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24 April 2019

Online at <https://mpra.ub.uni-muenchen.de/101332/>
MPRA Paper No. 101332, posted 07 Jul 2020 07:16 UTC

Corporate social responsibility through global value chains: behaviour of lead companies and new dynamics of industrial relations

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Abstract: This paper reviews the behaviour of multinational companies across global value chains. The production and exchange of a final or intermediate product is no longer limited to a simple transaction in nation-state. There are at least five forms of global value chains (market; captive; hierarchical and relational). These new business models minimized the marginal cost of production for many multinational companies. However, with the pressure of a hyper-competitive global production regime and its iron triangle (price, quality, and flexibility), the different transactions were often accompanying by inadequate labor conditions across the intermediate links. Thus, the traditional regime of labor regulation has given way to new coercive and normative mechanisms often labelled under corporate social responsibility initiatives. Based on a literature search, this article is written from a critical perspective and advances a new theoretical approach. The behaviour of a multinational company varies according to the nature of institutional arrangements in its home country. Our approach is based on the French theory of regulation and the American theory of strategic choice. Our analysis shows that labor regulation instruments seem increasingly decentralized in countries with family capitalism and countries with social-democratic capitalism. However, they frequently centralized in countries with a capitalism dominated by markets and finance. This new cartography makes an interpretative break with previous developments that do not consider the institutional context in the analysis of the form of governance of global value chains.

Key words : Global Value Chains; Corporate Social Responsibility; Political Economy of Capitalism; Strategic Choices of Multinational Companies.

JEL Classifications : F16 ; M14 ; E61 ; L11

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1. Introduction

Global Value Chains (GVCs) become a feature of the 21st century economy. The manufacture or supply of a final or intermediate product appears increasingly dispersed around the world. Most branded products have retained only the name of their native country. Emerging from the 1990s in academic research, the concept of GVC refers to all the activities necessary for a product or service through the different stages of production, from design to final consumption. According to Barrientos et al. (2016), in 2013, 80% of international trade pass through GVCs. These production and service structures employ more than 453 million workers in 40 OECD and emerging countries.

Participation in GVCs requires that criteria relating to price, time, flexibility, and product quality standards be met (Weil, 2014). However, bringing these criteria and product image concerns up to minimum employment standards seems very difficult for many companies, especially those involved in the intermediate links and interfaces (Weil, 2014; Cairola, 2015). To respond to stakeholder pressure, some companies, especially the lead company of the chain, have often sought to overcome their image deficit with Corporate Social Responsibility (CSR) initiatives.

GVC and CSR seem to be among the new concepts in the field of industrial relations. Recent empirical and theoretical developments confirm this observation (Lakhani et al., 2013; Tapia et al., 2015). Nevertheless, the study of the conditions under which companies adopt CSR programmes and policies in the workplace is still underdeveloped. Therefore, we support the idea that the fragmentation of production challenges the traditional labor regulation regime anchored in traditional coercion mechanisms (State, unions and labor laws).

In order with recent developments on new employment relationships and the differential influence of new research themes, this article is divided in five sections. In the second section, we present the focus of the research. We also discuss our conceptual framework. It is interesting to explain the origins and fundamentals of CSR and GVCs. There is too much confusion between the two concepts. In the third section, we develop our analytical framework. Our reference framework is based on the French theory of regulation and the American theory of strategic choice. In the fourth section, we present our research

methodology and the results of our analysis. We expose three initiatives of CSR. They have enabled us to decipher the contributions and limitations of CSR through GVCs. The last section concludes. Our results not only contribute to the recent literature on the nature of the linkage between GVCs and CSR but can also inspire actors in the world of labor and business on the best strategies for economic integration.

2. Focus of the research

CSR has recently recognized in the world of business as a trade-off between financial and social performance (Orlitzky et al., 2001). Several multidisciplinary works point to Howard Bowen's book (*Social Responsibilities of the Businessman*, 1953) as one of the first academic references that explicitly addresses the concept of CSR. According to Acquier and Gond (2007), it is interesting to note that Howard Bowen's (1953) ideas are on a continuum with early American institutionalists such as Wesley Mitchell and John Rogers Commons. Indeed, Howard Bowen's (1953) hypotheses structured the set of approaches that emerged in relation to CSR.

The conception of CSR has better developed from a managerial perspective with Edward Freeman (1984) in stakeholder model. This model has become a reference in the academic literature on CSR. Stakeholders are defined as any person or group of persons who are influenced and/or who directly and indirectly influence the behaviour of the company. However, work on CSR has been widely contested, particularly by the most liberal wing of capitalism. More explicitly, for Milton Friedman (1962), "if the free market cannot solve social problems, it falls not upon business, but upon government and legislation to do the job" (in Carroll and Shabana, 2010, p. 88).

