The Limits of Global Labor Governance and an Emerging Perspective

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Introduction

The emergence of globally spread but nonetheless tightly integrated global production networks1 has challenged the "traditional" nation-state based way of regulating labor issues. Since global production processes inherently transgress national jurisdictions and political boundaries, labor issues have been a central issue in globalization studies since the very beginning: the rise of global production and capital's ability to move freely between locations gives rise to competing national labor regimes which – as many authors argue – in the long run can generate a "race to the bottom" for labor conditions. Recent media reports of harsh disregard for fundamental labor standards and workers' rights in factories in, among other locations, China and Cambodia have given credence to this thesis. As a result, there is considerable urgency associated with the problem of global labor standards, a problem that has attracted significant research interest.

Even though the globalization of production attenuates the power of domestic controls on the movements of capital (Marginson 2016), this does not mean that global capitalism is simply unregulated (Braithwaite 2008; Djelic and Sahlin-Andersson 2008; Salles-Djelic and Quack 2012). New forms of governance and regulation have emerged in a whole array of areas, including labor standards. Indeed, the movement has been so significant that some authors even claim that elements for a new regime of global labor governance are emerging (Hassel 2008; Meardi and Marginson 2014).

In contrast to former hard law based forms of labor regulation, new global labor governance mechanisms have a non-binding character (Hassel 2008). They primarily rely on soft-law incorporated into multilayered and multifaceted forms of cooperation between different actors. In the debate on the emerging regime of global labor governance, four pillars garner most scholarly attention. First, there are long standing international organizations such as the ILO, OECD, WTO and the UN that have been slowly developing new roles in the global economy. Second, established actors involved in national industrial relations are also adjusting to the new situation. Hence there are union attempts to use their established power resources to regulate transnational company global economic behavior by establishing international framework agreements (IFA). Third, a very vibrant research stream has arisen around the topic of private and voluntary regulation forms, often referred to in terms of corporate social responsibility (CSR) or corporate citizenship (CC). These studies focus on corporate attempts to face customers' and civil society's pressure for better working conditions by voluntarily establishing corporate codes of conduct, guiding corporate behavior towards their own and sometimes also their suppliers' production processes. Finally, a growing number of studies focus on multi-stakeholder initiatives between state and corporate actors, often also involving civil society organizations (NGOs).

According to recent research and media reports, the effects of all these emerging global labor governance forms remain limited: working conditions and employment conditions for a wide range of workers in the global economy still fall below internationally agreed upon standards, such as the core labor standards as defined by the ILO.

In this article, we want to discuss the limits of the different pillars of global labor governance and point to a promising new stream of research. We will argue that research on global labor governance so far has primarily been concerned with policy and institution building outside of the firm rather than with direct work and production. As we will argue in the following, there are interesting signs suggesting that efforts by firms to globally implement self-optimizing systems in their direct production and supply chain operations (lean practices, corporate production systems, supply chain management systems, etc.) may not only improve production and product quality, but labor (and management) quality as well. We argue in the following that these signs hint at a new approach to improving labor conditions in global supply chains that, by redirecting scholarly attention to the often forgotten level of direct production governance, extends the debate about global labor governance by raising new research questions in at least two important ways2. First, the impact of varying forms of direct labor governance on labor quality needs to be examined. The research so far hints at the possibility, that under certain circumstances, direct production governance, rather than external monitoring by third parties, may by itself lead to increased labor quality in global supply chains. Second, because efforts by firms to govern and regulate direct work and production processes shape the challenges and possible solutions for the improvement of global labor standards within these firms and their supply chains, it is important to analyze the way in which these production related strategic practices interface with monitoring efforts by external (public and private) authorities. How do external regulatory practices encourage or hinder the success of innovative practices focused directly on production governance?

We proceed with this argument by first outlining the four pillars usually considered core to the new regime of global labor governance focusing especially on their limited ability to improve labor standards, and then second, outlining the promising potential within the newly emerging perspective emphasizing the central role of self-optimizing systems within direct work organization and production process governance.

