

Regulating side by side: The role of hybrid organisations in transnational environmental sustainability[☆]

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Abstract

We have witnessed a rise of hybrid regulators in transnational governance, and the regimes they form have grown in number, complexity, and importance. They are directly involved in rule making, provide crucial information, and conduct supportive tasks, such as arbitration, certification, or mobilisation, to other rule makers. In our paper, we examine the complex organisational ecology in the transnational governance regime of environmental sustainability, including public, commercial, and civil-society interests. Specifically, we investigate the relationship between the level of hybridisation of regulatory bodies and their degree of specialisation. The analysis of a medium number of cases shows that highly hybridised bodies tend to endorse a bundling role whereas weakly hybridised organisations mostly function as focussing bodies specialising in a very limited number of regulatory tasks. These insights help to understand the evolution of regulatory governance while pointing out the advantages and limitations of this form of transnational governance for the management of complex and interdependent issues such as sustainability.

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1. Introduction

The politics of regulatory reform involving deregulation, liberalisation, and privatisation, which have been endorsed by many countries from the 1980s onwards, were in fact accompanied by considerable “re-regulation” (Gilardi, 2008; Levi-Faur, 2005; Vogel, 1996). The new order of “regulatory capitalism” has been promoted not only by governments but also through the development of new technologies of regulation in the private sphere and the proliferation of transnational mechanisms of co-regulation and self-regulation in the shadow of public authorities (Abbott & Snidal, 2000; Black, 2008; Borzel & Risse, 2005; Drahos, 2004; Eberlein & Grande, 2005; Levi-Faur, 2005, 2006; Scott, 2004). Non-governmental regulatory governance, which is emerging where control by neither the market nor the state (alone) is possible or desirable ‘mainly because these forms of control are less cost effective or less legitimate’ (Ronit & Schneider, 1999, p. 244), is expanding rapidly across sectors and countries.

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Possibly the most sophisticated form of non-governmental transnational regulation is brought into being by hybrid bodies, wherein public, commercial, and civil actors are involved side by side (Abbott & Snidal, 2009). Hybrid regulators are expected to combine the flexibility and expertise of private arrangements with the increased effectiveness of public regulation. However, they also create additional complexity in an environment where the exercise of legitimate authority is increasingly fragmented across different levels of governance and is shaped by the interdependence of decision makers (cf. Büthe & Mattli, 2011). The role of hybrid regulators is still not well understood, especially from a comparative perspective that aims at finding systematic patterns beyond single case studies. In this paper, we investigate the expected connection between the level of hybridisation and the regulatory activities of transnational regulators in the field of environmental sustainability. To do so, the next section of this paper conceptualises the notion of hybrid regulation, arguing that it has the potential to configure an effective style of transnational governance, which might imply some drawbacks that are particularly serious in complex and contested policy fields such as sustainability. Afterwards, we will present our theory and derive two alternative exploratory expectations. On the one hand, the degree of hybridisation of regulators could be positively associated with their regulatory specialisation because their flexibility allows them to find complementary sub-niches and avoid costly inter-organisational competition (Carroll, 1984; Hannan, 1993). In this case, we should observe the prevalence of “focussing” hybrids with a small regulatory scope and limited responsibilities. On the other hand, hybrid bodies are potentially able to gather all the competencies that are required to act effectively throughout the regulatory process and will act as a generalist regulatory body even in organisationally dense fields (cf. Büthe & Mattli, 2011), configuring a “bundling” hybrid. To explore the occurrence of these two types of hybrid regulators empirically, we will map the population of regulators in transnational environmental sustainability. In order to include the most relevant organisations and to maximise variation at the same time, 12 transnational organisations that regulate different aspects of sustainability have been selected. For these, we have determined their degree of hybridisation and regulatory specialisation, respectively. Evidence is found for both task-focussed regulators with a very small and narrow regulatory scope that have only a low level of hybridisation and regulators with a very high level of hybridisation that are able to accumulate and bundle diverse regulatory competencies. We conclude that both types of hybrid regulators form extreme points on the same continuum, with focussing hybrids on the one end and bundling hybrids on the other.

2. Conceptualising hybrid regulation

Hybrid regulators, such as multi-stakeholder groups, are considered ‘the most important civil regulations’ (Vogel, 2008, p. 269). They discuss, prepare, and sometimes enact a great deal of voluntary standards, mechanisms of certification and labelling, and codes of corporate social responsibility to which private firms should conform (Favotto, Kollman, & Bernhagen, this issue; Griffin, 2000; Griffin & Prakash, 2014). These bodies transcend the typology of the modes of global regulation developed by Büthe and Mattli (2011, p. 19) and call for an extension of it. As a matter of fact, hybrid regulators promote non-market-based regulation, but they can coexist along with other standard-setting bodies in a wider regulatory regime (Krasner, 1982). On the other hand, they integrate public and private actors to different degrees. They constitute a specific mode of global regulation whereby the term “hybrid” can be understood quite narrowly to refer to the variety of actors who participate within these organisations. Hence, hybridisation in this paper refers to intra-organisational features as opposed to the concept of hybrid regimes that indicate inter-organisational relations (van der Heijden, 2011).

