Holding global companies to account: the role of the internet
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Abstract
Companies are taking advantage of the opportunities offered by globalisation to reach new markets and to lower their costs. It is common for large companies to establish overseas subsidiaries. The different legal regimes and law enforcement policies that exist in many developing economies and the current weaknesses of international regulation means that it can be difficult to hold international companies to account when they transgress. However, this may be changing to some extent as a result of the internet. This paper proposes to examine the extent to which the internet can act as a medium for non-governmental organisations and pressure groups to bring about changes in corporate behaviour where the law or law enforcement has proved to be ineffective in curbing corporate abuses. New developments on the web (and particularly the rise of the “blog”) have been strengthening the persuasive power of pressure groups and the NGOs with regards to companies. However, this state of affairs may not last as companies seek new ways to limit the impact of these groups on their corporate strategies. This paper shall examine how companies are currently dealing with the threat to their corporate reputations from the internet and shall consider whether companies can succeed in keeping effective regulation of their international commercial activities in the global market place at bay.