"The businessman whose master plan controls the world each day"

Multinational enterprises and their actor images in IR

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Abstract: While International Relations has for a long time been informed by state-centric approaches, processes of globalization, the emergence of transnational actors, and their increased cross-border activities have contributed to a disciplinary opening in terms of which actors are considered to be important. Especially multinational enterprises (“MNEs”), according to transnational private authority research, become integrated and thus more involved in political processes of global governance. For a discipline which rests on the dichotomy between public and private, such a development poses far-reaching challenges in terms of how to study its phenomena. By arguing that actor images are expressions of underlying ontological and epistemological assumptions, the paper focuses on how MNEs were and are integrated into IR as a research object. Reconstruction of how research on MNEs was and is conducted shows that, despite being constitutive for any normative assessment, actor images and action-theoretical assumptions are seldomly reflected or discussed within IR research on MNEs. Instead, due to the influence of economics on the subject, multinational enterprises are predominantly conceptualized as having clear and exogenously defined interests while corporate rationality and interests are essentialized as parsimony is favored over complexity. Because of this essentialization and complexity reduction, research on MNEs appears to be at best one-sided and at worst limited and based in normative judgments. To better understand corporate changing roles and to integrate MNEs into global governance in more reasonable ways, IR needs to reflect upon its current corporate actor images and complement these by drawing on existing alternative actor images and developing new ones.

Keywords: (IR research on) multinational enterprises, global governance, actor images, theory of action
1. Introduction

Using the tale of six blind men who come into contact with an elephant for the first time, Stephen Cohen (2007: 11) draws the analogy between their individual and diverging sensations of the elephant and the academic perspectives and reflections on multinational enterprises (MNEs). Due to the complexity and versatility of corporate actors operating in more than one country, he argues, any account of MNEs relying on one perspective only runs danger to misconstrue the phenomenon. Whether or not one agrees with the analogy between scientists and blind men, regarding MNEs and their integration into global governance, “[w]e are still at the beginning of an era of experimentation in governance mechanisms at all levels” (Haufler 2003: 252). The emergence of transnational actors, their increased cross-border activities as well as their participation in global governance as “global governors” (Avant et al. 2010) all challenge the traditional notion of state-centric International Relations (IR) approaches and question our conventions of how to study our phenomena. By reconstructing how corporate actors are conceptualized within IR, this paper assesses to which degree current research on multinational enterprises is or is not in analogy to the six blind men and their elephant.

The phenomenon of corporate actors operating across borders has not entered IR recently. Long before the discipline became absorbed into what Barnett/Sikkink call the disciplinary move towards a global society perspective, authors such as Galloway (1970), Wells (1973), Nye (1974) and Gilpin (1975) developed an “increased attention to transnational corporations in world politics” (Barnett/Sikkink 2008: 71). However, IR today seems to be rather ignorant of these early works and mainly discusses MNEs in relation to other actors within a global governance frame (Ruggie 2004: 502f). As such, assessing corporate participation in public-private-partnerships as well as the impact and limits of CSR have become popular research objects. While such issues are crucially important, underlying actor assumptions held towards MNEs are seldomly discussed. In fact, “action-theoretical assumptions at the heart of […] firm-centered studies are less evident”

1 The title of this paper originates from a Bad Religion song line. Despite his master plan, the lyrics go on, even the businessman “is blind to indications of his species’ slow decay”.

2 Being aware of different definitions and terminologies surrounding the phenomenon, this paper defines a multinational enterprise following John H. Dunning as “an enterprise which owns or controls producing facilities (i.e., factories, mines, oil, refineries, distribution outlets, offices, etc) in more than one country” (Dunning 1971: 16). The term “enterprise(s)” is used because “all multinationals are enterprises but not all are incorporated” (Eden 1991: 219, FN 6). To describe their cross-border activity, the term “multinational” indicates that “states are not transcended” (Wilkins 2005: 45) as corporate activities still take place not beyond but within – albeit multiple – nation states.
(Woll 2008: 21). However, although rarely explicated, the paper argues that reflection on these are equally important since any assessment relies on foundational ontological and epistemological “wagers” as well as specific theory of action assumptions (Jackson 2011).

Further elaborated within this paper, current research on MNEs parallels IR research on state actors before constructivism entered the stage. The then dominant “neorealist view of the state as atomised, unitary and essentially rational” is commonly applied to corporate actors, “viewing the firm as a unitary ‘black box’” (Amoore 2000: 185). Whether due to normative prejudices or simply of no research interests to the individuals involved, constructivist arguments of complex learning, arguing, and persuasion as “modes of social action by which actors’ preferences and even identities can be challenged and changed during social interaction” (Risse 2004: 300) are seldomly applied to corporate actors. Instead, drawing heavily on an “individualistic world view woven into traditional economic modeling” (Hogner 1997: 127f), IR tends to conceptualize MNEs in rather simplistic ways. Corporate interests and rationality, for example, are commonly reduced to profit maximization and MNEs are attributed with both the means and the knowledge to always realize it. More often than not, corporate interests enter research only as exogenously given constants, although the precise meaning of profit as well as its implications in terms of action is not clear (Woll 2008). In a nutshell, MNEs are conceptualized “simply as instrumentalist advantage-maximizing institutions” and not “as complex organizations which exceed their goals and functions, but in non-utilitarian ways” (Palan 2000: 15).

