



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

Master Degree Project in International Business and Trade

A Trend towards Relational Governance Configurations?

Governance of labor standards in the Swedish garment industry

Josefin Bona and Johan Brunedal

Supervisor: Niklas Egels-Zandén
Master Degree Project No. 2015:6
Graduate School

Abstract

Problem

Scholars argue that governance studies often fail to incorporate issues related to labor standards within in global value chains (GVCs) and global production networks (GPNs). While studies addressing labor related issues have begun to emerge, many such studies have focused on labor agency and under what conditions labor may shape GPNs, but there is a relatively scarce body of research approaching labor standards from the home country context of lead firms. Thus, a gap in research exists regarding the understanding of value chain configurations and external factors and its influence on how lead firms work with labor standards.

Purpose

The purpose of this study has been to gain deeper understanding of how governance configurations of lead firms within the Swedish garment industry are structured and how it, along with external factors, influence the work these firms conduct in regards to labor standards in global value chains.

Research Questions

- (1) How are global value chain governance configurations within Swedish lead firms structured and how does this influence these firms' work with labor standards?
- (2) How do the external factors of a focusing event and various actors influence lead firms' activities in relation to labor standards?

Research Design

The research is based upon a qualitative case study of lead firms within the Swedish garment industry. The findings have been analyzed on the basis of literature of GPNs and GVCs in relation to labor standards and of literature concerning focusing events.

Findings

We contribute to the existing literature by providing six main findings. First, we have identified a clear dominance of the relational governance configuration. Second, we find that lead firms governance configurations appear to be strongly related to a certain type of market economy. Third, it is found that the cooperative paradigm is of great relevance among the Swedish lead firms. Fourth, we suggest that the cooperative paradigm, in combination with governance theory, offers enhanced understanding how lead firms work with labor standards. Fifth, we argue that focusing events have little influence on Swedish lead firms and sixth, that local actors have had limited effect on how Swedish lead firms work with labor standards.

Suggested Future Research Agenda

As this study has been limited to specific segments and contexts within the garment industry, future research should focus on other segments and contexts as well. Moreover, future research including institutional theory is needed, since our findings suggest a strong correlation between governance configurations and home country contexts. Furthermore, research combining the cooperative paradigm with governance theory should be conducted as this allows for enhanced understanding of this research field.

Keywords

GPN, GVC, governance configurations, labor standards, focusing events, Bangladesh, garment,

Acknowledgements

We would first and foremost like to thank our supervisor, Associate Professor *Niklas Egels-Zandén*, who has been extremely helpful in replying our e-mails, arranging for recurring lunch meetings and for offering us a substantial amount of relevant articles. We are more than grateful for the feedback given continuously throughout the entire process, sharing your great knowledge and expertise within this field of study. Your interesting opinions and remarks have given us the tools to structure and organize this study and highly contributed to a greater output.

We also would like to thank Professor *Inge Ivarsson*, who used his expertise and knowledge within the field of global production networks and global value chains to help us understand the meaning of these and connect it to our research and thus contributed to an improved quality of this paper as well. Furthermore, we would like to thank all our interviewees for participating in the interviews and agreeing to do follow-ups. All interviewees gave us extremely fruitful answers, helping our case tremendously and allowed us to gain access to primary high quality research data, resulting in an increased credibility of our study and helped us to accomplish the purpose of this paper. Without the interviewees, this would not have been possible. Last, but not least, we would like to extend our gratitude to our classmates *Linus Nolgren* and *Axel Norderyd*, not only for continuously supporting us by offering knowledgeable feedback and insights, but also for the many coffee breaks we have had together, making this writing process more joyful.

Thank you!

Johan Brunedal

Josefin Bona

Table of Contents

Abstract	ii
Acknowledgements	iii
List of Tables and Figures	v
List of Abbreviations	v
1. Introduction	1
1.1 Research Questions and Purpose.....	4
2. Previous Research	5
2.1 The Rise of Global Value Chains	5
2.2 The Rise of Global Production Networks	7
2.3 Global Value Chains vs Global Production Networks.....	8
2.4 Labor in Global Value Chains and Global Production Networks	10
2.5 Voluntary Compliance Programs Effects on Labor.....	12
2.6 Focusing Events.....	15
2.7 Conceptual Framework.....	16
3. Methodology	19
3.1 Research Design	19
3.2 Qualitative Research Method	20
3.2.1 Case Study	21
3.2.2 Choice of Research Object- Case Companies	22
3.3 Data Collection	23
3.4 Analysis	24
3.5 Reliability and Validity	25
3.6 Limitations	27
4. Contextual Background	28
4.1 An Overview of the Bangladeshi Ready-Made Garment Industry	28
4.2 The Role of Corporate Social Responsibility in Sweden.....	29
5. Governance and the Role of External Factors as Influencers of Labor Standards	31
5.1 Firm Characteristics	31
5.2 Global Value Chain Governance and its Influence on Labor Standards	32
5.2.1 Selecting Suppliers.....	32
5.2.2 Direct or Indirect Supplier Contact.....	33
5.2.3 Governance of External or Internal Brands.....	33
5.2.4 Supplier Relationships	34
5.2.5 Auditing	37
5.2.6 Tackling Code of Conduct Violations	41
5.2.7 Recurring Violations	43
5.2.8 Perception of Bargaining Power towards Suppliers	46
5.3 External Factors Influencing Labor Standards	48
5.3.1 External Actors.....	48
5.3.2 Focusing Events.....	50
6. Analysis	54
6.1 Global Value Chain Governance	54

6.2 External Factors.....	65
7. Conclusions and Suggested Future Research.....	68
7.1 Research Conclusion.....	68
7.2 Limitations of the Study and Suggested Future Research.....	71
8. References	72
9. Appendix	79
9.1 Interview Guide.....	79

List of Tables and Figures

Table 1.	<i>Summary of key literature presented in section 2.1 to 2.6 (compiled by the authors)</i>	16
Figure 1.	<i>The Labor Standards model (compiled by the authors)</i>	17
Table 2.	<i>Summary of Case Firm Characteristics (compiled by the authors)</i>	32

List of Abbreviations

- **GVC** Global Value Chain
- **GPN** Global Production Network
- **HQ** Headquarter
- **RMG** Ready-Made Garment
- **NGO** Non-Governmental Organization
- **CoC** Code of Conduct
- **UK** The United Kingdom
- **U.S.** The United States
- **CSR** Corporate Social Responsibility
- **WTO** World Trade Organization
- **EU** The European Union
- **BSCI** Business Social Compliance Initiative

1. Introduction

As a consequence of globalization of production and trade, firms are increasingly connected to and within value chains that cross national and firm borders. Thus, mechanisms for understanding and managing complex intra- and inter-firm relationships evolving around global value chains are needed. Two main strands have emerged in order to understand the complex contemporary global economy. The first strand, the GVC approach, seeks to gain further understanding of firm relationships among and within value chains (Lakhani, Kuruvilla and Agvar, 2013). Within GVC research, scholars have largely been concerned with the study of governance configurations of GVCs, trying to gain knowledge of the process of how economic activity is coordinated along the value chain (Mahutga, 2012). Gereffi, Humphrey and Sturgeon (2005) identified five types of value chain configurations, which are differentiated based on the mode of governance; market, modular, relational, captive and hierarchical. These governance modes and value chain configurations reflect different degrees of explicit coordination and power asymmetry between participating actors of the value chain.

The second strand, the GPN approach, goes beyond much of the GVC approach focus on linear, inter-firm relations, highlighting that all sorts of local actors, such as trade unions, states, non-governmental organizations (NGOs) and local communities, along with network structures and institutional contexts and with the embeddedness of broader social relations and economic activity play important roles in structuring GPNs (Lund-Thomsen, 2013). Many scholars have discussed various benefits and downsides of both the GVC and GPN approaches and different types of critique against both approaches have emerged (Barrientos, Mayer, Pickles and Posthuma, 2011; Coe, Dicken and Hess, 2008; Lakhani et al., 2013; Lund-Thomsen, 2013; Nadvi, Lund-Thomsen, Xue and Khara, 2011; Neilson, Pritchard, Wai-Chung and Yeung, 2014; Sunley, 2008; Xue and Chan, 2013). Lakhani et al. (2013) for instance, argue that while the GVC approach has been too narrow, the GPN approach is too encompassing and inclusive. Moreover, according to Barrientos et al. (2011), previous GVC and GPN literature has had a tendency to be separated. As a result, limited exchange of analytical insights and empirical findings has been the outcome and thus a more multidisciplinary and integrated research approach would be fruitful. In recent years however, research studies adopting a methodology consolidating both approaches have started to become increasingly popular (Azmeah, 2014; Barrientos et al., 2011; Lund-Thomsen, 2013; Stringer, Simmons, Coulston and Whittaker, 2014). Furthermore, Lakhani et al. (2013) argue that the GVC and GPN approaches allow for closer

examination of employer relations and of the implications firm inter-connectedness has on such relations. Therefore, due to the benefits of combining the GVC and GPN approaches, such a multidisciplinary methodology will be undertaken in this study.

Xue and Chan (2013) recognize that both GVC and GPN scholars tend to focus on governance of global production. While this topic has emerged as one of the most prominent literature in global studies, the authors argue that governance studies often fail to incorporate issues related to labor standards within GVCs and GPNs. In recent years, however, studies addressing labor related issues have begun to emerge, as recognized by Azmeh (2014) and Lund-Thomsen (2013). However, many such studies have focused on labor agency and under what conditions labor may shape GPNs (Carswell and De Neve, 2013; Cumbers, Nativel and Routledge, 2008; Lund-Thomsen and Coe, 2013; Riisgaard, 2009; Riisgaard and Hammer, 2011) and to the best of our knowledge, there is a relatively scarce body of research approaching labor standards from the other end of GPNs, that is, from the home country context of lead firms¹. Although some researchers have approached the issue of labor standards from the other end of GPNs, such studies are generally performed on a more aggregated level, lacking an in-depth cross-firm analysis at a national level (Hughes, Buttle and Wrigley, 2007; Blasco and Zolner, 2010).

Only focusing on a comparative analysis within one national context, the cross-firm research study conducted by Frenkel and Wright (2014) leverages on the need to gain enhanced understanding within this area by unveiling governance configurations employed among a set of lead firms within the Australian garment industry. Lakhani et al. (2013) further argue that labor standards should be investigated on the basis of the specific value chain configuration they are enrolled within, as they suggest that different value chain governance configurations result in differences in regards to employment relations throughout the value chain. Frenkel and Wright (2014) recognize that market, relational and captive value chain configurations are of primary relevance when studying governance configurations in lead firms in the garment industry and Gereffi et al. (2005) and Cao, Zhang, To and Ng (2008) have further identified the relational value chain configuration as

¹ This paper leverages on the definition of lead firms presented by Frenkel and Wright (2014), where retailers are viewed as the lead firms in buyer-driven GVCs. The headquarters (HQs) of these organizations are mostly located in developed countries while suppliers are located in developing countries.

becoming the dominant governance configuration in the global garment industry. Furthermore, according to Niforou (2014), there are uncertainties of to what degree the increasingly diffused GVCs and GPNs are responsible for labor standards at the point of production. In later years, however, there has been a shift in responsibility from the public to the private sector, where voluntary compliance programs and codes of conduct (CoCs) have been developed, becoming the key tool in the re-regulation of global labor standards (Hughes et al., 2007). According to Lund-Thomsen and Lindgreen (2014), CoCs can be enforced by lead firms on the basis of a compliance-based model characterized by supplier compliance via monitoring and auditing, or a cooperative-based model characterized by commitment rather than compliance. While Lund-Thomsen and Lindgreen (2014) argue that some researchers have begun to document and find evidence suggesting that the cooperative paradigm is beginning to increase in relevance and may very well work in practice (Locke, Amengual and Mangla, 2009; Barrientos, 2013; Lund-Thomsen and Coe, 2013), the authors also recognize that other studies reach contradicting findings, suggesting that a compliance-based model is still predominant. Therefore, Lund-Thomsen and Lindgreen (2014) argue that the compliance-based model is likely to continue to dominate how corporate social responsibility (CSR) issues are approached in global value chains, whereas the cooperative paradigm will be of limited prevalence.

By conducting a cross-firm study, investigating the governance configurations of lead firms within the Swedish garment industry, our study takes on the same approach as Frenkel and Wright (2014) and is to be seen as an addition to this body of research. By recognizing the importance of the external context within GPNs, while also including the compliance-based model and the cooperative paradigm, this study also incorporates these perspectives and thus, enhances the understanding of existing literature even further. Moreover, in order to get a more narrow focus of our study, we have chosen Bangladesh as a case country. The rationale behind this choice is the large size of the ready-made garment (RMG) industry in this country. In addition, Bangladesh has a long history of safety and health tragedies that has resulted in over 1800 workers killed since 2005. One such tragedy is the Rana Plaza disaster in 2013, where over 1100 workers were killed in a factory collapse. In the aftermath of this tragedy, two global fire and safety programs, the Accord and Alliance, were launched to address the issues regarding factory labor standards in the Bangladeshi garment industry (ACCORD, 2015). By following the footsteps of Frenkel and Wright (2014), this study also

incorporates this additional dimension by considering the sample firm's responses to a "big event", hereinafter referred to a focusing event², such as the Rana Plaza factory collapse, and its implications for how lead firms work with labor standards. By including the effects of a focusing event, the aim is to further contribute to the related field of research.

1.1 Research Questions and Purpose

The lack of research in the field in combination with the growing focus on labor standards within GPNs has intrigued us to deepen our comprehension of the subject. On the basis of the following questions, this study seeks to understand:

- (1) How are global value chain governance configurations within Swedish lead firms structured and how does this influence these firms' work with labor standards?
- (2) How do the external factors of a focusing event and various actors influence lead firms' activities in relation to labor standards?

By answering these questions, the purpose of this study is to start filling the gap in previous research regarding value chain configurations and its influence on how lead firms work with labor standards. We do this based on a study investigating governance configurations of lead firms within the Swedish garment industry with production sites in Bangladesh. The aim is further to examine the effects a focusing event has on how lead firms work with labor standards by using the Rana Plaza collapse as a concrete example. Moreover, we aspire to investigate the role that external actors, such as governments and NGOs, has on how these firms work with labor standards. By fulfilling these purposes, we hope to contribute to the existing literature by an increased understanding of similarities and differences of governance configurations among Swedish lead firms and its implications for how these firms work with labor standards. In addition, we hope to shed some light on the role external factors has on shaping this work. In so doing, this study seeks to fill the gap of lacking cross-firm analysis at a national level and to extend the existing literature by focusing on labor standards from a lead firm perspective.

² Birkland (1998) describes a focusing event as an event that is sudden and relatively uncommon. It can be defined as harmful and pointing to potentially greater harms in the future.

2. Previous Research

In this chapter, we discuss different theoretical approaches to the purpose of our thesis. By starting with a description of the rise of the GVC approach, followed by the rise of the GPN approach and a discussion of using both of these as a multidisciplinary approach, this will serve as an underlying framework for our analysis. We will continue with a discussion of the role of labor in GVCs and GPNs and the use of voluntary compliance programs used by lead firms as a mean to govern labor standards. In addition, we will present the concept of a focusing event and its effects on labor standards. The theories will continuously be treated from the perspective of lead firms within the garment industry sourcing from developing countries. This will ultimately lead us to a final theoretical synthesis and a conceptual framework that will be used as a key apparatus in our empirical analysis.

2.1 The Rise of Global Value Chains

Globalizing forces has changed the nature of production and trade and resulted in firms being increasingly interconnected across and within value chains that transcend both national and firm borders. Consequently, complex intra-and inter-firm relationships develop out of these global value chains and structures for understanding and managing such relationships are needed (Lakhani et al., 2013). The GVC approach seeks to gain further understanding of such relationships and has proven useful in illuminating how goods and services are created, produced, delivered, sold and recycled globally. The model captures how input-output factors are exchanged between vertically connected firms and points to how value is generated and gained along the chain (Lakhani et al., 2013; Nadvi et al., 2011). Firm connectedness along the value chain places relational ties among chain actors at the center of the model, making the power dimension a critical aspect of the GVC approach (Nadvi et al., 2011). Furthermore, the GVC approach has provided insights of how relational ties among firms may facilitate or hinder industrial upgrading of chain actors (Neilson, 2014).

Within GVC research, scholars have largely been concerned with studying governance configurations of GVCs in trying to gain an understanding of the process of how economic activity is coordinated along the value chain (Mahutga, 2012). By enhanced understanding of such governance configurations, firm relational ties of the value chains are illuminated (Bair, 2005). Early theory of governance is primarily found in the work of Gereffi (1994), who

suggested that value chains are either producer-driver or buyer-driven, denoting that coordination is explicitly used by either lead buyers or lead producers in the value chain. Such a construct was valuable in explaining the occurrence of labor-intensive manufacturing in the Global South, but has received heavy criticism for being too static and limiting in explaining variations in coordination activities across value chains (Mahutga, 2012). To better understand the variations of coordination, and thus, governance configurations, Gereffi et al. (2005) developed a typology where combinations of three independent variables; level of complexity of transactions, level of codifiability of information and level of capability of suppliers are assumed to determine the mode of governance. The authors identified five types of value chain configurations differentiated based on the mode of governance; market, modular, relational, captive and hierarchical. The governance modes and value chain configurations reflect different degrees of explicit coordination and power asymmetry between participating firms (Lakhani et al., 2013) and reflect the trade-off between benefits and risks of outsourcing (Gereffi et al., 2005). Lakhani et al. (2013), Dicken, (2007) and Gereffi et al. (2005) defines the different value chain configurations as:

Market – Market value chain configurations are to be expected when supplier capabilities and the ability to codify transactions are high but the complexity of transactions is low. Task requirements are relatively low, thus codifiability can easily be enabled, making transaction complexity low. As a result, suppliers are able to perform tasks without significant amounts of input from the buyer firm, meaning that both explicit coordination and power asymmetry are low.

Modular – Modular value chain configurations involve transactions that are more complex than in the market configuration, however, codifiability is still easily attained and supplier capabilities remain high, as technical standards simplify interaction among actors by reducing component variation and by unifying specifications. Both explicit coordination and power asymmetry is therefore, still low.

Relational – When both tasks and codifiability is complex but supplier capability is high, relational value chain configurations can be expected. Despite complexity of tasks and codifiability, incentives to use external actors are still found due to highly capable suppliers. Interaction and communication between both buyers and suppliers become central and thus

frequent. Mutual dependence and the need to exchange tacit knowledge make explicit coordination as well as power asymmetry higher than for the above-mentioned configurations.

Captive – Captive value chain configurations involve rather complex tasks in combination with high abilities to codify transactions but low levels of supplier capability. Hence, suppliers require significant amounts of instructions from buyer firms in order to perform tasks. Consequently, both explicit coordination and power asymmetry become high. Suppliers are faced with relatively high switching costs, making them dependent on the buyer firm and thus “captive”.