Several theoretical and empirical developments are advanced to decipher this controversy. However, the definition and scope of this phenomenon has not been unanimously agreed. Alexander Dahlsrud, a noted contributor to the CSR literature, highlights 37 definitions of CSR, drawn from only 27 references (scientific journal articles and web pages) between 1980 and 2003. More specifically, he advances CSR as "a social construction in a specific context" (Dahlsrud, 2006, p. 2). Of the 27 selected references, the most cited definition is the report by the Commission of the European Communities (2001) : CSR is "a concept whereby companies integrate social and environmental concerns in their business

operations and in their interaction with their stakeholders on a voluntary basis" (Alexander Dahlsrud, 2006, p. 7). It is interesting to note that in other definitions, the unitary perspective prevails, as do the different conceptions, with too much controversy as to whether to take account of labor relations.

An integral definition of CSR is reported to Bodet and Lamarche (2007, p. 4). CSR is "an attempt on the part of companies to show their capacity to produce the rules governing their actions". According to Bair and Palpacuer (2015, p. 3), these rules can generate the consent of "various groups stakeholders, including NGOs, labor unions and local community groups". In addition to the analysis in terms of vertically integrated companies within a nation-state, recent research has attempted to renew the scope and dimensions of CSR with the integration of GVCs (Lakhani et al., 2013; Tapia et al., 2015). It is interesting to note that we will limit our level of analysis to CSR and industrial relations duels not at the level of a single company, but at the level of GVCs under the hypothesis that companies are less vertically integrated and CSR practices differ from one socio-economic context to another. Before moving on to the development of our hypothesis, it seems interesting to define the GVCs.

2.1. Conceptual framework

Despite recent theoretical and empirical efforts, there is no uniform definition of GVCs. The conceptualization of the spatial disintegration of production and the integration of international trade is a multidisciplinary field of research. A coherent approach across GVCs was often linked, as early as 1994, to the work of Garry Gereffi and his colleagues with the concept of the "global commodity chains" (Cairola, 2015). However, initial approaches emerged particularly about regional trade, the theory of comparative advantage (Ricardo, 1817), the French "Filière" approach (1970) and finally the GVCs approach of Gereffi et al. (2005).

The division of production processes has a long history. In a pre-capitalist era, this mode of transaction was integrated under the concept of regional trade with the Phoenicians (Weil, 2014). These economic transactions describe an exchange of products and raw materials between the various ports of the Mediterranean. Subsequently, trade and exchange between nations developed further to reach the four corners of the planet. One of

the first conceptualizations of this process is the theory of comparative advantage (in Azarhoushang et al., 2015, p. 155). David Ricardo (1817), under the hypothesis of "capital and labour immobility and full employment", proves that by participating in the exchange "both countries benefit from the international division of labor in the form of increasing output and consumption". This view was repeatedly challenged, particularly with technological change, the spatial disintegration of production and the new international division of labor. Moreover, with a domination of the managerial perspective, decisions are increasingly made in terms of transaction costs. Indeed, it is no longer a simple transaction of a final product.

A recent development in relation to GVCs is the "Filière" approach. French economists developed the basic concept in the 1970s with a spatial analysis of production. The Filière is "a system of agents producing and distributing goods and services for the satisfaction of a final demand" (Henderson et al., 2002, p. 439). The objective of this approach is the simple design of production and distribution structures of vertically integrated companies on an international scale. However, this approach does not consider the new structures of spatial disintegration of production and the wide range of concerned actors.

A better theoretical concept was related to global production networks developed by Henderson et al. (2002). *A priori*, Dieter Ernst creates this approach in the 1960s. Starting from the limits of his level of analysis, Henderson et al. (2002) integrate all the actors that influence economic and social outcomes: companies, governments, unions, and NGOs. Indeed, these researchers conceptualize the interrelationships among these actors, network structures, the institutional fabric, and the flows of capital and labor. In addition, Henderson et al. (2002) reveal three dimensions that influence global production networks: the creation and distribution of value, the power, and the social and institutional integration of the network. Power seems to be a key element in this analysis. Indeed, three forms of power¹ are raised, at the level of the company, institutions, and collective actors. A somewhat special contribution in relation to the other GVC developments is the emphasis placed on institutions. However, this approach is widely criticized. For example, Lakhani et al. (2013, p. 445) show that this analytical framework is "too inclusive and all encompassing". Also, there is too much confusion about the concepts of production networks and value chains.

One theoretical concept that has attracted more interest in the academic literature is related to global commodity chains developed by Gereffi and colleagues (1994; 1995; 1999). It can be defined as an inter-organizational network grouped around a product, linking households, companies, and states to the global economy (Gereffi et al., 1994). It is interesting to note that the lead company plays a central role. It constitutes, coordinates, and controls the chain, with a distinction between a Buyer-driven global commodity chains and a Producer-driven global commodity chains. Following the framework of Riisgaard and Hammer (2011) and Azarhoushang et al. (2015) and some examples from our literature review the distinction between the two global commodity chains can be summarized in the table below (**Table 1**).

The main characteristics can relatively explain the spatial disintegration of production and the integration of international trade. For buyer-governed chains, Brown (2015, p. 37) work shows that none of the workers are directly employed by the brand. Suppliers, subcontractors, or labour agencies employ them. In the case of producer-controlled chains, they have a higher level of coordination and the lead company closely monitors the organization of labor and production.

