

Governing Corporations in National and Transnational Spaces: Cross-Level Governmental Orchestration of Corporate Social Responsibility in South Korea

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ABSTRACT The loose spatial and temporal coordination of national and transnational governmental corporate social responsibility (CSR) strategies enables multinational corporations (MNCs) to externalize irresponsible behaviours. Political CSR (PCSR) and ‘government and CSR’ studies show how governmental authority shapes CSR at the domestic *and* transnational levels but provide only limited insights into how to govern MNCs *across* levels and *over time*. Combining the concept of orchestration with insights from power transition theory, we theorize cross-level governmental orchestration as power-imbued, dynamic, and involving multiple modes of orchestration. Through an analysis of how the South Korean state has deployed CSR domestic and transnational strategies over 30 years, we induce three configurations of cross-level governmental orchestration, blending coercive, directive, delegative and facilitative modes of orchestration, and identify the mechanisms behind Korea’s transition from one configuration to another. Our results: (1) contribute to PCSR and ‘government and CSR’ studies by conceptualizing a systemic and dynamic view of cross-level orchestration of governmental CSR strategies; (2) advance transnational governance studies by consolidating orchestration theories and considering coercive power, and (3) add to power transition theory by explaining how regulatory capacity-building enables shifts of cross-level orchestration configurations.

Keywords: corporate social responsibility, cross-level governmental orchestration, CSR, government, orchestration, power transition theory, South Korea, transnational governance

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INTRODUCTION

The long-lasting interest of management scholars in how governments influence the affairs of multinational corporations (MNCs) (Musacchio and Lazzarini, 2014) has been renewed by the COVID-19 crisis and the climate emergency (Crane and Matten, 2021; Levy, 2021; Wright et al., 2021). This context has enhanced the adoption of corporate-focused *governmental strategies*, which we define after Schneider and Scherer (2019) as ‘the system of public goals, strategies, laws, regulations, incentives and funding priorities that governmental agencies or their representatives implement to motivate, facilitate, and shape’ the activities of business firms (p. 1148). This upsurge of governmental strategies is especially salient in the domain of corporate social responsibility (CSR) that corresponds to ‘context-specific organisational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance’ (Aguinis and Glavas, 2012, p. 933). We have indeed witnessed a proliferation of policies mandated by national, regional, and transnational bodies (Giamporcaro et al., 2023; Hartwell and Devinney, 2024; Knudsen and Moon, 2017; Kourula et al., 2019; Schneider and Scherer, 2019; Wickert, 2021). Recognizing this trend, political CSR (PCSR) studies have shifted away from focusing on MNCs as playing the role of government through CSR (Matten and Crane, 2005; Scherer and Palazzo, 2011) to investigating how governmental authority can shape the CSR behaviour of MNCs (Scherer et al., 2016; Wickert and Van Witteloostuijn, 2023). Relatedly, a research field dedicated to ‘government and CSR’ has started investigating and theorizing CSR-government interactions (Gond et al., 2011; Knudsen and Moon, 2017, 2022; Moon and Vogel, 2008).

While PCSR and ‘government and CSR’ studies have analysed the mechanisms whereby governments influence CSR at the domestic or transnational level (Giamporcaro et al., 2020; Schneider and Scherer, 2019), our knowledge of how governmental CSR strategies are deployed *across* levels and *over time* remains limited (Hartwell and Devinney, 2024; Knudsen and Moon, 2017). This blind spot prevents an effective regulation of CSR as time inconsistencies and misalignment between domestic and transnational CSR policies enable MNCs’ irresponsible activities (Strike et al., 2006; Surroca et al., 2013), as exemplified by instances of sexual harassment at Mattel’s factories in China. This oversight is also at odds with the fact that changing geopolitical landscapes enhance MNCs-government interactions across domestic and transnational levels (Bo et al., 2019; Esper et al., 2023), as illustrated with the enforcement of new standards of labour and environmental protections from international trade agreements like the Trans-Pacific Partnership.

To investigate further the dynamic interactions of governmental CSR strategies at domestic and transnational levels, we combine insights from transnational governance studies and power transition theory. Transnational governance studies show that governments are involved in global governance processes shaping corporate behaviours (Kaplan and Lohmeyer, 2021; Leitheiser, 2021), and that domestic governmental strategies are shaped in return by transnational regulations that influence their capacities to govern business locally (Bo et al., 2019; Marques and Eberlein, 2021). This stream of research has advanced the concept of orchestration – initially defined as a ‘wide range of directive and facilitative measures designed to convene, empower, support and steer public and private actors engaged in regulatory activities’ (Abbott and Snidal, 2009a, p. 510) – that can further our understanding of how governments

shape business conduct across domestic and transnational levels in the domain of CSR. The concept of orchestration can explain how governments regulate public and private actors in transnational spheres (Abbott and Snidal, 2010; Henriksen and Ponte, 2018) and has found its way in management to analyse how governments can shape business conduct (Eberlein, 2019; Giamporcaro et al., 2020). However, studies of orchestration offer fragmented views of how governments operate across domestic and transnational levels and focus mainly on softer forms of governmental power.

To explain how governmental orchestration operates at *both* domestic and transnational levels, while considering more *coercive forms of power* and their *temporal deployment* we integrate distinct views on orchestration with insights from power transition theory (Aydin, 2021; Lavenex et al., 2021). Power transition theory is a political science framework that analyses how states change their international roles by leveraging their domestic capacities to regulate firms (Aydin, 2021; Lavenex et al., 2021). The focus of this theory on how domestic and transnational forms of coercive power interact over time makes it useful to theorize cross-level, temporal, and coercive forms of governmental orchestration.

Empirically, we focus on South Korea (henceforth, Korea) as our case study, and its governance of CSR at both levels. Combining historical data covering over three decades and 34 interviews with CSR experts, we analyse how Korea orchestrated its domestic and transnational governmental strategies to shape corporate behaviour in relation to CSR over the last 30 years. We analytically induce three configurations of cross-level governmental orchestration involving governmental, non-governmental and business actors: *coopting*, *embedding*, and *leveraging*. Our results also document three regulatory capacity-building mechanisms that explain how Korea shifted from one configuration of cross-level orchestration to another: *socialization*, *transnational seeding*, and *domestic specialization*.

Our study offers three contributions. First, we advance the PCSR and the ‘government and CSR’ studies (Giamporcaro et al., 2020; Knudsen and Moon, 2017, 2022; Scherer et al., 2016; Schneider and Scherer, 2019) by theorizing how governmental CSR strategies are orchestrated across domestic and transnational levels and accounting for the systemic and dynamic nature of this process. Second, we contribute to transnational governance studies (Djelic and Quack, 2018; Eberlein et al., 2014) by consolidating and extending the concept of orchestration (Abbott et al., 2016, 2021) to integrate coercive forms of power. Third, we add to power transition theory (Aydin, 2021; Lavenex et al., 2021) by showing how regulatory capacity-building enables states to shift configurations of cross-level orchestration.

GOVERNING CSR WITHIN AND BETWEEN DOMESTIC AND TRANSNATIONAL SPACES: A CONSOLIDATED VIEW OF ORCHESTRATION

Governmental Intervention in CSR

Governmental intervention in MNCs’ affairs has been a major inquiry in management studies (Musacchio and Lazzarini, 2014; Wright et al., 2021). Some management scholars have

argued that states have influenced MNCs' operations by changing their management of subsidiaries (Doz and Prahalad, 1980) or their social or environmental activities (Child and Tsai, 2005; Luo, 2006). Defining PCSR as 'activities where CSR has an intended or unintended political impact, or where intended or unintended political impacts on CSR exist' (Frynas and Stephens, 2015, p. 483), a stream of management research has highlighted a growing power and scope of MNCs beyond a single national regulatory territory. Relying on evidence that MNCs act as governments by providing public goods or administering civil rights (Scherer and Palazzo, 2011), strategically avoid regulations (Surroca et al., 2013) or locate their operations in countries where they can capture regulatory issues (Scherer et al., 2006), early PCSR research has emphasized firms' political role in filling governance gaps.

While these early analyses of PCSR – also known as 'PCSR 1.0' – centred on the erosion of the state power in a globalized and multi-stakeholder-based context (Kourula et al., 2019; Matten and Crane, 2005; Scherer and Palazzo, 2011), and approached states as one stakeholder group among many others (for a critical appraisal, see Wickert and Van Witteloostuijn, 2023), recent PCSR studies – sometimes referred to as 'PCSR 2.0' – recognize the prominence of the state in the CSR context (Scherer et al., 2016; Schneider and Scherer, 2019). This analytical turn has been consolidated by the upsurge of CSR regulations in the domain of sustainable finance or corporate reporting, especially in Europe (Giamporcaro et al., 2023; Marti et al., 2023).

Moving beyond the conventional focus of the USA and Europe as CSR championing countries (Matten and Moon, 2008, 2020), governments in non-Western countries have heavily relied on CSR to build their policy agenda. For instance, India's two per cent bill requires companies to spend at least two per cent of their profits annually on CSR, while the Korean government has launched its 'Korean Green Taxonomy' – a classification of green economic activities contributing to six environmental goals (including greenhouse gas reduction, and climate change adaptation), which is equivalent to the EU green Taxonomy. Acknowledging this change, PCSR scholars have deepened their analysis of the power of governments vis-à-vis MNCs in the CSR space (Scherer et al., 2016; Wickert and Van Witteloostuijn, 2023). This argument – referred to as the 'return of the state' – became more prominent in the post-Covid world and with a growing concern of climate change (Crane and Matten, 2021; Levy, 2021); it led to calls for refocusing management and PCSR scholars' attention on governmental power in PCSR (Scherer, 2018; Wickert, 2021).

