World Federation of Advertisers; established in 1953 and representing firms that market their own products and services, it includes national associations and many renowned firms. It adopted the *Media Charter* in 2008, which formulates the WFA’s general strategies: how relations between advertisers and agencies should be structured, and how advertisers should act responsibly and attend to consumers’ concerns.

Accordingly, the organization sees itself as “the standard bearer for effective advertising self-regulation worldwide, developing industry standards which respond to societal concerns and putting in place effective enforcement processes and recognizes the importance of building consumer confidence and credibility in marketing communications in digital/interactive media, through responsible and respectful communication” (WFA 2008). Moreover, it supports the *Responsible Advertising and Children Program (RAC)* (2009) and, in this area, coordinates with the ICC; the initiative involves advertisers, agencies and media, and therefore goes beyond the organization’s own membership.

4.2 Environment: World Business Council for Sustainable Development

Environmental concerns are found in many areas of business activity, particularly in the extracting and manufacturing industries, but today a wider range of industries, including services and finances, address environmental sustainability issues. Indeed, environmental performance is today an important parameter in

competition, and pioneering firms will often be credited for their achievements, at least by some groups of consumers who have a preference for sustainable consumption. Unlike advertising, which is a traditional activity for all firms, sustainability is a relatively new dimension of corporate behavior dating back to the early 1990s. The organization of this concern follows different pathways.

Existing industry associations attend to a variety of environmental issues, but also new and encompassing entities are created. One such entity is the World Business Council for Sustainable Development (WBCSD), formed in 1990 just before the Rio Summit (UNCED) (as the Business Council for Sustainable Development) to create a unified business voice. It is organized in a direct-membership format, and its member firms – many of them transnational corporations – want to demonstrate a strong commitment to the environment. Membership is a kind of certification of companies making a serious contribution to environmental dimensions of sustainability and sharing important experiences with other firms. Firms also use the WBCSD platform to present their initiatives and use the different tools in the form of various WBCSD guidelines, guides and protocols to implement their business strategies.

How does consumer policy come into the picture? In the early days, environment policy and consumer policy were not strongly integrated, and the consumer dimension was less articulated than today, but new strategies were soon elaborated through WBCSD reports, such as *Sustainable Production and Consumption. A Business Perspective*, issued in 1996. It is increasingly recognized that all parts of the production and value chain must be attended to in a sustainability perspective. This reality also reflects the development of consumer policy as not only focusing on consumption in a narrow sense but as embracing many steps in the production stream and giving more weight to a range of environmental issues. Accordingly, the WBCSD has expanded and refined its strategy over the years. It also points to some alarming trends in unsustainable consumption through its report *Sustainable Consumption: Facts and Trends from a Business Perspective*, issued in 2008, which notes that consumers are demanding more sustainable consumption and that business must catch up. Also *A Vision for Sustainable Consumption* (2011) has been elaborated.

Today the WBCSD plays an important role as an agenda-setter and influences consumer policy in soft ways. It provides analyses of sustainable management and demonstrates to different stakeholders how business is adapting to growing concerns, and it encourages business to adopt new practices. In principle, the WBCSD does not oppose or seek to curtail public regulation, and its activities are geared rather towards solving problems through business action at the level of individual firms or industries. A typical method is to provide examples of the effective management of resources. Rather than establish rules to be followed, this information strategy seeks to build norms and communicate examples to business as well as to critical stakeholders, and use the market as a driver for sustainability. It is believed that consumers will eventually reward those firms that meet consumer demands and expectations.

5 Encompassing Initiatives

Whereas industry associations are historically well-established and plentiful in global contexts, trans-industry peak associations are few. Encompassing organizations spanning several industries organize a broad variety of firms, and these usually have difficulty defining some common interests. Bonds between members are usually weak and firms find themselves in many different institutional environments that impose different and sometimes even contradictory demands on the associations. Nevertheless, business has managed to launch activities on this grand scale and produced norms and rules that cannot be adopted in the context of individual industries but need a much broader field of application. It is therefore more relevant to see encompassing initiatives as something that complements rather than competes with industry-specific and multi-sectoral initiatives without there being any smooth division of labor between these associational layers in global business. The encompassing associations have many tasks, and, as with industry associations, only some entities are tasked with consumer affairs, and only some activities lead to self-regulation.