More precisely, a hybrid organisation is established and/or managed by the joint effort of at least two different types of actors (e.g. state, business, or non-profit), which typically differ in terms of interest and authority (Abbott & Snidal, 2009). This implies that a collaboration of states, companies, and civil-society organisations is necessary to create hybrid bodies. Hence, hybridisation has firstly a constitutive component, which refers to the foundation of the hybrid (i.e. who established it?) and the membership base (i.e. who is part of it?). Secondly, there is an operative component as well. Hybrids are supported financially by different sponsors (i.e. who funds the hybrid?). In addition, control over the hybrid is shared among different parties (i.e. who controls it?). Given that hybridisation rests on both components, one can argue that it is a matter of degree. Organisations can be more or less hybrid depending on the actual involvement of other actors (Cafaggi, 2011; Koppell, 2010; Skelcher, 2010; van der Heijden, 2011).

The literature points to a double ambiguity that surrounds hybrid bodies (Marx, 2008; Vogel, 2008). First, supporters argue that they are flexible, efficient, and participatory tools whereas critics underline their elitist and exclusive characteristics and the fact that they were essentially designed with protectionist aims to avoid more

stringent public regulation (O'Rourke, 2006). Second, initiatives for diffusing corporate-responsibility instruments officially aim at leading firms to make important changes in their labour, health, safety, and environmental standards and practices (Matten & Moon, 2008), but, being voluntary and market-driven, they are expected to engage only some companies in some areas when business logic induces them to do so (Thomann, Lieberherr, & Ingold, this issue; Vogel, 2005). This double ambiguity notwithstanding, hybrid regulators are emerging as supporters and producers of “public goods” in the transnational sphere challenging the monopoly of nation-states over the regulation of collective interests, which is consistent with wider developments in global governance indicating a horizontal shift of sovereignty (Kinderman, this issue; Moon, Kang, & Gond, 2010).

Regarding their governance structure (Bevir, 2006), hybrid organisations can be described as decentralised and multilevel, relatively open for participation from different interests and stakeholders, and having a strong emphasis on expertise and consensus. Governance schemes designed this way have several advantages (Cafaggi & Renda, 2012; Sørensen & Torfing, 2009). Their decentralised and multilevel nature enables them to react to new issues and problems quickly and in a flexible way. In hybrid governance schemes, the inclusion of stakeholders and the practice of consensus building are expected to create higher legitimacy and consequently higher rates of compliance. Furthermore, the reliance on expertise and not ideology (Leca, 1996) as the basis of decision making should provide these regulators with a high capacity to tackle policy problems. In short, hybrid governance can be a very effective approach for regulating transnational issues. However, these governance schemes also have some serious disadvantages (Bloomfield & Schleifer, 2014; Cafaggi & Renda, 2012; Sørensen & Torfing, 2009). Although participation is open in theory, some parties may be systematically excluded. This also implies that actors may not be concerned with pursuing the public good (whatever that may be for a given case) but rather promote their own particular interests and agendas. In addition, the inclusion of multiple actors increases the difficulty of coordination, which could have a paralysing effect on the hybrid. Finally, these governing bodies lack transparency, which has two consequences. First, it is difficult to assess and attribute responsibility to individual actors, which makes holding them accountable for misconduct difficult. Second, a lack of transparency also hinders effective monitoring, which might actually lower rates of compliance.

These drawbacks are particularly prominent in the regulation of environmental sustainability. This area is characterised by considerable organisational density. There are many different actors involved, promoting several divergent interests and possessing distinctive degrees of regulatory capacity and legitimacy (Abbott & Snidal, 2009; Bütte & Mattli, 2011). Multiple centres of regulation exist (Bütte & Mattli, 2011; Hupe & Edwards, 2012), and policy instruments are located on different levels, ranging from local regulatory devices to global ones (Newig & Fritsch, 2009). Especially on the transnational level, state actors possess far less capacity, information, expertise, and authority compared to domestic settings (Abbott & Snidal, 2009, p. 67). Hence, they are neither the sole focal point of regulation nor the sole locus of authority and must find their place within existing governing regimes, if any. One option for state actors is to play a passive role, acting in the background and supporting these regimes indirectly. For example, they can enforce sanctions for private regulators or promote membership in regulators' schemes created by business actors and/or NGOs (Verbruggen, 2013). However, they also have another option, which is to be more engaged and proactive. For instance, they might choose to use these governing regimes instrumentally and benefit from the expertise and flexibility of the latter to enhance their own regulatory reach (Skelcher, 2010). In environmental sustainability, state actors face different possible partners, and therefore, they must make a choice regarding their collaborative undertakings. Conversely, they have to acknowledge that these partners may defect and engage in “forum shopping”.