Considering any research area committed to only one account of a given phenomena as problematic, the focus of this paper is to reconstruct how research on MNEs is conducted in IR and which actor images are predominantly in use here. The starting point for this is the argument that while “firms should be treated as analytically distinct from states and other types of non-state actors, [...] distinctions that rely on defining away their social nature are unhelpful and inaccurate” (Kollman 2008: 416). The paper is structured as follows. In a first step, the notion of actor images and their relevance are introduced. Focusing on how MNEs were discovered as a research object, chapter 3 then discusses early contributions on MNEs in the 1960s and 1970s, while chapter 4 reconstructs current corporate actor images in IR. The conclusion summarizes the findings and points to potential further research avenues when studying MNEs. Finally, as a disclaimer, this paper should not be understood as negating current accounts of corporate action. Instead, it “only” aims to review past and present IR research on MNEs in order to create awareness for implicit, yet foundational “wagers” to allow for different research questions. The decision whether or not these are convincing or uncalled-for lies with the reader.
2. Actor images and their relevance in social science

In line with its area of interest, International Relations traditionally discusses the question of actors in a substantial way: actors are introduced into IR according to their respective influence on world politics (Wolffers 1959; Maull 1995). Since the question of influence is a rather tricky one, differing answers are provided by the various “grand theories of IR”, either arguing in favor of the prevailing influence of states, the increasing relevance of international organisations and regimes or the emergence of private actors such as MNEs and NGOs (Maull 1995: 301ff). However, such substantial actor definitions do not offer much in terms of explaining the specific actions of individual actors. Put differently, to argue that either the state or intergovernmental or transnational actors are to be given analytical priority does not yet provide any answers as to why and how these actors act at all. Taking a wider social theory perspective, Renate Mayntz (2009: 30ff) thus argues that the fundamental questions of social science research are not those of substantial actor definitions but rather those concerning the basic dispositions and motivations which constitute social action.

Assumptions concerning the dispositions and motivations of actors are no longer substantial but rather the result of ontological commitments and different theories of action. As empirical claims need more than just stating which actors are to be analyzed, all “grand theories” mentioned above rely on such ontological claims (Jackson 2011: 41f). Beyond the substantial proposition that either the state, international organizations or private actors are most influential in world politics, theories of action come into play, no matter “whether or not [researchers and social theorists] are aware [that] their assumptions and the related conceptualization greatly affect their conclusions, interpretations, modes of explanations, procedures, and sometimes surely their choice of what phenomena to study” (Strauss 1993: 14). In other words, ontological assumptions in terms of actor dispositions and motivations derived from theories of action are foundational to any substantial claims, which are only comprehensible because of such logically a priori statements:

“Ontological commitments, whether philosophical or scientific, logically precede substantive claims, and serve as the often-unacknowledged basis on which empirical claims are founded. In this sense, ontological commitments are ‘foundational’ – not in the sense that they provide unshakable grounds that universally guarantee the validity of claims that are founded on them, but ‘foundational’ in the sense that they provide the conditions of intelligibility for those claims.” (Jackson 2011: 41)

While theories of IR thus provide substantial actor definitions, it is their underlying assumptions in terms of a theory of action on which further claims and assessments of
these actors can sustainably be made. In fact, although seldomly explicated, each IR theory depends on such specific theoretical assumptions in order to account for particular actions. For example, theories originating from the realist tradition do not only assume that the state is the most important actor in world politics. They also at the same time assume the state to act rationally on the basis of exogenously given interests and emphasize the enduring influence of (material) structure (Goddard/Nexon 2005). So-called constructivist theories on the other hand highlight the impossibility of rational action, the endogeneity of interests and preferences as well as the mutual co-constitution of agency and structure (Sending 2002). Thus, as each theory questions the assumptions of the other, both are in need of diverging theories of action to ground their claims. While one draws on methodological individualism, in fact equals it with scientific methods in general, the other assumes the social nature of actors and question the scientific character of individualism (Palan 2000: 218f).

Having so far stated the rather obvious fact that IR theories depend on more foundational groundings for their empirical claims then provided by their substantial answers to the question which actors influence world politics, focus is now turned to the term of “actor images”. The paper understands actor images as the expression of both substantial as well as ontological commitments, reconstructible no matter whether or not they are explicated or left implicit. Thus, even though theory of action commitments are rarely stated in general and even less so in IR research on MNEs (Woll 2008: 21ff), one can reconstruct foundational commitments by looking at how actors and their action are conceptualized and how action-theoretical concepts such as interests, preferences, and identities are linked to each other (Strauss 1993: 12ff). Only by positioning themselves on both the substantial and the ontological level can theories of IR meaningfully explain the action of any particular actor. Both in turn are expressed in reconstructible actor images and, if reflected upon, can potentially become the subject of academic dispute and reasoning (Jackson 2011).

However, actor images not only mark specific and thus discussible ontological commitments. At the same time, they also include epistemological notions of how science can and should be conducted. Whether or not I consider individual interests to be clearly statable and thus action teleologically explainable depends heavily on my understanding of what knowledge an actor can possibly achieve and, in turn, influences how I scientifically approach this actor. For example, the concept of rationality fundamentally rests in a

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3 The close relation between methodological individualism and the scientific method has already been mentioned above as a telling example.
Descartian epistemology, linking the idea of reason to the individual actor who only then is able to logically chooses a course of action depending on his or her preferences (Mayntz 2009: 69). In fact, both methodological individualism and rationalism rely heavily on a mind-world dualism expressed in the assumption of a “reality” independent of the actors. In other words, interests and preferences rest in the individual actor constituted in and of itself and not in his or her social context (Jackson 2011: 43ff). The image of socially and intersubjectively constituted actors on the other hand assumes that the actor (as well as the actor’s researcher) “is a part of the world in such a way that speaking of ‘the world’ as divorced from the activities of making sense of the world is literally nonsensical” (Jackson 2011: 35ff). Knowledge is always social and cannot rest in an individual actor as ideas, preferences, and interests are always intersubjectively held between individual actors and only given meaning through interaction (Fierke 2007: 170ff).

