Transparency in Transnational Governance: The Determinants of Information Disclosure of Voluntary Sustainability Programs

(Transparency in Transnational Governance)

This draft: December 2018

Dr. Philip Schleifer
Assistant Professor, Department of Political Science
University of Amsterdam
Nieuwe Achtergracht 166
1018 WV Amsterdam, Netherlands
Email: p.schleifer@uva.nl

Dr. Matteo Fiorini
Post-doctoral Fellow, Robert Schuman Centre for Advanced Studies
European University Institute
Villa Schifanoia, Via Boccaccio 121
50133 Firenze, Italy
Email: matteo.fiorini@eui

Dr. Graeme Auld
Associate Professor, School of Public Policy and Administration
Carleton University
1125 Colonel By Drive
K1S 5B6 Ottawa, Canada
Email: graeme.auld@carleton.ca

Abstract

The rise of 'new' transnational governance has intensified debates about a lack of accountability in global politics. Reviewing the mechanisms through which transparency can foster accountability beyond the state, this article explores the determinants of information disclosure in the field of transnational sustainability governance. Examining the institutional design of 113 voluntary sustainability programs, we find a positive correlation between the involvement of public actors and information disclosure. In contrast, the role of civil society is more ambiguous. There is no statistical support for arguments linking NGO participation to increased transparency. At the same time, our analysis reveals a robust correlation between NGO-led metagovernance and information disclosure. Moreover, we find that crowding has a negative effect on transparency, whereas normative peer-pressures have no influence. At a broader level, the analysis reveals a lack of 'deep transparency' among transnational sustainability governors. This limits the scope for transparency-induced accountability in this policy domain.

Keywords: Transparency, accountability, transnational governance, institutional design, sustainability

1. Introduction

When it comes to the governance of transnational production, "the state is far from the only game in town" (Abbott & Snidal, 2009a: 87). Particularly, this is true for the field of global sustainability politics where private and hybrid governance arrangements have proliferated in recent years. Prominent examples are the Forest Stewardship Council (FSC) and Fairtrade International. Created by NGOs and firms (sometimes with the involvement of governments), these voluntary sustainability programs (VSPs) set standards for transnational production, operate verification systems, and feature quasi-judicial conflict resolution mechanisms. In this and other policy areas, they have taken over a wide range of governance functions that used to be the prerogative of states and international organizations (IOs).

This shift from state-centered to polycentric governance has intensified debates about a lack of accountability in global politics (Bäckstrand, 2006; Bäckstrand, Zelli, & Schleifer,

2018; Biermann & Gupta, 2011; Black, 2008; Buchanan & Keohane, 2006; Grant & Keohane, 2005; Kramarz & Park, 2016). Of particular concern is the rapidly expanding realm of transnational private governance, with its many actors and diffuse authority structures. Here, traditional notions of accountability no longer apply (Dingwerth, 2007). In search of alternatives, transparency is often hailed as a possible solution. It is argued that it can foster accountability in transnational governance by enabling mechanisms of 'soft enforcement', such as market pressures, public scrutiny, and self-reflection (A. Florini, 2003; Hale, 2008). Others, however, are more skeptical. They critically scrutinize the ability of transparency to empower accounting actors in transnational governance. Transparency may indeed not be a silver bullet, but even these critical scholars continue to view it as a positive force (Gupta, 2010; Gupta & Mason, 2014; Mol, 2010).

While the current discussion is mainly centered on the effects of transparency, less is known about its sources. If transparency matters (and the broader debate seems to suggest just that), we need to better understand its origins. Several studies exist that examine the sources of transparency in the context of IOs (Grigorescu, 2007; Mitchell, 1998). However, in the realm of transnational governance these relationships remain underresearched.[1] Given these gaps in our understanding of the issue, this article explores the determinants of information disclosure in global sustainability politics – a policy field which has been the epicenter of a 'Cambrian explosion' of new transnational governance (Abbott, 2012).

To shed light on the issue, we analyze a dataset of 113 VSPs and develop a new measure of transparency. With a focus on VSP's operations, we describe their transparency practices in four areas: Decision-making, standard-setting, verification, and dispute settlement. Our results reveal that many VSPs are 'shallow' in their transparency – i.e. they disclose little about the ways in which they work in practice. We argue that this limits the scope for transparency-induced accountability in this governance domain. At the same time,

we observe significant interprogram variation. To investigate these differences, we review the broader literature on transparency, combining insights from studies on domestic politics, IOs, and transnational governance in order to develop six hypotheses about the internal and external determinants of information disclosure, which we test in a multivariate analysis. The analysis reveals a positive correlation between the involvement of public actors in VSPs' central governance bodies and information disclosure. The role of civil society is more ambiguous. There is no statistical support for the widely held believe that direct NGO participation increases transparency levels. However, the analysis reveals a robust correlation between civil society-led metagovernance and information disclosure. Moreover, we find that crowding has a negative influence on transparency, whereas normative peer-pressure has no significant effect. We interpret these findings in light of existing studies on transnational governance, complementing the mostly qualitative literature on the subject.[2]

This remainder of this article is organized in seven sections: Section 2 revisits the debate on accountability and transparency in transnational governance. Section 3 describes the concept of transparency and presents the results of the descriptive analysis. In sections 4 and 5, we introduce and operationalize our hypotheses and discuss our empirical model. Section 6 and 7 present the results of the multivariate analysis and interpret our main findings. A final section concludes.

2. Accountability and Transparency in Transnational Governance

At the beginning of the 1990s, the end of the Cold War ushered in an era of transnational governance, opening up space for non-state actors to play a more salient role in international affairs (Rosenau, 1992). While the growth of formal IOs has slowed, the population of private and hybrid governance arrangements has increased exponentially (Abbott, Green, & Keohane, 2016; Abbott & Snidal, 2009a). Particularly, this is true for the field of

sustainability governance where the number of private and hybrid governance arrangements has accelerated over the last 20 years (Abbott, 2012). One important first-mover program was the FSC (Cashore, Auld, & Newsom, 2004). Created in 1993 by a coalition of environmental NGOs and firms, the program sets standards for sustainable forestry management and operates a certification program with global reach. Since then, a great variety of VSPs has been created in a wide range of industry sectors. Other examples include well-known programs like Roundtable on Sustainable Palm Oil and the Rainforest Alliance. However, there are also many less visible VSPs such as Fair Flowers Fair Plants or the Proterra Foundation. Based on our research sample (see discussion below), Figure 1 illustrates this trend over time.

- *Figure 1 here –*

Among scholars of International Relations (IR), the proliferation of new modes of governance has intensified debates about the prospects and limits of accountability beyond the state (Bäckstrand, 2006; Bäckstrand et al., 2018; Biermann & Gupta, 2011; Black, 2008; Dingwerth, 2007; Grant & Keohane, 2005; Hale, 2008; Kramarz & Park, 2016). One important concern is that global governance institutions are too distant and detached from citizens. The result is a growing accountability deficit as more and more decision-making authority is transferred from the national to the international and transnational level (Dingwerth, 2007).

In a nutshell, the problem is the following: At the national level, an important source of democratic legitimacy is what Grant and Keohane (2005, 29) call principal-agent accountability. In this model, the principal (people) has the right and ability to hold its agent (government) to account, to judge whether it has fulfilled its responsibilities, and to impose sanctions if these responsibilities have not been met. In democratically constituted states, the

main mechanism to achieve this is through periodic general elections. However, in governance beyond the state, principal-agent accountability of this type runs into difficulties. In the realm of transnational governance the model does not work. Here, no principal (or global demos) exists, governors are typically self-selected, and no electoral mechanism is available to hold them to account (Dingwerth, 2007; Dryzek, 2000).

In this context, much hope has been put on the concept of transparency (A. Florini, 2003; Hale, 2008). Hale (2008: 73) notes that "[i]f 'democracy deficit' is the catchphrase for global governance's problem, 'transparency' is its buzzword solution". But what role can transparency play in mitigating the problem? An answer to this question requires unpacking the concepts of accountability and transparency and a discussion of how they are related.

According to Schedler (1999: 13), the concept of accountability has two components: Answerability – "the right to receive information and the corresponding obligation to release details" – and enforcement – "the idea that accounting actors do not just 'call into question' but also eventually punish improper behavior". As summarized by Hale (2008), A is thus accountable to B if B can (1) know A's behavior, and (2) exert pressure on A to influence that behavior. Regarding accountability's first component, the importance of transparency for establishing accountability is clear. Without reliable information answerability is impossible. However, the role of transparency in enforcement is less obvious and also more controversial.