A growing stream of research emerged at the overlap of PCSR and the field of 'government and CSR' studies (Knudsen and Moon, 2017) to theorize how governments intervene in CSR activities and codes of conduct (Schneider and Scherer, 2019; Vallentin and Murillo, 2012, 2022). Prior works have documented the changing yet lasting governmental influence in CSR across diverse countries (Giamporcaro et al., 2020; Vallentin, 2015; Zueva and Fairbrass, 2021). These studies approach governments as 'strategic agents' in the CSR arena (Esper et al., 2023; Giamporcaro et al., 2020; Moon and Vogel, 2008; Vallentin, 2015), and have analysed how governmental CSR strategies operate at a national level by theorizing the mechanisms underlying the impact of these strategies (Schneider and Scherer, 2019) or by clarifying how such governmental strategies interact in countries such as France (Giamporcaro et al., 2020) or Canada (Boghossian and Marques, 2019).

Recent research also suggests that CSR can be a strategic tool for governments beyond national borders, and that it has been instrumented as a political, diplomatic device (Frig and Sorsa, 2020; Zueva and Fairbrass, 2021). Frig and Sorsa (2020), for instance, theorize governmental sustainability policies as ‘nation branding strategies’ that aim at enabling businesses’ adoption of sustainable practices. Relying on evidence from the Russian Federation, Zueva and Fairbrass (2021) show that governments use the ‘discourse of CSR’ to extend their power and reach over local and global business actors.

This growing role of government in the global CSR governance arena and its importance across geopolitical contexts have been accelerated by the rise of governmental involvement with global CSR frameworks such as the United Nations Global Compact (UNGC) and the UN Sustainable Development Goals (Vallentin and Murillo, 2022; Wickert, 2021). This recognition of CSR as a strategic item for governments at a transnational level (Knudsen and Moon, 2017; Scherer et al., 2016) is consistent with insights from transnational governance studies that show how governments act as intermediaries in global governance, by participating in initiatives that produce, shape, or diffuse CSR-related regulations or standards (Djelic and Quack, 2018; Eberlein, 2019).

Despite the acceptance of the strategic relevancy of CSR for governments at local and global levels, our understanding of governmental capacities to regulate CSR across levels and over time remains limited (Hartwell and Devinney, 2024; Knudsen and Moon, 2017). This is problematic, because it hinders governmental capacity from regulating CSR effectively, as MNCs can take advantage of temporal lags or misalignment between domestic and transnational CSR policies to externalize irresponsible practices in subsidiaries’ countries (Strike et al., 2006; Surroca et al., 2013). This neglect is also at odds with the empirical evidence that government-MNCs relations become more frequent across domestic and transnational spaces because of changes in the geopolitical landscape (Bo et al., 2019; Esper et al., 2023).

In this paper we seek to address such limitations by considering the geopolitical context within which governments influence CSR, by focusing on how governments shape CSR *not only* at the national *but also* the transnational level, and by investigating how governmental strategies at both levels interact *over time*. To consolidate current understanding of how governments influence corporations CSR locally, globally, and dynamically, we turn to orchestration – a promising concept from the transnational governance literature.

The Governmental Orchestration of Business Conduct

Orchestration is aimed at rethinking the new global forms of governance, and accounting for the explosion of ‘soft’ regulations, such as private standards or schemes of certification since the late 1990s (Abbott and Snidal, 2009b). As various measures to lead public and private actors to engage in regulatory activities (Abbott and Snidal, 2009a), this framework offers the distinction between two modes of orchestration: *Directive* orchestration involves the ‘use of mandatory rules, binding conditions on public benefits, and similar measures’ (p. 544) to steer regulatory standard setting in desired directions, while *facilitative* orchestration

refers to ‘encourage and enhance the development of desired forms’ (p. 545) of regulatory standard settings. Both states and intergovernmental organizations (IOs) are considered potential ‘orchestrators’, as the state ‘remains a significant player, but as an orchestrator rather than a top-down commander’ and pursues public goals by influencing a set of intermediaries, that is, by ‘promoting and empowering a network of public, private-sector, and civil society actors and institutions, all of which are encouraged to engage in various “regulatory” (including self-regulatory) activities’ (Abbott and Snidal, 2009a, p. 521).

Studies of orchestration through the 2010s have documented how IOs such as the UN, the Organization for Economic Cooperation and Development (OECD), and the International Organization for Standardization (ISO) orchestrated business conduct (Bartley, 2010; Voegtlin and Scherer, 2017). Accordingly, analyses of orchestration refocused on IOs as key orchestrators, approached orchestration as a phenomenon relevant in the transnational rather than the domestic space, and neatly distinguished orchestration as a ‘soft’ and ‘indirect’ rather than a ‘hard’ and ‘hierarchical’ mode of regulation (Abbott et al., 2016, 2021).

Orchestration was therefore redefined as what happens when IOs ‘enlist intermediary actors on a voluntary basis, by providing them with ideational and material support, to address target actors in pursuit of IO governance goals’ (Abbott et al., 2021, p. 1). Though narrower, this transnational view on orchestration advanced the analysis of how intermediaries were strategically mobilized by an orchestrator in the transnational space, depending on their capacities (Abbott et al., 2021). It is useful to investigate regulatory-setting dynamics in domains such as financial regulation in the context of G-20 (Viola, 2015) or the labour standard development in partnership with labour unions by the ILO (Baccaro, 2015).

Scholars have recently reverted to Abbott and Snidal’s (2009a, 2009b) foundational view on orchestration, leveraging this concept to explore how governments shape business conduct within their jurisdiction (Eberlein, 2019; Giamporcaro et al., 2020; Henriksen and Ponte, 2018; Marques and Eberlein, 2021). They showed that some transnational modes of governance would work at the domestic level and documented how governments combined directive and facilitative modes of governance and engaged extensively in the delegation of their prerogative to specific actors to facilitate regulation (Giamporcaro et al., 2020) – an approach that we refer to here as *delegative orchestration* of business conduct. This shift towards governmental orchestrations, however, does not fully account for the ‘return of the state’ (Wright et al., 2021) and its geopolitical ramifications (Esper et al., 2023; Levy, 2021). Governments can mobilize coercive forms of power to progress their goals and Abbott’s (2017) analysis hinted at the fact that states can be effective orchestrators, structuring governance networks not only within but also beyond their own territory.

As depicted on Figure 1, contemporary views on governmental orchestration remain fragmented in the sense that: (a) they have not explored whether and how the state authority can be used on a coercive mode (Weber, 1978 [1922]) to mobilize intermediaries in the context of orchestration; (b) they have focused either on ‘softer’ forms of orchestration by IOs in the transnational space or ‘harder’ forms of orchestration in the domestic space, but have neglected to analyse how governments use multiple orchestration modes in both these spaces; (c) the fact that orchestration includes a ‘meta’ or ‘cross-level’ component, as mobilizing intermediaries *both* in domestic and transnational spaces itself required orchestration, has been overlooked. Grey areas on Figure 1 describe these

| | | Orchestration space <i>Where are intermediaries deployed?</i> | | |
|--|---------------------|---|--|---|
| | | Domestic level | Transnational level | |
| Orchestration mode <i>How are intermediaries mobilized?</i> | Soft > power > Hard | Domestic governmental interventions combining directive and facilitative modes of governance (Hendrike & Ponte, 2018; Giamporcaro et al., 2020) | Geopolitical governmental engagement with rule-making (power transition theory) | Multimodal orchestration <i>How are various modes of orchestration combined?</i> |
| | Soft < power < Hard | | International organizations orchestration regulation of governments through soft law (Abbott et al., 2012, 2021) | |
| | | Cross-level orchestration <i>How are intermediaries coordinated across domestic and transnational levels?</i> | | |

* As defined by Abbott and Snidal (2009a, 2009b)

Figure 1. The current understanding of governmental orchestration (*Blind spots highlighted in grey*)

blind spots that we seek to address by offering a consolidated view on governmental orchestration.

Consolidating the Cross-Level and Temporal Dimensions of Governmental Orchestration through Power Transition Theory

We propose to consolidate and expand the conceptualisation of governmental orchestration on its power and temporal dimensions by building on insights from *power transition theory*, a political theory (Organski, 1958) that has been recently imported into the field of global governance studies (Lavenex et al., 2021). This theory suggests that states transform their influence on the global governance arena and their governance strategies in response to established international regimes in fields such as intellectual property or competition policy (Lavenex et al., 2021).

Power transition theory can consolidate and extend prior views on governmental orchestration by broadening the repertoire of governmental orchestration modes, as it accounts for coercive approaches to state intervention – i.e., traditional hierarchy or ‘command and control’ approaches. It achieves this by explaining how government orchestration can connect transnational and domestic strategies, and by recognizing that governmental power changes over time (see Figure 1). Power transition theory scholars focus on power-based factors and analyse the transformation of global governance as resulting from changes in states’ regulatory capacity at the domestic level (Lavenex and Križić, 2022). Beyond states’ market size and purchasing power, power transition theory suggests that states’ regulatory capacity in a particular country, and the extent to which their policymakers’ preferences diverge from existing global orders, explain that country’s power transitions (Lavenex and Jurje, 2021; Organski, 1958). This view on power can extend the concept of orchestration by considering not only domestic and transnational levels but also the dynamic aspect.