Obviously, such epistemological commitments imply methodological consequences. To ensure scientifically valid claims following this dualism, the rational actor image to a large extent favors parsimony and modeling over complexity and, at least in this author’s view, often fails “to keep a balance between distortion and conceptualization” (Strauss 1993: 12). The social actor image and its epistemological assumptions of intersubjectivity on the other hand limits the degree to which results can be generalized beyond the individual case. Thus, as any theory of action also implicates a philosophy of science positioning, actor images do not only provide answers to what causes an actor to act in a specific way but also to how the actor and its actions can best be scientifically approached (Jackson 2011). Being closely interwoven, all three dimensions of explaining action – the substantial, the ontological, and the epistemological – converge within a reconstructible actor image. While some reflect more upon these than other, one can nevertheless reconstruct and then discuss the respective positionings on each of these dimensions.

In a nutshell, actor images tell us not only which actors are to be given analytical priority but also how and why these actors act as well as how the researcher thinks he or she can produce valid knowledge claims on these actors (Jackson 2011). Moreover, they are reconstructible despite not being explicitly stated. In fact, since much “writing and research” is conducted “without resorting or referring to any theory of action” (Strauss 1993: 48), the recourse to actor images become quite telling and often the only way to reveal underlying commitments. As the distinction between rationalism and constructivism remains constitutive for IR, two predominant actor images appear to be at work within the discipline, separated by the (rather thin) line between rationality and the logic of consequences on the one hand and intersubjectivity and the logic of appropriateness on the
other hand (Risse 2000: 3ff). Drawing on the distinction between the *homo oeconomicus* and *homo sociologicus* (Mayntz 2009: 67ff), these two actor images not only conflict on ontological but also on epistemological grounds. While rational actors and their rational, self-interested behavior derived from “preestablished ends, abstracted from concrete situations” (Emirbayer/Mische 1998: 967) occupy much of realist and liberalist IR theory which conceptualize actors as individualistic and atomistic, social actors, their roles and notions of appropriateness as well as their mutable preferences and identities inhabit the world of constructivism, where knowledge is conceptualized as intersubjectively held. While the rational actor image explains human action by referring to “something that approaches stimulus-response behavior”, the social actor image focuses on “the concrete, meaning-oriented activity of an agent” (Goddard/Nexon 2005: 14). Before current IR research on MNEs is assessed by keeping these (admittedly rather crude and simplistic) sketches of the two predominant actor images and their ontological and epistemological assumptions in mind, the next chapter first outlines how MNEs were invented as a research object and then entered the discipline of International Relations. 

3. Discovering the multinational enterprise: early research on MNEs in the 1960s and 1980s

Despite the fact that business actors have operated across borders for a fairly long time, both the term as well as the academic reflection on multinational enterprises only dates back into the 1960s (Sally 1995: 2). While research on foreign direct investments and their consequences for national economics began to appear in the late 1950s, it was David Lilienthal who “discovered” the multinational enterprise. Focusing on individual enterprises operating in more than one country, he defined MNEs as those enterprises “which have their home in one country but which operate and live under the laws and customs of other countries” (Lilienthal 1960: 119). Published in the same year, Stephen Hymer's dissertation entitled “The international operations of national firms” marked the second initial work on MNEs. In both contributions, explanatory focus was for the first

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4 The distinction between the two actor images appear to be simplistic insofar as the dichotomy between the two is perpetually reproduced and potential conceptual convergences - e.g. rationality as an intersubjectively held expectations - are not elaborated, which is something a theory of creative action based in a pragmatist tradition might offer (Joas 1997: 4ff).

5 Note that although many authors list David Lilienthal as the first author to introduce the term, this remains contested by others (Fieldhouse 1986: 13). However, whether being the first to use the term or not, at least the initial kick-off impulse for MNE research can be attributed to Lilienthal.
time placed on individual enterprises instead on aggregated national investments. Especially Hymer’s work became the “first attempt to systematically explain the activities of firms outside their national boundaries” (Dunning 2001: 37). Together with Lilienthal’s definition, MNE research was prepared to become a thriving intellectual field of study:

“Endowed with a collective name and with an apparently universal rationale, the MNC was now ready for intellectual take-off.”(Fieldhouse 1986: 17)

Having finally “discovered” a phenomenon which at that time had already (re-)gained momentum in terms of real-world developments, the 1960s were marked by a certain academic enthusiasm about MNEs. Almost as if in order to compensate for the late beginning, the next two decades witnessed an “enormous amount written by economists and other social scientists about multinationals” (Hertner/Jones 1986: 1).6 In terms of underlying actor images, much of what was written was firmly grounded in what Milton Friedman (1953) called Positive Economics. Believing in the unity of science based in the methods and methodologies of the natural sciences, quantifying approaches as well as the development and testing of formal models and hypotheses was deemed scientifically superior. In fact, testing one’s models and hypotheses against empirical facts (and not values) was considered to be the only possible way to establish economics as an “‘objective’ science, in precisely the same sense as any of the physical sciences” (Friedman 1953: 4). In order to become as precise as the natural sciences, the task of economics was “to describe, to analyse, to explain, to correlate” and at the same time “to simplify, [and] to abstract from the infinite mass of detail” (Samuelson 1948: 4; 8). The aim of these simplifications was to develop generalized theories, models and hypotheses which were considered to correspond with reality and therefore allowed predictions of future developments. While this logic was extended to all economic issues, especially the phenomenon of multinational business activity was to be analyzed by using “abstracted, reductionistic, [and] static paradigms” (Toyne/Nigh 1997: 9).