5.1 *Commerce: International Chamber of Commerce*

Without doubt, the International Chamber of Commerce (ICC) (established 1919) is the largest and most encompassing international business association, embracing many sectors and countries. Accordingly, it must adopt strategies that also benefit very large sections of the business community rather than privilege specific subsets of firms. Thanks to its representativeness, it is in a position to speak for the business community, and this broad obligation and recognition provides an interesting background for self-regulation in a number of areas, including consumer affairs. These rules apply to large sections of business, either by addressing the same functions in many industries, such as advertising, or by dealing with the same general challenges, such as environmental performance, and, hence, pertain to considerable segments of consumers.

Accordingly, the ICC accommodates several bodies and working groups, such as the Commission on Marketing and Advertising that is active in consumer policy and related policy areas. Some of these activities, such as the Business Action for Responsible Marketing and Advertising (BARMA), also go beyond the ICC and include a further group of media and advertisers. In this regard, a special focus is on children as a particularly vulnerable group, with guidelines hammered out in the *Compendium of ICC Rules on Children and Young People and Marketing* (2003).

Responsible business has more recently responded to demands and expectations among consumers, but ICC rule-making dates to an earlier time. An important piece of private regulation, the *ICC Code on Advertising Practice*, had already been issued by 1937 and has been revised several times, most recently in 2011 as the

Consolidated ICC Code on Advertising and Marketing Communications Practice. Linked to this is the more specific *ICC International Code of Direct Selling*, first adopted in 1978 and updated in 2013. New challenges inform revisions of these codes: Today, the organization's Working Group on Digital Media gives advice to the special body tasked with revising the advertising code and marketing code.

Relations with and information to consumers are also regulated through the *ICC/ESOMAR International Code on Market and Social Research*. This is also an old piece of regulation, first adopted by ESOMAR in 1948 and joined by the ICC in the 1970s; it has been revised several times, most recently in 2007 (ICC 2008a). Creating a knowledge base through market and social research is essential to develop appropriate ethical strategies and communicate to consumers, and given these regulations, both the study of consumer behavior and hence the dissemination of information to consumers, must follow certain standards of honesty to gain public confidence.

The *ICC Business Charter for Sustainable Development*, a piece of soft regulation, brings us to another area. Adopted in 1991 at the eve of the Rio Summit, it outlines key principles for environmental management. It is a voluntary framework open to member firms and it sets important benchmarks, but firms must establish their own mechanisms to comply with these standards. Closely linked to this charter, and also to the general advertising and marketing code, is another soft kind of regulation, the *ICC Framework for Environmental Marketing Communication* (2011b). These environmental efforts can be seen as relating to environmental and consumer policy in the public realm, and they increase the standards of environmental performance by focusing on sustainable consumption.

In fact, this work is also closely related to the ICC's efforts in the context of the UN Global Compact, which are directed by the organization's Commission on Business in Society. However, the ICC goes beyond delivering inputs into this process and has issued a detailed set of recommendations in the form of the *ICC Guide to Responsible Sourcing* (2008b), which establishes practices in relation to such goods as clothes, footwear, electronics, and food. Still, it is a soft instrument, but can eventually be developed into a supplier code.

5.2 *Economic Issues: World Economic Forum*

The World Economic Forum (WEF) is very different from the ICC. It is of more recent origin, dating back to 1987 and with some roots going back to 1971, but as the name indicates, it is a "forum" – a meeting place for international business, but also a place where business leaders and government representatives connect. It is not an association that can impose binding decisions on its members, or which can effectively monitor corporate behavior and participate in the implementation of rules. The strength of the WEF lies rather in its informal character and its ability to address problems in an open and timely manner and set new agendas. These activities can be important in their own right, but experiences won in this forum

are also valuable when filtered into other parts of the business community. Although the WEC is involved in core areas, such as competition and trade policy, and turns attention to some aspects of consumer affairs, a hallmark of the WEF is its ability to address new questions neglected by other organizations.

Given the global character of the WEF, is it only natural that the forum should discuss the complex roles of transnational corporations, the role of brands, and the responsibility conferred on corporations. It is also a forum that discusses how to respond to consumer empowerment. Some forum activities relate either directly or indirectly to consumer affairs. They all have the character of being soft tools and take the form of policy statements or panel summaries from the WEF annual meetings and its various Global Agenda Councils.