Central to this theory is the concept of ‘regulatory capacity’, defined as a state’s ability to implement and enforce laws and regulations through regulatory expertise, coherence, and the ability to sanction noncompliance (Bach and Newman, 2007; Cho and Büthe, 2021). States with higher regulatory capacity can allocate resources to achieve a

domestic regulatory goal that relates to their transnational governance goals and shape international rules (Lavenex et al., 2021). Depending on the degree of convergence of their preference with the established global governance, states position themselves strategically about an issue area in the global governance system – whether they remain rule-takers or become rule-promoters, rule-breakers, or even regime-transforming rule makers (Aydin, 2021; Lavenex et al., 2021).

Recent studies of power transition theory have focused on the changing roles and influence of rising states such as Brazil, China, or Korea in global governance. Empirical studies found that such states moved beyond their traditional position of rule-takers by building regulatory capacity for domestic policy implementation; in so doing, they acquired the capacity to weigh on international rules (Aydin, 2021; Lavenex and Križić, 2022; Tomic and Heims, 2022). The theory is particularly useful to unpack the transformative role of middle power in global governance – a state whose status is neither dominant (e.g., the United States) nor marginalized (e.g., Sudan). Tomic and Heims (2022) argue that these middle powers are critical to the global governance system as their choices for cooperation and/or confrontation ‘determine whether and in which regulatory areas worldwide harmonization is possible’ (p. 14).

However, prior power transition theory studies have underplayed that governments combine both harder and softer modes of orchestration to achieve their regulatory goals at the domestic level; thus, indirectly influencing IOs in their transnational capacity. On the other hand, by considering coercive modes of governmental orchestration involved in the process of states repositioning in the global governance landscape, power transition theory complements and usefully expands the range of governmental orchestration available to states (including ‘harder’ options, alongside ‘softer’ modes of orchestration). At the same time, it suggests some causal processes of regulatory capacity-building by which modes of orchestration at the transnational level relate to modes of orchestration at the domestic level (Figure 1). We thus leverage the complementarities of insights from orchestration studies and power transition theory to ask: *How do governments combine modes of orchestration over time to regulate business conduct across domestic and transnational levels?*

CONTEXT AND METHOD

Case Selection and Research Context

To address our question, we analyse how a government has orchestrated its governmental CSR strategies over space and time, focusing on Korea as our ‘typical case’ (Seawright and Gerring, 2008) for two main reasons. First, Korea is a typical middle power, whose status has grown since 1991 (Howe and Park, 2019). Its recent green growth initiative corresponds to a typical middle power’s strategy (i.e. focusing on a normative agenda of low politics) (Kim et al., 2019). Second, Korea is a typical state-led national business system (NBS) (Gond et al., 2011); thus, we can see explicit government involvements at both levels. Within 30 years, the Korean economy has transformed from an authoritarian interventionist state to a regulatory state, navigating financial liberalization under the

International Monetary Fund (IMF) programme between 1998 and 2000. This shift in global position offers a unique opportunity to investigate governmental orchestration modes across space and time, which can be compared to other conventional or rising middle powers in Europe (e.g., Netherlands or Poland) or to a county with a significant economic and democratic political transformation from authoritarian regimes like Slovenia.

Data Collection

Our historical analysis covers the nearly 30 years of development of Korea's CSR strategies between 1990 and 2016. We aim to cover governmental policies broadly related to CSR, including social and environmental issues of business conduct, through combining multiple sources of data: archival historical sources and secondary data, interviews, and participant observation. Thus, we address the richness of a complex case while enhancing the reliability of our results (Eisenhardt, 1989). SuppAppendix A provides more details about our data sources in our analysis.

Interviews. We conducted 34 semi-structured interviews with Korean CSR professionals between 2012 and 2013 from a diverse range of organizations: governmental agencies, non-profit organizations (NPOs), global and local CSR-related private service firms, and Korean corporations. The interviews were conducted face-to-face in Korean. We asked questions about key trends and actors in the Korean CSR field, regulatory changes, and their involvement in the interface between transnational CSR governance forms and their local translations. About half of these interviewees (16 out of 34) had at least 10 years' experience in the field. Their memories helped us *retrospectively* document multiple details and insights about its emergence and development. Appendix B details the profile of our interviewees.

Historical and secondary data. We collected five types of historical and secondary data: (1) materials from key international CSR players, transnationals (e.g., the UNGC) and its Korean partner organizations (e.g., the Global Compact Network Korea [GCNK]); (2) governmental publications including policy reports to the UN, all legal texts on CSR-related policies between 1990 and 2016, and inaugural addresses from each administration during this period; (3) materials from government-controlled organizations in charge of transnational and domestic CSR governance such as the Institute for Industrial Policy Studies (IPS), the Korea Environmental Industry & Technology Institutes (KEITI), the Korea Social Enterprise Promotion Agency, and the CSR Centre; (4) newspaper articles about key governmental events and policies in Korea; and (5) academic and professional accounts of the Korean CSR field, including sustainable development and green growth.

Observations. The first CSR International Forum, hosted by the Korean Ministry of Foreign Affairs and Trade (MOFAT) on 4 October 2012, also provided data. Observations from this full-day conference deepened our analysis of the Korean CSR context and the governmental view. We could also infer that (a) the Korean government saw CSR as a key dimension of international relations from the start; and (b) the development of CSR

was not confined to national boundaries, highlighting how domestic and transnational CSR aspects interacted.

Data Analysis

Our analytical protocol combines standard qualitative (Yin, 2018) and longitudinal data analysis techniques (Langley, 1999), and follows a four-stage abductive process.

Stage 1: Identification of major periods. We first identified some events as ‘critical junctures’ (Collier and Collier, 1991), which marked the development of Korean regulatory strengths at domestic and transnational levels and the development of the Korean CSR field (See Appendix C for a timeline of these critical junctures). Accordingly, we delineated three major periods as an overarching chronological template to analyse changes in governmental CSR strategies: (1) 1990–1999 corresponds to the emergence of the Korean environmental regulatory network; (2) 2000–7 is characterized by the post-financial crisis, which entailed the re-building of the Korean economy by two progressive democratic governments; (3) 2008–16 corresponds to the rise of Korea’s international saliency, driven by the election of Ki-Moon Ban as the eighth Secretary-General of the UN in 2006; and proactive diplomacy with the concept of ‘green growth’.

Stage 2: Analysing different forms of governmental orchestration at each level. We adopted a deductive mode at this stage by categorizing governmental interventions mobilizing intermediaries into four ‘modes of orchestration’ relying on distinct forms of power, namely, *coercive*, *directive*, *delegative*, and *facilitative* modes of orchestration (Abbott and Snidal, 2009a, 2009b, 2010, 2021; Giamporcaro et al., 2020). These modes of orchestration were present at both the domestic and transnational levels but took a distinct meaning and were therefore operationalized in specific ways at each level (see Table I). At the domestic level, we labelled governmental orchestration relying on regulatory steering tools driven by formal governmental authorities as a *directive* mode of orchestration. Through directive orchestration, governments exercised their power using standards and schemes that shaped actors’ behaviours. When we found governmental involvements that relied on indirect influences by enabling or endorsing private actors’ voluntary CSR engagements, we coded them as part of a *facilitative* mode of orchestrations.

Beyond the directive and facilitative modes of governmental orchestration (Abbott and Snidal, 2009a, 2009b, 2021), we identified ways of mobilizing intermediaries that relied on *coercive* forms of power, for instance CSR interventions using formal authority with the promulgation of laws on a ‘command and control’ mode, reflecting a traditional hard-law, hierarchical, type. Finally, we also found governmental CSR interventions relying on delegated state-governed intermediaries to disseminate regulatory standards on behalf of the state (i.e., empowering), which was echoed from delegative modes of governmental interventions in Giamporcaro et al. (2020). At each period, the government used a distinct mix of those four modes of governmental orchestration within the domestic sphere.

Table I. Definition and operationalisation of governmental orchestration modes in domestic and transnational space

| <i>Orchestration mode and definition</i> | <i>Domestic space</i> | | <i>Transnational space</i> | |
|---|--|---|--|---|
| | <i>Operationalization</i> | <i>Illustration</i> | <i>Operationalization</i> | <i>Illustration</i> |
| Coercive Orchestration mode based on the coercive use of formal authority to mobilize intermediaries | Governments regulate intermediaries to shape business actors' behaviours through the promulgation of laws or decrees on a command-and-control mode | <i>Introduction of the 'Framework Act on Environmental Policy' (FAEP) (see: Period 1). Presidential enforcement decree of the framework act on sustainable development (FASD) in 2007 (see: Period 2)</i> | Governments design the global rules that apply to other states and operate as rule-makers or are subjected to other states' pressures and must-behave as rule-takers | <i>As a rule-taker: Government signing-up of the UN Framework Convention on Climate Change (UNFCCC) in 1993 (see: Period 1)</i> |
| Directive Orchestration mode based on the non-coercive use of formal authority to mobilize intermediaries (regulatory steering) | Governments regulate intermediaries through steering (without sanctions on 'comply or explain' mode) or by diffusing standards and schemes that shape actors' behaviours | <i>Creation and diffusion of an 'environmentally-friendly company' label by the Ministry of Environment (see: Period 1)</i> | Governments play a role as rule makers by setting the agenda of leading soft-law development for a given issue area based on their interests and preferences | <i>Creation of the Global Green Growth Institute (GGGI) to lead the green growth agenda and hosting the Global Climate Fund in Korea under the UNFCCC (see: Period 3)</i> |
| Delegative Orchestration mode based on the empowerment of intermediary entities (delegated rowing, microsteering) | Governments design or use delegated state-governed intermediary entities to disseminate regulatory tools and norms | <i>Exclusive right to translate ISO 9000 and ISO 14000 into Korean certification schemes (KS 9001 & KS 14001) provided by the government to the Korean Bureau of Standards and the Korean Standards Association (see: Period 1)</i> | Governments contribute to rulemaking by partnering with, or seating on the board of international organizations designing global rules, norms and standards | <i>Governmental announcement of its involvement in the ISO 26000 process as an observant status and shared its local opinion about the ISO 26000's working drafts (see: Period 2)</i> |
| Facilitative Orchestration mode based on creating conditions for enabling the adoption of specific business behaviour | Governments deploy softer and indirective instruments to enable or endorse private actors' voluntary engagement with certain actions | <i>Invitation of top-ranked state officers to private actors' CSR events as keynote speakers or award presenters to legitimize voluntary CSR initiatives (see: Period 3)</i> | Governments actively advocate, promote and diffuse rules, norms, and standards that serve their interests at the regional level | <i>Creation and diffusion of a localized version the Korean sustainability report guidelines, 'B.E.S.T. Sustainability Report Guidelines' (see: Period 2)</i> |