Table 1 The two global commodity chains

	Buyer-driven global commodity chains	Producer-driven global commodity chains
Chain Governor	Retailer or branded company: "Producers without Factory"	Classic MNC
Nature of control	Pricing, product design and development and marketing (core competencies with high value added)	Total (subsidiaries) or partial (franchising, licensing, or international subcontracting) ownership of production units
Incentive	Competitive advantage	Protecting patents and technologies; Access to local markets or natural resources
Suppliers	Relative independence: manufacturing and/or assembly	Dependence: direct control of technology and assembly lines of the final product
Type of industry	High labor-intensive	High capital-intensive
Example	Agricultural products; Apparel industry	Automobile industry; Electronics industry

Source: Author own elaboration based on Riisgaard and Hammer (2011) and Azarhoushang et al. (2015).

This approach was criticized by Gereffi et al. (2005). Subsequent research shows that there are other modes of coordination at the level of some companies. Indeed, Gereffi and his colleagues put forward the concept of Global Value Chains (GVCs). The new concept integrates the asset specificity of Williamson (1975). Moreover, for Gereffi et al. (2005),

transaction costs go beyond the binary vision: buyer-producer. These costs can be interpreted as the result of linked production. Indeed, they depend on complexity of transactions (information exchanged to specify products and processes and to maintain a particular transaction), codification of information (standards or tacit knowledge to minimize transaction costs), and supplier capacity (to meet the requirements of the transaction). Lakhani et al. (2013, pp. 444-45) reveal that "the higher the complexity of task requirements, the lower the codifiability of the said requirements, and the lower the capabilities of supplier, the more likely that lead firms will choose value chain configurations that ensure high levels of explicit coordination and power asymmetry".

Table 2 Main characteristics of five GVCs

	Market	Modular	Relational	Captive	Hierarchical
Supplier	Offers simple products at a fixed price. Production does not require special skills.	Offers specific products; Has technical and commercial qualities for different customers	Complementarity between lead company and supplier: manufacturing and distribution.	Small suppliers against a powerful lead company	Intra and inter-company trade: Foreign Direct Investment or offshore. The lead company coordinates all activities
Transaction complexity	Simple price signals: low information complexity and low explicit coordination	Complex information with low explicit coordination	Frequent interaction and high explicit coordination	Unidirectional information flows	Unidirectional information flows
Codification	Simple product specifications	Highly formalised specifications	High coordination and low codification	Detailed instructions	Low: tasks often essential for competitive advantage
Supplier capacity	Little input from buyers	Capacity and autonomy	High	Low	The lead company directly manufactures its products
Dependence	Independence: contractual relationship	Independence: "turnkey"	Interdependence	Dependence	Links between subsidiaries
Power	Balance: low costs of switching to new suppliers	Complex power relations: an oligopolistic producer market with many buyers	A delicate power balance: partnership, trust, and high explicit coordination	Power asymmetry: weak bargaining position	Vertical power relations
Control	Little interaction: relatively unstable GVC and little coordination	Low control: provider assumes full responsibility	Control and trust: "contracted instead of penalties"	High degree of oversight: one-way control	Management control: "from managers to subordinates, or from headquarters to subsidiaries"
Governance	Traditional-Economic	Network	Network	Network	Traditional-Economic

Source: Author own elaboration based on Gereffi et al. (2005) and Lakhani et al. (2013).

Following the framework of Sturgeon (2002), the three variables mentioned and the two classical dualities (buyer-producer), Gereffi et al. (2005) identify five forms of governance. They range from low to high levels of explicit coordination and power asymmetry. In addition, these types of governance can range from market, where companies are relatively independent, to vertically integrated companies. Based on the analyses of Gereffi et al. (2005) and Lakhani et al. (2013), the main characteristics of the five GVCs can be regrouped in **table 2**.

The market and the hierarchical GVCs refer to simple transactions. The other three are governed by explicit coordination with a difference between networks. However, this theoretical model is limited to two actors, the lead company, and the suppliers. Moreover, this model is very limited at the empirical level. A German study (Birner, 2015) on the GVC of the American company Amazon has shown the existence of at least four forms of governance of its GVC (market; captive; hierarchical and relational). In addition, Lakhani et al. (2013, p. 445) criticize the weak focus on the workplace and institutional context. Thus, this development seems "overly narrow and static".

All the above suggests that the literature on GVCs is too variable to draw generalizable conclusions. In addition, there is no consensus on the use of a term. From our literature review, it appears that several researchers use the concepts of supply chains, value chains, global product chains, global production networks and GVCs in a substitutable manner (e.g., Bair and Palpaucuer, 2015). These concepts have a large area of convergence. However, the terminological emphasis differs slightly. We argue throughout this paper that etymologically and practically the concept of GVC² is the most appropriate, at least, for our research object.

3. Theoretical frameworks

Gereffi et al. (2005) is used as a reference in recent research on GVCs. However, they downplay the role of collective actors and institutions³. Similarly, one of the research perspectives highlighted by Henderson et al. (2002, p. 457), and which remains underdeveloped in recent research, is to consider the different of national capitalisms. Thus, drawing on the American theory of strategic choice and the French theory of regulation,

we try to establish a more adequate analytical framework that can explain the nature of the relationship between CSR and GVC.