Optimists argue that "transparency is providing new opportunities both to enforce rules and standards and to hold accountable those who purport to act in the public interest" (A. Florini, 2003: 196). But how does this work in practice? In *Full Disclosure: The Perils and Promise of Transparency* (2008)*,* Archon Fung and his colleagues describe a 'transparency action cycle' in which information disclosure triggers constructive behavioral change. Their causal model proceeds in four stages: (1) a discloser (e.g. a company) discloses information (e.g. pollution data) that is relevant and salient to users (e.g. consumers); (2)

users act in response to this information; (3) the discloser is sensitive to users' actions; (4) and responds constructively. From an enforcement perspective, the interesting question is what mechanisms of behavioral change (stages 2-4) does transparency trigger, and how effective are they?

Reviewing the literature on transnational governance, Hale (2008: 76-87) identifies three main mechanisms which accounting actors can use to hold targeted institutions accountable. First, market pressure plays an important role. For example, consumers, investors, and NGOs can respond to information disclosure by changing their consumption and investment decisions or by launching corporate shame campaigns. These actions can unfold a coercive force if they threaten to have material consequences for the target actor. Second, there are ways of 'soft enforcement' through public discourse. Based on Habermasian discourse theory, the argument runs that transparency creates pressures to tell the truth, as it makes it easier to expose lies through the "forceless force of the better argument". This can discourage rent-seeking and other self-serving behavior. Finally, transparency can facilitate behavioral change through enabling self-reflection. In this regard, information disclosure can reveal discrepancies between an actor's internalized norms and its actual behavior and a desire to correct the mismatch.

However, these mechanisms have their limitations, and scholars have expressed doubts about transparency and its ability to empower and enforce in transnational governance. For example, while acknowledging the importance of information for all forms of accountability, Grant and Keohane (2005: 39-40) believe that "[w]ithout standards and sanctions (…) accountability that is both effective and widely viewed as legitimate will remain elusive". In addition, several scholars exploring the role of transparency in global environmental governance have expressed skepticism about its ability to truly empower accounting actors (Gupta, 2010; Gupta & Mason, 2014; Mol, 2010). Hence, as observed by

Fox (2007), the relationship between transparency and accountability remains uncertain. Hard accountability that includes sanctions might indeed remain elusive. But, like Hale, Fox believes that transparency can lead to softer forms of accountability.

The upshot of this discussion is that transparency is not a panacea to the accountability deficit of transnational governance (Grant & Keohane, 2005). However, the disclosure of salient information may enable soft enforcement through markets pressures, public discourse, and self-reflection. What seems to matter a lot in this context is the 'depth' of information that is being disclosed. By this we mean the degree to which the disclosed information allows insights into the actual workings of an institution, not just its formal procedures. As noted by Fox (2007), transparency that reveals little about the ways in which an institution works in practice will not do the job. But to be clear, our assumption is not that transparency is a sufficient condition for generating accountability beyond the state. However, we follow Hale and others who argue that transparency is necessary for holding transnational governors to account.

3. Conceptualizing and Measuring Transparency

Given the centrality of transparency to the debate on accountability in transnational governance, our goal is to investigate it empirically. A look at the existing scholarship reveals that there are many different ways to study the phenomenon. For example, in the realm of domestic politics, there is a large body of literature focusing on the adoption and design of so-called freedom of information policies (e.g. Berliner, 2014). In a similar way, scholars of IR have begun to analyze and compare the transparency policies of global governance institutions (Donaldson & Kingsbury, 2013; Grigorescu, 2003). Studying formal transparency polices has clear advantages. They are relatively easy to analyze and compare. However, there are also drawbacks. Most importantly, formal policies and actual practices often differ

significantly (A. M. Florini, 2002). In the context of domestic governance, accounting actors can resort to legal mechanisms to enforce transparency policies. However, in the transnational realm this is not possible.

Therefore, instead of formal policies, we focus on information disclosure practices. This perspective highlights the relational character of transparency. Studying it empirically requires to specify *what* is being disclosed, *by whom*, and *for whom* (Grigorescu, 2007; Gupta & Mason, 2014: 5). Regarding the 'what' and by 'whom' questions, we focus our analysis on the transparency of VSPs about their operations. We construct our measure of transparency based on what we identify as their main activities in the regulatory process, namely: Decision-making, standard-setting, verification, and dispute settlement. For each of these areas, two variables, representing different degrees of transparency, are selected from a database (see discussion below). In our analysis, we include a measure for 'shallow transparency' – i.e. disclosure of information about formal procedures – and a measure for 'deep transparency' – i.e. disclosure of information about actual processes (see Table 1)

- *Table 1 here -*

Next to identifying the discloser and the object of transparency, it is important to define the target audience – i.e. the group of actors to whom information is being disclosed (Grigorescu, 2007: 626-629). In our study, we focus on disclosure to the general public, which is the most unrestricted form of information disclosure. More precisely, we focus on the open disclosure of information about decision-making, standard-setting, verification, and dispute settlement on VSPs websites. Taken together, this leaves us with a clearly delineated concept of transparency for our investigation.

To measure it empirically, we source data from the Standards Map of the International Trade Centre (ITC).[3] Launched in 2011, the Standards Map database (SMD) is an inventory

of VSPs in the field of trade and production. In October 2018, the SMD included 247 VSPs, operating in more than 120 product groups and 180 countries. It is one of the most comprehensive resources on VSPs and contains information about their standards, geographic scope, and organizational processes (including detailed information about their disclosure practices as listed in Table 1).[4]

According to the ITC's data collection protocols, the VSPs included in the database all satisfy the following minimum criteria: Existence of a published set of criteria and indicators, existence of an implementation system, and coverage of at least one sustainability area (environment, social, economic and management, quality management, or ethics and integrity). In addition, the SMD includes transnational and domestic programs as well as VSPs with varying sponsorship arrangements (e.g. industry, civil society, and multi-stakeholder).[5]

One important limitation of the SMD is its weak coverage of certain types of VSPs, particularly firm-level programs. Several company codes of conduct are listed. However, the SMD's coverage in this area cannot be considered representative. A second limitation of the SMD is its 'snapshot character'. Undergoing updates in annual intervals, the information it contains reflects the state of affairs at the latest update. This limits the possibility to use the SMD to investigate trends and dynamics over time. Thus, we are unable to examine arguments by, for example, Gupta and Mason (2014: 15) who hypothesize that processes of democratization and marketization have driven the uptake of transparency in global sustainability governance.[6]

To gain access to the full SMD and to prepare and work with the data, we undertook three field trips to the ITC headquarter in Geneva in November 2015, February 2017, and October 2017. The dataset analyzed in this study is a subsample of 113 VSPs taken from the SMD. The following selection criteria were applied in the creation of the sample: (1) The

program is operational; (2) it has a discernible governance structure; (3) it is transnational (i.e. it operates in more than one country); (4) it is not a firm-level code of conduct; (5) it develops environmental and/or social standards for global supply chains (no purely technical, food safety or quality standards); and (6) in the selection of our sample, we took into account that some VSPs are listed with multiple standards in the SMD.

Presenting the results of a first-cut analysis, Figure 2 shows that transparency levels vary significantly in this group of programs. Particularly, it is striking how great the difference between shallow and deep transparency is. The latter is much less frequent, and this is true for all four areas of operation. A common sense explanation would be that disclosing sensitive information about actual processes (as opposed to formal procedures) is associated with higher costs for the discloser – for example, by enabling more thorough public scrutiny. In addition, we observe variation across areas of operation. In this regard, Figure 2 reveals that programs are most transparent in the area of standard-setting. In contrast, transparency levels are much lower in the areas of decision-making, verification, and dispute settlement. Here, the vast majority of VSPs (> 75%) does not disclose information at a deep level of transparency. In addition to finding differences in transparency levels across areas of operation, the data reveals that there is a large group of 54 VSPs that does not disclose deep information at all. At the same time, we identified only two programs that engage in deep transparency in all four areas of operation.

-   *Figure 2 here -*

Against this background, we hypothesize that in many cases transparency levels are insufficient to enable the kind of 'soft enforcement' described by Hale (2008), Fox (2007), and others. While we did not analyze these mechanisms directly, our descriptive results suggest that the most important scope condition of Fung *et al.*'s (2008) transparency action

cycle is currently not met by a large group of VSPs. Recall, the first stage in Fung et al.'s model assumes that a discloser discloses information that is relevant and salient to users. In a second stage, they then act in response to this information and the transparency action cycle starts to spin. However, as shown above, many VSPs do not to disclose information that truly reveals the ways in which they work in practice. Hence, achieving accountability through transparency becomes unlikely in these cases.

At the same time, we also observe significant interprogram variation, which we examine in more detail below. In preparation of the empirical analysis, we use a simple strategy to aggregate the available information and distill a synthetic, comprehensive transparency index which takes a unique value for each VSP. Therefore, we compute weighted averages of the disclosure dummies described above, across both the different areas of operations and the two levels of transparency. In the absence of a refined theory on the issue, we weigh areas of operations symmetrically, assuming that they are all equally important in determining the overall proxy of transparency. In contrast, we allow for different weighting schemes of the two levels of transparency, following the common sense intuition that deep transparency is more important than shallow transparency.