Building on the underlying form of state power, we could then contextualize these four modes of governmental orchestration at the transnational level (See Table I). For instance, in Period 1 the Korean government's transnational level orchestration took a rule-taker position by complying with other states' pressures and mandatory transnational regulatory requirements, which pointed to a (reversed) *coercive* mode of orchestration. Likewise, we analysed transnational level governmental orchestration in the other two periods using the modes of governmental orchestration, and we found each period had distinct modes of governmental orchestration at the transnational level. We believe that specifying modes of orchestrations at each level based on how power flows from soft to hard or vice versa also corresponds to power transition theory (Aydin, 2021; Lavenex et al., 2021). Table I defines and illustrates these domestic and transnational modes of governmental orchestration.

Stage 3: Identification of configurations of cross-level governmental orchestration. Focusing on how the government coordinated its domestic and transnational orchestration at each level in each period, we then conceptualized inductively the relationships between them. We found three configurations of cross-level governmental orchestration: *coopting*, *embedding*, and *leveraging*. *Coopting* is the government's selective adoption of transnational regulations to mitigate regulatory threats and mobilization of domestic intermediaries to develop new domestic regulations defusing external threats in Period 1. *Embedding* is the government's re-arranging of its domestic regulatory resources and capacities to develop balanced collaborative top-down and participatory bottom-up interactions with intermediaries to promote existing global CSR rules and contextualize them in Korea in Period 2. Finally, *leveraging* is the government's mobilization of CSR-related intermediaries through indirect bottom-up interactions to develop a new niche agenda and exercise influence over the transnational CSR community, which involves nurturing CSR-related transnational agencies and reconfiguring and consolidating regulatory resources at a domestic level in Period 3.

Stage 4: Identification of shifting mechanisms in cross-level governmental orchestration configurations. In line with recent 'government and CSR' studies (Giamporcaro et al., 2020; Schneider and Scherer, 2019), we focused on social mechanisms, defined as 'process[es] in a concrete system, such that [they are] capable of bringing about or preventing some change in the system as a whole or in some of its subsystems' (Bunge, 1997, p. 414).

We identified mechanisms that could explain how the Korean government could shift from one cross-level governmental orchestration to another, based on key elements of power transition theory: regulatory capacities and governmental alignment of preferences with the transnational environment. Three 'regulatory capacity-based mechanisms' were found: (1) *socialization* from *coopting* to *embedding* based on the development of domestic regulatory capacities of the state and its increasing preference to align global governance; (2) *transnational seeding* from *embedding* and *leveraging* – by which a new niche concept was instilled in the existing global CSR governance arena through mobilizing domestic and transnational regulatory capacities with the enhanced political status and soft power of the state; (3) *domestic specialization* from *embedding* and *leveraging* – by which a specific issue area was concentrated as a national branding theme through mobilizing domestic experts and resources in that area to

develop domestic capacities and scaling them up internationally with a preference to take global leadership. Table II provides definitions and specifications for the three cross-level governmental orchestration modes and shifting mechanisms. Figure 2 integrates these mechanisms with the configurations identified at Stage 3 to offer an overview of the changes in orchestration modes. The Appendix D presents the relationships between the Korean government and its stakeholders underlying these changes in orchestration mode.

ORCHESTRATION WITHIN AND ACROSS DOMESTIC AND TRANSNATIONAL LEVELS: UNPACKING CROSS-LEVEL ORCHESTRATION CONFIGURATIONS

We identified three cross-level governmental orchestration configurations related to the Korean government's CSR strategy: *coopting* (Period 1: 1990–99), *embedding* (Period 2: 2000–7) and *leveraging* (Period 3: 2008–16). Each of them coordinates and combines different modes of orchestration at domestic and transnational levels (See Figure 2).

Coopting: Selectively Adopting Global Rules (1990–99)

A domestic environmental management network emerged, centrally geared by the Korean government's regulatory agenda for ecological issues in response to pressures from foreign market-openings and fears of a resulting trade imbalance from their OECD membership. To deal with these perceived external threats, the government engaged in *coopting* as a configuration of cross-level orchestration that entailed *mitigating external regulatory threats* on the transactional side while *engaging in centralized interventions* to initiate a domestic regulatory network on the domestic side. This rule-taking approach, driven by coercive pressures, involved the selective importing of emerging environmental regulations in a centralized manner.

Globally, ecological issues had been addressed through a network of IOs until the 1990s since the Club of Rome's 1972 report. When the UN reached an agreement among its member states during the 1992 Earth Summit, environmental issues became potential barriers for Korean corporations, especially with the OECD membership status. The launch of international standards from ISO, which focused on environmental management (ISO 9000 in 1994, ISO 14000 in 1996), concretised this threat.

Transnational side of coopting: Mitigating external regulatory threats. Based on political stability provided by democratization and an improved economic situation in the late 1980s, the Korean government faced constant foreign market-opening pressures from OECD countries. Although the concerns of Korean economic experts about a trade deficit caused by joining the OECD and opening the Korean market too soon (*Maeil Business Newspaper*, 1989) caused the Korean government to postpone their OECD membership, they eventually joined in 1991. In preparation for their official OECD membership in October 1996, the Korean government adopted global environmental regulations both reactively and urgently to mitigate threats to Korean companies competing with foreign companies in an open market.

Table II. Cross-level governmental orchestration configurations and shifting mechanisms

| <i>Constructs</i> | <i>Definition</i> | <i>Specification</i> |
|---|---|--|
| Configurations of cross-level governmental orchestration | | |
| Coopting | Selective adoption of transnational regulations to mitigate their current and potential threats and mobilization of domestic intermediaries to develop new domestic regulations defusing external threats | <i>Overall domestic/transnational interactions:</i> Top-down and one-way interactions guided by the willingness to avoid the negative impact of transnational regulations. <i>Core dimensions:</i> Mitigating external regulatory threats; Engaging centralized interventions. <i>Regulatory outcome:</i> Development of domestic regulatory capacities |
| Embedding | Development of balanced collaborative top-down and participatory bottom-up interactions with intermediaries to promote transnational rules and contextualize them at a domestic level | <i>Overall domestic/transnational interactions:</i> Balanced collaborative top-down and participatory bottom-up interactions with transnational actors. <i>Core dimensions:</i> Collaborating in the transnational sphere to promote regional regulations; Contextualizing global regulations at the domestic level. <i>Regulatory outcome:</i> Consolidation of domestic regulatory capacities; Development of transnational regulatory capacities |
| Leveraging | Mobilization of intermediaries through indirect bottom-up interactions to develop a new niche agenda and exercise influence over the transnational governance community | <i>Overall domestic/transnational interactions:</i> Multi-way indirect bottom-up interactions. <i>Core dimensions:</i> Mutual nurturing of governmental agencies; Reconfiguring of regulatory resources. <i>Regulatory outcome:</i> Consolidation and extension of domestic and transnational regulatory capacities |
| Regulatory-based mechanisms | | |
| Socialization <i>from coopting to embedding</i> | Embracing and internalizing existing transnational rules and norms by expanding global networks and by mobilizing domestic regulatory resources and experts across global and national governance arenas | <i>Prior condition:</i> The enhanced regulatory capacity at a domestic level from the prior period. <i>Operating mode:</i> Triggered by the governmental shift to an outward-looking foreign policy that led to the governmental converging preferences with existing transnational regulations, the government mobilized domestic regulatory resources and experts as well as their prior experience in the domestic policy area to enable the local translation of global rules and help diffuse them across neighbouring countries. <i>Outcome:</i> A full engagement with existing transnational regulations not only by governmental intermediaries but also non-state actors at a domestic level and reposition as a good global citizen and regional promoter Reinforcing global convergence process of countries around global rules and norms |

(Continues)

Table II. (Continued)

| <i>Constructs</i> | <i>Definition</i> | <i>Specification</i> |
|---|---|---|
| Transnational seeding <i>from embedding to leveraging</i> | Instilling a new niche idea in an existing transnational governance platform by mobilizing domestic and transnational regulatory capacities, and by playing a global leadership role in relation to this idea | <i>Prior condition:</i> The expanded scope and scale of domestic and transnational regulatory capacity from the prior period <i>Operating mode:</i> With the increased global commitment and aspirations for global leadership, the government seeks modest changes in global regimes. The government creates a niche agenda on an existing transnational governance platform as a part of its national branding strategy and mobilizes its domestic and transnational regulatory resources and experts to implant the new idea globally. <i>Outcome:</i> The expansion of the government's scope and impact on the transnational governance community as an agenda-setter; Triggering changes of global regime about a specific niche idea |
| Domestic specialization <i>from embedding to leveraging</i> | Concentrating on a specific issue area used as a national branding theme by mobilizing domestic experts and resources to develop domestic capacities, and potentially by deploying them internationally | <i>Prior condition:</i> The expanded scope and scale of domestic and transnational regulatory capacity from the prior period <i>Operation mode:</i> Triggered by the higher governmental commitment and status in a specific theme at the transnational level and the rearrangement of the domestic governmental intervention strategies under this new theme, domestic actors develop a given idea and build its expertise. <i>Outcome:</i> The expanded contributions of domestic actors to the global platforms with specialty in a given domain; Becoming the world expert regulator for a specific issue |