Four pillars of global labor governance

International organizations

The most important international organization for global labor standards is clearly the UN's labor department, the International Labor Organization (ILO). Since its founding in 1919, the ILO has dealt with various global labor problems. The ILO's primary tools are the 189 conventions it has released since its founding. ILO conventions have the status of international law. In order be effective, ILO conventions have to be ratified by its member states on voluntary basis. By ratifying the conventions, the member states commit themselves to the implementation and maintenance of the respective convention. The ILO does not contain any mechanisms to enforce compliance but instead "names" and "shames" governments that do not adhere to the ratified conventions.

In 1998 the ILO issued a "Declaration on Fundamental Principles and Rights at Work" that highlighted four core labor standards (CLS): (1) freedom of association and the right to collective bargaining, (2) the elimination of forced labor, (3) the abolition of child labor, and (4) the elimination of discrimination regarding employment and occupation (ILO 2010).

While conventions remain the ILO's primary activity and legislative tools, some authors argue that the 1998 declaration and the formulation of CLS constitute a shift in ILO strategy (for example Alston 2004; Hassel 2008; Vosko 2002). The main difference between former ILO conventions and CLS is that the latter "were to be respected, promoted, and realized by all members of the ILO, even if they had not ratified the conventions in question" (Hassel 2008: 237). In effect, this separated ILO core labor standards from the actual ratification process. The move has proven to be fertile ground for various decentralized and flexible forms of labor regulation that not only include the ratifying states but also non-state actors, like non-government organizations (NGO) and social movements. But, significantly, they have also tangibly reoriented corporate behavior. Most corporate codes of conduct, for example, in one way or the other draw on the ILO core principles. The ILO core standards therefore, although formally unenforceable, serve as an important frame of reference for the global regulation of labor issues. This tendency is further increased by the fact that ILO core standards have made their way into the UN Millennium Development Goals (MDG) and its successor the Sustainable Development Goals (SDG) that serve as an important frame of reference for a multitude of different actors in addition to national governments.

The OECD is another international organization relevant for global labor standard regulation. In 1976, it issued "Guidelines for Multinational Enterprises" which contained norms for MNE behavior. The guidelines were expanded to include supplier networks in 2001 (Meardi and Marginson 2014: 1038). Even though the OECD guidelines contain a mechanism for non-compliant companies, it is rarely used, so the guidelines are effectively advisory (ibid.).

In the 1990s, the US government undertook a more far reaching attempt to root labor standards in international organizations when it attempted to integrate labor standards and labor rights into the newly formed World Trade Organization's (WTO) trade regime. The idea was to leverage the WTO's authority to regulate trade flows in order to enforce labor rights norms. The attempt ultimately failed as the inclusion of labor issues in trade agreements was considered hidden protectionism. Ever since, labor standards have not been an agenda item at the WTO. (Meardi and Marginson 2014).

As a result, virtually all international organizational labor standards are still voluntary. There is no mechanism in sight that would enable any actor to enforce labor standards on a global scale. Nonetheless, internationally negotiated and formulated labor standards (especially from the ILO) constitute important frames of reference for actors on other levels of global labor governance.

International framework agreements

Another and more recent approach to improve labor standards in global production networks comprises the negotiation of international framework agreements (IFA) (Dehnen and Pries 2014). IFA's are trade union attempts to leverage home country strength to force multinational companies (MNCs) to enhance labor standards in off shore subsidiaries and supplier networks. Hence, this mechanism depends on negotiations between global union federations (GUF) and MNCs. Because this approach depends on the strength of the unions' leverage in their home countries (Brandl 2006), it limits the spread of IFAs: the majority of IFAs so far have been negotiated in European multinationals (Fichter et al. 2012; Krause 2012). Recent research shows international framework agreements having some modest success in facilitating dialogue und improvement of labor conditions in German multinational supply chains (Fichter et al. 2012). Diffusion depends a lot on the GUF involved. As (Fichter et al. 2012) point out, so far only one German union, "IG Metall", has seriously attempted to establish IFAs. This effectively confines IFAs to the sector within the German economy with the highest degree of unionization.

