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**The Political Role of Multinational Corporations in Global Supply Chains –
Examining the Legitimacy, Challenges and Prospects of
Multi-Stakeholder Initiatives**

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List of Abbreviations

AB	Advisory Board
Accord	Bangladesh Accord on Fire and Building Safety
Alliance	Alliance for Bangladesh Worker Safety
BGMEA	Bangladesh Garment Manufacturers and Exporters Association
BKMEA	Bangladesh Knitwear Manufacturers and Exporters Associations
BOP	Bottom of the Pyramid
BSCI	Business Social Compliance Initiative
CEO	Chief Executive Officer
CPI	Corruption Perception Index
CSO	Civil Society Organization
CSR	Corporate Social Responsibility
EITI	Extractive Industries Transparency Initiative
ETI	Ethical Trading Initiative
EU	European Union
FDI	Foreign Direct Investment
FLA	Fair Labor Association
FSC	Forest Stewardship Council
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GRI	Global Reporting Initiative
HRW	Human Rights Watch
ICT	Information and Communication Technology
ILO	International Labour Organization
ILRF	International Labor Rights Forum
ISEAL	International Social and Environmental Accreditation and Labelling Alliance
MNC	Multinational Corporation
MoU	Memorandum of Understanding
MSC	Marine Stewardship Council
MSI	Multi-Stakeholder Initiative
MSN	Maquila Solidarity Network
NAP	National Tripartite Plan of Action on Fire Safety and Structural Integrity
NGO	Non-governmental Organization
OECD	Organization for Economic Co-operation and Development
OHS	Organizational Health and Safety
PCSR	Political Corporate Social Responsibility
RMG	Ready-Made Garment
SAI	Social Accountability International
SC	Steering Committee
TBG	Transnational Business Governance
UK	United Kingdom
UN	United Nations
UNGC	United Nations Global Compact
US	United States
WRC	Worker Rights Consortium

Overview of Dissertation Papers

#	Title	Authors	Journal/Outlet	Status	Conference Presentations	Awards
I	Labour Rights in Global Supply Chains	Gilbert, D. U., Huber, K.,	Chapter in peer reviewed book (2017): Morsing, M., Rasche, A. and Moon, J. (Eds.), <i>Corporate Social Responsibility: Strategy, Communication, Governance</i> : 451-472. Cambridge: Cambridge University Press.	Published		
II	Political CSR and Social Development: Lessons from the Bangladesh Garment Industry	Huber, K., Gilbert, D. U.	Chapter in peer reviewed book (2015): Jamali, D., Karam, C. and Blowfield, M. (Eds.), <i>Development Oriented Corporate Social Responsibility, Volume 1, Multinational Corporations and the Global Context</i> : 228-246. Sheffield: Greanleaf.	Published	<ul style="list-style-type: none"> Academy of Management (AOM) Annual Meeting 2014; Society of Business Ethics (SBE) Annual Meeting, Philadelphia, USA, 2014 	Emerging Scholar Award at SBE 2014, received on basis of extended Abstract
III	How Corporations Manage Becoming Political Actors in Multi-Stakeholder Initiatives – the Case of the “Accord on Fire and Building Safety in Bangladesh”	Huber, K., Schormair, M.	Business & Society (BaS) VHB-JOURQUAL3: B	Under Review, 2nd round	<ul style="list-style-type: none"> European Group for Organizational Studies (EGOS) Conference, Neaples, Italy, 2016 Workshop at Cass Business School on Political CSR, London, UK, 2016 Accepted for presentation at SBE Annual Meeting, Atlanta, USA, 2017 	
IV	Multi-Stakeholder Initiatives and Legitimacy: A Deliberative Systems Perspective	Huber, K.	Business Ethics Quarterly (BEQ) VHB-JOURQUAL3: B	Under Review, 1 st round	<ul style="list-style-type: none"> Deliberative Democracy Summer School, University of Canberra, Australia, 2015 SBE Annual Meeting, 2015; AOM Annual Meeting (SIM Paper Dev. Workshop), Vancouver, CA, 2015 	

Synopsis

1. Introduction

Over the past two decades, globalization has led to an increased fragmentation of production of goods and services into different stages and activities along global supply chains (Kizu, Kühn, & Viegelahn, 2016). The income generated in global supply chains has nearly doubled over the past fifteen years (OECD, WTO, & World Bank, 2014). Drivers of the expansion of trade in the global economy and the related growth of global supply chains have been successive rounds of trade liberalization and advances in information and communication technology, which have substantially reduced trade and coordination costs. The International Labour Organization (ILO) defines global supply chains¹ “as demand–supply relationships that arise from the fragmentation of production across borders, where different tasks of a production process are performed in two or more countries” (ILO, 2015: 132).

In global supply chains, spatially and organizationally dispersed firms and factories in different countries are usually involved in only part of the overall value-adding process. Firms in this process usually fulfil narrowly defined tasks and ultimately trade intermediate goods across borders for further processing (Lee, 2016). Multinational corporations² (MNCs) in particular make use of extensive supply networks spanning the globe for the production of goods and services. In 2013, the United Nations Conference on Trade and Development (UNCTAD 2013: 16) estimated that trade linked to the global supply chains of MNCs made up nearly 80% of global trade, either in terms of intra-firm trade (i.e. a parent company trading with its affiliates or trade occurring among affiliated firms) or inter-firm trade (i.e. between unrelated companies). Due to often opaque ownership structures, determining the overall number of MNCs worldwide is difficult. The UNCTAD (2016: 134) estimates that globally 320,000 MNCs exist that have at least one foreign affiliate.³ According to UNCTAD’s 2016 world investment report, the top 100 MNCs “have on average more than

¹ I use the term global supply chains as a broad category for what is sometimes also referred to as global value chains or global production networks. For a discussion of these related concepts see e.g. Gereffi (2014) or Henderson, Dicken, Hess, Coe, and Yeung (2002).

² In this thesis I use the term multinational corporation (MNC) in a very broad sense, denoting as such corporations that conduct and steer business activities beyond national borders. For a discussion of alternative definitions please refer to Kutschker and Schmid (2011: 244–246). As the corporations that I refer to in this thesis all steer activities beyond national borders, I use the terms MNC and corporation interchangeably.

³ These estimates are based on data from Orbis for the year 2015.

500 affiliates across more than 50 countries” and account for almost 60% of global value added (UNCTAD, 2016: 134).

As MNCs have expanded in scope and influence, so too have concerns about the social and environmental costs of their global supply chains (Mukherjee Reed, Reed, & Utting, 2012). Although through the expansion of global supply chains more and more business is done and takes place in developing countries, so far “there is little agreement about the current and future responsibilities of business in development” (Lenssen & van Wassenhove, 2012: 403). The ILO estimates that a share of “57% of those who today live in extreme poverty are working women and men” (ILO, 2016). Moreover, according to the ILO approximately 2 million workers die each year from accidents at work or work-related illnesses (ILO, 2009). The collapse of the Rana Plaza textile factory complex in Bangladesh in April 2013, which killed more than 1,000 workers and left more than 2,000 injured, sadly represents an example in this regard. After the collapse of Rana Plaza, a number of western MNCs were identified to having had links with factories in the building at the time of the disaster (CCC, 2015b).

The social and environmental problems that emerge with and along global supply chains represent challenges of transnational governance⁴ (Doh, 2005; Scherer & Palazzo, 2011). While MNCs have through the expansion of supply chains increasingly spread their operations globally, a transnational rule system enforceable across national borders has not kept pace (Rasche, 2012; Ruggie, 2004). Since national governments are often either unable or unwilling to address “the social and environmental externalities of global business activities” (Mena & Palazzo, 2012: 527) and since intergovernmental organizations generally depend on weak or unwilling nation states for implantation of rules and standards, governance voids arise and persist in the global economy (Rasche, 2012). The decline of nation states’ regulatory authority and the blurring of boundaries of jurisdictions in the transnational sphere, driven by the ongoing process of globalization, are characteristic of what has been described by many authors as the ‘post-Westphalian world order’ (see e.g. Falk, 2002; Santoro, 2010; Scherer & Palazzo, 2011), or ‘post-national constellation’ (Habermas, 2001).

With the decline in “governance capability of nation-states” (Scherer & Palazzo, 2011: 903), corporations have over the past few decades increasingly been called upon by civil

⁴ As Risse (2004: 2) notes, there is ongoing debate with regards to how the terms “global and/or transnational governance” can be defined and demarcated. The term global governance is often used in a more general sense to denote forms of creating or maintaining political order beyond the nation state (Rosenau and Czempiel (1992). The term transnational governance is often used more specifically to refer to “governance arrangements beyond the nation-state in which private actors are systematically involved” (Risse 2004: 3), such as corporations which are the focus of this thesis. In this thesis I use both terms.

society actors to fill gaps that exist in national and transnational regulation with a view to social and environmental issues. Although some authors highlight the continuing relevance of states in regulating business conduct (see e.g. Gond, Kang, & Moon, 2011; Knudsen, Moon, & Slager, 2015), under pressure by critical stakeholders, corporations have over the past years increasingly contributed to the emergence of new forms of regulation above and beyond the nation state. Civil society organizations⁵ (CSOs) first prominently exerted pressure on the sportswear brand Nike in the 1990s, accusing it of tolerating exploitative labour conditions at their overseas suppliers (Zadek, 2004). Businesses responded to these pressures by increasingly adopting Corporate Social Responsibility (CSR) measures in order to promote the respect for labour rights or environmental concerns in their worldwide business activities (Peels, Echeverria, Aissi, & Schneider, 2016). CSR is generally defined as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (European Commission, 2011: 3).

While the CSR commitments by corporations initially were mainly geared towards individual firms, by e.g. devising individual supplier codes of conduct and conducting internal audits (Jenkins, Pearson, & Seyfang, 2002), over the past two decades MNCs have increasingly started to engage in voluntary self-regulation through multi-stakeholder initiatives (MSIs) (Scherer & Palazzo, 2011). MSIs are generally defined as regulatory institutions that bring corporations together with actors from different spheres of society, mostly with non-governmental organizations (NGOs) and labour organizations but at times also with academia or governmental actors in order to address the social and environmental problems emerging along global supply chains (Fransen & Kolk, 2007; Rasche, 2012). MSIs can differ vastly in their actor constellations and scope, such that I use the term MSI in this thesis as an umbrella term. MSIs are intended to fill the governance gaps that exist along global supply chains with regard to e.g. deforestation, health, or working conditions by issuing rules and standards that participants are supposed to abide by on a voluntary basis.

Examples of such self-regulatory initiatives include e.g. the Forest Stewardship Council (FSC), which issues a certification standard for sustainable forestry management, the United Nations Global Compact (UNGC), which promotes general principles for sustainable business conduct or the Extractive Industries Transparency Initiative (EITI), which promotes sustainable resource management in the oil, gas and mineral sector. Since MSIs involve

⁵ CSOs are usually defined as non-state, non-profit organizations in which people organize to pursue shared interests in the public domain (UNDP 2013). Though similar to non-governmental Organizations (NGOs), the category of CSOs is often perceived to be broader. In this thesis, I nonetheless use both terms interchangeably.

private actors in rule setting and enforcement, they have been referred to as “non-state market driven” governance (Bernstein & Cashore, 2007) and have been discussed as instances of private governance (Pattberg, 2007). Given the voluntary nature of rules and the absence of governmental, hard law mechanisms to enforce standards, the regulation offered by MSIs is generally referred to as ‘soft’ law (Abbott & Snidal, 2000; Gilbert & Rasche, 2008; Mena & Palazzo, 2012; Utting, 2002).

With MSIs on the rise as an empirical phenomenon, an expanding literature has emerged that addresses the inclusion of corporations in the governance and regulation of societal issues and assesses the potential and limitations of MSIs as new governance institutions (2007; Scherer & Palazzo, 2011; Utting, 2012: 1). Researchers have described and analysed the emergence and effectiveness of MSIs as governance institutions in the transnational sphere (Bäckstrand, 2006; Fransen & Kolk, 2007; Gulbrandsen, 2010; Hallström & Boström, 2010; Moog, Spicer, & Böhm, 2015; Turcotte, Reinecke, & den Hond, 2014) and critically discuss the legitimacy of a ‘political’ engagement of corporations in voluntary self-regulation (Banerjee, 2008; Banerjee, 2014; Crane, Matten, & Moon, 2008; Levy, Reinecke, & Manning, 2016; Scherer & Palazzo, 2007; Scherer & Palazzo, 2011; Whelan, 2012).

In the literature on CSR, in particular Scherer and Palazzo and colleagues explore how corporations are moving from being the object of regulation to being the subject of the communicative political process associated with the regulation of the global economy, and theorize the rise of MSIs in their concept of ‘political’ CSR (Scherer, Palazzo, & Matten, 2009: 329; Scherer, Rasche, Palazzo, & Spicer, 2016). Putting stakeholder deliberations at the centre of their concept of political CSR, Scherer and Palazzo propose that in MSIs, businesses embed themselves in “democratic processes of defining rules and tackling global political challenges” (Scherer & Palazzo, 2007: 1098).

While Scherer and Palazzo suggest that MSIs serve to democratically embed corporations and to facilitate and extend the adoption of social responsibilities by corporations, other more critical authors argue that such initiatives merely serve to expand corporate influence and represent a new form of “private capture of regulatory power” (Moog et al., 2015: 469). According to critics, the participation of corporations in MSIs “is neither benign nor democratic” (Levy et al., 2016: 365) but rather driven by strategic interests of corporations to undermine more progressive efforts of change (Banerjee, 2008; Edward & Willmott, 2008, 2013).

Despite the rise of research on the role and responsibilities of corporations in the global economy and MSIs as institutions of private business governance in recent years, as will be

outlined in the following, a number of gaps remain in the literature. Addressing certain gaps that exist in the current literature, this cumulative dissertation thesis with the title “*The Political Role of Multinational Corporations in Global Supply Chains – Examining the Legitimacy, Challenges and Prospects of Multi-Stakeholder Initiatives*” overall aims to critically examine the legitimacy of MSIs as institutions for business governance and to address the challenges and prospects that are associated with MSIs as means to govern societal issues in the context of global supply chains. The corporate engagement in political will-formation in MSIs is studied in this dissertation thesis at the example of the international textile industry, more specifically, at the example of the governance of working conditions through MNCs in the garment sector of Bangladesh. The garment sector of Bangladesh has grown substantially over the past years due to the increased shift of production by MNCs of the textile industry to developing countries. The rise of the garment sector in Bangladesh has, however, been accompanied by a number of social and environmental issues that MNCs are increasingly held accountable for. The challenges to securing environmental and social standards associated with the expansion of global supply chains of MNCs hence form the general background against which this thesis is set.

In sum, this thesis conceptually and empirically explores the phenomenon of MSIs and the role of businesses in the governance of societal issues along global supply chains. By conceptually addressing the prospects of MSIs to contribute to social development at the level of developing countries, this thesis highlights the fundamental role that democratic legitimacy plays in the context of private business governance. Moreover, through the empirical investigation of a recent MSI (Bangladesh Accord on Fire and Building Safety), this dissertation enhances the empirical knowledge about MSIs as institutional arrangements for the regulation of societal issues in supply chains. Finally, drawing on recent theorizing within deliberative democracy theory (Dryzek, 2010; Parkinson & Mansbridge, 2012), this thesis advances the theoretical understanding of interactions between MSIs and other actors and institutions in the co-performance of governance at a systemic level. As will be further outlined below, my thesis hence contributes to the present debate on political CSR and the role of MSIs in transnational governance in the CSR literature.

This introductory chapter to the four dissertation essays is organised as follows: in the subsequent section I provide a brief overview of the state of research on the role of MNCs in global supply chains in general and on MSIs as institutions of business governance in particular. In this section, the concepts of sweatshops, political CSR, deliberative democracy, MSIs and legitimacy are briefly introduced as the theoretical vantage points of this

dissertation. I then outline four major shortcomings of the current literature that this thesis aims to address before the methodological approach of each of the four dissertation papers is introduced. Subsequently, I provide some background on the global textile industry as the empirical context of this dissertation. I then briefly introduce the four dissertation papers. In a final section, I outline the contributions of the four dissertation essays and reflect on the overall contribution of this thesis to theory and practice.

2. Theoretical Background

Over the past few decades awareness of the environmental and social costs associated with global production has risen and brought questions regarding the political governance of global supply chains to the fore. The increasing engagement of businesses and civil society actors in the co-performance of governance in the transnational sphere has induced a new dynamic among the state, the business sector, and civil society and led to an intense debate in the literature on the responsibilities and legitimacy of businesses as political actors in transnational governance (Levy et al., 2016). This section outlines the basic streams within CSR research and related literatures on the role of business in the governance of societal issues in general and MSIs in particular upon which this dissertation builds. These basic streams of research relate to the scholarly debate on sweatshops which can be argued to form the origin of discussion on the role and responsibility of MNCs in global supply chains (2.1), the recent political turn in CSR research (2.2) and a broader, interdisciplinary literature on MSIs (2.3). Since the concept of legitimacy cuts across all of these debates, I will discuss this integrating concept at the end of this section (2.4).

2.1 The Sweatshop Debate and the Rise of CSR in the Context of Global Supply Chains

The debate on the role and responsibility of MNCs for upholding basic social and environmental standards along their global supply chains started out in the 1990s, when the sportswear brand Nike became the ‘poster child’ of the anti-sweatshop movement (Rodríguez Garavito, 2005; Zadek, 2004). In the 1990s, Nike was publicly accused by NGOs and labour rights activists of tolerating exploitative working conditions at their overseas suppliers (Locke, 2002). While there is no consensus on the exact definition of the term ‘sweatshop’, this negatively connoted term is generally used to refer to production sites that employ workers at low wages, for long hours and under poor conditions (Arnold & Hartman, 2006; U.S. General Accounting Office, 1988). Within the literature on CSR, ever since these first

accusations regarding the use of sweatshops by MNCs, a fierce debate has emerged over the question as to what extent sweatshops are morally admissible or not. Proponents of sweatshops usually argue from the point of view of neoclassical economics, suggesting that workers autonomously choose to work in sweatshops and that compared to domestic alternatives, sweatshops often represent the best option within the restricted choice set of workers and hence can be argued to making workers better off, not worse off (Powell & Zwolinski, 2012; Zwolinski, 2007). Opponents in turn usually argue from a Kantian perspective that sweatshops are morally wrong since workers are turned into mere means to achieve economic ends, instead of treating them as ends in themselves (Arnold & Bowie, 2007). Correspondingly, the opponents of sweatshops propose that MNCs have a duty to respect the dignity of workers and must not coerce and exploit them (Arnold & Bowie, 2007; Kates, 2015).

Irrespective of this ongoing scholarly debate, as a response to the fierce allegations by critical civil society organizations from the 1990s onwards many corporations have started to focus on labour rights and environmental issues along their supply chains and increasingly started to devise corporate social responsibility programs and engage in self-regulation (Goodpaster, Carroll, Post, Lipartito, & Werhane, 2012). With the rise of corporate social responsibility initiatives of MNCs and the increasing engagement of corporations in self-regulation, scholars have started to highlight the political dimension of CSR. The fact that corporations in the process of globalization increasingly engage in activities that were formerly regarded as governmental responsibilities has induced what has been termed as a ‘political turn’ in the literature on corporate social responsibility (Scherer et al., 2016).

2.2 The Political Turn in CSR Research

In its most general formulation the recent political turn in CSR research relates to a scholarly debate on the various political impacts of CSR, i.e. “to the ways in which business firms, as major economic actors in globalizing societies, extend their activities beyond the traditional economic spheres of society into the political realm” (Mäkinen & Kasanen, 2016: 103). While the relation between business and society and the political dimension of corporate responsibility have long been discussed in the field of CSR and business ethics (see e.g. Preston & Post, 1975; Cox, 1996; Strange, 1993), with globalization the conceptualization of corporate activities as a political phenomenon has gained new vigour. Contrary to more traditional forms of corporate attempts to influence the political process, e.g. through lobbying, or active engagement in advisory committees (see e.g. Hillman, Keim, & Schuler,

2004; den Hond, Rehbein, de Bakker, & Kooijmans-van Lankveld, 2014), the recent political turn addresses the advances of corporations, particularly MNCs, into spheres that are generally perceived to be the preserves of states. This concerns the provision of public goods, such as security, education and health services, through corporations (Matten & Crane, 2005, Boddewyn & Doh, 2011) as well as the increasing engagement of corporations in self-regulation through the participation in voluntary initiatives to fill gaps in global governance (Scherer & Palazzo, 2011; Bartley, 2007), on which I focus in this thesis.

Regarding the advancement of corporations into the political sphere and the related rise of MSIs as governance institutions of the global economy, in the literature on CSR a controversy has sparked. Whereas some scholars adopt an optimistic or ‘ideal perspective’ on the political conceptualization of CSR (PCSR), as Levy et al. (2016) put it, other scholars have taken a critical stance regarding the political engagement of corporations in governance. Both perspectives are shortly outlined in the following.

2.2.1 Ideal Perspectives on PCSR: MSIs as Arenas for Democratic Governance

Scherer and Palazzo and colleagues who have coined the term ‘political CSR’ today are most closely associated with an optimistic or ideal perspective (Levy et al., 2016). Scherer and Palazzo introduce their concept of PCSR as a way to account for the new realities created by globalization and intend to thus provide “a critical alternative to the purely instrumental view on CSR” (Scherer et al., 2016: 274), which builds on a clear separation between economic and political spheres and focusses on the business case of CSR (Carroll & Shabana, 2010; McWilliams, Siegel, & Wright, 2006; Sundaram & Inkpen, 2004).

The concept of PCSR of Scherer and Palazzo can be argued to possess both a descriptive as well as a normative aspect. At the descriptive level, Scherer and Palazzo note that the process of globalization has eroded the regulatory power of nation states and has led to a blurring of the traditional boundaries between the political and economic sphere of society (Palazzo & Scherer, 2006; Scherer & Palazzo, 2011; Scherer, Palazzo, & Baumann, 2006). They further suggest that many firms and in particular many MNCs have started to voluntarily fill gaps in global governance by providing public goods in society and by engaging in self-regulatory initiatives. Corporations hence increasingly assume responsibilities that go beyond mere compliance with legal requirements towards shaping them. Scherer et al. (2006: 506) define *political* in terms of Young (2004: 377) as activities

[...] in which people organize collectively to regulate or transform some aspect of their shared social conditions, along with the communicative activities in which they try to persuade one another to join such collective action or decide what direction they wish to take it.

The provision of public goods and acts of corporate self-regulation thus constitute political activities according to Scherer and Palazzo. However, besides solving urgent problems, the corporate engagement in self-regulation also provokes normative questions regarding the democratic legitimacy of such political engagement by corporations. At the normative level, their concept hence relates to the legitimacy issues associated with the conceptualization of corporations as political agents.

Drawing on Habermas' (1996) concept of deliberative democracy, Scherer and Palazzo (2007; 2011) suggest that in order to legitimize corporations as political actors, the interaction between corporations and civil society needs to be guided by a deliberative democratic decision making process. To illustrate their idea of a deliberative approach to CSR, they present MSIs such as the FSC as exemplars for how corporations in collaboration with NGOs can agree on industry self-regulation in deliberative democratic decision-making processes and contribute to solving urgent matters of societal concern in a way that embeds corporations in "democratic mechanisms of discourse, transparency, and accountability" (Scherer & Palazzo, 2007: 1110). According Scherer and Palazzo (2011: 910), the "politicization of the corporation" hence finds expression in the intensive engagement of corporations "in transnational processes of policy making and the creation of global governance institutions" and an integration of corporations in public discourses on societal interests.

Recently, Scherer et al. (2016) have provided an updated version of their concept of PCSR to account for new realities of the post-national constellation e.g. the financialisation and digitalisation of the economy or the rise of nationalism and fundamentalism. Reiterating that their notion of PCSR builds on public deliberation and "corporate contributions to different areas of governance [...] in cases where public authorities are unable or unwilling to fulfil this role" (Scherer et al., 2016: 276), they outline a number of aspects that have so far been neglected and require further research. Amongst others, Scherer et al. (2016: 287) note that so far there is little analysis of "how the new understanding of the political role of business firms" influences the interactions of corporations with competitors and how a political understanding of CSR emerges and evolves within corporations.

In sum, authors associated with the ideal perspective view MSIs as a means to solve complex problems and to level the playing field in the global economy (Levy et al., 2016). The term 'ideal' in this context refers to the optimism of scholars that MSIs as new forms of

governance promise “greater accountability, broader participation, and enhanced problem-solving capacity” (Levy et al., 2016: 367).

2.2.2 Critical Perspectives on PCSR: The Role of Power and Co-Optation in MSIs

Scholars critical of Scherer and Palazzo’s perspective on PCSR in turn argue that an increased political role of corporations in MSIs rather constitutes a threat to democracy and call into question the legitimacy and efficacy of private governance efforts (Banerjee, 2008; Edward & Willmott, 2008, 2013; Moog et al., 2015; Whelan, 2012). For more critical scholars, MSIs represent “de-politicization mechanisms that limit political expression and struggle” (Moog et al., 2015: 474) and merely serve to enhance corporate power and to undermine efforts by NGOs to achieve more progressive change (Banerjee, 2008; Fooks, Gilmore, Collin, Holden, & Lee, 2013; Whelan, 2012).

Several scholars suggest that particularly in the context of less developed democracies public interests have to be protected against private profit interests (Banerjee, 2008; Blowfield, 2012), as business-driven initiatives ignore normative and systemic issues and instead co-opt more fundamental critiques of corporation’s role in society at large (Fleming & Jones, 2013; Shamir, 2005, 2010). Scholars have further noted that the perspective adopted by Scherer, Palazzo and colleagues is overly optimistic, as it neglects asymmetric distribution of power and interests (Edward & Willmott, 2013). Authors in favour of a critical perspective instead propose that the structural features of capitalism provide business with substantial advantages over civil society actors, since corporations are equipped with greater resources than NGOs (Banerjee, 2008; Levy et al., 2016).

Critical scholars thus frequently challenge Scherer and Palazzo’s ‘deliberative’ approach to global governance. Edward and Willmott (2013: 563–566) for example use the FSC to illustrate what they see as “the limitations, or blind spots, of ‘political CSR’”. Whereas Scherer and Palazzo (2007: 1110) identify the FSC as an exemplar of deliberative democracy approach to transnational political governance, Edward and Willmott (2013) refer to a report by the Rainforest Foundation (2002), which criticizes the FSC for lack of transparency and shortcomings in democratic accountability as well as dominance of commercial interests in decision-making, in order to illustrate the danger of capture and subversion in MSIs. The participation of corporations in MSIs is consequently viewed by critical scholars as “a troubling trend toward private regimes dominated by MNCs and industry associations” that serves only their own particular instead of public interests (Levy et al., 2016: 368).

As the short review of the two positions highlights, to date the PCSR research stream has produced inconclusive results as to whether and to what extent MSIs encourage democratic deliberation and represent effective forms to address social and environmental issues along global supply chains. This ongoing debate hence points to the need for more research on the prospects and challenges associated with MSIs as well as the political role of corporations in them.

2.3 The Interdisciplinary Debate on MSIs and their Role in Transnational Business Governance

Besides within research associated with a political conceptualization of CSR outlined above, MSIs have also incited broader research interest in a variety of different disciplines ranging from management science to international relations, political science, sociology and law (Utting, 2012). This interdisciplinary literature takes a broader look at MSIs investigating in particular their emergence and effectiveness, but also addresses issues of legitimacy associated with MSIs (Bäckstrand, 2006; Black, 2008; Flohr, Rieth, Schwindenhammer, & Wolf, 2010; Gilbert & Rasche, 2008; Gilbert, Rasche, & Waddock, 2011; Hallström & Boström, 2010; Roloff, 2008; Turcotte et al., 2014; Utting, 2002, 2012). Moreover, interactions of MSI with other governance efforts have recently started to receive scholarly interest (Eberlein, Abbott, Black, Meidinger, & Wood, 2014; Wood, Abbott, Black, Eberlein, & Meidinger, 2015). In this eclectic literature, MSIs have been discussed under a variety of different names including for example multi-stakeholder networks (Roloff, 2008), transnational private regulation (Bartley, 2010; Graz & Nölke, 2008), non-state market-driven governance (Bernstein & Cashore, 2007), global action networks (Waddell, 2011), or public-private partnerships (Börzel & Risse, 2007), to name but a few.

With the emergence and proliferation of MSIs, different attempts have been made to categorize them according to different criteria, such as e.g. the different actors involved in establishing and governing initiatives (Abbott & Snidal, 2009; Fransen & Kolk, 2007) or the nature of the standards developed, i.e. principle-based versus reporting, certification or process standards (Gilbert et al., 2011). Waddock (2008: 87) suggests that the increasing number of MSIs is creating a “responsibility infrastructure” that constitutes “new rules of the game” for corporations.

Besides definitional efforts, researchers in recent years have started to address how the cooperation among non-state regulatory actors and institutions and governments influences and impacts on issues of development (Blowfield & Frynas, 2005; Mukherjee Reed et al.,

2012). While development is a highly contested concept, in recent years it has mainly come to be associated with the notions of human development and the sustainable development agenda promoted by the UN (Sumner & Tribe, 2008; UN, 2015). As Utting (2012: 4) notes, although MSIs often directly impact “core dimensions of sustainable, social and rights-based development, there has been relatively little systematic assessment of such initiatives from a development perspective”. More research is hence needed that addresses the developmental implications of MSIs.

Scholars have further addressed the “competition, power, and friction embedded in and surrounding the standard-setting activities” of MSIs (Hallström & Boström, 2010: 3). Hallström and Boström (2010: 4) for example invoke the notion of a regulatory space to highlight that a “variety of interdependent organizations at different levels and locations” intersect with the rule making activities of MSIs. This ‘relational dimension’ of MSI governance has recently received increased attention by scholars with a broad interest in transnational business governance (TBG). Eberlein et al. (2014: 2) argue that, as schemes to regulate business conduct in the global economy proliferate, “they do not operate in isolation”. Instead Eberlein et al. (2014: 2) suggest that MSIs increasingly “interact with one another, and with state-based regimes, in diverse ways”. Interactions are broadly defined by Eberlein et al. (2014: 2), as “the myriad ways in which governance actors and institutions engage with and react to one another”. Yet, as Eberlein et al. (2014: 1) note, given the complexity of interactions of MSIs with other actors and institutions associated with transnational governance more theory building is needed to explore and “understand the implications of these interactions for regulatory capacity and performance”. Wood et al. (2015: 336) further highlight that these “interactive dynamics have important but little-understood implications for the legitimacy and effectiveness” of transnational governance.

While research on political CSR and the broader literature on MSIs can be argued to having evolved in parallel, the central theme that cuts across and connects the streams of research outlined above is the concept of legitimacy. Since questions of legitimacy associated with MSIs as governance institutions for global business conduct have raised much debate not only in the context of the debate on political CSR but also in the broader interdisciplinary literature on MSIs, the concept of legitimacy in its current application to MSIs shall be outlined in the following in more depth.

2.4 The Concept of Legitimacy in the Context of the Debate on MSIs

With regards to legitimacy, two distinct notions – an empirical and a normative one – can in principle be distinguished (Dingwerth, 2008; Hahn & Weidtmann, 2016). The empirical, sociological notion of legitimacy focusses on “the actual *acceptance* of social rules, organizations, or structures” (Hahn & Weidtmann, 2016: 7), whereas the normative understanding of legitimacy relates to the question under which conditions such rules, organizations, or structures can normatively be perceived as being legitimate, i.e. to the *acceptability* of authority (Dingwerth, 2008). While analytically distinct, as Hahn and Weidtmann (2016: 97) note, both notions are often intertwined, as “[a]cceptance in empirical legitimacy can relate to normative principles and such principles that are brought forward in philosophical or political beliefs can influence empirical legitimacy beliefs”. Both of these notions have featured in the debate around MSIs and corporations as political actors in them.

Defined by Suchman (1995: 574) as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions”, legitimacy represents a pivotal construct in management theory and organizational sciences (Suddaby, Bitektine, & Haack, 2017). The notion of legitimacy as advocated by Suchman (1995) can be viewed as empirical, since it focusses on the factual social acceptance of a particular organization or entity which is a crucial prerequisite for an organization to be able to achieve its goals and for ensuring the “survival of the legitimacy seeking institution or organization” (Hahn & Weidtmann, 2016: 97). Suchman (1995) identifies three forms of legitimacy, namely pragmatic, cognitive and moral legitimacy. Pragmatic legitimacy is based on an audience’s evaluation in terms of self-interest, whereas cognitive legitimacy is based on taken-for-granted beliefs and comprehensibility. Moral legitimacy finally is socially constructed and based on conscious moral judgments that reflect a prosocial orientation in contrast to narrow self-interest (Suchman, 1995).

In developing their political conceptualization of CSR, Palazzo and Scherer (2006) also invoke Suchman’s notion of legitimacy. They argue that with the expansion of global supply chains corporations find their activities increasingly contested by civil society actors. Observing a ‘corporate legitimacy deficit’, Palazzo and Scherer (2006) propose that if corporations want to maintain legitimacy and their license to operate, they can no longer rely on taken for granted beliefs (i.e. cognitive legitimacy) nor resort to pragmatic legitimacy, e.g. through lobbying or strategic public relations, since such strategic actions provoke increasing resistance from critical stakeholders. Palazzo and Scherer (2006: 78) suggest that “moral

legitimacy has become the core source of societal acceptance” for corporations. Thus, according to Scherer and Palazzo if corporations want to uphold their legitimacy they need to proactively engage in public discourses with their stakeholders and MSIs provide suitable fora for doing so (Scherer & Palazzo, 2007; Scherer & Palazzo, 2011).

Moreover, empirical legitimacy has been discussed as an important precursor for the effectiveness of MSIs. Gulbrandsen (2010) for example notes that stakeholders that consider a standard as legitimate are more likely to comply with it. Black (2008: 138–139) similarly argues in empirical terms that MSIs need legitimacy if they are to “promote a motivational response from those whose behaviour it is they seek to change”, since MSIs do not have an infrastructure of coercion to fall back on to enforce compliance as states for example have.

The normative notion of legitimacy on the other hand “asks for the reasons why social rules, organizations, or structures can be perceived as legitimate” (Hahn & Weidtmann, 2016: 97). This understanding mostly draws on theorizing from the political sciences where legitimacy is discussed as a quality of processes and procedures associated with (political) rules and structures (Hahn & Weidtmann, 2016). Democratic legitimacy thus is generally concerned with delineating normative criteria of e.g. inclusiveness, transparency, and equality to determine the rightfulness, i.e. normative acceptability, of a given institution.

It is this normative notion of legitimacy that has been central to debates on the legitimacy of MSIs as governing institutions beyond the nation state (see e.g. Bäckstrand, 2006; Mena & Palazzo, 2012; Banerjee, 2008). Scherer and Palazzo and colleagues beyond analysing conditions of corporate legitimacy, also rely on a normative notion of legitimacy in discussing the new political role of corporations. In this regard, Scherer et al. (2016: 283–284) note that the concept of PCSR “tries to formulate conditions of legitimate political will-formation and rule enforcement in particular in contexts where governments are absent, corrupt or repressive and where private or civil regulation might be the only available forms of regulation”. Drawing on deliberative democracy theory, which broadly represents a political theory of democratic legitimacy, where “the legitimacy of a political decision rests on the discursive quality of the decision-making process” (Scherer & Palazzo, 2007: 1107), Scherer and Palazzo and colleague suggest that self-regulatory engagements by corporations in MSIs is legitimate if corporations engage in MSIs in public deliberations under conditions of non-coercion and transparency.

Mena and Palazzo (2012) further address and specify what conditions MSIs need to fulfil in order to be deemed democratically legitimate. Democratic legitimacy of MSIs, according to Mena and Palazzo (2012), relies on two dimensions. On the one hand, democratic legitimacy

is concerned with input legitimacy which according to them relates to the extent to which a particular institution is perceived as justified. Input legitimacy according to Mena and Palazzo (2012), can be assessed based on the criteria of inclusion, procedural fairness, consensual orientation, and transparency. On the other hand it is also dependent upon output legitimacy, which relates to the extent to which the rules and standards issued by an MSI serve to effectively solve the issue an MSI is set out to address and which can be assessed by the criteria of rule coverage, efficacy, and enforcement.