In order to provide a formal definition of the index, we first introduce some simple notation. The area of operation (varying between decision-making, standard-setting, verification, and dispute settlement) is indexed with c while the level of transparency (either shallow or deep) is denoted with l. For each program s, area of operation c and level l, we define a dummy variable $t_{s;c,l}$ that takes value 1 if the program s publicly discloses information at level l, about area of operation c (and 0 otherwise). The transparency indicator is then constructed in three steps. First, we take a weighted sum of $t_{s;c,l}$ across areas and levels. Second, we divide the result by the number of areas of operation in which a program is active. Formally:

$$TI_s = \frac{1}{\sum_c \mathbb{I}_s(c)} \sum_l \sum_c w_l \times t_{s;c,l} \times \mathbb{I}_s(c)$$

where $\mathbb{I}_s(c)$ is an indicator that takes value 1 if program s is active in the area of operation c. w_l is a weight that applies to level l of transparency. Third, we normalize TI in order to have it vary between 0 and 1 within our sample.

To increase the robustness of the statistical analysis, we adopt four weighting schemes, each of them defining a separate transparency index. This reduces the risk that our results are driven by the specific choices we make in the construction of the index. The first scheme assigns a value of 1 to the deep level and 0 to the shallow one. This version of the index focuses on variation in deep transparency only. We denote the resulting transparency index as TI^a. The second index keeps the one unit weight for the deep level, while assigning a weight of 0.25 to the shallow one. Under this scheme disclosure of shallow information does contribute to the measurement of transparency, counting one fourth of its deep-level counterpart. The corresponding index is denoted as TI^b. The third and fourth index, TI^c and TI^d, further increase the relative importance of shallow transparency by assigning to the shallow level a weight of 0.5 and 0.75 respectively (while keeping the deep weight at a value of 1).[7] Figure 3 shows the distribution of the four transparency indexes for our sample.

- *Figure 3 here -*

As can be seen from Figure 3, the distribution of TI^a reflects the lack of deep transparency identified above. It is clearly skewed to the left-hand side, with a median of only 0.250. Moving to TI^b, observations are shifted toward the right-hand side of the support, reflecting the higher scores of the index which now assigns a positive weight to shallow transparency.

This pattern is amplified with TI^c and even further under TI^d, whose sample median is equal to 0.429 and 25% of the observations score a value of the transparency index higher than 0.619. However, while the structure of the distribution varies across the four versions of our index, the general pattern remains the same: Only few VSPs are highly transparent. This can be seen from the right tail of the four distributions, which is always relatively thin.

4. Explaining Transparency: Causal Mechanisms and Hypotheses

Scholarly interest in the role of transparency in transnational governance is growing (Auld & Gulbrandsen, 2010; Dingwerth & Pattberg, 2009; Gulbrandsen & Auld, 2016; Overdevest, 2010). But a comprehensive analysis of its determinants is still missing. A notable exception is a study by van der Ven (2015), which includes a measure of transparency as part of a broader index of 'best practice compliance' in transnational sustainability governance. In general, however, we still know little about these relationships. To address this gap, this section is grounded in a review of the relevant transnational governance literature, combining it with insights from research on IOs and domestic politics.

The discussion of arguments about transparency is organized around internal and external determinants. The internal determinants are factors that are located at the program-level − i.e. its institutional design. In total, three internal determinants are considered: Involvement of NGOs, involvement of public actors, and the level of stringency of a program. External determinants are factors located in the institutional environment of a VSP − i.e. outside its organizational boundaries. On this dimension another three factors are discussed: Crowding, norm diffusion, and metagovernance.

4.1 Internal Determinants

Involvement of NGOs: In IR and related disciplines, NGOs are often portrayed as norm entrepreneurs, promoting democracy, human rights, and environmental protection in global politics (Keck & Sikkink, 1998; Risse, Roop, & Sikkink, 1999). In the literature on IOs, their integration into policy-making processes has been described as a way to strengthen participation, accountability, and transparency in global governance (Scholte, 2011; Tallberg, Sommerer, Squatrito, & Jönsson, 2014). In a similar way, students of transnational governance praise the benefits of multi-stakeholder initiatives (Abbott & Snidal, 2009a; Cashore et al., 2004; Dingwerth, 2007). Cashore and colleagues (2004: 298) have described them as "one of the most innovative and startling institutional designs of the past 50 years". Several authors also draw a direct connection between the inclusion of NGOs and transparency (A. M. Florini, 2002; Grigorescu, 2007; Gulbrandsen, 2008; van der Ven, 2015). On the one hand, they describe a 'normative mechanism'. For example, van der Ven (2015: 6) expects that deep NGO involvement in transnational governance will lead to increased attention to best practice out of a desire to serve public ends. On the other hand, scholars have advanced a functionalist explanation. The assumed mechanism is that greater participation from NGOs in governance creates additional demand for information from their constituencies (Welch, 2012). Against this background, the following hypothesis is derived:

H1: *VSPs that involve NGOs in their central decision-making body are more transparent than those with no NGO involvement.*

Involvement of public actors: Connected to the previous discussion about NGO involvement, a second argument concerns the role of public actors (e.g. representatives from state agencies and ministries) in transnational governance. While the emergence of transnational governance institutions has often been analyzed separately from 'old' state-led governance

(Pattberg, 2005), there is growing recognition that public actors play an important role in these processes (Abbott & Snidal, 2009a; Gulbrandsen, 2014). Some authors see this role in a positive light. For example, Abbot and Snidal (2009b: 558) argue that greater involvement by public actors could promote "substantive principles and procedures derived from public law to reinforce transparency and accountability, enhancing the legitimacy of private schemes". A possible mechanism is the norm entrepreneurship of public actors. Similar to the argument made about NGOs, the assumption is that public officials – at least those from democratically constituted states – believe in the appropriateness of transparency norms and therefore support rules allowing for the open disclosure of information (Grigorescu, 2007: 632-633). This leads to the second hypothesis:

H2: *VSPs that involve public actors in their central decision-making body are more transparent than those with no public actor involvement.*

Level of stringency: A third internal determinant can be derived from the literature on voluntary environmental programs (Potoski & Prakash, 2009; Prakash & Potoski, 2007). From this perspective, VSPs are conceptualized as clubs which firms can join to signal their superior sustainability performance to relevant external audiences (e.g. consumers, NGOs, or regulators). For club theorists, the main incentive for firms to do this is to gain branding benefits (Prakash & Potoski, 2007). These benefits crucially depend on the level of stringency of a program – i.e. the design of its standards and monitoring and enforcement procedures. The reason is that, everything else being equal, more stringent programs create higher positive externalities (e.g. a reduction of environmental impacts). This strengthens the program's reputation, thus affecting the branding benefits received by individual members. In this regard, Prakash and Potoski (2007: 7) explain how a "standards' stringency serves as a

proxy signal for the level of externalities members generate (per capita) and therefore affects the branding benefits members can expect to receive from stakeholders". However, this logic only works if programs make this information openly available. Otherwise, no (or only weak) signals are sent. Following from this, we hypothesize that stringent programs have a particular strong incentive to disclose information about their operations. This would send the strongest possible signal, thus maximizing the branding benefits for their members.

H3: *Stringent VSPs are more transparent about their operations than less stringent ones.*

4.2 External Determinants

Crowding: The decentralized evolution of transnational regulatory regimes has created a lot of overlap in issue and industry coverage. This has led to competition between VSPs (Eberlein, Abbott, Black, Meidinger, & Wood, 2014; L. W. Fransen, 2011; Overdevest, 2010; Overdevest & Zeitlin, 2014; Schleifer, 2013). However, the effects are not yet fully understood. Certain studies show that a 'ratcheting-up effect' is possible. In this regard, investigating the interactions between VSPs in the forestry sector, Overdevest (2010) describes how the Program for the Endorsement of Forest Certification (PEFC) upgraded its standards and procedures, including its transparency practices, in response to regulatory competition with the NGO-backed FSC. Drawing on the business studies literature, she describes a public benchmarking mechanism – a process of comparing practices between competing programs in order to achieve improvements. As shown in the case of the forestry sector, this can have a 'ratcheting-up effect' if program managers and external stakeholders evaluate such practices positively. However, the kind of public benchmarking that occurred between the PEFC and FSC appears to be the exception rather than the rule. And, several

other studies on VSP interactions describe 'race-to-the-bottom' dynamics between competing programs (L. W. Fransen, 2011; Marx & Wouters, 2014; Schleifer, 2013). Based on the literature on organizational ecology, we hypothesize that such downward pressures are most likely to occur in 'crowded' environments in which high numbers of programs overlap with one another, resulting in resource competition between VSPs (Hannan & Freeman, 1989).