A current and hotly debated issue is nutrition and life-style diseases, such as obesity, and it is noted that “consumers are increasingly expressing preferences for environmentally-friendly, sustainable agricultural practices” (WEF 2008). This interest is already recognized in the business community and in many parts of the food industry, but the WEF pushes further in this direction by linking food, health environmental and climate policies. In some cases, strategies are further developed, an example being *The New Vision for Agriculture Initiative*, hosted by the WEF’s Global Agenda Council on Food Security (WEF 2011). Also a *Vision Document* and a *Roadmap for Achievement of the Vision* were prepared, showing that initiatives can be taken further down the road of policy implementation.

Food has been a central concern in the encompassing WEF, but other issues of consumption are also discussed. With globalization, the tourism and travel industry has expanded considerably, and new consumer demands arise. Again, consumer policy links up with environmental policy in terms of sustainable corporate practices in these growing industries. The WEF is a broader forum, but it has done various investigations into the conditions of this particular industry. One goal is to inform the strategies of corporations and integrate new consumer concerns; this is seen as one of the ways to enhance the industry’s competitiveness. Again, no rules are adopted but discussions and analyses help to shape norms, a key task of the WEF.

6 Comparisons Within and Across Associational Formats

It is important to emphasize that the findings show interesting variation both within and between the three formats of business associability and the related initiatives. This table shows the approximated position of the six organizations with regard to their general patterns of activity in global consumer policy and their efforts to develop norms and various forms of self-regulation to make market functions sustainable. Although it is possible to distinguish between the three formats, we also see that there is a great variation within them. Industry associations are very specialized with regard to their membership, and they also display activities relevant to only particular groups of firms. Multi-sectoral organizations, drawing

Table 1 Global business associations and patterns of activity in consumer policy

		Scope of organization	
		Narrow	Broad
Scope of consumer issues	Narrow	<i>ICBA</i> <i>IATA</i>	<i>WBCSD</i>
	Broad	<i>IAA/WAF</i>	<i>WEF</i> <i>ICC</i>

on broader parts of the business community, address broad questions (environment) but also relatively specific ones (advertising). The relatively broad associations engage in a wide field of activities, but still strong variation exists among them, including the profoundness of their engagement (Table 1).

When comparing the activities of the narrow industry associations in beverages (ICBA) and airlines (IATA), certain similarities emerge in addressing consumer issues. Industry initiatives can provide the consumers with better opportunities and thereby assist in sustaining markets through self-regulation, because industry associations have adopted formal rules to guide their member firms. But there is also significant variation in the scope of issues they cover and the bindingness of adopted rules, showing stronger engagement and commitment on behalf of the airline companies. In both cases the narrow scope of the two industries is a factor facilitating collective action, but the pressures on the airlines are significant and involve basic safety matters of vital importance to the consumers but also to the reputation of the airlines themselves.

We have noticed greater variation between the two multi-sectoral entities relating to advertising and environment than between the comparatively narrow industry associations. While advertising is a function managed by virtually all corporations with customer relations, and thus can be seen as an activity connected to multiple industries, it is also an industry that in many ways can be distinguished from other industries, and advertising can therefore benefit from some of the advantages of collective action in small groups. Advertising is broadly covered by the IAA and WAF, which are prolific associations in this area of consumer affairs, and we have seen examples of self-regulation not found in the WBCSD. The WBCSD is a broader organization with a broad engagement in environment and climate policy, but its activities in relation to consumer affairs are few. It must further be taken into account that the WBCSD is an organization that is involved primarily in raising environmental awareness rather than in developing and implementing self-regulation.

Finally, it is interesting to note that also peak associations in global business can be active in global consumer policy and offer some contributions to the sustaining of markets. Again, however, strong variation prevails between these broad organizations. Although relevant activities in the ICC unfold within a few areas, the self-regulatory schemes are elaborated, date back several decades, and have a strong

authority within the global business community. The WEF, on the other hand, is an important actor in building agendas, which is a key purpose of the organization, and several issues in relation to consumer policy are addressed. However, stronger forms of collective action, leading to self-regulation initiatives in consumer policy, are clearly non-existent. This is beyond the remit and the capacity of the WEF, and this also illustrates the barriers to collective action in very broad global business associations.