Although existing research has produced important insights into both the need for MSIs to be perceived as legitimate to effectively regulate social and environmental concerns as well as into how MSIs can be evaluated with respect to their legitimacy as individual institutions (Mena & Palazzo, 2012), current discussions mainly centre on MSIs as single and isolated institutions (Baur & Arenas, 2014; Eberlein et al., 2014). Yet, as Eberlein et al. (2014) have highlighted, MSIs do not exist in a vacuum. MSIs have external ramifications, i.e. they impact on and are influenced by other MSIs, governmental agencies, civil society actors and the general public in multiple ways. Together with other actors and initiatives, MSIs thus create complex systems of governance on a given issue. Eberlein et al. (2014), who have started to address the issue of interactions in transnational business governance, so far have focused on describing various forms of interaction suggesting that interactions between business governance schemes and other actors can range from cooperation, competition, convergence, conflict and coordination to chaos. The normative dimension of the conditions under which the complex systems of governance emerging from the interactions of an MSI with other actors can be deemed as normatively legitimate has until now, however, remained largely unaddressed. This systemic aspect of MSI governance hence also merits further research interest.

3. Research Agenda

As the brief review of the current state of literature on CSR and the role of MSIs in transnational governance has indicated, while MSIs and the role of MNCs in global supply chains have sparked much research interest in recent years, a number of gaps remain in the literature. In the following, I identify four gaps in particular, which this thesis aims to address:

First, the debate on the moral admissibility of sweatshops can be argued to form the foundation for the discussion on the role of MNCs in global supply chains. Over the past few years, this debate has escalated into a large body of controversial arguments. Yet, so far, no

comprehensive review of the arguments in favour of and against sweatshops exists. Moreover, while researchers frequently highlight the multi-actor nature of CSR (Eberlein et al., 2014; Rasche, 2012), so far the literature lacks an account that maps and categorizes different attempts that currently exist in the global economy to improve labour rights in global supply chains. Paper I of this dissertation aims to address this gap. Being conceptual in nature, Paper I addresses the following research question:

How do MNCs affect labour rights through their global supply chains and how can currently existing attempts to improve labour rights in the global economy be categorized?

Second, both research within the stream of political CSR and the broader literature on business governance highlights that MSIs have proliferated in recent years in number and scope and that many of them address issues that directly relate to core dimensions of development. However, the literature on political CSR so far primarily revolves around the transnational character of private governance in global supply chains and has only scarcely addressed the implications of MSIs at the national level of developing countries. In the broader literature on MSIs, as Utting (2012) notes, so far the implications of MSIs from a development perspective have also only scarcely been addressed. There hence is a need for further clarification on the relation between transnational MSI governance and development at the local level of developing countries. In particular, further research is needed to address the conditions under which firms in the political role that they assume when filling regulatory voids in developing countries, through their participation in MSIs, can be expected to contribute to development. Focussing on social development, which according to the UN relates to a broad range of issues such as e.g. the eradication of poverty and the fostering of just and stable societies (United Nations, 2002), the second dissertation paper aims to address this gap. Suggesting that there is considerable overlap between research on political CSR and the literature that addresses the role of CSR in development, the second dissertation paper integrates these different research streams. The research question that Paper II aims to address is as follows:

Under which conditions can firms be expected to contribute to social development by participating in MSIs?

Third, despite the attention that the concept of political CSR has received in the literature, as Scherer et al. (2016) note, so far there is a lack of research that addresses the underlying processes of how corporations enact their political role when participating in MSIs. Research in the context of the ideal perspective on political CSR has so far largely focussed on normatively ascribing a political role to corporations (Scherer & Palazzo, 2011) and delineating normative requirements for corporations as political actors in MSIs (Mena & Palazzo, 2012) without scrutinizing the processes involved in corporations becoming political actors in practice. Moreover, while recent studies elucidate the interaction dynamics between corporations and civil society actors associated with CSR initiatives (Bakker, den Hond, King, & Weber, 2013; den Hond, Bakker, & Doh, 2012; Levy et al., 2016; Mena & Waeger, 2014; Reinecke & Ansari, 2016) to date we know little about how companies interact with each other in MSIs (Eberlein et al., 2014; Scherer et al., 2016; Wood et al., 2015). Although the literature observes trends towards closer cooperation between competitors of an industry in MSIs (Schrempf-Stirling & Palazzo, 2016), so far we lack a deeper understanding of the processes involved in corporations taking on a political role in MSIs (Mena & Waeger, 2014; Scherer et al., 2016). To better understand the prospects and challenges associated with MSIs as governance institutions for transnational business conduct, Paper III hence aims to empirically address the underlying processes of how companies manage to take on a political role in MSIs. The guiding research question of Paper III is as follows:

How do corporations manage becoming political actors in MSIs?

Fourth, research in the context of political CSR so far has primarily been concerned with studying MSIs in isolation as ‘closed’ entities (Baur & Arenas, 2014; Eberlein et al., 2014) but neglected for the most part interactions between MSIs and other actors, institutions or initiatives outside of the immediate realm of participating parties that are internal of an MSI. In the broader literature on transnational business governance, scholars have recently started to highlight the “importance of interactions in transnational business governance” (Eberlein et al., 2014: 1). While Eberlein et al. (2014) have generated important descriptive insights into possible types of interactions in the context of transnational business governance, what has so far however remained largely unaddressed are the normative implications of the complex systems of governance resulting from interactions between different regulatory intuitions on a given issue. Wood et al. (2015) also suggest that more theory building is needed to understand the complex nature of interactions in the context of business governance. They further note

that while research has so far focused on explaining and predicting interactions more normative research is needed “to understand the conditions under which governance interactions can advance democracy, justice, fairness, dignity, prosperity and environmental sustainability” (Wood et al., 2015: 339). This shortcoming in the literature calls for further theoretical work on the role of interactions between MSIs and with other governance actors and institutions. Paper IV aims to address this gap. Drawing on recent theorizing in deliberative democracy theory, I argue for the need to move beyond more organizational-focused analyses of MSIs’ legitimacy (e.g. Mena & Palazzo, 2012) in order to address legitimacy of business governance at a systemic level. The underlying research question of Paper IV is:

How can the legitimacy of the overall system of governance, which emerges from interactions between MSIs and other actors and initiatives, be normatively evaluated?

Overall, developing a greater understanding of the legitimacy, challenges and prospects of MSIs as institutions of private business governance and how MNCs manage the political role that they assume in global supply chains when participating in MSIs, is highly relevant for two main reasons. First, it is relevant to further explore and understand the relations between MSIs, the local context in which they take place as well as issues of legitimacy associated with corporations taking on a political role in MSIs, since the literature so far is inconclusive as to whether and to what extent MSIs and the standards and policies produced by them represent legitimate and effective means to improving social and environmental governance of global supply chains. Introducing recent theorizing within deliberative democracy theory (Dryzek, 2010; Parkinson & Mansbridge, 2012) into the debate on MSI governance, this thesis aims to advance the theoretical understanding of the role of MSIs and MNCs in the co-performance of societal governance.

Second, the outlined questions also need to be explored further for practical reasons. Improving the governance of social and environmental issues associated with global business conduct requires knowing how corporations manage and understand their political role in MSIs and when MSIs can be conceived as being legitimate. Accordingly, developing further theoretical and empirical insights into the phenomenon of MSIs, as this dissertation thesis endeavours, is important to understand how MSIs can be constructively improved to enhance their legitimacy and effectiveness. Moreover, advancing the knowledge on MSIs can help managers make better informed decisions as to which initiatives to join. Finally, enhancing

knowledge about MSIs as institutional arrangements for the regulation of societal issues in supply chains can assist policy makers in coordinating their own governance efforts in a way that is desirable for business and society by building on the competencies of companies.

4. Methodology

The above identified research deficits represent gaps that require both further theoretical conceptualization and empirical research, which allows for an in-depth exploration of the phenomenon of MSI and the political role of MNCs in them. This thesis hence builds on both a conceptual and an empirical, qualitative approach. In the following I shortly outline the underlying assumptions of my research that drive the choice of methods applied in this dissertation.

A key defining characteristic of management research is its applied nature and interdisciplinary character (Tranfield & Starkey, 1998; Ulrich, 1995). Management research represents an applied science, since other than in purely theoretical sciences the research problems that are dealt with arise within the practice of business (Tranfield & Starkey, 1998; Ulrich, 1995). It is further interdisciplinary, since to solve the problems that arise within the practice, insights from different disciplines are used (Ulrich, 1995). However, management research does not operate according to a single agreed upon paradigm (Tranfield & Starkey, 1998). As Scherer and Palazzo (2007: 1096) highlight, much research in the field of CSR over the past few decades has built on a positivist research paradigm, i.e. a paradigm which holds the assumption that “correlations and causal relationships in the social world” can be objectively uncovered on the basis of empirical methods drawn from natural science. Researchers subscribing to the positivist paradigm seek “the facts or causes of social phenomena apart from the subjective states of individuals” (Taylor & Bogdan, 1998: 3) and usually employ quantitative, deductive methods (Bryman & Bell, 2011). For positivists the purpose of theory lies in generating and testing falsifiable hypotheses (Popper, 2002) in order to uncover “universal laws which explain and govern the reality which is being observed” (Burrell & Morgan, 2011: 3).

My research interest, in turn, lies in understanding how corporations experience and interpret their role within MSIs and their underlying motives for participating in the Accord. I also seek to advance the normative foundation of the current political conceptualization of CSR, rather than to establish universal laws and predict future behaviour of corporations. Hence, contrasting the positivist epistemological approach, my dissertation research instead

subscribes to the interpretive paradigm (Gioia & Pitre, 1990). In the interpretive paradigm, “the goal of theory building [...] is to generate descriptions, insights, and explanations of events so that the system of interpretations and meaning, and the structuring and organizing processes, are revealed” (Gioia & Pitre, 1990: 585). The underlying assumption associated with the interpretive approach is that understanding can only be achieved “from the point of view of the individuals who are directly involved in the activities which are to be studied” (Burrell & Morgan, 2011: 5). Interpretive approaches to theory building thus tend to be inductive in nature (Gioia & Pitre, 1990) and build upon a qualitative research strategies (Bryman & Bell, 2011). Moreover, rather than perceiving data as accurate representations of reality, interpretive researchers “view data as constructions, created through interaction between the researcher and the research setting” (Reinecke, Arnold, & Palazzo, 2016: xv).

Hence, besides adopting a conceptual research approach, being informed by the interpretive paradigm, this dissertation employs a qualitative inductive method. While conceptual research generally builds on and uses abstract ideas to “develop new concepts or to reinterpret existing ones” (Kothari & Garg, 2014: 3), qualitative methods are particularly well poised to understand and explain phenomena that are set in complex social, economic and institutional contexts involving multiple levels of analysis (Langley, 1999; Reinecke et al., 2016). Qualitative research is suited when studying ‘how’ and ‘why’ questions (Yin, 2014: 48) and phenomena for which theory is lacking (Locke, 2001), especially theory about mechanisms and processes (Corbin & Strauss, 2015; Creswell, 2005). This corresponds with my research interest in gaining an understanding of the underlying process of how corporations manage becoming political actors in MSIs. Table 1 below summarizes the particular method applied in each of the four dissertation papers. The method and procedure of each of the four papers is outlined in more detail in the following section.

Table 1: Overview of Research Questions and Methods Applied in the Four Dissertation Papers

Paper	Research Question	Method
I	How do MNCs affect labour rights through their global supply chains and how can currently existing attempts to improve labour rights in the global economy be categorized?	Conceptual
II	Under which conditions can firms be expected to contribute to social development by participating in MSIs?	Conceptual
III	How do corporations manage becoming political actors in MSIs?	Empirical, Qualitative
IV	How can the legitimacy of the overall system of governance, which emerges from interactions between MSIs and other actors and initiatives, be normatively evaluated?	Conceptual

Source: Own illustration

4.1 Research Design

As the review of the literature has highlighted, in the debate on the political role of corporations in global supply chains and MSIs a number of aspects are theoretically underdeveloped and thus call for further conceptual research. The objective of Paper I is to provide an overview of the current debate in the literature on the moral admissibility of sweatshop working conditions as well as to categorize different attempts by different actors to improving working conditions in global supply chains. Paper II aims to address the implications of transnational MSI governance for national level development of developing countries, whereas the objective of Paper IV is to theorize the role and pathways of governance interactions between MSIs and other governance actors and institutions for the legitimacy of transnational governance. As these research problems call for further theoretical clarification, in Paper I, II and IV, a conceptual research approach is employed. Conceptual research is related to abstract ideas and a theoretical way of reasoning and can be contrasted from empirical research (Kothari & Garg, 2014). Sutton and Staw (1995: 380) note that without conceptual theorizing a field will slide into “dust-bowl empiricism”, which means that in order to be able to conduct sound empirical investigations, a field necessitates theoretical constructs that can then be further tested.

In Paper I, we⁶ review and map the arguments that are brought forward by proponents and opponents of sweatshop labour and conceptually distinguish between different levels of institutional responses that currently exist to improve working conditions in global supply chains. In particular, we identify institutional responses at four different levels, namely the company, industry, multi-stakeholder and governmental level. In sum, Paper I provides an overview and categorization of the current debate on the role of MNCs in ensuring labour rights in global supply chains.

In Paper II, we introduce an existing theoretical framework, i.e. the criteria for democratic legitimacy of MSIs proposed by Mena and Palazzo (2012), into the debate around CSR and development and conceptually clarify the relation between democratic legitimacy of MSIs and social development. Overall, Paper II suggests that democratic legitimacy of MSIs matters for social development both as a means towards it, and as an end in itself. Paper II thus conceptually underlines the importance of a multi-stakeholder approach for development at the local level and illustrates this conceptual argument using the example of a recent MSI that is set in a developing country context, the Bangladesh Accord on Fire and Building Safety

⁶ Paper I, II and III were written in co-authorship. In referring to these papers, the personal subject pronoun is hence used in plural. Paper IV in contrast was single-authored; here the subject pronoun is used in singular.

(Accord). The Accord was initiated after the collapse of the Rana Plaza factory building to improve working conditions in the Bangladeshi garment sector.

A conceptual approach is also applied in Paper IV. In the fourth dissertation paper I develop a ‘new’ framework to normatively evaluate MSIs from a systemic perspective of deliberative democracy. The framework that I develop in Paper IV on the basis of recent theoretical developments within deliberative democracy reaches beyond the current literature’s focus of deliberations within the organizational setting of MSIs (e.g. Mena & Palazzo, 2012) and serves to both systematically analyse interactions between MSIs and other governance actors and advance them from a deliberative perspective. To illustrate my conceptual argument I apply my theoretical framework to the Accord in an exemplary manner.

Since both the concept of political CSR and MSIs represent areas for which theoretical propositions are still scarce, investigating how corporations manage becoming political actors in MSIs, which is the aim of Paper III, called for a real-life contextual examination and hence for an empirical, qualitative research approach (Miles & Huberman, 2008; Yin, 2014). Given our interest in elaborating theory on the underlying process of how corporations manage becoming a political actor in MSIs, we conducted an inductive, qualitative case study employing a grounded theory approach (Charmaz, 2006; Corbin & Strauss, 2015). A case study generally represents an empirical inquiry “that investigates a contemporary phenomenon in depth and in its real-world context” (Yin, 2014: 237).

To gain a thorough understanding of how corporations manage becoming political actors, we were concerned with finding a case in which corporations were confronted with taking on a political role. We found the relatively recent MSI, the Bangladesh Accord on Fire and Building Safety to represent a particularly compelling context to study corporations as political actors. The Accord can be regarded as an emblematic example of a private governance initiative that engages multiple actors in rule setting and enforcement in a weak institutional context. The Rana Plaza disaster shed light on the substantial institutional weaknesses of the government of Bangladesh in terms of rule enforcement and efficacy of government agencies (Bolle, 2014). By signing the Accord companies thus found themselves co-responsible for fire and building safety of garment factories in Bangladesh and were no longer the object, but subject of regulation and rule enforcement. The participation of corporations in the Accord and the associated exertion of a political role in Bangladesh can be interpreted as an attempt to collaboratively regain and maintain legitimacy in the eyes of critical stakeholders. The Accord hence represents a case in which corporations act as rule-

maker and rule-enforcer of building safety standards through an MSI in order to maintain their societal legitimacy and thus a setting where the phenomenon of corporations in a political role would be observable.

In focusing on the Accord as the setting for our case study, we opted for a single case design. Yin (2014) contrasts different rationales for conducting single case studies. According to Yin (2014), single cases represent an appropriate design, if they can be considered as either a critical, unusual, common, revelatory or longitudinal case. Critical cases, according to Yin (2014: 51), “contribute to theory building by confirming, challenging, or extending” the theory. As an emblematic example of a governance initiative in the context of political CSR, the case of the Accord can be categorized as a ‘critical case’, which allows for developing theory on how corporations manage becoming political actors in MSIs. The qualitative case study approach on which Paper III is based permitted gaining a fresh understanding of the complex social process underlying how corporations managed becoming political actors in the Accord.

4.2 Data Collection

Data for the case study of Paper III was collected over a period between December 2015 and April 2016 from two main sources: on the one hand, we collected primary data through semi-structured interviews and, on the other hand, we collected secondary data on the Accord in the form of archival material. The archival data collected included openly available minutes of Accord meetings, documents published by the Accord, the Accord’s Twitter Feed, as well as news articles. These additional sources allowed us to gain a deeper understanding of the temporal sequences of events and the broader context and dominant themes against which interactions between governance actors emerged. Table 2 summarizes the data collected for the case study.

Table 2: Overview of Data Sources

Type of Data	Description	#
Interviews	<u>Interviewees:</u> CSR managers, sourcing managers, trade unionists, Accord office project manager, staff of related institution	24 interviews with 29 persons (26:33 h of interview material, 522 pages of transcript)
Archival Data	<u>Accord Documents:</u> Steering Committee Meeting Minutes Advisory Board Meeting Minutes Reports (Annual Report, Inspection Reports)	16 Documents 10 Documents 14 Documents
	<u>Additional documents:</u> Accord Agreement, Building Code, Remediation Guidance, Twitter Feed, etc.	uncounted
	<u>News Articles:</u> Financial Times Economist Deutsche Welle Guardian	55 articles 20 articles 43 articles 15 articles

Source: Own illustration

We selected the interviewees for our case study based on a theoretical sampling logic (Corbin & Strauss, 2015). Instead of deciding on a particular sample prior to starting the research as in statistical sampling, theoretical sampling entails an iterative development of the sample which is oriented after the theory, which is developed within the process of research (Corbin & Strauss, 2015; Strübing, 2011). Theoretical sampling is thus geared towards the ‘genesis’ of new theory rather than towards testing existing theories. Other than in statistical sampling methods, which aim to achieve representativeness, the aim of theoretical sampling is rather a conceptual representativeness of the data, such that the data raised serves the analytical development of all relevant aspects and dimensions of the emergent concepts underlying the theory which is developed from the data (Strübing, 2011). This iterative sampling process continues until theoretical saturation is reached. Given our research question, we focused on interviewing corporate participants. Initially, we had interviewed a number of large corporations and then realized that it would be interesting to compare their experiences with those of smaller corporations. Moreover, in order to put the corporate views into perspective and minimize “retrospective sensemaking and/or impression management” (Eisenhardt & Graebner, 2007: 28), we also interviewed other, non-corporate participants of the Accord and staff of related institutions. We continued our interviewing process until we had the impression that no new insights emerged from our discussions with the interview partners and theoretical saturation was reached.

Overall, we conducted 24 interviews with 29 persons. Of these 29 interviews, 24 were corporate participants of a total of 16 different corporations. These corporations varied in size,

business model and sourcing volume from Bangladesh as well as in their rationales for joining the Accord. While some were early ‘voluntary’ adopters of the Accord, others, mainly importers for large retailers, were basically forced to sign the Accord by large retailers. We mainly interviewed CSR and sourcing managers, but also talked to two chief executive officers (CEO) of smaller companies, who were handling the Accord themselves. To receive multiple perspectives, besides the corporate participants in the initiative we interviewed representatives of both global union federations involved in the Accord and of the German Development Agency (GIZ) – which had been involved in the negotiation phase that had preceded the instalment of the Accord – as well as a manager of the Accord office in Amsterdam. A detailed overview of the conducted interviews is displayed in Appendix 6.

An interview guide served to structure our interviews, but was openly adapted to each interview situation. With the aim to trace how corporations managed becoming political actors, we asked broad and open questions to get our interviewees talking freely about their experiences with and views on the Accord. Besides broad questions on the interviewees’ experience with the Accord over time, we also probed for further information relating to their organizational roles, rationales for joining the Accord, perceived issues, actions to resolve issues, views on the future of the Accord (post 2018) as well as assessments of the effects of the Accord on their self-understanding as actors in global supply chains (see Appendix 7 for the interview guide). All but one of these interviews were recorded and transcribed with permission, which led to a rich body of text for our analysis (522 pages of transcript, see confidential Appendix 10 for interview transcripts).

4.3 Data Analysis

Since the aim of Paper II was to build theory from the case, in the analysis of the collected data we applied an open ended inductive research approach broadly based on the method of grounded theory (Corbin & Strauss, 2015; Gioia, Corley, & Hamilton, 2013). To aid the process of data analysis, we used the software MAXQDA, which helped us organize, develop and refine our emerging codes. In the analysis of our data we proceeded in iterative steps. As we conducted all but one interview together, after each interview we discussed themes that had come up during the interviews. With initial hunches about our data in mind, after the transcription of our interviews we formally coded our data and iteratively abstracted from first-order concepts, to more generic second order themes, which we ultimately aggregated into a coherent set of patterns that characterized the process of how corporations managed becoming political actors through their participation in the governance initiative (Corbin &

Strauss, 2015; Gioia et al., 2013). In this final step, we also compared and enriched our theoretical concepts through recourse to existing theory in the literature on CSR and MSIs. For a detailed account of our data structure resulting from our analysis, see Appendix 8.

4.4 Quality Criteria for Qualitative Research

While there is considerable controversy among researchers what constitutes quality in qualitative research (Corbin & Strauss, 2015; Seale, 1999), Yin (2014) suggests that qualitative empirical research endeavours can be assessed with a view to their validity and reliability. According to Yin (2014), validity in exploratory qualitative research commonly relates to construct and external validity. Construct validity means that a researcher needs to ensure that the suggested categories appropriately reflect the concept under study. Triangulation of data, i.e. using multiple sources of evidence to assess the same phenomenon from different angles (Reinecke et al., 2016), serves to increase the validity of findings. In our study we made use of different data sources in the generation of our theoretical categories, i.e. we not only relied on interviews but also analysed secondary documents (see Table 2).

Regarding the interviewees we not only relied on the corporate perspectives but also interviewed other types of participants in the Accord (see Appendix A6). External validity involves establishing the domain to which the findings of a study can be generalized. Since qualitative research usually builds on theoretical rather than statistical samples, generalization in qualitative research is based on analytical, rather than on statistical grounds. Other than in statistical analyses, where inferences are drawn from data to populations, qualitative researchers aim at “generalization at a conceptual level higher than that of the specific case” (Yin, 2014: 21, 41). External validity thus relates to “the extent to which the findings from a case study can be analytically generalized to other situations that were not part of the original study” (Yin, 2014: 238). As Reinecke et al. (2016: xx) note, by comparing results derived from a case study to previous theory, researchers can show how their case findings expand and generalize theories and thus “derive more general implications from the research”. Analytical generalization thus entails that researchers make explicit “how their results can be applicable to and thereby inform processes in similar situations” (Reinecke et al., 2016: xx), i.e. demonstrating their transferability. In our study, we drew on current discussions on interactions in business governance (Eberlein et al., 2014) and on the role of communication for shaping what constitutes appropriate corporate behaviour (Christensen, Cheney, & Morsing, 2008; Crane & Glozer, 2016; Fleming, Roberts, Garsten, Christensen, Morsing, & Thyssen, 2013; Haack, Schoeneborn, & Wickert, 2012) and discussed how our findings and

theorizing on MSIs transfer and compare to other contexts. In particular, we discuss the structural similarities between our case setting and other settings where multiple stakeholders are involved, e.g. in public-private partnerships (Austin & Seitanidi, 2012).

Reliability, in turn, entails “demonstrating that the operation of a study – such as the data collection procedures – can be repeated with the same results” (Yin, 2014: 46). In order to ensure reliability, we documented the research process, how we proceeded in our data analysis and how our theorization emerged from our empirical data. This included transcribing the interviews, documenting the timing, amount and extent of data collected, and summarizing information in data tables.

5. Empirical Context

All four dissertation papers build on and examine a relatively recent MSI, the Bangladesh Accord on Fire and Building Safety. While in Paper I, II and IV the Accord serves as an illustrative example, in Paper III it represents the setting for the in-depth case study. In order to provide a better understanding of the Accord, which is set in the context of the international textile and clothing industry, in the following I briefly provide some background on the industry in general and on Bangladesh in particular, before I introduce some basic facts on the Accord.

5.1 The Global Textile and Clothing Industry

The textile and clothing industry, which is sometimes also referred to as the apparel industry, is a diverse sector that has undergone fundamental changes over the past few decades (European Commission, 2016). Comprising the manufacturing, processing and distribution of textiles, i.e. the multi-staged process from the production of fibres to the sales of clothes in stores (Neugebauer & Schewe, 2014), the industry today counts as one of the most globalized: on the one hand, the industry is heavily involved in an international division of labour and on the other hand, trends in fashion often have a global reach. Since almost all of the intermediate products of the clothing and textile industry can easily be exported at each stage of the production process, starting from the early 1970s the industry has begun to outsource and offshore production stages (Neugebauer & Schewe, 2014; Staritz, 2010; Zink, 2012). Many developing countries have through this process been integrated into global supply chains. For many developing countries, the clothing sector has been and still is a gateway to an export-oriented industrialization process (Ernst, Ferrer, & Zult, 2005; Staritz, 2010).

Besides geographic shifts in the supply of textiles and clothing, the industry has recently experienced a shift towards ‘fast fashion’ (OECD, 2015). The system of fast fashion aims at reducing both production times and buying cycles in order to respond faster to new trends (Neugebauer & Schewe, 2014). The shortened lead times for the clothes are enabled through sophisticated information and inventory management systems (Cachon & Swinney, 2011; OECD, 2015). MNCs such as Zara and H&M are often cited as pioneers and examples of this new strategic orientation.

Today, the textile and clothing industry is “one of the largest and most value-creating industries in the world above media, transportation, and even commercial and professional services” (Amed, Berg, Brantberg, & Hedrich, 2016: 38). From 2000 to 2014, the numbers of clothes produced annually has doubled (Remy, Speelman, & Swartz, 2016: 2–3). In 2014 approximately 100 billion garments were produced which represents approximately 14 items of clothes per person on earth (Remy et al., 2016: 2–3). The overall growth in the industry has been driven by falling costs, amongst others due to advances in communication technology and the associated streamlining of operations as well as by rising consumer spending, particularly in emerging economies. Clothing sales in Brazil, China, India, Mexico, and Russia, have grown eight times faster over the period between 2000 and 2014 than in Canada, Germany, the United Kingdom (UK), and the United States (US) (Remy et al., 2016: 2–3).

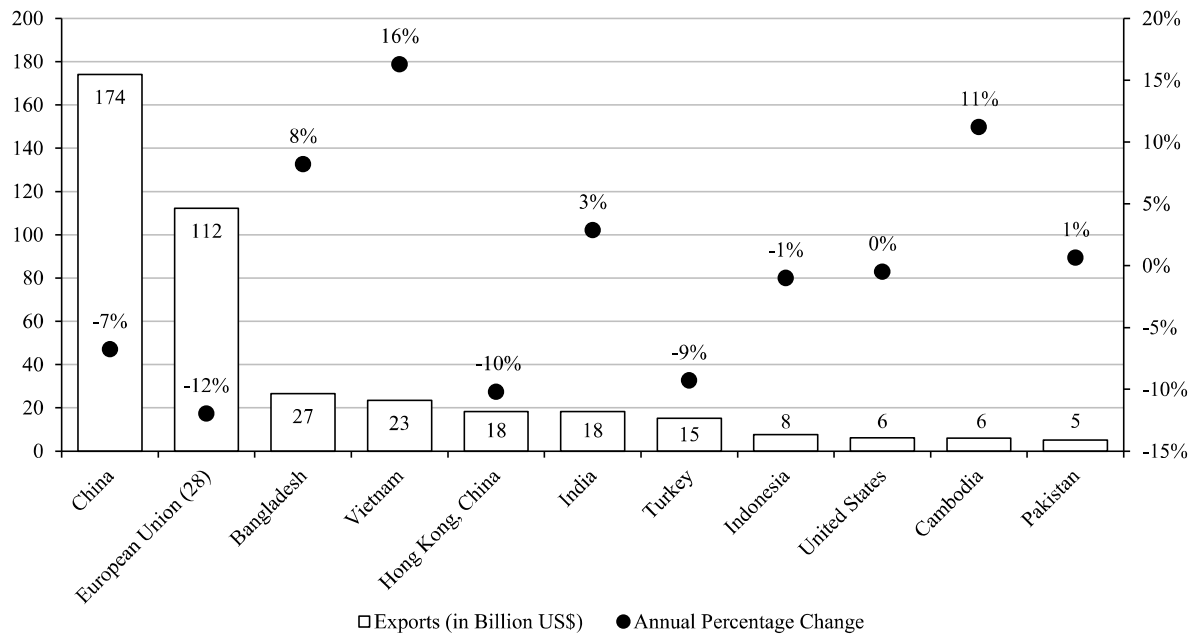
Over the past few decades, many MNCs of the textile and clothing industry have moved from producing collections in-house, i.e. covering multiple of the outlined stages, to sourcing parts or even full-fledged collections from foreign suppliers. MNCs of the textile and clothing industry today often concentrate on the knowledge intensive and value adding activities of identifying fashion trends, the design of clothes and the generation of brand equity (Gereffi, Humphrey, Kaplinsky, & Sturgeon, 2001; Gereffi, Humphrey, & Sturgeon, 2005). The labour intensive part of the clothing production process, which comes at the stage of sewing and finishing, in turn, is often outsourced to networks of subsidiaries, agents, suppliers and subcontracting suppliers in countries with lower labour costs (Barrientos & Smith, 2007; Gereffi et al., 2005; Staritz, 2010; Zink, 2012). This part of the production process, “has low start-up and fixed costs, and requires simple technology” (Staritz, 2010: 7), which has been conducive to moving it to low-cost locations mainly in developing countries.

5.2 Clothing Exporting Countries and State Capacity

Looking at the top ten exporters of clothing in 2015 (Figure 1), it becomes apparent that for many, predominantly Asian, countries the clothing sector today plays a pivotal role. After

China and the European Union (EU), Bangladesh, for example, is the third largest textile exporter in the world. Whereas China has experienced a decline compared to 2014, Bangladesh increased its share by 8% (WTO, 2017). For Bangladesh, clothing represents the main export product, comprising approximately 80% of total exports (World Bank, 2013).

Figure 1: Top Ten Exporters of Clothing 2015



Source: Own illustration based on data from WTO (2017)

If one matches the top exporting clothing countries with the Corruption Perception Index⁷ (CPI) of Transparency International, which can be perceived as one proxy for the regulatory capacity of states (see e.g. Englehart, 2009; Fortin, 2010), it becomes apparent that through the expansion of supply chains much of today’s clothing production takes place in settings where governance is either weak or absent. Bangladesh, for example, ranks 139 out of 168 countries in the CPI Index (Transparency International, 2015). A recent report of the Oekom Research Institute highlights that the textile and apparel sector, compared to other industries, exhibits the highest rate of violations of labour rights (Häuser, 2016). The industry’s turn towards fast fashion further aggravates the labour rights situation due to increased pressure on lead times (Amed et al., 2016).

⁷ The CPI indicates perceived levels of public sector corruption on a scale of 0 (highly corrupt) to 100 (very clean). Countries are ranked relative to other countries in the index (Transparency International (2015)).

5.3 The Role of the Textile and Clothing Industry in Bangladesh

Bangladesh's rise as one of the world's main clothing exporters is often cited as an example of modern day globalization (UN, 2004). Having gained independence from Pakistan through war in 1971, with a population of approximately 163 million Bangladesh counts as the world's eighth most populous country (UNDP, 2014; UNSD, 2016). For Bangladesh, the first decade after independence was characterized by periods of famine and poverty accompanied by political turmoil and military coups (UNDP, 2014). The increasing uptake of clothing production from the end of the 1980s onward has in particular contributed to considerable advances in economic and social development (Hasan et al., 2016). Today, the ready-made garment⁸ (RMG) sector represents Bangladesh's most important industry, making up 15% of its gross domestic product (GDP) (World Bank, 2015) and approximately 80% of its exports, currently valuing approximately US\$ 28 billion (BGMEA, 2017; World Bank, 2013). About 60% of these exports go to Europe and approximately 25% to the United States (US) (BGMEA, 2017). While shortly after the Rana Plaza disaster there were some fall-outs, RMG exports have continued to grow and the industry is expected to further expand over the coming years. The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Associations (BKMEA) have announced that they aim to reach US\$ 50 billion in exports by 2021, i.e. to double current export levels (CPD, 2016).

Although Bangladesh has experienced considerable growth of its GDP over the past thirty years, with currently about 63 million people living below the poverty line, it still ranks as one of South Asia's poorest countries (UNDP, 2014; World Bank, 2013). The availability of low-cost labour, has represented the main competitive advantage for Bangladesh and has drawn international investors to the country (Staritz, 2010). Wages in Bangladesh are only half those in India and Vietnam, and only one-fifth of China's (World Bank, 2013). Around 3.5 million people are employed in the garment industry in Bangladesh, of which the majority (approximately 80%) are young women (CCC, 2015a; World Bank, 2013). While there is controversy on the exact number of clothing firms in the Bangladeshi RMG garment sector (Anner & Bair, 2016), approximately 6,000 factories are registered with the BGMEA and BKMEA, some of which are however registered with both associations (Staritz, 2010). In addition, subcontracting factories exist that are registered with neither of the two associations since they do not directly export. Determining their numbers is difficult, yet in particular

⁸ The term 'ready-made garments' refers to the mass-produced finishing of textile products from different fabrics and yarns into clothing (GDV 2015).

Labowitz and Baumann-Pauly (2014) consider subcontracting to be endemic in the industry. Staritz (2010: 137) also notes that 10 million people are estimated to be indirectly employed with the clothing industry. Although foreign direct investment (FDI) has been central to establishing the clothing industry in Bangladesh, today locally owned firms dominate the industry (Staritz, 2010).

Politically, the RMG industry has over the past decades exhibited strong ties with the ruling elites of Bangladesh. An estimated 10% of members of parliament directly own garment factories, while a further 50% have indirect financial interests in the industry (Yardley, 2013). Bangladesh is characterized by a two party system. Power regularly alternates between the Awami League whose leader is the current Prime Minister Sheikh Hasina, and the Bangladesh Nationalist Party led by Khaleda Zia (Freedom House, 2016). An on-going feud between these two main parties has “significantly hampered the legislature’s role in providing thorough scrutiny of government policies, budgets, and proposed legislation” (Freedom House, 2016). Moreover, corruption and limited bureaucratic transparency have contributed to undermining the government’s accountability and induced the emergence of governance voids (Foreign and Commonwealth Office, 2016; Freedom House, 2016).

5.4 The Rana Plaza Collapse and its Aftermath

The fact that governance voids exist in the context of the textile and clothing industry in general, and in Bangladesh in particular, has sadly been illustrated by the Rana Plaza disaster in Bangladesh in April 2013. Against the background of weak enforcement of rules and regulations pertaining to the garment industry, Bangladesh had up to Rana Plaza already experienced a series of health and safety tragedies, which already cost the lives of hundreds of workers (CCC & SOMO, 2013). With its death toll of more than 1200 workers and many more severely injured, the collapse of Rana Plaza on 24 April 2013, however, represents the worst industrial accident in the country’s history.

The factory complex Rana Plaza situated in Savar, near Dhaka, had eight floors and housed five garment factories in which about 5,000 people, mostly female garment workers, were employed (Al-Mahmood & Banjo, 2013; Burke, 2014). The factory was built on swampy and unstable ground and the building’s owner, had added several stories to the building without permission (Mortimer, 2015). While some of the factories located in the complex had even been internationally certified, no one had ever checked the constitution of the building (CCC, 2013).