H4: *VSPs that operate in highly crowded environments are less transparent.*

Peer pressure: An important argument in the literature on norm diffusion is that processes of norm adoption are interdependent (DiMaggio & Powell, 1991; Strang, 1991). In this regard, Strang (1991: 325) describes how the "prior adoption of a trait or practice in a population alters the probability of adoption for remaining non-adopters". The mechanism works through the 'logic of appropriateness' (March & Olsen, 1998). As a norm diffuses in a population of organizations, adoption becomes the 'appropriate' thing to do and non-adopters risk challenges to their legitimacy or even their survival. This peer pressure mechanism has been described in several studies examining transparency practices at the domestic, international, and transnational level (Berliner, 2014; Dingwerth & Pattberg, 2009; Donaldson & Kingsbury, 2013). For example, Donaldson and colleagues (2013) argue that global governance institutions become more receptive to transparency norms if their peer institutions have adopted such policies. Against this background, the following hypothesis is derived:

H5: *VSPs are more transparent if other programs in their institutional environment have adopted high transparency standards.*

Metagovernance: Transnational regulatory fields are increasingly structured by metagovernance organizations. These are organizations that create principles and criteria of good practice for standard-setting bodies world-wide. Important metagovernance organizations include the Global Social Compliance Programme, the International Standardization Organization, as well as the International Social and Environmental Accreditation and Labelling (ISEAL) Alliance. Founded by a group of NGO-backed VSPs in 2002, ISEAL is commonly considered to be the focal metagovernor in the field of transnational sustainability governance (Dingwerth & Pattberg, 2009; Glasbergen, 2011; Loconto & Fouilleux, 2014). All VSPs aiming at becoming a member of ISEAL need to go through a benchmarking and accreditation procedure in which their compliance with best practices, such as ISEAL's standard-setting code, is verified. Currently, ISEAL counts 23 members.[8] Loconto and Fouilleux (2014) describe how ISEAL acts as an important institutional entrepreneur in the field of sustainability governance as it promotes credibility principles, including transparency norms. In a similar vein, Dingwerth and Pattberg (2009) argue that ISEAL exercises normative pressures on VSPs. However, other studies have shown that the resulting 'isomorphic effect' is limited (Schleifer, 2019). Still, most of the above cited studies would expect a positive relationship between participation in metagovernance organizations and transparency.

> **H6:** *VSPs that are members of metagovernance organizations are more transparent then those that are not.*

5.   The Determinants of Transparency: A Multivariate Analysis

In this section, we describe the operationalization of our independent variables and the statistical model we use, followed by the results of our multivariate analysis.

5.1 Operationalization

We begin the operationalization with our *internal* regressors. To operationalize the involvement of NGOs (H1) and public actors (H2) we use two dummy variables taking value 1 if NGOs and public actors, respectively, are involved in the central decision-making body of a VSP. We denote these variables as ngo_involv and $public\_involv$.[9]

To measure the overall stringency of a program (H3) scholars have focused on the design of standards, monitoring, and enforcement mechanisms (L. Fransen & Burgoon, 2011; Potoski & Prakash, 2009; Prakash & Potoski, 2007). Following these works, we construct an indicator which comprises three components: A standard's degree of obligation, its scope, and the robustness of its monitoring procedures. Our measure of stringency is constructed as a simple average over variables capturing these three dimensions. Regarding the first dimension, the SMD reports the 'degree of obligation' of the individual requirements contained in a standard. Five degrees of obligation are distinguished. In this regard, a requirement can be a recommendation (first type); or implementation can be requested within 5 years (second); within 3 years (third); within 1 year (fourth); or immediately (fifth). We code a numeric version of the degree of obligation by assigning values from 1 to 5 to the above listed typologies. The degree of obligation of the standard ($comp\_str\_1$) is then measured as the simple average of the degree of obligation across all its requirements. With regard to the scope of a standard, we create a variable ($comp\_str\_2$) that counts the number of requirements explicitly referenced by a program. Turning to the robustness of monitoring and evaluation procedures, we use information of the type of audits that are required by a

program. We define a variable ($comp\_str\_3$) equal to 0 when only first-party auditing is required; taking value 1 when second-party auditing is required; and equal to 2 when third-party auditing is required. The three components ($comp\_str\_1$; $comp\_str\_2$; and $comp\_str\_3$) are normalized between 0 and 1. The simple average across components denoted by $stringency$ captures the overall stringency of a program.[10]

We now turn to the operationalization of our *external* regressors. To examine the effect of 'crowding' (H4), we count the number of programs that operate in the same product category (e.g. coffee) and geographical region (e.g. South America). Following assumptions made in organizational ecology, our reasoning is that crowding intensifies the level of competition over material and ideational resources between programs (Hannan & Freeman, 1989). We use information about the geographical and product scope of a VSP to create a crowding indicator. It measures the average number of programs that each VSP confronts across the region-product-specific environments in which it operates. Formally, we first compute for each combination of geographic region (r) and product category (p) the total number of programs which operate in region r covering product p. We call those numbers $tot(r,p)$. We then take a simple average of $tot(r,p)$ across those pairs (r,p) to which the particular program s applies. The resulting variable is given by:

$$crowding_s = \frac{\sum_{(r,p)} tot(r,p) \times \mathbb{I}_s(r,p)}{\sum_{(r,p)} \mathbb{I}_s(r,p)}$$

where $\mathbb{I}_s(r,p)$ is an indicator that takes value 1 if program s covers product p in region r (and 0 otherwise).

Our second external regressor captures peer pressure (H5). It consists of the average transparency scores of programs that operate in the same product category and geographical region. Similar measures have been used by other scholars to examine peer pressure effects in

domestic politics and in the context of IOs (cf. Berliner, 2014). Formally, we define our peer pressure indicator as follows:

$$peer\_press_s = \frac{\sum_{(r,p)}\left(\frac{\sum_{\sigma \neq s} TI_\sigma \times \mathbb{I}_\sigma(r,p)}{\sum_{\sigma \neq s} \mathbb{I}_\sigma(r,p)}\right) \times \mathbb{I}_s(r,p)}{\sum_{(r,p)} \mathbb{I}_s(r,p)}$$

with $\mathbb{I}_s(r,p)$ is the product-region indicator defined above. In other words, for each pair (r,p) to which a program s applies, we take the average of the transparency index scores of the other programs that are active in the same region r covering product p. Then we average the result across all pairs (r,p) to which program s applies.

To examine the effect of metagovernance (H6) we use membership in the focal metagovernance organization in the field of transnational sustainability governance. This is the ISEAL Alliance (Dingwerth & Pattberg, 2009; Loconto & Fouilleux, 2014). We create a dummy variable labelled $metagov$, taking value 1 if the program is either a full or an associate member of ISEAL (0 otherwise).

5.2 Empirical Model

We test the hypotheses discussed in the previous section by fitting a linear regression model, with the transparency indicators as dependent variables and the six determinants as regressors of interest. The baseline empirical model is given in the following equation:

$$TI_s = \alpha + \beta_1\, ngo\_involv_s + \beta_2 public\_involv_s + \beta_3 stringency_s +$$
$$+\beta_4 crowding_s + \beta_5 peer\_press_s + \beta_6 metagov_s + \gamma tech\_ctrl_s + u_s$$

where α is a constant term and u_s the error term. The variable $tech\_ctrl$ is a technical control that counts the number of areas of operation – i.e. decision-making, standard-setting, verification, and dispute settlement – in which a program is active. In our sample, not all

programs perform all functions. This information has been taken into account in the construction of the transparency scores of these programs. This generates mechanical patterns of correlation between $tech\_ctrl$ and TI. Controlling for the number of areas in which a program is active, therefore cleans our estimates from potential omitted variable bias.

In addition, we augment the baseline model with a number of controls. The first is the age of a program, age (number of years since inception). This controls for temporal dynamics that may affect the transparency of a program. For example, it is conceivable that programs that are created in different time periods faced varying institutional pressures to disclose information. Due to processes of path dependency, these early design decisions may still influence their transparency practices today (Auld, 2014; Bloomfield & Schleifer 2017). Similarly, age may be correlated with the involvement of NGOs or public actors as well as with the program's degree of stringency. Second, we control for a VSP's activity within the food sector by means of a dummy variable $food\_sector$, taking value 1 if at least parts of the production covered by a program are food-related. The inclusion of this variable is meant to control for any variation in both transparency practices and in any regressor of interest which can be explained by the political dynamics specific to the food sector. It has been argued that the reputational stakes for firms in the food sector tend to be higher and that this may exert upward pressure on best practice compliance, including transparency practices (van der Ven, 2015: 7). Finally, we create a variable $capacity$ to control for the organizational capacity of a program. The rationale is that disclosing information generates costs and that programs with high organizational capacity are in a better position to absorb these costs (Grigorescu, 2007; Mitchell, 1998). In addition, organizational capacity may be correlated with a program's ability to comply with the standards of a metagovernance organization. As a proxy for high organizational capacity, we identify those programs in our sample that, next to their headquarters, operate local offices. The dummy takes value 1 if the program operates local

offices (0 if not).[11] Table 2 provides summary statistics computed on the estimation sample (N = 113) for the variables used in the baseline analysis.