Hierarchical – When complexity of transactions is high and both the ability to codify transactions and supplier capabilities are low, a hierarchical value chain configuration is likely to occur. Tasks are kept in-house because of transaction complexity and the lack of capable suppliers, resulting in a vertically integrated value chain. High explicit coordination and power asymmetry exists between the lead firm and its supplier.

While the GVC governance approach has generated an enhanced understanding of the contemporary world economy, it has met criticism of being too narrow and static in its approach (Lakhani et al., 2013). As a response, a new strand of research has emerged, referred to as GPNs.

2.2 The Rise of Global Production Networks

The GPN approach goes beyond much of the GVC approach focus on linear, inter-firm relations, highlighting that all sorts of local institutional contexts, network structures and actors, such as NGOs, states, local communities, trade unions and the embeddedness of broader social relations and economic activity play important parts in structuring GPNs (Lund-Thomsen, 2013). Many researchers advocate that the phrase GPN should be used since the term network entails multiple relation directions and forms while avoiding the linear meaning of chains. In addition, the term network implies that production is intended to convey both economic activity and the social process involved in reproducing knowledge, labor power and capital and producing goods and services. Thus, GPNs should not be seen simply as chains of value adding activities or arenas for market competition, but rather as comprising complex political economic systems, in which markets and its' associated distribution of authority and resources are constructed, while also actively shaping their socio-political context (Levy, 2008).

Dicken (2007) argues that the three dimensions of spatiality, governance and territorial embeddedness are the three most important in regards to production networks. Focusing on the geographical dimension, the GPN approach benefits from viewing firms as comprising complex, inter-scaled linkages involving relations and ongoing processes among participants and actors embedded in a scope of local, cultural and social relation, creating unique organizations, networks, responses and outcomes. The geographical spread and organizational scope of global production dispositions, along with the non-human relationships, are essential to network transformation and formation (Rothenberg-Aalami, 2004). The disaggregation and dispersion of economic activities to multiple geographic locations implied by GPNs require high degree of integration and coordination of value chain activities. Drawing on the geographic reach and organizational capacity, this entails considerable investments abroad and in international trade and due to the political and economic characteristics of GPNs, these experience complex forms of governance at multiple levels. GPN governance includes both formal international agreements and national-level regulation along with the coordination of value chains and the promulgation of private CoCs concerning environmental or labor standards (Levy, 2008).

2.3 Global Value Chains vs Global Production Networks

In order to understand the increased complexity of the global economy, many scholars have discussed various benefits and downsides of both the GVC approach and the GPN approach and different types of critique against both have emerged (Barrientos et al., 2011; Coe et al., 2008; Lakhani et al., 2013; Lund-Thomsen, 2013; Nadvi et al., 2011; Neilson et al., 2014; Sunley, 2008; Xue and Chan, 2013). A main feature of global economic reorganization presented in both approaches is the progressive outsourcing of lead firm's low-value added production functions to the peripheral low-cost countries and regions (Neilson et al., 2014). Despite differences in focus and terminology between various scholars, a growing consensus is rising regarding the concept of a network and its role as a useful key to understand the complexity of the global economy, especially the geographical complexity (Coe et al., 2008). Looking at these differences, Nadvi et al. (2011) argue that, while the GVC approach concentrates on vertical firm-to-firm relationships and how value is captured and generated at different points of the value chain, thus underlining relational ties between actors along the chain, the GPN approach add the dimension of relationships that are embedded in external factors to the value chain but nevertheless are inter-linked with the inter-chain ties. Moreover, Coe et al. (2008) state that while the concepts of GVC and GPN are based on the same fundamentals, there are two crucial differences in practice

between GVCs and GPNs. First, GPNs attempt to encompass all relevant sets of actors and relationships, while GVCs narrowly puts focus on the governance of inter-firm transactions. Second, GVCs are substantially based on linear configurations, while GPNs goes beyond this by incorporating different types of network configurations.

Gereffi et al. (2005) and Gereffi (1999) state that regardless of the external institutional context, within which the GVCs are situated, the internal variables influence the shape of governance of GVCs. However, GVC analysis has been heavily criticized for the lack of treatment of institutions and GPN analysis has emerged partly based on such criticism (Stringer et al., 2014). Thus, GPN scholars have developed an approach to correct deficiencies they claim to have identified in the GVC approach, that is, by emphasizing the territorial, institutional and social embeddedness of commercial operations and asymmetric power relations between different actors. However, GVC scholars argue that one of the important key findings of GVC studies is that the governance of GVCs is essential in order to understand two main areas. First, how firms in developing markets can gain access to global markets, and emphasize not only the potential risks related to exclusion from these markets, but also what benefits that could arise from access to these markets. Second, how net gains from participation in GVCs might be increased (Xue and Chan, 2013). Moreover, Sunley (2008) further criticizes relational geography, including the GPN approach and networks, not only for in general being a too flat ontology, but also neglecting embeddedness, space and institutions.

Furthermore, Lakhani et al. (2013) present criticism against both approaches despite the value in increasing the understanding of the contemporary global economy. On the one hand, these argue that the GVC approach has been criticized for its static and narrow approach by emphasizing the governance of dualistic relations between suppliers and lead firms within GVCs. In relation to this, the notion of a chain entails that production processes are linear and vertical, while the reality is that horizontal, diagonal and vertical linkages make up a complex set of networks. What is more, the GVC approach has been criticized for ignoring territory and space while the GPN approach, on the contrary, regard production networks as embedded in different geographic, political, social and institutional contexts. This allows the GPN approach to capture global-local relations while also restoring the territoriality that the GVC approach excludes. On the other, the GPN approach has been criticized for being too encompassing and inclusive, where even advocates of the approach have identified the need for complex analysis, which previous

empirical studies not yet have been able to achieve. As a result, some researchers have concluded that the GPN approach could be a totalizing theory lacking explanatory value. In regards to criticism similar against both approaches, these are argued to use a central criterion difficult to measure. Moreover, Neilson et al. (2014) concludes that explicit theorization regarding the state's role has been somewhat lacking in previous GPN and GVC research. While state action and inaction often is a main aspect of the GVC and GPN approaches, this is rarely being pushed to the foreground and even more rarely, given theoretical consideration. Furthermore, while Lund-Thomsen (2013) states that both approaches are increasingly exploring the role that labor plays in GPNs, Stringer et al. (2014) and Xue and Chan (2013) criticize both approaches for inadequate incorporation and focus on labor.

According to Barrientos et al. (2011), previous GVC and GPN literature have had a tendency to be separated, either by proceeding at different levels of analysis or by being confined within specific conceptual frameworks and academic disciplines. As a result, a limited exchange of analytical insights and empirical findings has been the outcome concerning issues, lying at the core of the contemporary global economy. Thus, more extensive body of research using a multidisciplinary and integrated approach is needed, in order to grasp the implications of modes on investment, production and consumption for future patterns of employment creation, economic growth and development in both developed and developing countries. In later years, several researchers have conducted these types of integrative studies (Azmeah, 2014; Barrientos et al., 2011; Lund-Thomsen, 2013; Stringer et al., 2014). As a result, some researchers have begun to use the GVC and GPN approaches more or less synonymously (Lund-Thomsen, 2013), which will be done throughout this paper as well. Moreover, in such integrative studies, the notion of labor also has gained much more attention (Azmeah, 2014; Barrientos et al., 2011; Lund-Thomsen, 2013; Stringer et al., 2014).

2.4 Labor in Global Value Chains and Global Production Networks

While both GVCs and GPNs have been topics of great focus within academic research over the past decades, scholars have argued that labor has not been adequately incorporated into such research (Carswell and De Neve, 2014; Merk, 2011; Stringer et al., 2014; Xue and Chan, 2013). Xue and Chan (2013) recognize that both GVC and GPN scholars tend to focus on governance of global production and while this topic has emerged as the most prominent literature in global studies, the authors argue that governance studies pay too little attention to wealth distribution

within global production. In addition, governance studies fail to address issues related to labor standards and labor relationships. Furthermore, Merk (2011) suggests that within the configuration of a global production network or value chain, it is not sufficient to only analyze power relations between market actors, as it is crucial to also gain an understanding of how global sourcing affects power relations at the point of production, that is, in regards to labor.

In recent years, however, studies addressing this issue have begun to emerge, as recognized by Azmeh (2014) and Lund-Thomsen (2013). Azmeh (2014) argues that such a research focus contributes to an enhanced understanding of the central role of labor processes within GPNs and further addresses a major gap in the literature of GPNs and GVCs. While many such studies have focused on labor agency and under what conditions labor may shape GPNs (Carswell and De Neve, 2013; Cumbers et al., 2008; Lund-Thomsen and Coe, 2013; Riisgaard, 2009; Riisgaard and Hammer, 2011), the GVC and GPN approaches also allows for closer examination of employer relations and what implications firm-interconnectedness have on such relations (Lakhani et al., 2013).

Lakhani et al. (2013) further argue that employment relations will vary across value chains as the GVC approach imply that different value chains create different relationships between firms in networks. Moreover, the authors argue that labor standards in GVCs should be investigated on the basis of the specific value chain configuration these are enrolled within, as they suggest that different value chain configurations result in differences in regards to employment relations throughout the value chain. By introducing an approach that incorporates the labor standards criteria variations across value chain configurations, Lakhani et al. (2013) further suggest that value chain configurations characterized by highly complex and uncodifiable tasks, and thus moderate to high levels of explicit coordination and power asymmetry, will result in supplier labor standards of relatively high levels of lead firm influence, high workforce skill levels, high employment stability and higher levels of lead institutional influence. Consequently, value chain configurations characterized by comparatively simple and easily codifiable tasks, and thus low levels of explicit coordination and power asymmetry, will instead result in supplier labor standards with relatively low levels of lead firm influence, lower workforce skill levels, lower employment stability and lower levels of lead institutional influence.

2.5 Voluntary Compliance Programs Effects on Labor

Frenkel and Wright (2014) recognize that market, relational and captive value chain configurations are of primary relevance when studying governance configurations in lead firms in the garment industry. Moreover, Gereffi et al. (2005) and Cao et al. (2008) have identified the relational value chain configuration as becoming the dominant governance configuration in the global garment industry. Frenkel and Wright (2014) further state that while some argue that there has been a shift in Asian value chains from captive value chain configurations to relational configurations, due to increasing supplier capabilities, others argue that despite a dominance of the relational type, this appear in different forms. In Sweden and Denmark, relations between lead firms and suppliers are informal with consensual management styles, while firms from the United Kingdom (UK) and the United States (U.S.) use a highly rationalized model, characterized by a limited number of suppliers that are required to follow demanding and detailed standards.

Moreover, according to Egels-Zandén, Schüßler, Frenkel, Ashwin and Kabeer (2015), lead firms tend to implement different practices and policies linked to institutions and values of the home country from which these firms originate. Firms headquartered in coordinated market economies in Northern Europe, such as Sweden and Germany, incline more relational ties with suppliers, whereas firms in more liberal market economies, such as the Australia, UK and the U.S., tend to engage in a more transactional, cost-oriented approach towards suppliers. Furthermore, in a recent study by Frenkel, Schuessler and Wright (2015), value chain governance configurations and responses to the Rana Plaza collapse of lead firms in Australia and Germany are examined. The authors argue that there are differences in standards between Australian and German firms, where the impact of this event seem to have been greater for the Australian firms compared to its German counterparts as a result of the latter having established higher levels of labor standard engagements prior to the collapse, which is assumed to be a result of the institutional environment in the home country context. Preceding this focusing event, all ten German firms had relational ties, sometimes complemented by a market-based configuration, while the ten Australian firms' governance configurations were divided equally between relational and market arrangements. The authors however conclude that this gap appear to narrow down, and that such a convergence of minimum socially accepted labor standards is strongly reinforced by a focusing event, such as the Rana Plaza collapse.

Increasingly diffused GVCs and GPNs across world regions with differing work cultures and varying degrees of worker protection has raised questions of to what extent companies are accountable for local conditions at the point of production within the value chains serving them (Niforou, 2014). Indirect pressures from media campaigns and NGOs targeting lead firms during the 1990s led to the garment industry taking the lead in accepting an agenda including labor standards in the CSR undertakings (Robinson, 2010; Ruwanpura and Wrigley, 2011). Consequently, lead firms have paid attention to the potential risks of damage to the image or brand, arising from lack of sufficient labor standards in the value chain serving these firms (Robinson, 2010). As a result, there has been a shift of responsibility from the public to the private sector and voluntary compliance programs and CoCs have been developed in collaboration between lead firms and various stakeholder groups, which have become a key apparatus in the re-regulation of global labor standards (Hughes et al., 2007).

However, Locke et al. (2009) argues that such voluntary compliance programs only have proven to generate modest and uneven improvements of labor standards in most global value chains, particularly within the retail industry. Lund-Thomsen (2013) and Lund-Thomsen and Coe (2013) further acknowledge that studies examining the impact of CSR activities point to that implementation of corporate CoCs seem to differentially affect various aspects of labor standards. For instance, while corporate CoCs tend to positively impact industrial accidents at production sites, payment of minimum wages at supplier factories and the reduction of overtime, these appear to have no significant impact on process standards such as freedom of association and the right to collective bargaining. These findings are supported by several other scholars (De Neve, 2009; Locke, Qin and Brause, 2007; Locke and Romis, 2007; Lund-Thomsen, 2008; Ruwanpura and Wrigley, 2011) arguing that the compliance-based model, as presented by Lund-Thomsen and Lindgreen (2014), where supplier compliance with lead firms' CoCs are to be reinforced by monitoring and auditing supplier operation, lacks the ability to ensure satisfactory improvements of labor standards in developing country export industries. In addition, the increased pressure for lead firms to deliver shareholder profits while simultaneously ensuring proper CSR practices has however been a major challenge for the complex GPNs. Controversies of allegations of misconducts in the value chain of lead firms show the underlying conflict between price competitiveness and rapid market responsiveness on the one hand, and CSR issues in the garment industry on the other (Perry, Wood and Fernie, 2014).

In order to address such issues, Locke et al. (2009) argue that by using a commitment-oriented approach, based on joint problem solving, information exchange, and the diffusion of best practices, sustained improvements of labor standards at factory sites can be attained, finding proof of this in their study of a major global lead firm and its suppliers.

Moreover, Lund-Thomsen and Lindgreen (2014) have outlined the characteristics of a new cooperative paradigm to working with CSR issues in global value chains, where commitment rather than compliance is the main focus. The cooperative paradigm entails three main features; first, that lead firms should raise prices towards suppliers so that these can afford to pay workers adequately. Lead firms might also ensure better production planning to even out production peaks at suppliers and maintaining long-term relationships with suppliers is of great significance in order to secure improved labor standards. Moreover, lead firms should coordinate its' CSR and purchasing departments to facilitate consistency in demands put on suppliers. Second, lead firms might also invest in capacity development of its' suppliers, instead of expecting suppliers to bear all such costs themselves. In addition, lead firms might invest in providing training of workers and in programs to improve product quality, while also involving workers at suppliers' decision-making processes and informing them about human resources management and making them aware of their rights. Closer cooperation between lead firms' CSR personnel and factory management is a prerequisite for such initiatives to generate fruitful results and to secure the simultaneous objectives of enhancing factory competitiveness and labor standards. Third, the paradigm entails that previous social auditing methods was revised in favor of new policy measures where auditors are more knowledgeable and participate in the local context to greater extent, thus allowing for suppliers and auditors to collaboratively pursue audits. Lead firms can also cooperate with local resources, such as NGOs and trade unions, to ensure more frequent monitoring of factories and an even closer collaboration, hence moving away from issues related to making traditional audits at a limited number of occasions, only providing for a snapshot of the factory conditions.

While Lund-Thomsen and Lindgreen (2014) argue that some researchers have begun to document and find evidence suggesting that the cooperative paradigm is beginning to increase in relevance and may very well work in practice (Locke et al., 2009; Barrientos, 2013; Lund-Thomsen and Coe, 2013), the authors also recognize that other studies reach contradicting

findings. Little evidence has been found of lead firms fundamentally revising purchasing practices, cooperating with local actors to train workers and engage in constant factory monitoring, or undertaking long-term capacity building with suppliers. Therefore, Lund-Thomsen and Lindgreen (2014) argue that the compliance-based model is likely to continue to dominate how CSR issues are approached in global value chains, whereas the cooperative paradigm will be of limited prevalence.

2.6 Focusing Events

According to Frenkel and Wright (2014), one (out of many) potential driving factor of the rise of CoCs worldwide might be what Birkland (1998) refer to as “focusing events” or what Frenkel and Wright (2014), as declared earlier prefers, to call big events. Birkland (1998) describes a focusing event as an event that is sudden and relatively uncommon. It can be defined as harmful and pointing towards potentially greater harms in the future. Furthermore, a focusing event is also concentrated to a specific geographical area, community or interest and becomes known to policy makers and the public simultaneously. However, geographically bounded events may still get attention at a national and even global level as interest groups of the same policy domain may draw attention to the problems in other locations or communities as well.

The obvious and immediate harm caused by a focusing event draws notice to a problem to which governments and other institutions might respond. The influence a focusing event might gain on the policy agenda is argued to be related to the ease of understanding, visualizing and comprehending the magnitude of the harm that was caused by the event (Birkland, 1998). Moreover, Birkland (1997) argue that focusing events play an important role in policymaking; however, it is not necessarily the sole reason for revised or inferred policy of a problem. More often than never, a focusing event leads to mobilization of different interest groups, such as government leaders, policy entrepreneurs, media and members of the public, where the type of interest group mobilized will vary depending on the nature of the focusing event.

A contemporary example of such a focusing event is the building collapse of Rana Plaza in Bangladesh in 2013. The accident is considered to be the worst industrial accident worldwide in modern times and left over 1,100 garment workers dead and an even larger number of people injured. World-wide mobilization of NGOs and unions lead to the subsequent creation of two global fire and safety programs, the Accord and Alliance, addressing issues regarding factory

working conditions in the Bangladeshi textile and garment industry (Frenkel and Wright, 2014). Alliance is a voluntary agreement among 26 firms predominantly originating from the United States (U.S.) whereas the Accord is primarily dominated by European firms and is a legally binding agreement between 150 signatories (The Economist, 2014).

2.7 Conceptual Framework

After discussing relevant previous research of GPNs and GVCs, with specific focus towards labor standards at the point of production, and of focusing events, table 1 below summarizes the key literature presented in section 2.1 to section 2.6.

Governance	External Factors
Gereffi et al. (2005) Presents five types of governance structures and how the levels of explicit coordination and power asymmetry vary among these	Nadvi et al. (2011) Places relational ties among chain actors at the center of the model, making the power dimension a critical aspect of the GVC approach. Also, the GPN approach add the dimension of relationships that are embedded in external factors to the value chain but nevertheless are inter-linked with inter-chain ties
Lakhani et al. (2013) Builds on Gereffi et al. (2005), suggesting that variations in power asymmetry and explicit coordination in turn is assumed to affect labor standards	Lund-Thomsen (2013) Highlights GPNs as comprising all sorts of local institutional contexts, network structures and actors
Frenkel and Wright (2014) Relational, captive and market configurations are of particular significance when studying lead firms in the garment industry	Birkland (1998) Focusing Events' influence on policy agendas
Lund-Thomsen and Lindgreen (2014) Discuss the traditional compliance paradigm and the more recent cooperation paradigm within global value chains	

Table 1. Summary of key literature presented in section 2.1 to 2.6 (compiled by the authors)

Based on the key literature outlined above, a model has been created, incorporating the relevant parameters into a single framework, as can be seen in figure 1. The aim of the model is to provide a framework for analyzing Swedish lead firms in relation to how these work with labor standards within the GPNs serving them. The framework has its origin in the different governance configurations characterizing global value chains, as suggested by Gereffi et al. (2005). As argued by Frenkel and Wright (2014) the relational, captive and market configurations are of particular significance when studying lead firms in the garment industry.