Although the notion of Positive Economics became the target of heavy criticism long before its failure to in any way predict the global financial crisis in 2008, it nevertheless exercised and still exercises a huge influence as it still constitutes the “mainsprings of contemporary economics” (Hogner 1997: 123). More importantly, the early contributions on MNEs all firmly rested on the assumptions of Positive Economics without explicitly reflecting or questioning this. Research on MNEs was judged based on its parsimony, rating those models and theories best which aimed to explain the phenomenon “in the simplest

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6 Dunning (2001: 61, FN 27) estimated that “the number of books and papers published each year run into hundreds if not thousands”. 
possible way” (Buckley/Casson 2003: 220). Thus, MNEs were commonly perceived and conceptualized as a “uniform phenomenon” while observable differences and differentiations concerning corporate activity were not discussed (Fieldhouse 1986: 23f). Although being aware of the problem that “all generalizations on the subject of corporate behavior represent a heroic simplification of reality” (Vernon 1971: 114), an “internal consensus on hypotheses of how companies act” (Leontiades 1989: 4) nevertheless emerged among economists and MNE researchers, based in the belief of the superiority of natural sciences and its potential application to social phenomena:

“In contrast to the business reality of the 1980s and 1990s, the reality of the 1950s, 1960s, and even the 1970s, could be represented as simple, straight forward and stable, and conceptualized using Newtonian principles (unidirectional cause-effect, atomistic phenomena.)” (Toyne/Nigh 1997: 7)

While the paper does not argue that such an understanding of science was one-to-one adapted into IR research on MNEs, the then prominent debates between traditionalists and scientists within the own discipline featured at least the same points of dispute. In fact, the “actual result of the debates […] was to link ‘science’ with quantification, formal models, and general propositions” (Jackson 2011: 6), disregarding other accounts of how to conduct science. Since economics discovered MNEs roughly a decade earlier than IR did and was considered both by IR scholars themselves and by scholars beyond the discipline to be more precise and thus “more scientifical” than other social sciences, one should at least take a closer look at the ontological and epistemological background of early IR research on MNEs. Combined with its notorious reputation of being a “concept picking”-discipline which is dominated by “the practices of a magpie, a bird always in pursuit of the most shining tools […] it finds in other habitats regardless of their actual value within their original habitat” (Wiener 2006: 21), the look should particularly be a close one.⁷

However, relying on the distinction between public and private, IR first had to open itself to the notion of private (business) actors as the discipline of International Relations was from its very beginning strongly informed by a “‘states-as-the-sole-actors’ approach” (Wolfers 1959: 83). In fact, beyond differences and delineations, all so-called canonical IR theories still consider the state to be of crucial importance to their explanations of

⁷ Patrick Jackson argues in the same way when he describes the relation between IR and the philosophy of science: IR scholars opportunistically and selectively draw on the philosophy of science “to delegitimize a substantive theory that they thought inaccurate, or to set out their own theories on a more solid footing, reaching into the philosophy of science and pulling out decontextualized notions such as ‘falsification’ and ‘research programme’ that the could utilize within IR debates” (Jackson 2011: 57).
international politics (Waltz 1979: 95ff; Keohane 1988: 380f; Wendt 1992: 424; Moravcsik 1997: 518). However, at least since the 1970s, IR also began to take into account private actors operating across state borders. For example, the seminal collection of essays published by Keohane/Nye (1973) defined such interaction as transnational interaction where at least one actor was non-state. From then onwards, research on transnational actors in general and MNEs in particular gained momentum, first slowly and then after the end of the Cold War ever faster as publications on global governance and the role of private actors within it increased dramatically (Börzel/Risse 2010: 113f).

Among the first to publish on MNEs were Galloway (1970), Modelski (1972), Wells (1973), Nye (1974), and Gilpin (1975), who focused on corporate influence on world politics as well as the relation between states and MNEs (Rieth 2009: 17). These representative works and the many others published in the 1970s originated in a “critical economy attacking transnational economic relations in general and the role of multinational corporations in particular” (Risse 2002: 258). At the same time, analytical focus was placed on macroeconomic consequences of MNE activities while individual enterprises were not considered. Instead of being conceptualized as individual actors, MNEs were considered as a “structural force” (Deitelhoff/Wolf 2010: 5f). However, despite the common conceptual frame, these authors did not agree on how to evaluate corporate influence. While Wells (1973: 97) outlined the relevance of private business actors in general, Nye (1974: 153) considered MNEs to be influential only through various international organizations such as the UN General Assembly, the ILO, and the OECD. Gilpin (1975) on the other hand disagreed with both and instead conceptualized MNEs as instruments of American hegemony.