- Table 2 here -

6. Results

We conduct two sets of ordinary least squares (OLS) estimations whose results are reported in Table 3. First, we run four regressions – one for each version of the transparency index – where we include the six explanatory variables of interest plus $tech\_ctrl$ (models 1-4 of Table 3). Second, we re-estimate these four regressions, including the three controls defined above (models 5-8).

- Table 3 here -

How do the estimates in Table 3 speak to our theoretical hypotheses? Let us start from the discussion of the internal determinants of transparency. First, our variable ngo_involv does not emerge as a significant predictor of more transparency. Point estimates for the ngo_involv coefficient are always positive but never statistically significant, suggesting that H1 does not find confirmation in our data. Second, in support of H2, involvement of public actors is associated with higher levels of transparency. The estimates of the $public\_involv$ coefficient are positive and statistically significant across all regressions. Moreover, the magnitude of the estimated coefficients is remarkably stable. In this regard, the point estimate in model 2 implies that, ceteris paribus, involvement of a public actor in a VSP's central decision-making body is associated with an increase in TI^b of 0.128, which corresponds to almost 52% of a standard deviation for TI^b. This can be interpreted as a relevant variation in

24

transparency as it corresponds to more than half of the average variation in transparency from the sample mean. Finally, the estimated coefficients for *stringency* display a positive sign but they are never statistically significant. Therefore H3, although not discarded by the estimation results, is not robustly confirmed.

Turning to the external determinants of transparency, the empirical analysis provides a number of very robust findings. First, crowding (H4) is a significant predictor of transparency. More precisely, crowding is associated with less transparency. Estimates for the relevant coefficient are robust in terms of sign across all specifications, they are highly significant from a statistical point of view in the four models without controls and they largely meet the 10% requirement in terms of statistical significance when additional controls are added to the specification.[12] Interestingly, the magnitude of the point estimates seem to be attenuating with higher weight placed on the shallow level of disclosure practices in the construction of the transparency index. As an illustration of the relationship implied by our estimates consider again model 2. The estimated *crowding* coefficient implies that, all other things being equal, one standard deviation increase in *crowding* is associated with a decrease in TI^b by almost one fourth (23%) of a standard deviation. As for precision, if one replicates the same quantification with the endpoints of a 90% confidence interval around the estimated coefficient, the decrease in TI^b associated with a one standard deviation increase in *crowding* amounts to 38% and 8% of a standard deviation, respectively for the left and the right endpoint. Second, hypothesis H6 on the positive link between metagovernance and transparency is strongly confirmed by our data. Estimated coefficients for *metagov* are positive and very precisely estimated across all proposed empirical models. Their magnitude is also remarkably robust. The point estimate reported in model 2 and its 90% confidence interval imply that, ceteris paribus, being a member of ISEAL would be associated with a TI^b score of 0.196 units higher (almost 80% of a standard deviation), plus/minus 0.107 units.

Third, the estimated coefficient of the variable $peer\_press$ remains statistically non-different from zero across all specification, suggesting the lack of a systematic relationship between peer pressure and transparency practices in our data. Finally, let us briefly report on the estimated coefficients for the controls which, for the sake of space, are not listed in Table 3. The point estimates of the variable $tech\_ctrl$'s coefficients are all positive, statistically significant, very precisely estimated and with an average value of 0.075 across the eight models. On the contrary, none of the estimated coefficients for the three controls age, $food\_sector$, and $capacity$ turns out to be statistically different from zero.

6.1 Further Estimations

Here we address potential concerns regarding our baseline empirical exercise presented above. First, we replicate the estimations of models 1-4 of Table 3 by removing from the sample the only two VSPs that score the maximum value (1) across all transparency indicators. The estimates show high stability of all our baseline findings with respect to these outliers. Results do not change when including the three additional controls age, $food\_sector$, and $capacity$. Moreover, baseline results remain robust when augmenting the specification with an additional control capturing the democratic quality of domestic institutions.[13] The reasoning is that the institutionalization of democratic norms in a VSP's country of origin could influence transparency practices. Furthermore, we use an alternative control to capture sector specific effects. To this end, we replace the $food\_sector$ variable with a dummy which takes 1 if a program operates in more than one industry sector (0 if the program operates in a single sector). Results of these robustness exercises are not reported in the paper for space considerations but are available upon request.

Finally, we investigate whether the patterns which come out as statistically significant for the aggregate transparency indexes change when considering disclosure practices in each

individual area of operations, i.e. decision-making, standard-setting, verification, and dispute settlement. In doing so, we focus on deep levels of transparency only. Formally, we run a bivariate probit regression for each dummy variable $t_{s;c,deep}$, taking value one if the program s publicly discloses information at a deep level on the corresponding area of operation c. The estimation sample will change across regressions, reflecting the fact that not every VSP is active in all areas of operations. We estimate a parsimonious specification featuring only the three regressors whose coefficients were statistically significant in the baseline model. These are $public\_involv$, $crowding$, and $metagov$. Results do not change when estimating the model with the full set of explanatory variables. Estimates for the four probit models are reported in Table 4. [14]

- *Table 4 here -*

The results support the findings derived from the baseline exercise. The estimated coefficients for $public\_involv$ have, when statistically significant, a positive sign, suggesting a positive relationship between the involvement of public actors and information disclosure in the area of decision making (model 1) and standard setting (model 2). The estimated coefficient for $crowding$ has a negative sign in the three models assessing transparency in decision making, standard setting and verification. Statistical significance is very high in the case of standard-setting. Lastly, $metagov$ appears as a significant determinant of transparency across all individual areas of operations.

7. Discussion and Conclusion

The spread of 'new' transnational governance has come with questions about its accountability. Without recourse to principal-agent forms of accountability, scholars and

practitioners have proposed transparency as a potential solution. Yet, as we have shown, very few studies have documented, and explained variation in, the practice of transparency in transnational governance. Our analysis contributes to filling this gap by examining internal and external factors associated with deep (shallow) transparency practices in a group of 113 voluntary programs focused on sustainability. Several findings and implications follow. First, with internal determinants, our analysis underscores the importance of 'who governs' (van der Ven, 2015: 5-6). We found a robust positive relationship between the involvement of public actors (e.g. representatives from state agencies and ministries) and information disclosure, corroborating one of van der Ven's key findings in this area.[15] This result directly speaks to ongoing debates about the interactions between 'new' transnational governance and 'old' state-led governance (Abbott & Snidal, 2009a; Eberlein et al., 2014; Overdevest & Zeitlin, 2014). It has been argued that greater involvement by government actors in transnational governance could promote "substantive principles and procedures derived from public law to reinforce transparency and accountability" (Abbott & Snidal, 2009b: 558). With a focus on transnational sustainability governors, our results lend empirically support to such claims. We find that, everything else being equal, VSPs with direct public involvement have 'deeper' transparency regimes than those that do not, and that this relationship appears to derive from public actors' participation in decision-making. As argued throughout this article, deep transparency is a necessary condition to enable information users (e.g. critical NGOs, consumer groups, and investors) to act as accounting actors in transnational governance.

Interestingly, NGO involvement does not have the same effect. Our data does not point to a statistically significant relationship between NGO involvement and greater transparency (Abbott & Snidal, 2009a; Grigorescu, 2007; van der Ven, 2015). Various explanations are possible for the absence of an 'NGO effect'. One is that 'insider' NGOs may have little incentives to make sensitive information available to critical 'outsider' NGOs or

other stakeholders, a possibility consistent with the findings of Auld and Gulbrandsen's (2010) comparison of the Marine Stewardship Council and FSC. This explanation would also be consistent with known disagreements among NGOs over the value of market-based sustainability governance (e.g., Schleifer 2019). An alternative explanation is that NGOs, even if formally involved in the central governance body, may lack the institutional power to push through their positions. These are plausible arguments meriting further research that can assess the capacity and institutional power of participating NGOs as well as whether insider-outsider dynamics are at play in shaping the strategic value of different levels of transparency across a VSP's activities (Gulbrandsen & Auld, 2016).

While we do not find statistical support for arguments linking direct NGO participation to transparency, the analysis revealed a very robust relationship between civil society-led metagovernance and information disclosure. Several qualitative studies have shown how metagovernance organizations like the ISEAL Alliance play an important role as norm entrepreneurs in transnational sustainability governance (Dingwerth & Pattberg, 2009; Loconto & Fouilleux, 2014). Our analysis confirms a positive correlation between ISEAL membership and high levels of transparency, suggesting that this specific NGO – working as a metagovernance organization – has been able to hold members to account against norms of procedural best practices to do with decision-making, standards setting, verification, and dispute resolutions. Indeed, compared to the public actor effect, we see that the disaggregate probit model found statistically significant relationships between ISEAL membership and all four areas of operations (decision-making, standard setting, verification and dispute resolution). However, this result needs to be interpreted with care. Based on the statistical analysis alone, it is not possible to clearly establish the direction of the effect. In this regard, the pattern we observe could also partly be the consequence of self-selection – i.e. the fact

that more transparent VSPs worked to establish or joined ISEAL in order to differentiate themselves from their less transparent peers.