3. Towards an organisational ecology of hybrid forms of governance

The ability of modern societies to adapt to changing conditions and new challenges also depends on the dynamics of their organisational populations (Duit & Galaz, 2008; Loorbach, 2010). Therefore, to map the role of hybrid regulators in transnational governance, it is useful to adopt a perspective grounded on organisational ecology. More precisely, its analytical lenses can be fruitfully applied to the field of transnational governance to make sense of the emergence of new organisational forms and map their distribution, their diversity, and their differentiation (Abbott, Green, & Keohane, 2013). To do so, we start with a limited number of assumptions. To begin with, we posit that the relationships among organisations in a population that occupies a given niche are characterised by a state of competitive interdependence. This derives firstly from competition for resources within the same environment (Aldrich, 1999) and secondly from competition regarding the regulatory share, which means that regulators have to

compete with each other to attract rule takers within their respective regulatory framework (Black, 2009). A certain degree of competitive interdependence is unavoidable, as the primary goal of organisations is to secure their survival both within their niche and across niches. Competition, the argument goes, is expected to increase monotonically with density. Additionally, one has to assume that most organisations suffer from some structural inertia that hinders adaptation when the environment changes. This situation is supposed to produce long-term change mostly through selection processes instead of adaptation (Hannan & Freeman, 1984). However, both the dynamics of competition and the degree of structural inertia versus flexibility may vary according to organisational and environmental conditions. Therefore, we expect that hybrid organisations, when observed at population level, display some distinctive trajectories.

On the one hand, since hybrid organisations are structurally and strategically flexible, they are expected to be able to develop regulatory initiatives that are complementary to those of more powerful organisations, including governments and inter-governmental organisations (IGOs), but also companies and civil-society organisations and to find unoccupied sub-niches in which they can operate (Abbott et al., 2013). Especially in organisationally dense fields, such as environmental sustainability, hybrid regulators should eschew competition and conflict, which are costly and may produce sub-optimal results, and progressively institutionalise their cooperation in specific issue areas (Pattberg, 2005). Consequently, we should observe a strong specialisation of these organisations on a limited number of transnational regulatory tasks, like agenda-setting, negotiation of rules, implementation, or other activities (see below), as a function of their extent of hybridisation. In other words, on an *individual* level, hybrid organisations are expected to focus themselves on a specific regulatory function within their respective regulatory regime. On the *population* level, it is anticipated that hybridisation will lead to a very high level of inter-organisational fragmentation and diversification. To sum up:

- Expectation 1: Because of their flexibility and consequent ability to occupy regulatory sub-niches, hybrid regulators are characterised by task specialisation, a condition which in turn produces a high overall level of differentiation regarding their regulatory functions.

On the other hand, there are arguments that support an alternative expectation. Hybrid organisations can manage different regulatory tasks in the course of the regulatory process. The ability of organisations to deal with any task along this process and eventually shape rule making depends on a number of competencies, namely their autonomy, representativeness, expertise, and operational capacity (Abbott & Snidal, 2009). Single-actor schemes, such as business-supported codes of “good conduct”, typically lack some of these competencies, notably autonomy and representativeness, and may be prone to capture by particular interests. Conversely, hybrid bodies should be able to gather (almost) all the competencies that are required to act effectively throughout the regulatory process by relying on the skills and legitimacy of their participants. In particular, the role of state actors is expected to be crucial, as they provide a unique capacity of enforcement or at least of promoting compliance and reaction to non-compliance. In this context, state actors would no longer exercise their power directly and exclusively, but they would do so more indirectly by complementing the regulatory capacity of non-state actors (Genschel & Zangl, 2008; Verbruggen, 2013) in a way that is possibly more effective than traditional policy making for governing transnational policy fields. Consequently, we expect that hybrid bodies will accumulate the competencies of their “parents” and thus emerge as powerful regulators able to fulfil many regulatory tasks. In other words, hybrid organisations are expected to show little regulatory specialisation on an individual level and instead *bundle* competencies and capacities. On the population level, hybridisation would lead to a high degree of concentration and resemblance.

- Expectation 2: The degree of organisational hybridisation of transnational regulators is positively associated with their ability to manage different regulatory tasks, especially when these hybrids are directly supported by the state.