3.1. Theory of strategic choice

Some researchers in industrial relations, drawing on the model developed by Kochan and his colleagues (1984; 1986), place CSR in a strategic vision of companies seeking to undermine traditional regulatory mechanisms (Tapia et al., 2015). As a result, the theory of strategic choice appears *a priori* to be a starting point for analysing the outsourcing of labor relations. On the other hand, a point that has not, in fact, merited much attention in the analyses of the theory of strategic choice is related to "Leave", as emphasized in the conceptual scheme of Kochan et al. (1984, p. 25). We can understand from this model that the spatial disintegration of production is implicitly emphasized: with a change in the product market, (1) the company must re-evaluate its position (2) and decide whether to stay or quit (3). By staying, the company is obliged to reorganise its capital (4). Each decision involves specific organizational and commercial choices (5; 6). As a result, offshoring is among the new management choices. Indeed, Kochan et al. (1984) discuss the new organization of production known today as GVC. According to the analysis of Gereffi et al. (1994), it appears to be more Producer-driven global commodity chains.

The model is well suited to analyse the various changes in the industrial relations systems in the 1970s and early 1980s. This Framework attempts to show that industrial relations systems are not only related to the workplace. The top of the managerial pyramid and the organizational and institutional environments can also shape them. Indeed, the functionalist perspective takes precedence over the systemic view developed in Dunlop's (1958) model. Kochan et al. (1986, p. 11) try to value the influence of " the environment, values, business strategies, institutional structures, and [the history of employment relations, in the company, in the industrial relations processes and in the results of the industrial relations system]". Concerning the workplace, Kochan et al. (1986, p. 147) explain several strategies to address the regulatory deficit caused by the decline of unionism. Thus, Tapia et al. (2015) postulate that CSR in Anglo-Saxon countries is more aligned with the new reality of employment relations and can be inscribed in a perspective of strategic choices. CSR is replacing traditional regulatory mechanisms. In most cases, it is independent of the State

and of public policies, whether of the host country or of the country of origin of multinational companies (MNCs). On the other hand, in Western European countries, the institutional context influences the strategic choice of management. CSR initiatives are generally advanced implicitly and in complementarity with traditional enforcement mechanisms.

Despite the theoretical and empirical contributions, the theory of strategic choice is not without criticism. It is limited to the three traditional actors of the industrial relations systems. It also remains linked to the three levels of analysis of the industrial relations systems (workshop; company; nation-state). Thus, Briand and Bellemare (2015, pp. 22/31) explain that several actors can influence "institutions, structures, rules and practices" of the industrial relations systems. These new actors can be considered as a "fourth level of industrial relations regulation". There is also a multiplicity of new actors that can directly and indirectly strengthen regulatory mechanisms, such as regional and international trade union federations, civil society organizations and international labor NGOs (Tapia et al., 2015). These new actors contribute to new non-traditional regulatory mechanisms, such as International Framework Agreements (IFAs) and codes of conduct (Josserand and Kaine, 2016). In sum, by relying on regulation theory, we try to find a more adequate theoretical approach with the new reality of industrial relations.

3.2. Theory of regulation

Proponents of this theory argue that the institutional context influences the actions of companies in terms of the competitive strategies. Advanced theory seeks to better understand the governance structures used to coordinate and manage the complexity of relationships inside and outside companies (Boyer, 2015, p. 211). This conception may lead us to analyse the impact of CSR through GVCs.

In terms of space-time, the fundamental social relations of production in each society and at a given time are the result of a historical process⁴. Indeed, institutional forms correspond to the "codification of one or more fundamental social relations" (idem, p. 47). Regulation theory identifies five institutional forms: *the wage labor nexus, the monetary regime, the forms of competition, the links between State and the economy, and the insertion of domestic economy into the international relations*. They are the result of an

institutionalized compromise and they constitute an institutional configuration. The wage labor nexus is a fundamental concept. Known by its synthetic nature, it encompasses five components, which refer to an organizational dimension and an institutional dimension⁵. The wage labor nexus is the configuration of three relationships: the labor/capital relationship, the market relationship, and the power relationship (idem, p. 121). Given the field of industrial relations also focuses on job quality and labor conditions, an analysis of the wage labor nexus can capture the effects of CSR on minimum employment standards through GVCs.

The interdependence of the five institutional forms is likely to influence the strategies employed by lead companies. According to Boyer (2015, p. 31), "a significant proportion of company choices are in reaction to, or in conformity with, the institutions of the set". This depends largely on the different types of institutional arrangements in different countries. Thus, Harada et Tohyama (2011, in Boyer, 2015, pp. 235-237) identifies seven ideal-types of the political economy of capitalism divided into two blocs: *three capitalisms of old industrialized countries and four other Asian capitalisms*. Apart from the second block, these are countries with a capitalism dominated by markets and finance, countries with a family capitalism, and countries with a social-democratic capitalism. Each form of capitalism creates different conditions under which companies choose their labor organizations and business strategies. Drawing on the analyses of Tapia et al. (2015) and Hadwiger (2015), we argue that CSR through GVC can be correlated with the type of capitalism at the level of the lead company's main headquarters.