After the disaster, an international outcry in the media over the distressing images of the incident put both brands and retailers of the textile and clothing industry as well as the government of Bangladesh under pressure to act. While the government with the support of the ILO, set up a National Tripartite Plan of Action on Fire Safety and Structural Integrity (NAP) the industry responded with the instalment of two initiatives (ILO, 2014). On the one hand, a company-developed and company-controlled programme called the ‘Alliance for Bangladesh Worker Safety’ (Alliance) was instituted by mostly North American garment companies, amongst others Wal-Mart and Gap (Alliance, 2013). On the other hand, mostly European brands and retailers have signed up for the ‘Accord on Fire and Building Safety in Bangladesh’ (Accord), which involves also unions and NGOs and thus constitutes an MSI.

5.5 The Accord on Fire and Building Safety in Bangladesh

Signed on May 15th 2013, the Accord represents a five year binding agreement between more than 200 global brands and retailers of the textile and clothing industry, and two global as well as a number of local trade unions (see Appendix 9 for full list of signatories), designed to improve working conditions with respect to the safety and health situation of the Bangladeshi RMG sector (Accord, 2013). Four international NGOs, the Worker Rights Consortium (WRC), International Labor Rights Forum (ILRF), Clean Clothes Campaign (CCC), and Maquila Solidarity Network (MSN) served as witness signatories to the agreement and are externally overseeing the work of the Accord. The Accord operates through a foundation set up in the Netherlands and a liaison office in Bangladesh. It carries out independent inspections in all sourcing factories of brands and retailers and for this purpose set up a publicly available database in which corporate signatories have to register all their suppliers. Moreover, signatory brands have to ensure that sufficient funds are available for the remediation of possible hazards in the factories and subscribe to maintaining sourcing relationships with suppliers. The Accord further provides that democratically elected organizational health and safety (OHS) committees are instituted in all factories that are intended to ensure that health and safety risks are identified and tackled.

A Steering Committee (SC) in which brands and unions are represented on equal terms and which is headed by an independent chair of the ILO serves as the executive organ of the Accord. Brands regularly meet in a company caucus in order to advise the SC on their position. Furthermore, an Advisory Board (AB) brings together a larger set of stakeholders, amongst others the BGMEA and government officials, but has only a consultative function with no decision making power.

As of today, the Accord has inspected 1,560 factories and ordered corrective actions in almost all of these factories (Accord, 2017: 5). 38 factories were found to be below the acceptable level of safety (Accord, 2017: 9). While progress has been made, the majority of factories covered by the Accord are behind schedule with remediation (Accord, 2017). As of now, it is thus unclear whether the Accord will achieve its intended aim of making the industry safe until 2018.

5.6 Reflections on the Empirical Context

The international textile industry represents a fertile context to study corporate participations in private governance of global supply chains. Through the expansion of supply chains MNCs operate in countries where government oversight is either willingly or unwillingly absent, i.e. they operate in governance voids or areas of limited statehood, which Risse and Ropp (2013: 3) define as “parts of a country’s territory or policy areas where central state authorities cannot [or do not] effectively implement or enforce central decisions or even lack the monopoly over the means of violence”. In these contexts, by participating in MSIs, MNCs have over the past years increasingly stepped in to provide some measure of governance and have thus moved from being the object of regulation to being the subject. In the case of the Accord, corporations take over a governmental role in terms of the oversight of building regulation that have existed on the book in Bangladesh but have not been enforced. In the Accord, corporations have to engage with unions and NGOs in deliberations to decide on how to go about addressing structural weaknesses in the garment sector. The case of the Accord is particularly interesting because here the regulatory role is filled with unions on equal terms. It thus provides an ideal setting for this dissertation which aims at both empirically and conceptually exploring how labour rights are currently affected by the spread of global supply chains of MNCs [Paper I], the implications of MSIs for social development at the local level of developing countries [Paper II], how corporations manage becoming political actors in MSIs [Paper III] as well as the interplay among business, civil society actors and the state in the governance of societal issues in the context of global supply chains [Paper IV].

6. Summary of Papers

Paper I: Labour Rights in Global Supply Chains

The first of the four dissertation papers is conceptual in nature. The aim of the first dissertation paper is twofold. Firstly, it aims to map the controversial debate in the literature on the role and responsibility of MNCs in protecting labour rights along global supply chains. Secondly, it aims to identify and outline current existing responses by different actors and institutions to improving working conditions in global supply chains. To this end, the paper first introduces the concepts of global supply chains and labour rights before examining how MNCs through the use of international contracting arrangements in the production of goods and services impact on labour rights of workers both in developed and less developed countries. To define the concept of labour rights, the ILO's core labour standards, which form an internationally accepted baseline when it comes to protecting workers rights, are introduced and discussed. The paper then highlights how labour rights are currently frequently violated along global supply chains. Common violations amongst others pertain to inadequate pay and long working hours, forced and child labour, health and safety breaches or freedom of association. Work places where such labour rights violations occur are often referred to in the literature as 'sweatshops'. In the literature, throughout different disciplines, a fierce debate has emerged whether and to what extent work in so-called sweatshops is exploitative. Arguments in favour of sweatshops have mainly been voiced by neo-classical economists, proposing that sweatshops are mutually beneficial arrangements between workers and a factory and that taking away the option of working in a sweatshop would disregard the autonomous choice of workers (Powell & Zwolinski, 2012; Zwolinski, 2007). Arguments against sweatshops largely stem from business ethicists and philosophers who, often based on Kantian ethics, argue that sweatshops fail to respect workers' dignity and that MNCs have a moral duty to ensure adequate working standards (Arnold & Bowie, 2007; Kates, 2015).

Against this background Paper I reviews current existing attempts to improve working conditions in global supply chains. We conceptually draw a distinction between efforts at four levels and discuss the opportunities and challenges associated with these different approaches. The four levels we identify relate to the company, industry, multi-stakeholder, and governmental level. To illustrate these different responses to violations of labour rights, we discuss the case of the Rana Plaza factory collapse in Bangladesh in April 2013.

By summarizing the debate in the literature on sweatshops and reviewing existing responses to improving labour rights in global supply chains, Paper I sets the stage for the

following dissertation papers and provides a more nuanced understanding of the role and responsibility of MNCs in the context of global supply chains.

Paper II: Political CSR and Social Development: Lessons from the Bangladesh Garment Industry

The second dissertation paper is also conceptual in nature and directs the focus towards the role of MSIs in the context of global supply chains. It addresses and integrates two distinct discussions in the current literature on CSR, namely the debate on CSR and development and the political conceptualization of CSR. In the current literature on CSR, on the one hand, a stream of research has emerged that critically discusses the prospects and limitations of CSR to contributing to international development (Barkemeyer, Holt, Preuss, & Tsang, 2014; Kolk & van Buuse, 2012; Kolk & van Tulder, 2010; Lund-Thomsen, 2005). On the other hand, the literature on CSR has recently taken a ‘political turn’ focussing on the role of corporations in filling governance voids that exist along global supply chains (Scherer & Palazzo, 2007; 2011). Within both streams of research, MSIs play a central role. Whereas the CSR and development literature has focussed on the role and effectiveness of multi-stakeholder partnerships for providing developmental progress, the political perspective on CSR as promoted by Scherer and Palazzo and colleagues discusses how MSIs can contribute to closing governance gaps that exist in the transnational sphere with respect to social and environmental issues.

However, while the CSR and development debate has so far produced inconclusive results when it comes to judging MSIs’ role for development, political CSR scholars have so far mainly focussed on the transnational character of MSIs and only scarcely addressed the implications of MSIs for development at the level of the developing country. Arguing in this paper that there is considerable overlap between the two distinct streams of research, we propose that viewing corporations as political actors in developing countries provides additional insights for understanding the relationship between CSR and development. In this paper we focus on social development, which according to the United Nations (UN) refers to a broad range of issues such as e.g. the eradication of poverty and the fostering of just and stable societies (United Nations, 2002).

Drawing on the normative criteria for assessing the democratic legitimacy of MSIs as proposed by the political CSR scholars Mena and Palazzo (2012), we argue that democratic legitimacy of MSIs critically matters for social development. We propose that democratic legitimacy of MSIs matters for social development both as a means and an end in itself. It

matters as an end in itself, since in multidimensional conceptions of human development (Nussbaum, 2000; Sen, 1999) democratic participation is generally seen as an integral dimension of development. Thus, providing stakeholders from developing countries with a voice within an MSI, and thus the chance to actively participate in choices that govern their lives, can be perceived as an end in itself. Inviting stakeholders from developing countries to participate in MSIs, however, also represents a means to the end of development since integrating their voices is likely to lead to policies and programmes that are responsive to their needs. We hence propose social development as one effect of the increased democratic legitimacy of an MSI.

To illustrate our proposed political CSR approach to social development we analyse a recent MSI, i.e. the Bangladesh Accord, which was set up to improve fire and building safety in the context of the Bangladeshi Garment industry, in the light of the legitimacy criteria proposed by Mena and Palazzo. From this assessment we draw conclusions with regard to the implications of the MSIs for social development in Bangladesh. We find that while the Accord emerged only after the largest industrial disaster in recent human history (Rana Plaza), which can be interpreted as a blatant example of corporate irresponsibility, the Accord can be judged as having comparably high democratic legitimacy. By engaging with workers through union representatives and covering a substantial share of the garment industry, the Accord exhibits more democratic legitimacy than the rival initiative the Alliance. As the Accord sets new standards in terms of transparency as well as worker's engagement and since the Accord resides at the harder end of the soft-hard law continuum, we conclude that the MSI is likely to indeed serve to promote social development in Bangladesh. Finally, we propose that if corporations participate in democratically legitimate MSIs, they can be expected to contribute to social development. By integrating the so far disparate two streams of current CSR research, Paper II contributes to a more nuanced understanding of the role of MSIs in social development.

Paper III: How Corporations Manage Becoming Political Actors in Multi-Stakeholder Initiatives – the Case of the “Accord on Fire and Building Safety in Bangladesh”

In the third dissertation paper, we empirically investigate how corporations manage becoming political actors in MSIs. Despite corporations being at the centre of the normative debate around multi-stakeholder governance, there is a lack of research investigating the “underlying processes” (Mena & Waeger, 2014: 1111) of corporate political engagement in MSIs. The third dissertation paper therefore aims at providing a deeper understanding of the “modes of

operationalization” of political CSR by corporations (Scherer, Palazzo, & Matten, 2013: 151). In order to understand how firms deal with being assigned a de facto political role by participating in MSIs, we conduct an in-depth case study of the Accord. Employing a qualitative inductive theory-building method, we use interview and archival data to develop a framework revealing the interaction dynamics between corporations as well as the argumentative dynamics associated with the discursive construction of the political role of corporations.

We find that becoming a political actor in MSIs represents a two-dimensional challenge for companies. On the one hand, companies have to deal with practical aspects of being co-responsible for working conditions in areas of limited statehood, i.e. they have to manage the operational dimension of being political actors. On the other hand, companies have to develop an understanding of their political responsibilities in normative terms, i.e. they have to deal with the ideational dimension of being political actors. Our data highlight that companies manage the practical aspects of MSI participation through distinct, yet interrelated patterns of interfirm interaction, namely by *raising questions*, *sharing information*, *coalescing* and *representing*. Managing the normative-cognitive aspects of MSI participation in turn entails an engagement by corporations in argumentative constructions, which shape and define what constitutes appropriate corporate behaviour in the context of MSIs (Crane & Glozer, 2016; Fleming et al., 2013; Haack et al., 2012). In particular, we find that corporations resort to different arguments through which they either express a *(dis-)approval* of their experience with other stakeholders in the Accord, as well as arguments that express an *embracing* or *denying* of the political role that corporations assume through their participation in the Accord.

The empirical study of Paper III thus illuminates the trajectory of corporations from being formally and societally assigned a political role in MSIs to how they come to enact and discursively construct this political role (Scherer et al., 2016). Paper III contributes to the academic literature on the political role of corporations in multi-stakeholder governance by highlighting that becoming political actors in MSIs is a more nuanced and complex phenomenon than presently theorized.

Paper IV: Multi-Stakeholder Initiatives and Legitimacy: A Deliberative Systems Perspective

The fourth dissertation paper conceptually addresses and extends research on the legitimacy of MSIs as private institutions of transnational business governance. While issues of legitimacy associated with MSI governance have received much research interest by scholars

over the past years (Bäckstrand, 2006; Bernstein & Cashore, 2007; Black, 2008; Mena & Palazzo, 2012; Scherer & Palazzo, 2007), research has until now primarily focused on the legitimacy of single initiatives, studying interactions between stakeholders that are internal of MSIs but neglecting the external interactions of MSIs with other actors, such as with other initiatives or state-based institutions. Mena and Palazzo (2012), for example, with their suggested legitimacy criteria for single MSIs, focus on the extent to which deliberative ideals of non-coercion and transparency are realized within an MSI, but do not address how MSIs interact with and exert influence on other initiatives and regulatory institutions, e.g. those of the state. Yet, in interacting with other actors and institutions, MSIs contribute to forming complex systems of governance on particular issues. Current research on MSIs, so far, has however failed to address this important aspect.

Paper IV sets out to address this research gap. Drawing on the deliberative systems perspective which has recently evolved within deliberative democracy theory, I develop a conceptual framework to normatively evaluate the legitimacy of the overall deliberative system that emerges from the interactions between an MSI and other actors, initiatives and institutions. The recent ‘systemic’ turn in deliberative democracy theory “refers to an understanding of deliberation as a communicative activity that occurs in multiple, diverse yet partly overlapping spaces, and emphasizes the need for interconnection between these spaces” (Elstub, Ercan, & Mendonça, 2016: 139). With the deliberative systems approach, the focus of analysis thus shifts from an assessment of “the extent to which particular types of institutions do or do not meet standards of deliberative democracy” to the analysis of how individual institutions can be combined in order “to ensure that the norms of deliberative democracy are prevalent across the deliberative system as a whole” (Elstub & McIlaverty, 2014: 190; Mansbridge et al., 2012). Drawing on key authors of the systemic turn, in Paper IV, I develop a conceptual framework with normative criteria to assess the legitimacy of deliberative systems of which MSIs form part. The criteria I propose relate to four underlying functions of deliberative democracy, namely the epistemic, ethical, democratic, and consequential function.

To illustrate the value of my conceptual framework, I apply it to the Accord. The case of the Accord highlights that although the Accord as an individual deliberative institution seems to perform reasonably well (see also Paper II), the assessment from the systemic perspective makes evident that the Accord, while it may not exert outright negative effects, at least exhibits questionable external effects on the system taken as a whole which are not compensated for by other parts of the system. The case of the Accord thus illustrates that

when judging MSIs in deliberative terms the broader effects of MSIs on the system of which they form part need to be accounted for.

By broadening the focus from an examination of the legitimacy of individual MSIs, as small designed settings, to an analysis of how MSIs relate to and interact with other actors and institutions, Paper IV informs and moves forward the debate on legitimacy in the context of MSIs.

7. Contributions

The four papers of this dissertation thesis contribute to the current literature on MSIs and the political role of corporations in global supply chains through advancing both the theoretical and empirical knowledge of MSIs as governance institutions to regulate business conduct in the global economy. While all four papers of my dissertation draw on the Accord as a recent example of an MSI that aims to improve working conditions in a developing country context, the dissertation papers can be situated at different levels of analysis and thus in sum provide a holistic view on the political role of MNCs in global supply chains in general and the legitimacy, challenges and prospects of MSIs in particular. Paper I provides a general overview of the debate on the role of corporations in global supply chains and introduces MSIs as one of the currently existing attempts to improve working conditions in global supply chains. Paper I further discusses and makes evident general opportunities and challenges that are associated with MSIs. The following three papers then narrow the focus from the general discussion of MNCs in global supply chains to MSIs and deal with different aspects of MSIs and the political role of corporations in them, which so far have remained unaddressed in the literature. Paper II conceptually contributes to clarifying the link between the transnational character of MSIs and their impact on the local level of developing countries. Paper II highlights that the prospects of MSIs to contribute to social development at the local level fundamentally depend on the democratic legitimacy of an MSI. Paper III and IV, in turn, direct the focus towards the role of interactions of governance actors in the context of MSIs. As Eberlein et al. (2014: 6) highlight, interactions in the context of business governance “take place at multiple levels of analysis”, ranging from “the ‘micro’ level of the individuals and organizations that create and act within” MSIs to the ‘macro’ level of interactions between different institutions that form complex regulatory systems. Paper III focusses on the micro level of how corporations interact with each other within the Accord and thereby manage becoming political actors. The empirical study of Paper III reveals that not all corporations

that participate in MSIs necessarily become democratically embedded through the discursive interaction with stakeholders as Scherer and Palazzo (2007; 2011) propose. Instead the study highlights that some corporations use the newly forged ties with other corporations to curb further efforts to extend responsibilities of corporations in ensuring social and environmental standards along supply chains. Paper III thus highlights particular challenges that are associated with MSIs as governance institutions for transnational business conduct. Paper IV finally directs attention to the macro level of how MSIs interact with different initiatives, actors and institutions and thus contribute to forming complex governance systems. Having outlined in the first dissertation paper that efforts to improving social and environmental conditions in global supply chains can be found at different levels, the fourth dissertation paper addresses how these different levels interact and exert influence on each other and together form complex systems of governance on a given issue. Paper IV elaborates on the conditions under which such complex systems of governance – of which MSIs form one part – can be normatively deemed as democratically legitimate. Based on the normative evaluation of MSIs within such systems of governance, Paper IV introduces and discusses ways of how MSIs can advance the legitimacy of the overall system. As will be outlined below, the insights generated through this multi-level analysis are both theoretically and practically relevant.

7.1 Theoretical Contributions

By reviewing the debate on the role of sweatshops in global supply chains and categorizing the existing attempts to improving working conditions by different actors, Paper I theoretically contributes to a more nuanced understanding of the different actors involved at different levels in addressing the adverse impacts of global supply chains on the rights of workers in the global economy.

Focusing on the role of MSIs in particular, Paper II makes evident that MSIs as transnational governance institutions have important implications for social development at the local level of developing countries since this is where MSIs generally exert their regulatory influence. Integrating the so far rather disparate streams of research of political CSR and CSR and development, Paper II highlights that the democratic legitimacy of MSIs critically matters when corporations engage in developing country contexts. Democratic legitimacy of MSIs is an important precursor for social development, since it can be regarded both as a means to achieving social development and as an end in itself. Paper II thus contributes to an enhanced understanding of both the political role that corporations assume

when filling governance voids in the context of developing countries and the conditions under which corporations, through their participation in MSIs, can be expected to contribute to social development.

Paper III further advances the discourse on PCSR by analysing how corporations actually manage becoming political actors in MSIs through an in-depth case study. Paper III answers the calls of Scherer et al. (2016) and Mena and Waeger (2014) for more research on the underlying processes involved when corporations engage and interact with each other in MSIs. In focussing on how individuals and organizations interact in the Accord, Paper III adopts a micro-level perspective (Eberlein et al., 2014). On the basis of a qualitative, inductive approach, Paper III develops a theoretical framework that clarifies the different phases involved in corporations taking on a political role in MSIs and sheds light on the operational as well as ideational dynamics associated with corporations becoming political actors in MSIs. The framework highlights that companies construct their political responsibilities in MSIs through recurring discursive patterns. Interestingly, however, other than suggested by Scherer, Palazzo and colleagues the engagement of corporations in the MSI did not exert a ‘civilising’ effect on all corporations. While some firms discursively committed themselves to their political role adopting an open posture, others could be characterized by a denial of their role adopting instead a defensive posture regarding CSR. Our empirical study hence illuminates the trajectory of corporations from being formally and societally assigned a political role in MSIs, to how they come to enact this political role (Scherer et al., 2016). Furthermore, our study sheds light on and contributes to the discussion on the role of communication in the context of CSR. Recent research on CSR communication suggests that communication not only passively reflects, but also actively shapes and creates the reality of CSR programmes and initiatives (Fleming et al., 2013; Haack et al., 2012; Schultz, Castelló, & Morsing, 2013). Haack et al. (2012), for example, suggest that talking about CSR can have performative effects. They describe a process by which low initial commitment of managers to their companies’ CSR claims is transformed into higher levels of commitment through internalizing the inherent discursive aspirations of the companies’ CSR communications, and term this process as ‘creeping commitment’. Our study, however, highlights that companies construct their political responsibilities in MSIs through *contrastive* discursive patterns, suggesting that as much as companies talk CSR in two opposing directions they also walk CSR both ways. Paper III therefore shows that becoming political actors in MSIs is a more nuanced and complex phenomenon than presently theorized in the academic literature on the political role of corporations in multi-stakeholder governance.

Adopting a macro-level perspective, Paper IV responds to concerns by scholars who note that much research in the context of PCSR and business governance has so far focussed on isolated initiatives without addressing how MSIs interact and engage with each other at the systemic level (Baur & Arenas, 2014; Eberlein et al., 2014; Rasche, 2010). Moving beyond an isolated focus on the Accord as an individual deliberative institution, Paper IV addresses and accounts for how the Accord, together with other actors and institutions, contributes to forming a complex regulatory system with respect to the issue of working conditions in the garment sector in Bangladesh. By introducing the deliberative systems perspective that has recently emerged in deliberative democracy theory, Paper IV provides an important theoretical contribution to the literature on PCSR and transnational business governance. The conceptual framework that I develop in Paper IV allows for a normative assessment of the legitimacy of the overall deliberative system on a given issue of which MSIs form part. Paper IV thus provides a new angle on discussions around the legitimacy of MSIs as institutions of private governance (Bäckstrand, 2006; Mena & Palazzo, 2012) as well as on the study of governance interactions (Wood et al., 2015). Whereas Paper II, on the basis of the legitimacy criteria of Mena and Palazzo, draws a rather positive picture of the Accord, Paper IV critically highlights that when assessing the Accord from a systemic perspective a number of shortcomings come to light that would otherwise go undetected. Paper IV thus contributes to the debate on PCSR and MSIs by developing a conceptual framework that can guide our judgement when assessing the legitimacy of complex regulatory systems and by highlighting constructive ways of how MSIs can improve the legitimacy of larger systems of governance.

Overall, this thesis demonstrates that while MSIs today represent important institutions for business governance in global supply chains, they are no panaceas. Instead it not only critically depends on how they are managed internally, i.e. whether they internally adhere to democratic principles, but also on how MSIs interact with other actors and initiatives, whether and to what extent MSIs can be considered as normatively legitimate and actually contribute to effectively solving social and environmental concerns associated with global supply chains. Regarding the critical debate on the prospects and challenges of MSIs as tools for transnational business governance, from the findings of my four dissertation papers it can be concluded that neither do MSIs in and of themselves represent tools for democratic embedment of corporations, nor do they represent apolitical tools of corporate hegemony. Therefore, in sum, my thesis contributes to a more nuanced perspective on MSIs as private institutions of business governance and the political role of corporations in them. Based on

the findings of my dissertation, a number of practical implications can be drawn. These are briefly outlined in the following.

7.2 Practical Implications

Given the complex nature and systemic character of many of the social and environmental problems that arise along global supply chains, such as e.g. ensuring the health and safety of workers in supplier factories in developing countries, solving such issues exceed the capacity of single corporations. Therefore, collaborative approaches are vital to addressing such issues. This dissertation however highlights that democratic legitimacy of MSIs critically matters when corporations engage in developing country contexts. A practical implication that can be drawn for managers from this insight is that when being faced with a need to join or install an initiative, managers should take account of whether and in how far the MSI in question can be seen as being legitimate. The legitimacy criteria of Mena and Palazzo (2012), as introduced in Paper II, can hence guide managers in their decision making process as to which initiative to join.

Moreover, this thesis highlights that MSIs do not exist in isolation but form part of larger governance systems. When judging the legitimacy of the overall system we hence not only need to account for how well an MSI as a single institution performs but also to what extent it contributes to securing key functions of deliberative democracy at the systemic level. From this insight constructive ways to improving MSIs can be drawn. To increase their systemic impact, MSIs can for example reach out to other actors in their field to form learning platforms in order to improve the epistemic function of the overall system. One possibility in this regard is to join initiatives such as the ‘International Social and Environmental Accreditation and Labelling Alliance’ (ISEAL) which brings together different MSIs, standard-setting organizations and accreditation bodies, e.g. the FSC or Marine Stewardship Council (MSC), in an attempt to collectively improve effectiveness and impact (ISEAL, 2017).

The systemic perspective of MSI governance proposed in this dissertation also has practical implications for policy makers. As outlined above, the framework that I develop in Paper IV serves to assess the overall legitimacy of a deliberative system. When a system is falling short of one or more of the proposed normative criteria, policy makers can experiment with blending private regulation with public regulation and more strictly enforce existing legal standards to improve the overall quality of the regulatory system.

Furthermore, a number of practical implications can be drawn from the case of the Rana Plaza building collapse and the ensuing Accord. The case that runs through all four dissertation papers highlights that to improve conditions in global supply chains there is a need to go beyond a mere monitoring approach and to move towards capability building of suppliers, a need to look beyond the first tier of suppliers, a need to make sustainability an integral part of the business model and finally an overall need for more transparency in supply chains (Khurana & Ricchetti, 2016). The case of Rana Plaza sadly illustrated that monitoring alone is not enough to safeguard core labour standards. Two of the factories located in the building had been monitored prior to the collapse but the structural integrity of the building had never been checked. The Accord has thus moved towards building the suppliers' capacities and the instalment of OHS committees of workers that are in the factories every day and have an inherent interest in keeping the factory safe. These OHS committees could prove as a model for future initiatives. The case has also highlighted that subcontracting is an endemic issue in the textile sector and that when attempting to make an industry safe, corporations need to account for the deeper layers of the supply chain, as here most of the problems emerge. Furthermore, Paper III has made evident that not all corporations commit and engage equally in the Accord and hence not all corporations seem to integrate sustainability as a fundamental goal of their business. However, the attempts to improve working conditions of the Accord fall short if there is a disconnect between stated CSR objectives and corporate sourcing practices with last minute changes and low purchasing prices. Hence, this dissertation also highlights the need for more coherence in corporate policies and their approach to sustainability. Finally, the Accord has set new standards in terms of transparency by publishing supplier lists and making all inspection reports publicly available. Such transparency not only allows corporations that source in the same factory to increase their leverage vis-à-vis suppliers, but also allows critical CSOs to monitor achieved progress and hence can be seen as a necessary precondition for achieving progress on social and environmental standards in global supply chains.

8. Future Research

The findings presented in this dissertation provide rich avenues for future research. To address the open questions that this thesis identifies, both more normative and empirical research will be needed.

First, all four papers of this dissertation build on the Accord and thus focus on only one MSI that is set in the context of the textile industry. Future research will be needed to address to which extent the findings of this dissertation travel to other contexts, i.e. to other initiatives that are set in other industry sectors. The textile industry is a sector that has received much scrutiny by critical NGOs and the international media. Other, less publicly scrutinized industries might change, for example, the way in which the political dimension of CSR is experienced and managed by corporations. Moreover, the Accord exhibits a number of features that can be considered as rather unique, such as the parity of representation of unions in the SC, the legally binding nature of the Accord as well as the level of transparency required from Accord signatories. Future research should thus explore, e.g. through comparative empirical approaches, how corporations manage their political role across different types of MSIs.

Second, this dissertation explicitly focusses on MSIs. However, as Paper I and the case of the Bangladeshi textile industry highlight, within global supply chains also business led initiatives that deliberately do not engage with multiple stakeholders, such as the Alliance for Bangladesh Worker Safety which was installed parallel to the Accord after the Rana Plaza disaster, also play an important role. Yet, despite their prominence so far there is considerable less research on this phenomenon (Marques, 2016). Future research will be needed to address the impact of business driven initiatives in contrast to MSIs, which – other than business driven initiatives – generally involve different stakeholders from different spheres of society. Here the case of the Bangladesh garment industry also provides an interesting setting for comparative research.

Third, in our analysis of how corporations manage their political role in MSIs, we relied on interview and secondary data. Future research could further address the micro-level of PCSR by examining what motivates individuals and corporations to take on political responsibility (Scherer, 2017) and, based on an ethnographic approach, how CSR is understood and managed by organizations. In this context, research on responsible leadership (Maak, Pless, & Voegtlin, 2016; Voegtlin, 2011) that explores the role of leaders in creating the organizational context for political CSR could prove useful (Scherer, 2017).

Fourth, more research will be needed to further address the systemic, macro-level aspect of MSI governance. The deliberative systems view introduced in this dissertation is a nascent concept and deliberative democrats are themselves still working on ways to empirically assess deliberative systems. Future research is hence needed to address how the normative criteria of the deliberative systems perspective can be operationalized for empirical analysis. Moreover,

further research is needed to address how MSIs can best be sequenced and combined with other institutions to ensure that the norms of deliberative democracy are met in complex governance systems. To further address the systemic aspect of MSI governance, longitudinal and comparative empirical research would prove useful for examining how MSIs are sequenced with other institutions (e.g. governmental regulation) in a policy process and how private and public regulation are currently blended in the governance of supply chains. Particularly interesting in this context would also be to further examine ‘meta-standardisation’ initiatives such as the ISEAL Alliance. Here it would prove interesting to study how MSIs interact with each other within the initiative and examine this meta-initiative in the light of the normative criteria developed in Paper IV.

Fifth, future research will be needed to address the role of communication associated with MSI governance. Our findings indicate that while some corporations discursively commit to their role as political actors others instead deny it. While literature on CSR communication has highlighted the positive, aspirational aspects of CSR ‘talk’ (Fleming et al., 2013), further research will be needed study the performative effects of communication that instead expresses such denial. In this vein, studying the actual CSR ‘walk’ of corporations also merits further research and in particular the issue of decoupling, which describes a situation in which “actual CSR practices depart from the stated policies” (Scherer, 2017: 9). Rather than understanding decoupling as a binary state of ‘coupled’ versus ‘decoupled’ practice, future research should address the underlying processes of how corporations decouple their CSR ‘talk’ from their CSR ‘walk’ when engaging in MSIs.

Finally, more normative research will be needed to address the breadth of political responsibility that corporations can be expected to take on in the context of global supply chains. Here it will be interesting to study what may constitute undue burdens on corporations and how a concept of shared responsibility (Young, 2004), which in a way is implied in the systemic view on MSIs formulated in this thesis, could normatively play out in the governance of global supply chains.

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Paper I:

Labour Rights in Global Supply Chains

Dirk Ulrich Gilbert & Kristin Huber

Abstract⁹

In this paper we analyse how Multinational Corporations (MNCs) through the expansion of their supply chains commonly affect labour rights and review the current scholarly debate on the role and moral admissibility of sweatshops in global supply chains. Moreover, we review and conceptually distinguish different attempts that currently exist at different levels to improve labour rights in global supply chains. The different levels that we identify relate to the company, industry, multi-stakeholder and governmental level. To illustrate how these different attempts to improve labour rights play out in practice, we analyse the case of the Bangladeshi textile industry and the Rana Plaza building collapse of 2013.

Keywords: Labour Rights, Global Supply Chains, Sweatshops, Bangladesh, Rana Plaza

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Introduction

Globalization is often defined as a process of increasing economic, social, political and cultural interconnectedness. While globalization is certainly not a new phenomenon, as international trade has always been part of human history, the speed and scope of globalization has increased substantially in recent years. Over the past two decades, globalization has particularly manifested itself in the spread of global supply chains. The income generated in global supply chains has nearly doubled over the past fifteen years. Successive rounds of trade liberalization, advances in information and communication technology (ICT) as well as the liberalization of the global financial system and capital markets have substantially reduced trade and coordination costs and have been important drivers for the increase in global trade and the related growth of global supply chains.

Today, countries at all stages of development, ranging from low income countries to the most advanced, are involved in global supply chains. The expansion of supply chains has also led to a growing specialization of countries and firms in specific activities or stages in the value chain. Multinational Corporations (MNCs) increasingly outsource activities from industrialized countries to international networks of contractors in both developed and less developed countries. As a consequence, many industries today are characterized by a clear division of labour. In the footwear, apparel, or electronics industry, for example, MNCs mainly concentrate on value chain activities such as research and development, product design and marketing while thousands of independent contractors in developing countries and emerging economies focus on the often labour intensive production of goods. These contractors cobble shoes, sew shirts or assemble mobile phones according to exact specifications of MNCs and are required to deliver high-quality products often according to very tight delivery schedules. International production networks therefore reach over many national and cultural borders and are affected by multiple jurisdictions and different cultural norms and values. While the participation in global supply chains provides many developing countries with the chance to enhance economic growth and generate new income opportunities for the population, as will be highlighted in this paper, the working conditions for many workers in local production facilities frequently are abysmal.

In this paper we are particularly interested in the contracting arrangements of MNCs with suppliers in less developed countries which have been labelled as ‘sweatshops’. Critical stakeholders from civil society such as labour and human rights activists, trade unions, and non-governmental organizations (NGOs) have charged that large MNCs exploit workers in

sweatshops by failing to pay a living wage, tolerating child labour and disregarding basic labour rights.

This paper proceeds as follows: In the next section we provide a brief overview of the labour rights frequently affected by the contracts between MNCs and their suppliers before we discuss a number of examples for violations of these labour rights in global supply chains. We offer a definition for sweatshops and then continue to critically evaluate the pros and cons of sweatshop labour. Based on these insights we briefly review opportunities at different levels and by different actors to regulate and improve working conditions in global supply chains. In particular, we discuss the role of MNCs, industry-led initiatives, multi-stakeholder-initiatives, and governments in improving labour rights in global supply chains. Finally, a case study addresses the collapse of the Rana Plaza factory complex in Bangladesh in April 2013, which killed over 1,100 textile workers and left more than 1,500 injured. This case study provides both the opportunity to better understand the manifold problems associated with labour rights in sweatshops and to review different initiatives intended to improve working conditions.

Labour Rights

Working and having a job is central to people's well-being all over the world. Work does not only provide income but also paves the way for social and economic advancement of individuals, their families and the communities they live in. Throughout history workers have tried to express their interests and claim their rights. After World War I, based on the insight that social peace is a crucial prerequisite for peace and economic growth, in 1919, the International Labour Organization (ILO) was established. The ILO is a key player in the arena of labour rights and has developed a system of international labour standards. The ILO promotes opportunities for workers to obtain productive and decent work in conditions of freedom, equality, security and most important dignity (ILO, 2015a). In 1946 the ILO became a specialized agency of the newly formed United Nations (UN). The UN also backed workers' interests by incorporating some key labour rights into the articles 23 and 24 of the United Nations Declaration of Human Rights.

The goal of both the UN and the ILO is to introduce globally applicable and acceptable minimum standards to protect employees' rights. The labour standards are, however, only legally binding once a member state has ratified them. Since its inception the ILO has issued 189 conventions on labour rights (as of 2014) of which eight are considered as the "core

labour standards” being recognized internationally and claiming validity for all countries. The core labour standards are the following:

- Freedom of association and the effective recognition of the right to collective bargaining (Convention No. 87 & No. 98)
- The elimination of all forms of forced and compulsory labour (Convention No. 29 & No. 105)
- The effective abolition of child labour (Convention No. 138 & No. 182)
- The elimination of discrimination in respect of employment and occupation (Convention No. 100 & No. 111).

The UN and the ILO are only two of a large number of stakeholders (e.g. consumers, governments, NGOs) who are interested in labour rights, and the core labour standards mentioned above represent only a small fraction of the multitude of labour rights which are possibly at stake. The list of these labour rights is long and covers e.g. the right to a living wage based on a regular working week that does not exceed 48 hours or a safe and healthy workplace free from violence and harassment. We focus mainly on the role of MNCs in regard to labour rights and we want to show that labour rights violations are commonplace in global supply chains and mostly happen in the plants of local contractors, the so called sweatshops.

Violations of Labour Rights: Sweatshop Labour in Global Supply Chains

The definitions of “sweatshops” vary in the literature. The U.S. General Accounting Office (1988) defines sweatshops as production sites employing workers at low wages, for long hours and under poor conditions. Arnold and Hartman (2006: 677) define the term “sweatshop” as “any workplace in which workers are typically subject to two or more of the following conditions: income for a 48 hour workweek less than the overall poverty rate for that country; systematic forced overtime; systematic health and safety risks due to negligence or the wilful disregard of employee welfare; coercion; systematic deception that places workers at risk; and underpayment of earnings.” Other authors believe that defining a sweatshop only by referring to different aspects of working conditions is hampering a substantive debate over the morality of sweatshop labour by definition. They propose to define sweatshops more broadly as industries which violate labour rights in a way which makes their actions *prima facie* wrong (Zwolinski, 2007). Following this definition, sweatshops exist throughout the world in both developed and less developed countries. The

critical discussion of sweatshops in the public and in the academic literature has nevertheless primarily focused on developing countries. These sweatshops are usually legally independent firms that have become part of the global supply chains of large MNCs.