Each expectation rests on a distinctive logic of hybridisation. Corresponding to the first expectation, hybrid organisations will make the most of their flexibility by specialising to fill out regulatory gaps that exist within governance schemes. These hybrids play a *focussing* role, meaning they take over only those regulatory tasks that are required to occupy a given niche. Like pieces in a mosaic, these hybrids are not focal points of regulation by themselves, but they enable and improve the regulatory reach of the governance network in which they are embedded (Büthe & Mattli, 2011; Skelcher, 2010). Conversely, hybrid organisations corresponding to the second expectation

will develop a wide regulatory scope. They play a *bundling* role, meaning that they will assemble and bring together different types of actors that share and gather their respective competencies. Those hybrids tend to become focal points of regulation, taking over various regulatory tasks (Büthe & Mattli, 2011; Skelcher, 2010). Thus, there might be two alternative roles of hybrid organisations in transnational regulation, namely that of the small and specialised focussing hybrid and the larger and hegemonic bundling hybrid. This study examines the prevalence of these two alternative types in the overall population of hybrid regulators in the transnational governance of environmental sustainability.

4. Case selection, data, and methodology

To explore our expectations and to find evidence for the prevalence of focussing or bundling hybrids, we selected a field that is highly representative of the potential advantages and drawbacks of hybrid regulators, that is, the case of the transnational governance of environmental sustainability.

With respect to our argument, this is a representative case (Gerring, 2007; Seawright & Gerring, 2008) because on the one hand, environmental sustainability is an organisationally dense field populated by many regulatory bodies, which are involved on different levels and along different steps of the regulatory process, producing a very complex and diversified actor constellation without a clear, single focal point (Büthe & Mattli, 2011). On the other hand, this field is extremely relevant for contemporary policy making, especially in Europe, following the United Nations Earth Summit in 1992, the EU sustainable-development strategy launched in 2001, and the extensive pro-sustainability policies adopted by most governments in the last decade. Finally, issues related to environmental sustainability have a growing salience for the media and the wider public (Bonfadelli, 2010; Holt & Barkemeyer, 2012).

From this policy field, we have selected 12 transnational regulatory bodies. Our selection strategy was based on two arguments. First, in accordance with our exploratory aim, we wanted to keep the number of cases moderate so as to be able to study them in-depth. Second, we searched for organisations that provide a satisfactory level of variation across our main variables, in particular concerning the expected level of hybridisation and the extent of regulatory specialisation while also being of substantial relevance to the policy field at large. To do so, we started by examining case studies and comparative analyses in transnational governance and environmental sustainability (Bernstein & Cashore, 2007; Chan & Pattberg, 2008; Dingwerth, 2008; Graz & Nölke, 2007; King & Lenox, 2000; Koppell, 2010; Mena & Palazzo, 2012), and we also searched for additional organisations on our own. Our final sample includes only organisations that display at least some hybrid features so as to exclude irrelevant cases (Mahoney & Goertz, 2004). Although all of these organisations are hybrid bodies that are active in transnational environmental sustainability, it is nonetheless possible to distinguish them further according to some basic features in line with our diversity-oriented exploratory strategy. As indicated in Table 1, they promote sustainability in different areas, which allows us to capture within-case variance. For example, the Global Sustainable Tourism Council, founded in 2009 by the Rainforest Alliance, several UN agencies, and industry leaders, tries to reduce the impact of tourism and travel on host communities. As a second example, consider the Global Reporting Initiative. It was founded in 1997 by civil society

Table 1
Hybrid regulators of sustainability.

#	Name of hybrid organisation	Policy field
1	CEE Bankwatch Network	Public Spending
2	Forest Stewardship Council	Forestry
3	Friends of the Earth Europe	Various
4	Global Reporting Initiative	Reporting, Transparency
5	Global Sustainable Tourism Council	Tourism, Travel
6	International Centre for Trade and Sustainable Development	Trade, Development
7	International Federation Of Organic Agriculture Movements	Agriculture
8	Marine Stewardship Council	Fishery
9	Programme For The Endorsement Of Forest Certification	Forestry
10	Rainforest Alliance	Various
11	Round Table on Sustainable Development	Development
12	Sustainable Forestry Initiative	Forestry

Selection of hybrid bodies that are active in transnational governance of sustainability.

organisations with the support of the UN Environmental Programme. Today, it is run as a multi-stakeholder initiative and provides standards and guidelines that are used by companies and other organisations to communicate their environmental impact in particular. Finally, the Marine Stewardship Council (MSC) was founded in 1997 as a hybrid of NGOs and industry. Fisheries can apply to the MSC for certification and are then audited by external agencies regarding their compliance with MSC standards. If compliance has been certified, the products of this fishery may carry the MSC label, thus informing potential consumers about their quality and sustainability. In addition to tourism, reporting, and fisheries, other cases considered in our analysis refer to public spending, forestry, agriculture, trade, and development. We have also included more than one regulator from forestry to enable comparison of hybrid bodies operating on this key issue. Finally, we have included both Friends of the Earth Europe and the Rainforest Alliance, which operate on multiple issues, to investigate cases that are active in more than one area.