Our external determinants reveal two further and notable findings. First, there is no statistical association between our measure of normative peer-pressure and information disclosure. A possible explanation for this lack for convergence could be of a political-institutional nature. Examining the non-convergence of VSPs in the field of transnational labor governance, Fransen (2011) argues that this is due to the persistence of political differences between interest groups creating and supporting these arrangements. A similar explanation could be behind the lack of normative peer-pressure dynamics in the wider population of VSPs. Second, our analysis reveals a robust negative relationship between crowding and transparency. Drawing on the literature on organizational ecology (Hannan & Freeman, 1989), we assumed that crowding intensifies resource competition between VSPs. Our results show that, as these pressures intensify, programs are less willing to openly share sensitive information with their competitors (and the general public). Interestingly, the effect of crowding is strongest in Model 1, which focuses on deep transparency only.[15] However, at least one alternative interpretation of the relationship between crowding and transparency merits discussion. In this regard, it is possible that very high (or low) transparency levels of first-mover programs motivate other actors in these fields to create competitor programs that better correspond to their preferences (see L. Fransen & Conzelmann, 2015). For example, more 'conservative' business actors may decide to create their own programs in response to an overly revelatory first-mover NGO-led program. In other words, as in the case of metagovernance, some of the causality may run the other way around.

Taken together, these factors begin to explain differences in the information disclosure practices of VSPs. In cases in which information users such as critical NGOs, consumer groups, and investors have open access to meeting minutes, audit reports, and

dispute settlement decisions, we expect a higher likelihood that market pressures, public scrutiny, and self-reflection foster accountability in transnational governance. Clearly, 'shallow transparency' will not do the job. At the same time, one should not underestimate the difficulties of 'embedding' the provided information in the behavior of potential accounting actors (Fung, Weil, Graham, & Fagotto, 2004: 10-15). In this regard, information that is provided but not used will not promote accountability either. But this is a second-order question, and our findings suggest that the causal chain gets interrupted at an earlier stage already. In the field of sustainability politics, the vast majority of transnational governors simply disclose too little information to make Fung et al.'s transparency action cycle swing.

Beyond accountability, the dominance of shallow transparency in our dataset points to the need for further analysis of the strategic value of privacy versus transparency from the perspective of VSPs. Operating in markets, these sustainability governors confront longstanding norms of commercial secrecy, where certain information is closely guarded for competitive reasons. Moreover, with few exceptions, work on VSPs is skewed towards certain cases (e.g. the forest and coffee sectors) or particular programs (e.g. the FSC) and particular metagovernors (e.g. ISEAL Alliance). Indeed, transparency also affects the ease with which academics can study different VSPs, creating a potential bias in our knowledge towards those programs that disclose more information about their operations. Incomplete and variegated transparency in the practices of transnational governance has, in other words, significance beyond questions of accountability.

Notes

1. See Auld and Gulbrandsen (2010) for a notable exception.

2. The quantitative research agenda on transnational sustainability governance is still in its infancy. See Marx (2010), van der Ven (2015), and Darnall et al. (2017) for important exceptions.

3. More details can be found under www.standardsmap.org. Please note that the online tool does not contain the full SMD, which was used as a basis for this article.

4. Another important database of VSPs is the Ecolabel Index (http://www.ecolabelindex.com/). It includes a larger number of VSPs than the SMD (in particular more domestic programs and corporate codes of conduct). However, it contains fewer data point per program – about 60 in comparison to about a 1,000 data points per VSP in the full SMD.

5. A description of the ITC's data collection protocols can be found under the following weblink: http://www.intracen.org/itc/market-data/standards-map/participating-standards/.

6. For a more detailed introduction to the SMD please see Fiorini et al. (2018).

7. Please note that normalizing the transparency indexes to vary between 0 and 1 makes the actual levels of the weights irrelevant, as long as the ratio between them is kept constant. For instance, any other weighting scheme that assigns to the shallow level of transparency a weight which is half of that assigned to a deep level of transparency would generate the same transparency index as TI^c.

8. See https://www.isealalliance.org/our-members for details.

9. Unfortunately, our data does not allow us to distinguish between public actors from democracies and non-democracies (Grigorescu 2007). Therefore, we can only examine the general effect of public actor involvement on transparency.

10. The main results of the baseline analysis conducted below do not change if we take as empirical measure of stringency each individual component of our composite stringency indicator (degree of obligation, standard scope, and audit type).

11. The baseline results presented below remain robust to an alternative proxy for organizational capacity which takes value 0 when the program as no local office beyond the headquarter; 1 when the system has one local office; 2 for two to four local offices; 3 for five to nine local offices; and 4 for a number of local offices which is greater or equal to 10.

12. The p-values associated to the estimates of the *crowding* coefficient in models 4 to 8 in Table 3 are respectively equal to 0.055; 0.053; 0.065; and 0.083.

13. We measure domestic institutions by using the Voice and Accountability indicator from the World Bank's Worldwide Governance Indicators corresponding to the country where a VSP has its headquarters.

14. Our probit models are based on the following assumptions: (i) for each area of operations c, there exists an underlying unobservable (latent) variable capturing VSPs' utility from disclosing information on that particular area (U^c); (ii) this utility is a linear function of the explanatory variables included in the specification. Formally:

$$U_s^c = \alpha + \beta_1\, public\_involv_s + \beta_2 crowding_s + \beta_3 metagov_s + u_s$$

with u being an error term distributed normally with mean 0; and (iii) when U_s^c is greater than 0 we observe $t_{s;c,deep} = 1$, when instead the utility is negative we observe $t_{s;c,deep} = 0$. The estimates reported in Table 5 are to be interpreted as the estimated marginal effect of each regressor with respect to the latent variable U^c.

Marginal effects on the probability of observing $t_{s;c,deep} = 1$ (which have the same signs as the estimated marginal effects in Table 5) are available upon request.

15. Unfortunately, our data does not allow us to distinguish between government actors from democratic and non-democratic countries. But, following the logic of the argument laid out above, we hypothesize that the effect should only hold for state actors from democratic countries.

16. Van der Ven found no statistically significant effect between crowding and best practice compliance, although the sign of his competition coefficient is likewise negative. A possible explanation for these discrepancies are differences in the samples between the two studies. For example, by not including multi-sector programs in his analysis, van der Ven may have underestimated the effect of crowding – a caveat he discusses himself (van der Ven, 2015: 14).

References

Abbott KW, Green JF, Keohane RO (2016) Organizational Ecology and Institutional Change in Global Governance. *International Organization* 70, 247-277.

Abbott KW (2012) Engaging the Public and the Private in Global Sustainability Governance. *International Affairs* 88, 543-564.

Abbott KW, Snidal D (2009a) The Governance Triangle: Regulatory Standards Institutions and the Shadow of the State. In: Mattli W, Woods N (eds) *The Politics of Global Regulation*, pp. 44-88. Princeton University Press, Princeton, NJ.

Abbott KW, Snidal D (2009b) Strengthening International Regulation through Transnational New Governance: Overcoming the Orchestration Deficit. *Vanderbilt Journal of Transnational Law* 42, 501–578.

Auld G (2014) *Constructing Private Governance: The Rise and Evolution of Forest, Coffee, and Fisheries Certification*. Yale University Press, New Haven, CT.

Auld G, Gulbrandsen LH (2010) Transparency in Nonstate Certification: Consequences for Accountability and Legitimacy. *Global Environmental Politics* 10, 97-119.

Bäckstrand K (2006) Democratizing Global Environmental Governance? Stakeholder Democracy after the World Summit on Sustainable Development. *European Journal of International Relations* 12, 467-498.

Bäckstrand K, Zelli F, Schleifer P (2018) Legitimacy and Accountability in Polycentric Climate Governance. In: Jordan A, Huitema D, van Asselt H (eds) *Governing Climate Change Polycentricity in Action?*, pp. 338-357. Cambridge University Press. Cambridge.

Bartley, T (2014) Transnational Governance and the Re-Centered State: Sustainability or

Legality? Regulation & Governance 8, 93-109.

Berliner D (2014) The Political Origins of Transparency. *The Journal of Politics* 76, 479-491.

Biermann F, Gupta A (2011) Accountability and Legitimacy in Earth System Governance: A Research Framework. *Ecological Economics* 70, 1856-1864.

Black J (2008) Constructing and Contesting Legitimacy and Accountability in Polycentric Regulatory Regimes. *Regulation & Governance* 2, 137-164.

Bloomfield MJ, Schleifer P (2017) Tracing Failure of Coral Reef Protection in Nonstate Market-Driven Governance. *Global Environmental Politics* 17, 127-146.

