

# Chapter 12

## Multi–Stakeholder Initiatives and Corporate Social Responsibility in Global Value Chains Towards an Analytical Framework and a Methodology

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### **ABSTRACT**

*In this chapter, we make a contribution to the literature on corporate social responsibility in global value chains that link dispersed consumers and importers in developed countries with local manufacturers, workers, and communities in developing countries. We create an integrated analytical framework and a methodology that can guide master-level and Ph.D. students as well as practitioners on how they may map the governance processes through which multi-stakeholder initiatives (MSIs) in global value chains are formulated, implemented, monitored as well as the impact that MSI standards have on the work conditions of those laboring at the base of global value chains. We use a stylized case study of fair trade in the football manufacturing industry in Pakistan to illustrate how the framework and the methodology might be applied to the empirical analysis of MSI governance processes and their impacts on workers' conditions in export-oriented industries in the South.*

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## INTRODUCTION

In the age of globalization, developing country governments often appear to lack the capacity or political will to regulate global business interests or adequately address international public goods challenges (Utting, 2015). At the same time, civil society organizations criticize the behavior of multinational corporations along their global value chains which link consumers and importers in developed countries with firms, farmers, workers, and communities in developing countries (Bair & Palpacuer, 2015). Consequently, multinational corporations are confronted with growing social and environmental demands and are asked to take responsibility for matters of public concern (Scherer, Palazzo, & Matten, 2014). As a response, a proliferation of corporate social responsibility (CSR) initiatives<sup>1</sup> such as the Fairtrade Labelling Organization (FLO) and the United Kingdom-based Ethical Trading Initiative have emerged, aimed at promoting voluntary governance solutions as a response to poor work conditions and high environmental pollution levels in many export-oriented industries in developing countries (Rasche & Esser, 2006).

These initiatives often involve multiple stakeholders including private sector companies, non-governmental organizations (NGOs), trade unions, social movements, and other actors. Together, they define and implement rules governing the social and environmental impact of economic activities in areas that have traditionally been under the regulatory authority of nation-states (Reed et al., 2013, Cheyns & Riisgaard, 2014). These multi-stakeholder initiatives (MSIs) do not have the political authority held by nation states in the traditional political realm. However, they have the ability to define social and environmental standards at the international level, their staff often possess skilled knowledge, and can articulate specific interests across different issue areas (Betsill & Correll 2008; Ronit, 2012). Therefore, they are widely acknowledged as an important alternative to corporate self-governance (Utting, 2015).

The regulatory influence of MSI standards in global value chains is now widely recognized (Lund-Thomsen & Lindgreen, 2014). Yet, we have less knowledge about how and why multi-stakeholder initiatives tend to differ across national contexts in the developing world (Reed et al. 2013). However, the related literature on “regulatory renaissance” suggests that public regulation – through the work of labor inspectorates and labor standards enforcement – is being revitalized in some developing countries such as Brazil and the Dominican Republic. In combination with private forms of regulation, this may help in improving the conditions of workers at the base of global value chains (see e.g., Piore & Schrank, 2008; Amengual, 2010; Locke et al., 2012).<sup>2</sup> However, whereas the “regulatory renaissance literature” helps us understand the interaction between public and private governance in developing countries, there is still little practical guidance in the global value chain and MSI literatures on how one can map the political processes through which MSIs evolve, and how they affect workers’ conditions at the base of these value chains. In other words, how should master-level students, Ph.D. students, policy-makers, and practitioners go about analyzing the nature and impacts of these initiatives in a concrete way?

More than fifteen years ago, Kaplinsky and Morris (2001) produced a handbook for value chain research. The handbook introduced basic definitions in and the context of value chain research, key analytical constructs in this field, and a concrete methodology for engaging in value chain research. Similarly, Barrientos (2001) made a detailed step-by-step introduction to how one can map corporate codes of conduct as they travel through global value chains. Barrientos and her colleagues later followed up with an article that detailed how gender concerns might be integrated into global value chain analysis (Barrientos et al., 2003). Bolwig et al. (2010) and Riisgaard et al. (2010) subsequently created a conceptual framework, a strategic framework, and practical guide on how to integrate poverty and en-

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