Therefore, the framework used in this study will only incorporate these three types of governance configurations. Different value chain configurations will generate variations in power asymmetry and explicit coordination (Gereffi et al. 2005), which in turn is assumed to affect labor standards (Lakhani et al., 2013) and thus, placing relational ties among chain actors in focus, as suggested by Nadvi et al. (2011). In addition, the model seeks to understand if any of the compliance-based model or the cooperation paradigm, as presented by Lund-Thomsen and Lindgreen (2014), is of relevance in regards to the sample firms' governance configurations.

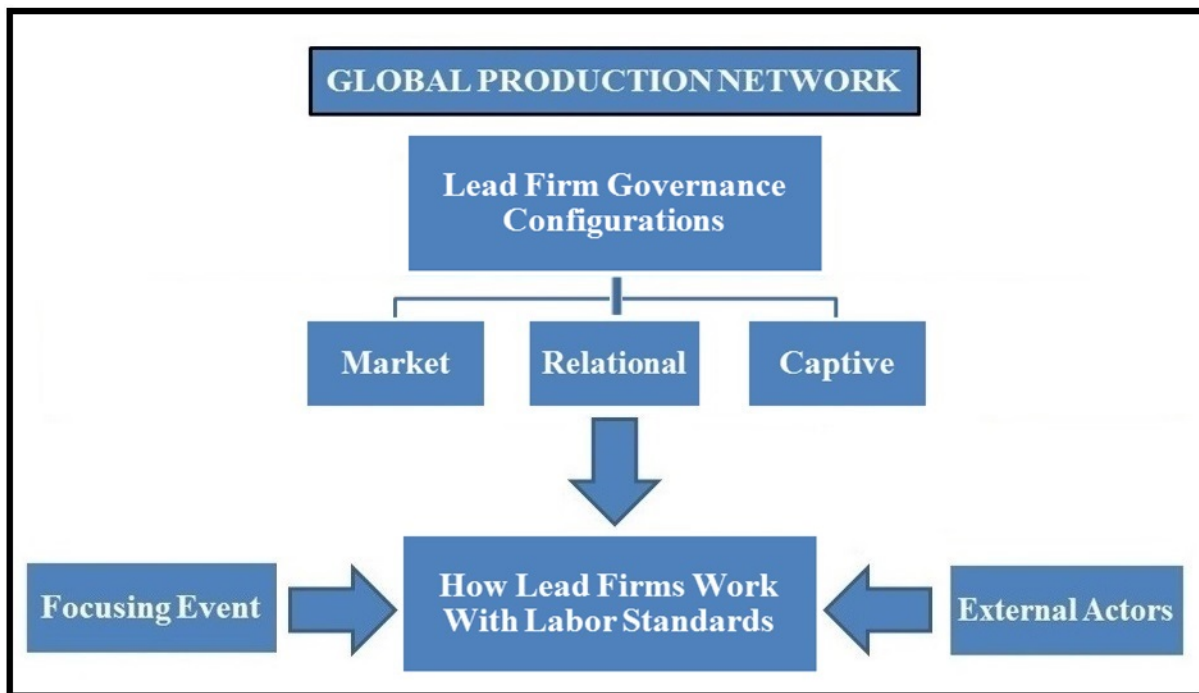


Figure 1. "The Labor Standards model" (compiled by the authors).

Furthermore, the model accounts for external factors as influencers of how lead firms work with labor standards, including two additional perspectives; external actors and focusing events. External actors incorporate the horizontal perspective at the tail end of the GPN reflecting that labor standards evolve in a dynamic local context, where actors such as NGOs, governments, local communities, trade unions, and the embeddedness of broader social relations and economic activity play an important role (Lund-Thomsen, 2013). This allows the model to capture the embeddedness of value chain actor relationships in factors external to the value chain but nevertheless interlinked through inter-chain ties (Nadvi et al., 2011). This study leverages on the same approach as Lund-Thomsen and Coe (2013), where external actors in the host country will be the main focus.

Focusing events, on the other hand, incorporates another dimension into the framework by accounting for the potential effects of the Rana Plaza factory collapse in Bangladesh in 2013 as influencer for how Swedish lead firms work with labor standards. Focusing events is argued to be a potential driving force of the rise of CoCs worldwide (Frenkel and Wright, 2014) and further plays an active role in policy making. In addition, a focusing event tends to lead to mobilization of different interest groups (Birkland, 1998), implying its great relevance for labor standards within GPNs.

3. Methodology

In the following chapter, we seek to outline and motivate the rationale behind our chosen methodology. First, this chapter will start with a discussion regarding the chosen research design. Thenceforth, we will continue with presenting the research approach, including a discussion regarding the aspects of choosing a qualitative study approach, followed by a motivation of conducting a case study and the reasons for selecting our case companies. Along with this choice; considerations concerning our data collection will be discussed, followed by analysis application. Thereafter, a discussion regarding the reliability and validity of the paper will be presented and in the end of this section, we will outline some limitations of this study. By presenting the various aspects of the methodology considerations, we strive to show as much transparency as possible of how we have reached our final results.

3.1 Research Design

According to Merriam (2009), the definition of research design is often described as how a research study has been conducted in order to answer the research question stated. The research includes the questions and methods best suitable to fulfill the aims and purposes of the research and is often looked upon as a process of organizing and planning, and by eliminating biases when evaluating empirical data and theories, the research design provides the most transparent result possible.

In this study, as the knowledge and understanding of this research field progressively has increased, the research design has been developed over time. By starting with investigating several companies' websites for how these work with labor issues related to global sourcing, an increased understanding of potentially relevant theories emerged. When screening the literature, it was evident that GVC theory or the GPN framework was dominant within this field of research. Thus, on the basis of the previous research and information collected from the websites, an interview guide was created at an early stage and discussed with experts working within this area, resulting in our interview guide being divided into several themes (See: Appendix). Also, as a result of the inputs given, our theoretical framework, along with some of the interview questions, was revised in order to increase the relevance of our framework and our interview guide. According to Dubois and Gadde (2002), this type of research is referred to as an abductive approach, influenced by both the perspectives of deduction and induction, thus

resulting in a simultaneous development of both the empirical and theoretical parts. Using this approach of going back and forth between empirics and theory will deepen the understanding of the researcher concerning both the theoretical and empirical perspectives.

3.2 Qualitative Research Method

Earlier in this study, two research questions were presented. These guide us in our research as we seek answers with explanatory value for these two questions. The aim of both questions is to gain enhanced understanding of how governance configurations and the work with labor standards in GVCs/GPNs are related, and further what implications the two external factors of a focusing event and various actors have in this context. Thus, the study seeks to interpret a phenomenon that the focal firms hold, that is, special characteristics of these firms, influencing governance configuration within the value chains serving them. Such features make a qualitative research method most appropriate (Yin, 2011). Furthermore, Doz (2011) argue that qualitative research is uniquely well suited to “opening the black box” of organizational processes and action and how these evolve over time in a specific context to gain enhanced understanding of the phenomenon that is being examined. Van Maanen (1979) has defined qualitative research as;

“An umbrella term covering an array of interpretive techniques which seeks to describe, decode, translate, and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world.”

Moreover, the author argues that qualitative research often concerns the investigation of social processes rather than social structures and that such process only can be understood in the very context from which these originate. What is more, Merriam (2009) argue that four features characterize a qualitative research approach. First, when emphasis is put on meaning and understanding and the intrinsic perspective is of interest, a qualitative method is most suitable as it unveils the underlying process rather than outcome or product, which is generally the aim of research. As the identification of evolving governance configurations cannot be captured by statics, this makes us confident in our choice of research method. Second, when the researcher is the main instrument for conducting the investigation, it is the researcher collecting and analyzing data, opening up for the possibility of personal communication and checking of the accuracy of the results. However, this may also generate a skewed result, as personal biases may be incorporated and accounted for in the research (later on in this chapter, we will discuss how

potential biases have been addressed and mitigated to largest extent possible). Third, using an inductive study is commonly the case when explanations for a specific phenomenon is lacking. An inductive research approach can then be helpful to create conceptualizations and models in trying to understand the specific phenomenon. In the case of using a deductive approach, there is an impending risk that true evidence could generate faulty results. This study is conducted in an abductive manner, meaning that a deductive and inductive approach is combined and thus we are able to draw on the benefits of both approaches and the risk of faulty results can further be mitigated. Forth, the usage of words is emphasized rather than the usage of numbers. Hence, it becomes important to thoroughly describe the context of the occurring phenomenon, which will be done in later sections of the report. As these four features characterize our research, we are further assured that a qualitative research approach is most appropriate.

3.2.1 Case Study

One way of conducting a qualitative research is to perform a case study. Yin (2009) describes a case study as; “...an empirical inquiry which investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident.” Similarly, Merriam (2009) defines a case study as; “an in-depth description and analysis of a bounded system”. A case study is also argued to be appropriate when it is difficult to separate the variables of the phenomenon from the context it occurs within (Yin, 2009). The companies examined in our study, with the respective governance configurations and ties to Bangladesh, together outline a bounded system and as the context plays a central role for the phenomenon we aim at unveiling, we believe a multiple case study is well suited for our purpose. What should be mentioned however is that in the case that our chosen firm does not engage in production in Bangladesh, the focus has been on that firm’s largest production country instead. Moreover, Yin (2009) argues that a case study is particularly appropriate when the research questions involve questions of how and why. This corresponds well to the research questions we have formulated for this study, where the question of how is of particular relevance in this paper.

In addition, Yin (2009) suggests that case studies can be divided into three different categories; exploratory, descriptive and explanatory. An exploratory case study is used to formulate hypotheses and new questions, a descriptive case study aims at describing a real-world phenomenon, whereas an explanatory case study seeks to explain causes and effects of a certain

phenomenon. Our study can primarily be categorized as descriptive as we try to shed light on governance configurations employed by lead firms in the Swedish garment industry in regards to global sourcing and labor standards. Considering the lack of such cross-firm analysis our study could potentially be categorized as exploratory as well.

3.2.2 Choice of Research Object- Case Companies

As mentioned earlier, the research design in this paper has been developed over time as a process of increased knowledge and understanding of our chosen research area. At inception, we looked at several Swedish lead firms, concluding that there was a trend among the companies to focus on initiatives regarding social-related issues during production in the GVC. While information about the companies' social undertakings that was found at official company websites offered some insights regarding the magnitude of the companies' undertakings, the information was somewhat limited and said little about how the companies engage in these issues and what effects it has on how these work with labor standards at offshore production sites. Despite this study not being based upon a deductive research method by testing a hypothesis, the aim of this paper is to look deeper into this pattern. Since the GVC of a firm can look different in various countries, we decided to use the context of one country in order to narrow our study down and hence offer the chance for our interviewees to give more detailed answers. Thus, we decided to look deeper into Swedish lead firms in the context of Bangladesh, a context that will be presented in the contextual chapter, and in which many of these firms have outsourced labor-intensive production. There is one exception however; since one of our chosen firms does not use Bangladesh as a production country, in this case we instead focused on that company's main production country, India. The rationale to include this company despite not having production in Bangladesh is that the majority of the questions in our interview guide are at a general level. Thus, as the only questions being Bangladesh-specific were few and focused on the Rana Plaza as a focusing event and since of the study since only one firm out of seven lacked the possibility to offer this data, the outcome of our interviews has still been fruitful, not affecting the trustworthiness of this study.

When searching for relevant companies to include in this study, we used two main criterions influencing our choice. First, as stated in the purpose, one criterion was that the chosen companies should be lead firms within the Swedish garment industry with production sites in Bangladesh. Going back to the introductory chapter, this paper leverages on the definition of

lead firms offered by Frenkel and Wright (2014), where retail firms should be seen as lead firms in buyer-driven GVCs with the HQs often located in developed countries while suppliers are located in developing countries. The second criterion was the possibility to conduct in-depth interviews with our chosen case companies and the reasoning behind this will be treated under the section “data collection”. Due to the long timeframe when writing this paper, we have had the opportunity to travel to different company HQs in various cities in Sweden. Since many HQs are located in- or close to Gothenburg, this made interviews and follow-ups easier. Fulfilling these criteria, we do consider that our sampling strategy of choosing case companies, both private label and private and external label brand companies, offers the most fruitful and information-rich data, which is in line with Patton (2002), arguing that the most information-rich sample should be chosen in an in-depth case study. Merriam (2008, pp. 77) further strengthens our reasoning;

“The most appropriate sampling strategy is non-probabilistic- the most common form of which is called purposive or purposeful. Purposeful sampling is based on the assumption that the investigator wants to discover, understand, and gain insight and therefore must select a sample from which the most can be learned. ”

3.3 Data Collection

When conducting this study, a methodology of combining different forms of data collection has been used. In order to ensure that a qualitative study actually captures the truth or reality of the phenomenon studied; Merriam (2009) argues that triangulation is one of the most well known strategies to use to ensure this. Denzin (1978) further offers the most fruitful discussion regarding triangulation and proposes four different types of triangulation possibilities. In this study, three of these types will be used; the usage of multiple theories, multiple investigators and multiple sources of data. According to Silverman (2006), using a variety of methods for data collection results in an increased reliability of the study. In addition, Denzin and Lincoln (2003) argue that a study that combines different data collection methods, such as document reading and interviews, may allow researchers to interpret a phenomenon in a new way. As noted earlier, this study has been a process of progressively increasing the understanding and knowledge of this research topic, while also carefully considering the context, in order to understand the complete scenario. Thus, this study started with investigating firms’ web pages, business journals, academic articles and so forth.

Another method of collecting data has been in-depth interviews with relevant employees working at several different Swedish lead firms. While choosing these firms was a first step in the sampling selection, the further step of choosing who to interview within these case firms has been in line with Merriam's (2009) suggestion of using purposeful sampling as the most appropriate way of making the selection. In order to get as much in-depth information and understanding as possible, the interviewees had to have experience of working with labor-related issues when sourcing both globally and more in detail, from Bangladesh. As mentioned earlier, if a selected firm has no production in Bangladesh however, the interviewee had to have great experience of working in India in order to fulfill this demand.

Having these criteria in mind, we have found interviewees at seven firms working closely with CSR-related issues in daily operations. Thus, as the interviewees have great experience and knowledge by working in this field, we argue them to be highly suitable for our research. Due to confidentially reasons however, we cannot state the companies' or the interviewees' names. All interviews were conducted in Sweden, and while most of the interviews were conducted face-to-face in each firms' HQ, two were conducted via telephone. As a result, we were able to get a broader picture from most of the answers, since we were able to take into account non-verbal reactions, such as gesticulations and other body expressions. All interviews were performed from the 9th to 29th of April and each interview lasted between 50-70 minutes.

3.4 Analysis

Merriam (2009) argues that data analysis is the process of moving back and forth between concepts and data, between a deductive and an inductive approach and between description and interpretation. In addition, the author states that data analysis is the process of creating something meaningful out of data collected, involving consolidation, reduction and the interpretation of what have been read and what the interviewees have said. Thus, data analysis is a complex undertaking inferring a large risk of complexity and uncertainties. In the light of this, the aim has from the beginning been to narrow down the collection of data by concentrating on the purpose of this research study. What is more, Stake (1995) discuss the notion of a collective case study, arguing that cases are not chosen in terms of representativeness, but instead that the case is studied in order to shed light on a specific pre-given concept, issue or problem. To achieve this aim, several cases within one single case study are used and each case is uniquely

useful in this regard. In our study, we use this strategy for analyzing our chosen case companies.

The theoretical framework presented in the previous chapter will be used as a frame for analyzing the empirical data collected. When transcribing the material collected from the various interviews, we use Yin's (2009) approach of pattern matching. By dividing the transcribed material into different categories, we were able to match the patterns observed in the cases with our expected pattern presented in our theoretical framework. Despite the potential risk of this approach being seen as a hypothesis testing and a deductive method approach, we strongly argue that this path will offer us an improved organizational structure when conducting the data analysis.

3.5 Reliability and Validity

According to Yin (2009), the notions of reliability and validity are frequently used as means to measure the quality of a study. While reliability encompasses the study's replicability and trustworthiness, validity measures if the study is carried out objectively, if the study's results can be generalized to a larger context, if it is explained with the right causes and if the purpose of the study is fulfilled. Furthermore, Firestone (1987) argues that the rhetoric used in qualitative and quantitative paradigms are different when trying to persuade consumers of the reliability and validity of the study. On the one hand, the qualitative paradigm needs to provide the reader with adequate descriptive details to show that the conclusion offered by the writers makes sense. On the other, the quantitative paradigm lacks little concrete description of what anyone does and thus, the writer must convince the reader that the procedure has been followed in a faithful manner. Moreover, Merriam (2009) explain how the two notions of reliability and validity can be obtained when conducting a qualitative study. The author argues that reliability and validity, regardless of the type of research, are concerns that can be looked at through careful attention to the study's conceptualization and how the data is collected, analyzed and interpreted and how these findings are presented.

By having this in mind, we have constantly dealt with the two notions of reliability and validity throughout the entire process in order to achieve a high-quality study. The aspects regarding reliability has, as discussed earlier in this chapter, been in line with the suggestions offered by Silverman (2006), where an approach of using different types of data has fortified the empirical

findings, the use of multiple interviewers and transcribers and the ability for the interviewees to revise and correct their answers. In addition, the same interview guide has been used for each interview, where only small adjustments have been made. Moreover, by being in line with Firestone's (1987) discussion, we argue that the number of case companies and interviews has increased the reliability of the study by providing an adequate detailed description of the topic resulting in our conclusions making sense and being of relevance. One factor that potentially can harm the reliability of this study is our choice to cluster information when categorizing and presenting data collected from different interviews that are strikingly similar. The rationale behind this decision is that this will ease the reader's ability to understand the empirical findings. While conclusions should not be drawn at that stage, we strongly believe that summarizing data with the same implications, but that are presented in different ways during the interviews, is a necessity to improve the quality of this paper. Another factor is the fact that our interviews have been conducted in Swedish and then translated into English. While the potential risk of misinterpretations when translating the interviews is imminent, it is our belief that we have a greater chance of fully grasping and understanding the content of the interviews when conducting these in our mother tongue. Thus, we argue that the rewards in terms of reliability are greater by using this approach.