While this is not the place to settle their debate, the disagreement between these authors indicates that MNE research in IR had from its very beginning an instrumental function, namely to vindicate one’s own canonical theory: while Nye (1974: 154ff) understood MNEs as an expression of an increasing interdependence between state actors and thus argued in favor of a liberal-institutionalist theory, Gilpin (1975) among others can be understood as the “counter-attack of realism” (Risse 2002: 258) to question such assumptions. All in all, Amoore (2000: 200) judges that these early contributions were often motivated to prove one’s own theoretical standpoint rather than to steep into the complexity of the phenomenon. Due to the strong influence of positivist ideals emerg-

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8 Note, however, that this definition already rests upon “a prejudice in favor of the nation-state as the center of things” (Wolfers 1959: 101f), as the term of transnational actors conceptually presupposes nation states to define other actors ex negativo.
ing within IR, MNEs were considered to be just another way to falsify (or, as in most cases, verify) one’s own hypotheses. Moreover, as constructivist criticism on mainstream rationalism and positivism had not yet hit IR, contributions to MNEs completely lacked both any debate on as well as any alternative to the dominant corporate actor image unconsciously imported from economics. Thus, the phenomenon of private business actors operating across borders entered the discipline firmly based within one rather specific actor image: MNEs were simply defined as rational actors, implying that no matter how MNEs acted, they always acted rationally (Amoore 2000: 184f). Once again in line with economics, a rather heterogeneous actor group was reduced to clear and absolute interests as the development of simple and generalizable models of corporate behavior were considered to be the silver bullet to produce knowledge (Ruggie 2004: 502f).

According to Eden (1991: 203ff), research on multinational enterprises following these early works fell into two distinct periods. While the early period laid the focus on macroeconomic approaches, the second stage, roughly from mid-1970s to mid-1980s, conceptualized MNEs as institutions. Research on private business actors opened itself towards other disciplines and eagerly imported concepts such as the OLI paradigm (Dunning 2001) or the product life cycle theory (Vernon 1971). From the mid-1980s onwards then, MNEs and their value adding activities were discussed as phenomena sui generis. This perspective focused on the increasing internationalization of enterprises as well as the intensification of FDIs (Cohen 2007: 327ff). However, despite Eden’s call to “bring the firm back in”, IR research on MNEs in the 1990s began to focus on private (business) actors as governance actors, conceptualizing MNEs only in relation to state and other private actors (Barnett/Sikkink 2008: 71f). Instead of considering MNEs worthy to be researched in their own terms, the provision of public goods by private (business) actors became the focus of IR research on MNEs, which are currently mainly discussed with regard to their participation in global governance and public private partnerships (Rieth 2009: 74ff). “What all these approaches share in common” Sally (1995: 2) critically points out is that they mark “at worst a disregard, and at best a glaring underemphasis, of the individual firm”. Moreover, alternative actor images are even less discussed as there are only few IR publications focusing explicitly on private business actors from an empirical and analytical perspective (Rieth 2009: 74). As such, while MNEs were initially used to prove the assumptions of specific theories rather than introduced as something worthy of research in and of itself, the 1990s saw the corporate actors being absorbed in the research on global governance. If and how MNEs currently receive attention and which actor images are predominantly in use hereby mark the focus of the next chapter.
4. Between “invisible empires” and “norm-entrepreneurs” – MNEs and their current actor images in IR

Having argued that MNEs entered IR as a research object in the 1970s carrying with it a specific understanding of science as well as mirroring the then prevailing IR theory debates, this chapter focuses in more detail on the current actor images used in IR research on MNEs. Commonly, private business actors are currently defined by distinguishing them from other actors on two levels. First, despite the increasing “co-production of governance [...], blurring the line between the public and the private sphere” (Deitelhoff/Wolf 2010: 8), the distinction, constitutive for International Relations, is upheld despite increasing integration of private actors and the spreading of former public functions. Thus, although functional overlappings seem to exist, non-state actors are considered to be somehow different, at least conceptually, than state actors. In fact, although the precise role and influence of the state remains debated, it is clearly separated from the market in terms of dominant logics and legitimizing rationalities. However, since the notion of private actors comprises a wide range of different actors including “informal networks exchanging material and/or ideational resources to INGOs and large organizations such as MNCs” (Risse 2002: 255) at the same time, MNEs are additionally conceptualized within a “governance triangle”, distinguishing private business actor not only from the state but also from other private actors such as NGOs (Abbott/Snidal 2009: 59ff). This distinction rests on the separation of a ‘for profit’ and a ‘not for profit’ sector: while MNEs “are primarily motivated by instrumental goals”, NGOs and other civil society groups “are primarily motivated by promoting a perceived ‘common good’” (Risse 2002: 256).

While it is obviously not the purpose of this paper to question the constitutive effect of profit for private business since indeed this very notion distinguishes MNEs from other private actors (Palan 2000: 3f), its precise meanings can be understood as contested or at least as potentially undertheorized. One can stretch a continuum of different meanings from Milton Friedman, who saw the only social responsibility of business to increase profit, illustrated by his famous saying that the “business of business is business” – a statement that presupposes a neat division between the public and the private sector.

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9 Obviously, the twin discipline of International Political Economy (“IPE”) also contributes to notions of MNEs. However, as the author is more familiar with IR, the paper focuses on accounts of private business actors here and only selectively draws on authors who consider themselves to be IPE scholars.

10 Note that Risse already qualifies this argument by using the word “primarily”. He adds that “it is useful to think of this distinction as a continuum rather than sharply divided classes of actors” (Risse 2002: 256), which is, despite his warning, done far more often than not within the literature, e.g. when good NGOs are distinguished from bad MNEs (Sell/Prakash 2004).
(Deitelhoff/Wolf 2010: 8f) –, to John Ruggie who, as the United Nations Special Representative of the Secretary General on human rights and transnational corporations and other business enterprises, argues that, instead of sole profit maximization, “the baseline responsibility of companies is to respect human rights” (Ruggie 2008: 16). As such, the idea of what it means to be a profitable and therefore successful enterprise – whether maximizing profit without any regard for human rights and environmental issues or increasing profit without (or at least with less) harming human rights and the environment – is subject to social interaction and negotiation and has been spelled out in different ways throughout the history of corporate activity (Palan 2000: 3f).