It is difficult to study a theory without looking at its limitations. Jessop and Sum (2016) prove that this theory focuses on complementarity and institutional prioritization within an institutional configuration while neglecting contradictions. Moreover, the conceptualization of the wage labor nexus is subject to numerous controversies. Bodet and Lamarche (2016) support the idea that MNCs have instruments that do not operate on a microeconomic scale, but on a meso-scale. Indeed, despite the richness of this theory, the study of GVCs has not taken up much space in the Review of regulation⁶. In summary, we support the hypothesis that the emergence of a global labor governance regime is aligned with the actions of traditional and new actors of workplace.

3.3. General framework of analysis

Based on the assumption that MNCs are less vertically integrated, we postulate that the outcome of the emerging global labor governance regime would be a regulatory framework negotiated between the traditional and the new concerned actors in the activities of MNCs. Despite the existence of similar structural changes in market economies, CSR initiatives across GVCs vary largely according to the form of capitalism dominated in the country where the main headquarters of the lead company is located. Thus, the strategic scope of MNCs can be conceptualized as an articulation between the strategic choice and the institutional arrangements in each country.

According to Boyer (2015, pp. 244-245), the domination of finance over nation-states has weakened traditional coercive mechanisms. Indeed, economic, and financial liberalization has given rise to a new reconfiguration of the hierarchy of five institutional forms. These changes are largely influenced by the change in the competition regime. The monopolistic regime of the glorious thirty years is giving way to an oligopolistic and more internationally open competitive regime. In this context, CSR is put in place by lead company as a strategy for self-producing rules and for coping with international competition. Indeed, CSR seems to be part of a functionalist logic based on profit and the search for competitive advantage.

International competition has influenced the power relationship between the traditional actors in industrial relations. The institutional form most affected is the wage labor nexus. This concept encompasses five components : "the type of means of production; form of the social and technical division of labor; modality of mobilization and attachment of employees to the company; determinants of wage income" (Boyer, 2015, p. 46). With the decline of the Fordism, all these components are affected, with low indexation of wages to inflation, the decentralization of collective bargaining and the outsourcing of labor relations.

Moreover, strategic choices may influence the form of MNCs' insertion to the international relations regime. The form of insertion of domestic economy into the international relations can be defined as "the conjunction of rules that organize relations between the nation-state and the rest of the world, both in terms of trade in goods and the location of production, through direct investment or the financing of external flows and balances" (Boyer, 2015,

p. 46). The form of insertion of domestic economy into the international relations plays an important role through international regulatory mechanisms. On the other hand, a company's power may be limited by the legitimacy of its actions and the expectations of its stakeholders. Its actions may be in reaction to or in compliance with institutions that are not only national, but also international. Nevertheless, Boyer's (2015, p. 117) analysis is limited to the four institutional arrangements: associations, communities/civil society, networks, and companies. Beyond local actors, international actors concerned with the world of labor (e.g., Social Accountability International, International Trade Union Federation) and intergovernmental (e.g., UN, ILO) and regional organizations (e.g., European Union) can influence the behaviour of MNC. The analysis of Henderson et al. (2002) is relevant to the development of these points. The three forms of power (MNC; institutions; collective actors) can be useful in analysing the interactions between actors. We postulate that these three forms of power may be key elements influencing the differential issue of CSR through GVCs. In sum, the nature of the distribution of power among stakeholders influences the decision of MNC in terms of insertion to international regulatory mechanisms.

In addition, MNCs are the governors of several types of economic and extra-economic relationships. They occupy a central role of authority and domination in a complex web of relationships. According to Weil (2014), despite the spatial disintegration of production and increased integration with international trade, MNCs often remain the centre of gravity for the organization of labor and production of the various sub-units that orbit around them, both within and outside the nation-state. Thus, we assume that MNC constitute, coordinate, and control the organization of labor and production within and outside the nation-state. This business model varies among the five forms of GVCs (**Table 2**). The different governance relationships may change depending on the provider and the form of governance of the GVC. Despite their often dependence on suppliers, MNC have advanced CSR initiatives as an investment in their intangible capital.

The result of a strategic field of action in terms of industrial relations is an intrinsic and extrinsic commitment of MNC through CSR initiatives. The first relates to cooperation with stakeholders while recognising the legitimacy of their role and expectations. Arbitration can be made in terms of costs/benefits. As a result, decent corporate behaviour

and less conflictual power relations can be a source of competitive advantage. The second commitment can be interpreted particularly from a legal perspective. Clauses in a code of conduct or IFA can be legally binding. They may put pressure on MNC to commit to compliance with the agreements entered. In sum, CSR is a new institution formalised in response to stakeholder pressures. It appears to be aligned with new regime of regulation of labor and employment relations.