Comparing across the three formats, the industry associations reviewed are particularly adept in developing certain forms of self-regulation, and they can benefit from organizing a comparatively small group of companies in a narrow field of business. Indeed, some of these features also seem to characterize advertising. Our comparison shows, however, that self-regulation is even possible in the broad peak associations, and in the case of the ICC, significant activities are found in relation to global consumer policy. Large-scale collective action is even possible at this level, and to analyze this pattern, we have to understand the place of the ICC in the general division of labor within organized business and its role as a catalyst in formulating and implementing strategies. Other associations have been concerned with their own particular issues and consumer relations and have not been able to overcome this fragmentation, allowing room for active associations such as the ICC to take a lead role in at least some areas of consumer policy and develop rules for broad segments of global business.

7 Conclusions

Elements of global consumer policy are not shaped by intergovernmental organizations and the consumer movement only; business also makes interesting contributions to the global development of this policy field. Although efforts to install public regulation are sometimes thwarted by business, certain contributions to regulate and also improve the conditions of consumers in the marketplace are made by representative business associations that organize large sections of business, set new agendas, and adopt norms and rules that encourage and even compel firms to introduce new practices. These efforts take a variety of forms and go in many directions; and although consumer issues are just one of many concerns in business, some interesting initiatives can be identified. Many contributions are integrated with and linked to other issues, such as the environmental, social or humanitarian dimensions of policy; however, some initiatives are framed explicitly to target consumers.

The self-regulatory rules come in different versions. In consumer policy, they often take the form of recommendations and standards that are advisable or even essential for doing business rather than being mandatory rules that are strictly policed. Indeed, most of the rules are not as comprehensive as traditional public regulation and therefore cannot contribute to the sustainability of markets in the same sense as public regulation, but they still have a role to play. Some rules are

much elaborated and outline both procedures and goals in great detail, although the consequences of non-compliance are rarely spelled out.

Different types of bodies are mobilized to that end. The international business community abounds with industry associations, and a small number of multi-sector and encompassing trans-industry peak associations are represented. New entities have also emerged that organize business on the basis of a number of other principles and bring together firms across many industries.

Industry associations make norms and rules that pertain to particular sectors and to particular groups of consumers, such as airlines and beverages, while other entities also take on wider responsibilities – they being multi-sectoral organizations that focus on specific functions such as advertising, specific challenges such as the environment, and encompassing bodies such as the ICC and the WEF. Industry associations can benefit from fostering collective action among a relatively small group of firms, and therefore size matters. Group size however is not the only factor of importance to collective action and to developing rules and norms to sustain the functioning of markets.

Interestingly, the ICC is the international business association most actively engaged in general consumer affairs with a dedicated effort to promote self-regulation as an alternative to, but without excluding, traditional public regulation. Even though the ICC represents a very large and heterogeneous community, broad self-regulatory schemes in consumer policy – a concern for all its members – are adopted. Moreover, the ICC plays an important role in disseminating knowledge and encouraging rules in consumer policy, and it assists many industry associations and coordinates certain efforts.

The initiatives of formal and established associations have their limitations, however, and also new types of new organizations need to be examined. Therefore, new organizations, such as the WBCSD and the WEF, spring into existence and add to the organizational complexity of business. These entities embrace a range of different issues, such as environmental or economic or social problems, and are not related primarily to consumer issues, but consumer affairs is one of their fields of activity.

Self-regulation is introduced in and across many industries, but also other initiatives show the engagement of business in consumer policy. Many initiatives cannot be understood as self-regulation, but rather, they have the character of mission statements. Here, consumer-related activities are meant mostly to shape norms and influence agenda-setting, raise awareness in the business community, and demonstrate to various stakeholders that business behaves in a responsible manner and does not engage merely in apologetic forms of white-washing. It can be difficult to evaluate the value of these initiatives for market sustainability, but even broad ambitions and intentions expressed by business associations should not be underestimated, given that business can be held accountable for even softer corporate commitments.

Although business has contributed to the further development of consumer policy along with consumer movements and intergovernmental agencies, the many associations have different perspectives on consumer policy and are

characterized by many dilemmas. Carving out rules and norms also produces conflicts in business: Some firms stand to gain because they are able to implement rules and meet consumer demands, whereas others have difficulty adopting new practices and lose market share to the pioneers. Although preferences and perceptions vary significantly across business, business self-regulation and softer forms of norm building have become some of the mechanisms in the otherwise slow and tardy development of global consumer policy.

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