But problems with IFAs are more fundamental than their modest numbers and limited spread. As (Krause 2012) points out, IFAs are often of unknown legal status and often require arcane baroque language to make the agreements legally binding on employers. And even if IFAs are legally binding, it is unclear whether unions are actually willing to take this step because legal action could endanger the trust between GUF and multinational corporations (Krause 2012). In addition, existing IFAs differ in whether the regulations apply only to MNC subsidiaries or to suppliers as well. This obviously has a significant effect on IFA impact on offshore working conditions within the MNCs. (Fichter et al. 2011).

Even more basically, GUFs are deeply affected by the challenges increasingly confronting home country unions: even in well organized sectors, declining membership leads to cuts in resources and ultimately reduces the leverage available to unions to pressure MNCs into effective IFA implementation and enforcement (see Müller et al. 2003, 2010).

Though limited in their impact, IFAs are distinctive in that they aim to impose binding global labor standards on MNCs. They thus constitute an important alternative to both the normative approaches deployed by international organizations and the private, purely voluntaristic forms of labor regulation originating from corporate behavior that we will turn to now.

Codes of conduct

One of the most vibrant areas of research in recent years has been the rise of private forms of labor regulation often referred to as corporate social responsibility (CSR) or corporate citizenship (CC) (Bartley 2007; Macdonald 2014; Mayer and Gereffi 2010). CSR activities represent unilateral corporate labor standards commitments. Proponents of this approach try to link MNC bargaining leverage in production networks to the maintenance of labor standards. The main vehicle here concerns corporation specific (often self-drafted) codes of conduct designed to guide the company's economic behavior. The contemporary number of corporate codes of conduct is vast. Though the detailed content of codes of conduct differ significantly, all of them emerge as company responses to increasing external normative pressure from NGOs or ethical consumers. Increasingly, activist pressure can use unethical corporate behavior to harm MNC reputations (Lund-Thomsen and Lindgreen 2013). Emblematic for this mechanism are the early scandals that are associated with NIKE, Reebok or recently KIK, who were all criticized by activist civil society organizations for the conditions prevailing in their supplier networks. Companies must voluntarily and independently implement these codes of conduct in their own operations and – depending on the scope of the respective code – the operations of their suppliers as well. Code compliance is evaluated by monitoring and auditing activities. Non-compliance with the code of conduct should result in penalties or, as a last resort, termination of the business relationship (R. M. Locke 2013).

Though codes of conduct share a fairly abstract common mechanism, in practice there is much variety. First, companies can create and implement their own codes of conduct or they can refer to third party standards that serve as de-facto standards in certain fields. Examples for these kinds of third-party standards are the Fair Labor Association (FLA) or the above mentioned ILO core labor standards that are very often referred to in various codes of conduct. Specialized certifications like "Fair-Trade" can also be put in this category (Mayer and Gereffi 2010).

Second, companies can organize the monitoring and auditing process in-house or cooperate with external entities such as specialized agencies or NGOs focusing on monitoring activities. In the latter case, monitoring is separated from the company to circumvent possible conflicts of interest.

These differences can have significantly divergent impacts on labor conditions. Some authors argue that private forms of regulation solely serve as "window-dressing" for MNCs that are only loosely connected to their "real" economic behavior, while others point to at least partial improvements by the implementation of codes of conduct.

While we acknowledge that codes of conduct can have some effect on labor standards, the four factors below point to their substantial limitation as a mechanism for the elevation of global labor standards.

First, not all companies face the same external pressure by civil society. Hence, the need to implement codes of conduct varies depending on brands and sectors of the economy. So while important western brands, such as NIKE or Apple, face severe pressure to regulate their own processes and those of their suppliers, other lesser known companies do not feel the same pressure to do so (Mayer and Gereffi 2010).