Such articulation between strategic choices and institutional arrangements is particularly relevant to social and organizational performance. The first relates to an improvement in employee compensation and job security. The second relates to better management in the workplace. The benchmark issue relates to minimum employment standards. In terms of the overall performance of the MNC, CSR through GVCs can be a source of competitive advantage. Investment in the intangible capital has become one of the major issues for major brands. This is quite remarkable on the websites of several MNCs classified in the Fortune Global 500 (2020).

4. New employment relationships and industrial relations management systems

In this section, we decode the influence of the internationalization of capital on the global governance of labor. Using a qualitative methodology, our review of recent literature aims to identify the most recent CSR initiatives through GVCs. These initiatives will serve as a guideline for our empirical work. First, we decode the employment system at suppliers and the role of lead companies. Next, we analyse the specificity of the three CSR initiatives and the role of new international actors.

4.1. International suppliers: employment relationship system

With the relocation of production activities of several companies, Wright and Kaine (2015) reveal that they are particularly interested in avoiding unions, obscuring accountability, and circumventing pay equity constraints. Many of these options are widely available in low-wage countries. However, the organizational structures developed by MNCs go beyond this simple analysis. Riisgaard and Hammer (2011, p. 170) argue that "GVCs need to be treated as an emerging phenomenon with its particular structures and power relations that constrain and enable strategies by collective labour in particular ways". Thus, a more advanced development of Lakhani et al. (2013) allowed us to identify the nature of labor

relations between the different forms of governance of GVCs. The employment relationships in the workplace may change depending on the provider and the form of governance of the GVC. Drawing particularly on the development of Gereffi et al. (2005) and from an institutionalist perspective, Lakhani et al. (2013) distinguish between five ideal-types of labor relations. The table below summarizes the different characteristics with examples from our literature review (**Table 3**).

Table 3 Labor relations and GVCs

	Market	Modular	Relational	Captive	Hierarchical
Employment system	Autonomy and total control of suppliers	Total control of suppliers with little or no input from the lead company	Jointly influenced: lead company (e.g., training) and suppliers (high control over HRM)	High influence of the lead company	Management control
Stability of the employment system	Low stability (temporary, seasonal jobs)	Moderately stable	Very stable	Low stability with Taylorism production	Very stable with high job security
Quality of employees	Low-skilled: low value-added tasks	Moderately skilled and polyvalent	Highly skilled and competent	Low-skilled	Highly skilled
Dominant institutions	Host country	Host country	Host country and reflect the institutions of the country of the lead company	Host country: weak local institutions	Home country
Example	Agricultural products; Apparel industry	US electronics industries	Automobile industry; Software industry	Food industries; Call centres	Japanese ICT companies

Source: Author own elaboration based on Gereffi et al. (2005) and Lakhani et al. (2013)

The approach developed is supported by examples from industries that may be representative of different types of governance arrangements. According to Wright and Kaine (2015, p. 487), large MNCs directly employ workers in strategic positions through GVCs and outsource positions with generic skills. In addition to the role of the lead company, we can also add the nature of the employment subsystem control regime at the supplier. It can be influenced by State structures and the nature of labor control regimes (Anner, 2015). **Table 3** shows at least one decent system of labor relations. This is the hierarchical GVC. All other forms of GVCs are often linked to inadequate labor conditions (Brown, 2015). They aim at making "flexible/mobile/global" production structures more dynamic (Cairola, 2015, p. 10).

In sum, our table is well aligned with our analytical framework and is consistent with the hypothesis that industrial relations are internationalizing by developing new actors and forms of governance. Despite the weak influence of lead companies in market or modular GVCs, stakeholder pressures have led them to intervene and influence the supplier employment system. Indeed, even with supplier independence, lead companies have advanced CSR initiatives.

4.2. Code of conduct and knock-on effect

The asymmetry of power within GVC and the divergent employment system among suppliers has often been accompanied by inadequate labor conditions. According to Mückenberger (2008), codes of conduct can be considered the first generation of CSR⁷. On the other hand, Hassel (2008, p. 232) considers codes of conduct a source of "positive externalities" throughout the GVC. He argues that "firms have accepted responsibility for the personnel policy of their suppliers in industrial relations" (idem, p. 231).

Nevertheless, codes of conduct are in most cases independent of government and public policy, whether from the host country or the home country of the lead company. Indeed, Tapia et al. (2015) put codes of conduct in a unitary perspective. Indeed, according to Hassel (2008), out of 215 codes of conduct evaluated by the ILO in 1998, 80% are implemented unilaterally.

Unilateral CSR initiatives are particularly noteworthy in countries with a capitalism dominated by markets and finance. Pressure from stakeholders and the need for legitimacy of their business models have led them to voluntarily value CSR. With the neo-liberal trend since the early 1980s, CSR thus took on an explicit vocation. This is linked to the decline of trade unionism and weak State control. Thus, CSR is emerging as a continuum of this new power game between the actors of the GVC. From a managerial perspective, the arbitration may be in terms of costs/benefits. Relative alignment with stakeholder expectations can be beneficial for the company's image.

Despite their contribution, several studies have highlighted the limitations of codes of conduct. According to Lakhani et al. (2013, p. 461) :

"The general lack of compliance with such codes has been linked to a large number of factors, including the capability of suppliers in meeting standards laid down in corporate codes as well as how those standards have been spelled out".