In this period, the Korean government's transnational orchestration was shaped by other states pressures. Responsive in nature, Korea was operating as a typical rule-taker. The Korean government felt *coerced* by the global society, particularly OECD countries, to adopt key environmental agendas they had agreed upon. Following the Earth Summit, the Korean government focused on pre-empting international trade regulations on ecological issues that could affect the domestic economy. The Prime Minister, Won-Sik Chung, tried to neutralize potential trade barriers by organizing meetings with other ministries and the Economic Planning Board (EPB)^[1] before the 1992 conference to 'minimise the impact of international efforts to protect the environment on the [Korean] economy' (*The Korea Economic Daily*, 1992a). The government explicitly expressed their defensive view against the 1992 summit by saying the summit 'should neither cause any unfair trade restrictions nor overburden countries for environmental protection' (*The Korea Economic Daily*, 1992b). In response to this summit, the Prime Minister created the 'Countermeasure Meeting for the Global

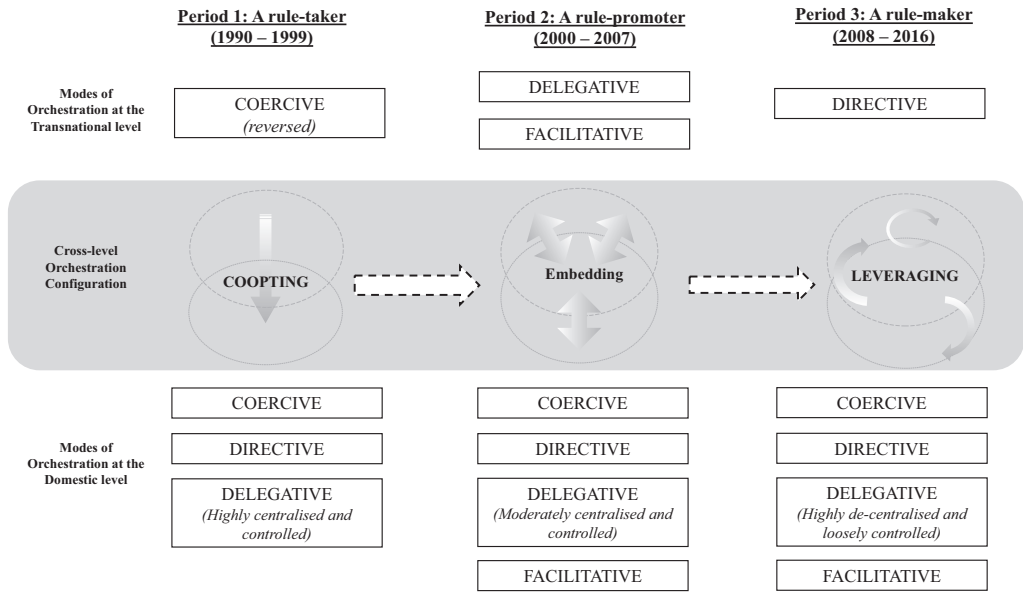


Figure 2. Coordination of different modes of orchestration at domestic and transnational levels: Cross-level governmental orchestration configuration

Environment among the Relevant Ministries and Agencies’ to discuss how to *adapt* global efforts to protect the environment at a national level, while simultaneously reducing potentially negative impacts of new global regulations on the Korean economy (e.g., *The Korea Economic Daily*, 1992a, 1992b).

With their then limited international status and domestic regulatory capacity, the government engaged with other (superpower) states’ *coercive* mode of orchestration at the transnational level as a rule-taker by selectively adopting the most prominent and urgent global regulations. Such a transnational-level governmental orchestration was in line with the vision of President Kim for ‘new Korea’ as a more international country by coping with the changing world system. The government signed up to the UN Framework Convention on Climate Change as a non-annex 1 country in December 1993.^[2] Moreover, they developed regulatory capacities to tackle environmental issues more systematically, with the aim of defusing potential economic threats, by upgrading the Ministry of Environment (ME) in 1994. This was to be directly managed by the Prime Minister’s office, adopting ISO 9000 and ISO 14000 which would be direct trade barriers for Korean firms, and publishing the ‘First Comprehensive Counterplans for the Climate Change Agreement (1999-2001)’ in 1998 as a defensive response to the 1997 Kyoto protocol.

Domestic side of coopting: Engaging centralized interventions. Consistent with the coercive mode of its transnational orchestration at the time, the Korean government deployed a set of centralized interventions that focused on environmental issues. Its domestic policy mix relied on *coercive*, *directive*, and *delegative* modes of orchestration. *Coercive* instruments were aligned with the transnational side of governmental orchestration and trends in the transnational sphere. For instance, the ‘Framework Act on Environmental Policy’ was introduced between

1990 and 1993, and in 1995, the Ministry of Commerce, Industry, and Energy introduced the ‘Act on Promotion of the Conversion into Environmentally Friendly Industrial Structure’ to reform the entire industrial structure, to reduce the impact of environmental issues on the economy. These legal developments set boundaries for local corporate environmental behaviours. In addition, the government used a *directive* mode of orchestration by mobilizing instruments such as standards and labels in a *directive* way. For instance, the ME created an ‘environmentally friendly company’ label and managed their own two awards: the ‘Champions of Environment Award’ in 1993 and the ‘Environmental Management Award’ in 1999, to disseminate best practices among local businesses.

As for the *delegative* mode of orchestration, the government created a few state-governed organizations tasked to operate as exclusive intermediaries for disseminating centrally designed environmental regulatory tools and norms. Delegative orchestration was then highly centralized and tightly controlled by the government. For instance, the Korean Bureau of Standards and the Korean Standards Association had an exclusive right to translate ISO 9000 and ISO 14000 into Korean certification schemes as KS 9001 and KS 14001 and to distribute them in Korea. The government formed two research teams: an environmental management team in a state-owned company (the first Korean for-profit organization dedicated to environmental management), and a life cycle assessment (LCA) research institute in a national engineering school, which acted as ‘ambassadors’ to convey governmental environmental regulatory aims and initiatives to firms. This was the first generation in Korean CSR to engage in environmental management and sustainability, as reflected by one of the early team members (currently the director of the team).

Many people in the current field of sustainability management in Korea came from us [*our organisation*]. We are at the origin of the Korean field of environmental management. [...] We have talked about sustainability management and its issues since the 1990s. (Interviewee 21) *Facilitative* modes of orchestration relying on private actors’ networks and expertise remained unwelcomed at the time, as evidenced by the trajectory of Interviewee 31. This expert in LCA worked for a US company in Korea and had struggled to diffuse LCA tools among Korean companies since 1993, due to a lack of governmental approval. Once the government made him the Korean industrial representative for ISO 14000, his status and influence changed radically: ‘I became so popular! [...] As a Korean representative for ISO 14000, I got involved in all environmental management issues in Korea’.

Embedding: Promoting Regional Regulations (2000–7)

From 2000 to 2007, the transnational CSR regulatory space shifted from an ecological focus to broader environmental, economic, and social concerns, as exemplified by the UN Global Sullivan Principles of Social Responsibility in 1999 and the World Summit on Sustainable Development in 2002. Several international organizations, such as the World Business Council for Sustainable Development (WBCSD) and the Global Reporting Initiatives (GRI), emerged and worked with IOs to promote new CSR standards and practices.

Reflecting this changing context, the configuration of cross-level orchestration of the Korean government's CSR strategy shifted to *embedding*. On the transnational side, the government re-organized its resources to enhance *collaborations to regionally promote CSR-related regulations* while *contextualizing global regulations* on the domestic side. Korea thus emerged as both a global citizen and regional promoter.

Transnational side of embedding: Collaborating to promote regional CSR regulations. In the 2000s, the Korean government began promoting global initiatives and collaborating with regional and local actors as an active middle power in the trans-Pacific and intra-Asian community. With Korea's enhanced economic and international status, Presidents Dae-Jung Kim and Moo-Hyun Roh displayed their ambition to see Korea acting as a regional facilitator and delegate in the global governance context. They established an East Asia Vision Group in 1998 and declared the Northeast Asian Initiatives in 2003.

This new ambition became visible within global CSR governance when Korea promoted 'sustainable development'. Based on the 'National Vision for Sustainable Development' that specified the governmental approach to all three pillars of sustainable development: economy, environment, and society, President Roh published the first 'National Strategy for National Sustainable Development' and its implementation plans, which were reported directly to the UN. The government also began to work more closely with other state actors in transnational CSR governance. For instance, in 2005, the government hosted a meeting for the UN Economic and Social Commission for Asia and the Pacific to discuss plans for sustainable development policies in these regions. In the same year, two state-led firms signed up for the UNGC as the first Korean firms to sign up since its inception in 2000.

Although both delegative and facilitative orchestration modes were used at the transnational level, delegative orchestration through participation in the rule-making platform became especially salient during this period, as Korea became an observant country in the ISO 26000 process. The government organized 'the SR [*Social Responsibility*] Standard Forum', a local platform to discuss the ISO's working drafts and to contribute to disseminating ISO 26000 in Korea.