The critical discussion concerning sweatshops mainly focuses on the violation of labour rights and the moral status of sweatshop labour. It is important to note that violations of labour rights are widespread and often happen with the implicit approval of local authorities. In Bangladesh, for example, factory owners have in the past been accused of colluding with state institutions and bribing government officials to defy regulations and building codes. Moreover, factory owners are among the wealthiest people in the country occupying around 10 percent of the seats in the Bangladeshi parliament (Zaman, 2014). Table I.1 provides only a few examples of such labour rights violations to exemplarily illustrate the magnitude of the problems related to the global contracting arrangements of MNCs.

Table I.1: Common Labour Rights Violations in Global Supply Chains

Form of Labour Right Violation	Example
<p><i>Child Labour</i></p> <p>The ILO estimates that around the world app. 168 million children are working instead of going to school. 60 percent of child labour occurs in the agricultural sector (e.g. in the production of cocoa, tea, cotton, palm oil). Most children labourers face ‘hazardous’ work environments that are harmful in physical and mental terms. (ILO, 2015b; ILRF, 2015)</p>	<p><i>Cocoa Industry, Cote d’Ivoire</i></p> <p>Cote d’Ivoire accounts for much of the world’s supply in cocoa. While cocoa is lucrative to international traders, farmers in West Africa often receive very low wages. Farmers often cannot hire labourers to harvest, but draw their children out of school to perform this arduous task. According to the US Department of Labour, in the harvest season of 2008–2009, in Cote d’Ivoire, roughly 820,000 children aged between 5 and 17 were working in the cocoa sector, 10% of which were victims of child trafficking and forced labour. Children working on cocoa plantations find themselves exposed to chemicals and long working hours. Child labour often leads to low educational access and attendance which again traps families in a vicious cycle of poverty. (U.S. Department of Labor, 2013)</p>

Forced Labour

In 2014, the ILO recorded around 21 million people as victims of forced labour. The sectors most afflicted with forced labour are domestic work, agriculture, construction, manufacturing and entertainment. Besides women and girls, indigenous people and migrant workers are particularly vulnerable to being forced into labour. (ILO, 2015a)

Electronics Industry, Malaysia

A recent study by the human rights NGO Vérité found that working conditions in the Malaysian electronics sector, particularly for migrant workers, are prone to resulting in forced labour. 28% of workers, both female and male, were found to be in situations of forced labour. High recruitment fees and the debt that workers often incur to pay those fees, leave workers vulnerable to exploitation. A common practice in the Malaysian electronics sector is the retention of passports. As the study reports, for 71% of foreign workers it was either difficult or impossible to receive their passport back when they asked for it. (Vérité, 2014)

Living Wages

In many countries of the world, a considerable gap exists between the wages that workers earn and the cost of their basic needs. While ILO has set standards on regular payment of wages, and minimum wage levels, often wages are either not paid out or workers are paid in manufactured goods, or alcohol. Some governments have also set the legal minimum wage below the actual cost of living, in order to attract foreign investment. With a living wage workers should not only be able to satisfy their basic needs but also be able to e.g. pay for education of their children and transportation. (ILO, 2015a; ILRF, 2015)

Apparel Industry, Cambodia

Cambodian garment factories produce for the whole of the global fashion industry. The lion's share (80%) of workers in the Cambodian garment industry is made up of women aged 18-35. Due to high inflation rates, the minimum wage in Cambodia does not cover the costs for basic needs. Factory workers in Cambodia are only consuming half of the calories recommended for a grown up person with the result that many workers are experiencing health issues due to underweight. While the Cambodian minimum wage was recently set at US\$ 100/month, the Asia Floor Wage Alliance suggests that in order to provide for a living of a family, a wage would need to be set at US\$ 283/month. (CCC, 2015)

Freedom of Association

In many countries workers are hindered to collectively organize. Intimidations and acts of violence are often used to stop workers from collective action. To undermine unionization, workers get fired, or imprisoned or are replaced with migrant workers or children who are often even less able to claim their rights. (ILRF, 2015)

Electronics Industry, China

China is the largest manufacturer of consumer electronics, producing goods for MNCs such as Microsoft and IBM. In China the only union allowed, is the non-democratic 'All-China Federation of Trade Unions' (ACFTU). However, Chinese workers are often unaware of its existence or its mandate. As an audit by the Fair Labor Association at the Apple subcontractor Foxconn brought to light, the majority of the members of the union committee were nominated by the management team and while there were elections, the candidates were often supervisors. (SOMO, 2012)

Health and Safety

The ILO reports that every year about 2.3 million people die from work related accidents or diseases, while a further 160 million people suffer from diseases related to their occupations. Non-fatal accidents amount to 313 million a year. Most of these accidents are preventable. (ILO, 2015a)

Apparel Industry, Bangladesh

In 2013, the Bangladeshi garment sector was struck by the worst industrial accident in the country's history. The building complex Rana Plaza, hosting five garment factories, collapsed, burying under it thousands of mostly female garment workers. After the incident, 29 global brands were identified to having placed orders at the factories within Rana Plaza and were accused of having been complicit in creating or maintaining a deadly work environment. (CCC, 2015)

Source: Own illustration

Violations of labour rights can be found in almost all industries and in nearly every part of the globe. As the table above indicates each industry faces particular challenges. Nonetheless, there are a number of labour rights issues that cut across industries and countries. Health and safety issues, freedom of association as well as wages range at the top of the most common labour rights violations worldwide. The worst breaches against labour rights are usually recorded at sub-contracting workshops (i.e. second or third-tier suppliers) as these are much harder to control than those factories which directly supply MNCs. These examples highlight that although jobs in international supply networks may be better than other available alternatives in developing countries, the working conditions often are hazardous.

The Sweatshop Labour Debate

There is a lively debate in the disciplines of philosophy, economics, politics, sociology and business ethics whether and to what extent sweatshop labour is coercive and exploitative. This heated debate around the already negatively connoted term 'sweatshop' has not only received a tremendous amount of attention from theory, but also from NGOs, governments, consumers, and MNCs. The question of whether sweatshop labour leads to desirable or undesirable consequences heavily depends on the theoretical perspective one adopts. A large body of literature, critical and positive in regard to sweatshops, can be found and we note that the discussion has evolved beyond the superficial objections to sweatshops in the 1990s. Proponents of sweatshop labour mainly argue from an economic point of view (e.g. neoclassical theory) to justify sweatshop labour. Opponents of sweatshop labour usually apply ethical theories (e.g. Kantian Ethics) to frame the debate in terms of the moral status of sweatshop labour. Both parties have strong arguments and the debate over what to do about sweatshops is far from being resolved. Drawing the line between right or wrong in terms of

sweatshop labour is difficult and basically a matter of balancing economic and moral arguments against each other.

Pros of Sweatshop Labour

Proponents of sweatshop labour usually start from the assumption that individuals who work in a sweatshop freely choose to do so. The choice to accept a job in a sweatshop is an exercise of autonomy even if it is not a fully autonomous one. For workers accepting the (bad) conditions of a sweatshop is probably their most-preferred option among a very restricted set of options. Furthermore, sweatshop workers usually do not accept difficult labour conditions in order to gain an extra income for luxuries but work to survive and escape the misery of poverty (Powell & Zwolinski, 2012; Zwolinski, 2007). According to the proponents, choices to work in a sweatshop, when they are made autonomously, deserve respect and generate a claim against interventions of NGOs, MNCs, governments and other stakeholders trying to fight or even prohibit sweatshop labour. Although workers' rights may be violated in a sweatshop environment, the abuse of peoples' rights is only a consequence of the autonomy of their own choice and not an objection to it (Zwolinski, 2007). Proponents also argue that workers are aware of the difficult working conditions and have much more local knowledge of the particular situation in host countries than first-world scholars and activists. Claims by opponents of sweatshops that workers are somehow irrational and will not choose the option which is in their best self-interest would, hence, require considerable empirical evidence which so far cannot be found (Powell & Zwolinski, 2012).

Based on these assumptions, it would be wrong to deprive workers from the option to choose to work in a sweatshop because it would be a violation of the worker's autonomy. All else being equal sweatshops make their workers better off, even if the conditions are unfair. Sweatshop labour might not be the first choice but this kind of labour is preferred by most of the workers to any other alternative. The salary earned in sweatshops is typically higher than that paid by alternative sources of employment and better than being unemployed (Zwolinski, 2007). Workers living in poverty often have only a very small list of viable options to improve their living conditions. These options often range from prostitution or theft to sweatshop labour, and removing one option from this very short list, often the most preferred one, would not be any better for the worker. A comparison of wages paid by sweatshops with those earned through non-sweatshop jobs (e.g. working as a nanny or waiter) even shows that sweatshop jobs seem to out-pay the other domestic rivals significantly (Zwolinski, 2007). A study by Powell and Skarbek (2006) found that sweatshop wages in the Dominican Republic,

Haiti, Honduras, or Nicaragua were three to seven times higher than wages paid elsewhere in the domestic economy, regardless whether the salaries were paid by MNCs or local subcontractors. The money earned in a sweatshop, even if the salary is meagre, may still help workers to educate their children, feed their families, pay their rents, and improve their living conditions. Workers thus seem to be better off than they would have been without sweatshop labour. In light of these arguments it is not beneficial to prohibit sweatshop labour because it does not make a contribution to solving problems like poverty. On the contrary, without sweatshops developing countries like Bangladesh or Cambodia would lose a significant amount of their gross domestic product (GDP) and tax revenues that MNCs bring to those countries. The range of currently available options to fight poverty would be even more reduced and governments typically worry that an increase in cost of running sweatshops could lead MNCs to leave or stay away (Zwolinski, 2007).

Following this argument one can conclude that not only MNCs but also workers benefit from sweatshop labour because they are both better off than without this form of work. The wages paid by MNCs to workers help to increase their standard of living, even if the gain from sweatshop labour does not seem to be fairly distributed among both parties. The argument of proponents is that MNCs outsourcing to sweatshops at least do *something* and this is better than doing *nothing* to make workers in developing countries better off. MNCs not outsourcing their labour to sweatshops and producing under higher standards in their home countries do not benefit those workers at all. Zwolinski (2012) argues that it would be odd to blame MNCs for helping *some* workers while most other firms and individuals are helping *none*. This does not necessarily mean that MNCs in their global supply chains are doing as much as they *should* be doing – from a moral point of view – to improve the living of sweatshop workers. Nonetheless, relative to offering no job alternatives, a job with low labour standards and low wages might be the best option available to most of the workers.

A closer look at the labour rights affected by sweatshop labour reveals that wages and other standards regarding e.g. health and safety, workers' right to collective bargaining or forced labour must be treated as different kinds of labour rights. The arguments in favour of sweatshops mainly focus on wages and have shown that, although sweatshop wages may not be high enough to lift workers out of poverty, sweatshops can make a significant contribution to improve the standard of living in developing countries. From a moral point of view, nevertheless, concerns over other labour rights may be distinct from concerns over wages (Zwolinski, 2012). Morally, critics may hold that forced labour or unsafe working conditions violate workers' rights in a way that low wages do not. In practice, however, issues like low

wages and other labour standards are inextricably linked and proponents of sweatshop labour usually argue that improvements in both areas lead to an increase in total cost of production. For MNCs and the sweatshops in their global supply chains the overall costs of a transaction matter and often an increase in worker safety may come at the expense of other forms of compensation (e.g. wage or overtime bonus). This leads to the paradoxical situation that workers themselves are not willing to sacrifice any wages in order to receive e.g. higher health and safety standards. A recent survey found that only very few Guatemalan sweatshop workers were actually willing to trade any wages for more health and safety standards (Zwolinski, 2012). Nearly 65% of the employees asked in this survey answered that they were not willing to sacrifice any wages for an improvement of their labour standards. Following this argument one can conclude that both parties affected, the sweatshop and the workers, do not want to put their competitive advantage at risk and implement measures to improve labour standards. However, based on this (purely economic) rationale it would even make sense to further reduce labour standards to achieve an 'improved' cost position and with it an even greater competitive advantage. From an economic point of view, a profit-maximizing firm is indifferent to compensating workers with money or with other benefits (e.g. health, safety, leisure) because the firm only cares about the overall cost of the total compensation package.

Powell and Zwolinski (2012) argue that workers think differently because they actually care about the mix of compensation they receive. Economic theory suggests that the higher the overall compensation the more likely workers desire non-monetary benefits. Unfortunately, many sweatshop workers only receive low wages because their productivity is low and hence, their compensation level is also low. Accordingly, and as indicated above, workers demand most of their compensation in wages and only little in improvements of labour conditions such as health and safety. This leads to a problem for the opponents of sweatshop labour, who want to separate the discussion about wages from safety and other working conditions. Both, workers and firms are limited by the same factor, the worker's marginal revenue product. And if activists only demand to improve safety in sweatshops, then they either are pushing for a reduction in wages (which workers do not seem to prefer) or they will unemploy workers by raising their package of total compensation more than their marginal productivity. Powell and Zwolinski (2012) refer to empirical studies providing (only weak) evidence that an increase of the minimum wage leads to an increase in unemployment. However, the literature on this important question provides mixed results and does not produce clear implications for policy makers.

Cons of Sweatshop Labour

Contrary to the proponents of sweatshops, opponents claim that sweatshop labour is wrongfully coercive and exploitative. The economists' standard response to this criticism is that sweatshop labour can be mutually beneficial, for the worker and the firm, although it may be coercive and exploitative. In this response lies the core of a first problem which opponents of sweatshop labour criticize. From their point of view it is a mistake to narrowly focus on the interaction between a worker and the company running a sweatshop and to only focus on the *economic* benefit to the worker relative to which he or she stood prior to the employment. The choice to accept a job in a sweatshop may be an inevitable move for a worker to improve his or her standard of living but this does not *morally* justify the unjust conditions that lie in the background of the specific interaction. People only choose to work in a sweatshop because their situation presumably is desperate and they live in an environment characterized by injustice of political and economic institutions. We can expect that the more desperate a worker's situation is the greater is his or her motivation to accept any job in a sweatshop that helps him or her to improve it. Kates (2015) proposes that even if workers personally choose to work in sweatshops, third parties should interfere with this choice through banning or regulating sweatshop labour, since sweatshop workers are trapped in a collective action problem. A collective action problem is characterised by a conflict of interest of a single sweatshop worker and the interests of the entire group of sweatshop workers. The trouble is that labour usually is an abundant factor in developing countries such that a single complaining worker can easily be replaced by a worker who accepts the conditions of a sweatshop, although they neither are in his or her interest. Sweatshop workers are only able to give effect to their autonomous choices through collective action, which can, however, only come into effect with the help of the law. Hence, Kates (2015) concludes that paradoxically in order to respect the autonomy of sweatshop workers, it is necessary to regulate sweatshops.

Critics further argue that a firm, when taking advantage of such structural injustice, fails to give the worker his or her appropriate respect which he or she deserves. Based on Kantian ethics Arnold and Bowie (2007) argue that both managers of MNCs and sweatshops have the duty to guarantee the dignity of workers and not to coerce and exploit them. Both individuals and firms who contribute to unjust social processes bear a moral responsibility for the processes themselves and the results they produce. These duties may include paying workers a living wage, to meet health and safety standards, and to adhere to local labour laws. Arnold and Bowie (2007) claim that workers as human beings with autonomy and dignity are ends in themselves and should not be treated only as means. Coercion and exploitation are wrong,

simply because subjects are turned into mere tools and objects lacking the ability to choose for themselves how they want to act. From a Kantian perspective we have an obligation to respect the dignity of both ourselves and others. Hence, any form of exploitation, e.g. wages below a living wage or forced labour, are inherently disrespectful and fail to meet the moral principle of the categorical imperative. Take the example of the abuse and exploitation of girls and women workers in the South Indian textile industry. A study by two international NGOs, published in 2014, found that many girls and women working in the Indian textile industry suffer from forced and bonded labour (SOMO & ICN, 2014). Recruiters convince parents to send their daughters to spinning mills or other sweatshops by promising a well-paid job, accommodation and education as well as a lump payment at the end of three years. In reality, however, the girls have only very limited freedom of movement, face long hours of work, do not get any form of education and only rarely get the lump payment promised to them.

Based on the categorical imperative managers of MNCs and their suppliers would have a moral obligation to ensure that workers do not live under conditions of forced labour and poverty by paying adequate wages for the hard work in sweatshops. From this moral point of view, the cost of respecting workers must be regarded as a necessary condition of running a business. An 'adequate' wage thereby is the minimum wage required by law or the wage which is necessary to live above the poverty line. Contrary to the arguments discussed above, opponents of sweatshop labour even argue that MNCs usually have a certain degree of latitude when it comes to wages, such that they should be able to voluntarily raise wages in sweatshops without inevitably causing unemployment.

Arnold and Bowie are convinced that managers of MNCs and sweatshops should not be seen as subjects to overwhelming economic forces who inevitably must lay off workers when they increase wages. On the contrary, competent managers should be able to find ways to increase wages on the one hand and to absorb additional costs on the other hand by means of internal cost cutting elsewhere in the value chain or by reducing executive compensation. Interestingly, a study in the Indonesian apparel and footwear industry found that a voluntary increase in wages after massive anti-sweatshop campaigns actually did not lead to an increase in unemployment (Harrison & Scorse, 2006). Rather, the increased wage costs in relation to the total costs of the MNCs were so small that the firms seemed to be able to compensate this investment easily somewhere else in the value chain and that these costs could be successfully passed on to the consumer. In the footwear industry where companies like Nike, Adidas and Puma heavily compete, labour cost in Indonesia typically account for less than 5 per cent of the sales price of a sport shoe. MNCs sell those shoes in New York or London in many cases

for US\$ 100-200. An increase in labour costs of for example 50 cents an hour is not likely to have a dramatic impact on the profitability of a MNC but it has a noticeable positive effect on the sweatshop worker (Harrison & Scorse, 2006). The authors of this study even found that not only wages increased in Indonesia over a longer period of time but also employment. A reason for this could be that the increase in costs oftentimes is cushioned by the fact that product demand is also growing.

Proponents of sweatshop labour emphasize that MNCs who employ contracting arrangements with suppliers in less developed countries have only a limited responsibility for the problems associated with sweatshops, because these production sites belong to legally independent companies. MNCs when outsourcing their activities often draw on indirect sourcing via purchasing agents. These agents take over responsibility for handling the purchasing contracts and further subcontract the work, often to a number of different factories. As a result, the sourcing process becomes more and more opaque. Nevertheless, critics of sweatshop labour argue that it is the MNC's responsibility to know the conditions under which their products are being made and that they do have leverage to influence their value chains (Phillips & Caldwell, 2005). Firms like Adidas, Nike or H&M benefit from international production networks and hence have to shoulder more responsibility for the externalities caused by these value chain activities. Moreover, MNCs have distinct duties regarding the workers of their contract factories because of the power and the substantial resources they have at their disposal. MNCs typically dictate the terms and conditions of their orders such as price, quantity or date of delivery to their supplier network. Increasingly standards related to health and safety and environmental protection become part of those terms. MNCs consequently have the ability to foster labour rights and fair working conditions in their supply chain (Arnold & Bowie, 2007). Even in cases when a firm is too small to use all of a supplier's capacity and only places orders representing a small percentage of the supplier's total turnover, it is partly responsible for the working conditions in a sweatshop. Although in such cases a single firm cannot directly exert influence over the supplier, a firm, which is genuinely interested in respecting labour rights, could collaborate with other buyers to develop and ensure acceptable standards.

Regulation and Improvement of Working Conditions in Global Supply Chains

Different actors at various levels and through diverse institutional arrangements, ranging from voluntary approaches to hard law, are addressing working conditions in global supply chains.

We draw a distinction between measures to regulate and improve working conditions on the company level, the industry level, the multi-stakeholder level, and the governmental level.

Company Level

MNCs have good reasons to actively deal with low labour standards in their supply chains; ignoring such issues may put them at risk of a bad corporate reputation and thus at risk of losing corporate legitimacy and their licence to operate. In the 1990s, Nike became the poster child of the anti-sweatshop movement when the working conditions at its overseas suppliers came to light (Zadek, 2004). As a response to these allegations, Nike, and soon after many other sportswear brands as well as MNCs from other industries, drew up a code of conduct. A code of conduct can be defined as a set of standards, guidelines or rules for ethical behaviour which firms impose on their suppliers as a prerequisite for entering into contract with them. The formulated standards and procedures of a code can come in a variety of forms. Codes of conduct can be formal or informal, contain a lot of detail or be rather broad in their application. In its code of conduct, Nike, for example, outlines the minimum standards it expects each supplier factory to meet. Suppliers of Nike are amongst others expected to refrain from using forced labour, employing workers that are at least 16 years of age or older, paying their workers timely as well as at least the minimum wage required by country law (Nike, 2010). Since the 1990s, codes of conduct have become a standard of operation for dealing with labour conditions in global supply chains (Jenkins, Pearson, & Seyfang, 2002). In order to check whether suppliers actually abide by a certain code, MNCs usually monitor and audit compliance. Such audits are either performed internally (also referred to as first party monitoring), i.e. by the firms themselves, or externally through second or third parties. Second party monitoring means that an auditing company is commissioned and paid to oversee compliance with a company code. Third party monitoring, means that an independent party, usually an NGO that does not have any business relation with the firm, checks the compliance with a certain code.

Supplier codes of conduct and the associated monitoring, auditing and reporting practices have received intense criticism. O'Rourke (2002) for example, through an analysis of the monitoring methods of PricewaterhouseCoopers (PwC), a large private auditing company, found that their approach to monitoring exhibited serious flaws. The monitoring process was flawed in that it consisted in very brief factory-walk-throughs, used the managers as key information sources, and failed to effectively gather information from workers. Often, audits

were preannounced such that factories were able to mimic compliance with a certain code without actually doing so.

While monitoring practices can be improved, e.g. through unannounced random visits and sophisticated information gathering techniques, for example by interviewing workers outside of the factory or by gathering information from organizations that workers trust, in practice MNCs alone will never be able to completely monitor their global supply chains. Only a more collaborative approach to the governance of global production, including MNCs and their suppliers but also other stakeholders such as NGOs, national governments, trade unions and local communities, can provide realistic insights into local working conditions and improve them. Only when MNCs critically review their purchasing practices and pay higher prices to their suppliers, sweatshop owners can afford to pay higher wages. Another prerequisite to improve supplier-MNC relationships is to increase transparency and to establish longer-term partnerships and commitments to source from specific suppliers. The apparel and sports company PUMA has recently started to offer such long-term partnerships to suppliers that perform well on economic, environmental, and social criteria (Baumann-Pauly, Scherer, & Palazzo, 2016). The rationale behind this long-term strategy is to educate and convince both suppliers and internal stakeholders of the firm such as the managers of the sourcing department that sustainability in general and social standards in particular can be improved through true partnerships. Suppliers seem to make improvements on environmental and social aspects of their business voluntarily, because they start to realize that this has not only a positive impact on their workers but also pays off economically as they are rewarded from brands with longer-term sourcing commitments (Baumann-Pauly et al., 2016). In order to support such long-term partnerships, MNCs need to invest in capacity development at the local level and should not expect the supplier to shoulder all of the costs of compliance with existing codes of conduct.

Industry Level

Besides the efforts by individual companies, issues of labour rights and supply chain transparency are also being addressed at the industry level. In this case MNCs cooperate with other firms in their respective industry in order to commit themselves to industry specific standards and articulate guidelines for appropriate conduct. Examples include the Electronics Industry Citizenship Coalition, which aims at creating industry-wide standards regarding social, environmental and ethical issues in the electronics industry supply chain, or the recently formed Alliance for Bangladesh Worker Safety (Alliance). The Alliance was set up

by a group of mainly Northern American brands, retailers and companies of the apparel industry as a response to the collapse of a factory building in Bangladesh in April 2013 with the aim to improve safety in Bangladeshi garment factories (see Case Study). The benefit of industry codes and standards is that they take the pressure from suppliers to comply with different, and sometimes conflicting, codes of conduct and reduce the burden of multiple inspections. However, industry initiatives are often criticised for the lack of inclusion of other stakeholders, particularly trade unions, at the governance level, since the governing bodies or executive organs of industry initiatives are usually entirely comprised of business representatives. In contrast to industry initiatives, multi-stakeholder initiatives (MSIs), which will be outlined in the next section, aim at a more substantive engagement of different stakeholders from different spheres of society.

Multi-Stakeholder Level

Over the last two decades there has been an increase in MSIs. The majority of MSIs generate voluntary CSR standards that are intended to provide MNCs and their respective stakeholders with ways to systematically assess, measure, and communicate their social and environmental performance. Many MSIs directly or indirectly address working conditions in global supply chains and try to make a contribution to improve labour rights on a global level. The difference between MSIs and the above-mentioned industry-led initiatives mainly lies in the groups of stakeholders involved in the process of fostering accountability. MSIs typically include not only MNCs and associations directly linked to the respective industry but also many other stakeholders (e.g. NGOs, unions, government actors, investors or at times also consumers). Examples for such MSIs are the United Nations Global Compact, SA 8000, the Global Reporting Initiative or ISO 26000.

The proliferation of MSIs can mainly be attributed to the lack of a unified system of transnational regulation for social and environmental issues. MSIs generally aim at filling the omnipresent governance voids related to the manifold activities of MNCs by issuing standards, which define voluntary rules of appropriate conduct. This is why such standards are also often referred to as soft law, since they are not legally binding (Abbott & Snidal, 2000). The standards produced by MSIs are usually regarded as having more legitimacy than those of industry initiatives since MSIs bring a more diverse set of stakeholders to the table. Research has however indicated that also MSIs have limits when it comes to improving working conditions. Barrientos and Smith (2007), for example, in an analysis of the impact of the Ethical Trading Initiative (ETI) on workers' rights found that while slight improvements

could be registered in terms of outcome standards, i.e. tangible issues such as minimum wage and working hours or health and safety standards, no improvements had become evident in terms of process rights, i.e. freedom of association and protection against discrimination.

Governmental Level

Both the proponents and opponents of sweatshop labour emphasize the importance of governmental regulation when reforming working conditions and addressing labour rights. Legal institutions within countries facing labour rights issues are often either weak or absent, or in the worst case exploitative. A primary solution to the problem of sweatshop labour hence lies in a stronger (or at least different) regulation by states and a more successful implementation of labour laws. Responses at the governmental level can come in three main forms. First, developing country governments can pass laws and regulations regarding, e.g. health and safety standards or minimum wages or improve on the enactment of existing laws. Bangladesh, for example, has very elaborate building regulations on the book, but those laws have often been disregarded in the past. Second, wealthier countries can adopt laws relating to wages and working standards, to regulate the import of products made in factories abroad or can pass laws to hold 'national' MNCs accountable for human rights violations occurring at their subsidiaries and suppliers abroad. In France, Germany and Switzerland public debates have sparked around whether a corporate responsibility to respect human rights should and can be turned into a legal liability through extraterritorial regulation in the future. Finally, at the inter-governmental level, a number of organisations such as the European Union (EU), United Nations (UN) or the ILO, whose members are national governments, engage in efforts to regulate labour rights in the global economy. Yet, in the absence of coercive institutions at the international level, intergovernmental organisations also rely on voluntary compliance by states.

Regulation at the governmental level becomes particularly important when MNCs are unwilling to address labour rights issues and improve the working conditions on a voluntary basis. In this case laws may help to improve safe and healthy working conditions and minimum wages for sweatshop workers. However, even if the regulation of labour rights at the governmental level would be ideal, governments are usually moving slow or find themselves exposed to conflicting interests. For example, developing country governments often refrain from stricter regulations fearing that it might hamper international investments. High levels of corruption in many of the export-oriented developing countries also prevent the effective implementation of regulatory approaches. In India, for instance, labour regulation

has been used by government officials to extort businesses instead of protecting the rights of workers. Even if developing countries are willing to improve the situation for workers, they are often unable to finance substantive changes due to budgetary constraints. The drawbacks of regulation at the governmental level again highlight the importance of soft law approaches and voluntary agreements by MNCs to improving labour rights.

Labour Rights in the Apparel Supply Chain – The Case of the Rana Plaza Factory Collapse

When cracks appeared on the walls of the factory complex Rana Plaza some of the workers became scared. Rana Plaza, situated in Savar near Dhaka, the capital city of Bangladesh, was an eight-story commercial building containing five clothing factories in which about 5,000 people, mostly female garment workers, were employed. The workers told their supervisors about the worrying cracks and some even left the building. After hasty inspections the supervisors told them not to worry, these were just simple cracks, and the workers should go back up to their floors of the building. Even more so, they beat some of the scared workers and threatened that they would cut their wages if they did not return immediately. On the morning of the next day, 24 April 2013, there was a power cut – a frequent nuisance in the capital region of Dhaka. Survivors of the disaster later reported that shortly after the generators on the roof of the building had been cranked, the whole building started to shake and suddenly the ceiling came down. The building collapsed. The search for survivors lasted over 17 days. More than 1,100 people were found dead, about 2,400 were evacuated. Many of the survivors are left with life-long injuries. With its death toll, Rana Plaza takes the debate on sweatshops to a new level and begs the question of who is responsible for workplace conditions and safety issues in global supply chains.

At Rana Plaza, construction regulations had been ignored. The owner of Rana Plaza had illegally added several stories to the building. Yet, government officials had approved the construction of the building; although these officials never visited the site to check whether the building plan had been kept. Altogether about 40 people, amongst them the owner of Rana Plaza, owners of individual factories within the building as well as a number of government officials, have to answer in court in Bangladesh for their role in the tragedy. Yet, can the issue be considered as solved with the court ruling?

The disaster at Rana Plaza only constitutes the peak of a series of tragic events that have struck the garment industry of Bangladesh over the preceding years. Since 2005, hundreds of workers have died in Bangladesh in apparel factory incidents. The apparel industry has turned

into Bangladesh's most important industry sector making up for 13% of its GDP and app. 80% of its exports. About 60% of these exports go to Europe and app. 25% to the U.S. Bangladesh is the second biggest clothing manufacturer in the world behind China. Around 3.5 million people are employed in the apparel industry in Bangladesh – the majority (app. 80%) are young women (World Bank, 2013). With 152 million inhabitants, Bangladesh counts as the eighth most populous country in the world. While Bangladesh has experienced considerable GDP growth over the past thirty years, with about 47 million people living in poverty, it still is one of South Asia's poorest countries (World Bank, 2013). International investors are drawn to Bangladesh due to its low-cost manufacturing opportunities. Wages in Bangladesh are only half those in India and Vietnam, and even only one-fifth of China's. While the wages in the garment sector hardly provide for a comfortable living, the jobs in the apparel sector, for many Bangladeshis, particularly for women, remain better than most of the alternatives.

29 western MNCs, amongst them Primark, J.C. Penney, Benetton, Walmart and Carrefour, were found to having let produce at Rana Plaza at the time of the disaster (CCC, 2015). The distressing images of Rana Plaza have put international apparel brands and retailers under pressure to act. The industry responded to the disaster with the instalment of two initiatives, the 'Alliance for Bangladesh Worker Safety' as well as the 'Accord on Fire and Building Safety in Bangladesh'. The Alliance represents an industry initiative, i.e. a company-developed and company-controlled program, and was mainly endorsed by North American apparel companies, most prominently by Walmart and Gap. The Accord, on the other hand, was initiated by a number of international NGOs, and signed by MNCs and worker representatives, thus constituting a multi-stakeholder initiative. 150 apparel corporations, mostly from Europe, including H&M, Inditex, C&A and Primark, and two global unions (IndustriALL, UNI Global), as well as a number of local Bangladeshi unions form part of the Accord. While the Accord represents a legally binding agreement, the Alliance remains voluntary. The goal and program of both initiatives is however similar. Both aim to improve fire and structural safety in Bangladeshi factories through safety inspections and the provision of low-cost capital funding to factory owners to fund the necessary improvements. Yet, while the Alliance has been criticized for not having engaged with unions and not providing independent assessments of their inspection results, the Accord in turn does not engage with factory owners at its steering level and has been criticised for remaining vague on who should fund required factory upgrades as well as who should compensate workers in case a factory has to suspend operations due to safety concerns. A number of

brands see the primary responsibility for safety improvements with the factory owners, who however often claim, that they do not have the necessary resources to pay for renovations let alone keep paying workers during renovation periods. Who should be responsible for funding the factory upgrades?

While the speed and scope of the inspections of both the Accord and the Alliance are impressive, it is questionable whether factory audits are adequate to address the structural causes of the Rana Plaza disaster and to sustainably transform the Bangladeshi apparel industry. The collapse of Rana Plaza itself tragically highlights the weakness of an audit-focused model of corporate social responsibility. Two of the five factories in the Rana Plaza building had been audited against the code of conduct of the Business Social Compliance Initiative (BSCI) and both factories had been approved (CCC, 2015). The BSCI audits however only focused on particular factories within the building and thus failed to identify the safety issues related to the construction of the overall building. Given the inherent flaws of audit systems it remains questionable, whether the factory audits of the Accord and Alliance will be able to prevent future tragedies. As in the case of Rana Plaza, many safety problems relate to the use of power generators, which are needed due to a lack of a reliable energy infrastructure in Bangladesh. Solving this issue requires substantial infrastructure investments. Should and can international brands and retailers also be held responsible for such investments?

Taken together, 1,800 factories fall under the auspices of the Accord and the Alliance, as both initiatives are mainly concerned with top tier suppliers. The total number of factories in the garment sector in Bangladesh however is estimated to amount to about 5,000. These numbers indicate that neither the Accord nor the Alliance meaningfully addresses the issue of subcontracting. In the aftermath of Rana Plaza, a number of MNCs could not tell with certainty whether or not their products were affiliated with one of the factories in the building. While MNCs tend to know their first tier suppliers and pledge those to abide by some code of conduct, lower tier factories further down the chain are frequently not known. In the Bangladeshi apparel sector, however, subcontracting is endemic. The current system of subcontracting is evoked through the industries' focus on fast fashion. Fast fashion exerts enormous pressure on suppliers due to unpredictable production schedules, tight deadlines and budgets, and late changes. Often suppliers need to sub-contract part of the work to other factories to be able to meet the requirements of MNCs. To address the issue of subcontracting, international brands and retailers would need to alter their purchasing practices. They,

however, argue that their hands are tied, since they need to respond to the high and rising demand of consumers in western countries for cheap clothing and the latest fashion.

The factory numbers above imply that the government of Bangladesh has to take responsibility for the remainder of the factories not covered by the Accord or the Alliance. Whether the government will be capable to inspect and fix unsafe factories remains to be seen. Given the record of past negligence it is however highly questionable. At any rate, the government of Bangladesh, together with representatives of the Bangladesh employers' and workers' organizations instituted a tripartite 'National Plan of Action on Fire Safety and Structural Integrity' for the garment sector. In relation to this action plan, the government also reformed and upgraded its Labour Inspectorate. It is projected that the government will employ 575 labour inspectors, while there were only 55 at the time of the Rana Plaza disaster. Moreover, after heavy protests from workers, the government of Bangladesh also conceded to reform a number of its labour laws, amongst to the rise of the minimum wage.

The industry and governmental responses that have been triggered by the collapse of Rana Plaza remain limited to the apparel sector in Bangladesh. If a disaster like Rana Plaza is to be prevented in the future, these collaborative efforts need to be extended to other industry sectors and exporting countries such as Cambodia, Pakistan or India which exhibit similar structural conditions and challenges as Bangladesh.

Conclusion

Globalization has primarily manifested itself in the growth and spread of global supply chains. The increased outsourcing of value chain activities of MNCs to developing countries has raised concerns about the working conditions of millions of workers within global supply chains. The ILO core labour standards form an internationally accepted baseline when it comes to protecting workers rights. Nonetheless, labour rights are frequently violated, e.g. in the food, consumer electronics or apparel supply chain. Violations pertain to inadequate pay and long working hours, forced and child labour, health and safety breaches or freedom of association, amongst others. Throughout different disciplines a fierce debate has emerged whether and to what extent work in so called sweatshops is exploitative. Arguments in favour of sweatshops have mainly been voiced by neo-classical economists, proposing that sweatshops are mutually beneficial arrangements between workers and a factory and that taking away the option of working in a sweatshop would disregard the autonomous choice of workers. Arguments against sweatshops largely stem from business ethicists and philosophers who, often based on Kantian ethics, argue that sweatshops fail to respect the dignity of

workers and that MNCs have a moral duty to ensure adequate working standards. Attempts to improve working conditions in global supply chains can be found at different levels and involving different actors. In this paper we have drawn a distinction between efforts at the company, industry, multi-stakeholder, and governmental level.