Our data collection procedure relied primarily on the analysis of official documents. We consulted the Web sites of each organisation under investigation and focussed on specific sections such as “mission statements”, “about us”, “our vision”, or other indications concerning the organisation’s intent, purpose, governance structure, and history. Additional information was collected from annual, financial, and progress reports, from meeting minutes that are publicly available, from published guidelines, standards, codes of conduct, and other internal regulations, and from other miscellaneous publications that were issued by the organisation under scrutiny such as press releases (all detailed references are available upon request from the authors). Any numbers, figures, and other information we present here refer to the most recent data disclosed by the organisation under investigation, and data collection was carried out in mid to late 2014.

As said in the previous section, we are especially interested in two attributes of transnational regulators of environmental sustainability, namely their level of hybridisation and their degree of regulatory specialisation. First, *hybridisation* occurs when a given organisation includes public, commercial, and civil-society actors. In this case, it represents various public and private interests and is influenced by them. In other words, a single-stakeholder organisation can never be hybrid, but a multi-stakeholder one always is (Abbott & Snidal, 2009). In particular, there are two dimensions that indicate whether a given organisation is of a hybrid nature. First, hybrid organisations have many parents, meaning that many different types of actors were involved in setting it up (Cafaggi, 2011; Koppell, 2010; Skelcher, 2010). The “constitution” of an organisation – the first dimension to indicate its level of hybridisation – can be operationalised through its founding process and its membership base. With reference to the founding process, we have assessed which types of actors have created the organisation. If the three types of actors (public, commercial, and civil) were all involved, full hybridisation was assigned. The fewer actor types that were included, the less hybridised the organisation was considered along this dimension (i.e., with either low hybridisation or no hybridisation, respectively). Regarding membership, a hybrid actor is open to public, commercial, and civil-society actors. Consequently, the fewer actor types that were represented as members of the organisation, the less hybridised it was considered. In cases where we were unable to acquire first-hand information about current members, we approximated the membership base through internal regulations about the organisational structure.

Second, hybrid organisations are also run and operated by multiple actor types (Cafaggi, 2011; Koppell, 2010; Skelcher, 2010). On the one hand, this means that a hybrid receives support and resources from various sources. On the other hand, hybrid bodies grant their members a significant influence on their decision-making process. In particular, if both public and private actors substantially shape the most relevant decisions of the body, then this body can be considered a hybrid. Thus, “operation” is the second dimension that indicates whether a transnational regulator is of a hybrid nature. We measured operation of a hybrid body through its sources of income and its governance structure. Regarding the former indicator, we have examined from where each organisation receives financial support. Again, the more actor types that gave financial support to the organisation, the more it was considered to be hybrid. In order to examine governance structures, we have looked at the highest decision-making body of the organisation such as an executive board or a general assembly. Hybridisation was considered to be the highest on this dimension when all three types of actors were represented with full voting rights in this body. Conversely, the level of hybridisation was lowered if one or two actor types were not represented. To sum up, by applying and adding up the dimensions of constitution and operation to our selected bodies, one can distinguish between different degrees of hybridisation.

The regulatory *specialisation* of organisations, our second main concept, rests on the assumption that the governance process includes many regulatory tasks. We distinguish among three different sets of them (Abbott & Snidal, 2009; Büthe, 2010; Cafaggi, 2011; Roberts, 2011; Windhoff-Héritier, 1987). The first set contains tasks that have an informative purpose whereby a governing body acts as an informer and provides information to other actors.

Table 2
Regulatory tasks in transnational hybrid governance.

Set	Exemplary activities
Information	Agenda setting Certification Evidence handling Monitoring Policy feedback Rule interpretation
Decision making	Arbitration Negotiation Policy creation
Implementation	Administration Adoption Training & teaching

Overview of three sets of regulatory tasks and which activities are typically associated with them.

For example, monitoring implies that the body in question is inspecting whether another actor complies with a given policy. Another example of an informative task is certification, which means that the body is labelling goods, services, processes, or even other actors to acknowledge and communicate their quality. The second set includes tasks that are decisional and creative. For example, policy drafting is a decisional task that implies the elaboration of guidelines, standards, codes, or other regulations. At the same time, policy-enabling activities, like negotiating or bargaining, or providing a forum to perform these activities belong to this set as well. Third, all activities related to implementation belong to the last set. In particular, this happens when an actor changes its own behaviour to be in accordance with a given policy. Additionally, tasks that are supporting implementation belong to this set. This includes short-term help, such as training and teaching, but also long-term support such as offering administrative services and supervision. Table 2 gives an overview of the three sets and of the tasks that belong to each one.