Furthermore, despite the implicit reference to the ILO (1998) core labour standards, there is a lack of coordination with trade unions. A more detailed analysis by Hassel (2008) on codes of conduct and decent corporate behaviour shows that out of 9 code of conduct initiatives⁸, only one was sponsored by trade unions. These are the International Framework Agreements (IFAs).

4.3. IFAs and transnational solidarity

According to the theory of strategic choice and the theory of regulation, the analysis of industrial relations is largely embedded in national organizational and institutional arrangements. Indeed, According to (Hadwiger, 2015, p. 76) :

"IFAs, concluded between multinational enterprises (MNEs) and Global Union federations (GUFs), bring a new dimension to global labour relations in response to these challenge".

Josserand and Kaine (2016, p. 742) define as :

"Agreements signed between international trade union federations and certain MNCs in order to promote the application of labour standards by the MNCs concerned and, often, their supply chains".

According to Tapia et al. (2015, p. 168) :

"While IFA and CSR might at first glance appear to be similar, IFAs are negotiated between MNCs and global or regional union federations rather than unilateral declaration by the firm. Therefore, they are considered a first step toward a more international form of collective bargaining".

Thus, unlike codes of conduct, IFAs can be inscribed in a pluralistic perspective that tries to give space to international social dialogue and to foster a co-operative and trusting relationship between the different concerned actors in GVCs (Tapia et al., 2013).

Nevertheless, the strategic choices of the lead company may be well influenced by the nature of the international membership and implementation of IFAs.

Projected with the taxonomy of Boyer (2015), we can conclude that unlike codes of conduct, countries with family capitalism and countries with social-democratic capitalism are the most likely to sign an IFA. Hadwiger's (2015) study can support this analysis :

Out of 54 IFAs signed, between 2009 and 2015, 43 companies have their main headquarters in Europe with only one American company. The top four countries, in terms of agreements signed, are Germany, France, Spain and Sweden.

IFAs have been put forward as examples of good practice⁹. We can take as an example the content of the agreement between PSA Peugeot Citroën and IndustriALL :

"Any failure retailing to the respect human rights shall lead to corrective action plans after a warning from PSA Peugeot Citroën (...) A specific process will also be set up for small companies of supplier and subcontractor, to enable them to gradually apply the previously stated ILO standards" (Hadwiger, 2015, p. 84).

Beyond certain limits in terms of implementation and monitoring, IFA clauses can be legally binding. Anner (2015) gives the example of the IFA signed in 2013 in Bangladesh following the Rana-Plaza scandal. This agreement advances in content a "decent corporate behaviour", an explicit commitment to decent labor conditions for suppliers. Stakeholders (international and local trade unions, international labor NGOs, and the lead companies) take part in a joint regulatory role among suppliers. One indication of the success of this agreement is the increase in 2014 of the minimum wage by 77%. However, some MNCs have recently migrated to other countries in the world with low wages. Ethiopia can be one of the examples of countries that offer new competitive advantages (Le monde, 8 May 2019).

4.4. NGOs and labor rights standardisation

The shifting of productivity frontiers between countries and the integration of other actors throughout GVCs has led to more participatory social and global governance. This is quite

remarkable with the emergence of other CSR initiatives such as social certifications. Labor rights NGOs support most of these initiatives. One of the main labor law certifications is SA 8000, which was introduced in 1998 by the American NGO Social Accountability International¹⁰ (SAI). According to Hassel (2008), 1,200 companies were SA 8000 accredited in 2007. This certification is founded on the main labor standards set out by the ILO in 1998 (Hassel, 2008, p. 237) :

"(1) the freedom of association and the effective recognition of the right to collective bargaining, (2) the elimination of all forms of forced or compulsory labor, (3) the effective abolition of child labor, and (4) the elimination of discrimination in regarding of employment and occupation".

In terms of monitoring, the SAI requires regular reports on compliance with these standards (O'Rourke, 2006). With mimetic behaviour, lead companies try to integrate CSR instruments into their business models. However, the question of the success of these initiatives is controversial. Criticisms that can be levelled at CSR initiatives through NGOs relate to corruption, ineffective monitoring, and lack of worker participation. To confirm this, Brown (2015, p. 39) analyses the case of Ali Enterprise :

"the factory received an SA 8000 certification just three weeks before an entirely predictable and preventable fire killed 25 per cent of the workforce, 289 workers who were burned to death in December 2012 (...) The certification SAI was subcontracted out to the Italian based RINA company, which then subcontracted the actual factory inspection in Pakistan to the RI & CA company, which has certified more than 100 factories in Pakistan. Neither SAI nor RINA ever visited the factory".

As a result, the negative effects of offshoring have been addressed by inadequate practices. The new actors accredited their roles to other intermediaries. Indeed, despite their contributions to the world of labor, some recent studies questioned the credibility of some NGOs.