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Paper II:

Political CSR and Social Development – Lessons from the Bangladesh Garment Industry

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Abstract¹⁰

In this paper we argue that viewing corporations as political actors in developing countries provides additional insights for understanding the relationship between corporate social responsibility (CSR) and social development. We introduce a framework from the ‘Political’ CSR literature that is geared towards evaluating multi-stakeholder initiatives (MSIs) from a normative point of view and suggest that this framework provides a solid theoretical basis for examining the potential of firms, through their engagement in MSIs, to contribute to social development. The introduced framework is then used to assess the implications for social development of a recently set up MSI in the garment sector in Bangladesh. We conclude that while there are a number of issues associated with the analysed MSI, the initiative has the chance to enhance social development in Bangladesh and can thus be perceived as an example of development oriented CSR.

Keywords: Corporate Social Responsibility, Political Corporate Social Responsibility, Social Development, Multi-Stakeholder Initiatives, Legitimacy, Bangladesh, Rana Plaza

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Introduction

Although business activities in developing countries have substantially increased over the past years (UNCTAD, 2013), so far no agreement has been reached as to what constitutes businesses' responsibilities in development (Lenssen & van Wassenhove, 2012). However, given that production facilities collapse in countries like Bangladesh and that millions of people are still living in poverty, the question whether and to what extent business in general, and Multinational Corporations (MNCs) in particular, can foster or hinder progress in developing countries seems a highly relevant and timely one.

Both corporate social responsibility (CSR) and development are contested concepts. CSR today is usually defined as an umbrella term circumscribing the social and environmental responsibilities of corporations beyond legal compliance (Blowfield & Frynas, 2005). Development in recent years has come to be mainly associated with the notion of human development, i.e. the aim of reducing poverty and fulfilling the Millennium Development Goals (MDGs) (Sumner & Tribe, 2008). The MDGs represent eight international development goals that were established by the United Nations (UN) General Assembly at the turn of the millennium aiming, among other things, at halving extreme poverty, universal primary education or containing the spread of HIV/AIDS (United Nations, 2014). In this paper, we focus on social development which, according to the UN, refers to a broad range of issues such as the eradication of poverty, the promotion of employment and the fostering of social integration in order to achieve just and stable societies (United Nations, 2002).

We suggest that a stream of research within the CSR literature, so called 'Political' CSR, holds the promise for a more nuanced understanding of the possibility of businesses to contribute to social development. The political turn in CSR research highlights that as businesses increasingly provide public goods and shape global regulation through their engagement in multi-stakeholder initiatives (MSIs), they are turning into political actors. MSIs have proliferated in recent years in number and scope and many of them address issues that directly relate to core dimensions of social development. Yet, as Utting (2012) notes, so far the implications of MSIs from a development perspective have only scarcely been addressed. We therefore focus on the question of whether and under which conditions firms can be expected to contribute to social development by participating in MSIs. Following a brief overview of (i) the debate on the role of CSR in development and (ii) the discussion on so called 'Political' CSR, we use the introduced 'Political' CSR lens to assess the developmental implications of a recently set up MSI in the garment sector in Bangladesh.

Finally, we critically reflect on the MSI from a development perspective and draw lessons from the case of the Bangladesh garment industry.

(Political) Corporate Social Responsibility and Development

Questions concerning the social responsibility of businesses have been discussed under the umbrella term CSR ever since the 1950s (Carroll, 2008). Initially, CSR was narrowly associated with corporate philanthropy (Carroll, 2008) and research on CSR focused on developed economies analyzing the meaning, key features, explanations, applications and scope of the concept (Garriga & Melé, 2004; Carroll, 2008). In the recent CSR literature, however, two distinct streams of research have emerged that both go beyond the confines of developed economies. Writings on CSR have on the one hand taken a ‘developmental’ turn while on the other hand, research has also taken a ‘political’ turn.

The Developmental Turn in CSR Research

The responsibility of businesses in the transition towards a more sustainable development as well as the prospects and limitations of CSR of contributing to international development have received increased attention over the past two decades (Barkemeyer, Holt, Preuss, & Tsang, 2014; Kolk & van Tulder, 2010; Kolk & van Buuse, 2012; Lund-Thomsen, 2005). One reason for this turn in CSR research towards developmental issues relates to the changing views of development agencies and practitioners, on what the objectives of development should be and how they can best be achieved (Jenkins, 2005). Development theory has gone through a number of phases from the developmental state in the 1960s/1970s, to the neo-liberal reform associated with the Washington Consensus in the 1980s, to the emphasis on partnerships with the private sector and CSR from the 1990s onwards (Pieterse, 2010; Reed & Reed, 2009; Utting & Zammit, 2009; Jenkins, 2005). Over the years, CSR has thus gained prominence with development practitioners as a means to mitigate the negative consequences of globalization (Marques & Utting, 2010).

However, CSR is discussed controversially by authors addressing the role of MNCs in developing countries (see e.g. Blowfield, 2012; Jenkins, 2005; Kolk & van Tulder, 2006; Utting & Marques, 2009; Merino & Valor, 2011; Newell & Frynas, 2007; Barkemeyer, 2009). Regarding the developmental potential of CSR, two opposing views have emerged (Blowfield, 2012). One group of authors advocates that business with their CSR activities should take a proactive role in promoting development (see e.g. Prahalad & Hart, 2002; Brainard, 2006). These authors generally stress that corporations can potentially play an

integral part in development through the provision of goods and services, capital, infrastructure, employment, innovation, technology or by promoting good governance. Another group of authors has voiced severe criticism and caution regarding the consequences of business taking on such roles and has thus called for a more critical research agenda (Blowfield & Frynas, 2005; Newell & Frynas, 2007; Jeppesen & Lund-Thomsen, 2010). Authors in favor of a critical perspective on CSR in developing countries have pointed out that empirical evidence lacks to support the win-win hypothesis (Jeppesen & Lund-Thomsen, 2010) and that the notion of the business case for CSR is incompatible with substantive contributions to development (Blowfield & Frynas, 2005; Frynas, 2005; Jenkins, 2005).

In recent years, academic interest in multi-stakeholder partnerships has gained momentum in the debate on CSR and development. The increased interest in partnerships for development can among other things be attributed to the launch of the UN Global Compact in 1999, which was established to foster corporate responsibility and to promote private sector partnerships with the UN for the benefit of developing countries (Reed & Reed, 2009). Partnerships usually represent collaborative arrangements involving actors from different spheres of society, i.e. from the spheres of the state, the market or civil society and sometimes also from academia (van Huijstee, Francken, & Leroy, 2007). In the literature, depending on the particular actor constellation, various labels are used to refer to partnerships, such as public-private or tripartite partnerships (Kolk, van Tulder, & Kostwinder, 2008; Reed & Reed, 2009), standardized ethics initiatives (Gilbert & Rasche, 2008), or MSIs (O'Rourke, 2006; Utting, 2002) to name but a few. In this paper, we use MSI as an umbrella term to refer to collaborative arrangements involving business and civil society actors in setting standards for social and environmental issues. MSIs can certainly differ substantially in terms of the actors involved or the intensity, scale and intentions of activities. However, a characteristic feature of all MSIs is that they are primarily based on soft-law, i.e. non-binding, voluntary regulation (Utting, 2002; Abbott & Snidal, 2000). Multi-stakeholder regulation has rapidly expanded across industries over the past decade (O'Rourke, 2006). Research so far has scrutinized the emergence and rise of MSIs as well as the potential and limitations of these new institutions (see e.g. Utting, 2002, 2012; O'Rourke, 2006; Vogel, 2008; 2010). Regarding the impact of MSIs on development, again two opposing views have emerged. While proponents argue that such initiatives represent an essential new way of engaging business, others fear that MSIs will 'crowd-out' more effective forms of regulation and thus rather hinder development (Reed & Reed, 2009; O'Rourke, 2006; Vogel, 2008, 2010).

Research on CSR and development thus so far has produced inconclusive results regarding the question to what extent CSR can help address poverty, social exclusion and further developmental challenges. Against this background, Blowfield and Dolan (2014) propose that we need a more nuanced understanding of the business development relationship. Blowfield and Dolan (2014) suggest three criteria to evaluate businesses' potential to act as development agents, stating that firms can only be referred to as genuine development agents provided that they employ capital, exhibit a willingness to be held accountable for the development effort, and lastly give primacy to the development issue. Evaluating the engagement of businesses in development through 'bottom of the pyramid' (BOP) initiatives, Blowfield and Dolan (2014) conclude that these initiatives are usually constructed in terms of what is material and instrumental for businesses without factual accountability for development outcomes.

We concur with Blowfield and Dolan (2014) that a more nuanced understanding of the possibilities and limitations of business acting as a development agent is essential for defining a future role of business in development. Yet, Blowfield and Dolan (2014) in their analysis exclusively focus on businesses' engagement in BOP initiatives. We suggest that analyzing the possibilities and limitations of corporations to serve as development agents through their engagement in MSIs is equally important. MSIs are usually aimed at filling institutional voids (Kolk et al., 2008). Developing countries often exhibit such institutional gaps as they tend to be characterized by weak or limited statehood. Limited statehood refers to states being incapable of, or unwilling to implement or enforce central decisions either in parts of a country's territory or in certain policy areas (Risse, 2011). Thus, it can be argued that MSIs, as new forms of governance, are unfolding a particular relevance in developing countries. We therefore aim at understanding to what extent and under what circumstances corporations, through their engagement in MSIs, can act as development agents. In this regard, we propose that the stream of research that has been coined as 'Political' CSR holds the promise of a more nuanced understanding of businesses' relationship with social development.

The Political Turn in CSR Research

'Political' CSR suggests that corporations increasingly assume responsibilities that were formerly regarded as genuine governmental responsibilities for example when businesses engage in the protection of human rights, draft regulation for social and environmental standards, e.g. through MSIs (Palazzo & Scherer, 2006), or engage in the provision of public goods such as health care, education or security (Matten & Crane, 2005). This new political

conception of CSR goes beyond the traditional understanding that businesses mainly influence politics via lobbying, stating that firms themselves can become political actors (Scherer, Palazzo, & Baumann, 2006).

The political turn in CSR research is based on two interrelated observations (Whelan, 2012). Firstly, according to Scherer and Palazzo (2007; 2011), the process of globalization has led to a ‘postnational constellation’ (Habermas, 2001), i.e. a post-Westphalian global order, in which the traditional division of labor between political and business actors has eroded. In this new global order MNCs through their global supply chains often operate in contexts lacking basic institutional structures. Moreover, national governments are increasingly subjected to externality problems with global causes and effects such as global warming or deforestation which they cannot solve on their own. Secondly, new forms of global governance operating above and beyond the state, partly compensate the decline in governance capability of nation-states (Scherer & Palazzo, 2011). Businesses increasingly take part in these new voluntary regulatory governance forms to solve public goods problems and fill gaps in global regulation and are thereby gradually engaging in activities that were formerly regarded as genuine governmental roles. The reason why corporations assume such roles, according to Palazzo and Scherer (2006) lies in the need to secure their license to operate as global civil society actors are increasingly scrutinizing and contesting corporate activities.

Beyond this descriptive analysis, Scherer and Palazzo (2007; 2011), aim at a normative conception of ‘Political’ CSR to account for the growing political activities of corporations. Scherer et al. (2006) understand *political* in terms of Young (2004: 377) as relating to activities,

[...] in which people organize collectively to regulate or transform some aspect of their shared social conditions, along with the communicative activities in which they try to persuade one another to join such collective action or decide what direction they wish to take it.

Drawing on Habermas’ theory of deliberative democracy (Habermas, 1996, 1998), Scherer and Palazzo (2007) translate the idea of political participation into the discursive interaction between corporations and civil society organizations. They emphasize that through deliberative interaction with civil society organizations (CSOs), businesses will enter into a process of argumentative “self-entrapment” (Risse, 1999: 542) and thus “increasingly contribute to an institutionalization of norms and the solution of political challenges” (Scherer & Palazzo, 2007: 1111). ‘Political’ CSR is thus highlighted as a means through which MNCs can positively impact on societal problems and social rights of citizens (Whelan, 2012).

Scherer and Palazzo (2011) present their new political approach to CSR as a means of overcoming the established and narrow instrumental view of CSR that generally highlights a 'business case' logic. Contrasting 'instrumental' with 'political' CSR they emphasize that once corporations cooperate with actors from other spheres of society to solve political problems they turn into political actors (Scherer & Palazzo, 2011: 918). 'Political' CSR ultimately suggests that corporations should proactively engage in overarching processes of public will formation (Palazzo & Scherer, 2006).

According to Mena and Palazzo (2012), MSIs represent an important manifestation of the idea of 'Political' CSR as they represent fora in which corporations can discursively engage with civil society. However, the intentional efforts of businesses to voluntarily contribute to the regulation of societal issues raise a number of questions regarding the legitimacy of such activities. Corporations and other actors participating in MSIs have neither been elected nor are controlled like democratic governments (Baumann-Pauly & Scherer, 2013). Yet, in a global context democratic participation cannot result from a process of expressing preferences and a system of vote-aggregation (Scherer & Palazzo, 2011). Thus, the legitimacy of MSI regulation has to be conceptualized differently. Drawing on the work of Scharpf (1997; 1999), and building on the Habermasian concept of deliberative democracy, Mena and Palazzo (2012) argue that the democratic legitimacy of an MSI relates to questions concerning the inclusiveness and fairness of deliberation within MSIs as well as the ability of the issued regulation to effectively solve the problems that an MSI intends to deal with. To critically assess the democratic quality of MSIs, they introduce a set of criteria pertaining to the input and output dimension of MSIs (see Table II.1 below).

Table II.1: Criteria of MSI Democratic Legitimacy

Dimension	Criterion	Definition	Key Questions
Input	Inclusion	Involvement of stakeholders affected by the issue in the structures and processes of the MSI	Are the involved stakeholders representative for the issue at stake? Are important stakeholders excluded from the process?
	Procedural fairness	Neutralization of power differences in decision-making structures	Does each of these categories of stakeholder have a valid voice in decision-making processes?
	Consensual orientation	Culture of cooperation and reasonable disagreement	To what extent does the MSI promote mutual agreement among participants?
	Transparency	Transparency of structures, processes and results	To what extent are decision making and standard-setting processes transparent? To what extent are the performance of the participating corporations and the evaluation of that performance transparent?
Output	Coverage	Number of rule-targets following the rules	How many rule-targets are complying with the rules?
	Efficacy	Fit of the rules to the issue	To what extent do the rules address the issue at hand?
	Enforcement	Practical implementation of the rules and their verification procedures	Is compliance verified and non-compliance sanctioned?

Source: Mena and Palazzo (2012: 537)

According to Mena and Palazzo (2012), from the input perspective, the legitimacy of an MSI depends on (a) stakeholder *inclusion*, i.e. to the question to what extent stakeholders who will be affected by the regulation are considered or incorporated in the process. It further relates to (b) *procedural fairness* of deliberations, which requires that all involved stakeholders in an MSI are able to exert the same influence on the discussions within an MSI and that existing power imbalances between the participants are compensated or neutralized. Moreover, input legitimacy depends on (c) *consensual orientation*, i.e. the extent to which decisions made by the MSI reflect a consensus among the participants. Consensual orientation may insofar enhance legitimacy as it indicates that proposals have stood up to “dialogical examination” (Young, 2000: 23). Whether or not a consensus is possible depends on the participants’ willingness to accept the “forceless force of the better argument” (Habermas, 1999: 332). Mena and Palazzo (2012) further propose (d) the *transparency* of an MSI as a legitimacy criterion. It relates to the question whether and to what extent, the activities of an MSI as well as the decision procedures, distribution of voting rights etc. are known to all participants involved.

In contrast, the output dimension can be assessed through an MSI’s (a) *coverage*, which refers to the number of actors considering the standards or rules issued by an MSI as binding,

and (b) its *efficacy*, i.e. the extent to which the rules and standards produced by the MSI are suited to solve the problem at hand. Ineffectiveness may be related to either the weakness of the rules or negative externalities arising along with the MSI. Finally, it also relates to questions of (c) *enforcement*, i.e. the ability of an MSI to ensure that the involved actors abide by the rules and standards developed by the MSI.

Merging the Two Debates: Understanding Corporations as Political Actors in Developing Countries

The two streams of CSR research which have been sketched above so far have evolved in parallel with some, albeit little cross-referencing. We contend that there is considerable overlap between the discussions on ‘Political’ CSR and the debate on CSR and development. First of all, both streams of research, address the same actors, i.e. the focus of both research streams primarily lies on MNCs, and their problem solving capacity in areas of limited statehood. While the developmental CSR literature analyses MNCs’ ability to generate solutions to development issues, the ‘Political’ CSR literature assesses their potential to generate solutions to problems emerging in the context of transnational governance which is often characterized by a regulatory vacuum. Secondly, both streams address and theorize the same kind of processes in which MNCs take part, namely MSIs. The two streams, however, differ in their focus. Whereas the CSR and development debate revolves around describing the effects of MNCs’ CSR activities on developmental issues such as poverty (see e.g. Blowfield, 2012; Blowfield & Dolan, 2014) and critically evaluating these from a social justice perspective, ‘Political’ CSR as introduced by Scherer and Palazzo (2007; 2011) is intended as a normative concept. Although the engagement of corporations in new governance modes such as MSIs can be argued to have substantial implications for social development, the ‘Political’ CSR debate, has so far only implicitly addressed this aspect. The CSR and development literature, in turn, has aimed at establishing links between MSIs and development. Yet, while there is a growing body of research which aims at analyzing and assessing the potential and limitations of MSIs (see e.g. Mukherjee Reed, Reed, & Utting, 2012; O’Rourke, 2006; Utting, 2002; Lund-Thomsen, 2009; Utting & Zammit, 2009; Kolk et al., 2008; Bäckstrand, 2006), the implications of MSIs from a developmental perspective are far from being fully investigated.

By introducing the normative perspective of ‘Political’ CSR into the debate on CSR and development, we aim at a more nuanced understanding of the potential of firms to act as development agents. Scherer and Palazzo (2007, 2011) suggest that corporations need to

proactively engage in continuous deliberations with civil society, e.g. through participating in MSIs. To normatively evaluate the political engagement of corporations in MSIs, Mena and Palazzo (2012) have introduced the above-mentioned input and output criteria pertaining to the democratic legitimacy of MSIs (see Table II.1). We argue that Mena and Palazzo's (2012) suggested criteria also help to critically assess the potential of firms in an MSI to serve as development agents. We propose that there are three main reasons as to why the democratic legitimacy of an MSI matters for social development.

Firstly, in multidimensional conceptions of human development, democratic participation in terms of "being able to participate effectively in political choices that govern one's life" (Nussbaum, 2000, cited in Alkire, 2002: 188) is generally perceived as an integral dimension of development. For stakeholders from developing countries, receiving a voice in an MSI that issues regulation regarding matters of public concern consequently represents an end in itself. How inclusively MSIs are set up, as well as which measures are taken to counter power imbalances and how consensually an initiative is oriented will have direct implications for social development in terms of either allowing for, or hindering, parties aggrieved by a developmental issue to have a chance to effectively influence decisions that impact their lives.

Secondly, from democratically legitimate MSIs, rules and standards with positive development impact can be expected. Integrating voices of stakeholders from developing countries in MSIs is likely to produce policies that enhance social development because affected parties will have had a say in the set-up of the regulation. An MSI operating according to the ideals of deliberative democracy thus serves as a means to the end of social development (Crocker, 2008). However, it needs to be noted that the criteria suggested by Mena and Palazzo (2012) represent a procedural approach in which the outcome and impact of an MSI are not directly accounted for.

Thirdly, we propose that the democratic legitimacy of an MSI indicates to what extent firms still act according to an instrumental rationale. Blowfield and Dolan (2014) conclude that businesses are hindered in serving as development agents due to their instrumental rationale. Scherer and Palazzo (2011) explicitly delineate their conception of 'Political' CSR by contrasting it with an instrumental understanding of CSR. Thus, if corporations 'contain' themselves in civil society discourses, the likelihood of a more substantive contribution to social development increases.

For the reasons outlined above, we argue that social development is one effect of the increased democratic legitimacy of an MSI. The engagement of corporations in democratically legitimate MSIs not only implies a willingness to be held accountable and give

due respect for the interest of other participating stakeholders and to devote time and resources but also a conscious decision to engage in an issue in need of development. Therefore, the suggested input and output legitimacy criteria can be argued to also reflect Blowfield and Dolan's (2014) notion of development agents and provide a more solid theoretical basis for assessment. However, legitimacy, as Scharpf (1999: 26) notes, "cannot be considered an all-or-nothing proposition". Therefore, MSIs can have various implications for social development, ranging from 'enhancing' to 'obstructing' social development as polar cases on a continuum. In the following section we outline the practical application of the proposed 'Political' CSR lens at the example of a recent MSI in the garment industry in Bangladesh.

'Political' CSR and Social Development: The Case of Bangladesh

On 24 April 2013, the factory complex Rana Plaza in Savar near Dhaka, the capital city of Bangladesh, collapsed killing over 1,100 textile workers and leaving more than 1,500 injured (Muller, 2014). The disaster at Rana Plaza, however, only constitutes the peak of a series of tragic events that have struck the garment industry of Bangladesh over the preceding years. In November 2012, for example, over 100 workers died in a fire at another factory (Tazreen), as they found themselves trapped behind locked doors (Passariello & Banjo, 2013). According to a report by two international NGOs, since 2005, hundreds of workers have died in Bangladesh in garment factory incidents (CCC & SOMO, 2013).

With 152 million inhabitants, Bangladesh counts as the eighth most populous country in the world (UNDP, 2014). While Bangladesh has experienced considerable GDP growth over the past thirty years and achieved some progress in human development, with about 47 million people living in poverty (World Bank, 2013a), it still is one of South Asia's poorest countries (World Bank, 2013b). The Ready Made Garment (RMG) industry has turned into Bangladesh's most important industry sector employing around 3.5 million people, the majority of which are young women (approx. 80%) (World Bank, 2013a). International investors are drawn to Bangladesh due to its low-cost manufacturing opportunities. Wages in Bangladesh are only half of those in India and Vietnam, and even only one-fifth of China's (World Bank, 2013b).

In the aftermath of the Tazreen fire a number of retailers agreed to meet with CSOs in order to debate possibilities of improving working conditions in the industry (Passariello & Banjo, 2013). These discussions, fueled by the succeeding collapse of Rana Plaza, have ultimately led to two competing safety initiatives. The Accord on Fire and Building Safety in

Bangladesh (hereafter ‘Accord’) as well as the Alliance for Bangladesh Worker Safety (‘Alliance’). The Accord was officially signed in May 2013 between a number of mainly European, retailers such as H&M, Inditex, Benetton and Mango, and two global as well as four Bangladeshi union federations and with four international labor rights NGOs as witnesses (Accord, 2013). In contrast, the Alliance for Bangladesh Worker Safety, which was also signed in May 2013, mainly by American retailers (e.g. by Wal-Mart and Gap Inc.), is a sole business initiative (Alliance, 2013).

In the following we will focus on the Accord instead of the Alliance, since the Accord represents an MSI in which actors from more than one sphere of society cooperate, whereas the Alliance represents a purely business led initiative.

Content and Governance Structure of the Accord

The Accord provides a commitment by the signing parties to implement a comprehensive program over a period of five years to improve health and safety measures in the Bangladeshi RMG sector (Accord, 2013; Gearhart, 2013). Signing retailers and brands of the Accord are obliged to indicate all factories in Bangladesh from which they source, conduct independent inspections in these factories, publicly report the results and to implement corrective measures, if necessary. The signatories further commit to funding the program, with contributions ranging up to US\$500,000 per company, per year, for the period of 5 years. The Accord also foresees special protection for factory workers. If a factory needs to close in order to conduct renovations, employment for the workers of that given factory needs to be ensured for a period of up to 6 months. In case workers lose their job due to loss of orders, signing companies need to ‘make reasonable efforts’ to ensure that those workers receive employment at a safe factory. Moreover, the Accord requires that workers can refuse working if they believe that a factory is unsafe, without loss of pay. Trade unions are to be actively involved in factory trainings.

The Accord has a two-tier governance structure (Accord, 2013). A Steering Committee (SC) serves as the executive organ of the Accord. It is e.g. responsible for selecting safety inspectors and overseeing the budget of the Accord. The SC consists of three representatives from the trade unions and three signatory companies, as well as a neutral chairperson from the ILO. Moreover, the Accord has an Advisory Board (AB) which is supposed to enable deliberations among a wider range of participating parties and which is supposed to provide input to the SC. A distinctive feature of the Accord is that it is legally binding. The Accord

explicitly outlines a dispute resolution process which is to be enforceable in courts of the home countries of the respective signatory brands and retailers.

Input Legitimacy of the Accord

The Accord was initiated by international non-governmental organizations but ultimately signed by 150 international companies and retailers, two global as well as numerous local Bangladeshi unions. The competing Alliance was only signed by 26 apparel companies and retailers. Thus, particularly in contrast to the alternative initiative the Accord exhibits greater *inclusion*. Yet, in terms of inclusion two issues remain. On the one hand factory owners, who have the primary obligation to improve the safety conditions in their factories, do not form part of the Accord's SC. On the other hand representation of women's interests can be held in question as, although women form the lion's share of the work force in the RMG sector, so far they are vastly underrepresented in Bangladeshi unions (ILO, 2009). Regarding the criterion of *procedural fairness* the Accord performs well. The SC consists in equal numbers of representatives from the corporate side and from the side of trade unions. Power imbalances are further neutralized through the dispute resolution process specified in the Accord. All participating stakeholders can thus be expected to have a valid voice in decision making processes. The degree of *consensual orientation* is more difficult to assess. The provisions of the Accord mainly build on an earlier Memorandum of Understanding (MoU), which was negotiated between international NGOs and two retailers. In the aftermath of the Rana Plaza disaster, the MoU was adapted to take into account suggestions for alterations particularly from the company side (CCC, 2013). While the modifications of the Accord could be interpreted as some sort of bargaining by the retailers, the fact that the Accord goes beyond the previous practice of voluntary self-regulation reflects that a compromise has been reached beyond the smallest common denominator. Furthermore, as the Accord requires a considerable financial commitment from the signing corporations, through e.g. the co-funding of corrective safety measures in factories in Bangladesh, and given that the Accord is legally binding, some form of arguing and reason giving must have taken place among the parties involved. In terms of *transparency*, the Accord improves on previous standards. Safety inspectors will be appointed by the SC and must not be currently employed by companies. Moreover, in order to put an end to multiple inspections, all reports of factory inspections will be publicly reported and industry compliance will be monitored. These measures go much further than those installed by the competing Alliance. In the latter case, inspections will not necessarily be independent and the companies retain control over inspection results. All in all,

the input legitimacy of the Accord can be considered as being higher than that of the Alliance. Assessing the input legitimacy in absolute terms is more difficult. Yet, as the Accord contains a number of distinctive features in that it provides, for example, that the parties' commitments are legally enforceable and transparency requirements go much further than in past agreements, one may argue that the Accord altogether performs well in terms of input legitimacy.

Output Legitimacy of the Accord

The Accord is rolling out an inspection program to around 1,700 supplier factories in the upcoming months. In these factories approx. 2.1 million workers are employed (Accord, 2014). Considering the total amount of workers (3.5 million) this constitutes a considerable share. With 150 signatories on the part of business including many large retailers – such as H&M (the largest buyer from Bangladesh), Inditex (the world's largest fashion retailer) and Carrefour and Tesco (two of the world's three largest retailers) (ILRF, 2013) – *coverage* of the Accord regarding participation from the business side can be regarded as being high. However, the focus of the inspections through the Accord, lies on Tier 1 and 2 factories, i.e. on those factories which form the primary and long term suppliers of the signatory brands. While these factories are certainly in need of inspection, it can be held in doubt whether this approach adequately captures and covers the common practice of subcontracting that has become established in the Bangladeshi RMG sector (Labowitz & Baumann-Pauly, 2014). The *efficacy* of the Accord is more difficult to assess as it is still in its initial phase. Given the fact that the Accord involves local stakeholders and strengthens the role of unions within factories the Accord may trigger further processes of social development. Moreover, as the Accord integrates with the governmental efforts to improve conditions in the RMG sector, and as it is set up as a legally enforceable contract, it is an interesting hybrid governance mechanism between soft and hard law. The fact that the Accord resides on the 'harder' side of the soft-hard law continuum seems to be more 'fit to the issue' of changing the current fatal long standing practices in the Bangladeshi RMG sector. *Enforcement* of the Accord can be expected to be high for two reasons (ILRF, 2013). Firstly, workers' representatives are part of the SC of the Accord. They have a strong interest in enforcing the companies' commitments. Moreover, as four international NGOs signed as witnesses to the Accord, one may expect that they will closely monitor the enforcement of the Accord's provisions. Secondly, the Accord constitutes a legally binding contract providing a dispute resolution process and arbitration in courts of a company's home country. Therefore, it is likely that companies will indeed be held

accountable for their promise to improve safety in the factories from which they source. Other than in the Alliance, from which parties can drop out of at any time, the Accord stipulates the participation of signing companies for a period of five years, companies (ILRF, 2013). Therefore, the output legitimacy of the Accord can altogether be assessed as being higher than that of the Alliance. In absolute terms, as of today, the overall output of the Accord is more difficult to determine. Whether the Accord's signatories actually fulfill their obligations remains to be seen.

Implications of the Accord for Social Development in Bangladesh

Our analysis of the input and output legitimacy of the Accord implies that all in all, despite the mentioned issues in terms of inclusion and coverage, the Accord performs well in both dimensions and can thus be evaluated as having relatively high democratic legitimacy. We therefore conjecture that the Accord will have a positive impact on social development. In our view, there are mainly two implications of the Accord for social development in Bangladesh.

Firstly, the Accord improves the democratic participation of workers in matters affecting their lives which can in and of itself be regarded as social development. The fact that local unions have been involved in the Accord has not only led to the interests of workers being represented in the Accord but also enhanced the status of unions in Bangladesh. The number of registered unions has grown from three in 2012 to more than 120 today (Muller, 2014). The strengthening of the role of unions in the aftermath of Rana Plaza is certainly also related to a new labor law adopted by the Bangladeshi government. The inclusion of numerous local unions in the Accord however means that they are now also considered as relevant negotiating parties, which further enhances their status. The strengthened role of unions has already led to an increase in the minimum wage in Bangladesh in December 2013 (BBC, 2013) and in the long run may lead to further improvements in social development in terms of workers' rights and wages.

Secondly, the discursive interaction of relevant stakeholders in a democratically legitimate MSI is likely to yield standards and policies enhancing social development. The Accord aims at new standards in terms of safety, transparency and enforcement. If the corporations involved in the Accord fulfill their obligations, the envisioned higher standards in the workplace will improve the quality of life of workers. Said safety improvements are also needed to restore the attractiveness of the Bangladeshi RMG sector, in order to preserve jobs in the industry.

Reflections on Development Oriented CSR

Despite the rather positive picture our analysis so far has drawn of the Accord, we want to stress that many challenges remain. There are a number of issues that call into question whether the corporations that have signed the Accord can be considered as agents of social development.

First of all, the Accord appears to be a reactive instead of a proactive initiative. Tragically, only after the collapse of Rana Plaza international retailers and brands were willing to sign the Accord for improvements in the industry. While the Accord now seems promising, the example of the Bangladeshi RMG sector highlights the ambivalent role of businesses in development. The Accord was initiated and propagated by international NGOs and global unions. Scherer and Palazzo (2007, 2011), in their concept of political CSR, explicitly highlight that corporations are supposed to proactively engage in dialogues with civil society. For Scherer and Palazzo (2007, 2011) a proactive engagement of corporations in democratic will formation represents a moral obligation and an important aspect of setting political CSR apart from an instrumental understanding of CSR. The emergence of the Accord could thus just as well be read as ‘the same old story’ of how businesses have tried to avoid responsibility.

Secondly, it remains questionable whether signing the Accord means that corporations have fully overcome the instrumental rationale that Scherer and Palazzo (2011) associate with ‘old’ CSR. Besides the Accord, a remedy fund has been installed by the ILO and NGOs to compensate victims of the Rana Plaza disaster. Yet, many of the retailers which demonstrably produced at Rana Plaza and also signed the Accord are not willing to contribute to this fund (BBC, 2014). Thus, it remains questionable whether those corporations are now actually operating “with an enlarged understanding of responsibility” (Scherer & Palazzo, 2011) or whether their engagement represents mere window-dressing. This also shows that the suggested input and output legitimacy criteria only help to evaluate the possibility of corporations to serve as development agents through their particular role as participants in MSIs. It does not provide insight into the overall authenticity and coherence of corporations in their role as development agents.

Thirdly, whether the Accord actually contributes to developing the RMG sector of Bangladesh remains to be seen, as the initiative still has to deliver on its promise and implement its program. The legally binding element of the Accord reflects a transition from political corporate social responsibility to corporate legal responsibility. Yet, whether and to what extent workers will ultimately be able to enforce their claims against international

retailers and brands remains to be seen. Furthermore, it is uncertain whether the Accord will have an adverse impact on other CSR activities and community programs of the signatory corporations, i.e. whether the Accord will lead to a crowding out of other engagements.

Finally, due to the limited scope of the Accord, the development orientation of the signing companies can be called into question. The Accord is only geared towards the RMG sector in Bangladesh; neither other sectors nor other countries with similar safety issues such as Pakistan, India or Cambodia will profit from the negotiated efforts of corporations. Time will tell whether the Accord companies will proactively extend their engagement to other countries and sectors.

Nonetheless, we contend that the Accord, due to its comparatively high democratic legitimacy, and due to the fact that it represents a legally binding contract, outperforms previous and simultaneous initiatives, e.g. the Alliance. Despite its existing weaknesses, we argue that the Accord represents a progress in terms of the discursive interaction between MNCs and relevant stakeholders and that it has the potential to substantively improve the safety of workers in the Bangladeshi RMG sector. The concept of ‘Political’ CSR with the legitimacy criteria of Mena and Palazzo (2012) provides, in our view, a solid theoretical basis and normative framework for how corporations can and should engage themselves in developing countries. Due to its high democratic legitimacy, the Accord, in our view, can be considered as an example of development oriented CSR.

Conclusion

This paper examined the political role of businesses in developing countries. We have argued for the value of integrating two streams of CSR research, the debate on CSR and development and research on ‘Political’ CSR, since corporations operating in the weak regulatory environment of developing countries often exert regulatory functions, e.g. through their engagement in MSIs. Our analysis of the Accord on Fire and Building Safety in Bangladesh has indicated that this MSI performs relatively well both in terms of input and output legitimacy and can thus be judged to be democratically legitimate. As a democratically legitimate MSI, the Accord has the chance to enhance social development in Bangladesh. However, the case of the Bangladeshi RMG sector after all highlights the ambivalent role of business in development. 1,100 workers had to lose their lives before major retailers and brands were finally willing to agree on a program for safety improvements in the industry. The Bangladesh case study also emphasizes that strong CSOs are needed to embed corporations in public deliberations. While the Accord program only applies to Bangladesh

there certainly is an urgent need for businesses to proactively enter into CSO discourses in order to also enhance social development in other countries such as Pakistan, Cambodia or India which have all experienced similar fatal factory disasters.

Our analysis of the implications of firms' political engagement in MSIs is based on the input and output dimensions, with only indirect reference to the outcome and impact dimension. This deficiency needs to be remedied by future research. Future research thus needs to empirically validate the relation between democratic legitimacy of MSIs and social development with outcome and impact variables. Future research is also needed to address the 'hardening' of soft law, as in the case of the Accord, and the emergence of corporate 'legal' responsibility as a new accountability regime for politically engaged corporations. Finally, the controversy which sparked around the concept of 'Political' CSR highlights that further research is needed to deal with the normative question concerning the scope and content of corporate responsibility in developing countries.