Looking at the validity of this study, this can be considered in terms of three aspects; construct validity, internal validity and external validity. Construct validity refers, according to Yin (2009), to the subjectivity of the study, where a common issue when conducting studies is that data is collected in a subjective manner. The author presents three tactics to minimize the subjectivity of the study; establishing a chain of evidence, using multiple sources of evidence and allowing a key informant to review the draft of the study. When conducting the study, we took all of these aspects into consideration in order to increase the objectivity of the study. In order to achieve a result as transparent and nuanced as possible, we conducted multiple interviews with employees at different firms. Moreover, as mentioned earlier in this chapter, we used different sources of data in order to establish triangulation and thus reinforcing the validity of our study. Furthermore, as mentioned above, all of the interviews were conducted in Swedish and translated into English. By allowing the informants to review the translated and transcribed interviews, we hope that potential issues have been reduced, thus strengthening the study's objectivity.

The external validity looks at whether the study can be generalized and applied to other situations or not, that is, if the research findings are applicable outside the bounds of the selected case study (Yin, 2009). Alvesson and Sköldbberg (2008) argue that despite that some patterns and tendencies of generalization can be found, the results from qualitative studies often are hard to generalize. In our study however, we do not seek to show any general patterns or confirm earlier knowledge. Instead, we aim to contribute by shedding light on the phenomenon of labor-related issues in regards to governance configurations and external factors impacting labor standards by using Swedish lead firms as examples. While we have tried to achieve as high generalizability as possible by conducting our study from a well-grounded theoretical perspective, anchoring our results in earlier researcher's findings, the aim of the study is to provide a more solid ground for future research to make generalizations regarding this phenomenon.

3.6 Limitations

When summarizing the quality of our study in terms of reliability and validity, we can conclude that there are gaps limiting our ability to draw general conclusions or provide full validity. As mentioned earlier, however, the validity has been considered throughout the entire process and in addition, the aim of this study has never been to provide generalizations.

Although, our choice to conduct a study on Swedish lead firms' value chain governance configurations, its influence on how these firms work with labor standards and the role of external factors in Bangladesh, limits our concluding remarks to a specific context. First, only focusing on the garment industry, our results may not be applicable to other types of retail firms, such as electronics, since the characteristics of these could be different. Moreover, due to our choice of conducting the study from the perspective of Swedish lead firms, our results may not be suitable on lead firms with other domestic markets. Furthermore, since this study is treated within the context of Bangladesh, our results may be limited to this market and thus not applicable to value chain governance configurations and its effects on labor standards in other countries.

4. Contextual Background

In this chapter, a contextual background that we find fruitful in order to fully understand the Swedish context of which our chosen case companies originates from, and the Bangladeshi context in which these operates in, is presented. Despite that the aim of this study is not to examine how the role of Sweden as a home country affects labor standards, it is necessary to understand the background in order to obtain accurate results. Also, we stress the importance to understand the history of the Bangladeshi garment industry since it has affected the current situation. This historical development along with Bangladeshi garment industry characteristics will be presented first, followed by a brief presentation of the CSR development in Sweden.

4.1 An Overview of the Bangladeshi Ready-Made Garment Industry

While the RMG industry only contributed to 0.001 percent of Bangladesh's total export earnings in 1976, its share has substantially increased to approximately 80 percent in 2011. Being heavily dependent on international markets, the withdrawal of the quota protection in 2005 under the new World Trade Organization (WTO) arrangement was perceived to have a rigorous impact on the Bangladeshi RMG industry. However, mainly due to efficient workers and low labor costs, this industry has instead steadily continued to reap earnings (Ahmed, Raihan and Islam, 2013). The two destinations heavily dominating as sources of export earnings are the U.S. and the European Union (EU), whereas the latter in later years has surpassed the former as the leading destination. While the share of knit products exported has been increasing since the 1990s, woven products are still dominating as the main source of export earnings (Haider, 2007).

In Bangladesh, there are over 5000 RMG factories (Ahmed et al., 2013), mainly being located in the industrial city Narayanganj, the capital city Dhaka and the port city Chittagong. These factories form both formal and informal groups with the purpose of sharing manufacturing activities and to minimize risks by using both vertical and horizontal coordination mechanism in these group activities (Haider, 2007). The Bangladeshi RMG industry is vastly dominated by female workers migrating from rural to urban areas, accounting for almost 85 percent of the total amount of approximately 3.6 million workers in the RMG industry. As a result, the industry has contributed to an increased integration of rural illiterate and unemployed females into the Bangladeshi economy (Ahmed et al., 2013).

While the efficient workforce and low labor costs offers a competitive advantage compared with other Asian countries, the RMG industry in Bangladesh is under the threat of continuous unrest as a result of extensive worker dissatisfaction. This discomfort is both related to the wages, such as overall low wages, deferred payments and unpaid wages as well as non-wage issues, such as overall poor working conditions, lack of leisure and holidays and high overtime work (Ahmed et al., 2013). Moreover, the RMG industry in Bangladesh has a long history of safety and health tragedies, where factory fires and collapses have resulted in the killings of at least 1800 workers since 2005 (ACCORD, 2015). One such tragedy is, as mentioned earlier, the Rana Plaza factory collapse in 2013, which killed over 1100 garment workers and left an even larger number of workers injured and is seen as the worst industrial accident world-wide in modern times (Frenkel and Wright, 2014).

4.2 The Role of Corporate Social Responsibility in Sweden

The issue of labor standards is one among many within the concept of CSR. Compared to other countries, CSR entered the public policy arena in Sweden comparatively late but with relative strength. In 2002, the Swedish Partnership for Global Responsibility was launched, resulting in CSR receiving more political relevance in the Swedish parliament's work on globalization, especially in regards to the relationship between development assistance, trade and foreign policy. Global responsibility was established with the purpose of strengthening Swedish firms' work on environmental protection, labor standards, human rights and anti-corruption on the basis of the principles set by the OECD guidelines and the UN global compact agreement. Moreover, there is no formal policy document on CSR, that is, it is integrated in other policy arenas rather than considered a policy arena in and of itself. In addition, CSR is defined, by the Swedish government, as something that applies to non-domestic business operations, where there are no regulatory frameworks applicable. Furthermore, while the Swedish government requires all state-owned companies to issue CSR reports, these demands do not apply to the Swedish business community in general. However, many Swedish MNCs manage its CSR activities by itself, without governmental assistance (Gjølberg, 2010).

CSR has become a well-established phenomenon in Sweden that mainly has been promoted as a management idea rather than a concept of the traditional actors of the "Swedish model" of employers, trade unions and the state. Business itself has been one of the most important drivers of implementing the notion of CSR, both in terms of communication and in practice. The

concept of CSR possesses large capacity in terms of offering a strong business case as a management idea and has contributed to a rapid growth in the interest of CSR. Furthermore, the media, NGOs and consultants are all important drivers for the continuous development of CSR, both globally and in the case of Sweden. Media has a tendency towards confirming and legitimizing ideas, and is often in close collaboration with NGOs, actively spurring attention to CSR-related issues. Thus, corporations must be aware of issues related to CSR concerning its external activities. NGOs not only play an important role as a collaborator with the media, but also as watchdogs, that is, covering corporate offshore activities in developing countries, reporting violation of laws, good practices and unethical behavior. The widespread interest for CSR practices is also evident when looking at recent developments of consultancy firms, where there has been an increase in the number of firms that has shifted into more business-driven consulting offering services concerning CSR. Management strategy, accounting and auditing and communication are some examples of areas in which consultancy firms offer CSR services to clients (Hans de Geer, Borglund and Frostenson, 2009).

5. Governance and the Role of External Factors as Influencers of Labor Standards

In this chapter, we present the empirical findings from our chosen case companies on the basis of the themes from our interviews guide. The chapter will start with a brief presentation of the companies' characteristics, including firm specific aspects of the case companies relevant for this study. Thenceforth, our empirical findings regarding our chosen case firms' governance will be outlined, followed by a presentation of external factors including various actors and a focusing event.

5.1 Firm Characteristics

Table 1 below comprises company specific factors for the selected case companies that are considered relevant for the purposes of this study and relevant in order to get an understanding of certain company characteristics. First, the table indicates if the case company works with private label brands, that is, products under the own company name or if the company has an assortment complemented with external brands as well. For Company G, "external" is placed within brackets to indicate that the external brands in Company G's assortment only accounts for a very small share. Second, the table indicates whether the company is primarily a company selling garment products. All case companies are primarily selling garment products except for Company C. Third, the number of suppliers that each company has in Bangladesh is indicated. However, as Company E does not have any production in Bangladesh, its number of suppliers is indicated for the country constituting its largest sourcing market, which is India. Fourth, each company's largest sourcing markets are stated followed by the share of supplier capacity that each company on average tends to represent among its suppliers. Lastly, whether the selected case firms uses an internal or external CoC is presented, where the Business Social Compliance Initiative (BSCI) is the dominant external organization among the firms not using an internal CoC.

Company	Labels	Majority Garment	Number of suppliers in Bangladesh or India	Largest Sourcing Markets	Share of supplier capacity**	Internal or External CoC
Company A	Private	Yes	Approx. 30	China, Bangladesh	10-30 %	External
Company B	Private/External	Yes	7	China, Bangladesh, Turkey	1-5 %	External
Company C	Private/External	No	N/A	China, Bangladesh, India*	N/A	Internal
Company D	Private/External	Yes	Approx. 25	China, Bangladesh	2-3 %	External
Company E	Private	Yes	40-50	India, China	> 10 %	Internal
Company F	Private	Yes	250	China, Bangladesh	30-80 %	Internal
Company G	Private (external)	Yes	23	China, Bangladesh	5-30 %	Internal
				* In regards to textile products	**On average	

Table 2. Summary of Case Firm Characteristics (compiled by the authors).

5.2 Global Value Chain Governance and its Influence on Labor Standards

5.2.1 Selecting Suppliers

When selecting what suppliers to collaborate with, all firms active in Bangladesh argue that a combination of several factors is the determinacy in the supplier selection process. In the case of Company C, it is the sum of factors such as region, price and lead times that are of relevance. However, as Company C uses agents, an agent is first selected and then the agent present products that the firm decides to buy or not. Company A acknowledge that price, quality and trend level has for long been its primary focus when selecting suppliers, but over the recent years, as a result of a strong focus of establishing strategic partnerships, ability and will to work

with sustainability related issues is also of great relevance. Thus, these four aspects combined are primarily considered when selecting supplier for Company A. Company B evaluates all of its suppliers based on quality, margin, lead-time and CoC and selects suppliers that can deliver on all four aspects. Company D argues that price, quality, CSR undertakings and how far the suppliers have developed are the most important factors when evaluating new suppliers and Company F state that quality, price, lead-time, logistics, CoC and documentation are the factors that determine the attractiveness of a supplier, while for Company G it is the sum of factors such as price, quality, lead time order and CoC, where CoC is an important factor, determine supplier attractiveness.

5.2.2 Direct or Indirect Supplier Contact

Company A, B, D, E and G neglect a main usage of intermediaries or agents and instead primarily works directly with the suppliers. While Company B has had a history of working extensively with different intermediaries, it has in recent years changed the firm's focus and is now working directly with the suppliers. Company A and G use agents only when it is required, such as for licensed products, but neither of the firms have any agent involved in the operations in Bangladesh. However, Company G uses one agent in China that has been a partner of the firm for 28 years. Company D uses agents to some extent and currently collaborates with one agent in Bangladesh. Looking at Company E, agents and intermediaries are used to a very limited extent and the firm tries to avoid it as much as possible. Similar to the case of Company A, this firm only uses agents and intermediaries when it is required which in this case is when looking for a specific print owned by an agent. Company F does not use agents or intermediaries at all, only working in direct contact with its suppliers. Company C, on the other hand, works indirectly with its suppliers by only using agents. According to Company C;

“Our organization is very small and our agents and intermediaries helps us with all the work that we do not have the resources to engage in, such as overseeing the shipments, logistics, the daily contact with our suppliers and so forth.”

5.2.3 Governance of External or Internal Brands

Company B, C and D has external brands besides the internal production. Both Company B and C demand that external brands need to fulfill the same demands as the firms that have an internal production or equal (own CoC). Company D requires the external brand to have a CoC in place.

Most often the external brands have own CoCs and both Company B and C acknowledge that it is difficult to try to control external brands entirely and that it complicates the operations trying to coordinate external brands with varying degrees of strict CoC. Company B demands that an external brands provide its' CoC along with a description of the control process conducted on its' suppliers and Company C also ensures to be informed about the external brands CoC. Company D also demands an external brand to provide its CoC but the firm does not inspect the external brand internally. Currently, Company D focuses more on making sure that suppliers of its internal brands are in compliance with the CoC as it is with them the firm has a close relationship. The company places less emphasis on controlling large multinational brands but when collaborating with smaller external brands it tries to make sure to use agents or traders.

Company G has external brands in its assortment to very limited extent. However, all external brands are required to meet the demands of Company G's CoC and the firm conducts audits of its external brand's factories. This applies to the usage of agents as well. Typically however, Company G audits only a number of the external brand's or agent's suppliers and demands that products subsequently sold by Company G can only come from the factories that have been approved by Company G.

5.2.4 Supplier Relationships

Looking at the supplier relationships, all firms claim to have worked with a majority of the respective suppliers for at least five years. When describing the nature of the relationship with suppliers in general, all firms, except Company E, confirm that the aim is at establishing long-term collaborations with the suppliers, although Company C does so through its agents. Company G argues that long-term collaborations are a necessity in order for lead firms to be able to ensure that both social and environmental requirements of suppliers are met. Maintaining a long-term collaborations and thus ensuring high levels of compliance is costly and therefore it is not economically feasible to switch suppliers frequently. As a result, Company G focuses more strongly on strengthening its current supplier relations rather than searching for new suppliers.

Moving on to Company E, this firm started as a family business and family business-to-family business relationships with its suppliers have throughout the later decades characterized daily operations between both parties. In the light of these close ties, Company E was able to a large extent influence its suppliers' operations. Recently however, Company E has experienced some

changes in its supplier base, where new suppliers have been introduced as market demands called for different products requiring other supplier capabilities and as some old suppliers have not been able to withstand the increased market competition.

Furthermore, Company A and B try to move beyond a long-term collaboration by aiming for the establishment of strategic partnerships with the suppliers. As part of an increased focus on strategic partnerships throughout the respective value chains, both firms have heavily consolidated the number of suppliers over the past years, not only in Bangladesh, but in general as well. This strategy allows for gaining more control over the value chain, to influence supplier operations and to be able to implement CoCs more firmly. Company F has followed a similar path as Company A and B and has heavily consolidated its number of suppliers over the past years and went from having 1400 suppliers in 1998 to having 850 suppliers today, globally. Company F also works with strategic partnerships with its suppliers and out of its 250 suppliers in Bangladesh, Company F has a strategic partnership with 160 of them. Furthermore, Company F employs a ranking system of its suppliers where each supplier is categorized as “silver”, “gold” or “platinum”. A strategic relationship exist only with suppliers that are either “gold” or “platinum” and in order for a supplier to reach these rankings, it much ensure a certain level of compliance with Company F’s CoC. Criteria related to logistics, price, quality, lead-time and documentation also affect a supplier’s ranking.

Moreover, Company A states that it characterizes its supplier relationships as personal rather than standardized and Company B claims to have personal relationships with suppliers, considering the close work its local employees have with the suppliers in Bangladesh. Company F has also established a personal relationship with most of its suppliers in Bangladesh, which is enabled through a strong local presence in Bangladesh. Company F has a local office with 350 employees working in Bangladesh, out of which approximately 33 employees work exclusively with sustainability related issues. Thus, frequent quality checks, audits and follow-up audits can be made of a large number of suppliers. Company G also has a local office in Bangladesh, which enables for personal relationships with its suppliers. Furthermore, Company G tends to take on a coaching role of its suppliers and offers them support, which in turn generates a closer relationship and mutual trust between both parties. Company D further states;

“We have used a strategy of consolidating our value chain over the past years, since it is harder to control a larger value chain and limiting the number of suppliers leads to easier conditions for us to work on improving the situation at the factories. It would be unethical for us as a lead firm to switch suppliers frequently.”

Despite the usage of agents, Company C claim to work closely with its suppliers through frequent contact and visits of supplier factories, both by buyers but also by the CSR manager. What is more, Company E characterizes its supplier relations as personal but also as standardized in some cases. In the past, the CEO of Company E has managed to engage in close relationships with all suppliers but as the business has increased in size over the years, maintaining such personal relationships with suppliers has proved difficult. Moreover, current CSR management has more of a business focus and claims that because of increased competition in the market place, supplier relations must be managed more efficiently, resulting in less time left for maintaining deep personal supplier relations.

In regards to investing financially in supplier factories, no firm does so. However, Company E has done so in the past. Company A occasionally invests in initiating projects with suppliers but the supplier must be responsible for the continuous running of the project. In such projects, Company A has contributed with 50 percent of the costs and the supplier for the remaining 50 percent. Furthermore, Company A emphasizes that it is not efficient to engage in financial investments and instead, the firm want the supplier to financially contribute as well, ensuring more engagement by the supplier. Company F conforms to this reasoning by arguing that there is no point in trying to enforce an improvement project on a supplier that does not want to engage in the project itself. The supplier must itself realize the benefit of being part of such project, Company F states. Company B argues to be too small for any investment to become rational and in line with Company C, states that the close cooperation with the supplier is a form of investment. Furthermore, Company B tries to stay important to the supplier by offering something other buyers can't, that is, a different kind of product with higher quality demands that enable the supplier to develop its capabilities further. Company D does not either invest financially in its suppliers, but investing in time and in offering support to its suppliers by placing orders continuously. Similarly, Company E also contributes with support for suppliers in regards to design and knowledge and Company G offers support for its suppliers in regards to its

general development and improvements needed to ensure higher level of compliance with the CoC. Moreover, Company F invests, to relatively large extent, in support projects, such as projects related to chemical treatment, quality, sustainability or quality testing at its suppliers.

5.2.5 Auditing

Company A, B and D use BSCI when auditing suppliers. However, all these firms follow up the BSCI audits with internal audits as well. Company B is under the impression that its internal audits are much more efficient than the audits conducted by BSCI since the suppliers tend to be more honest with the internal auditors as they have been able to establish a relationship with the suppliers. The BSCI auditors are unknown to the suppliers and therefore, Company B argues, the suppliers are more resistant to be honest with them. Company B has employees locally present in Asia and as this company uses only a small number of suppliers in Bangladesh, these employees are able to visit the suppliers frequently, thus getting an updated understanding for the conditions in the factories continuously.

Company D further argues that internal audits are of great significance as it is the only way to ensure that corrective actions are actually taken. A BSCI audit only detects problems but achieve nothing to ensure that improvements are made; this is instead up to the lead firms, Company D argues and further states;

“...BSCI is a monitoring system ensuring that the audits are made but to ensure that the improvements are actually made, we have to follow this up and secure that the improvements are taken care of ourselves. There is no point in conducting an audit and then another one later on because in between we have to go in and work with the supplier and the factory”.

Moreover, Company D has no locally employed personnel in Bangladesh but works closely with an agent to follow up on audits and corrective actions in factories. In addition, the firm has a Swedish agent with an office in Bangladesh that can pursue its interests.