Buchanan A, Keohane RO (2006) The Legitimacy of Global Governance Institutions. *Ethics & International Affairs* 20, 405-437.

Cashore B, Auld G, Newsom D (2004) *Governing through Markets: Forest Certification and the Emergence of Non-State Authority*. Yale University Press, New Haven, CT.

Darnall N, Ji H, Potoski M (2017) Institutional Design of Ecolabels: Sponsorship Signals Rule Strength. *Regulation & Governance* 11, 438-450.

DiMaggio PJ, Powell WW (1991) The New Institutionalism in Organizational Analysis. University of Chicago Press, Chicago, IL.

Dingwerth K (2007) *The New Transnationalism: Transnational Governance and Democratic Legitimacy*. Palgrave Macmillan, Basingstoke and New York.

Dingwerth K, Pattberg P (2009) Word Politics and Organizational Fields: The Case of Transnational Sustainability Governance. *European Journal of International Relations* 15, 707-744.

Donaldson M, Kingsbury B (2013) The Adoption of Transparency Policies in Global Governance Institutions: Justifications, Effects, and Implications. *Annual Review of Law and Social Science* 9, 119-147.

Dryzek J (2000) *Deliberative Democracy and Beyond: Liberals, Critics, Contestations*. Oxford University Press, Oxford.

Eberlein B, Abbott KW, Black J, Meidinger E, Wood S (2014) Transnational Business Governance Interactions: Conceptualization and Framework for Analysis. *Regulation & Governance* 8, 1-21.

Fiorini M, Hoekman B, Jansen M, Schleifer P, Solleder O, Taimasova R, Wozniak J (2018) Institutional Design of Voluntary Sustainability Standard Systems: Evidence from a New Database. *Development Policy Review*. DOI: 10.1111/dpr.12379.

Florini A (2003) *The Coming Democracy: New Rules for Running a World*. Island Press, Washington, DC

Florini AM (2002) Increasing Transparency in Government. *International Journal on World Peace* 19, 3-37.

Fox J (2007) The Uncertain Relationship between Transparency and Accountability. *Development in Practice* 17, 663-671.

Fransen L, Burgoon B (2011) A Market for Worker Rights: Explaining Business Support for International Private Labour Regulation. *Review of International Political Economy* 19, 236-266.

Fransen L, Conzelmann T (2015) Fragmented or Cohesive Transnational Private Regulation of Sustainability Standards? A Comparative Study. *Regulation & Governance* 9, 259-275.

Fransen LW (2011) Why Do Private Governance Organizations Not Converge? A Political–Institutional Analysis of Transnational Labor Standards Regulation. *Governance* 24, 359-387.

Fung A, Weil D, Graham M, Fagotto E (2004) The Political Economy of Transparency: What Makes Information Disclosure Policies Effective? *Occasional Paper 03-04*, John F. Kennedy School of Government. Harvard University.

Fung A, Graham M, Weil D (2008) *Full Disclosure: The Perils and Promise of Transparency*. Cambridge University Press, Cambridge.

Glasbergen P (2011) Mechanisms of Private Meta-Governance: An Analysis of Global Private Governance for Sustainable Development. *International Journal of Strategic Business Alliances* 2, 189-206.

Grant RW, Keohane RO (2005) Accountability and Abuses of Power in World Politics. *American Political Science Review* 99, 29-43.

Grigorescu A (2003) International Organizations and Government Transparency: Linking the International and Domestic Realms. *International Studies Quarterly* 47, 643-667.

Grigorescu A (2007) Transparency of Intergovernmental Organizations: The Roles of Member States, International Bureaucracies and Nongovernmental Organizations. *International Studies Quarterly* 51, 625-648.

Gulbrandsen LH (2008a) Accountability Arrangements in Non-State Standards Organizations: Instrumental Design and Imitation. *Organization* 15, 563-583.

Gulbrandsen LH (2014) Dynamic Governance Interactions: Evolutionary Effects of State Responses to Non-State Certification Programs. *Regulation & Governance* 8, 74-92.

Gulbrandsen, LH and Auld G (2016) Contested Accountability Logics in Evolving Nonstate Certification for Fisheries Sustainability. *Global Environmental Politics* 16, 42-60.

Gupta A (2010) Transparency in Global Environmental Governance: A Coming of Age? *Global Environmental Politics* 10, 1-9.

Gupta A, Mason M (2014) A Transparency Turn in Global Environmental Governance. In: Gupta A, Mason M (eds) *Transparency in Global Environmental Governance: Critical Perspectives*, pp. 3-39. MIT Press, Cambridge, MA.

Hale TN (2008) Transparency, Accountability, and Global Governance. *Global Governance: A Review of Multilateralism and International Organizations* 14, 73-94.

Hannan MT, Freeman J (1989) *Organizational Ecology*. Cambridge University Press, Cambridge.

Keck ME, Sikkink K (1998) *Activists beyond Borders: Advocacy Networks in International Politics*. Cornell University Press, Ithaca, NY.

Kramarz T, Park S (2016) Accountability in Global Environmental Governance: A Meaningful Tool for Action? *Global Environmental Politics* 16, 1-21.

Loconto A, Fouilleux E (2014) Politics of Private Regulation: ISEAL and the Shaping of Transnational Sustainability Governance. *Regulation & Governance* 8, 166-185.

March JG, Olsen JP (1998) The Institutional Dynamics of International Political Orders. *International Organization* 52, 943-969.

Marx A, Cuypers D (2010) Forest Certification as a Global Environmental Governance Tool. What is the Macro-Impact of the Forest Stewardship Council? *Regulation & Governance* 4, 408-434.

Mitchell RB (1998) Sources of Transparency: Information Systems in International Regimes. *International Studies Quarterly* 42, 109-130.

Mol APJ (2010) The Future of Transparency: Power, Pitfalls and Promises. *Global Environmental Politics* 10, 132-143.

Overdevest C (2010) Comparing Forest Certification Schemes: The Case of Ratcheting Standards in the Forest Sector. *Socio-Economic Review* 8, 47-76.

Overdevest C, Zeitlin J (2014) Assembling an Experimentalist Regime: Transnational Governance Interactions in the Forest Sector. *Regulation & Governance* 8, 22-48.

Pattberg P (2005) The Institutionalization of Private Governance: How Business and Nonprofit Organizations Agree on Transnational Rules. *Governance* 18, 589-610.

Potoski M, Prakash A (2009) A Club Theory Approach to Voluntary Programs. In: Potoski M, Prakash A (eds) *Voluntary Programs: A Club Theory Perspective*, pp. 17-39. MIT Press, Cambridge, MA.

Prakash A, Potoski M (2007) Collective Action through Voluntary Environmental Programs: A Club Theory Perspective. *Policy Studies Journal* 35, 773-792.

Risse T, Roop SC, Sikkink K (1999) The Power of Human Rights: International Norms and Domestic Change. Cambridge University Press, Cambridge.

Rosenau JN (1992) Governance, Order, and Change in World Politics. In: Rosenau JN, Czempiel EO (eds) *Governance without Government: Order and Change in World Politics*, pp. 1-29. Cambridge University Press, Cambridge.

Schedler A (1999) Conceptualizing Accountability. In: Schedler A, Diamond L, Plattner M (eds) *The Self Restraining State: Power and Accountability in New Democracies* pp. 13-29. Lynne Rienner, London.

Schleifer P (2013) Orchestrating Sustainability: The Case of European Union Biofuel Governance. *Regulation & Governance* 7, 533-546.

Schleifer P (2019) Varieties of Multi-Stakeholder Governance: Selecting Legitimation Strategies in Transnational Sustainability Politics. *Globalizations*. 16, 50-66.

Scholte JA (2011) Building Global Democracy? Civil Society and Accountable Global Governance. Cambridge University Press, Cambridge.

Strang D (1991) Adding Social Structure to Diffusion Models: An Event History Framework. *Sociological Methods & Research* 19, 324-353.

Tallberg J, Sommerer T, Squatrito T, Jönsson C (2014) Explaining the Transnational Design of International Organizations. *International Organization* 68, 741-774.

van der Ven H (2015) Correlates of Rigorous and Credible Transnational Governance: A Cross-Sectoral Analysis of Best Practice Compliance in Eco-Labeling. *Regulation & Governance* 9, 276-293.

Welch EW (2012) The Relationship between Transparent and Participative Government: A Study of Local Governments in the United States. *International Review of Administrative Sciences* 78, 93-115.

