International norms, reciprocity, and public demand for home-country regulation of multinational firms abroad

Lukas Rudolph, Dennis Kolcava, Angélica Serrano, Thomas Bernauer

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Motivation

- 80% of global trade linked to multinational enterprises (UNCTAD, 2013)

- Blessing or curse?
Motivation

- Dissociation of production and consumption
- Can all countries reap the globalization benefits?
- How to limit adverse side effects?
- Response by international organizations, e.g.
  - UN Guiding Principles on Business and Human Rights
    - states' duty to protect citizens,
    - corporate responsibility to respect human rights,
    - individuals' right to compensation for violations
Why would developed countries (not) comply?
- Post-material values not (yet) extending to foreign populations
- Fear of tying hands of domestic firms
- Sovereignty loss

We investigate this conflict from a public opinion perspective in the case of Switzerland:
- Small, (very) open economy
- Responsible Business Initiative
  - Reporting by MNEs to Swiss government on risks for environment and employees, and mitigation of these risks
  - Liability of MNEs for potential damages
Research Design

- Survey with a representative sample of Swiss voting population (N ~ 3000)

- Survey-embedded experiments:
  - Treatment on norms, informing about UN Guiding Principles
    - 50% of sample
  - Conjoint experiment eliciting policy preferences regarding
    - Stringency (round table - public report - liability)
    - Reciprocity (in any case - Western economies - econ. worldwide)
Research Design: Example

<table>
<thead>
<tr>
<th>Switzerland obliges its companies</th>
<th>Policy A</th>
<th>Policy B</th>
</tr>
</thead>
<tbody>
<tr>
<td>on only if other industrial countries worldwide do so as well</td>
<td>Public, detailed report and more stringent liability in Switzerland</td>
<td>Public, detailed report</td>
</tr>
</tbody>
</table>

On a scale from 1 (totally against) to 7 (totally in favor) how strongly are you in favor or against:

<table>
<thead>
<tr>
<th>Totally against</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy A</td>
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<td>Policy B</td>
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If you had to decide between the two policy proposals in a referendum today, which policy would you rather accept?

Policy A
Policy B
Results: Descriptive distribution of preferences

- **recipr. = 1**, **string. = 1**
- **recipr. = 1**, **string. = 2**
- **recipr. = 1**, **string. = 3**
- **recipr. = 2**, **string. = 1**
- **recipr. = 2**, **string. = 2**
- **recipr. = 2**, **string. = 3**
- **recipr. = 3**, **string. = 1**
- **recipr. = 3**, **string. = 2**
- **recipr. = 3**, **string. = 3**
Results on conjoint and norms experiment

- **Baseline: Round table**
- **Public report**
- **Liability**
- **Baseline: Economies worldwide**
- **Western economies**
- **In any case**

**Attributes**
- Control
- Norms treatment
- Pooled
Conclusion

- A priori (very) high support for stringent, unilateral policy
- Post-material values trump fears of potential costs
- International norms influence public policy preferences
  - non-sanctioned law can affect rule-making
- Next steps: how does public react to competing norms?