However, focusing on corporate actor images, profit is not only often conceptually defined in clear terms despite its contested nature, also its implications in terms of corporate action – e.g. how to translate the notion of profit maximization into concrete action – are spelled out in rather clear terms. As the “firm’s behavior [is] to be modelled in a very parsimonious way” (Buckley/Casson 1998: 23), IR takes for granted that MNEs not only know precisely what profit is, they also know exactly how to realize it despite the fact that this might sometimes “entail juggling apples and oranges” (Kobrin 2008: 269). In terms of a theory of action, this implies an essentialized understanding of both corporate interests as well as corporate rationality. As such, “[c]orporations are often theorized in a simple way: they are the ultimate rational actors, driven by profits alone” (Haufler 2010: 106). This naive notion of corporate rationality and profit drivenness draws heavily on the rather old-fashioned account of Milton Friedman, essentializing an “as if”-logic to predict corporate action:

“[U]nder a wide range of circumstances, individual firms behave as if they were seeking rationally to maximise their expected returns [...] and had full knowledge of the data needed to succeed in this attempt;”(Friedman 1953: 21)\textsuperscript{11}

It is precisely this “as if”-actor image that is conjured when Korten (1995) conceptualizes MNEs as “invisible empires”. Corporations are not only conceptualized as being powerful empires, they are also, due to their rational nature, potentially dangerous. Just as the idea of a “businessman whose master plan controls the world each day”, Korten’s MNEs are by definition “apriori and asocial egoists” (Fierke 2007: 171), rationally exploiting

\textsuperscript{11} Writing almost 20 years later, but still drawing from the same “as if”-logic, Raymond Vernon emphasized the same behavioral assumption towards MNEs. However, at the same time, he forecasted likely criticism from disciplines less focused on simplifying reality: “Economists, as a rule, have no trouble with [...] abstractions; the idea of the firm, singlemindedly devoted to maximising profits, fits neatly into the framework of economic theory. Practically everyone else, however, will recognize that an institution as complex and diverse as a multinational enterprise cannot be said to have a clear, unambiguous will.” (Vernon 1971: 6)
each and every governance gap provided by multinational operations in a world demarcated by national borders and national legislations. While this work may not be the most representative work on MNEs since it explicitly takes a normative stance on private business, it is nevertheless influential and present in the debate on MNEs. Moreover, its actor image resonates in many IR representations of MNEs. For example, Schäferhoff et al. (2009: 467) among others assume that MNEs have “strong bargaining power” and are “primarily driven by profit-seeking motives”, rendering their contributions to public-private-partnerships ineffective as long as the initiative is not enforcing mandatory standards. The same characteristics are ascribed to MNEs by Abbott/Snidal (2009: 59ff), arguing in favor of NGOs and their focus on public goods to balance the particular profit interests of MNEs. Jeff Harrod even argues that because of the profit-drivenness, MNEs have developed an “legitimizing rationality”, replacing those of the church and the state to govern the world in the 21st century (Harrod 2006: 44ff).

Obviously, without being reflected, there are strong actor images of MNEs at work within all these contributions (Palan 2000: 6ff). MNEs are ontologically founded on rational and “straightforward cost-benefit analysis” (Cutler 2008: 197), permanently being aware of their interests and having the necessary information how to realize them. Epistemologically and thus in terms of what kind of research is accepted and conducted, contributions to MNEs are, probably because of their affinity to rationalist actor assumptions, strongly influenced by positivist assumptions. Reducing complexity for the sake of parsimony, contributions on MNEs often draw on ‘middle range’ theorizing and small-n analysis. However, despite their limited focus, findings of these contributions are often expressed in generalized explanations, since all MNEs can be modeled on the same actor assumptions of profit and rationality. Adapting Sil (2000)’s attempt to structure different perspectives in the social sciences, IR research on MNEs appears to cover only a small area in figure 1. At least for Sil and others, such a missing plurality in perspectives indicates the immaturity of a research area and thus is something which should at least be complemented by other approaches (Jackson 2011: 188ff).

Moreover, besides being rather one-sided in their accounts of corporate action while not discussing this openly, these actor images are problematic in two further ways. First, they potentially carry the danger of tautological argumentation: whatever corporate actions we witness, we assume them to be rational due to the rational nature of MNEs (Amoore 2000: 184f). In fact, “[i]n retrospect, it is always possible to reconstruct the economic rationality that firms were apparently pursuing” (Woll 2008: 4). Thus, any rationalist post hoc-account of corporate actions carries a moment of circularity within it. No matter how
corporations act, we simply post hoc-rationalize their actions by adjusting the notion of how profit can be maximized. For example, corporate participation in PPPs is explained by referring to potential benefits and reduced costs for enterprises (Schäferhoff et al. 2009: 461f). As long as the benefits of participating in a partnership exceed the costs, MNEs will participate. As soon as the costs rise – for example through developing robust and binding mechanisms of implementation – one would expect MNEs to opt out. However, as MNEs seldomly opt out of governance initiatives, social and reputational considerations are simply added on top of financial ones. In order to not loose the asset of a good corporate image, MNEs continue to participate (Haufler 2003). In a nutshell, no matter how an MNE act, the behavior is explained by referring to corporate rationality. Thus, rationality is not something identified in research but rather something a priori assumed by specific actor image’s “wagers”, implying that changes in corporate behavior indicate different strategies but not different interests (Palan 2000: 10ff).
Second, due to their static nature, these actor images stand in stark contrasts to the dynamics of changing corporate roles within global governance as their underlying “as if”-essentializations of corporate interests and corporate rationality “misses the complexity of motivations driving corporate actors today” (Haufler 2010: 1406). In fact, globalization and global governance both pose “very basic questions about the social definition of a corporation” (Kobrin 2008: 267). Today, “[t]he private sector [...] engages in a range of activities that would have been unthinkable two decades ago” (Haufler 2003: 226), putting into question a simplistic notion of rational profit maximization. As far as “[c]omplexity and novelty are endemic features of modern, dynamic economies that create genuine uncertainty in economic action, [this uncertainty, fragility, and mutability] renders the identification and selection of optimizing strategies, as demanded by the rational actor model, impossible because the situation does not possess the characteristics presupposed by an action theory that is based on the identification of the causal relationship between the application of means (strategies) and outcomes” (Beckert 2003: 770).