5. Conclusion

This article aims to show the different changes in world of labor through a critical analysis of CSR across GVCs. It is quite remarkable that the traditional regime of labor regulation founded throughout the period of integrated liberalism has been diluted with the internationalisation of labor and employment relations and the shifting productivity frontiers between countries. Recently recognized in the world of business, CSR is a social construction that emerged particularly from the 1980s onwards in parallel with the exponential growth of the neo-liberal trend. Under a new form of industrial and global governance, MNCs have tried to cushion the pressure of stakeholders inside and outside the workplace.

We have clearly noticed that the main recent theoretical models in industrial relations are no longer able to respond to the new employment relationships. The deficit of State governance is partly filled by the commitment of new regulatory actors at national and international level. International trade union federations, international labor rights institutions as well as NGOs and other civil society organizations have become actors complement and sometimes substitute the traditional regulatory mechanisms. This conception is in line with our developed analytical framework. We have tried to conceptualize an interrelation between MNCs, collective actors at the nation-state level and international labor rights actors. The actions of all these actors have implications for the outcomes of the new economic and social equation.

In empirical terms, our research is an extension of recent studies in industrial relations that consider CSR as a new form of regulation. Drawing on regulation theory, we have tried to advance a better understanding of the heterogeneity of CSR adoption between different institutional contexts. The internationalization of production has weakened traditional coercive and normative mechanisms. This has led to the emergence of decentralized instruments of labor regulation, often in countries with family capitalism and countries with social-democratic capitalism and centralized in countries with a capitalism dominated by markets and finance. The analysis of codes of conduct, IFAs and labor rights standard-setting organization has confirmed our research hypothesis.

The different changes in business models are largely linked to the division in the classical self-integrated centre of the organization of labor and production into different sub-units dispersed within and outside the nation-state. In post-industrial societies, the function of production is no longer a priority. Thus, work and employment no longer have the same centrality as they did possess in the glorious thirty years. Competition and financialization have dissociated the compromise between the State and the wage labor nexus. This situation influences labor conditions at international suppliers with the pressure of a hyper-competitive global production regime and its iron triangle (price, quality, and flexibility). It is further deteriorating with the outsourcing of labor relations from large suppliers to temporary employment agencies.

In sum, from a new theoretical angle, this study allowed us to better understand the new business patterns of MNCs and the different ways in which GVC operates. The various points raised may be useful for adjusting the behaviour of MNC and better valuing their intangible capital. With financialization and the various mergers and acquisitions, oligopolistic concentration on an international scale can only result in a strengthening of the managerial perspective in the economic and social sphere. This new trend cast's doubt on the potential of private regulation and calls into question the economic integration strategies pursued by governments. On the other hand, this study may be useful for further research. Empirical studies can make better use of the analytical framework developed. The evaluation of unilateral and multilateral CSR initiatives according to the home countries of MNC can provide further empirical support to our analytical framework. An analysis of the content of these initiatives can further underline the contribution of non-traditional actors in the new industrial relations regime.

6. Endnotes

¹ According to Henderson et al. (2002), these are: corporate power in terms of the ability of the company to influence decisions and resource allocations; institutional power in terms of the ability of government and international institutions to influence network relationships; and collective power in terms of the ability of collective action, i.e. trade unions, employers' associations and NGOs to influence network outcomes.

² In particular, the GVC concept is more relevant to global supply chains. The latter concept focuses on the input-output structure between a set of companies, suppliers, and customers. In addition, it focuses on the function of production rather than the provision of services (Wright and Kaine, 2015). Thus, the GVC concept is more appropriate for a comprehensive analysis of different transactions and different actors in the supply of intermediate and final products.

³ Gereffi et al. (2005, p. 99) are convinced that "the variables internal [complexity; codification and capacity] (...) influence the shape and governance of GVCs in important ways, regardless of the institutional context in which they are situated".

⁴ According to Boyer (2015, p. 129), "each institutional form develops its own temporality". The post-war period was often characterized by a social-democratic compromise. This understanding is the result of a complementarity between the State and the wage labor nexus. However, from the 1980s onwards, national economies experienced a change in the borders of competition between companies.

⁵ As defined in Boyer (2015, p. 46), these are : "type of means of production; form of the social and technical division of labor; modality of mobilization and attachment of employees to the company; determinants of wage income, direct or indirect; finally, salaried lifestyle, more or less linked to the acquisition of goods or the use of collective services outside the market".

⁶ More explicitly, according to (Boyer, 2015), "all institutional forms are affected by internationalization. A new stage in conceptualization is therefore necessary".

⁷ According to Hassel (2008, p. 239), codes of conduct emerged following the launch of the "Sullivan Principles in South Africa" by American companies in 1977. These principles are being followed by others. The first code of conduct was launched by the American company Levi Strauss in 1991. It is the first to impose good practices in terms of labor conditions on suppliers.

⁸ Hassel (2008) puts codes of conduct and IFAs in the same CSR basket. Nevertheless, Tapia et al. (2015) make a distinction in terms of multilateral and unilateral CSR initiatives.

⁹ Only 20 per cent of IFAs do not refer to labor conditions at suppliers and subcontractors.

¹⁰ The SAI Advisory Board is composed of MNCs, international trade unions and other labor rights NGOs (O'Rourke 2006)

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