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Paper III: How Corporations Manage Becoming Political Actors in Multi-Stakeholder Initiatives – the Case of the “Accord on Fire and Building Safety in Bangladesh”

Kristin Huber & Maximilian Schormair

Abstract

Despite corporations being at the centre of the normative debate around multi-stakeholder governance, we lack research that investigates the underlying processes of corporate political engagement in multi-stakeholder initiatives (MSIs). To explore how corporations manage becoming political actors in MSIs we conduct an in-depth case study of the Accord on Fire and Building Safety in Bangladesh – a recent MSI established after the collapse of the Rana Plaza garment factory complex in 2013 to improve working conditions in the Bangladeshi garment industry. Employing a qualitative inductive theory-building method, we use interview and archival data to develop a framework revealing the interaction dynamics between corporations as well as the argumentative dynamics associated with the discursive construction of the political role of corporations. Our study shows that becoming political actors in MSIs is a more nuanced and complex phenomenon than presently theorized in the academic literature on the political role of corporations in multi-stakeholder governance.

Keywords: Multi-Stakeholder Initiatives, Political CSR, Communication, Accord on Fire and Building Safety in Bangladesh

Introduction

Over the past decades multi-stakeholder initiatives (MSIs) have become a central governance mechanism in the global economy initiating a wave of private regulation (Abbott & Snidal, 2009; Djelic & Sahlin-Andersson, 2006; Vogel, 2009). MSIs generally involve a variety of actors, including corporations, civil society organizations as well as at times governmental actors and usually aim at setting norms or standards to address social and environmental issues in global supply chains (Gilbert & Rasche, 2008; Levy, Reinecke, & Manning, 2016; Mena & Palazzo, 2012). Within the so called ‘political’ corporate social responsibility (CSR) research stream the proliferation of MSIs and particularly the growing political role of corporations in MSIs reflect a step towards a more democratic and inclusive governance of increasingly complex problems (Scherer & Palazzo, 2011; Scherer, Palazzo, & Matten, 2013; Scherer, Rasche, Palazzo, & Spicer, 2016). By deliberating with affected stakeholders in the public sphere on standards, certifications or other forms of regulating business conduct, corporations are politicized and embed themselves in an emerging global democratic world order (Hahn & Weidtmann, 2015; Scherer, Baumann-Pauly, & Schneider, 2012; Scherer et al., 2013). By participating in this discursive rule-setting processes corporations deepen their supply chain responsibilities (Schrempf-Stirling & Palazzo, 2016) and develop an increased commitment to their societal responsibilities (Haack, Schoeneborn, & Wickert, 2012).

However, more critical scholars describe the increased political role of corporations in MSIs as a threat to democracy and essentially see them as “de-politicization mechanisms that limit political expression and struggle” (Moog, Spicer, & Böhm, 2015: 474), calling into question the legitimacy and efficacy of such initiatives (Banerjee, 2007; Edward & Willmott, 2008a, 2008b; Moog et al., 2015; Utting, 2002). Particularly in the context of less developed democracies, several scholars argue that public interests have to be protected from private profit interests (Banerjee, 2007; Blowfield, 2012), as business-driven initiatives are criticized for ignoring normative and systemic issues, as well as for co-opting more fundamental critiques of corporations’ role in society at large (Fleming & Jones, 2013; Shamir, 2010).

Intriguingly, despite corporations being at the centre of the normative debate around multi-stakeholder governance, research investigating the “underlying processes” (Mena & Waeger, 2014: 1111) of corporate political engagement in MSIs is rather scarce. While recent studies elucidate the interaction dynamics between corporations and civil society actors associated with CSR initiatives (Bakker, den Hond, King, & Weber, 2013; den Hond, Bakker, & Doh, 2012; Levy et al., 2016; Mena & Waeger, 2014; Reinecke & Ansari, 2016) so far we know little about how companies interact with each other in MSIs (Eberlein, Abbott, Black,

Meidinger, & Wood, 2014; Scherer et al., 2016; Wood, Abbott, Black, Eberlein, & Meidinger, 2015). Although we observe trends towards closer cooperation between competitors of an industry in MSIs (Schrempf-Stirling & Palazzo, 2016) as well as towards the growing significance of business-driven initiatives (Fransen, 2012), we lack a deeper understanding of the processes involved. Research so far largely focused on the theoretical underpinnings (Scherer & Palazzo, 2011) and normative requirements for corporations as political actors in MSIs (Mena & Palazzo, 2012) without scrutinizing the processes involved in corporations becoming political actors in practice. Hence, we need a deeper understanding of the “modes of operationalization” of political CSR by corporations (Scherer et al., 2013: 151).

In order to clarify the controversially discussed political role of corporations in MSIs we need to understand how firms deal with being assigned a de facto political role through participating in MSIs. While the importance of communication for interactions between governance actors in MSIs has been widely recognized the underlying mechanisms still remain unclear. Recent research stressing the ‘ideational dynamics’ associated with companies engaging in CSR programmes and initiatives, is still in its early stages. These studies indicate that talking and walking CSR are closely intertwined processes suggesting that communication between stakeholders not only passively reproduces but actively co-creates and shapes the reality of CSR (Fleming, Roberts, Garsten, Christensen, Morsing, & Thyssen, 2013; Haack et al., 2012; Schultz, Castelló, & Morsing, 2013). In this relatively young field more research is needed that clarifies the role of communication and its material impacts in CSR initiatives (Crane & Glozer, 2016: 1244). There hence is a dearth of research on the underlying processes of interaction and communication associated with the corporate political engagement in MSIs.

To address these research gaps we use a qualitative, inductive theory-building approach (Corbin & Strauss, 2015; Gioia, Corley, & Hamilton, 2013). Qualitative, inductive analyses are particularly suited when studying phenomena in complex contexts for which theory is lacking, as well as for studying processes, i.e. how something occurs and the dynamics underlying emerging relationships (Corbin & Strauss, 2015; Creswell, 2005). To examine how companies manage becoming political actors in MSIs, we conduct an in-depth case study of the Accord on Fire and Building Safety in Bangladesh (Accord) building on both interview (24 interviews with 29 persons) and archival data (Yin, 2014). The Accord was set up after the collapse of the factory complex Rana Plaza in Bangladesh in 2013, which caused the death of more than 1,100 garment workers. Bringing together corporations with unions and

NGOs as witnesses to collaboratively solve a problem arising due to a governance void, i.e. the failure of the state of Bangladesh to uphold its building standards, the Accord represents an emblematic example of political CSR. It represents a case in which corporations act as rule-maker and rule-enforcer of building safety standards through an MSI in order to maintain their societal legitimacy.

Our study contributes to the literature by developing a framework showing that becoming a political actor in MSIs represents a two-dimensional challenge for companies. On the one hand, companies have to deal with practical aspects of being co-responsible for working conditions in areas of limited statehood, i.e. they have to manage the operational dimension of being political actors. On the other hand, companies have to develop an understanding of their political responsibilities in normative terms, i.e. they have to deal with the ideational dimension of being political actors. We find that companies manage the practical aspects of MSI participation through distinct, yet interrelated patterns of interfirm interaction, namely *raising questions*, *sharing information*, *coalescing* and *representing*. Managing the normative-cognitive aspects of MSI participation instead entails resorting to intrafirm discursive patterns of *(dis-)approving*, *embracing* and *denying*. Thus, with our empirical study we illuminate the trajectory of corporations from being formally and societally assigned a political role in MSIs to how they come to enact this political role (Scherer et al., 2016). Moreover, our findings shed light on the constitutive role of political CSR communication (Haack et al., 2012) by revealing that companies construct their political responsibilities in MSIs through recurring yet contrastive discursive patterns suggesting that as much as companies talk CSR in two opposing directions they also walk CSR both ways. While some firms discursively committed themselves to their political role adopting an open posture others can be characterized by a denial of their role adopting a defensive posture regarding CSR. Hence, we show that conceptualizing corporations as political actors in MSIs is more complex than presently theorized in the political CSR research stream.

We proceed by providing a brief review of the controversial debate in the literature about MSIs and corporations as political actors. We then outline the context of our case study and the method used in our data analysis. Thereafter we present the findings of our analysis and develop a framework of how corporations manage becoming political actor in MSIs. Finally, we discuss the implications of our findings for theory as well as the limitations of our study before offering directions for further research.

Corporate Political Engagement in Multi-Stakeholder-Governance – A Controversial Debate

MSIs have been defined as private regulatory initiatives involving “at least two of the three following actors: governments, corporations, and civil society (generally represented by NGOs and humanitarian organizations)” (Mena & Palazzo, 2012: 535–536). The rule-setting activities of MSIs can take various forms, reaching from establishing learning platforms without specific rules and enforcement mechanisms to developing codes, standards or certification schemes with varying degrees of rule specificity and enforcement mechanisms (Mena & Palazzo, 2012). Examples include the Forest Steward Ship Council (FSC) which aims to promote sustainability in forest management, the Global Reporting Initiative (GRI), setting standards for non-financial reporting or the United Nations Global Compact (UNGC) which issues general principles for good corporate conduct (Rasche, Waddock, & McIntosh, 2012). MSIs usually produce rules and standards that are voluntary in nature and hence generally represent a form of soft law (Abbott & Snidal, 2000). In this paper we use the term MSI to refer to initiatives which bring corporations into dialogue with stakeholders to address social or environmental issues that emerge along global supply chains.

The rise and proliferation of MSIs is discussed controversially within the emerging debate on a political understanding of CSR. Although there are many different scholars drawing on political theory in the conceptualization and analysis of CSR (Cohen, 2010; Hsieh, 2009; Mäkinen, Kourula, & Arnold, 2012) the term ‘political CSR’ is mostly used to refer to the theory proposed by Scherer and Palazzo (2011) and colleagues (Scherer, Palazzo, & Baumann, 2006; Scherer et al., 2013; Scherer et al., 2016). Following this line of thought, corporations increasingly assume the role of political actors “by engaging in public deliberations, collective decisions, and the provision of public goods or the restriction of public bads in cases where public authorities are unable or unwilling to fulfil this role” (Scherer et al., 2016: 276). Through this lens, the advent of MSIs reflects the ‘politicization of the corporation’ by which corporations reproduce societal acceptance through deliberative interactions with stakeholders in the public sphere. According to Scherer and Palazzo (2007, 2011), the increased regulatory engagement of corporations has a distinctively political quality since corporations move from being the object of regulation to being its subject. They argue that stakeholder deliberation within MSIs secures corporate legitimacy and “at the same time launches a learning process through which democratization effects are strengthened” (Scherer et al., 2006: 522). With reference to Fung (2003: 52), Scherer et al. (2006: 522) state that “[a]renas of deliberation can thus function as schools of democracy”. Moreover, with

reference to Risse (1999), Scherer and Palazzo (2007: 1111) note that the deliberative engagement of corporations, e.g. in MSIs, will lead corporations into an “argumentative self-entrapment” such that corporations will “increasingly contribute to an institutionalization of norms and the solution of political challenges”.

In contrast to Scherer and Palazzo’s emphasis on politicization, several scholars stress ‘apolitical’ aspects of CSR initiatives or identify ‘depoliticization’ at work in and through MSIs. Critics describe the increased regulatory role of MSIs as a threat to democracy and essentially see them as “de-politicization mechanisms that limit political expression and struggle” (Moog et al., 2015: 474) calling into question the legitimacy and efficacy of such initiatives. In this vein, scholars have identified the risk of losing the “radical and political edge” (Banerjee, 2007: 92) of the CSR discourse by confining it to the narrow boundaries of the business-case for CSR (Edward & Willmott, 2008a, 2008b; Fleming & Jones, 2013; Shamir, 2010). As Kourula and Delalieux (2016) show in their study of a French retailer, companies can use CSR practices to placate criticisms of civil society while maintaining their dominant position. In addition, the problem-solving capacity of MSIs regarding social and environmental problems has been questioned by stressing the lack of “financial resources and jurisdictional authority needed to effectively regulate these trenchant problems” (Moog et al., 2015: 488).

Within the related transnational business governance (TBG) literature, the growing political role of corporations in and through MSIs has been conceptualized as privatization of regulation (Abbott & Snidal, 2009; Djelic & Sahlin-Andersson, 2006; Vogel, 2009) that risks undermining the democratic sovereignty of governments since “many supposedly sovereign polities are increasingly rule takers rather than rule makers” (Levi-Faur, 2005: 13). In particular, TBG scholars hold that the increased influence of experts in global governance runs the risk of removing important decisions from democratic scrutiny within parliaments and other government institutions (Levi-Faur, 2011). Nonetheless, scholars in the TBG field concur with recent political CSR scholarship in stressing the importance to investigate the interaction dynamics between governance actors (Eberlein et al., 2014; Scherer et al., 2016; Wood et al., 2015). Interactions are broadly defined as “the myriad ways in which governance actors and institutions engage with and react to one another” (Eberlein et al., 2014: 2). Recent studies focus in particular on the interaction dynamics between corporations and civil society actors in CSR initiatives and programs (Bakker et al., 2013). Reinecke and Ansari (2016) show how NGOs contributed to what they call the “responsibilization” of companies by employing framing strategies, while Levy et al. (2016) shed light on the dynamic influence of

activist groups on the development of global standards in the coffee industry. Hond et al. (2012) in turn investigate drivers for corporate collaborations with NGOs while Mena and Waeger (2014) conceptualize in how far specific properties of MSIs provide opportunity structures for civil society activism.

Besides the investigation of interactions between governance actors also the role of communication in governance schemes such as MSIs merits further scrutiny according to TBG and political CSR scholars. While TBG scholars conceptualize communication as “one important pathway of interaction” (Eberlein et al., 2014: 10) in governance schemes such as MSIs, political CSR scholars draw on normative and more recently processual views on communication. As outlined above, Scherer and Palazzo ground their concept on the normative notions of consensual communication and deliberation as developed by the philosopher Juergen Habermas (1996, 2001). Other scholars use critical discourse analysis to reveal discursive legitimacy strategies (Vaara, 2014) and argumentative dynamics involved in the discursive construction of the political responsibilities of corporations (Joutsenvirta & Vaara, 2015). Recent studies investigate the role of communicative resources such as frames for firm-stakeholder relationships (Lehtimäki & Kujala, 2015; Reinecke & Ansari, 2016) and narratives for interpretations of CSR (Blindheim, 2012). Literature on the constitutive aspect of CSR communication in turn suggests that communication not only passively reflects but also actively shapes and creates the reality of CSR programmes and initiatives (Fleming et al., 2013; Haack et al., 2012; Schultz et al., 2013). Accordingly, talking about CSR can have performative effects such as what Haack et al. (2012) call “creeping commitment”. This describes a process by which low initial commitment of managers to their companies’ CSR claims is transformed into higher levels of commitment through internalizing the inherent discursive aspirations of the companies’ CSR communications.

As this brief literature review shows, research on corporate political engagement in MSIs so far mainly focuses on developing conceptual insights into multi-stakeholder governance as well as on evaluating corporations as political actors from different normative perspectives. While political CSR research clearly conceptualizes the characteristics and normative requirements associated with corporations as political actors, so far, we lack research on the processes involved in corporations becoming political actors in governance schemes such as MSIs (Mena & Waeger, 2014). We thus lack a deeper understanding of how competing companies interact with each other and how they deal with being a political actor in MSIs (Eberlein et al., 2014; Scherer et al., 2013; Scherer et al., 2016). In particular, the role of communication in and between companies participating in CSR initiatives and programs

remains unclear. As outlined above, research on ideational dynamics and the constitutive role of CSR communication is still in its early stages suggesting the need for further research (Crane & Glozer, 2016). To address these gaps, we conduct an in-depth case study of a recent MSI, examining the interaction as well as discursive dynamics emerging in and between companies.

Methods

In order to investigate how corporations manage becoming political actors in MSIs we adopt a research approach that allows for studying processes as well as interpretations of corporations with regards to their political role. Qualitative research is particularly suited to address research questions that focus on processes as well as for settings in which theory needs to be developed or elaborated (Creswell, 2005). Moreover, as Denzin and Lincoln (2011: 3) note, qualitative research is suited when the aim of research is “to make sense of, or interpret, phenomena in terms of the meanings people bring to them”. We therefore adopted a qualitative, interpretive approach, carrying out a qualitative case study (Yin, 2014) and applying an inductive theory-building method (Corbin & Strauss, 2015; Gioia et al., 2013).

Research Context

Given our research interest, we were concerned with finding a context in which corporations were confronted with taking on a political role in MSIs. We found the Accord to represent a particularly compelling context to study corporations as political actors. The Accord is an MSI that was set up in May 2013 after the collapse of the factory complex Rana Plaza in which more than 1100 workers were killed and which left more than 2000 injured. The Accord represents a legally binding agreement between as of today 217 mostly European garment brands and retailers and two global unions (IndustriAll and UNI Global Union) as well as several local trade unions (Accord, 2013). The Clean Cloth Campaign, Worker Rights Consortium, International Labor Rights Forum and Maquila Solidarity Network served as witness signatories to the agreement.

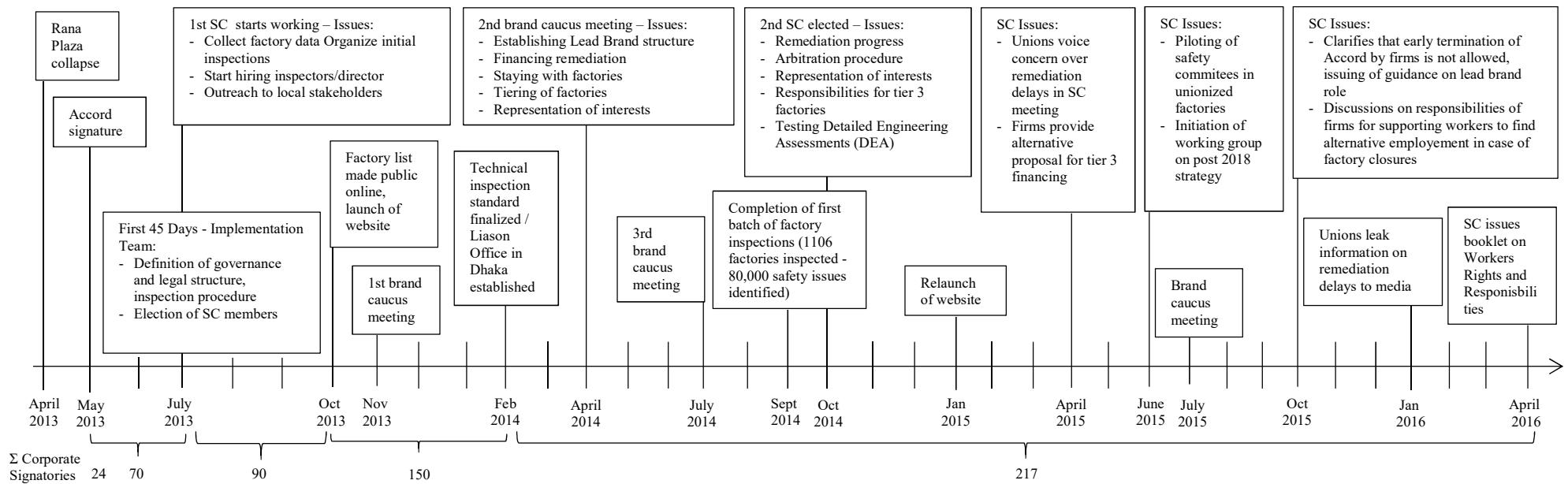
Covering 1650 factories in which app. 2 million workers are employed (Accord, 2016) the Accord provides a commitment by the signing parties to implement a comprehensive fire and building safety program over a period of five years (2013-2018). This includes an independent fire, electrical and structural inspection program which is conducted by specialist engineers, a remediation program as well as a worker participation program. The Accord also entails a financial commitment by signatories to contribute funding (up to \$500,000 max. p.a.)

and to continue ordering for a period of 2 years from Tier 1 and 2 factories, i.e. those factories covering 65% of a signatory's volume from Bangladesh (Accord, 2016). A complaints procedure and binding arbitration system was set up which entails that signatories may be pursued for e.g. the enforcement of fees in their respective national legal systems (Reinecke & Donaghey, 2015). Signatory companies are assigned supplier factories in Bangladesh for which they are 'in the lead' meaning that they are in charge to follow up on and communicate progress of the factory regarding safety issues.

The Accord has a two-tier governance structure. A Steering Committee (SC) consisting of three representatives from trade unions and three signatory companies, as well as a neutral chairperson from the International Labour Organization (ILO) serves as the executive organ of the Accord. The Advisory Board (AB) on the other hand involves representatives of the government of Bangladesh, factory owners and representatives from Bangladeshi civil society organizations operating without decision making authority. Besides that, signatory companies regularly meet in company caucuses to discuss pertinent issues and to consult with the company representatives in the SC. Figure III.1 illustrates major events and issues that occurred in the Accord within the timeframe of our study.

The Rana Plaza disaster shed light on the substantial institutional weaknesses of Bangladesh in terms of rule enforcement and efficacy of government agencies (Bolle, 2014). By signing the Accord companies found themselves co-responsible for fire and building safety of garment factories in Bangladesh and thus were no longer the object, but subject of regulation and rule enforcement. Moreover, the participation of corporations in the MSI can be interpreted as an attempt to collaboratively regain and maintain their legitimacy in the eyes of their stakeholders. The Accord thus represents a critical case (Yin, 2014) for developing theory in the context of political CSR.

Figure III.1: Timeline of Accord Process



Source: Own illustration

Data Collection

Data were collected over a period of half a year, between September 2015 and April 2016 from two main sources. Firstly, we conducted 24 semi-structured interviews with 29 persons involved with the Accord. Besides covering key non-corporate stakeholders of the Accord we conducted interviews with 16 signatory companies ranging from small to medium sized companies and to large multinational corporations in the garment industry. The transcription of 26h and 33 minutes in total of recorded material resulted in 522 pages of single spaced transcript providing a rich source of qualitative data. With the aim to trace how corporations managed becoming political actors, we asked broad and open questions to get our interviewees talking freely about their experiences with and views on the Accord. Besides broad questions on experience with the Accord over time, we also probed for further information related to the interviewees' organizational roles, rationales for joining the Accord, perceived issues, actions to resolve issues, views on the future of the Accord (post 2018) as well as assessments of the effects of the Accord on their self-understanding as actors in global supply chains. Secondly, we analysed archival data including Accord documents and other external types of documentation such as newspaper articles on the Accord and the Bangladeshi RMG industry as well as corporate communication documents such as press releases and sustainability reports. To mitigate retrospective bias, the analysis of the interviews as primary source of data was thus combined and triangulated with other sources of data (Miles & Huberman, 2008). These additional sources allowed us to gain a deeper understanding of the temporal sequences of events and the broader context and dominant themes against which interactions between governance actors emerged. Table III.1 summarizes the different sources of data collected for this study. All data sources are listed in more detail in an Annex to this paper.

Table III.1: Overview of Collected Data

Type of Data	Description
Interviews	24 interviews with 29 persons (26:33 h of interview material, 522 pages of transcript); Interviewees: CSR managers, sourcing managers, trade unionists, Accord office project manager, staff of related institution (GIZ)
Archival Data	Accord Documents (SC Meeting Minutes, AB Meeting Minutes, Regulations, Reports, Twitter Feed), Media Coverage, Corporate documents (corporate reports and press releases)

Source: Own illustration

Data Analysis

In the analysis of our collected data we employed a grounded theory oriented approach (Corbin & Strauss, 2015; Gioia et al., 2013). As we conducted all but one interview together, after each interview we discussed themes that had come up during the interviews as well as observations that caught our interest and took turns in writing short interview logs covering interesting points. From these initial discussions a two-dimensional challenge emerged that corporations were facing with respect to their political role. Being all of a sudden co-responsible for fire and building safety in Bangladesh on the one hand had an operational dimension: corporations had to practically operationalize the written Accord requirements and transfer them into inspection and remediation programs on the ground in Bangladesh. On the other hand it also had an ideational dimension which concerned the cognitive aspects of participating in the Accord: corporations had to develop a stance regarding how they saw their role as political actors in supply chains in general and in Bangladesh in particular. They thus had to delineate for what they saw themselves responsible for and how to interpret their political role.

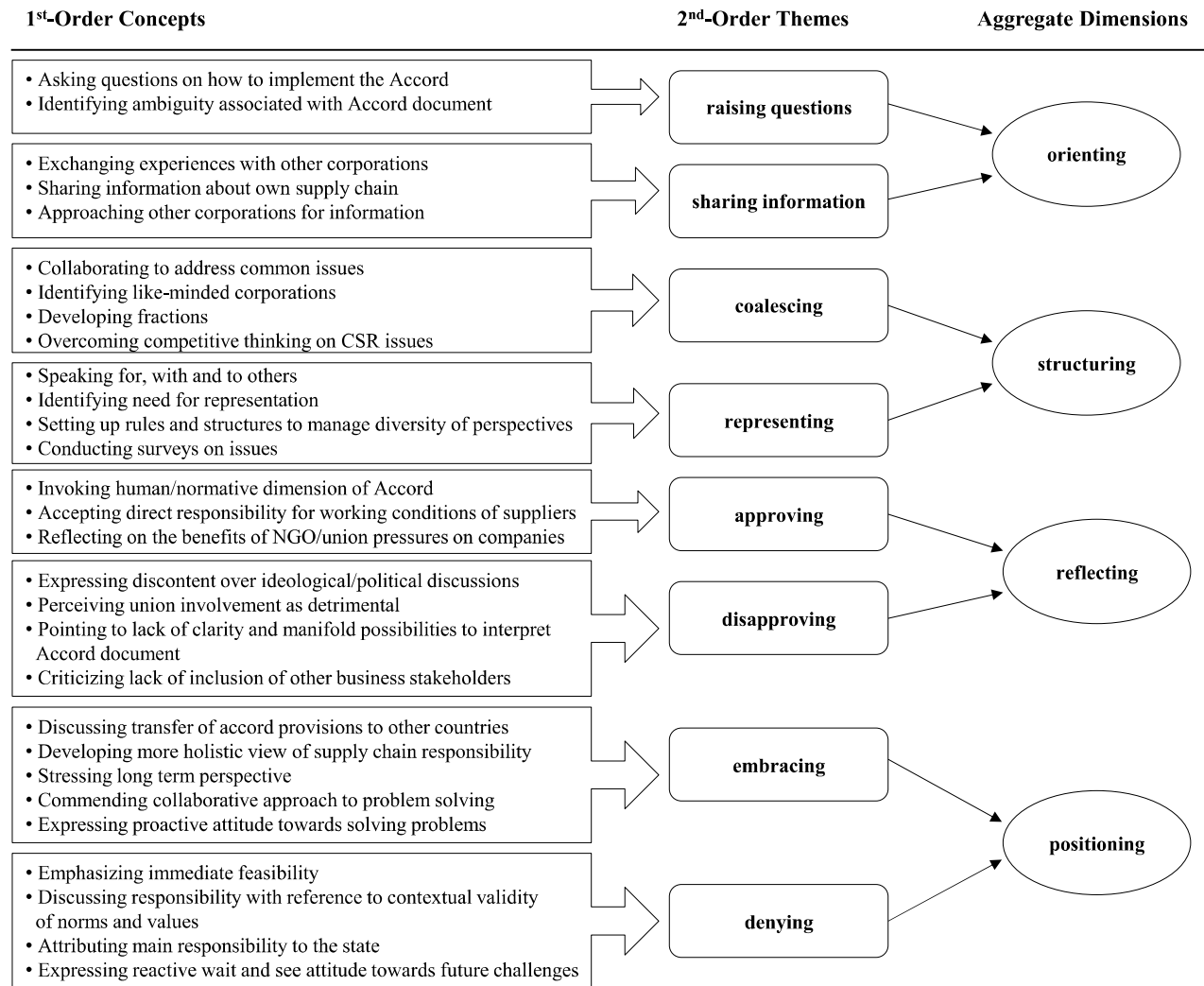
With these rough contours of themes in mind, after the transcription of the interviews, we entered into formalized coding, which proceeded in four steps. In a first step, we imported all data into the qualitative data analysis software MAXQDA which helped us to organize, develop and refine our emerging codes. We both openly coded a number of interviews, using descriptive as well as in-vivo codes, thereby identifying initial, first-order concepts (Corbin & Strauss, 2015). This open coding phase served to identify statements in the interviews describing processes that consciously or unconsciously emerged from the interaction with other participants in the Accord and arguments provided about how corporations understood their role in the initiative.

In a second step we discussed the open codes that we both had generated and entered into axial coding (Corbin & Strauss, 2015). We looked for relations and dissociations between the first-order codes we had identified, grouping them into more generic second order themes (Gioia et al., 2013). This step involved identifying and comparing processes that were incited through the participation of governance actors in the MSI as well as singling out arguments brought forward by corporations on their understanding of their political role. Following Joutsenvirta and Vaara (2015) we focused on the content (i.e. the focus of the arguments brought forward) rather than on the form (i.e. how an argument is made) in the discursive construction of the political role by corporations.

In a third step, in the spirit of the technique of constant comparison (Corbin & Strauss, 2015), we went back and forth between our emerging theory and data, constantly discussing occurring themes and analysing further interviews to compare identified patterns. In this process we also consulted the secondary sources of data and iteratively refined the second-order themes in light of new information. In particular the analysis of the Accord's SC and AB meeting minutes as well as the Accord's Twitter Feed were helpful in reconstructing the temporal sequence of events (see Figure III.1). Through these comparisons, a structure for our second-order themes emerged. On the one hand, we identified distinct patterns of interaction that emerged between corporations which we refer to as 'interaction patterns' since they relate to different ways of how corporations "engage with and react to one another" (Eberlein et al., 2014: 2). In terms of Eberlein et al. (2014: 6), these patterns constitute interactions at the micro level since they emerge between "individuals and organizations that create and act within" particular governance schemes such as the Accord. On the other hand, we also identified different patterns which we refer to as 'discursive' since they relate to argumentative constructions by individuals and organizations that serve to shape and define "possible ways of perceiving and talking about a specific topic" (Christensen, Cheney, & Morsing, 2008: 118) and thus to unfold what constitutes appropriate behavior (Crane & Glozer, 2016; Fleming et al., 2013; Haack et al., 2012).

In a fourth step we again discussed emerging theoretical relationships among the second order themes we had identified and aggregated them into more abstract dimensions that merged the existing codes into a coherent set of patterns that characterized the process of how corporations managed becoming political actors through their participation in the governance initiative. We found that while the identified patterns of interaction could further be aggregated into two distinct, yet interrelated phases which we labelled *orienting* and *structuring*, the discursive patterns of argumentation could also be divided into two distinct phases which we termed *reflecting* and *positioning*. The data structure that resulted from this analysis is presented in Figure III.2 below. Appendix 8 of this dissertation shows the data structure in more detail.

Figure III.2: Data Structure



Source: Own illustration

Findings: How Corporations Manage Becoming Political Actors in MSIs

Our in-depth analysis of signatory companies of the Accord revealed that over the course of the participation in the MSI corporations interacted with each other and individually engaged in the discursive construction of their political role in four distinct phases. While we present these phases in a linear manner in the following, the underlying process of how corporations manage becoming political actors in MSIs is by no means prescriptive, nor always progressive, as phases may overlap and recur. Researching these processes necessarily implies “the development of stylized facts so that descriptive detail does not obscure analytical insights” (Eberlein et al., 2014: 11). In the following sections, we present and discuss how these four phases emerged over the course of the MSI.

Orienting

With the signature of the Accord in May 2013, corporations found themselves in the role of being responsible for fire and building safety in Bangladesh under a legally binding contract. Since only a few larger corporations had been involved in the formulation of the Accord and since the infrastructure for implementation in Bangladesh had to be set up from scratch, corporations experienced a high level of uncertainty with regards of what was expected from them and how to deal with the provisions of the Accord. In this regards, a CSR manager reflected on the early phase of the Accord as being problematic and bumpy:

From the operative side, we had quite a bumpy start [...] that was not easy, also because everything was happening so quickly, at the beginning, in particular with a view to the inspections [...]. So there were many differences at the beginning also between factory owners and managers and between the Accord and participating companies (CSR Manager, Company G, I 8)

From our data, we identified different patterns of interactions that were incited by the ‘new’ and uncertain situation that corporations found themselves in with the signature of the Accord. With public scrutiny still being high after Rana Plaza, this uncertainty triggered interactions that we subsumed under the heading of *raising questions*. Corporations started asking question on how to implement the Accord and started approaching others for information. In this orienting phase, corporations also started to perceive ambiguities associated with the Accord document. One CSR Manager for example noted that they were unsure on how the categorizing of factories into tiers should take place:

Yes, at the beginning we had to orient ourselves a little how everything works and it was for example also not so clear with the Accord how things function with respect to the tiering of factories because you have to indicate how many factories fall under tier 1, tier 2, tier 3, i.e. what significance a certain factory has for us. And that was a bit difficult at the beginning (CSR Manager, Company E, I 6)

In order to resolve perceived ambiguities and to find answers to the open questions, corporations started, what we termed, *sharing of information* and approaching others to exchange experiences. One interviewee for example recalled an abundance of coordination calls with other corporations:

Naturally in this phase of absolute organizational uncertainty, I had countless telephone calls with other actors and I have, basically, vividly experienced all the ‘birth’ problems of the Accord, with an abundance of coordination calls and discussions that were all very instructive (VP CR and Sustainability, Company I, I 11)

As the Accord requires signatories to register all sourcing factories in a database, sharing of information was also inscribed in the MSI process. This entailed that corporations first of all had to gather information about their supply chain and had to make this information available to all others through the database. In this regard, a trade unionist noted: “I think for many signatories, as well as for those who thought that they had good systems in place, it has been a great shock to learn, that actually they know nothing about their supply chain” (Trade Union Manager, Trade Union A, I 20). Combined with similar statements of several signatory companies this suggests that for some of the participating companies the disclosure of supplier factories entailed an internal learning process. However, through sharing information it also became clear which corporations were sourcing from which factories, such that in the course of this process, new interactions between corporations were forged and existing ties were strengthened. One interviewee highlighted the novelty of this experience:

Well, as an experienced foreign trader you actually get goosebumps if you openly communicate information about suppliers and your contacts. That actually is a ‘no go’ in classical foreign trade. (Sourcing Manager, Company J, I 12)

We subsumed the patterns of raising questions and sharing information under the aggregate dimension of an *orienting* phase since they served to assist corporations in dealing with the operational tasks of implementing the Accord requirements. In this initial phase corporations interacted with each other to acquire a better understanding of what was expected from them and how others were dealing with these tasks.

Structuring

The exploration of the operative tasks in the orienting phase set the stage for discovering discontinuities and the need for structuring interactions in the initiative to be able to operatively deal with the tasks at hand. With the initial inspection processes that were set up soon after the signature of the Accord, a number of operative challenges came to light, for example how to communicate about inspections and how to coordinate the inspection process and follow ups. Signatories started to raise this issue with the SC, which then decided to implement the structure of ‘lead brands’. For each factory a ‘lead brand’ was assigned that was charged with a primary responsibility to follow up on inspections and inform other brands that were also sourcing from this factory about the status of inspections and remediation. With the lead brand structure in place, corporations further engaged with each other since corporations sourcing from the same factories together had to follow up on the progress of inspection and the necessary corrective actions. This led to interactions that we subsumed under the heading of *coalescing*, since they were all related to corporations getting closer and forming larger interest based groups. One CSR manager described that knowing who else was producing in the same factory made it easier to work together: “I find that [...] it is easier to pick up the phone or write a quick email, to another brand, since one knows who else is producing in the same factory” (CSR Manager, Company F, I 7). The coalescing of corporations also affected their perception of each other. One interviewee for example noted that the interaction of corporations in the Accord thus led to alleviating competitive thinking on CSR issues and to the development of a ‘team spirit’:

Amongst the corporations a kind of team spirit evolved, which I find very good. Competitors all of a sudden are turning into cooperating partners and are going much beyond what is foreseen from a point of view of anti-trust law [...] and that was a big challenge at the beginning. [...] I do think that more of a sense of community has emerged, less competition, which in my view is also completely misplaced in the realm of CR. (CSR Manager, Company O, I 22)

The increased interaction also served to identify ‘like-minded’ corporations, i.e. corporations that shared concerns and that perceived similar issues. Together these ‘like-minded’ corporations started ‘to join forces’ and to articulate issues vis-à-vis the Accord office and SC. One interviewee for example noted: “We have, at the beginning, also expressed our annoyance together with a few other corporations; we joined forces and put forward requests to the Accord, since they were definitely uncoordinated at the beginning” (CSR Manager, Company F, I 7). However, the increased interaction among like-minded corporations in the Accord also led to the development of fractions within signatory

companies. One interviewee in this regard for example described the existence of two distinct “camps” in the Accord sharing different ‘political orientations’: “... one can say that there is a big part of corporations that is more brand-oriented and a small part that is closer to the union side” (CSR Manager, Company F, I 7).