Second, many critics suggest that the main enforcement mechanism, monitoring and auditing process to secure compliance, is flawed (Barrientos and Smith 2007; R. Locke et al. 2009). Even if a firm avoids interest conflicts and uses a third party for monitoring and auditing, the effective monitoring of whole production networks and increasingly complex supply chains is very difficult. In addition, studies report that suppliers successfully manipulate the various customer and third party audits. Accordingly, non-compliance is systematically underrated and rarely appropriately sanctioned (R. M. Locke 2013).

Third, the vast number of competing and often contradictory codes of conduct can overtax suppliers and make it difficult for them to secure compliance. When suppliers work with different customers, they must comply with different codes. This can cause chaos in their operations and make it difficult to comply with all systems at the same time. To cope with this (and keep their business) suppliers devise ways to decouple formal compliance from the real underlying practices that govern their production operations. (R. M. Locke 2013).

Lastly and more fundamentally, critics of private regulation fear that their increase might "crowd out" public regulations. Since private regulations are usually less binding in nature, their diffusion as substitutes for public regulation can effectively reduce labor regulation in global production networks (for a critical review of this discussion, see Büthe 2010).

On the whole, the literature suggests that corporate codes of conduct have a limited impact on labor conditions. On the one hand, the spread of corporate codes of conduct does not yet include all sectors of the economy in the same intensity. On the other hand, even in sectors covered by codes of conduct, non-compliance persists. Additionally, when codes do seem to have an impact, it is limited to specific areas. So, for example, the impact seems to be comparatively strong where labor conditions are measurable and easy to monitor, such as in health and safety areas. Impact is low, however, in more contested areas such as the payment of overtime, minimum wages, and even the issuance of formal contracts. The impact from codes of conduct is weakest where enabling or process-rights are at stake, i.e. freedom of association and collective bargaining (Barrientos and Smith 2007).

Given the limited impact of purely voluntary and private forms of regulation, many authors consider a mixture of public and private forms of governance, often referred to as multi-stakeholder initiatives, as a promising way to improve labor conditions.

Multi-stakeholder Initiatives

Multi-stakeholder initiatives (MSI) are even more diverse than the emerging forms of voluntary private regulation represented in codes of conduct. (Fransen 2011) defines MSIs as "a universe of initiatives in which the expertise, skills and finance of non-profit and for-profit organizations are pooled" (S.166). The aim is to strategically integrate actors from the public and private spheres in order to combine their respective strengths (Weil 2005). MSIs can be found in various phases of the governance cycle, from the collaborative design and definition of standards through to the collaborative implementation, monitoring and evaluation of conduct (Utting 2002). In general, MSIs promise to overcome several shortcomings in the unilateral forms of regulation already discussed.

First, coordinated or even industry-wide efforts to harmonize corporate codes of conduct reduce potential conflicts stemming from different codes to be implemented by suppliers. Important MSI like the UN's Global Compact or the Ethical Trading Initiative (ETI) formulate compulsory codes to be implemented by their members. In this way, MSIs not only reduce conflicts among codes (making them easier to implement); they also improve code quality by involving actors with different expertise and interest in the drafting of codes.

Second, when it comes to monitoring and auditing implemented codes, MSIs may serve as independent organizations, overcoming conflicts of interest prevalent in various former (in-house) monitoring and auditing practices. As such, many MSIs require their members to regularly document their efforts and progress or, even more far-reaching, allow independent auditors to evaluate the implementation of the respective codes of conduct. As such, MSI proponents expect the quality of monitoring and auditing to increase. Lastly, MSIs may serve as fora for sharing expertise and best-practice between different actors involved in the regulation of global economic activities. These may include companies as well as trade unions and political bodies. As such, MSIs are also used to collaboratively explore new strategies and approaches.