By relying on these three sets, we can describe and assess the regulatory specialisation of organisations. First, if an organisation showed at least one of the exemplary activities listed in Table 2, we considered it active in the corresponding set. For example, if an organisation was an agenda setter, then it was considered active in information. Further, it would have been also classified as an informer if it were certifying, monitoring, or giving feedback. In these cases, we have considered the organisation to express a regulatory activity of *low* intensity in the respective set. However, if the organisation did take over more than one regulatory task of the given set, we have labelled it as having *high* regulatory intensity in this set. In general, this distinction between low and high intensity is the first indication for regulatory specialisation. For instance, a high-intensity informer has a *comparatively* wider regulatory scope than a low-intensity informer. Second, organisations can be active in more than one set. The more sets of activity an organisation displays, the wider is its regulatory scope, and thus the less specialised the organisation would be. Instead, higher regulatory specialisation would be indicated if the organisation were only active in one set.

5. Exploring the transnational regulation of environmental sustainability

The results of our empirical analysis can be summarised as follows (Table 3). The majority of the investigated bodies display a high level of hybridisation, especially due to their operational dimension. In line with the second expectation, these hybrids endorse a bundling role, which especially concerns information and decision-making. At the same time, two weakly hybridised organisations work as focussing bodies, which are essentially in charge of informative tasks only. How can these findings be interpreted?

It is important to first consider the level of hybridisation. On the one hand, two cases clearly have a low degree of hybridisation, i.e., the CEE Bankwatch Network and the Friends of the Earth Europe. Both were established by environmental advocacy organisations and other “value actors” (Abbott & Snidal, 2002) from civil society. Yet, both have been later endorsed by public authorities, mostly in terms of financial support. On the other hand, there are also bodies with high degrees of hybridisation such as the Forest Stewardship Council and the Global Sustainable Tourism

Table 3
Results.

Organisation	Hybridisation		Regulatory tasks			Type of hybrid
	Constitution	Operation	Information	Decision making	Implementation	
CEE Bankwatch Network	None	Low	High	None	None	Focus
Friends of the Earth Europe	None	Low	High	None	None	Focus
Forest Stewardship Council	High	High	High	High	Low	Bundle
Global Reporting Initiative	High	High	High	High	High	Bundle
Global Sustainable Tourism Council	High	High	High	High	Low	Bundle
International Federation Of Organic Agriculture Movements	Low	High	High	High	Low	Bundle
Programme For The Endorsement Of Forest Certification	Low	High	High	High	Low	Bundle
Rainforest Alliance	Low	High	High	High	Low	Bundle
Sustainable Forestry Initiative	Low	High	High	High	Low	Bundle
Round Table on Sustainable Development	Low	None	Low	Low	None	
Marine Stewardship Council	Low	High	Low	High	None	
International Centre for Trade and Sustainable Development	Low	Low	High	High	None	

Level of Hybridisation and Regulatory Tasks of 12 transnational hybrid regulators of sustainability. Hybridisation ranges from “none” (pure type), over “low” to “high” (incorporates public, commercial, and civil actors). Regulatory tasks ranges from “none” (inactivity) over “low” (some activity) to “high” (high activity). Type of hybrid is “focus” if the regulator is active in one regulatory task, and “bundle” if it is active in all. Data collected in 2014.

Council. Specifically, the latter is a truly multi-stakeholder initiative that incorporates public authorities, commercial interests, and civil society organisations in every step. Finally, some cases have intermediary levels of hybridisation such as the Sustainable Forestry Initiative and the Marine Stewardship Council. Although the former is based on an initiative of commercial actors, it later started integrating all varieties of interests and is today run as a multi-stakeholder body. The latter has basically followed the same development with the notable difference of integrating commercial and civil actors from its inception. The conclusion is that there is not a single *pathway to hybridisation* and that a regulatory body can become (more) hybrid at different stages of its life. Some are already created as multi-stakeholder initiatives, while others become so later. Changes in the degree of hybridisation can occur in the constitution of the organisation, particularly through modifications in the membership base. They can also occur regarding the operation if the hybrid acquires or loses sources of funding, or if the composition of the highest decision-making body changes. It is noteworthy that these changes affect the governance capacity of the corresponding hybrid differently. A change of funding may increase or decrease its operational capacity. Instead, a change in membership base or decision-making bodies directly impacts its inclusiveness and, hence, might increase or decrease its legitimacy accordingly.