Tables

Table 1   Measures of transparency

Area of operation/ degree of transparency	Shallow	Deep
Decision-making	Disclosure of information about the composition of the main governing body	Disclosure of meeting minutes of the main governing body
Standard-setting	Disclosure of documents about the content of standards	Disclosure of information about the standard-setting process (e.g. comments from stakeholder consultations)
Verification	Disclosure of information about certificate holders (e.g. name of company, validity of certificate)	Disclosure of information about certification decisions (e.g. audit reports)
Dispute-settlement	Disclosure of information about dispute resolution policies	Disclosure of information about dispute resolution decisions (e.g. documentation about individual cases)

Table 2 Summary statistics

Variable	mean	median	sd	min	max
TI^a	0.232	0.250	0.273	0	1
TI^b	0.333	0.300	0.247	0	1
TI^c	0.401	0.333	0.240	0	1
TI^d	0.449	0.429	0.239	0	1
ngo_involv	0.265	0	0.444	0	1
$public\_involv$	0.133	0	0.341	0	1
$stringency$	0.694	0.716	0.138	0	0.941
$crowding$	18.703	20.241	6.246	5.271	31.263
$peer\_press^a$	0.201	0.200	0.053	0	0.360
$peer\_press^b$	0.317	0.320	0.058	0	0.457
$peer\_press^c$	0.395	0.400	0.065	0	0.521
$peer\_press^d$	0.451	0.459	0.072	0	0.567
$metagov$	0.195	0	0.398	0	1
$tech\_ctrl$	3.310	4	0.825	1	4
age	15.549	14	8.604	2	49
$food\_sector$	0.690	1	0.464	0	1
$capacity$	0.469	0	0.501	0	1

NOTE. – Summary statistics are computed on the estimation sample of 113 observations.

Table 3 Estimation results

Dep var:	Model 1 TI^a	Model 2 TI^b	Model 3 TI^c	Model 4 TI^d	Model 5 TI^a	Model 6 TI^b	Model 7 TI^c	Model 8 TI^d
ngo_involv	0.050	0.029	0.013	0.003	0.048	0.028	0.014	0.005
	(0.068)	(0.060)	(0.057)	(0.055)	(0.072)	(0.063)	(0.059)	(0.058)
public_involv	0.136*	0.128**	0.126**	0.125**	0.140*	0.135**	0.134**	0.134**
	(0.070)	(0.063)	(0.061)	(0.061)	(0.071)	(0.066)	(0.065)	(0.066)
stringency	0.315	0.278	0.240	0.209	0.348*	0.294	0.247	0.211
	(0.198)	(0.187)	(0.186)	(0.190)	(0.194)	(0.180)	(0.179)	(0.184)
crowding	-0.010***	-0.009**	-0.008**	-0.007**	-0.009*	-0.008*	-0.008*	-0.007*
	(0.004)	(0.004)	(0.003)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
peer_press	-0.436	-0.383	-0.286	-0.218	-0.473	-0.404	-0.311	-0.250
	(0.441)	(0.333)	(0.303)	(0.300)	(0.457)	(0.344)	(0.318)	(0.319)
metagov	0.213***	0.196***	0.188***	0.182***	0.210***	0.192***	0.181***	0.175***
	(0.073)	(0.065)	(0.060)	(0.057)	(0.073)	(0.065)	(0.060)	(0.057)
Controls					✓	✓	✓	✓
Observations	113	113	113	113	113	113	113	113
R-squared	0.278	0.293	0.286	0.271	0.281	0.296	0.291	0.278

NOTE. – All specifications include a technical control (*tech_ctrl*), measuring the number of areas in which a program is active. The controls included in the last three columns are: (i) *age*; (ii) *food_sector*; and (iii) *capacity*. The variable *peer_prs* is consistent with the specific version of the transparency index in each column. Robust standard errors are reported between brackets. * p<0.10, ** p<0.05, *** p<0.01.

**Table 4** Bivariate probit regression estimates

Area of operations:	Model 1 *Decision making*	Model 2 *Standard setting*	Model 3 *Verification*	Model 4 *Dispute settlement*
public_involv	0.868**	1.298***	0.123	-0.300
	(0.409)	(0.411)	(0.413)	(0.589)
crowding	-0.027	-0.064***	-0.025	0.018
	(0.028)	(0.023)	(0.031)	(0.045)
metagov	0.972***	0.970***	0.726**	0.700*
	(0.355)	(0.328)	(0.360)	(0.388)
Observations	113	107	87	67
Pseudo R-squared	0.152	0.231	0.092	0.201

NOTE. – Robust standard errors are reported between brackets. * p<0.10, ** p<0.05, *** p<0.01.

Figures

Figure 1   Proliferation of VSPs over time
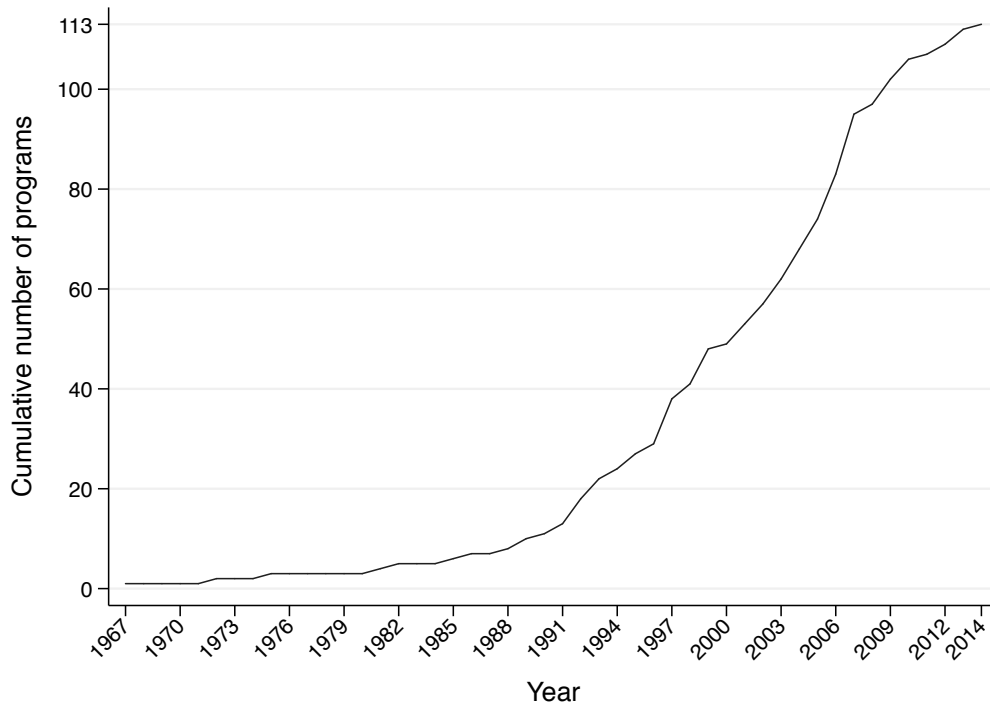
Figure 2   Shallow and deep transparency across areas of operation
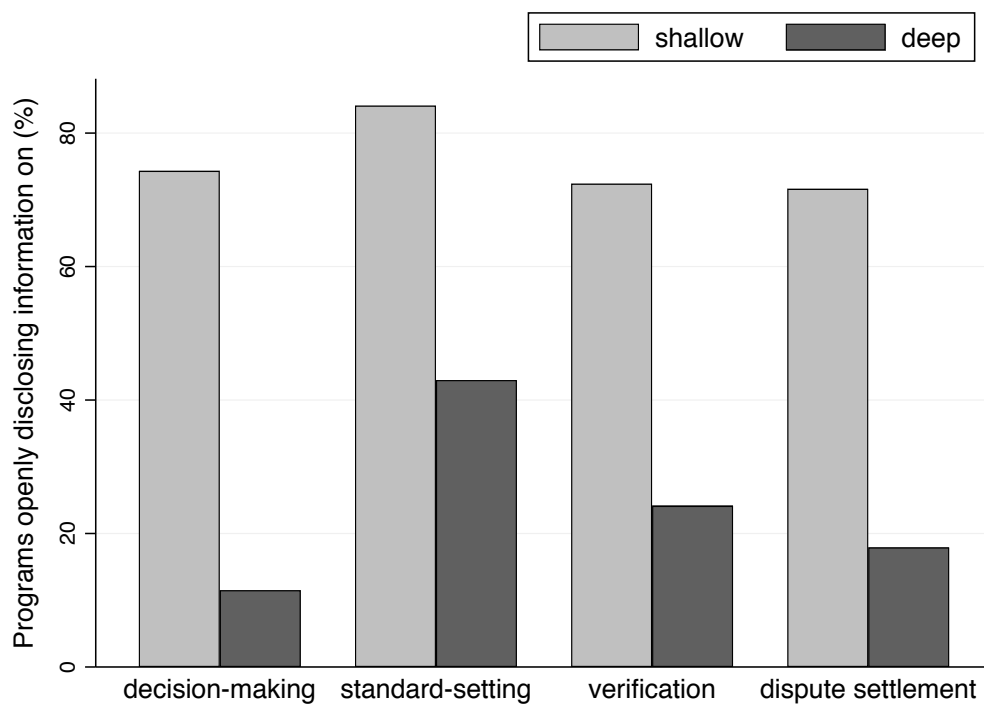
Figure 3 Distribution of the transparency indexes (percent of programs)

Acknowledgements