As we noted above, MSIs come in very diverse forms, and research so far has only begun to understand the complex interrelations between private standards and the various levels of regulation exerted by state and non-state actors also involved in the process (Coslovsky and Locke 2013; Gereffi and Lee 2014; Mayer and Gereffi 2010). But research conducted so far suggests that MSI suffer from some of the constraints that also plague unilateral approaches (for the following, see Utting 2002). For example, membership in MSIs remains voluntary, and while MSIs can terminate the membership of non-compliant members, there is also no mechanism to enforce the implementation of codes of conduct. This also affects the process of independent monitoring and auditing. Only a minority of MSIs have succeeded in implementing independent auditors and overcoming conflicts of interest. The same goes for code harmonization: the proliferation of MSIs increasingly recreates the problem they were meant to solve. Different codes drafted by different MSIs compete with the known effects on the suppliers' behavior. Consequently, the strong business presence in MSIs coupled with a lack of reliable enforcement mechanisms, have led many to dismiss MSIs as little more than corporate public relations: i.e. arrangements that provide legitimation for actions independent of results.

The promise of an alternative perspective

The approaches sketched above are usually at the core of debates about global labor governance. Though the approaches have obvious differences in actors and levels involved, they also share similar characteristics:

First, they are "compliance-based" approaches (Lund-Thomsen and Lindgreen 2013). Multinational companies, unilaterally or in cooperation with GUFs, NGOs or public authorities, are the main drivers in labor standards formulation (or the embrace of existing third-party standards). They use their power in global production networks to force their suppliers to acknowledge standards, closely monitor their implementation (often in cooperation with third parties, either private or public) and threaten deviant subsidiaries and suppliers with sanctions in case of noncompliance. Second, a core feature of these mechanisms is that they are top-down in character in that the standards come from management and outside players and to date do not involve production level players (production management, workers) especially on the side of the suppliers[3]. Third, they all operate on the policy level and primarily understand global labor standard implementation as an effort to pressure firms from the outside through the imposition of transnational rules and constraints on behavior.

As these limitations on the compliance-based approaches have become increasingly obvious in recent years, some authors and practitioners in the field have started to explore alternative ways to promote labor standards in global production networks. In contrast to the focus on compliance, these actors shift attention to intra MNC and intra supply chain governance dynamics concerning the direct production level. This new perspective emphasizes capacity (capability) building, learning and self-optimization systems within firms as the main drivers for improving labor conditions within global production networks. The claim is that the main sources for bad labor conditions lie in the (limited) management and worker capabilities within offshore subsidiaries and suppliers. Such capability deficits not only affect product and production quality, they also undermine suppliers' ability to cope with the strong price and cost pressures characteristic of global production networks. Because it tries to achieve benefits by strengthening local players involved in direct production, this alternative approach has been labeled "cooperation-based" (Lund-Thomsen and Lindgreen 2013). Here however, cooperation does not simply involve amicable relations between MNCs and suppliers or MNCs and monitoring organizations. Instead it aims for collaborative workplace and intra-MNC relations that are focused on continuous improvement and are based on capability and skill driven mutual dependence. As such, the approach differs fundamentally from the top-down pressure characteristic of the compliance-based approaches discussed above. Rather than the imposition of external rules emphasizing compliance and constraint, the alternative approach focuses on the creation of conditions for continuous *upgrading* and *mutual learning* as the main drivers for improving labor conditions.

Three main features are usually attributed to this new approach (for the following, see Lund-Thomsen and Lindgreen 2013):

First, multinational companies need to revise their purchasing practices and establish long-term and coordinated relations with their suppliers. This establishes conditions for suppliers to invest in the improvement of their production quality by minimizing pure price based competition among suppliers. This, in turn, makes it possible for suppliers to engage in longer term planning and avoid hiring and firing due to unpredictable shifts in orders and production volumes.

Second, close cooperation allows MNC customers to invest in capability improvement in their suppliers. This enhances supplier production quality and reliability (for delivery and volume management) and, as expected, in the long run also increases work and labor conditions.