In November 2013, a first brand caucus meeting was held in Amsterdam (see Figure III.1). At this first meeting, a large group of signatory companies met for the first time and interacted on a face-to-face basis. This meeting however made evident the need for a more organized and continuous exchange forum. Up to then the Accord had already started the initial inspection process, hiring a team of inspectors, launched its website and collected factory data. Corporations had realized that the Accord required quite some work from their side and that the SC was deciding on issues with immediate relevance for their day to day business. One issue that for example came up in our interview data was that companies started to raise the issue of Tier 3, i.e. factories from which companies source low volumes on an irregular basis, as a matter of interpretation. However, with the SC being the executive organ of the Accord, only three corporate representatives found themselves in a decision-making position. Corporations slowly started to realize that in order to have a say in the Accord, they needed some form of representation to be able to articulate their interests. Other than the unions involved in the SC, whose daily business is representing workers interests, corporations were not used to having others speak for them. As coalitions of corporations had started to form, it became increasingly clear that they needed some structure or communication channels to attend to their interests. One interviewee in this regard pointed out:

And it is important, when thinking about multi-stakeholder initiatives, actually the question, how do you secure a reasonable representation of corporations. Actually all of them are nation states. [...] And they do not want to give up any sovereignty – which I do not want either. So and that means, you can actually compare it to the founding of the European Union [...] when thinking about how to establish a representation of interests. (CSR Manager, Company D, I 5)

Corporations hence started stressing the need for representation. Thus a pattern of interaction emerged that we labelled *representing*. Corporations consequently started to engage in discussions on which issues the SC would need to consult the company caucus and ultimately established the role of regional coordinators in order to facilitate exchange and to receive feedback on open issues. We subsumed the interaction patterns of coalescing and representing under the aggregate dimension of *structuring*, since they served to establish processes of collective will-formation among corporations to organize and coordinate their

engagement in the initiative. Corporations thus opened up the space for voicing perceived issues.

Reflecting

While the themes outlined in the previous section represent patterns of interaction *between* companies that were incited by the participation in the MSI, we also found discursive patterns of argumentation *within* companies in our data. With the main operational procedures in place in the Accord our data show that companies discursively processed their experiences by resorting to two opposing ways of argumentation. On the one hand companies referred to Rana Plaza as morally unacceptable incident which imposes a fundamental responsibility on companies to make sure that such a tragedy does not repeat itself. In this vein, one interviewee noted:

Well, I mean we are not asking for anything completely out of the ordinary. Instead, we are asking for things that are already in place somewhere, let it be the ILO-working norms or the OECD-guidelines or the Ruggie-principles. In some place these rights exist and you cannot hide behind saying “in my country it’s not the law”. (CSR Manager, Company O, I 17)

As this quote illustrates, companies explicitly stressed their responsibility to respect universal norms like the Ruggie-Principles or the Guidelines for multinational enterprises of the Organisation for Economic Co-operation and Development (OECD) even if this implies reaching beyond established legal requirements. In addition, by arguing that “if we produce there, we are also responsible for the safety of buildings and workers” (CSR Manager, Company L, I 14) companies acknowledged having a direct responsibility for securing decent working conditions of suppliers. Furthermore, companies reflected on their interactions with unions and NGOs by discussing their role within the Accord as beneficial. One manager for example described the watchdog position of unions in the Accord in a positive way:

But on the other hand it is always good to have a side on board which is pushing the whole thing more and keeps demanding more. That furthers the cause, if one tries to evaluate it from a more neutral position. (General Manager, Company K, I 13).

As this quote indicates, parts of the participating companies thus perceived frictions with unions and NGOs as ultimately beneficial for the Accord and stressed that without their involvement, progress on improving fire and building safety in Bangladesh would have been much slower. This shows that some companies viewed the discursive engagement with multiple stakeholders from civil society as essential part of taking on a political role in MSIs. We called this emerging discursive pattern *approving* since firms resorted to affirmative

arguments in constructing a stance on their Accord experiences and associated normative issues.

On the other hand, some companies reflected on the role of unions and NGOs in a more negative way, criticizing their role as ‘not constructive’, ‘polemical’ and ‘self-interested’. These companies argued that unions treated them not as partners on equal terms but rather as a party which has to be constantly pressured to deliver results. In addition, some companies rationalized their experiences with unions in a ‘trojan horse’ metaphor as illustrated in the following quote:

The Accord was a kind of trojan horse since actually it is a country with one issue, which is fire and building safety but you can read many many union interests between the lines. (CSR Manager, Company O, I 17)

Hence, for some companies unions created additional complexity which served as distraction from the main goal of the Accord and were thus resorting to arguments that expressed disapproval of the strong position of non-corporate actors in the Accord. According to one manager for example “one would sometimes prefer unions not being part of the Accord [...] since then it would be more constructive” (General Manager, Company K, I 13). Thus, companies doubted the necessity to discursively engage with civil society actors. Furthermore, some companies used arguments stressing a lack of clarity of the Accord document which in their view implies manifold possibilities of interpretation:

It was not good that companies in the face of public pressure didn’t take the time to develop the pure wording of the document in a reasonable way. Now we have the problem that there are a lot of ambiguities in the document itself, in its wording. It was clear, that this would provoke difficulties of interpretation. (CSR Manager, Company O, I 17)

By pointing to the need for more time in the beginning in order to ‘develop the document in a reasonable way’, some companies expressed what one interviewee called a “delay tactic”, i.e. “to try to discuss incredibly long on very controversial issues and nothing happens” (CSR Manager, Company D, I 5). In addition, some companies criticized the Accord for leaving out business stakeholders like the factory owners or the BGMEA (association of export oriented garment manufactures in Bangladesh), which in their view would have strengthened the Accords’ implementation potential. Arguing in this way, companies discursively constructed a stance on the Accord by discussing their experiences with stakeholders and associated normative issues in a dissenting way. Hence, we labeled this discursive pattern *disapproving*. Our data suggest that together the discursive patterns of approving and disapproving constitute a phase which we termed *reflecting*. In this phase corporations processed their

experiences within the Accord and developed a stance on MSI-specific activities relying on a mostly backward-looking perspective. By talking about their past experiences with stakeholders and associated normative issues in an either positive or negative way firms developed a stance on the Accord. While reflecting was enacted by companies using arguments with a mostly backward-looking and MSI-specific perspective, our data show another phase in which a more forward-looking perspective was adopted by firms, discussing their political role in MSIs in more general terms.

Positioning

Our data reveal that the discursive reflection on normative aspects of the Accord and experiences with stakeholders provided the basis for companies to discuss their political role in MSIs in general. Here again two opposing discursive patterns of argumentation emerged from our data. On the one hand, companies stressed the need to transfer the fire and building safety provisions and auditing mechanisms of the Accord to other countries with similar conditions as Bangladesh. Being part of a program geared towards improving the structural safety of factories lead to a process which was described by one manager as “broadening the horizon of the company” (CSR-Manager, Company J, I 12). This means that some companies developed a more holistic view on their supply chain and argued to move beyond building safety issues alone to focus on broader sustainability issues such as living wages, working hours or ecological impacts of production.

Furthermore, companies stressed the importance of applying a long term perspective by commending the idea of the Accord to install safety committees in factories to ensure that workers are empowered to oversee the structural conditions of factories. In addition, we found that some companies viewed the engagement in MSIs as essential part of their corporate responsibility to solve problems where one actor alone is not sufficient. In this vein, companies expressed a proactive attitude towards addressing these problems. For example, one CSR manager said: “This is sustainability management 3.0. If you say, challenges downright inspire creativity to develop such instruments” (CR Director, Company D, I 4). This shows that some companies perceive their political role in a constructive and forward-looking manner oriented towards developing solutions. We termed this discursive pattern *embracing* since firms discursively constructed a position on their political role in MSIs in general by arguing in a way that aligns with the conceptual requirements of the politicization of the corporation as advocated in the political CSR research stream.

Intriguingly, in our data we also identified companies that took the opposite route in constructing a position on their political role in MSIs. These companies stressed the importance of tangible outcomes and manageable processes as shown in the following quote:

And if I say, you can only install fire safety doors that meet the highest existing standard in the USA [...] then you reach the limits of what this country can accomplish both in an intellectual as well as a technical sense. And then it's on businesses to foster an understanding, also among unions: Dear friends, now we have to get a little pragmatic here and need to focus on the issues. (CSR Manager, Company G, I 9)

By asking unions to “get a little pragmatic here” this CSR manager portrays the fire safety door requirements of the Accord as excessive demands that should be reduced in order to make it more manageable. Some Accord signatory companies put strong emphasis on what they called a “pragmatic approach” which implies a “getting things done” attitude towards daily operational challenges. Therefore, Accord processes and procedures are expected to cause as little interference as possible with daily business as well as to produce measurable outcomes. Companies evaluated solutions based on their immediate feasibility within their specific business context. Furthermore, some companies discussed their responsibility by referring to the contextual validity of norms and values. One manager for example expressed the concern

to engage in some kind of social colonialism [...] I say, I'm not interested in your opinion, because I know what's right and therefore I'm pushing this through and I'm not even including you in the committees which make these decisions because in the West I know exactly what's right for you. And I find that a very problematic approach. (CSR Manager, Company G, I 9)

Emphasizing the right to self-determination of stakeholders in Bangladesh serves as argument to delegitimize the Accord by invoking human rights relativism rather than universalism. Some companies delegitimized the Accord further by attributing the main responsibility for improving working conditions to the state of Bangladesh as illustrated with the following quote:

This is actually their [government of Bangladesh] main job that they say okay I have a building regulation [...] that has to be enforced by a government agency. For me this is one of the core tasks of the state. Bangladesh does not do this. So we are actually helping out, we are doing someone else's job which actually doesn't concern us at all. (General Manager, Company H, I 10)

Moreover, some companies expressed a reactive wait and see attitude towards future challenges. One general manager responded when asked about his view on participating in MSIs in the future: “the question simply is, what is the next thing he [the main customer] is going to force us into, if I may be totally frank and honest with you. There isn't much we can

do about it” (General Manager, Company K, I 13). By connecting the participation in future MSIs solely to the pressure of customers, this manager clearly exhibits a reactive attitude with little leeway for own decisions. Since these findings represent a discursive pattern through which firms construct a position on their political role in MSIs in general by resorting to arguments contrary to the normative requirements of political CSR we termed this emerging discursive pattern *denying*. We assigned the discursive patterns of embracing and denying to a phase which we termed *positioning*. In this phase corporations develop a position on their political role in MSIs in general employing a more forward-looking perspective. Accordingly, corporations discuss their political responsibilities in more general terms by talking about their political role in global supply chains in the future beyond the Accord.

How Corporations Manage Becoming a Political Actor in MSIs

Analysing our data we sought to understand and explain how corporations manage becoming political actors in MSIs. In describing the interaction and discursive patterns that emerged from our data, we also attempted to trace the sequence of when and how these patterns emerged and found that each pattern of interaction tended to set the stage for the next while the discursive patterns tended to be associated with either a look backwards on the past Accord experience or a look forward and a discursive construction of a more general position on the future political role of corporations in transnational governance. These interrelations between our emerging themes are illustrated in Figure III.3 below.

Being co-responsible for regulating and enforcing fire and building safety standards at supplier factories in Bangladesh posed a two-dimensional challenge for corporations: On the one hand, the written agreement had to be operationalized and transferred into inspection and remediation programs on the ground in Bangladesh. Having to deal with the practical aspects of participating in the Accord thus represented the *operational dimension* of all of a sudden bearing responsibility for fire and building safety in Bangladesh. On the other hand, this challenge entailed an *ideational dimension* in that corporations had to handle the normative-cognitive aspects of participating in the Accord by clarifying how they saw their political role and responsibility in supply chains. Our analysis suggests that managing the operational dimension incited an interfirm interaction dynamic unfolding in the phases of orienting and structuring while managing the ideational dimension is achieved through an intrafirm discursive construction of companies’ political role in the phases of reflecting and positioning. The relationships between these phases and the underlying interaction and discursive patterns imply a loose sense of sequence as will be outlined in the following.

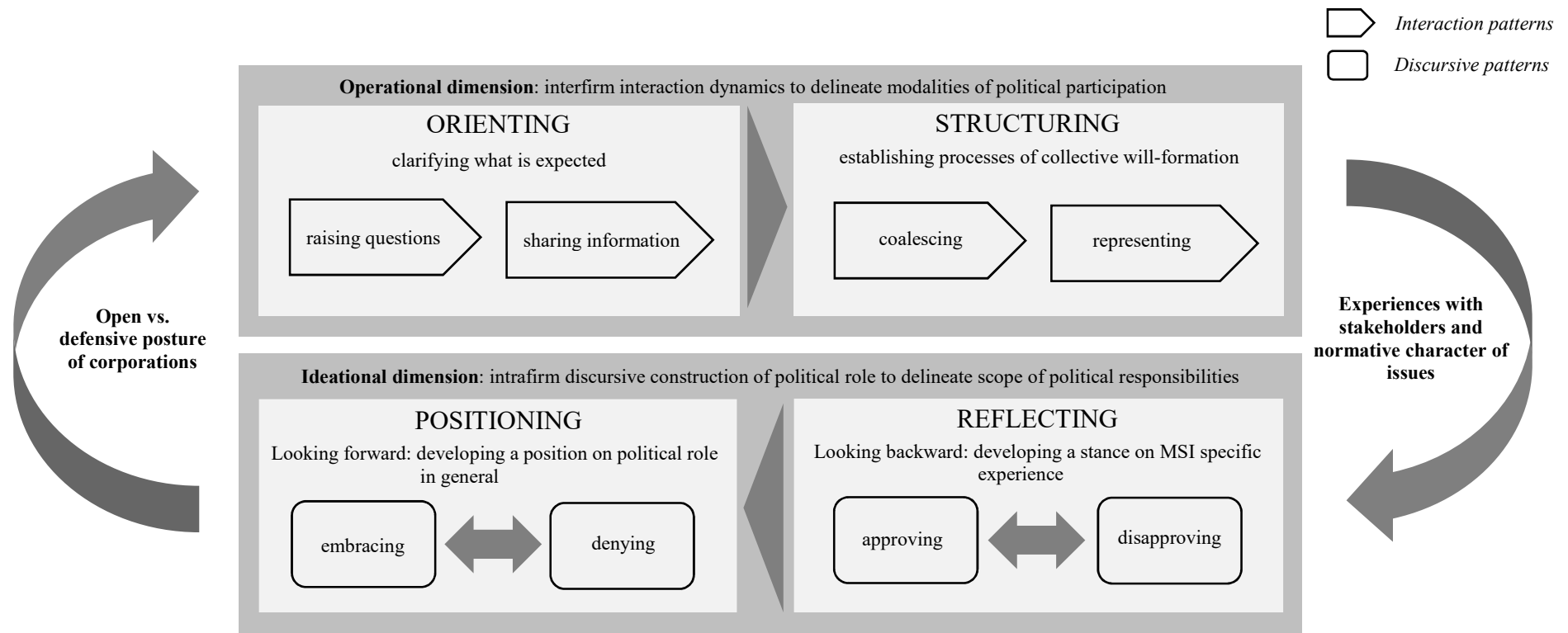
Our findings suggest that within the orienting phase corporations interacted with each other by raising questions and sharing information to acclimatize themselves to the initiative and to clarify what was expected from them. These interactions set the stage for coalescing and representing in the structuring phase which served to establish processes of collective will-formation among firms to organize and coordinate their engagement in the initiative. Through these interfirm interaction dynamics corporations delineated the modalities of their participation thus managing the operational dimension of the Accord. The institutionalisation of representation structures in the Accord then opened up a space for shaping what was discussed in the Accord. With the practical implementation of the written Accord stipulations a number of issues had come up that had a normative character (see Figure III.1) and required a stance of corporations on their political role in supply chains in general and the Accord in particular. To deal with the ideational dimension of being a political actor, companies reflected upon their experiences in the Accord in order to develop a stance on Accord-specific activities by resorting to the contrastive discursive patterns of (dis-)approving. Firms discursively constructed a stance on Accord experiences and associated normative issues by way of either dissenting or affirmative argumentation adopting a primarily backward-looking perspective. In addition, our data reveal a second distinct, yet interrelated positioning phase consisting of another contrastive pair of discursive patterns. By engaging in either embracing or denying companies employed arguments in line or in contrast to the normative requirements of political CSR thus discursively constructing a position on their future political role in transnational governance. Hence, in the positioning phase companies developed a position on their political role in MSIs in general by applying a more forward-looking perspective. Through these phases and its underlying contrastive discursive patterns companies managed the ideational dimension of the Accord by delineating the scope of their political responsibilities through the discursive construction of their political role.

Moreover, our data suggest a dynamic between the aforementioned discursive patterns in that companies that disapproved of the Accord also tended to deny their political role while companies approving of their experiences with Accord stakeholders tended to embrace their political role. Our analysis further suggests that the intrafirm discursive construction of the political role influences the posture of companies with regards to CSR in as well as beyond the MSI. Our data for example show that some companies approving of the Accord and embracing their political role adopted an open posture in that they extended their collaboration with unions by setting up a new MSI to tackle the problem of living wages of garment workers. Within the Accord, these companies adopted an open posture by for

example repeatedly soliciting the full implementation of the Accords' provision to install safety committees in supplier factories. Several companies engaging in disapproving and denying instead adopted a defensive posture within the Accord by e.g. proposing business-friendly and less union-oriented representatives for the SC election in order to push more business-oriented policies in the SC. Beyond the Accord, these companies for example used their newly forged ties with 'like-minded' peers to build a coalition to slow down a government-driven initiative called 'Textilbündnis' which was started in Germany in 2014 to improve social and environmental standards of the German textile industry (Jastram & Schneider, 2015). Our process model thus sheds light on the operational as well as ideational dynamics associated with corporations becoming political actors in MSIs.

Although not being the focus of our study, our data provide some cues that could explain the different ideational pathways companies were taking in the Accord. In line with the literature (Bartley & Child, 2014; Fransen & Burgoon, 2012) we found firm size and exposure to public pressures by stakeholders (e.g. NGO's, customers) to be predictors of companies' ideational pathways in our model. Consequently, companies engaging in approving and embracing have an inclination to be bigger firms that have been targeted by NGOs in the past and are exposed to significant attention by media and end customers. In contrast, companies that disapproved of the Accord and denied their political role tended to be small and medium sized firms with low exposure to NGO criticisms and low visibility to media and end customers.

Figure III.3: A Framework for How Corporations Manage Becoming Political Actors in Multi-Stakeholder Initiatives



Source: Own illustration

Discussion and Conclusion

With our framework we have distinguished between an operational and ideational dimension of how corporations manage becoming political actors in MSIs and elaborated on the underlying interaction and discursive patterns. In the following we outline how our framework contributes to the literature on the political role of corporations in multi-stakeholder governance.

The Operational Dimension: Interacting With Peers in MSIs

Our findings both affirm and extend research on political CSR (Mena & Palazzo, 2012; Scherer & Palazzo, 2011) and TBG (Eberlein et al., 2014; Wood et al., 2015). With our framework of how corporations manage becoming political actors we provide a deeper and more nuanced understanding of how interactions between corporations take place in MSIs. Our study reveals that corporations interact in order to overcome the uncertainty associated with the new role and to deal with the practical aspects of being co-responsible for closing a governance gap in the weak regulatory context of the Bangladeshi garment industry. To this end, corporations raise questions, share information, coalesce and install processes of collective will-formation in order to warrant a representation of interests. Corporations thereby build up trust and overcome prior existing competitive thinking.

These findings align with Scherer and Palazzos' concept of political CSR (2011) suggesting that deliberative interactions of stakeholders in MSIs will serve as 'schools of democracy' (Fung, 2003) for corporations in which they learn to collectively solve problems and that these interactions will serve to argumentatively "self-entrap" (Risse, 1999) corporations leading to a normative spiral in which corporations increasingly commit themselves to principles of human rights. Our identified patterns of interaction were indeed geared towards coping collectively with the practical tasks at hand and confirm certain assumptions from the political sciences literature, which suggest that associations involve a variety of political activities commonly associated with deliberative democracy (Warren, 2001). Through deliberations in the MSI corporations gained new knowledge, learned representation, negotiation and compromise (Fung, 2003; Warren, 2001). Yet, while for some corporations the participation indeed exerted a 'civilising' effect on their role as political actors we found that for others, the interactions with peers in the MSI had an opposite effect

on how they ultimately discursively constructed their political role. This finding is discussed in the following section.

The Ideational Dimension: Discursive Constructions of the Political Role and Performative Effects

Our framework also extends theorizing on the role of communication in CSR programmes and initiatives by suggesting an intriguing dynamic between discursive patterns used to construct an understanding of companies' political role in an MSI. While the patterns of approving and embracing broadly align with present theories on the ideational (Haack et al., 2012) and aspirational aspects of CSR communication (Fleming et al., 2013) the discursive patterns of disapproving and denying reach beyond existing theory by showing that the role of communication in MSIs is more ambiguous and complex. As much as talking CSR can open up a pathway to deeper political 'responsibilization' (Schrempf-Stirling & Palazzo, 2016) it can also trigger a discursive dynamic that minimizes the political role of companies in and through MSIs. Therefore, the discursive construction of political CSR has to be conceptualized as bi- rather than unidirectional which implies that companies can be discursively entrenched as well as 'disentrench'. Our findings thus highlight that while some corporations discursively committed themselves to their political role and fundamental responsibilities for working conditions and human rights, others can rather be characterized by a denial of their role, in terms of attributing the main responsibility to other actors and discursively constructing their role in a way that closes down certain options or by making an increased engagement in supply chains appear almost 'irrational'. This resonates with Christensen and Cheney (2011: 501) who argue that CSR communication is no guarantee for desired outcomes.

Furthermore, our study extends theory on performativity of CSR communication (Crane & Glozer, 2016; Schultz et al., 2013) by showing that the way companies discursively construct their political role can have observable material impacts: While companies approving of the Accord and embracing their political role tended to adopt an open posture in and beyond the Accord, companies engaging in disapproving and denying instead tended to adopt a defensive posture. Hence, our study indicates that talking CSR represents a more nuanced process holding constructive as well as 'destructive' potential. As much as companies talk CSR in two opposing directions they also walk CSR both ways. Thus, our study stresses the ambiguous nature of multi-stakeholder governance: Neither can MSIs as governance mechanism be understood as unidirectional move towards the democratic self-

embedment of corporations (Scherer et al., 2013; Scherer et al., 2016) nor can they be seen as apolitical tools for corporate hegemony (Banerjee, 2007; Fleming & Jones, 2013).

Limitations and Directions for Future Research

In this study we have focused on interaction dynamics and the discursive construction of the political role by corporations associated with their participation in the Accord. We believe that our findings are analytically generalizable (Yin, 2014) to other MSIs since corporations are more and more involved in collaborative governance efforts that require interactions among competitors and civil society associations (Schrempf-Stirling & Palazzo, 2016). These settings are likely to pose similar challenges for governance actors, as they are likely to involve both an operational and ideational dimension. Moreover, similar interaction and discursive patterns might emerge in other settings such as e.g. public-private-partnerships or collaborations with non-profit organizations (Austin & Seitanidi, 2012). However, there are some unique characteristics of the Accord and its genesis that may potentially limit the transferability of this study (Lincoln & Guba, 2007). The parity of representation of unions in the SC, the legally binding nature of the Accord as well as the fact that all signatories have to register all their suppliers with the Accord are specific features that set the Accord aside from other more conventional MSIs that might have impacted both the patterns of interaction as well as the discursive patterns incited by exchanges of corporations with other stakeholders in the MSI. Moreover, over the past years, the textile industry has received much scrutiny by critical NGOs and the international media. Other, less publicly scrutinized industries might change the way how the political dimension of CSR is experienced and managed by corporations. An important direction for future research thus lies in exploring how our findings apply to other contexts, i.e. MSIs in other industries, to determine similarities and difference in how corporations enact and discursively construct their political roles.

Another limitation of our study lies in the sample size and our focus on German corporations. Primarily interviewing corporate participants of the Accord based in Germany, we were unable to fully explore relationships between cultural characteristics, i.e. explicit versus implicit CSR (Blindheim, 2012; Matten & Moon, 2008), and discursive orientations. Future research might use larger samples to unearth potential relationships. Furthermore, the timeline of our research constrained our ability to explore how the discursive construction of the political role by corporations shifts over time. While we have some indication in our data that some corporations had already ‘gained experience’ with their political role prior to the Accord, e.g. due to prior substantial exposure to NGO and union pressure, other corporations

found themselves exposed to new political demands only through the signature of the Accord. Future research thus might investigate shifts in discursive construction over time, i.e. whether and how corporations move from an initial denial of their political role to embracing it or the other way round through a longitudinal approach.

In addition, while our data hint at possible antecedents that might influence how corporations enact and understand their political role in the MSI, we do not have enough data to determine the nature of these relationships. Future research will be needed to explore the factors that lead to our identified different postures by corporations. In this regard, we believe that a sense making perspective (Basu & Palazzo, 2008) may serve to better understand how different types of organizations make sense of their political responsibilities. In this regard it will also be interesting to study how different organizational departments are involved in shaping the discursive construction of the political role (Delmas & Toffel, 2008) as well as to investigate how personality characteristics of managers influence the involved discursive patterns of argumentation (Maak, Pless, & Voegtlin, 2016).

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Annex to Paper III: Overview of Data Sources

Data Source	Details						
Interviews	Participant	Organization	Role in Accord	Country	Inter- view #	Duration	# Pages of Transcript
	CSR and Sourcing Manager	Company A (Importer - medium sized)	Company Regional Coordinator	Germany	1	not recorded	n.a.
	CSR Manager	Company B (Brand - medium sized)	Signatory	Germany	2	01:08	25
	Sourcing Manager	Company C (Importer - large sized)	Signatory	Germany	3	01:39	32
	Deputy General Manager	Company C (Importer - large sized)	Signatory	Bangladesh			
	Compliance Manager	Company C (Importer - large sized)	Signatory	Bangladesh			
	CR Director	Company D (Brand - large sized)	Signatory	Germany	4	01:24	27
	CSR Manager	Company D (Brand - large sized)	Signatory	Germany	5	01:11	27
	CSR and Sourcing Manager	Company E (Brand - medium sized)	Signatory	Germany	6	00:58	17
	CSR and Sourcing Manager	Company E (Brand - medium sized)	Signatory	Germany			
	CSR Manager	Company F (Importer - large sized)	Company Regional Coordinator	Germany	7	01:40	41
	CSR Manager	Company G (Brand - large sized)	Company Regional Coordinator	Germany	8	00:53	14
	CSR Manager	Company G (Brand - large sized)	SC Member	Germany	9	01:19	24
	General Manager	Company H (Importer - small sized)	Signatory	Germany	10	01:25	30
	VP CR and Sustainability	Company I (Brand - large sized)	Signatory	Germany	11	00:33	12
	CSR Manager	Company J (Importer - large sized)	Signatory	Germany	12	01:07	28
	Sourcing Manager	Company J (Importer - large sized)	Signatory	Germany			
	General Manager	Company K (Importer - small sized)	Signatory	Germany	13	01:08	20
	CSR Manager	Company L (Brand - medium sized)	Signatory	Germany	14	00:29	10
	Sourcing Manager	Company M (Importer- small sized)	Signatory	Germany	15	00:41	16

Interviews	Participant	Organization	Role in Accord	Country	Inter- view #	Duration	# Pages of Transcript
	CSR Manager	Company N (Importer - small sized)	Signatory	Germany	16	00:52	19
	CSR Manager	Company O (Brand - large sized)	Signatory	Germany	17	01:17	25
	CSR Manager	Company P (Brand - large sized)	Signatory	Germany	18	01:05	21
	Sourcing Manager	Company P (Brand - large sized)	Signatory	Bangladesh			
	Accord staff member	Accord	Administrative staff	Netherlands	19	01:10	18
	Trade Union Manager	Union A (Global union)	SC Member	Germany	20	01:16	23
	Trade Union Manager	Union B (Global union)	SC Member	Switzerland	21	00:53	14
	CSR Manager	Former CSR Manager of Company O	--	Germany	22	01:18	26
	GIZ staff member	GIZ	--	Bangladesh	23	00:58	15
	GIZ staff member	GIZ	--	Germany	24	01:57	38
	Σ 29	16 companies, 2 unions, GIZ, Accord			24	26:32	522

Archival Data	Type	#
	Accord Documents (available on: http://bangladeshaccord.org/)	
	SC Meeting Minutes	16 documents
	AB Meeting Minutes	10 documents
	Reports (Annual/Quarterly Report, Inspection Reports)	14 documents
	Documents (Accord Agreement, Building Code, Remediation Guidance, Twitter Feed, etc.)	uncounted
	Media Coverage	
	Financial Times	55 articles
	Economist	20 articles
	Deutsche Welle	43 articles
	Guardian	15 articles
	Corporate documents	
	Corporate communications on Accord on web pages and CSR reports for 16 companies selected for interviews if available	uncounted

Paper IV:

Multi-Stakeholder Initiatives and Legitimacy: A Deliberative Systems Perspective

Kristin Huber

Abstract

The legitimacy of multi-stakeholder initiatives (MSIs) as institutions for social and environmental governance in the global economy has received much scholarly attention over the past years. So far, however, research has focused on studying MSIs as single entities, neglecting interactions of MSIs with external stakeholders such as other MSIs or state-based institutions. Drawing on the deliberative systems perspective within deliberative democracy theory, I develop a framework to normatively evaluate MSIs within the system of governance that emerges from the interactions of an MSI with external actors. On this basis, ways of how MSIs can advance the legitimacy of the system as a whole are discussed. To illustrate the value of my framework, I apply it to the Bangladesh Accord on Fire and Building Safety, a recent MSI set in the context of the Bangladeshi garment industry.

Key Words: Multi-Stakeholder Initiatives, Legitimacy, Deliberative Democracy, Deliberative System, Bangladesh Accord on Fire and Building Safety

Introduction

Over the past decades, multi-stakeholder initiatives (MSIs) have become a central governance mechanism of corporate social responsibility (CSR) in the global economy. MSIs are generally defined as governance institutions in which corporations engage in dialogue and self-regulation with a variety of actors such as civil society organizations, unions and sometimes also governments or members from academia (Gilbert & Rasche, 2008; Mena & Palazzo, 2012; Rasche, 2012) to fill regulatory voids that exist along global supply chains with respect to social and environmental concerns. Prominent examples of MSIs include the United Nations Global Compact (UNGC) which promotes general principles for good corporate conduct, or initiatives associated with sustainable resource management such as the Forest Stewardship Council (FSC). MSIs differ from the ‘classical’ approach to CSR in which a firm individually tries to work out solutions to social and environmental issues, by bringing corporations together with other stakeholders to address issues collectively.

With MSIs on the rise as an empirical phenomenon, a growing body of interdisciplinary research has emerged addressing MSIs and the regulation and social or environmental standards that come along with them. In particular, issues of legitimacy associated with MSIs as private institutions of transnational business governance have received much research interest over the past years (Bäckstrand, 2006; Banerjee, 2010; Bernstein & Cashore, 2007; Black, 2008; Mena & Palazzo, 2012; Scherer & Palazzo, 2011). The concept of legitimacy, which has emerged as a central but contested construct not only in the political sciences (Habermas, 1996; Scharpf, 2009) but also in management theory (Suddaby, Bitektine, & Haack, 2017), is generally concerned with either the factual social acceptance of an institution or organization or with procedural aspects of the normative acceptability of social order. In the context of MSIs, researchers have drawn, for example, on deliberative democracy theory to address the conditions under which a transfer of regulatory power from nation states to MSIs can be considered democratically legitimate (see e.g. Scherer & Palazzo, 2007; Mena & Palazzo, 2012; Hahn & Weidtmann, 2016), and discussed how the legitimacy of an MSI matters for generating voluntary compliance of those participating in it (see e.g. Black, 2008). So far, however, this research has treated MSIs as ‘closed’ entities, neglecting interactions of an MSI with actors outside of the immediate realm of participating parties that are *internal* of an MSI. Incorporating the linkages of an MSI with *external* stakeholders such as other MSIs or state-based institutions and thus advancing a *systemic* view on the legitimacy of MSIs is the aim of this article.

This article argues that the primary focus on internal qualities of individual MSIs has hindered further theory development on the normative legitimacy of MSIs as mechanisms of transnational governance. Even though MSIs usually emerge in governance voids, that is, in areas of limited statehood (Risse, 2011), they do not reside in a vacuum. Instead, MSIs form part of larger organizational fields (Djelic & Sahlin-Andersson, 2006; Hallström & Boström, 2010), which DiMaggio and Powell (1983: 184) define as “the totality of relevant actors [...] [that] in the aggregate, constitute a recognized area of institutional life”. The organizational field of an MSI represents the composite of constituents within the MSI’s external social, political, and economic environment and involves other MSIs, regulatory authorities, NGOs, workers’ or employers’ organizations or the general public. In interacting with different actors and institutions of their organizational field, MSIs contribute to forming complex systems of governance on a given issue. In this article, I propose that when evaluating the legitimacy of MSIs, this systemic aspect of governance has to be accounted for.

The diverse interactions of business governance schemes with one another and with state-based regimes have only recently started to receive scholarly attention (Eberlein, Abbott, Black, Meidinger, & Wood, 2014: 2; Rasche, 2010; Wood, Abbott, Black, Eberlein, & Meidinger, 2015). Eberlein et al. (2014), e.g. propose an analytical framework to study the interactions of private regulatory schemes. By interactions, the authors denote “the myriad ways in which governance actors and institutions engage with and react to one another” (Eberlein et al., 2014: 2). They highlight that as business governance schemes proliferate, they increasingly interact with each other in diverse ways, ranging from cooperation, competition, convergence, conflict and coordination to chaos. This recent focus on governance interactions has, so far, however been descriptive and lacks a normative point of view from which interactions between governance actors and institutions can be evaluated.

This article sets out to address this research deficit. I argue for the need to consider and evaluate the legitimacy of the overall system of governance on a given issue that emerges from the interactions of MSIs with other actors of its organizational field. While I agree with existing research that views deliberative democracy as a meaningful normative theoretical basis to address the role of corporations in transnational governance (Scherer & Palazzo, 2007; 2011; Scherer, Rasche, Palazzo, & Spicer, 2016), I propose to broaden the scope of analysis and move beyond analyses of MSIs as individual sites of deliberation to account for legitimacy at the systemic level.

In order to extend the current deliberative approach to MSIs in business ethics, I draw on the deliberative systems perspective which has recently evolved in deliberative democracy

theory. This recent ‘systemic’ turn in deliberative democracy theory “refers to an understanding of deliberation as a communicative activity that occurs in multiple, diverse yet partly overlapping spaces, and emphasizes the need for interconnection between these spaces” (Elstub, Ercan, & Mendonça, 2016: 139). With the deliberative systems approach, the focus of analysis thus shifts from an assessment of “the extent to which particular types of institutions do or do not meet standards of deliberative democracy” to the analysis of how individual institutions can be combined in order “to ensure that the norms of deliberative democracy are prevalent across the deliberative system as a whole” (Elstub & Mclaverty, 2014: 190; Mansbridge et al., 2012). Drawing on key authors of the systemic turn, I develop a conceptual framework with normative criteria to assess the legitimacy of deliberative systems of which MSIs form part. The criteria I propose relate to four underlying functions of deliberative democracy, namely the epistemic, ethical, democratic, and consequential function.

Spelling out normative criteria which a system needs to fulfil to be deemed legitimate, this article responds to recent calls for theoretical advances in the study of governance interactions (Wood et al., 2015) and contributes to the ongoing debate on the legitimacy of multi-stakeholder governance (Bäckstrand, 2006; Mena & Palazzo, 2012). Moreover, this article complements the existing debate on the strengths and weaknesses of multi-stakeholder governance (Banerjee, 2010; Scherer & Palazzo, 2011; Utting, 2012) by developing a nuanced understanding of the role of MSIs in the context of transnational governance. Finally, by drawing on the most recent developments within deliberative democratic theory, this article contributes to the literature and theory of political CSR (Scherer & Palazzo, 2007; 2011; Scherer et al., 2016). By proposing distinct criteria for the assessment of MSIs from a systemic perspective this article opens up new ways of thinking about public deliberation not only within, but also across MSIs and other governance actors and institutions.