The Ministry of Industry and Energy (MIE)'s development and dissemination of the Korean sustainability reporting guidelines, 'B.E.S.T. Sustainability Report Guidelines' based on the GRI guidelines illustrates a *facilitative* mode of governance deployed at the time. The MIE incorporated some indices about issues related to the labour and management relations, business partners, and local communities according to the specificities of the Korean business environment into these guidelines. Another salient example of a *facilitative* orchestration is the establishment of the GCNK with the election of Ki-Moon Ban as the eighth Secretary-General of the UN in 2006. Due to his close ties with the government for over 30 years through his diplomatic service and leadership in the MOFAT, Ban mobilized governmental resources to promote the UNGC in Korea through the GCNK. The number of signatories increased from three in 2005 to 78 by the end of 2007. Most of them were from governmental agencies, state-run companies, and government subsidized NPOs. One interviewee recalled the forming of close ties between the GCNK and the government at this period:

After being elected as Secretary-General of the UN, one of Ban's major agendas was to promote the UNGC. The UN and the South Korean MOFAT launched the UNGC in Korea. Every year when he comes to Korea, he has a meeting with corporations and talks about the UNGC. We are supported by Secretary-General Ban and the MOFAT to meet corporations and persuade them. (Interviewee 18)

Domestic side of embedding: Contextualizing global regulations. In the 2000s, the Korean government focused on contextualizing global sustainable development regulations. To support the convergence of global and local initiatives on CSR issues at the domestic level, Korea combined *coercive*, *directive*, *delegative*, and *facilitative* modes of orchestration.

As for the *coercive* mode, the government refocused its use of formal authority and reallocated its resources towards the theme of sustainable development by enacting the Frame Act on Sustainable Development in 2007. Under this act, the ministries developed their own *directive* instruments to steer Korean firms towards engaging with sustainable development. In 2004, for example, the ME launched the annual 'Sustainable Development Management Globalisation CEO Forum' by inviting over 80 CEOs from Korean corporations, such as the chairman of Korea's Business Council for Sustainable Development (KBCSD, the official Korean network of the WBCSD) and the chairman of Samsung Electronics. Additionally, the government mobilized various detailed labels and initiatives through different governmental agencies, such as 'Chief Ethics Officer' for CEOs and the 'Grand Awards for Excellence in Sustainability Management', under the direct supervision of the MIE, and hosted the first international CSR conference in 2012 to promote the UNGC in Korea.

Although governmental control became looser and more decentralized, the *delegative* mode of orchestration remained through the empowering of a larger number of state-related intermediaries with more autonomy. Multiple government-run organizations tackled different issues of sustainable development. For instance, the Community Chest of Korea (for individual and corporate social contributions) and the Korea National Council on Social Welfare (for corporate social contribution and CSR managers) were tasked to focus on social aspects of CSR. The Local Sustainability Alliance of Korea (LSAK) was organized and led by a local governance movement on sustainable development. The IPS was tasked to promote sustainability management for businesses by organizing the Centres for Business Ethics and Sustainability Management in 2002 and working with the MIE.

What emerged through this period was a reliance on *facilitative* orchestration, with the government working indirectly with private actors in Korea through endorsement. Korean firms voluntarily engaged with CSR and, broadly, sustainability issues without the direct governmental regulatory pressure. For instance, in 2000, the Federation of Korean Industries established a committee with the CEO of an LG Group affiliate as its head and declared the Charter of Environmentally Friendly Management for Sustainable Development. This led to the establishment of the KBCSD with 22 large Korean corporations to manage all CSR issues beyond the environment. The Korea Chamber of Commerce and Industry established the Business Institute for Sustainable Development (BISD) in 2005. But despite being labelled as 'voluntary', such private corporate activities needed the Korean government's endorsement, which was provided

through *facilitative* orchestration. For instance, when the BISD first opened, two ministries (the ME and the MIE) co-organized its opening event to firmly legitimize it. The KBCSD also relied on the support and supervision of the ME and MIE even for events that they organized by themselves, such as the Sustainable Management Media Award and the CEO Sustainable Management Academy. Private actors relied on the government's endorsement of their actions.

Leveraging: Shaping the Global CSR Agenda (2008–16)

Since the mid-2000s, global CSR governance has become a 'community' (Djelic and Quack, 2010), where both public and private actors can collaborate. In the late 2000s, Ban's election as the UN Secretary-General, combined with Korea's inclusion in the G20 group, pushed Korea to leverage its national regulatory capacity and consolidated its international status to operate more proactively as a rule-maker. Korea's configuration of cross-level governmental orchestration shifted to *leveraging* through the *nurturing of CSR-focused transnational agencies* at the transnational side while *reconfiguring resources* for Korea's governmental CSR policy mix on the domestic side.

Transnational side of leveraging: Nurturing of CSR-focused governmental agencies. Leveraging Korea's consolidated status, President Lee announced a more ambitious agenda to become 'the foremost nation of the world' that 'would pursue more proactive global diplomacy' during his inaugural address. Under the slogan 'Global Korea', the government aspired to increase the country's international influence by bridging rich and poor countries and becoming a 'respected global citizen and agenda-setter' (Kim, 2016, p. 3). President Lee advanced 'green growth' as 'a new growth engine industry' and 'an axis of development for a new national economy'; he expressed his ambition to make 'green growth' part of the political agenda at the transnational level.

Equipped with such an aspirational vision and more substantial resources, Korea's transnational orchestration became more *directive*, and focused on scaling up the green growth approaches. Under the Presidential Committee on Green Growth, the government published the National Strategy for Green Growth and Action Plans for Five Years in both English and Korean. One key action plan was to establish the Global Green Growth Institute (GGGI), a government-funded Korean think-tank to promote environmentally friendly economic growth, both locally and globally. This was established in 2010, and was subsequently converted into the first Korea-led treaty-based international organization in 2012. The government also showed their leading commitment to green growth by increasing national expenditure on environmental protection, which represented the highest level as a percentage of GDP in the OECD between 2008 and 2009. Partnering with the World Bank, the government established the Korea Green Growth Trust Fund in 2011. Leveraging on these achievements, Korea hosted the Green Climate Fund (GCF) in 2013, ahead of other candidates such as Germany and Switzerland. In doing so, Korea positioned itself as a global leader for green growth initiatives, shaping the new dimension of global CSR debates. To secure this leading position and consolidate its niche strategy, in 2014 Korea invested in the GCF as the sole developing country.

Domestic side of leveraging: Reconfiguring regulatory resources. This *directive* mode of transnational-level orchestration involved re-arranging and consolidating domestic-level governmental orchestration, by combining the four modes of orchestration, yet reinforcing delegative and facilitative approaches. On the coercive mode, the government redirected their regulatory resources towards the theme of ‘green growth’ with the promulgation of the ‘Framework Act on Low Carbon and Green Growth’. This new agenda highlighted the economic and environmental aspects of CSR, while social and environmental issues were embedded in the ‘growth’ concept by the ‘Social Enterprise Promotion Act’.

Several governmental agencies worked around the new theme to reshape the domestic regulatory space through *directive* orchestration. Examples include the establishment of the Korea Social Enterprise Promotion Agency that managed a certification system for social enterprises and promoted social ventures under the supervision of the Ministry of Employment and Labour (MEL) in 2010 and the development and diffusion of the Green-Biz classification scheme for SMEs and the Green Management System certification by the ME in 2012. Since 2010, several ministries have expanded the use of their *directive* instruments from the domestic to the transnational level, by designing platforms to enable both domestic and transnational corporate actors to share information about green growth and sustainability in general. For instance, the ME and MIE launched an annual International Conference on Green Management, whereas the MEL has hosted the Social Enterprise Leaders Forum as a global conference since 2015.

The government engaged with much more decentralized and loosely controlled *delegative* orchestration. Various government-backed intermediaries supported the governmental green growth agenda, using their own expertise and networks. For instance, a government-funded research institute for green growth technologies, the KEITI, acted almost as an independent authority. It developed green funding systems and had a memorandum of understanding with a private financial company, Samsung Fire & Marine Insurance, and spread the enVinance system, which was developed with the ME. The scope of the KEITI’s activities reached the transnational level by establishing Environmental Industry Cooperation Centres in China, Indonesia, Vietnam, Algeria, and Colombia, and participating in the UNEP Sustainable Public Procurement Initiative as an advisory organization. Other delegated state-related organizations focusing on social issues expanded the scope and scale of their own activities. For instance, the Korea CSR Centre that took charge of social contribution activities organized annual global conferences, expanded domestic and Asian networks, and developed corporate social consultation and evaluation tools with private firms.

In this period, we found that the government adopted more systematically *facilitative* measures at the domestic level by endorsing non-state actors’ CSR engagements. CSR-related organizations (NPOs or private service firms) extensively increased their global reach. For instance, since 2012, the KOSRI (a for-profit CSR service firm) has hosted its own annual CSR conferences partnering with leading global CSR organizations. The KoSIF (a leading social investment NPO in Korea) developed a partnership with the global Carbon Disclosure Project (CDP) headquarters and organized its own network to host CDP awards and international conferences on responsible

investment. These non-state actors asked governmental bodies to endorse their events and initiatives by attending their conferences and awards ceremonies, as explained by one of our interviewees:

The involvement of the government enhances the legitimacy of what we are doing to other private actors. [...] Thus, we tried to persuade some governmental actors to stand on our side. (Interviewee 29)

EXPLAINING SHIFTS IN CROSS-LEVEL GOVERNMENTAL ORCHESTRATION: THREE REGULATORY CAPACITY-BASED MECHANISMS

Based on changing regulatory capacities and governmental alignment of preferences with transnational governance, we identified *three regulatory capacity-based mechanisms* – *socialization*, *transnational seeding*, and *domestic specialization* (see Figure 3).