Put differently, a dynamic phenomenon such as corporate actors and their integration in global governance cannot (or at least should not only) be scientifically approached with static actor images assuming fixed and clear corporate interests and rationality as well as their assured translatability into concrete action. Instead, it is time to “sacrifice parsimony to increase the explanatory power” (Prakash 2000: 140) to better understand MNEs in processes of global governance by at least reflecting more explicitly upon the actor image used when researching MNEs since their meaning is constituted in and through interaction with other actors:

“[M]ultinational enterprises are viewed no longer simply as instrumentalist advantage-maximizing institutions, but as complex organizations which exceed their goals and functions, but in non-utilitarian ways. Their language, their scripts, their histories, their techno-structures and artefacts matter; analysis of which reveals them to be trapped in their own evolutionary logic but also constantly at work to renew themselves.”(Palan 2000: 15)

As the quote suggests, alternative actor images are already applied to MNEs, if somehow only sporadically and not explicitly reflected so far. Instead of having clear-cut operational guidelines, some authors conceptualize MNEs as relying on “interpretative acts by which actors construct perceptions of rationality intersubjectively in the action process itself” (Beckert 2003: 770). For example, Conzelmann/Wolf (2007: 161f) tentatively argue that there might be corporate interests beyond profit maximization while Kollman (2008) argues that MNEs are influenced by norms just like other actors in international relations. The most far-reaching contribution of this, in lack of a better term, currently emerging “reflexive MNE research” is the conceptualization of MNEs as “norm-entrepreneurs”.
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(Flohr et al. 2010). Drawing on a “constructivist narrative”, this contribution explains the activities of MNEs by referring to beliefs, values, and ideas (Flohr et al. 2010: 165f). However, despite these first contributions complementing IR research by adding new perspectives, it is still true that “theorists and political scientists in general have been reluctant to apply the idea of socialization [or any other constructivist ideas for that matter] to markets actors” (Kollman 2008: 416). Moreover, although drawing on constructivist insights, most of the contributions mentioned above do not develop convincing action-theoretical arguments for their approaches but instead, in best IR tradition, simply replace one actor image by using another, leaving the reader without the possibility to ponder on the specific merits and limits of each “wager” (Jackson 2011). Since contributions which simply rely on another actor image without argumentatively supporting this new image do not question the underlying commitments of current MNE research, the burden of proof will always lie with these new approaches and mainstream contributions can always disregard or marginalize them. Thus, all in all, MNE research remains firmly dominated by actor images drawing on rationalist as well as positivist assumptions. Situated in the frame of global governance and globalization and often implying the rather mechanistic notion that an increase of corporate influence immediately implies a decrease in the influence of states and, MNE research is limited to a narrow range of questions (Kobrin 2008). At the same time, answers to these questions tend to be based on implicit normative judgments rather than explicated and therefore discussible commitments (Amoore 2000: 184). Because such judgments are not reflected regarding their corporate actor images, tension between “invisible empires” and “norm entrepreneurs” as two reasonable accounts of MNEs remain and current research becomes both self-referential and separated from recent dynamic developments of global governance. It is the task of the conclusion to outline how explicit reflection upon the actor images used may advance research on private business actors as the rational actor image of MNEs is no longer being able to sufficiently explain MNEs and their integration into global governance (Toyne/Nigh 1997: 7).

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12 Note however that the constructivist narrative is only one part of the story as corporate action at the same time is explained by a rationalist narrative arguing that increased vulnerability is the driving motivation behind norm-entrepreneurship (Flohr et al. 2010: 164f). Interestingly, these two narratives are presented as two explanatory paths running parallel. Once again mirroring IR theory debates, both paths are presented as potentially alternating explanations, implying that MNEs can be conceptualized as “rational market actors” and “good corporate citizen” at the same time (Flohr et al. 2010: 244f).
5. Conclusion

Arguing that actor images are the expression of foundational and thus necessary assumptions in terms of ontological and epistemological commitments, the paper looked at how private business actors were and are conceptualized in IR. Since MNEs were first “discovered” by economics and IR research only picked up the subject in the 1970s when the discipline itself was engaged in debates between traditionalism and scientism and characterized by attempts to “prove” theoretical claims rather than explore complex phenomena, few contributions on MNEs reflected upon their foundational commitments, reproducing specific actor images to understand and research multinational enterprises. Although constructivism entered the stage in the 1990s and recently some of its insights are applied to MNEs, not much has changed (Kollman 2008: 416f). However, since current assessments of MNEs include such different and contradictory conceptualizations ranging from “invisible empires” to “norm-entrepreneurs”, the first lesson learned from looking at how MNE research developed and how it can be improved is to argue in favor of more reflexivity concerning our foundational claims. The point of such an endeavor is not to determine the one account of corporate agency by trumping out others, but rather to engage in a constructive and more reflexive dialogue to better understand each underlying assumptions and to ground debates on more substantive footing (Jackson 2011).