Company C, E, F and G only conduct internal audits as a result of having an internal CoC. However, as Company C uses agents for all of its suppliers, auditing is conducted in collaboration with agents. Furthermore, the firm places less emphasis on auditing suppliers and

factories that is known to be audited by other lead firms and instead focus on suppliers and factories that are not covered by other lead firms. Besides conducting internal audits of its supplier, Company G also evaluates its own auditors and their work in an attempt to get an even more nuanced picture of the suppliers operations and hinder the supplier from covering up misconducts. Looking at Company E, this firm claims to conduct audits in a different way than other companies as it tend to focus more on dialogue and discussion with suppliers when inspecting them. Company E places great importance on listening to what the suppliers has to say and builds a strong relationship from that. The firm has included suppliers in different seminars and projects and thereby been able to build a strong relationship with its most important and biggest suppliers. Working like this has according to Company E been a great success. Company E further states;

“We have always worked a bit different here at Company E, which has been very successful. Having a respectful dialogue with suppliers instead of trying to control them is what generates change.”

Company F further emphasizes the importance of conducting audits internally as the firm argues this to be a way of maintaining control of its sustainability undertakings. It enables the firm to maintain a close relationship with its suppliers, and thus creating mutual trust, which in turn facilitates an effective collaboration. Internal audits also ensure that Company F can address the specific aspects that are of greatest importance to the firm.

As mentioned earlier, Company A expresses a concern regarding audits and wishes to work with self-assessments of suppliers instead, something the firm believe to be possible when a long-term, strategic partnership with suppliers exists. The interviewee at Company A states;

“We question auditing as a phenomenon. We believe there are too many bad things about auditing; among other things it leads to corruption and we see it more as a type of police work. We would rather work in a way that makes the suppliers pursue these issues themselves and assessing themselves”

Currently, the company is conducting a pilot project of a supplier self-assessment tool, which is planned to be implemented and in the long run terminate the membership of BSCI, as soon as it is more developed. However, for more temporary and start-up suppliers, auditing might still have to be used but hopefully as much as 70 percent of all suppliers can employ the self-assessment tool in the future. Company B has also started working more with self-assessments, but yet only at a small scale. The argument behind this decision is that it is a way for the firm to make the supplier assume responsibility for pursuing these issues and not only engage in the issues because lead firms pressure them to do so. Company D works with self-assessment at a small scale and has used it in cases when a supplier has not gone through an audit prior to the collaboration with Company D. In those cases, the supplier is asked to fill out a self-assessment report, which is subsequently sent to the CSR manager for review.

Company G also expresses concerns regarding a too heavy emphasis on auditing that lead firms tend to have within the industry. Therefore, the firm tries to assign less importance to audits by working more intensely with follow-up visits instead of just auditing the suppliers once a year. Company G argues that this way of working generates a better relationship with the supplier and by being able to create mutual trust with the supplier, the supplier tends to be more transparent about its operations. Company G further states;

“We are trying to move away from the importance of audits as it is only a snap shot of the factory and that does not really tell you much...We want to know both the good things and the bad things and when we find things that are not that good we want to help them overcome these issues.”

Moreover, in the case of auditing a supplier before placing the first order, this is executed by Company A, B, D, F and G. Company A, D, F and G state that an order will never be placed without having inspected the new supplier first and Company F also audits subcontractors before placing first orders. For Company D, an approval from the CSR manager is required before using a new supplier. Company B can accept an audit made from BSCI or the Ethical Trading Initiative and does not necessarily have to conduct an internal audit. Company C has a different approach since this firm uses agents. When using a new agent, that agent is informed about Company C’s CoC and how business with the firm should be handled and then it is up to the

agent to ensure that the supplier is in compliance with those demands. However, Company C does not demand to audit all of the suppliers the agent is working with prior to placing a first order.

Company E does not always audit a supplier prior to that the first order is placed and the rationale behind this approach is, according to the firm, its small size, lacking the capacity engage in full scale auditing. However, In India, Company E has local offices that visit new suppliers and in case these offices suspect that social compliance demands cannot be ensured, the CSR manager is asked to travel to the supplier to inspect the factory. If the buyers want to continue with a new supplier after two seasons, a social audit by the CSR manager is required.

In regards to auditing second and third tier suppliers, Company C and D do not systematically do this internally at the moment. However, Company C's internal CoC demands that each supplier ensure that subcontractors comply with the demands of the lead firm and the BSCI, which Company D is a member of, requires that all actors in the value chain control its respective suppliers. Therefore, Company D demands its supplier to audit its respective suppliers and report back but as of now, no such reports have been received from suppliers. However, Company D has started mapping its suppliers' subcontractors and expresses a desire to audit 2nd and 3rd tier suppliers in the future. Company F audits subcontractors and has also begun mapping and auditing actors even further down the supplier chain, such as material suppliers and textile and weaving mills.

Company B audits second and third tier suppliers to some extent, stating that all suppliers related to garment production are audited but not suppliers related to for instance sourcing of textiles. Company G has recently begun auditing 2nd and 3rd tier suppliers, but only of its largest suppliers, and Company A audit second and third tier suppliers only when these are co-located to the first tier suppliers. Just as Company C, Company A demands its suppliers to ensure that subcontractors comply with lead firm demands but the firm do not systematically audit all subcontractors internally. Company E, on the other hand, conducts 2nd and 3rd tier supplier audits and has done so for several years.

5.2.6 Tackling Code of Conduct Violations

In regards to ensuring compliance with CoCs, Company A, B, D, F and G have the utmost responsibility for doing so at the suppliers'. Looking at Company D, this firm is engaged in a dialogue with the supplier when problems are detected in factories in order to find a solution together. If a supplier is non-cooperative or does not want to make the financial investments required, the supplier contract might be ended. However, termination of a contract is more of a last resort solution as Company D tries to work long-term with its suppliers. Moreover, Company A and B use similar strategies to handle suppliers that violate the CoC. Both companies have certain factors that are the minimal acceptable level of compliance. Violations against these are considered critical and actions are taken to solve the issues. Company A places suppliers on a stop list in case a critical violation is detected and depending on the violation and the supplier ability to improve, suppliers can be taken off the stop list when Company A is confident the violation is overcome. However, in some cases, supplier contracts are terminated instead as improvement cannot be ensured. Company B does not have a stop list but gives the supplier a certain period of time to ensure improvement and if the supplier is unable to do so, consequences will follow. If violations of less critical sort is detected, Company A and B address those issues individually together with the supplier to find a solution and Company B has local personnel taking care of such issues.

Company F also works collaboratively with its suppliers when CoC violations are detected and claim not trying to control the suppliers, as was historically usually the case. Only when Company F notices that the supplier cannot ensure that improvements are actually attained in the long run a supplier contract is slowly phased out. Usually it takes one to one and a half years to phase out a supplier. Some violations are, however, considered more critical than other, such as child labor and unauthorized subcontracting, and if similar issues keep occurring, Company F engages in discussions with the supplier regarding the future continuance of the collaboration.

When Company G detects supplier violations against the CoC a supplier is temporarily place in the so-called "freeze box" for a month. During that month no new order can be placed with the supplier and actions are taken towards making the supplier overcome the issues causing the violations. If Company G realizes that the needed improvements cannot be ensured, the supplier contract might have to be terminated. However, just as for Company D, this is more of last resort solution, something that was not usually the case a few years back. Furthermore, Company G

ensures that the employees making decisions about placing suppliers in the so-called “freeze box” or potentially terminating a supplier contract are objectively making such decision without taking other factors in to consideration, such as low prices and short lead times.

Looking at the case of Company C that uses agents, the responsibility for ensuring compliance is primarily put on the agents and Company C further expects the agent to ensure that the suppliers are capable of complying with the CoC. If Company C discovers that one of its suppliers is violating the CoC, the issues are primarily brought up with the agent at first and the agent is expected to deal with the supplier. The agent itself decides how the supplier issue should be handled and Company C usually does not interfere in that process. If the violation is critical, Company C can pressure its agents to take serious action to end the misconducts. In case the violation is considered to be unacceptable and Company C does not believe the supplier has either the will or ability to improve, the firm can also pressure the agent to terminate the contract with the supplier.

Termination of supplier contracts is however quite uncommon among all firms. Company D had to terminate one supplier contract in 2014 due to CoC violations but contract terminations is generally uncommon for Company D as well. Company F did terminate supplier contracts in 2014 but not in Bangladesh and further argues that when terminating a contract, there are usually issues related to for instance quality in addition to the sustainability related issues that ultimately lead to termination.

Company B further argues that it is not possible to ensure compliance with the entire CoC and according to this firm, all lead firms in Bangladesh have continuous problems with excessive over time, something that is also confirmed by Company A and C. Company D does not officially have factors that are the minimal acceptable level of compliance yet but the CSR manager of Company D has unofficially set a minimum level of requirements that must be fulfilled by suppliers. However, in a near future, Company D will officially introduce a minimal acceptable level of compliance that will be applicable not only for the operations in Sweden, but globally. Company E tries to avoid termination of supplier contacts to largest extent possible. It is in the CSR manager’s perception that the best thing Company E can do is to stay with a supplier regardless of how bad conditions might be as long as the supplier has the commitment

to improve. However, in case a supplier does not want to take corrective actions and improve, the contract will be terminated.

Company A, B, E and G all confirm that these firms, to some extent, cooperate with other lead firms when supplier violations of CoC are detected. However, no common project have been initiated, instead the tendency is to have a dialogue, engage in discussions regarding the issues (at HQ level) and inform each other about detected issues at shared supplier factories. Company G says that it is beneficial to inform other lead firms about violations detected among common suppliers as it increases the firms' bargaining power to pursue the issues towards the suppliers. Company B further argues;

“BSCI has a good network in Sweden, where these issues can be addressed and after a long history of no lead firm collaboration regarding these issues, lead firms have increasingly begun collaborating in the past two years.”

Company C wishes to engage in collaborative discussions and has tried to initiate a dialogue with other lead firms, however, yet without any success. Company F does not collaborate with other Swedish lead firms when supplier violations are detected. Occasionally, however, Company F collaborates with other foreign lead firms to some extent. Such collaborations have typically occurred when workers have been denied union associations or when workers have been fired due to union membership. Company G also confirms that collaborations may occur with other foreign lead firms when it is evident that the foreign lead firms share the same philosophy regarding sustainability issues as Company G has.

5.2.7 Recurring Violations

Company A, B, C, D, F and G all confirm that issues related to excessive overtime at the suppliers exist. Company A, B and C state that it is something all lead firms have problems with, as it is easy for suppliers to manipulate the actual working hours. Company D admits to have some issues related to excessive overtime in Bangladesh but argues that it is generally a much larger issue in China. Company E claims not to have issues related to excessive overtime in general at its largest sourcing market, India. The interviewee of Company A further states;

“It is difficult to include excessive overtime in the minimal acceptable level of compliance and to terminate a supplier due to excessive overtime. In this situation, you would have no other supplier to turn to since all suppliers have problems with it.”

Moreover, Company C highlights that despite that the firm might try to plan its orders in order to avoid excessive overtime, the supplier sometimes tries to fill up the production by seeking increased orders from other lead firms. Company F acknowledges that it is one of the firm’s largest issues with suppliers and further emphasizes the complexity of the problem and argues that is not possible to simply forbid overtime as the workers can easily switch to another employer. Therefore, Company F argues;

“The problem can only be addressed in relation to increasing wages, something we are trying to do through our Fair Living Wage approach. This project aims at making all our strategic suppliers pursue collective bargaining between workers and employers in regards to wages and other worker’s rights by 2018.”

Company A, B and D does not consider causing issues related to excessive over time individually due to their small size and orders, but rather that it is the industry as a whole that generate these issues. Company F tries to limit its impact on excessive over time and are currently pursuing an internal dialogue regarding how the firm can improve its purchasing practices in order to facilitate for its suppliers. The firm is actively working on attaining a more even production curve to avoid peaks, not only to facilitate for suppliers, but also as the firm’s internal system of logistics and stock benefits from it as well. Company F is also increasing its sales in the global south, which facilitates a more even production curve. If being able to attain a more even production curve, Company F hopes to be able to contribute to increased productivity at suppliers, which in turn can lead to increasing wages for workers. Company G has no standardized process for how the firm can systematically work with suppliers in order to cause issues of excessive overtime to as little extent possible but still accounts for it when placing orders. Company G argues that its local merchandisers, responsibly for allotting orders to different suppliers, are aware of the suppliers’ capacities and thus ensures that this is accounted for. Occasionally, Company G helps suppliers to plan for orders.

Moreover, Company A aims at establishing a policy or action plan for how to deal with excessive overtime but have no such policy in place at the moment. Both Company A, B, C and D all try to ensure that the orders are well planned in order to minimize the impacts on excessive overtime and Company D further argue to have a great dialogue with its suppliers around these issues as since both parties sit down together to plan for the orders. In addition, Company D says that as a long relationship has existed with most suppliers, the firm has obtained knowledge of each other's capacities, which is advantageous in this regard.

Furthermore, Company A, B, C and D all recognize that there are issues related to violations of minimum wages paid to factory workers while Company E states that it has never detected violations against minimum wages paid. Company F and G have no exact numbers of how often violations against minimum wages but are both convinced that violations exist and that suppliers manipulate these figures. Company A says that it cannot pursue a contract with a supplier that cannot ensure that minimum wage is paid as it is violation against local law and the CoC. However, in recent years, Company A has found no violations in regards to this. Company B states that, it is usually more problematic in China and often relates to new workers that have not been able to produce the minimum required quantity yet. Therefore, it is not possible to pay the minimum wage because that would be unfair to workers that are more productive. Company C highlights similar issues as Company B, where suppliers manipulate actual wages. Company C also mentions that its own pricing is not related to the actual paid wages. It is up to the suppliers what kind of price and wage that should be realized and as a result, the firms bargaining power is low.

Company A, B, C, D and F have all initiated discussions related to living wages and the issue is brought up in the respective CoCs. Company F addresses the issue through its "Fair Living Wage approach". Company A has a pilot project running in China addressing the issue emphasizes that it is truly a complex issue. Furthermore, Company G has also initiated an internal discussion regarding living wages but such discussions are currently only at an infant stage. Moreover, Company B states;

"We have initiated living wage discussions with our suppliers but we perceive that the maturity for our suppliers to understand these issues is too low, making such a discussion difficult."

Company D point to the complexity of establishing what a living wages actually is and further accentuate that the cultural aspect must be included in the living wage discussion. Company E is also engaged in the living wage debate but does not support rising wages as the firm argue that foreign lead firms have no right to determine what constitutes an acceptable wage in another country. In that case, Company E argues that the supplier should also have the right to determine the Swedish wage level and thereby not work with Swedish partners as Swedish salary levels are too high. Company F is somewhat aligned with Company E in this regard, arguing that it is the local worker, not a foreign lead firm, that know best what constitutes a proper living wage. Therefore, it is not up to the lead firms to establish what a living wages should be, instead it should be up to the actors of the market i.e. unions and employers to pursue the issue argues Company F.

In regards to lead times, Company B says that it has historically had a strong focus on short lead times. As sourcing from Asia results in somewhat longer lead times, Company B solves issues related to short lead times by sourcing from Turkey as well, where shorter lead times can be ensured. The firm admits that lead times are still an important factor but not that it leads them to pressure its suppliers. Company C does perceive a strong pressure to ensure short lead times as its business does not generally require certain products to reach stores at specific dates. Company G does not perceive that lead times have as strong of a focus as it has historically had, instead the firm is better informed about supplier capacities and account for the lead-times in its planning processes.

5.2.8 Perception of Bargaining Power towards Suppliers

Looking at the power asymmetry between lead firms and suppliers, Company A, B, C, E and G perceive that the bargaining power towards suppliers and agents is good and confirm that the demands are generally not overlooked despite being of relative small firm sizes. However, Company A, B and C all mention that occasionally a supplier may prioritize the demands less due to low ordering volumes. Furthermore, Company G argues to gain increased bargaining power when representing a larger share of the supplier's total output. This is something Company G tries not to influence too much in its undertakings as it is Company G's conviction that the CoC should be implemented to the same extent regardless of how large of a buyer the company might be. Company F also perceives its bargaining power as large towards suppliers;

however, the company cannot dictate the terms with its suppliers arguing that high level compliance with demands is a result of having a strong collaboration with its suppliers. Moreover, unless a supplier does not ensure a high level of compliance with demands, it will affect ordering volumes from that supplier, Company F says.

Company C, using agents, states that the agents used tend to be relatively large and therefore have quite strong bargaining power towards suppliers. However, if Company C itself would approach a supplier it would have less bargaining power compared to going through the agent. Moreover, Company A, B and E argue that the relative strong bargaining power, despite small firm sizes, relates to these firms having been able to establish good relationships with the suppliers. Company B further points out that it has been valuable to have local employees working closely with several suppliers for years. In addition, Company B has had an approach of not trying to control the suppliers but instead engage in discussions regarding these issues to find long-term solutions to the problems together. Company E further argues that it has been able to build a good reputation of being a reliable partner among suppliers and therefore has good bargaining power towards its suppliers. In addition, Company E states;

“Small production volume and firm size does not necessarily have to be disadvantageous. Being a smaller lead firm could end up resulting in creating mutual dependence between lead firms and supplier.”

Company D perceives its bargaining power towards suppliers as relatively weak due to its relatively small size, however, being part of BSCI that represents such large number of lead firms, enables the firm to gain more attention to the issues sought to be raised. In order to overcome the issues of weak bargaining power, Company D tries to work more extensively with smaller suppliers where it can represent a larger share of the supplier's total business, thus become more important for the supplier and thereby increase its bargaining power. Despite perceived low bargaining power, Company D argues that the interest for CSR issues at suppliers is increasing and that suppliers are eager to learn more within the area since there is high awareness that all foreign lead firms value sustainability issues highly.

5.3 External Factors Influencing Labor Standards

5.3.1 External Actors

5.3.1.1 Local Societal Projects

Company C acknowledges that there are several local societal project collaborations within the industry among different lead firms, where issues that are more industry-specific rather than firm-specific can be addressed. Company C states that;

“This is something that has developed over the past five years and that lead firms are able to not only see each other as competitors, but instead see that these firms have mutual interests regarding these issues.”

Looking at Company A and B, these are both involved in a local societal project in Bangladesh, where these firms cooperate with other lead firms and NGOs as well. Company A tends to focus on such projects specifically in Bangladesh as it has such large share of its business in that country and since Bangladesh is in great need of support. Moreover, Company D is involved in one local societal project in Bangladesh (the project is not limited only to Bangladesh but exist in other countries as well) along with 32 other Swedish lead firms. Company A, B, C, E, F and G are also involved in this project. Company F also engages in local societal projects in Bangladesh and has for example one ongoing project there that has been running since 2011. Several different stakeholder groups, such as NGOs, unions (both international and national) and the local government in Bangladesh have been consulted throughout the project. The aim of the project is to establish democratically elected worker committees. What is more, Company G claims to pursue several different local societal projects in Bangladesh, as Bangladesh is a country in need of extensive support and help from lead firms. Besides its engagement through the Accord, Company G has for instance, created fire safety videos used for educating factory workers together with 19 other firms. Additionally, Company G pursues different environmental projects in Bangladesh and also runs a women’s center where women from the slum are taken care of, educated and ultimately employed in factories that Company G collaborates with.