Third, monitoring and auditing labor conditions is conducted not only by knowledgeable local auditors able to grasp a more holistic picture of the labor conditions, but also by quality assurance and supply chain management in the MNCs themselves who have an interest in achieving better production quality and reliability among suppliers. In this way, the division of labor between internal and external monitoring becomes cooperative rather than competitive as external auditors can attend to issues related to local conditions within and outside the supplier, while the internal auditors focus on production quality and reliability more generally along the value chain.

The main idea behind this approach is that more collaborative purchasing practices can be in the interest of the buyers as well as the suppliers. For the buyers, a focus on collaborative optimization and continuous improvement increases sourced product quality and reliability. Suppliers, for their part, gain reliable business, better margins for their work due to productivity improvements and process related cost reduction. They also gain opportunities of moving up market and acquiring more lucrative work. With regard to labor relations, enhanced collaborative self-optimization methods give both customer and supplier firms an incentive to invest in employee (and management) qualification upgrading. Longer term collaborative interaction between customers and suppliers reduces the risk associated with the investment in labor skills and continuous improvement. Higher returns from investment in the workforce in turn creates mutual interest on the part of supplier and customer firms to ensure that increasingly valuable employees can be retained – leading to investment in the quality of the workplace, working conditions, terms of pay, working-times and contracts (R. M. Locke 2013).

The empirical evidence in this area is limited, but on the whole quite positive. Herrigel et al. (2013) describe the case of a German manufacturing multinational's relations with Chinese suppliers where the systematic use of corporate production systems over time results in mutual learning and collaborative governance that enhances both the MNC's and the supplier's ability to face unstable and volatile markets. In a similar vein, Jürgens and Krzywdzinski's (2014) study of German automobile producers comes to the conclusion that closer and more integrated production systems lead suppliers to demand higher skill levels for their employees and promote long-term skill formation and employment strategies. In another sector of the economy, Ivarsson and Alvstam (2010) present evidence from IKEA's supply chain that confirms and extends these insights, demonstrating that collaborative and long-term relationships with suppliers in China, paired with IKEA's efforts to enhance the capabilities of their supply base, lead to mutual learning and significant technical and managerial upgrading among suppliers. Improvement of both environmental and labor standard practices is an integral by-product of these production and management upgrading strategies (Ivarsson and Alvstam 2010: 749).

The most detailed capability building studies so far have been published by Richard Locke and his colleagues in various articles (Distelhorst et al. 2013; R. M. Locke et al. 2007; R. M. Locke 2013). Analyzing NIKE's supply chain – with unique data and corporate access – their research shows positive results from the spread of self-optimization oriented lean management techniques across NIKE production facilities and among its suppliers. NIKE's focus on the enhancement of supplier capability fosters mutual learning and continuous supply chain improvements in ways that invariably produce increased worker participation on the shop floor level. These specific capacity building practices, as Locke and his research team show, increase suppliers' compliance with labor standards.

Despite these interesting suggestions in the literature, research so far also shows wide variation in results by geographic location, host country institutional capability and economic sectors. It is unclear what the necessary institutional and political preconditions for the success of these strategies are. We also do not know enough about how capacity building strategies differ by sector, sectoral supply chain characteristics or whether or not success in one sector can be transferred to others. Finally, little is known about intra-firm processes and mechanisms that contribute to or block the positive effects of this new approach on labor conditions.

Despite these open questions, we believe that there is great promise in this area and that it will reward further research and policy attention. Indeed, the three points below seem in particular strong enough to constitute orientation markers for further research.