Shifting from Coopting to Embedding: Socialization

Constituting domestic regulatory capacities. In Period 1, the coopting configuration of cross-level governmental orchestration maintained limited transnational regulatory capacities to deal with social and environmental issues. As its middle power identity grew through its globalization policy and OECD membership, Korea acted as a selective rule-taker on the global stage. Throughout this period, Korea developed its domestic regulatory capacity in CSR by building a centralized network of state-led organizations in charge of implementing urgent global regulations, and by developing domestic administrative and technical capacities to tackle environmental issues as a

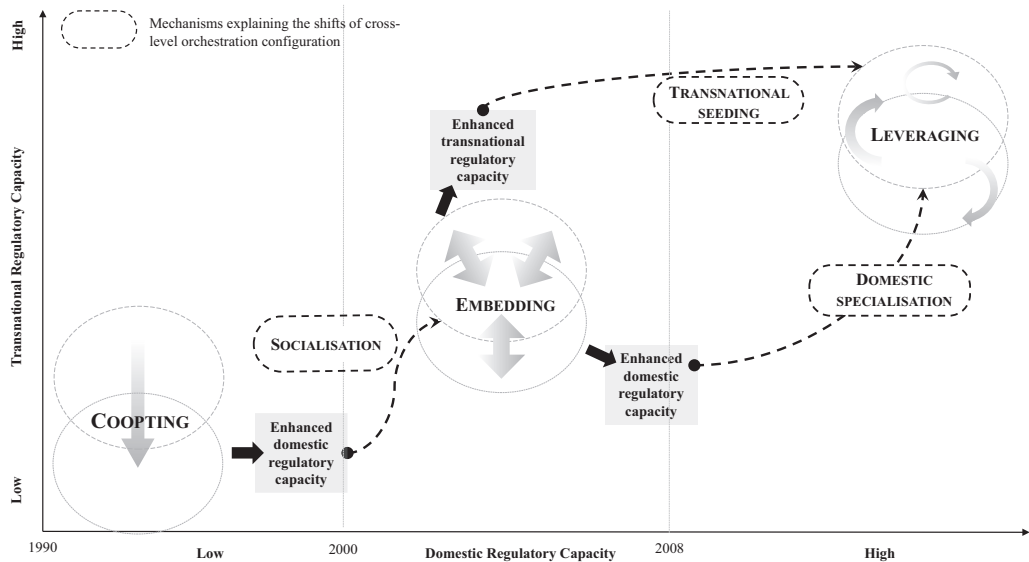


Figure 3. Overview of three regulatory capacity-based mechanisms

defensive strategy.

Mobilizing domestic regulatory capacity globally: The socialization mechanism. More enhanced domestic regulatory capacity was leveraged to shift the configuration of cross-level governmental orchestration between Periods 1 and 2. The *socialization mechanism* was central, where Korea's extended domestic regulatory capacity supported its emerging transnational CSR policy, while consolidating its domestic regulatory network in Period 2. In this mechanism, Korea embraced existing transnational CSR rules through expanding global networks and mobilizing domestic regulatory resources and experts on both levels. Socialization was driven by the government's shift from an inward to an outward-looking foreign policy (Yeo, 2017). Its OECD membership and self-identification as a middle power had weight in a trans-Pacific and inter-intra-Asian context. Socialization explains how prior domestic governmental CSR interventions shaped the building of transnational CSR strategies. Through socialization, both the Korean government and non-state actors at a domestic level could network with transnational CSR organizations and aligned their domestic and transnational strategies with global rules. Therefore, socialization contributed to a global convergence process, and enabled Korea to reposition itself as a good global citizen and regional promoter within transnational governance.

Shifting from Embedding to Leveraging: Transnational Seeding and Domestic Specialization

Expanding domestic and transnational regulatory capacities. Ban's election as the Secretary-General of the UN in Period 2 facilitated the socialization mechanism in transnational CSR governance, which further enabled Korea's expansion of its regulatory capacity at both domestic and transnational levels. In Period 3, Korea made modest changes in existing rules according to its interests. On the domestic side, the government repurposed and rearranged its resources to align its domestic and transnational governmental CSR strategies, focusing on 'green growth' as a new governmental 'diplomatic niche'. On the transnational side, Korea made a more innovative, deviating commitment to the global CSR agenda, capitalizing on prior experiences of leading regional initiatives in domains such as economic cooperation or sustainable development, as well as its enhanced political status and perception of the 'soft power' value of CSR. The expanded scope and scale of Korea's regulatory capacity in CSR on both levels triggered a transnational seeding mechanism and a domestic specialization mechanism.

Mobilizing regulatory capacities globally: Transnational seeding mechanism. Through multiple international agencies initiated and hosted by the government (e.g., GGGI and GCF), Korea could actively develop new ideas and concepts and promote them in the global sphere of CSR governance, through a *transnational seeding mechanism*. The government instilled 'green growth' as a new and niche idea in global CSR governance through consolidated domestic and transnational regulatory capacities in the domain of sustainable development, and Korea's continuous push for global leadership since Period 2. The

government continued its national branding strategy by demonstrating its capabilities to make a distinctive contribution to the global common good as a convener and a proactive agenda-setter (Kim, 2016). The government's strategic combination of strong domestic and transnational regulatory capacities for the green growth topic to make changes to existing global CSR governance successfully raised 'green growth' to the next level of the global CSR agenda. This served Korea's interests in strengthening its middle power status and its economy while benefitting the world, particularly developing countries that would have similar pressures to Korea's in Period 1. Korea rendered technological and financial assistance to developing countries for their green technology, contributed \$200 million to the East Asia Climate Partnership to help developing countries cope with climate change, and supported green growth projects in like-minded countries, such as Brazil and Indonesia, through the GGFI.

Mobilizing regulatory capacities locally: Domestic specialization mechanism. The Korean government globally promoted green growth through specialized government-funded agencies, while using transnational CSR regulations to reshape domestic developments, triggering a mechanism of domestic specialization. The higher global position of governmental agencies, combined with various domestic CSR strategies, enabled domestic corporations to concentrate on developing green growth locally with specialized tools directly connected to global trends. For instance, the application of green technology patents increased nearly five-fold between 2000 and 2013, which represents the highest per capita development of environment-related technologies in the OECD. Corporate environmentally related R&D expenditure was the highest as a percentage of GDP among the OECD countries between 2012 and 2015. Such a leading position in green growth enhanced corporate engagement with other global CSR initiatives. For instance, due to the Korean companies' active voluntary engagement with the Dow Jones Sustainability Index (DJSI), the first national level DJSI index in Korea was launched in 2009. As of 2016, the number of UNGC participant organizations in Korea was second only to Japan in Asia, despite the relatively short history of Korea's local UNGC network.

DISCUSSION, IMPLICATIONS AND CONCLUSION

Focusing on Korea's governmental CSR strategies that have regulated business conduct over the past 30 years, we found that there were three distinct cross-level governmental orchestration configurations (see Figure 2 and Table II). *Coopting* was a government-directed top-down, one-way interaction, which involved mitigating external regulatory threats while engaging in centralized interventions to initiate a domestic regulatory network. Adopting such a configuration of cross-level governmental orchestration, the state selectively adopted existing transnational regulations and mobilized domestic intermediaries to develop new domestic regulations that could defuse external threats. *Embedding* was the government's development of balanced collaborative top-down and participatory bottom-up interactions with intermediaries to promote transnational rules and contextualize them at a domestic level, which helped to develop domestic regulatory capacities. This configuration of cross-level

governmental orchestration involved collaborating to promote regional CSR regulations in the context of global CSR governance and contextualizing those regulations at a domestic level, which resulted in consolidating domestic regulatory capacities and developing transnational capacities. *Leveraging* was the government's mobilization of intermediaries through multi-way indirect bottom-up interactions to develop a niche agenda and enhance its global influence. This cross-level governmental orchestration configuration reflected Korea's influence on the global CSR agenda through the mutual nurturing of transnational agencies and the reconfiguring of its regulatory resources. In addition, our results identified three regulatory capacity-based mechanisms to explain Korea's changing cross-level governmental orchestration: *socialization*, *transnational seeding*, and *domestic specialization* (see Figure 3 and Table II). These shifts in configurations of orchestration enabled Korea to move from a position of selective rule-taker to a position of regional rule-promoter, and then to a position of modest rule-maker in global CSR governance.

Contributions and Implications

Cross-level and dynamic orchestration of governmental CSR strategies. Our primary contribution is to the PCSR (Scherer et al., 2016; Scherer and Palazzo, 2011) and 'government and CSR' literature (Giamporcaro et al., 2020; Gond et al., 2011; Knudsen and Moon, 2017, 2022; Moon and Vogel, 2008) and consist in advancing a cross-level and dynamic conceptualization of the orchestration of governmental CSR strategies. An increasing number of research studies on PCSR and 'government and CSR' highlight the revival of governments (Knudsen and Moon, 2017; Scherer et al., 2016; Wickert and Van Witteloostuijn, 2023) in CSR by theorizing how governments shape CSR activities (Giamporcaro et al., 2020; Schneider and Scherer, 2019; Vallentin and Murillo, 2012). Earlier research, however, has mainly focused on the national level of analysis within national rather than global institutions (Knudsen and Moon, 2017). By bridging domestic and transnational levels of analysis, our study highlights that governmental CSR strategies operate both within and beyond national borders, as governments mobilize CSR strategically in transnational contexts (Knudsen and Moon, 2017) and are embedded not only in national institutions but also in transnational relationships (Esper et al., 2023).