5.3.1.2 Interaction with Local Authorities

Neither Company A, B, C, D nor G engage in discussion with local authorities in Bangladesh individually. However, Company G has signed common letters with other lead firms directed

towards local authorities, trying to impact issues such a minimum wages as the firm consider them to be too small to do it individually. Company B and D argue that the BSCI engages in discussions with local authorities and therefore these firms see a membership in the BSCI as important to ensure that the issues are raised with the local government. Company A has direct contact with the ambassador of Sweden in Bangladesh and he pursues primarily the issue of living wages with the local authorities in Bangladesh. This firm hopes for backing of the government in Bangladesh regarding that issue and sees the Swedish ambassador as a link to the local government. Company C and D argue that the relative small firm size makes involvement with local authorities difficult. Company E engages in discussion with local authorities in India, as that is its largest sourcing market. At municipal level, Company E has worked quite extensively with local authorities for some time and has also started collaborations with local environmental organizations in India. Company F also engages in discussions with local authorities and the government in Bangladesh. The aim to interact with local authorities is among other things the strive for proper mechanism for adjusting minimum wages and to establish a social dialogue between different market actors so that worker's rights can be addressed by local market forces.

5.3.1.3 External Pressures

Company A and G argue that several different external factors pressure them to engage in CSR issues and more specifically to address sourcing methods. For Company A, external stakeholders, current debates, industry reports and accidents such as the Rana Plaza collapse influence them the most. In addition, based on the foundation of company values, Company A and G express a responsibility towards its suppliers and that contributing in a good way where the firm has its operations drives the firms to pursue these issues. Company G further engages in these issues for more long-term reasons as well. As Bangladesh has extensive issues related to water supply and pollution, the firm has to help dealing with these issues, as it will not be possible for Company G to pursue its business at all in Bangladesh in the future if these problems worsen.

Moreover, Company F acknowledges that there are quite strong external pressures affecting its CSR undertakings and such pressures are the strongest from different NGOs. Company C tries to not let itself be too influenced by external pressures. The company argues that its engagement in

CSR issues must be done systematically and according to its internal capabilities and therefore it is not possible to address the specific issue that media is currently pursuing. In regards to the Rana Plaza collapse, the firm was exerted to external pressures though, especially from NGOs and media. However, there was no external pressure from customers related to Rana Plaza. As the Rana Plaza collapse was personally engaging for Company C, Company C let that event influence its CSR operations. Company B and D were also exerted to external pressures in the aftermath of the Rana Plaza collapse but it was less extensive than predicted and was later on attenuated. Company D further claims that the external pressure exerted against them after the Rana Plaza collapse did not utilize internal pressures to sign the Accord agreement.

Despite not being present in Bangladesh, media also approached Company E in the aftermath of the Rana Plaza collapse, however, the external pressures from media was not that extensive. As Company F signed the Accord agreement almost immediately following the Rana Plaza collapse, the external pressures directed towards Company F in the aftermath of the collapse was not that extensive, the firm argues, instead Company F experienced positive responses from stakeholders for taking the lead in signing the Accord. Similarly, Company G did not perceive being exerted to heavy external pressures from media following the Rana Plaza collapse as the firm signed the Accord agreement before it incident gain extensive media attention.

5.3.2 Focusing Events

5.3.2.1 Effects of Rana Plaza

In regards to the effects of the Rana Plaza collapse, all firms except Company E, concur that this tragedy has to some extent had an overall impact on the companies' operations. For Company A, the influences of the Rana Plaza collapse led to signing the Accord, but it also affected its sourcing practices at a more general level. The firm reviewed its current practices, which led to more strict regulations in regards to building safety and subcontracting. Such stricter practices were focused primarily in Bangladesh. Company B also confirms that issues in regards to building safety and electricity have gotten much more attention since the Rana Plaza collapse. BSCI has included health and safety to greater extent in its new CoC that was launched after the Rana Plaza collapse and therefore, Company B argues, the changes that have been made in regards to sourcing practices and suppliers is driven externally through BSCI rather than internally for them. Company B argues to have had a focus on fire safety and electricity for a long time, as it is an aspect they consider critical.

Company C concurs that the Rana Plaza collapse, to some degree, has affected sourcing practices, and also states that it has increased the awareness of the issue in Bangladesh. Company A confirms that the Rana Plaza collapse has raised much awareness in regards to building safety, something that was barely considered prior to the collapse. What is more, Company F states that;

“The Rana Plaza collapse has had a general impact on the industry at large and the incident has increased the awareness, not at least of the local government and authorities, for the Bangladeshi situation, which I believe is positive.”

This statement is further supported by Company D, also recognizing that the establishment of the Accord has led the Bangladeshi government to realize that it needs to act on these issues. The firm further recognizes that the suppliers in Bangladesh seem to appreciate that these issues have gained increased attention, but argues that it is not in fact foreign lead firms that are responsible for building safety in Bangladesh; instead it is the responsibility of the Bangladeshi government.

Moreover, Company C along with Company F further states that the effects of Rana Plaza are evident when talking to suppliers, since suppliers’ engagement regarding these issues has increased. In Company C’s perception, suppliers are eager to show if these have been audited by the Accord and communicate the results of such audit. Furthermore, Company F is positive towards the audits conducted by the Accord, as these organizations uses experts when inspecting factories and can thus make more comprehensive inspections in regards to safety than prior to the collapse. However, Company F had a policy prohibiting suppliers to use multi-story factories prior to the collapse.

While Company D acknowledges some changes in the aftermath of the Rana Plaza collapse, it emphasizes that the event did not have any significant impact on the firm. The interviewee further states that the firm has continued to work with CSR issues pretty much in the same way as prior to the Rana Plaza collapse. However, CSR issues have gained increased attention in general internally within Company D since new management was hired a few years back. Furthermore, besides the Rana Plaza collapse having a general impact on Company G, and

leading the firm to sign the Accord agreement, Company G does not believe the incident has affected its supplier relations to large extent. Instead, Company G argues to have worked intensively with its supplier prior to the collapse and therefore already had a solid supplier base. However, through the Accord membership all of Company G has been inspected and actions to overcome flaws that such inspections discovered have been taken.

What is more, Company E does not believe that the Rana Plaza collapse has influenced them in general and when conducting audits, and thus does not see any spill over effects to India. However, building safety is certainly something the firm evaluates when visiting supplier, but it is only visual flaws that can be detected. Furthermore, it is Company E's perception that building safety of factories is not as big of a problem in India as it is in Bangladesh.

5.3.2.2 Accord Signatories

Company F took the lead in signing the Accord agreement by being the first company to sign. The rationale behind the firm's choice was primarily the Rana Plaza collapse but also since Company F already experienced a need to address factory safety at suppliers. Two factory fires had led them to initiate a program related to electrical assessment but Company F felt that external help was needed in order to overcome the issues properly. Therefore, the firm saw the Accord as a great forum to get help with addressing these issues further. Company A has signed the Accord agreement and been a signatory from the start along with Company G. The magnitude of the accident led Company G to sign and as Bangladesh is an important sourcing market for the firm, it was considered important for the firm to sign. It also led it to look over its regulations in regards to building safety. However, the company already had prohibitions regarding the usage of factories located on top of malls and being over three stories high. After some time Company D signed the agreement as well. However, it is only the Swedish part of Company D that is a member of the Accord and not the entire global group. The interviewee of Company D wanted the entire firm to sign the Accord but a global decision was made not to sign as the company did not believe it had full insight in its value chain at that moment.

Looking at the non-signatories of the Accord, Company B and C have both decided not to sign the agreement at this stage. Company B had the intention to sign but after reviewing the agreement it decided not to, as the agreement was somewhat unclear and required the firm to

commit to financial funds that was considered too large for a publically listed company and in relation to its size. In addition, Company B was in a phase of decreasing its operations in Bangladesh, something that is not allowed according the Accord. Issues regarding the agreement have also affected Company C's choice of not signing to Accord. The interviewee at the firm states;

“The Accord agreement itself is still a bit unclear and we are not sure what the level of commitment is if signing it. Also, the agreement requires extensive engagement, which is hard for us to undertake since Bangladesh is a relatively small sourcing market for us.”

Company C is considering signing the Accord agreement but as the company to a large extent use agents instead of direct sourcing, it complicates the membership. It is actually the agent that should be the member, the firm argues. No agents used by Company C have signed the Accord and while some of the suppliers that Company C uses are covered by the Accord through other lead firms, others are not. In the case of Company B, all of its suppliers are covered by the Accord through other lead firms' membership, and if a certain factory would not have been covered, the firm would have taken action in that specific factory.

6. Analysis

In this chapter, the findings will be analyzed through the conceptual framework, figure 1, also following below. By starting with discussing the value chain configurations and governance modes, a discussion of the external factors will follow.

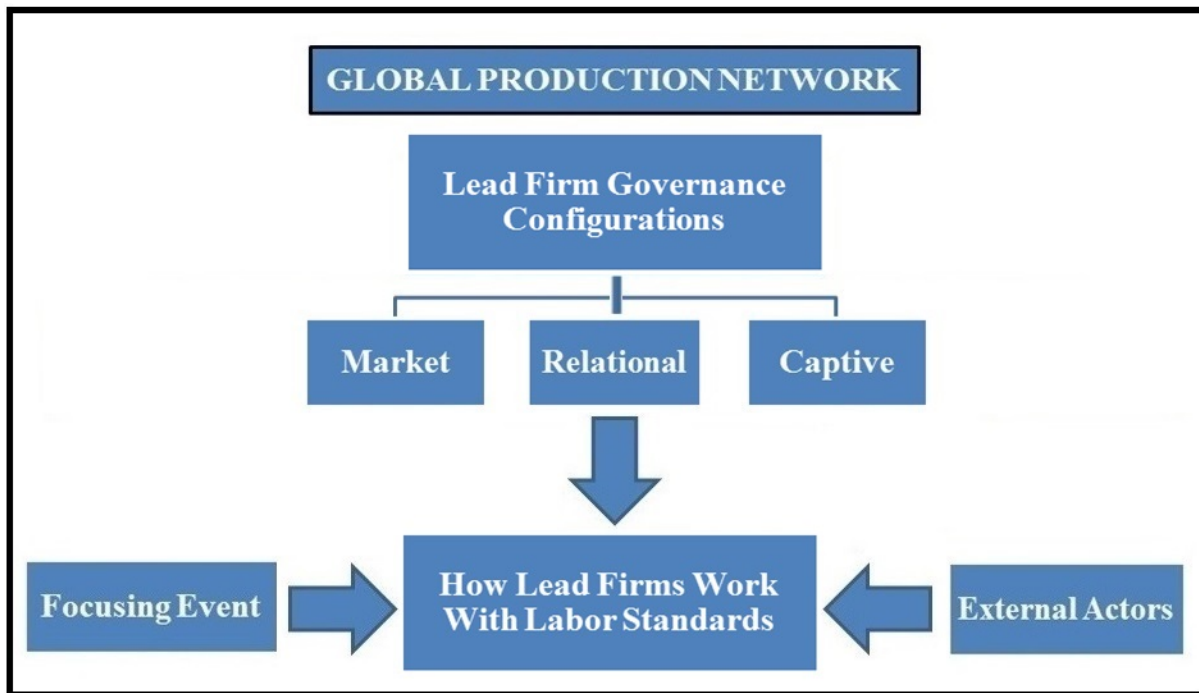


Figure 1. "The Labor Standards model" (compiled by the authors).

6.1 Global Value Chain Governance

Reflecting back to the theoretical framework, it has its origin from the various GVC configurations presented by Gereffi et al. (2005). Narrowing this framework down, drawing on the arguing of Frenkel and Wright (2014), the market, relational and captive value chain configurations are of particular interest. Also, in accordance with Lakhani et al. (2013), incorporating the three configurations of interest, the dimension of different degrees of explicit coordination and power asymmetry between lead firms and suppliers is added, connected to each of the three value chain configurations. In addition, the cooperative paradigm suggested by Lund-Thomsen and Lindgren (2014) regarding governance of labor standards will further be used to analyze how the sample firms govern its' value chains.

In regards to selecting suppliers, the findings clearly suggest that all firms concur that a combination of several factors is used when selecting suppliers. The trend seems to point towards moving from a strong focus on determinants such as price and quality and instead CoCs and CSR undertakings seem to gain more ground of importance. Having a previous strong focus on factors, such as price and quality determining the existence of supplier collaborations, suggests that a market configuration has been greatly evident among the firms, as such factors would correspond well to supplier relations characterized as transactional and arms-length and thus making switching costs low (Frenkel and Wright, 2014). However, as all firms confirm that a focus on CoC has emerged over the past years and is of great significance when selecting supplier nowadays, a market configuration seems to be of less relevance at present. Instead, the relational configuration, appear to have emerged as the most prominent value chain configuration among the sample firms. This is due to that heavy emphasis on CoC when selecting suppliers would require larger involvement, more comprehensive interaction and the need to exchange tacit knowledge between lead firms and suppliers, which is aligned with characteristics of the relational configuration, as described by Gereffi et al. (2005).

Turning to the impact of direct and indirect contact with supplier, the findings suggest that indirect contact with suppliers would more strongly relate to the market configuration rather than the relational configuration. This is argued on the basis of that market configurations are typically based on arm's-length relationships (Lakhani et al., 2013), which an indirect supplier contact would evidently be. Only one firm among the sample firms pursues indirect supplier contacts, which is why the market configuration is evident only for one firm, whereas the other sample firms would assimilate the relational configuration in this regard. However, the market configuration is also generally related to short term relationships, as switching costs for both suppliers and lead firms are low, whereas the relational configuration tends to relate to more long-term relationships (Gereffi et al., 2005). As the empirical findings strongly suggest that all firms strategically focuses and aims at maintaining long-term relationships with its suppliers, having direct or indirect contact with suppliers seems to be of little relevance in this regard, that is, a relational configuration seems to be possible regardless of supplier contacts are direct or indirect. This is because the long-term focus in turn seems to strongly relate to lead firms' ability and will to engage further in suppliers' operations as a mean to ensure effective implementation of CoCs. As such a process has proven both time-consuming and requiring extensive efforts by

lead firms, it is likely to result in deepening of relational ties between lead firms and suppliers, thus implying increased mutual trust and dependence between the two. Hence, the relational configuration is most evident among all sample firms, in regards to this aspect, recalling that the relational configuration refers to deepened relational ties based on mutual trust and dependence and to mutual gains arising from process and system improvements (Lakhani et al., 2013). Moreover, maintaining long-term relationships can also be seen as evidence for the prevalence of the cooperative paradigm, as one main feature of the paradigm relates to ensuring long-term relationships with suppliers instead of shopping around for new suppliers whenever the lead firm wanted and as such a long-term focus is argued to be of great relevance in order to ensure improved labor standards (Lund-Thomsen and Lindgreen, 2014).

The empirical findings further suggest that, as a result of trying to ensure effective implementation of CoCs and pursuing a long-term focus, the majority of the sample firms have used a strategy of consolidating its' value chains, over the recent years.

As stated by Company D;

“We have used a strategy of consolidating our value chain over the past years, since it is harder to control a larger value chain and limiting the number of suppliers leads to easier conditions for us to work on improving the situation at the factories. It would be unethical for us as a lead firm to switch suppliers frequently.”

The quote is representable for the majority of the sample firms and implies that the relational configuration is of great relevance in this regard, mainly due to two aspects. First, as a lower number of suppliers are easier to manage for the lead firms, each supplier can gain more individual focus by the lead firm, thus allowing for deepened relationships and increased likelihood for the establishment of personal relations. Second, a lower number of suppliers also enable the lead firms and suppliers to have more frequent contact, quality checks and audit follow-ups, which in turn most likely will positively impact the creation of personal relations.

However, having a strategy of consolidating the value chain and working with a long-term focus might also be seen as an indication of the captive configuration, as according to Lakhani et al. (2013), the captive configuration is characterized by dependent suppliers, relying on detailed

instructions from lead firms and subjected to heavy monitoring and control. The lead firms' focus on trying to implement its' CoC along with pursuance of frequent audits and check-ups can therefore certainly be seen as means of trying to control suppliers, thus corresponding well to the captive configuration. However, as the sample firms emphasize having a collaborative approach towards its suppliers, where the firms highly encourage suppliers to resume responsibility of labor issues themselves and where the lead firms primarily take on a supportive role in overcoming issues, this suggests that power asymmetry still will remain at a moderate level. Hence, the relational configuration is still of primary relevance in this regard.

Further support for the relational configuration is found in the empirical data related to lead firms investing in suppliers, not financially, but in the form of knowledge-sharing of best practice, support and initiation of projects. This act in itself suggests that relational ties are developed even further as it causes suppliers and lead firms to interact to larger extent, which should facilitate the creation of personal relationships, thus pointing towards the relational configuration. In addition, the cooperative paradigm is of relevance in this regard, as the paradigm suggest that lead firms might provide training of workers and engage in activities that generate quality improvements of the suppliers (Lund-Thomsen and Lindgreen, 2014). However, the paradigm is only partly evident here as these authors argue that lead firms might also financially invest in capacity development of suppliers and further also engage workers in factories in decision-making processes and informing them about human resource management and their right. Such extensive investments of financial in suppliers have not been found in the empirical data, which is why the cooperative paradigm is only of partial relevance.

Moving on to the aspect of audits, the pursuance of internal audits among all firms relates well to the relational configuration as suggested by Gereffi et al. (2005), where mutual trust and relational ties lay at the core providing further support for the overall relevance of the relational configuration among the sample firms. The internal audits appear to be a way for all the sample firms to deepen the relationships the firms have with its suppliers, as internal audits tend to result in frequent visits of suppliers and extended dialogue, the companies are able receive better insight in the daily operations of the supplier, thus enabling the establishment of a personal relationship and the creation of trust. Additionally, it provides evidence for the cooperative paradigm, as the paradigm suggests that closer cooperation between lead firms' CSR personnel

and factory management is fundamental condition for CSR related initiatives to have any significant impact on labor standards (Lund-Thomsen and Lindgreen, 2014). However, several sample firms have expressed concerns regarding the heavy emphasis placed on audits within the industry. Company A says;

“We question auditing as a phenomenon. We believe there are too many bad things about auditing; among other things it leads to corruption and we see it more as a type of police work. We would rather work in a way that makes the suppliers pursue these issues themselves and assessing themselves”

As a result, the findings suggest a trend towards self-assessment as a tool for working with supplier compliance in the future among several sample firms. As argued by Company A, a self-assessment tool is possible only when a long-term, strategic partnership with suppliers exists. This is assumed to be related to that high levels of trust and a truly deep relationship must exist in order for self-assessments to be credible and considered adequate for ensure sufficient compliance. Thus, this can be seen as a way of trying to make relational ties with suppliers even stronger suggesting that, in alignment with Gereffi et al. (2005), firms are trying to move further away from supplier relationships related to the market configuration and towards even closer relationships generally connected to the relational configuration. Moreover, the cooperative paradigm becomes evident in this regard as well, recalling that the paradigm suggests that traditional audit methods are revised in favor of new policy measures where suppliers and auditors can pursue audits in a more collaborative manner and further that lead firm collaboration with local resources can help overcome issues of only getting a snapshot of supplier operations (Lund-Thomsen and Lindgreen, 2014). A self-assessment tool would require a closer collaboration between supplier and lead firm in order to make the tool efficient and credible and it would further require for the lead firms to become more involved in the supplier's operations in order to understand its processes, thus providing evidence for the prevalence of the cooperative paradigm.