Regarding the regulatory specialisation of hybrid regulators, we can identify two different types. First, both the CEE Bankwatch Network and the Friends of the Earth Europe concentrate exclusively on informative tasks, and we consequently assign them the role of *focussing hybrids*. Here, the flexibility of hybrid regulators comes into play. Consider that both organisations have been established by civil society actors. As such, they possess moral expertise as well as autonomy and representativeness to some extent, which means that they have strong competencies for tasks such as agenda-setting, monitoring, or providing policy feedbacks (Abbott & Snidal, 2009). At a later stage, these bodies have been recognised and endorsed by public authorities, most notably by the European Union, which is the single most generous donor in both cases. In our interpretation, the CEE Bankwatch Network and the Friends of the Earth Europe occupy regulatory niches with the strategic support of public authorities. Both complement the work of public officials by integrating new actors into policy making and by performing regulatory tasks that might be difficult to achieve otherwise (Klijn & Skelcher, 2007; Skelcher, 2010). In particular, public authorities benefit from their support to the two focussing hybrids because of the provision of informative tasks. Civil society organisations have good capacities to supply evidence, provide policy feedback, and monitor rule application; hence for state actors, they are attractive collaborators (Abbott & Snidal, 2009).

Second, we were able to identify seven bundling hybrids – the vast majority of our cases – that accumulate competencies and that are active in every set of regulatory tasks. Consider, as an example, the Forest Stewardship

Council. Established by a coalition of public and private actors, it is one of the most encompassing multi-stakeholder initiatives worldwide, and it is precisely this integration of different actors and interests that bestows the Council with different competencies. These competencies, in turn, enable the Council to fulfil many regulatory tasks and to occupy a focal point in sustainable forestry regulation (Büthe & Mattli, 2011). Yet, it is not the only focal point because both the Programme for the Endorsement of Forest Certification and the Sustainable Forestry Initiative exist alongside, too. Also noteworthy is that the Council and bundling hybrids in general do not take over every regulatory task possible. This indicates quite a high overall level of differentiation regarding regulatory functions that is in line with the first expectation. For example, although the Council employs a system of product certification, the actual process of certification is executed by third parties. Public authorities profit from their participation to such multi-stakeholder initiatives because they can influence other participants (Streeck, 1987; Streeck & Schmitter, 1985). In this respect, state actors use hybrid organisations as policy instruments (Klijn & Skelcher, 2007; Skelcher, 2010). Further, as Giessen, Burns, Sahide, and Wibowo (this issue) argue, states may directly reclaim authority from private initiatives by replacing them with public schemes. Our own findings complement this argument and indicate that especially powerful *non*-state regulators (like bundling hybrids) also depend on the direct support of public authorities.

All in all, the data seem to qualify both the expectation on bundling and the one on focussing hybrids, particularly regarding two points. First, our exploratory analysis shows that a low level of hybridisation corresponds to a rather narrow regulatory specialisation, which is the case for the two organisations following the focussing type. However, one organisation, the Round Table on Sustainable Development, stands out because it has a low level of hybridisation and yet a slightly wider regulatory scope than what we would have expected. Thus, we examined the Round Table further. It was established in 1998 by the OECD to serve as a forum for general discussions evolving around topics related to sustainability and development issues. Unlike other bodies in our sample, the Round Table is not a full-blown organisation. It neither has its own secretary nor administration, and both functions are performed by OECD departments. In addition, it does not have a clear membership base or even a governance structure. Instead, administrators and representatives from OECD countries use the framework of the Round Table to meet and discuss the mentioned topics. However, external “experts” from businesses and civil society are invited to participate and to share their view. Thus, the purpose of this organisation is to promote negotiation and exchange but also bring important points into the agenda of public decision-makers. Therefore, the Round Table should be considered as an organ of the OECD with little autonomy and agency (cf. Hooghe & Marks, 2014). Because of this reliance on an international organisation, the Round Table cannot develop the same flexibility and adaptability as other similar hybrids. In other words, it is too large for the regulatory niche it occupies and can hold itself in this position only because of the support of the OECD.

The second point refers to the specific role of bundling hybrids and has to do with the capacity of regulatory bodies to occupy several niches within a given policy field. Organisations like the Forest Stewardship Council can hold their focal point in regulating sustainability because they are perceived as being legitimate and effective (namely in terms of policy uptake and compliance; cf. Kalfagianni & Pattberg, 2011; Mena & Palazzo, 2012; Vogel, 2008) and, more generally, as suitable for their tasks. They derive this legitimacy and receive these competencies from their members and supporters, and, as multi-stakeholder initiatives, they can combine them (Abbott & Snidal, 2009) to carry many regulatory tasks at once.