Our conceptualization of the three configurations of domestic and transnational governmental CSR strategies (coopting, embedding, and leveraging) can help explore how cross-level governmental orchestration is deployed over space and time in other settings. These three configurations point to the transformative processes that relate domestic governmental CSR strategies tailored to locally relevant political issues (e.g., willingness to avoid external regulations, search for new ways of nudging entrenched corporations) to global trends (e.g., diffusion of CSR standards, CSR policies of institutions such as the UNGC). By capturing bottom-up and top-down cross-level relations, these configurations integrate insights from 'government and CSR' studies that show the embedding of governmental CSR strategies in global forces (Knudsen and Moon, 2017) and intergovernmental politics (Esper et al., 2023), while responding to the call for 'exploring interrelated local, regional, national, international coordinated or orchestrated government activities in determining appropriate business conduct' (Kourula et al., 2019, p. 1117).

Our study also enriches PCSR and ‘government and CSR’ studies by explaining how governments act as ‘strategic agents’ in both national and transnational CSR arenas in ways that can involve coercive power and various temporal dynamics. These power and temporal dimensions add to prior analyses of the ‘governmentalisation of CSR’ (Vallentin and Murillo, 2012), as we show how orchestration explains an interactive and dynamic involvement of various governmental bodies in the ‘government of CSR’ at both levels. Our analysis shows that governments can use various ‘grammars’ of governmental CSR interventions (Giamporcaro et al., 2020; Schneider and Scherer, 2019) and document shifts in the reliance on such grammars. In so doing, our results show the dynamic aspect inherent to governments’ peculiar political status and distinctive ways to exercise power, which has not been considered in CSR scholarship (Esper et al., 2023; Knudsen and Moon, 2017) and remains overlooked in stakeholder analyses (Olsen, 2017). Moving beyond a static approach to nation-states (Djelic and Sahlin-Andersson, 2006) or governmental CSR discourse and practices embedded in stable national business systems (Matten and Moon, 2008), our approach to orchestration, informed by power transition theory, explains how governments change their capacity to influence CSR at the domestic and transnational levels through time by leveraging their political status. This power-based explanation of shifting governmental CSR strategies complements prior longitudinal discursive analyses of the motives for CSR by suggesting that less explicit power motives might explain why states may embrace CSR discourses following a business case logic (Lohmeyer and Jackson, 2024).

By showing how Korea has successfully mobilized CSR as a soft-power diplomatic tool to reposition its status in global governance, our study extends PCSR works that regard CSR as a diplomatic tool (Frig and Sorsa, 2020; Vallentin and Murillo, 2012; Zueva and Fairbrass, 2021). The situation of Korea echoes the cases of other middle powers that use various UN institutions (e.g., the UNGC) that tackle softer topic areas to showcase their diplomatic influences because they would struggle to obtain such an influence in economic or defence-related domains, unlike superpowers (e.g., China, the United States). Korea’s reliance on CSR as a transnational diplomatic tool remained mainly based on soft forms of power, but our findings suggest that CSR could be instrumentalised in the transnational governance sphere through harder modes of orchestration. Our analysis, in line with recent studies (Bo et al., 2019; Esper et al., 2023), therefore suggests that PCSR scholarship should move one step beyond ‘PCSR 2.0’ to embrace the geopolitics of CSR governmentalisation, an approach that we suggest labelling ‘PCSR 3.0’ – a form of PCSR that would not only pay attention to the role of government in domestic CSR agenda settings but also account for the transnational mobilization of CSR as a purposeful diplomatic concept.

Consolidating and extending governmental orchestration. Our study also contributes to transnational governance studies of orchestration as a means of governing business conduct (Djelic and Quack, 2018; Eberlein et al., 2014) as we consolidate and extend prior conceptualisations of orchestration by governments (Abbott et al., 2016, 2021; Abbott and Snidal, 2009a, 2009b). Piecing together fragmented insights about governmental orchestration (see Figure 1), and relying on power transition theory, we expand the range of governmental orchestration modes by bringing back coercive approaches as a state-specific modality of orchestration that has been neglected in prior studies. By showing how the Korean government has strategically structured CSR governance networks and deployed resources for intended CSR outcomes

not only within but also beyond its territory, our study indeed provides a consolidated view of governments as powerful, multilevel, and effective orchestrators (Abbott, 2017).

The configurations of cross-level governmental orchestration that we identified can account for the overlooked coordination involved in aligning domestic and transnational governmental orchestration modes. The case of Korea shows that governments can and do combine a broad spectrum of modes of orchestration – ranging from coercive to directive, delegative, and facilitative modes – beyond the domestic boundary (Giamporcario et al., 2020), as we found these orchestration modes relevant to making sense of transnational governmental strategies. We identified shifts from more to less centralized modes of governmental orchestration at the domestic level, while Korea's orchestration at the transnational level evolved towards more controlled and directive forms of engagement with the global CSR governance community. Thus, our empirical case demonstrates that a government can change its orchestration mix at both levels, according to its international power position and ambition to shift from a status of rule-taker to one of (modest) rule-maker (see Figure 2).

Our analysis, however, moves beyond such a consolidative work and identification of governmental orchestration in the domestic and transnational spheres by theorizing how orchestration operates across levels and through specific configurations – coopting, embedding, and leveraging (see Figure 3) – in ways that can coordinate local and global political ambitions. The three mechanisms of *regulatory capacity-building* we offer explain together why and how governmental orchestration at one level depends potentially on modes of orchestration at another level. These configurations and shifting mechanisms constitute a toolkit to further explore the coordination of domestic and transnational governmental orchestration modes not only between a given national level and the transnational level but also potentially among the local, regional, and national spheres.

Explaining how regulatory capacity-building influences governmental orchestration. Our analysis advances emerging discussions of power transition in the governmental orchestration of business conduct (Aydin, 2021; Lavenex et al., 2021) by explaining how regulatory capacity-building enables governments to shift one configuration of cross-level orchestration to another. The mechanisms we theorized relate to governmental and other actors that interact with each other across the levels (socialization), the consistent dissemination of a strategically chosen new topic at the transnational level to set the global agenda (transnational seeding), and the consolidative developments of expertise in the given issue area (domestic specialization). These mechanisms not only provide new insights into trickle-up and trickle-down processes between transnational and domestic spheres (Djelic and Quack, 2010; Schüssler et al., 2014) but also flesh out empirically why regulatory capacity-building can transform configurations of cross-level governmental orchestration.

In the context of power transition theory, these mechanisms can be used beyond our case context to account for how middle powers reposition themselves from selective rule-takers to regional rule-promoters, then to modest rule-makers in a specific issue domain. Our results do not only illustrate the potential of power transition theory to understand the behaviour of middle powers in transnational governance contexts (Aydin, 2021; Cho and Büthe, 2021) but also refine this framework by showing that domestic and

transnational regulatory capacities can be developed at different points in time and play complementary roles in explaining shifts in states' global positioning. Our empirical focus on a typical middle power (i.e., Korea) provides insightful implications for the analysis of how other emerging middle powers, such as Turkey or Indonesia, can move beyond their focus on rule-promotion. Our study, therefore, extends the relatively limited understanding of middle powers' aspirations and leverage in transnational governance platforms, which contrasts with the growing influence of these actors on regional and global affairs (Aydin, 2021). Future studies could focus on the same issue area in the same time frame to compare our case study with other middle powers, to specify further explanatory factors of change in modes of governmental orchestration.

Boundary Conditions and Future Research

Our focus on a single case calls for a careful evaluation of the transferability of the concepts, and the boundary conditions of our findings. A first boundary condition relates to our Korean context. Like France, Korea has traditionally been referred to as a state-led NBS, where governmental involvement in business conduct is salient (Gond et al., 2011). Our research would benefit from further comparative analyses of domestic, transnational and cross-level governmental CSR orchestration across different types of NBS, while considering a more fine-grained characterization of the degree of government intervention in the economy, varieties in state capitalism (Musacchio et al., 2015). Our results could be extended through comparative studies of regulatory states (e.g., the USA), welfare states (e.g., Denmark), predatory states (e.g., Nigeria) and other middle powers (e.g., Indonesia) (Brejnholt et al., 2021). Future studies could explore how middle powers compete in transnational CSR and evaluate the extent to which they reposition themselves through CSR diplomacy. Methodologically, such work could rely on fuzzy set Qualitative Comparative Analysis (fsQCA) (Misangyi et al., 2017) to develop a configurational theory explaining the impacts of middle powers' governmental CSR strategies. Conceptually, such analyses could help theorize further the interactions between business and government in the shaping of CSR and sustainability issues at the cross-national level of analysis.

Another boundary condition of our analysis points to the relatively 'successful' trajectory of Korea. Korea's case is the successful diplomatic use of CSR by a government, in the sense that Korea's status in the transnational CSR sphere has been consolidated over time. Due to severe climate change and social welfare issues from COVID-19, however, CSR can become a critical governance area for all countries with new government regulations for sustainable business (Crane and Matten, 2021; Levy, 2021). As a result, CSR may no longer remain a 'normative agenda of low politics'. Future studies could continue to focus on how a middle power such as Korea continue to transform its CSR governance systems at both levels and under which conditions it can better interact with business for CSR policies with the mainstreamed status of CSR.

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NOTES

- [1] This is the former governmental economic agency of the Ministry of Finance and Economy. It was established with the first military authoritarian administration of President Park in 1961 to lead the Korean economy and was dismissed in December 1994. It was merged with the Ministry of Finance and became the Ministry of Finance and Economy under the administration of President Kim.
- [2] Non-Annex 1 countries are developing countries that do not have legally binding emissions reduction targets.

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