Furthermore, as a majority of the firms do not place a first order before suppliers are audited, the findings point further towards the relational configuration as both time and money must be invested in a new supplier prior to ensuring that the firm itself has anything to benefit from such

an investment, that is, a relationship must be established with a new supplier before the lead firm can be certain that it will actually pursue the relationship and gain from it. However, two firms do place first orders before auditing new suppliers, implying that these two firms tend to assimilate the market configurations rather than relational configuration in this regard compared to the other sample firms, which do not place first orders prior to auditing, as a market configuration, characterized as highly transactional and of arm's-length (Frenkel and Wright, 2014), would not be compatible with lead firms investing prior to ensuring that such investment is beneficial.

As auditing of second and third tier suppliers results in even more extensive lead firm involvement in its value chain (as such auditing requires both time, money and effort), stronger interest in the first tier supplier's operations and more interaction with value chain actors, this finding suggests further deepening of relationships, thus providing more evidence for the relational configuration as argued by Gereffi et al. (2005). However, such findings have only been made for a minority of the sample firms and thus, the relational configuration is not as evident in this regard. However, as a desire to engage further in this issue exist among all sample firms, the relational configuration is presumably going to become even more evident in the future.

Again, indications of the existence of the captive configuration might exist in this regard, as both the auditing of second and third tier suppliers and the auditing conducting before placing first orders are factors that can be seen as means for lead firms to control suppliers. However, as the sample firms emphasize having a collaborative approach towards its suppliers, power asymmetry is assumed to remain moderate and thus pointing towards greater relevance of the relational configuration.

In regards to the firms' handling of CoC violations of suppliers, the empirical data suggest that the firms tend to engage in discussions and dialogue with the suppliers regarding the issue that has arisen, trying to find the root cause of the problem and places great emphasis on trying to find a solution to the problem in unity. Strengthened by Gereffi et al. (2005), this largely assimilates the relational configuration as this type of engagement requires much time and effort invested in the suppliers and its' operations in trying to overcome the issues, which in turn imply

further deepening of the relational ties between lead firms and suppliers. Additionally, as joint problem solving and extensive interaction among suppliers and lead firms appears to play a central role in overcoming CoC violations among all sample firms, the cooperative paradigm seem to be evident as this would correspond well to revised policy measures enabling suppliers and lead firms to collaboratively pursue audit processes as suggested by Lund-Thomsen and Lindgreen (2014).

Company C stands out in this regard as it is primarily Company C's agents that are responsible for managing a supplier in violation of the CoC. This suggest that Company C does not itself have to invest time and effort in its suppliers to as large extent as other lead firms, thus a deepening of the relational ties would be less likely to occur. In turn, this implies that a market configuration is more evident for Company C in this regard in alignment with Gereffi et al. (2005).

However, in regards to termination of supplier contracts due to CSR-related issues, the empirical findings suggest that all sample firms seem to be rather aligned in its opinions where supplier contract termination is more seen as a last resort solution for the sample firms. Supported by Gereffi et al. (2005), managing supplier relations this way suggests strong evidence for the relational configuration as such process of managing supplier violations would entail extensive interaction, communication and a joint problem solving focus. Furthermore, ensuring transparency between lead firms and suppliers regarding these issues, which is a prerequisite for overcoming the issues, implies that a collaborative approach must be taken on and relational ties must deepen. Hence, the creation of mutual trust and dependence is facilitated as a collaborative approach can only be taken on and effectively employed where a relationship built on trust and dependence exists. Moreover, the sample firms' way of dealing with supplier violations suggest that lead firms are highly committed to and involved in the auditing process of its' suppliers. This point to the prevalence of the cooperative paradigm, as this entails that long-term relationships are of great significance for the lead firms to be able to impact labor standards and as shopping around for new suppliers whenever the lead firms find it suitable has no support through the empirical findings.

Again, Company C stands out, as termination of supplier contracts is handled through agents, however, the firm still seems to influence its agents in a way that makes the agent deal with supplier violations similarly as the other sample firms do, where termination of contracts is only to be seen as last resort solution and only pursued if after common efforts to overcome the issues have proven unsuccessful and the supplier shows neither will or ability to correct the misconducts. Hence, while Company C's value chain to some extent resembles the market configurations, it still has some influences from the relational configuration in this regard.

As has been argued above, several empirical findings point towards the prevalence of the cooperative paradigm (Lund-Thomsen and Lindgreen, 2014) among the sample firms. However, the empirical data also suggest that the compliance-based model, as defined by Lund-Thomsen and Lindgreen (2014), is of great relevance to how the lead firms work with labor standards. This is primarily evident as all sample firms work actively with CoCs and place relatively strong emphasis on ensuring compliance with CoC demands, which is precisely what the compliance-based model entails. Furthermore, the CoCs appear to play a central role in how the sample firms work with labor standards and thus, highly impacts what undertakings the firms decide to engage in. Still, the compliance-based model is only prevalent to a limited extent in this regard due to that the model further suggests that lead firms should end its supplier contract in case any violation is detected. As shown in the empirical data, lead firms see termination of supplier contracts only as a last resort solution and instead work collaboratively with the supplier in order to support them in overcoming the issues at hand. Hence, such behavior would be more inline with the cooperative paradigm rather than the compliance-based model and thus, the sample firms seem to be influenced by both approaches. Moreover, supported by the empirical findings, the collaborative approach taken on by the sample firms where extensive support and engagement is offered to suppliers seem to be something that has emerged over the past as the lead firms have extended its' overall focus in regards to CSR. Furthermore, the sample firms have also expressed great will and enthusiasm to increase the focus on CSR issues on a general level but also more specifically in regards to labor standards in the value chains, implying that the trend towards the cooperative paradigm is likely to become even more evident. As a consequence, this suggests that the compliance-based model is likely to be of less relevance in the future.

Moreover, the empirical findings imply that the majority of the sample firms work collaboratively with other lead firms when violations are detected at shared factories. At an aggregated level, when lead firms collaborate this way, and tend to do so in order to increase the bargaining power towards suppliers, this suggests that power asymmetry will be more in favor of the lead firms than for the supplier. Strengthened by Lakhani et al. (2013), this corresponds more strongly with the relational configuration than the market configuration, as a market configuration suggests that power asymmetry is low. However, as the Swedish lead firms can presumably only affect the power asymmetry moderately, due to relative small size of the Swedish industry compared to other countries' industries sourcing in Bangladesh, which would correspond to the relational configuration. The captive configuration will not be of relevance in this regard as the power asymmetry will most likely not be high enough to correspond to the captive configuration.

While the findings suggest that violations against minimum wages barely exist in Bangladesh, problems concerning living wages are more evident. When screening the empirical data collected, it points towards a trend of increased attention to the issue, where projects, internal discussions between lead firms and suppliers and a stronger focus in each company's CoC have become more prominent. Company F states;

“The problem can only be addressed in relation to increasing wages, something we are trying to do through our Fair Living Wage approach. This project aims at making all our strategic suppliers pursue collective bargaining between workers and employers in regards to wages and other worker's rights by 2018.”

Although, the empirical findings suggest that problems related to excessive overtime and issues related to wages are far from being solved, the increasing interest from the firms regarding this issue and the firms' engagements in trying to overcome these problems point to great commitment from the lead firms towards its suppliers. Moreover, as such engagement generates increased interaction between suppliers and lead firms, it will also most likely lead to deepened relational ties, thus suggesting that the relational configuration is more evident than the market or captive configuration in this regard in alignment with Gereffi et al. (2005).

Moving on to the perceived bargaining power among lead firms towards suppliers, the findings suggest that there is a general perception of a high level of bargaining power among lead firms, suggesting that power asymmetry relationship is generally to the favor of lead firms rather than suppliers. However, the empirical data collected imply that several firms occasionally experience little prioritization due to small size and order volumes. Therefore, if changing to the flip side of the coin, this could infer that suppliers perceives its bargaining power as high against Swedish lead firms as well, thus shifting the balance of power asymmetry somewhat. The empirical data clearly also shows that the sample firms use different strategies trying to increase its bargaining power towards suppliers and Company E further states;

“Small production volume and firm size does not necessarily have to be disadvantageous. Being a smaller lead firm could end up resulting in creating mutual dependence between lead firms and supplier.”

Thus, the findings insinuate a potential uncertainty’s of how the balance of power asymmetry between lead firm and supplier actually constitutes. It seems as if both parties regain relatively equal amounts of power, thus making power asymmetry low, which would suggest that the market configuration is the most evident in this regard (Lakhani et al., 2013). However, as the lead firms would all end the supplier contracts if compliance cannot be ensured at all and if suppliers would not deny commitment to a CoC, it seems that the lead firms in fact have the final say and thus, greater bargaining power than its’ suppliers. Additionally, the industry at large require suppliers to commit to social standards and no lead firm would ever collaborate with a supplier that would not commit to a CoC. This means that a supplier basically has no choice but to comply with the demands of lead firms, other wise no lead firms would want to collaborate with them. Hence, the power asymmetry seems to be higher, and in favor of lead firms, and therefore the relational configuration is presumably of greatest relevance (Lakhani et al., 2013). While it could be argued that the captive configuration is relevant in this regard, as suppliers could be considered “captive” by lead firms’ demands. However, the individual demands of one lead firm do not necessarily make a supplier “captive” by that individual lead firm. Demands from lead firms tend to be rather similar, even if different CoCs are used, which is why a supplier has the opportunity to switch to another lead firm without its investment in CoC

compliance being redundant as this makes that supplier highly capable to comply with another lead firms' CoC with only small adjustments in its operations.

Furthermore, additional support for the cooperative paradigm is found in the empirical findings, namely in regards to lead firms engaging in production planning and in regards to lead firms coordinating its' CSR department closer to its' purchasing department. Recalling that the cooperative paradigm entails that lead firms ensure better production planning to even out production peaks at suppliers and that lead firms should coordinate its' CSR and purchasing departments to facilitate consistency in demands put on suppliers (Lund-Thomsen and Lindgreen, 2014). Although several firms admit the difficulty in overcoming issues related to production peaks, several sample firms still address these issues and try to work proactively against it. Furthermore, there is an evident trend among a majority of the sample firms towards closer cooperation between the firms purchasing and CSR departments as a result of the increased importance of CSR issues when sourcing among the sample firms. Hence, this corresponds well to the cooperative paradigm.

In sum, it has been argued here that the relational configuration is dominant among the sample firms. Several factors support this finding. First, as all firms have incorporated compliance with the CoCs as a factor of significant importance when selecting suppliers, which requires large investments in relational ties from both suppliers and lead firms. Second, the long-term focus, the process of managing supplier violations of CoCs, the auditing process and the evident revulsion towards terminations of supplier contracts further points towards the relational configuration. Third, a collaborative approach, as taken on by all firms in order to overcome supplier issues, where support, training and knowledge-sharing with suppliers, along with a strong focus towards addressing overarching industry issues plays a central role additionally corresponds to the relational configuration.

Moreover, the empirical findings imply that the predominance of relational configuration is a result of an ongoing process of increased focus and awareness of CSR issues among the sample firms, leading to CSR undertakings influencing the lead firms' operations to greater extent. Such a process seems to have begun during the past decade for most firms, however, even further back for some firms. In addition, the empirical findings suggest that the focus and influence of CSR-

related issues is continuing to increase among all firms, which suggests that the relational configuration will become even more prominent in the future.

Only small features of the market and captive configurations appears to be evident, where one company, Company C, stands out from the other firms in this regard by having elements of a market configuration characterizing its value chain to some extent. This argument is primarily based on the fact that it exclusively manages its supplier relations through agents, which in turn make Company C less engaged and involved in its suppliers' operations and thus resulting in relational ties of less depth than for the other sample firms. As Company C differs from the other sample firms by being of much smaller size and also being the only company of the sample firms that does not have garment and textile products as its core business, it is perhaps not surprising that the market configuration is of greater relevance for this specific company as it can thus be expected that Company C does not have the resources to engage further in suppliers of a product category that are not Company C's main area of business.

Furthermore, it has also been argued that the cooperative paradigm seems to be of great prevalence in this study as several undertaking of the sample firms are inline with the features of this paradigm. As the paradigm offers a more detailed approach towards how lead firms may work with labor standards than what the relational configurations does, this finding suggest that the sample firms seem to move beyond the relational configuration and additionally further pursue a cooperative approach towards suppliers. However, there are still some features of the paradigm that lack empirical support, which suggests that the relevance of the paradigm is only partial. Moreover, as indicated above, the compliance-based model still is of prevalence among the sample firms, as the sample firms' undertakings and engagement towards suppliers focuses much on ensuring compliance with CoCs. It appears that the compliance-based model has previously been of great relevance among the sample firm but that a trend towards the prevalence of the cooperative paradigm has emerged over the recent years and that such a trend is likely continue.

6.2 External Factors

As defined in the conceptual framework, the GPN approach adds the dimension of relationships embedded in external factors to the value chain, inter-connected with inter-chain ties (Nadvi et al. 2011). First, external actors incorporates the horizontal perspective at the tail end of the GPN,

which reflects that labor standards at the production sites evolve in a dynamic local context (Lund-Thomsen, 2013). Second, a focusing event tends to be of great relevance impacting labor standards (Birkland, 1998).

When screening through the empirical findings, these suggest that external factors have had little effect on how lead firms work with labor standards. While all firms seem to be involved in various local projects with other lead firms or local NGOs in order to improve labor standards, these projects are generally initiated by the lead firms rather than the local actors. Furthermore, in the light of the Rana Plaza disaster, Company F states;

“The Rana Plaza collapse has had a general impact on the industry at large and the incident has increased the awareness, not at least of the local government and authorities, for the Bangladeshi situation, which I believe is positive.”

This statement is representative for all sample firms, emphasizing that while there have been some effects on the industry at large, on overall operations and sourcing practices in the aftermath of this event, such as the establishment of the Accord agreement, an increased awareness among local authorities and government concerning the issues of building safety and health is the major outcome. Thus, the main effect of this event has primarily been among local actors rather than influencing how the Swedish lead firms work with labor standards. As a result, by having the purpose of investigating how Swedish lead firms work with labor standards, the findings in this study somewhat contradict the theories presented by Birkland (1998) and Lund-Thomsen (2013), mainly for two reasons. First, since these affects have not led to any significantly increased interaction between local actors and Swedish lead firms. Moreover, besides the establishment of the Accord agreement, it has not led to any major changes among Swedish lead firms in how these work with labor standards. Therefore, the findings in this paper provide only limited support for the notion of a focusing event impacting labor standards, as presented by Birkland (1998). Second, the findings supporting the statement by Lund-Thomsen (2013), suggesting that the local dynamic context works as an influencer on labor standards, is limited. This is assumed to be related to that the Swedish lead firms already works, and has done so for several years, extensively with labor related issues. Thus, the local dynamic context is able to influence the Swedish lead firms only to limited extent and hence, currently adopted labor standards in Bangladesh among Swedish lead firms cannot be seen as evolved from the

Bangladeshi context, but instead only being under limited influence of circumstances in the Bangladeshi context. This is presumably a result of that Swedish lead firms historically have institutionalized heavy investments in labor standards, making a relational governance configuration dominant. Therefore, the labor standards that Swedish lead firms have adopted in Bangladesh as evolved internally among the lead firms rather than externally.

7. Conclusions and Suggested Future Research

This chapter presents the final conclusions drawn from the analysis in relation to the purpose of this study. Thereafter follows the limitations of the study and thus the suggested future research agenda.

7.1 Research Conclusion

The purpose of this study has been to gain deeper understanding of how governance configurations of lead firms within the Swedish garment industry are structured and how it, along with external factors, influence the work these firms conduct in regards to labor standards in global value chains. We contribute to the existing literature by proving six main findings.

First, we have shown, on the basis of Gereffi et al. (2005) and Lakhani et al. (2013), that the relational configuration is the most dominant value chain configuration among the sample firms. Thus, we contribute to the existing literature by supporting the results of Gereffi et al. (2005) and Cao et al. (2008), suggesting that the relational configuration is becoming the dominant governance configuration in the global garment industry. Furthermore, we show that only small features of the market configuration are evident among the sample firms and that such features appear to be related to certain company characteristics, that is, small firm size and textile and garment products not being a core business. In terms of the captive governance configuration, traces of this configuration are extremely limited in the empirical findings.

Second, our findings of the predominance of the relational configuration are also in line with the previous findings in the Swedish setting (Egels-Zandén et al., 2015) suggesting that lead firms headquartered in countries in coordinated market economies in Northern Europe, such as Germany and Sweden, tend to invest more in relational ties, compared to firms headquartered in more liberal market economies, such as Australia. This can be linked to the research conducted by Frenkel et al. (2015), suggesting that German lead firms, where the relational configuration is dominating, have historically institutionalized a high priority of working with labor standards throughout value chains whereas its Australian counterparts, where market configurations generally have been more common, has not had such a tradition. We thus contribute to existing literature by concluding that lead firms governance configurations appear to be strongly related to

the certain type of market economy and therefore, the home country context in which the lead firms originate from.

Third, by investigating the relevance of a compliance-based model and the cooperative paradigm, as presented by Lund-Thomsen and Lindgreen (2014), this paper offers new contributions to the existing literature. While previous research only has found limited evidence of the cooperative paradigm and further argue that the compliance-based model will continue to flourish, our study suggests the contrary. We make this argument on the basis of, first that the studied sample firms work in alignment with the cooperative paradigm on several aspects. While there always will be traces of the compliance-based model as long as lead firms continue to work with CoCs, the evidence for the cooperative paradigm are stronger compared to what previous research have found and thus, we find the cooperative paradigm to be of much greater relevance among Swedish lead firms. Second, as we also find strong evidence for a trend towards extended engagement by lead firms in CSR-issues and labor standards. Thus, we can conclude that, at least in the Swedish setting, it is rather the cooperative paradigm that will continue to flourish instead of the compliance-based model.

Fourth, we also show that Swedish lead firms, already heavily engaged in the relational configuration, takes investments in supplier relations even further as the cooperative paradigm also is of prominence among the sample firms. As the cooperative paradigm offers a more detailed approach to how lead firms work with labor standards than what the relational configuration does, we further contribute to existing literature by suggesting that labor standards in value chains should be investigated on the basis of, not only specific governance configurations, but also of the cooperative paradigm, as that allows for greater understanding of how lead firms, already characterized by the relational configuration, can engage even further in supplier relations, which reaches another dimension than what the relational configuration can grasp. Therefore, the cooperative paradigm, in combination with the traditional governance theory, offers a more nuanced way of understanding how lead firms characterized by the relational configuration can be so varying extent, which in turn affects how the lead firms work with labor standards.