First, the approach redirects the focus from the transnational institution building and policy level to the governance of direct production, and even the shop floor, along the supply chain. Much evidence suggests that closer collaboration, focused on optimization and continuous improvement between buyers and suppliers in global production networks, represents a new factor impacting the quality of work. As such, Distelhorst et al.'s (2013) work on Nike in particular shows how the use of lean techniques, focused on collaborative continuous improvement, produces outcomes that clearly exceed the impact of former codes of conduct (for a case study of adidas with similar results, see Frenkel and Scott 2002). Hence, the crucial question here is to understand the conditions under which firms embrace these sorts of practices and what conditions have to be met for these practices to generate desired outcomes. In order to understand how such practices emerge and diffuse, it is necessary to examine sectoral and political/institutional background conditions, as well as firm- and supply chain-internal dynamics shaping the diffusion of collaborative self-optimizing systems, such as lean practices and corporate production systems.

Second, this new level of analysis not only complements the compliance-based approaches discussed above, it also makes it possible to study the interplay of different producer strategies and forms of regulation at a level where their impact is most direct and crucial. Like other private forms of regulation discussed above, capacity building measures do not operate in a vacuum but instead operate alongside and within other frames of regulation involving both public and private players and strategies. Accordingly, this approach's focus on direct production governance practices makes it possible to analyze complex relationships between the various levels of direct-production upgrading regulation affecting labor and production in global networks. Ultimately, the alternative approach suggests that one cannot properly understand the impact of top down (external) private and public regulatory forms without paying systematic attention to the bottom up (internal) dynamics within firms and supply chains that emerge as players attempt to achieve sustainability and competitiveness in the market place.

Finally, the focus on the level of direct production governance enhances the understanding of globalization as contingent, multi-layered and politically contested processes. Instead of understanding globalization as a unitary "race to the bottom" or as an unproblematic purveyor of openness and opportunity, we agree with Cooper (2001) that we "need to understand with precision the patterns of interconnection, the choices and constraints which they imply, and the consequences of different sorts of actions along different sorts of interfaces" (213). Introducing the level of direct production and focusing on the effects of varying forms of intra- and interfirm governance on work and employment inescapably highlights crucial interconnections and interfaces involving multinationals, transnational NGOs and national governments in developed and emerging economies. Indeed, focusing on the recompositional dynamics of firm and supply chain level production governance and reorganization may become even more important in the next years. The growth of anti-globalization sentiments in Europe, North America and around the globe threaten to recalibrate relations among national powers and destabilize the free flow of trade and the architecture of standards that undergirds transnational supply chains and MNC global production strategies.

Such global political uncertainty could make it difficult to find ways to raise standards and establish accountability through external pressure on firms in coming years. But, unless we experience a complete collapse of global commerce, concrete interdependent transnational and global production and supply relations will persist. MNCs will continue to have strong (even growing) interests in expanding their offshore production operations and networks in growing and increasingly sophisticated emerging markets. They will likely try to retain their transnational operations and networks in the face of even the most onerous of reforms in public transnational norms and governance arrangements. In the near future, efforts on the part of transnational firm and supply chain stakeholders to construct self-optimizing governance architectures across their still obstinately global operations, could be one of the few areas in which headway in the struggle for a better worklife and higher labor standards will continue to be made. Certainly it will provide a useful platform to analyze the reform and recalibration of the architecture of players and practices that affect firms from the outside.

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Endnotes

1In this article, we simply refer to global production networks although we know that there have been important debates about whether it is better to conceive of forms of global production as networks or chains. While we agree that global production is rarely linearly organized in single chains, we also acknowledge that research often simplifies existing networks for the purpose of analytical clarity.

2A similar argument has been made in mainstream economic sociology for example by Fligstein (2001, 2012) stressing micro-level processes in the emergence and transformation of markets. And although our focus is not directed towards the governance of markets, but towards the governance of production itself, we share Fligstein's emphasis on micro-level, bottom-up processes for the institutionalization of fields.

3Obviously, IFAs may involve workers' representatives on different levels and different destinations. But to date, IFAs are predominantly negotiated by western GUFs and MNCs, only partially including suppliers and local unions (Felix Hadwiger, 'Global Framework Agreements: Achieving Decent Work in Global Supply Chains?', International Journal of Labour Research, 7/1-2 (2015), 75-94.).

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