This point implies that there is a *co-evolutionary* relation between hybridisation and regulatory specialisation, meaning that a regulator will tend to develop both dimensions simultaneously. Evidence for this phenomenon can be found in our data. First consider the development of the Sustainable Forestry Initiative, which was created in the early 1990s by the U.S. paper industry. As the importance and regulatory scope of the Initiative grew, it faced more demands for inclusion and legitimacy. Today, the Initiative is still an “industry-led” instrument (Cafaggi, 2011), which, however, has opened up to NGOs and other value actors. As discussed above, this increases the inclusiveness and legitimacy of the Initiative, thus bringing its hybridisation on par with its regulatory scope. The second example is the Marine Stewardship Council. Although it is a multi-stakeholder initiative, especially regarding the “operation” dimension, it has a comparatively small regulatory scope and was hence not classified as a fully-fledged bundling hybrid. However, our analysis is just a snapshot of current developments, and we expect that the Council might extend its scope in the future.

6. Conclusion

Bringing all together, the high organisational density of the transnational governance of environmental sustainability derives from the involvement of very different kinds of transnational regulatory bodies. Alongside

purely public and private actors, there are also various partnerships and multi-stakeholder initiatives. These hybrids exhibit different levels of hybridisation and develop different regulatory specialisations. Some of them, such as the fully hybridised Forest Stewardship Council, have a very wide scope and many regulatory functions. On the other hand, other organisations are much more narrow and specialised in their tasks. Most notably, the CEE Bankwatch Network and the Friends of the Earth Europe are driven by civil society and focus on few regulatory activities. Moreover, some organisations fall somewhere between these extremes.

Our analysis was exploratory in nature and, hence, has only a limited external validity. Nevertheless, a meaningful interpretation of our findings is that the expectations about the focussing or bundling nature of hybrids are not merely alternative but could be complementary. That is to say, a strong hybridisation is necessary to accumulate the different capacities to fulfil the bundling role, while bodies with lower levels of hybridisation are more specialised, and also less common. These two ideal types should be understood as the extreme poles of the same continuum, on which transnational regulators are aligned according to their hybridisation and regulatory specialisation. Future research is required to validate these findings. The number of organisations should be extended to allow a systematic analysis of the relation between these two concepts and whether the level of hybridisation truly determines the regulatory scope. What is more, it will be crucial to highlight the scope conditions that shape the trajectories and development of hybrids in this respect.

The distinction between these two types of hybrid organisations has several implications. First, assuming an instrumentalist perspective, hybrid organisations can be the appropriate policy tool in very different situations. If the hybrid body follows a focussing approach, it can complement a given governance regime and enhance its overall quality. Or, when it follows a bundling approach, the hybrid can challenge a given regime and establish a viable, perhaps more appropriate, alternative. For instance, after repeated accountability failures of the existing governance schemes in sustainable timber regulation, the FSC was founded to offer such an alternative (Chan & Pattberg, 2008). The second set of implications relates to the autonomy and legitimacy of hybrid organisations. Here, a hybrid regulatory body is considered to be legitimate if it is capable of maintaining an effective governance scheme of high quality (Black, 2009). When the hybrid is of the focussing type, then it only represents a small part in the larger governance regime in which it is embedded. Thus, since it is highly dependent on the other components of this regime, the legitimacy of the focussing hybrid is very much determined by the legitimacy of the wider regime. On the other hand, the legitimacy of bundling hybrids rests very much on themselves and their ability to take over several regulatory tasks on their own. Even more, since bundling hybrids are, because of their size and relevance, more visible to an external audience and the wider public, they will not only become focal points of regulation but also of demands of legitimacy and accountability (Papadopoulos, 2007).

Third and finally, concerning the development of sustainability governance in general, two somewhat divergent trends are expected. On the one hand, the creation and empowerment of focussing hybrids will further fragment regulatory power and responsibility across several actors and levels (Martinsen & Jørgensen, 2010; Papadopoulos, 2007). Transnational sustainability is already a highly crowded policy field, and the inclusion of small and specialised hybrids will increase its heterogeneity even more. In this respect, focussing hybrids will make governance more complicated, thus amplifying the negative consequences of the *hidden networks* of transnational governance (Papadopoulos, 2003, 2007). On the other hand, bundling hybrids collect and assemble competencies and, hence, have a centralising and focalising effect (Büthe & Mattli, 2011) similar to a lighthouse or a flag-bearer. By doing so, bundling hybrids can redirect regulatory interactions, such as bargaining or monitoring, through themselves. Thus, they can reduce the complexity of transnational governance because they decrease the intricacy of these interactions (Hooghe & Marks, 2003). However, their creation requires that the involved parent organisations subordinate competencies under the hybrid body, which is something that neither public nor private bodies will do easily because it implies a loss of power and control. What is more, it would increase operational costs because the hybrid organisation has also to be identified and monitored. Further research should focus on the specific reasons and rationales underlying the creation of both focussing and bundling hybrids and especially examine the role of different actor types that might have very divergent expectations and anticipations associated with the regulation of any given policy field.

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