Fifth, in regards to the Rana Plaza collapse, we show that this event has not influenced how Swedish lead firms work with labor standards to any great extent, since high commitment

towards supplier relations has already been the priority for a long time period among the lead firms. This is in alignment with the findings of Frenkel et al. (2015), arguing that German lead firms, having the relational configuration as the most dominant one, compared to the Australian firms being divided among relational and market configurations, experienced small only changes in how these firms worked with labor standards after the Rana Plaza collapse. This was argued to be a result of heavy engagements already made in labor standards among the German firms prior to the collapse. As the Australian firms had not engaged in such issues to the same extent as Germany prior to the collapse, the collapse itself had a greater impact on these firms instead. Thus, we conclude that the impact a focusing event as presented by Birkland (1998) will have on lead firms is greatly inter-linked with the specific value chain configuration characterizing the lead firms. As we have argued before that the specific value chain configuration is related to the market economy and the home country context in which the lead firms originate, we further emphasize the importance home country context by arguing that the impact a focusing event has on lead firms, in effect, is also related to the home country context and the related market economy.

Sixth, the evidence in this paper further shows that local external actors have little influence on how Swedish lead firms work with labor standards. While the Rana Plaza collapse has greatly affected various local actors in terms of awareness and commitment regarding labor standards, the affect on Swedish lead firms is rather limited. We argue that this is a result of the lead firms being highly characterized by the relational configuration and thus already having strong awareness regarding these issues and also having addressed labor standard issues over a long time. Still, while our findings show some interaction between lead firms and local actors, such initiatives to engage in these collaborations, come from the lead firms rather than from the local actors. However, the findings point towards that a geographical hub of local actors, projects and initiatives seem to emerge in Bangladesh, creating an environment where lead firms and local actors with mutual interests can connect. Such a hub, in turn, seems to have impacted how the Swedish lead firms have interacted with local actors and what kinds of initiatives and projects that have been pursued by the lead firms. Therefore, we contribute to existing literature by concluding that the findings has little alignment with Lund-Thomsen (2013), suggesting that labor standards evolve in a dynamic local context, since Swedish lead firms permeates a relational governance configuration throughout the organizations as a whole, heavily committed towards working with labor standards.

7.2 Limitations of the Study and Suggested Future Research

The decision to conduct a case study on lead firms within the Swedish garment industry with production in Bangladesh was made in order to offer an information-rich and fruitful picture of how the governance configurations within these specific firms are configured and its effects, in combination with external factors, on how these firms work with labor standards. Thus, this study does not seek to provide general patterns and as a consequence, may not be applicable on any other lead firms with production in Bangladesh.

As declared earlier in this study, the focus has been on retail firms producing garments and thus there could potentially be different characteristics among various types of retail firms. In order to make more general conclusions on how retail firms with production in Bangladesh work with labor standards, future research on other types of retail firms is needed. Furthermore, the perspective of this study has been on Swedish lead firms in regards to the specific context of Bangladesh. As a consequence, the conclusion is limited to this specific setting, resulting in a questioning of whether similar conclusions can be drawn on lead firms from other domestic markets or to other sourcing countries. As a result, future research on lead firms originating from other countries or on other host countries could contribute to a wider picture of how lead firm governance configurations are configured and how these, along with various external factors, influence how lead firms work with labor standards.

As determined in the previous part, the findings suggest that the home country context seems to be an important determinant for the effects a focusing event has on governance configurations and how lead firms work with labor standards, thus further research complementing our framework by adding institutional theory would deepen the understanding regarding the interplay between these factors. Conducting future cross-country analysis studies by comparing institutional contexts, along with governance configurations within lead firms in other domestic markets could deepen the understanding of how lead firms work with labor standards on a more aggregated level. Moreover, as the findings in this paper suggest, research including the cooperative paradigm in combination with governance theory should be conducted since this offer a more nuanced way of looking at how lead firms committing towards a relational configuration to varying degrees work with labor standards.

8. References

- Accord. 2015. Accord of Fire and Building Safety in Bangladesh - Bangladesh. <<http://bangladeshaccord.org/bangladesh/>> (Accessed: 2015-02-22).
- Ahmed, S. & Raihan, M. & Islam, N. 2013. Labor Unrest in the Ready-Made Garment Industry of Bangladesh. *International Journal of Business and Management* Vol. 8, No. 15, (2013), pp. 68-80.
- Alvesson, M. & Sköldböck, K. 2008. *Tolkning och Reflektion: Vetenskapsfilosofi och Kvalitativ Metod* (2nd edition). Studentlitteratur, Lund.
- Azmeh, S. 2014. Labour in global production networks: workers in the qualifying industrial zones (QIZs) of Egypt and Jordan. *Global Network* Vol. 14, No. 4, 2014, pp. 1-19.
- Bair, J. 2005. Global Capitalism and Commodity Chains: Looking Back, Going Forward. *Competition and Change* Vol. 9, No. 2, 2005, pp. 153–180.
- Barrientos, S. & Mayer, F. & Pickles, J. & Posthuma, A. 2011. Decent work in global production networks: Framing the policy debate. *International Labour Review* Vol. 150, No. 3–4, 2011, pp. 299-317.
- Barrientos, S. 2013. Corporate purchasing practices in global production networks—A socially contested terrain. *Geoforum*, 44(1), 2013, 44–51.
- Birkland, T. 1997. *After Disaster: Agenda Setting, Public Policy and Focusing Events*. Georgetown University Press, Washington, D.C.
- Birkland, T. 1998. Focusing Events, Mobilization, and Agenda Setting. *Journal of Public Policy* Vol. 18, No. 01, 1998, pp. 53 – 74.
- Blasco, M. & Zølner, M. 2010. Corporate Social Responsibility in Mexico and France: Exploring the Role of Normative Institutions. *Business and Society* Vol. 49, No. 2, 2010, pp.

216-251.

Cao, N. & Zhang, Z. & To, K. M. & Ng, K. P. 2008. How are supply chain coordinated? An empirical observation in textile-apparel businesses. *Journal of Fashion Marketing and Management* Vol. 12, No. 3, 2008, pp. 384-397.

Carswell, G. & De Neve, G. 2013. Labouring for global markets: Conceptualising labour agency in global production networks. *Geoforum* Vol.44, 2013, pp. 62–70.

Coe, N, & Dicken, P, & Hess, M. 2008. Global production networks: realizing the potential. *Journal of Economic Geography* Vol. 8, 2008, pp. 271–295.

Cumbers, A. & Nativel, C. & Routledge, P. 2008. Labour agency and union possibilities in global production networks. *Journal of Economic Geography* Vol. 8, 2008, pp. 369-387.

De Geer, H. & Borglund, T. & Frostenson, M. 2009. Reconciling CSR with the Role of the Corporation in Welfare States: The Problematic Swedish Example. *Journal of Business Ethics* Vol. 89, 2009, pp. 269–283.

De Neve, G. 2009. Power, inequality and corporate social responsibility: The politics of compliance in the south Indian garment industry. *Economic and Political Weekly*, 44(22), 2009, 63–71.

Denzin, N. K. 1978. *The research act: A theoretical introduction to sociological methods*. McGraw-Hill, New York.

Denzin, N. K. & Lincoln, Y. S. 2003. *Collecting and interpreting qualitative materials* (2nd edition). Sage publications, Thousand Oaks.

Dicken, P. 2007. *Global Shift: Mapping the Changing Contours of the World Economy* (5th edition). Sage Publications Ltd, London.

Doz, Y. 2011. Qualitative research for international business. *Journal of International Business Studies* Vol. 42, 2011, pp. 582–590.

Dubois, A. & Gadde, L-E. 2002. Systematic combining: an abductive approach to case research. *Journal of Business Research* Vol. 55, No. 7, 2002, pp. 553–560.

Egels-Zandén, N. & Schüßler, E. & Frenkel, S. & Ashwin, S. & Kabeer, N. & Mahmud, S. 2015. Changes in the Governance of Garment Global Production Networks: Lead Firm, Supplier and Institutional Responses to the Rana Plaza Disaster. Working Paper

Firestone, W.A. 1987. Meaning in method: The rhetoric of quantitative and qualitative research. *Educational Researcher* Vol. 16, No. 7, 1987, pp. 16-21.

Frenkel, S. & Wright, C. 2014. Value Chain Governance, Big Events and Labour Standards' Regulation among Lead-Firms in the Australian Garment Industry. SASE Mini-Conference on Multi-level Institutions and the Changing Global-Local Dynamics of Production in a Context of Crisis, Chicago, July 2011, 2014.

Frenkel, S. & Schuessler, E. & Wright, C. 2015. Focusing Events and the Regulation of Labour Standards in Australian and German Garment Supply Chains: Towards Convergence? Workshop on Corporate Social Responsibility and Labour Standards: Bridging Private Governance, Industrial Relations and Management Perspectives, 23-24 April, 2015.

Gereffi, G. & Korzeniewicz, M. 1994. *Commodity Chains and Global Capitalism*. Greenwood publishing group, Westport, CT.

Gereffi, G. 1999. International trade and industrial upgrading in the apparel commodity chain. *Journal of International Economics* Vol. 48, 1999, pp. 37–70.

Gereffi, G. & Humphrey, J. & Sturgeon, T. 2005. The governance of global value chains. *Review of International Political Economy* Vol. 12, No. 1, 2005, pp. 78–104.

Gjørberg, M. 2010. Varieties of corporate social responsibility (CSR): CSR meets the “Nordic

Model". *Regulation & Governance* Vol. 4, 2010, pp. 203–229.

Haider, M. 2007. Competitiveness of the Bangladesh ready-made garment industry in major international markets. *Asia-Pacific Trade and Investment Review* Vol. 3, No. 1, 2007, pp. 3-28.

Huges, A. & Buttle, M. & Wrigley, N. 2007. Organisational geographies of corporate responsibility: a UK–US comparison of retailers' ethical trading initiatives. *Journal of Economic Geography* Vol. 7, 2007, pp. 491–513.

Lakhani, T. & Kuruvilla, S. & Agvar, A, 2013. From the Firm to the Network: Global Value Chains and Employment Relations Theory. *British Journal of Industrial Relations* Vol. 51, No. 3, 2013, pp. 440–472.

Levy, D. 2008. Political Contestation in Global Production Networks. *Academy of Management Review* Vol. 33, No. 4, (2008), pp. 943–963.

Locke, R. M., & Romis, M. 2007. Improving work conditions in global supply chains. *MIT Sloan Management Review*, 48(2), 54–62.

Locke, R. M & Qin, F. & Brause, A. 2007. Does Monitoring Improve Labor Standards? Lessons from Nike. *ILR Review* Vol. 61, No. 1, 2007, pp. 1-31.

Locke, R. & Amengual, M. & Mangla, A. 2009. Virtue out of Necessity? Compliance, Commitment, and the Improvement of Labor Conditions in Global Supply Chains. *Politics Society* Vol. 37, No. 3, 2009, pp. 319-351.

Lund-Thomsen, P. 2008. The global sourcing and codes of conduct debate: Five myths and five recommendations. *Development and Change*, Vol. 39(6), 2008, pp. 1005–1018.

Lund-Thomsen, P. 2013. Labor agency in the football manufacturing industry of Sialkot, *Pakistan*. *Geoforum* Vol. 44, 2013, pp. 71–81.

Lund-Thomsen, P. & Coe, N. 2013. Corporate social responsibility and labour agency: the case

of Nike in Pakistan. *Journal of Economic Geography* 2013, pp. 1–22.

Lund-Thomsen, P. & Lindgreen, A. 2014. Corporate Social Responsibility in Global Value Chains: Where Are We Now and Where Are We Going? *Journal of Business Ethics*, Vol. 123 2014, pp. 11–22.

Mahutga, M. 2012. When do value chains go global? A theory of the spatialization of global value chains. *Global Networks* Vol. 12, No. 1, 2012, pp. 1–21.

Merk, J. 2011. Production beyond the Horizon of Consumption: Spatial Fixes and Anti-sweatshop Struggles in the Global Athletic Footwear Industry. *Global Society* Vol. 25, No. 1, pp. 73-95.

Merriam, S. B. 2009. *Qualitative research: a guide to design and implementation*. Jossey-Bass, San Francisco.

Nadvi, K. & Lund-Thomsen, P. & Xue, H. & Khara, N. 2011. Playing against China: global value chains and labour standards in the international sports goods industry. *Global Networks* Vol. 11, No. 3, 2011, pp. 334–54.

Neilson, J. 2014. Value chains, neoliberalism and development practice: The Indonesian experience. *Review of International Political Economy* Vol. 21, No. 1, 2014, pp. 38-69.

Neilson, J. & Pritchard, B. & Wai-Chung Yeung, H. 2014. Global value chains and global production networks in the changing international political economy: An introduction. *Review of International Political Economy* Vol. 21, No. 1, 2014, pp. 1-8.

Niforou, C. 2014. Labour Leverage in Global Value Chains: The Role of Interdependencies and Multi-level Dynamics. *Journal of Business Ethics*, 2014.

Perry, P. & Wood, S. & Fernie, J. 2014. Corporate Social Responsibility in Garment Sourcing Networks: Factory Management Perspectives on Ethical Trade in Sri Lanka. *Journal of Business Ethics*, 2014.

Riisgaard, L. 2009. Global Value Chains, Labor Organization and Private Social Standards: Lessons from East African Cut Flower Industries. *World Development* Vol. 37, No. 2, 2009, pp. 326-340.

Riisgaard, L. & Hammer, N. 2011. Prospects for Labour in Global Value Chains: Labour Standards in the Cut Flower and Banana Industries. *British Journal of Industrial Relation* Vol. 49, No. 1, 2011, pp. 168-190.

Robinson, P. 2010. Responsible Retailing: The Practice of CSR in Banana Plantations in Costa Rica. *Journal of Business Ethics* Vol. 91, 2010, pp. 279–289.

Rothenberg-Aalami, J. 2004. Coming full circle? Forging missing links along Nike's integrated production networks. *Global Networks* Vol. 4, No. 4, 2004, pp. 335–354.

Ruwanpura, K. & Wrigley, N. 2011. The costs of compliance? Views of Sri Lankan apparel manufacturers in times of global economic crisis. *Journal of Economic Geography* Vol. 11, 2011, pp. 1031–1049.

Silverman, D. 2006. *Interpreting Qualitative Data: Methods for Analysing Talk, Text and Interaction* (3d edition). Sage publications Ltd, London.

Stringer, C. & Simmons, G. & Coulston, D. & Whittaker, H. 2014. Not in New Zealand's waters, surely? Linking labour issues to GPNs. *Journal of Economic Geography* Vol. 14, 2014, pp. 739–758.

Stake, R. 1995. *The Art of Case Study Research*. Sage publications, Thousand Oaks, CA.

Sunley, P. 2008. Relational economic geography: a partial understanding or a new paradigm? *Economic Geography* Vol. 84, 2008, pp. 1–26.

The Economist. 2014. Boots on the ground.

<<http://www.economist.com/blogs/schumpeter/2014/04/rana-plaza-collapse-one-year>>

(Accessed: 2015-02-02)

Van Maanen, J. 1979. Reclaiming Qualitative Methods for Organizational Research: A Preface. *Administrative Science Quarterly* Vol. 24, No. 4, 1979, pp. 520-526.

Xue, H. & Chan, A. 2013. The Global Value Chain. *Critical Asian Studies* Vol. 45, No. 1, 2013, pp. 55-77.

Yin, R. 2011. *Qualitative Research from Start to Finish*. The Guilford press, New York.

Yin, R. 2009. *Case Study Research: Design and Methods* (4th edition). Sage Publications Ltd, London.

9. Appendix

9.1 Interview Guide

Semi-structured interview guide – Due to confidentiality reasons, we cannot state the names of the interviewees nor the selected case firms.

Sourcing practices

- Please specify the percentage of your products in terms of value/quantity that are produced in Bangladesh/India. How do you perceive your bargaining power towards your suppliers?
- Please specify the percentage of production volume from suppliers where a business relationship has existed for at least five years? Does this differ depending on product and/or country?
- Please specify the percentage of production volume from factories owned by the affiliate?
- What are the main criteria your company uses when choosing suppliers (price, delivery, time, region,...)? Can you list these in order of importance? Have you experienced any conflicts between these factors?
- How would you describe the nature of your relationship with your suppliers in Bangladesh and India?
 - Do you have a large number of different suppliers for the same product?
 - Do you involve yourself in supplier operations?
 - Do you tend to use formal, standardized procedures or informal ones, based on personal relationships?
 - Do you use intermediaries? If yes, is your company responsible for negotiating production sites and prices or do you use your intermediaries for this?
- Are you pressured to ensure short lead times? If yes, how has the need for short lead times affected your value chain policies and practices?
- What are the main sources of influence regarding your company's ethical purchasing practices? UN Global Compact, Ethical code, CSR department, multi-stakeholder agreements, agreements with other major firms,...?

General CSR in your value chain

- What is the reason for using internal/external codes of conduct?
- Do you work with both external brands and private label brands? If yes, how does this affect your CSR work?
- Do you conduct audits and/or human rights due diligence at all new suppliers before placing orders?
- How does your production planning system help support that suppliers have reasonable working hours?
- How do you mitigate root causes of excessive overtime?
- How do you ensure that your pricing allows for payment of at least the legal minimum wages at your suppliers?
- Have you had any cases of non-payment of legal minimum wages in 2014? If so, how did you respond?
- Do your suppliers pay a wage equal to the living wage (in Bangladesh and India)? If not, have you analyzed the reason for this and what steps have you taken to raise wages?
- Please specify the percentage of total number of suppliers that were audited in 2014?
- When you identify violations at suppliers, how often do you cooperate with other brands in resolving these at shared suppliers?
- What percentage (by production volume) of your factories in Bangladesh and India has participated in labor and/or code of conduct trainings?
- Do you provide a public list of suppliers? Why/why not?
- What happens if a supplier does not comply with your codes of conduct?
- Did you terminate any contracts with suppliers due to code of conduct violations in 2014?
- Do you provide funding for your suppliers to undertake corrective actions?
- Do you audit second and third tier suppliers in Bangladesh and India?
- Have you ever interacted with local government officials in attempts to sharpen local laws?

Bangladesh specific

- How did the Rana Plaza accident in Bangladesh in 2013...
 - influence your company generally (e.g. sales, share prices, reputational effects,...)?
 - influence your purchasing practices and supplier relations in particular?
- Regarding Rana Plaza, was your company subjected to pressure by external organizations (e.g. NGOs, trade unions, investors etc) to change your purchasing policies and practices or supplier relations? If so, please explain and include comments on the role of the mass or social media).
- Has your company signed the Accord on Fire and Building Safety in Bangladesh?
 - What were the main reasons for doing so?
 - Has joining one of these led to a change in the nature of your relationships with your suppliers? For example, have they led to greater collaboration with your suppliers around their practices on safety and working arrangements?