However, any dialogue has to be aware of conventions and modes of current research. The reconstruction of past and present research on MNEs has shown that accounts of MNEs heavily rely on a “myopic view of business actors as simple profit seekers” (Kollman 2008: 397). This view is so present that “[t]he unitary rational actor theory has achieved something of a monopoly on the political theory of the firm” (Hart 2010: 178). Despite its imprecise meaning and the related difficulties when trying to realize it in corporate everyday action, profit and its maximization as well as rationality are essentialized as defining corporate characteristics. MNEs, so it seems know by definition how to maximize profit and will always do so as the meanings and conditions of profit do not change. Their origin as well as their potential contestedness due to changing roles are simply ignored in the research process. However, although “[e]conomic parameters to corporate action do exist, [...] they are much weaker than is generally promoted and assumed” (Harrod 2006: 36). Instead of considering enterprises as representative of a homogeneous actor group defined by its common interest and rationality, research should consider individual MNEs differing in terms of size, corporate culture, structure, and philosophy, history, market access, consumer vulnerability as well as interests, preferences, strategies, and beliefs
as how to best realize them. Such a complexity-sensitive, decentered, and disorganized representation of the enterprise might help to understand current developments and thus link back research to real-world events such as the increasing discursive reproduction (and reassurance) of corporate actors and their self-proclaimed meanings (O’Neill/Graham-Gibson 1999: 11ff).

The reconstruction of dominant actor images has also shown that the conceptualization of MNEs is based on differentiating MNEs from state and other private, ‘not for profit’ actors. While this distinction may have been constitutive for IR in the past decades, its very foundations are blurred in global governance processes (Sell/Prakash 2004). In fact, the one-sided reliance on rationalist corporate actor images unquestionedly derived from methodological individualism conflicts with current developments. Thus, to account for an altered social reality, we need a “shift from structure to agency within research on private business” (Deitelhoff/Wolf 2010: 5). Such a shift can only be achieved by “departing from the rational actor model” and by “break[ing] with the teleological structure that informs [...] rational actor theory” (Beckert 2003: 770). As “past theories of [corporate] behavior, theories offering predictions and prescriptions, [...] have limited value in helping, understanding, or dealing with this new situation [and] have impeded the development of a more accurate perception of the corporation” (Harrod 2006: 32), it is potentially fruitful to complement the narrative of essentialized corporate rationality. In other words, due to the increased complexity we witness in global governance, the business man and its master plan may no longer exist. Processes of globalization and the emergence of new dimensions to what it means to be a successful multinational enterprise simply render this rational actor image highly problematic (Kobrin 2008).

However, questioning rationalist accounts of MNEs cannot be an end in and of itself. Instead, there is potential for a new and complementing language to (re-)conceptualize MNEs as social actors constituted in multi-level interaction processes. Thus, new and important questions beyond the familiar ones (e.g. how can MNEs effectively be regulated despite their rational nature) arise. Research could consider the social expectations held towards MNEs, both within and beyond global governance integration. Moreover, it is important to understand how these expectations influence what it means to be a successful enterprise. As corporate roles are changing, IR needs to offer reasonable answers to the question of what constitutes the contingent phenomenon of private business activity at the beginning of the 21st century since MNEs can no longer be perceived as “an economic device that exists apart from historical, political and social forces” (Toyne/Nigh 1997: 9). One should instead look at the processes of what constitutes individual MNEs and their
respective meanings and definitions. Such processes often take place when MNEs are integrated into global governance, implying that the frame of global governance indeed might be helpful to research MNEs as long as it is consciously reflected. Reconstructing such integration processes where new meanings are ascribed to corporate actors thus could offer a deeper understanding of these actors and might help to develop better governance mechanisms. In the end, what is at the core of the “definition of what it means to be a successful firm” (Kollman 2008: 415) should remain an open research question to be answered in empirical and not in premature or theoretical terms.

Thus, to pick up the introductionary analogy of the blind men and their elephant, depending on one’s own ontological and epistemological commitments, one can indeed diagnose a certain blindness within IR research on MNEs. However, this blindness is not situated on the level of immediate perception but rather on the underlying level of how perceptions are structured, organized, and conceptualized. Thus, we are not blind in a concrete sense as we can see the phenomenon in front of us, yet we are rather ignorant towards the implications of different perspectives on the “ontology and conceptualization of the corporate form” (Cutler 2008: 195). In other words, multinational enterprises are an even more complicated beast than an elephant. Moreover, as “the beast is growing and changing and will keep doing so” (Hart 2010: 186) in the future, any assessment of private business actors and their integration into global governance needs to be aware of its underlying commitments and assumptions. While we may still be blind in some regards, we should at least no longer be silent about our different perspectives and get into dialogue to explore their usefulness as well as their respective merits and limits. With regard to the challenging and yet crucially important field of IR research on MNEs, awareness of and dialogue on implicit actor images thus could well be one step to a (more) mature and accurate understanding of multinational enterprises. In the end, the six blind men would surely get a better impression of the elephant, if only they talked to each other.
References


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