The article proceeds as follows: In the following section, I briefly outline the debate on MSIs and legitimacy in the context of CSR and the current discussion on interactions in transnational business governance. I then outline the evolution of deliberative theory towards the most recent ‘systemic’ turn in deliberative democracy. Subsequently, I present the basic features of the deliberative systems perspective and on this basis develop a framework for the evaluation of MSIs. To illustrate the proposed systemic view on MSIs, I apply my conceptual framework to the case of the Bangladesh Accord on Fire and Buildings Safety, an MSI set in the context of the Bangladeshi garment sector. In a last section, I discuss implications of my findings and outline avenues for future research.

Multi-Stakeholder Initiatives, Legitimacy and Governance Interactions

In the absence of effective ‘hard law’ regulation to address environmental and social issues that exist along global supply chains (Bartley, 2007), and with an increasing influence of NGOs on corporations, MSIs have emerged as efforts to fill gaps that exist in the governance of transnational corporate conduct (Levy, Reinecke, & Manning, 2016). In MSIs usually multinational corporations (MNCs) engage with other stakeholders to agree on social and/or environmental standards that often go beyond requirements of governmental regulations, such as applying labour codes, adhering to international accounting standards, and adopting social and environmental management systems (Potoski & Prakash, 2009).

The rules and standards issued by MSIs have been described as private regulation and ‘soft law’ since they rely on social sanctions or market penalties and typically are not binding in a legal sense (Abbott & Snidal, 2000; Kirton & Trebilcock, 2007; Vogel, 2010). While MSIs converge on their private nature of governance, they diverge not only in their actor compositions but also in the scope of regulation produced. Gilbert, Rasche, and Waddock (2011) distinguish four types of standards that are generally produced in MSIs: first, principle-based standards that define broad principles for good corporate conduct such as e.g. provided by the UN Global Compact (Rasche, 2009; Rasche & Kell, 2010); second, reporting standards for environmental and social performance, as e.g. offered by the Global Reporting Initiative (GRI) (Vigneau, Humphreys, & Moon, 2015); third, certification standards, such as e.g. promoted by the SA 8000 standard of Social Accountability International (SAI), an initiative that aims to advance working conditions in the private sector (Gilbert & Rasche, 2008); and finally process standards for organizing CSR processes such as those developed in an MSI process by ISO 26000 (Tamm Hallström, 2010). A variety of terms have been used in the literature to refer to MSIs, including non-state market-driven governance systems (Bernstein & Cashore, 2007), global action networks (Waddell, 2011), multi-stakeholder networks (Roloff, 2008) or multi-stakeholder partnerships (Bäckstrand, 2006).

Being aware of the differences that exist between MSIs, in this article, I nonetheless use MSI as an umbrella term to refer to these initiatives, since my interest lies at a more abstract, systemic level. Research so far has primarily been concerned with analysing single initiatives of a particular kind. Gilbert and Rasche (2007), for example examine the MSI SA8000 and develop recommendations for improving this standard. However, in their analysis they study the initiative in isolation without addressing how the MSI impacts on other actors or initiatives addressing similar issues such as the GRI or the standards of the Fair Labor Association's (FLA), to name but a few. MSIs, however, do not exist in a vacuum but instead

exert influence on, and are influenced by multiple other actors and institutions. MSIs together with other actors thus create complex systems of governance on a given issue. At the systemic level, not only MSIs of the same type interact but also MSIs of different types may exert influence on each other, which is why I use the term broadly in this article.

With the proliferation of MSIs an expanding body of literature from political science, to sociology, law and management studies has emerged to study various aspects of these initiatives (Utting, 2012). Prakash and Potoski (2009), e.g. use club theory to explain why companies join self-regulatory initiatives, while others have drawn on institutional theory to shed light on how MSIs generate isomorphic pressures (DiMaggio & Powell, 1983) to adopt their norms and to address the trajectories of norms within corporations (Haack, Schoeneborn, & Wickert, 2012; Helms, Oliver, & Webb, 2012; Vigneau et al., 2015; Zeyen, Beckmann, & Wolters, 2016). Moreover, besides research on the emergence and effectiveness of MSIs (Auld, 2014; Fransen & Kolk, 2007; Gulbrandsen, 2010; Moog, Spicer, & Böhm, 2015; Turcotte, Reinecke, & den Hond, 2014), legitimacy has featured as a central, but contested construct in the literature on MSIs.

Defined as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995: 574), legitimacy has been discussed as an important precursor for the effectiveness of self-regulation produced by MSIs. Gulbrandsen (2010: 27) e.g. notes that stakeholders that consider a standard as legitimate are more likely to comply with it. Black (2008: 138–139) similarly argues that MSIs need legitimacy if they are to “promote a motivational response from those whose behavior it is they seek to change” since MSIs do not have an infrastructure of coercion to fall back on to enforce compliance as states e.g. do. Besides such empirical notions of legitimacy focusing on the factual *acceptance* of standards and rules produced through MSIs, the normative legitimacy, i.e. *acceptability*, of MSIs as self-regulatory institutions has further incited critical debate. Normative conceptions of legitimacy generally “address the material as well as procedural acceptability of social order” (Dingwerth, 2008: 15).

While some scholars question the normative legitimacy of MSIs for their lack of formal accountability and challenge that the engagement of corporations with civil society actors in MSIs is able to overcome power imbalances and asymmetric interests (Arnold, 2013; Banerjee, 2010), others highlight the potential of MSIs for embedding MNCs in democratic processes of deliberation (Hahn & Weidtmann, 2016; Scherer & Palazzo, 2007). In particular Scherer and Palazzo (2007; 2011) with their ‘political’ conceptualization of CSR normatively

aim to “formulate conditions of legitimate political will-formation and rule enforcement in particular in contexts where governments are absent, corrupt or repressive” (Scherer et al., 2016: 283–284). Drawing on Habermas’ deliberative democracy theory, they suggest that MSIs, such as the FSC, represent prime examples for how corporations in collaboration with non-governmental organizations (NGOs) can agree on industry self-regulation in deliberative democratic decision-making processes and contribute to solving urgent matters of societal concern in a way that embeds corporations in “democratic mechanisms of discourse, transparency, and accountability” (Scherer & Palazzo, 2007: 1110).

Mena and Palazzo (2012) further address the issue of democratic legitimacy of MSIs and specify criteria by which MSIs can be judged. They conceptualize democratic legitimacy of MSIs as dependent upon a set of criteria relating to both the input and output dimension of a particular initiative. However, what unites the current discussions on legitimacy in the context of MSIs is a focus on single, isolated initiatives. By addressing in how far deliberative principles come to bear within an MSI Scherer and Palazzo (2007; 2011) e.g. do not consider how their concept relates to the other governance actors or the mass public. Mena and Palazzo (2012), in turn, while they do amongst others consider coverage, efficacy, and enforcement as criteria by which to judge the output of MSIs, they also do not address how MSIs interact with and exert influence on other initiatives and regulatory institutions e.g. of the state. Yet, by addressing MSIs as individual sites and promoting an ideal in terms of “the image of the best possible single deliberative forum” (Mansbridge et al., 2012: 1), the focus of analysis becomes too narrow, since it leaves out considerations of “the outcomes of MSI formation at the system level, meaning not just the governance and effectiveness of a given initiative but its relation to other initiatives and its effect on the regulatory system” (Marques, 2016: 20).

Recently, scholars have started to highlight the “importance of interactions in transnational business governance” (Eberlein et al., 2014: 1). Rasche (2010) in his plea for a more collaborative approach to governance, e.g. proposes that more collaboration between governance initiatives is needed to enhance the impact of MSIs. Eberlein et al. (2014: 1) highlight that with the proliferation of private business governance initiatives, they increasingly “interact with one another and with state-based regimes” and propose an analytical framework that identifies different features and aspects of interactions. According to the authors interactions can take various forms ranging from competition, coordination or cooptation to chaos. In this vein, Overdevest and Zeitlin (2014), e.g. analyse how public legal regulation and private certification schemes in the forest sector interact and together form a complex regime of parallel and overlapping regulatory institutions.

While Eberlein et al. (2014) have generated important insights with their descriptive framework into possible types of interactions in the context of transnational business governance, what has so far however remained largely unaddressed are the normative implications of the complex systems of governance that result from interactions between different regulatory intuitions on a given issue. In a more recent publication Wood et al. (2015) also suggest that more theory building is needed to understand the complex nature of interactions in the context of business governance. They further note that while they have so far focused on explaining and predicting interactions they are after all driven “by a normative agenda [...] to understand the conditions under which governance interactions can advance democracy, justice, fairness, dignity, prosperity and environmental sustainability” (Wood et al., 2015: 339) but do not further address this aspect.

Thus, while researchers have produced important insights into how single initiatives can be evaluated with respect to their legitimacy as individual institutions (Mena & Palazzo, 2012), what has so far been missing in the debate on MSI governance are normative standards against which the diverse interactions of MSIs with their respective organizational fields can be judged. Drawing on the deliberative systems perspective which is currently evolving within deliberative democracy theory, I develop a conceptual framework with normative criteria to assess the legitimacy of broader systems of governance that emerge from the interactions of MSIs with other actors and institutions. My framework thus reaches beyond more organisational-focused analyses of legitimacy (e.g. Mena & Palazzo, 2012) and addresses legitimacy of governance at a systemic level.

Deliberative Democracy and the Turn Towards Deliberative Systems

Foundations of and Turns in Deliberative Democracy

Deliberative democracy started out as and still is a theory of democratic legitimacy: according to deliberative democrats the “legitimacy of collective arrangements [...] rests on mutual justification through deliberative practices among free and equal citizens” (Erman, 2016: 265). Contrary to aggregative accounts of democracy, in which collective decisions are arrived at merely by aggregating preferences, deliberative democracy is concerned with how individuals arrive at their preferences and how these may be transformed through “informed, respectful, and competent dialogue” (Dryzek, 2010: 3). According to Mansbridge et al. (2012: 25) in the early phase of deliberative theory an ideal proceduralism “of political justification requiring free public reasoning of equal citizens” was established as the ‘regulative’ ideal for

deliberative democracy, e.g. by Habermas (1996), Cohen (1989) or Gutmann and Thompson (2004).

It however soon became apparent that in real-world deliberations giving all those affected by a decision access to participate in a deliberation is unfeasible. This has been termed as the *scale* problem (Dryzek, 2010). One way to deal with this fundamental problem of scale is to limit deliberation to a small number of representatives. The subsequent focus of scholars on how to shape particular forums in which small numbers of citizens can deliberate and approach the ideal procedures has induced an *institutional* as well as an *empirical* turn in deliberative democracy theory (Chambers, 2003; Dryzek, 2010). Scholars started to introduce and empirically assess so-called ‘mini-publics’ (Fung, 2007). Mini-publics are relatively small deliberative forums which convene citizens representing different viewpoints “in self-consciously organized public deliberations” to discuss and decide on public policy (Fung, 2003: 339). They are referred to as mini-publics since they usually are small in scale in order to be manageable but at the same time publics in so far as there usually is “some claim that deliberation mirrors, represents, or speaks for some larger public” (Chambers, 2009: 330).

Yet, after an initial phase of enthusiasm for mini-publics, deliberative theorists have pointed to the downside of an exclusive focus on designed settings (Curato & Böker, 2016: 174). Scholars have noted that mini-publics only work for clearly delineated issues and small numbers of participants (Parkinson, 2006), and that if mini-publics are favoured over the mass public this “risks sending deliberative democracy on a path towards participatory elitism” (Chambers, 2009: 344). Yet, as Chambers (2009: 333) points out, “[i]f one is interested in deliberative democracy as a broad model of legitimacy and a full theory of democracy, the mass public needs to be included in the picture”.

The uneasiness of some scholars with the exclusive focus on particular institutional designs, such as mini-publics, has recently induced what Dryzek (2010: 7) calls the *systemic* turn in deliberative democracy. Owing to the perceived limitations of discrete deliberative forums, scholars have turned to the conceptualization and analysis of deliberative systems (Chambers, 2003; Dryzek, 2010; Dryzek & Stevenson, 2014; Mansbridge et al., 2012), focusing attention “on whole systems, of which any single deliberative forum is just a part” (Dryzek, 2010: 7), suggesting that deliberative processes cannot adequately be studied in isolation but need to be viewed in a broad, systemic context.

While a systemic approach can be argued to having been implied in earlier works of deliberative democrats, e.g. in Habermas two track model, as both Dryzek (2010: 8) and Mansbridge et al. (2012: 9) note, earlier systemic treatments were tied to the institutional

specifics of liberal democratic nation states. The recent notion of deliberative systems can in contrast be applied to any kind of political setting – including ones “where legislatures and even states are completely absent” (Dryzek, 2010: 8), as is often the case in the context of global supply chains where many MSIs emerge.

Deliberative Systems: Deliberative Democracy at the Large Scale

Scholars in favour of a systemic perspective hold that deliberative democracy after all is “concerned with the democratic process as a whole, and therefore with the relationships of its parts to the whole” (Mansbridge et al., 2012: 26). The concept of deliberative systems thus shifts the focus from an assessment of “the extent to which particular types of institutions do or do not meet standards of deliberative democracy” to the analysis of how individual institutions can be combined in order “to ensure that the norms of deliberative democracy are prevalent across the deliberative system as a whole” (Elstub & Mclaverty, 2014: 190) and thus to the legitimacy of entire systems.

Mansbridge et al. (2012: 4–5) define the term *deliberative system* as “a set of distinguishable, differentiated, but to some degree interdependent parts, often with distributed functions and division of labour, connected in such a way as to form a complex whole”. Deliberative systems, according to Mansbridge et al. (2012: 4–5), are characterized by a talk-based approach to political conflicts on issues of common concern. The different parts of a system include both formal parts such as, e.g. institutions of the state or formally set-up mini-publics as well as more informal parts such as civil society initiatives or informal talk related to decisions that are not intended for binding decisions by the state (Mansbridge et al., 2012: 12). As Elstub and Mclaverty (2014: 190) note, “[i]t is then the interconnected nature, interdependence and division of labour between these parts, that become key to systemic analysis”. Not every single part of a system has to be deliberative, but the impact of the parts taken together has to be strong enough for the whole system to be defined as deliberative (Elstub & Mclaverty, 2014: 190). Contrary to more statist views on systems as e.g. in sociological accounts, the notion of a system put forward by deliberative democrats thus is more fluid and one in which the boundaries of the system are context dependent and change with each issue in question.

The systems’ view of deliberative democracy hence draws attention to the fact that single, isolated deliberative fora such as mini-publics, or MSIs for that matter, despite being able to achieve authentic deliberation within their boundaries, may not always have external positive impact on deliberation within the broader system, since mini-publics or MSIs respectively

may fail to exert any influence on more formal democratic decision making institutions, or may even reduce net deliberation since they may crowd out other more informal parts in a system that might play a useful deliberative role, e.g. in raising issues such as social movements or partisan groups (Mansbridge et al., 2012).

With regards to what makes a system democratic in a deliberative sense, however, controversy and a variety of different accounts exist among systemic theorists (Mansbridge et al., 2012). Building on the work of the arguably most prominent advocates of the nascent deliberative systems view, Mansbridge et al. (2012) and Dryzek (2010), I identify four normative functions of deliberative democracy as the basic conditions that a system should fulfil in order to count as legitimate in a deliberative democratic sense.

The functions of a deliberative system that recur as central among deliberative theorists are a *democratic*, *ethical*, *epistemic* as well as a *consequential* function. The *democratic* function of a deliberative system is “to promote an inclusive political process on terms of equality” (Mansbridge et al., 2012: 11). A functioning system actively promotes inclusion and only excludes citizens with justifications “that could be reasonably accepted by all citizens, including the excluded” (Mansbridge et al., 2012: 11), since “[f]or those excluded, no deliberative democratic legitimacy is generated”. With a view to inclusiveness, Dryzek (2010: 30) notes that we need to “[let] go of the idea that legitimacy must be based on a head count of (real or imaginary) reflectively consenting citizens”. Instead, Dryzek (2010) proposes the concepts of ‘discursive representation’ and ‘discursive legitimacy’. Dryzek (2010: 31) defines a discourse “as a shared way of comprehending the world embedded in language”. What matters for the quality of deliberation according to Dryzek (2010: 44) is not that as many individuals as possible get represented but rather that “all relevant discourses get represented”. The representation of discourses, suggested by Dryzek (2010: 44), is thus one way to resolve the scale problem, in cases in which the participation of all affected in a collective decision is infeasible.

The *ethical* function of the system is to secure mutual respect among those participating in a deliberative system. Mutual respect ensures that citizens are treated as autonomous agents, i.e. as subjects actively taking part in the governance of matters of common concern and not merely as objects of legislation (Gutmann & Thompson, 2004). Mutual respect also is a prerequisite for authentic deliberation, i.e. that people reflect on their preferences without force and that reasons are brought forward that others can find acceptable and meaningful even if people do not share a common point of view (Dryzek, 2010: 10).

With a view to the *epistemic* function, a deliberative system should “produce preferences, opinions, and decisions that are appropriately informed by facts and logic” (Mansbridge et al., 2012: 11) and that are consistent with scientific knowledge. A healthy deliberative system ensures substantive consideration of relevant reasons such that deliberations constructively enhance the quality of democratic decisions (Bächtiger, Setälä, & Grönlund, 2014; Estlund, 1997).

The *consequential* function finally relates to the normative claim that deliberations within a system must be “consequential in the sense of influencing the content of collective decisions” (Erman, 2016: 267) and decisive in effectively solving the issue of common concern at hand (Dryzek, 2010: 11). Dryzek (2010) notes that private governance initiatives, such as the FSC often fail with a view to being consequential. Referring to a study of Bell and Hindmoor (2009), Dryzek (2010: 129) notes that only 2 percent of the world’s commercial forests are actually covered by the FSC and those “forests that are covered are those least in need of regulation” as they mostly are state-run forests in Northern Europe. Other forests, such as rain forest that are truly in need of regulation are rarely present in the network. Dryzek (2010: 130) concludes that “however deliberative the regulatory network, it is not decisive in producing collective outcomes for the world’s forests”.

Mansbridge et al. (2012) recognize that conflict may arise between the different overarching functions of deliberative democratic theory and acknowledge that controversy may emerge with regards to the functions’ relative weights. They suggest that such conflicts “will have to be worked out through deliberation on a provisional basis in any given context” (Mansbridge et al., 2012: 12). The successful realization of all of these functions, as Mansbridge et al. (2012: 12) highlight, promotes the legitimacy of deliberative systems “by ensuring reasonably sound decisions in the context of mutual respect among citizens and an inclusive process of collective choice”.

With the interconnected nature of sites, actors and institutions in a system, systemic analyses imply a “two-tier approach to evaluation” (Mansbridge et al., 2012: 13): a system should be judged both as a whole and with a view to its individual parts. This implies that when assessing legitimacy of deliberative systems we need to look both at how individual parts of the system fare with respect to these four criteria, i.e. the degree to which these criteria can be considered as realized within a particular deliberative institution as a single part of the system, which I define as *internal quality*, and in how far through interactions with other actors and institutions of the system, distinct parts contribute to securing these four deliberative ideals in the system taken as a whole, which I term *external quality*.

Parts that “have low or even negative deliberative quality with respect to one or several deliberative ideals” (Mansbridge et al., 2012: 3), may still further broader systemic quality. Closed door deliberations, for example while they may individually seem inconsistent with the standard of inclusive deliberation, may still further the epistemic quality of outcomes at a systemic level, since they may allow for honest debates that may not be possible in the open public (Chambers, 2004). It can however also be thought of the other way around: parts of a system that individually seem highly deliberative may still undermine deliberation at the systemic level, by crowding out other, more effective institutions. This means that not all parts of the system have to be able to secure all of the functions, but that the parts taken together must be able to compensate deficiencies in one part with efficiencies in another. The legitimacy of a deliberative system hence is dependent upon in how far a system as a whole is able to sustain the four normative functions summarized in Table IV.1 below.

Table IV.1: Four Normative Functions of a Deliberative System

Function	Definition	Key questions
Democratic	Inclusion of interests on the basis of equality. Allowing for all affected actors (or their representatives) to participate.	Are all relevant discourses represented in a decision?
Ethical	Promotion of mutual respect and authentic deliberation.	Does the deliberation induce reflection upon preferences in a non-coercive way?
Epistemic	Production of decisions that result from facts, logic and relevant reasons.	Are relevant reasons brought forward and taken into account? Is the decision consistent with current state of scientific knowledge?
Consequential	Deliberation being consequential for the content of a decision and decisive in solving the issue at hand.	Does the deliberation have an impact on the decision? To what extent is the deliberation decisive for solving the issue at hand?

Source: Own illustration following Mansbridge et al. (2012) and Dryzek (2010)

Developing A Deliberative Systems Perspective on MSIs

Translating the notion of deliberative systems to the debate on MSIs, the normative criteria outlined above provide a yardstick to critically appraise the extent to which key functions of deliberative democracy are actually realised through the complex interplay between an MSI and the context in which it takes place. The deliberative systems perspective thus extends the analysis of how deliberative a singular MSI is (*internal quality*) with an analysis of whether and in how far an MSI enhances the deliberative capacity of the overall system of which it

forms part (*external quality*). I therefore propose that an evaluation of MSIs from the deliberative systems perspective proceeds in three steps.

Boundaries of the Deliberative System

In a first step, the boundaries of the system need to be identified. In the context of MSIs, the boundaries of the deliberative system can be defined “by reference to a particular issue” (Mansbridge et al., 2012: 8), and circumscribe the complex constituency of actors affected by a given issue. As these actors engage in communicative exchanges with one another, they create deliberative systems. In the context of MSIs, the deliberative system will generally emerge from the interactions of actors that form part of the organizational field in which an MSI is embedded, but may also emerge from intersections of different fields, depending on the particular issue at stake. Deliberative systems can range from a local issue, in which a local public forms the boundary, to transnational publics cutting across nations. Mansbridge et al. (2012: 10) use the image of a map of nodes to illustrate the notion of a deliberative system, stating that “[a] map of nodes in the deliberative system would reveal many nodes with multiple forms of communication among them”. An MSI can hence be seen as one node in the system that together with other parts forms a complex whole.

The boundary question renders external aspects of MSIs more or less relevant. While there may be cases in which the issue that an MSI deals with is so confined that there are hardly any systemic effects and that the MSI already covers all affected actors, in most cases external quality will play an important role. Since MSIs usually emerge in governance voids, governments are often external to MSIs but play an important role in their responses to the MSI. Moreover, since the number of MSIs that address business conduct has vastly expanded over the past years, often different MSIs can be identified that deal with similar issues and hence also interact in particular ways. What needs to be established is in how far the MSI, through its interactions with the other nodes in the system, contributes to upholding the underlying functions of deliberative democracy outlined in Table IV.1. Once the system boundaries have been defined, the following steps are devoted to assessing the internal and external quality of the MSI.

Internal Quality of MSI

In a second step, the MSI is analysed and assessed individually as a deliberative institution with a view to its internal quality. Does the MSI exhibit a high or low quality with regards to

the democratic, ethical, epistemic and consequential function of deliberative democracy? Given that quality is dependent on four distinct functions, judging whether an initiative has on balance high or low internal quality, by all means, is difficult. The weights which can be attached to different criteria may vary across industries, areas and issues (Mena & Palazzo, 2012: 547–548). Being aware of the difficulties associated with ultimately determining the quality of deliberation both within a single institution and even more so across the system as a whole, my aim in this article is more heuristic in nature. What I am interested in is more an appraisal in tendency (high vs. low deliberativeness) than a clear cut valuation in order to highlight the ambivalence of MSIs from a systemic perspective.

Assessing an MSI first internally as a deliberative institution is crucial to identify deliberative strengths and weaknesses of a particular MSI as well as to highlight where an MSI can potentially contribute to the system or may need compensation for ensuring that the norms of deliberative democracy come to bear at the systemic level. For example, while a largely business driven accounting regulation initiative may not perform well on the democratic inclusion criterion, it may, due to expertise on the issue, produce epistemically sound results. Such an expert driven initiative could potentially also represent an important voice and input into a larger system around the regulation of reporting on environmental and social issues, and thus support the epistemic function overall, but would need compensation for being exclusive.

External Quality of MSI

The third and final step then broadens the focus of analysis to account for the interactions between discrete parts of the system. In this step the MSI is assessed with a view to its external quality: Does it promote or undermine the four functions of deliberative democracy of the system taken as a whole? This entails identifying whether a particular MSI, through its interactions with other parts of the system, is able to ‘secure’ the functions of deliberative democracy over the system as a whole. How do other parts act and react to the MSI, and what are the ‘net’ effects of interactions on the functions of deliberative democracy?

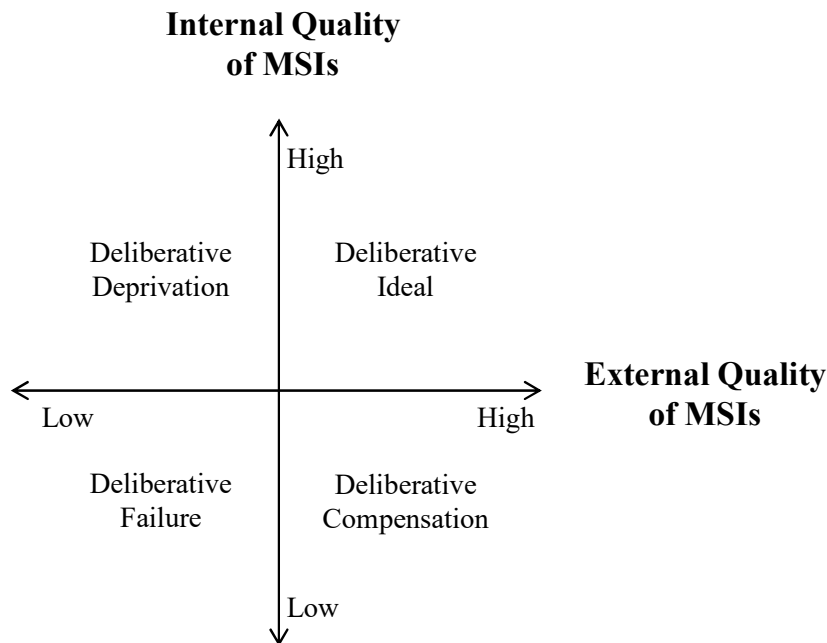
Given the complex and contingent interplay between discrete deliberative parts of a system, judging the overall effect of MSIs as individual deliberative institutions on the system admittedly is a highly complex and difficult undertaking. Deliberative democrats themselves have only recently set out to devise ways to empirically assess the systems perspective (see e.g. Niemeyer, 2016; Engelken-Jorge, 2016). Yet, as highlighted by deliberative democrats, an institution which is individually highly deliberative may reduce net deliberation from a

systemic perspective, e.g. by crowding out other, more deliberative practices or by leading to social domination, where “a particular social interest or class controls or exerts undue influence over many parts of the deliberative system” (Mansbridge et al., 2012: 24). For example, while an MSI may provide a fairly inclusive and open forum for different actors to assert and debate their positions, this can at the same time crowd out alternative more radical undertakings such as e.g. street protests that however would be valuable for highlighting a particular interest and inducing change in public debate. On the other hand, an MSI that seems defective when judged by itself, may still be able compensate for deficiencies in other parts of the system and overall positively promote deliberation, e.g. by sharpening a public debate. Such systemic externalities – whether negative or positive – need to be taken into account when judging an MSI.

Towards a Framework for Assessing the Legitimacy of MSIs in the Context of Deliberative Systems

The application of this three-step approach analytically leads to four possible configurations of MSIs in the context of a deliberative system. The four possible ‘states’ depicted in the framework in Figure IV.1 result from the assessment of MSIs along the two dimensions of the internal deliberative quality of an MSI on the one hand, and its external quality on the other. The proposed framework serves to analyse how MSIs interact with the context in which they take place and the implications these interactions have for the overall legitimacy of the complex deliberative system so produced. Moreover, the framework helps determine when an MSI needs to be adapted in order to improve systemic legitimacy.

Figure IV.1: Framework for Assessing Legitimacy of MSIs from a Deliberative Systems Perspective



Source: Own illustration

The top right corner depicts a situation in which an MSI exhibits a high internal deliberative quality – hosting authentic deliberation, promoting mutual respect, producing epistemically sound results and being consequential – while at the same time also exhibiting a high external quality, i.e. contributing to the legitimacy of the deliberative system as a whole, for example, by promoting mutual respect among society at large. I term this pattern ‘*deliberative ideal*’ to indicate that here the norms of deliberative democracy come to bear both at the level of the MSI as a single deliberative institution and at the overall system of governance of which it forms part. In the bottom left corner the opposite is the case. Here the MSI exhibits a low internal deliberative quality, e.g. because it disregards relevant voices or relies on bargaining instead of deliberative decision making, and also cannot compensate for these deficiencies at the systemic level. I call this pattern ‘*deliberative failure*’ to indicate that while deliberation happens it does not live up to the normative standards and remains indecisive for collective outcomes.

The probably most interesting interrelations can be found in the remaining two cases. In the bottom right constellation, an MSI possesses low internal quality but still contributes to furthering one or more of the deliberative functions at the systemic level. I call this pattern ‘*deliberative compensation*’ indicating that here the MSI compensates for internal deficiencies by playing a valuable role at the systemic level. This may happen, e.g. if an MSI

brings in a voice into the discussion that would otherwise go unheard or by bundling expertise on a topic that enhances the epistemic quality of societal decisions. On the other hand, as depicted in the top left corner, an MSI that has high internal deliberative quality may still reduce net deliberative capacity from a systemic perspective, which I term as ‘*deliberative deprivation*’. This may be the case, if an MSI e.g. crowds out other, more deliberative practices and thus undermines legitimacy of the overall system of governance. Baur and Arenas (2014: 159), referencing the case of the sinking oil platform Brent Spar and the conflict between Greenpeace and Shell, e.g. note that “under particular circumstances, such as cultural heterogeneity or where the problem at stake is rather loosely defined” unregulated interactions between corporations and stakeholders may be preferable to institutionalizing them in MSIs, since installing an MSIs may “narrow prematurely the perspective on an issue which risks inadvertently excluding certain affected groups from dialogue”. Thus in certain cases, institutionalizing interactions between stakeholders and corporations in MSIs may co-opt more radical forms of protest that however would be valuable from a systemic perspective.

The framework depicted in Figure IV.1 highlights that MSIs have a fundamentally ambivalent character and are no panaceas for transnational governance of social and environmental concerns. MSIs have the potential to both enhance and undermine legitimacy at the systemic level. They may create new difficulties for, or even reduce, net deliberativeness in the system taken as a whole. If assessments focus on internal aspects of MSIs only, the impact of an MSI on the system of which it forms part remains undetected. When judging the legitimacy of corporate interventions in matters of common concern, a critical *systemic* examination is therefore needed.

Moreover, the framework highlights that in those cases where MSIs fail to exert positive influence on the system as a whole, a reexamination of the MSI is needed to improve and advance its contribution to the legitimacy of the system as a whole. As will be further outlined below, MSIs can on the one hand potentially improve their contribution to the system as a whole by reviewing their internal governance structure and thereby improve upon the four criteria outlined in Table IV.1, e.g. by becoming internally more inclusive of so far excluded groups of stakeholders. On the other hand, to enhance their external quality, MSI can engage more actively with external actors, such as other MSIs or state-based institutions. In sum, the framework allows us to connect analyses of the legitimacy of MSIs as single deliberative institutions with analyses of interactions between MSIs and the context in which they take place. The focus is hence directed to the overall legitimacy of complex systems of business

governance of which MSIs form part. To illustrate the value of my proposed deliberative systems perspective on MSIs, in the following, I use it to assess an MSI that aims to improve working conditions in the garment sector of Bangladesh.

A Deliberative Systems Perspective on the Bangladesh Accord on Fire and Building Safety

The Bangladesh Accord on Fire and Building Safety (Accord) is an MSI which was devised in 2013 after the collapse of the Rana Plaza factory complex in Bangladesh which killed more than 1000 garment workers and left many more injured. Initiated through advocacy work of the Clean Clothes Campaign (CCC), further NGOs and the global unions IndustryAll and Uni Global Union, the Accord has been signed by over 200 mostly by European fashion brands and retailers and represents a legally binding agreement between corporations and global and local unions to address the precarious safety situation of the Bangladeshi Ready Made Garment (RMG) industry. Covering app. 1650 factories in which app. 2 million workers are employed (Accord, 2014b), the Accord provides that retailers and brands over a period of five years (2013 onwards) indicate all factories from which they source, conduct independent inspections in these factories, publicly report the results and implement and finance corrective measures, if necessary.

The executive organ of the Accord is a Steering Committee (SC) which consists of an equal number of representatives from the side of trade unions and company signatories and is chaired by a neutral observer from the International Labour Organization (ILO). Besides that an Advisory Board (AB) was instituted which brings together representatives of the government of Bangladesh, factory owners and civil society organizations which however has no decision making authority.

The Accord represents an MSI which emerged against the background of a governance void. The Rana Plaza building collapsed since the Bangladeshi government had not upheld its building standards. As commonly is the case with MSIs, the scope of the Accord is quite narrow. It addresses only fire and building safety in the RMG sector and only factories that directly produce for the export market. The Accord, however, is not the only site or arena which deals with this issue. As outlined above, assessing the Accord from the deliberative systems perspective involves an analysis in three steps.

Boundaries of the Deliberative System

While it is beyond the scope of this article to develop an exhaustive list of all parts of the deliberative system, in the following, I want to draw attention to some actors and initiatives with which the Accord interacts to produce a complex system of governance on the issue of health and safety standards for workers in the Bangladeshi garment sector. Besides the Accord as one node in the system, a number of mainly US retailers instituted a company controlled initiative called the Alliance for Bangladesh workers safety (Alliance), which similar to the Accord aims to improve factories through inspections and upgrades. The Alliance works more closely with the Bangladeshi garment export associations which are highly influential in Bangladesh (Saxena, 2014). The Bangladeshi government also installed a National Action Plan on Fire Safety and Structural Integrity (NAP) and addressed in parliament the amendment of its labour laws in order to make the process for registering labour unions more transparent (Khan & Wichterich, 2015; Westervelt, 2015).

The US government reacted to the disaster by withdrawing the preferred trade status of Bangladesh (Godfrey, 2013), while the European Union launched a Sustainability Compact to promote improvements in factory safety in the RMG industry. The EU Sustainability Compact also engages with the government of Bangladesh, the ILO, the USA, Canada, employers and trade unions. Furthermore, national and international compensation schemes were set up for the victims of the Rana Plaza disaster (OECD, 2014). Besides these distinct rather formal parts of the system, an intense, informal debate on the responsibilities of MNCs in global supply chains unravelled in the local and international media in which a number of NGOs, particularly the CCC, fiercely engaged.

The deliberative system on health and safety standards for workers in the Bangladeshi garment sector can thus be argued to be made up of a set of distinguishable, differentiated parts that together form a complex whole. What needs to be evaluated in the following is whether and in how far the Accord as discrete deliberative institution within the system through its interactions with other parts promotes or undermines the deliberative capacity of the system as a whole.

Internal Quality of the Accord

Assessing the Accord first with regards to its internal quality entails evaluating how well it fares with respect to the four functions of deliberative democracy. Regarding the *democratic* function, the parity in representation of the workers and corporations in the SC suggests that

an effort was made to include interests on the basis of equality. Yet, does this mean that all relevant discourses are represented in the MSI? While it is beyond the scope of this article to perform a discourse analysis, there are reasons to believe that in the Accord not all relevant discourses are present. First, since the unionization of workers in Bangladesh still is at a very early stage, and since women, which form the lion's share of the workforce in the Bangladeshi RMG sector, are still vastly underrepresented in unions (ILO, 2009), it is questionable whether their concerns are duly represented in the Accord. Second, factory owners which need to implement the factory upgrades are not present in the SC. It can be argued that since the Accord is not fully inclusive of all relevant discourses and thus exhibits deficiencies in this function.

Judging the Accord with respect to the *ethical* function implies evaluating whether the deliberations of actors within the Accord induce reflection upon preferences in a non-coercive way and promote mutual respect. With the parity of representation in the SC, decisions can only be arrived at by convincing others. Moreover, in the SC parties are dependent on each other for the time of the Accord, such that conflicts need to be solved in a communal manner. While this only relates to the parties present in the SC, one could argue that the ethical function is indeed promoted within the Accord.

Regarding the *epistemic* function, the Accord can be argued to perform reasonably well. The standards promoted by the Accord build on prior existing building standards of the national Bangladeshi building code that were simplified by international building experts in order to make the code more operational (Accord, 2015) and can thus be argued to represent the result of consideration of relevant facts and reasons. Moreover, the both the transparent communication of factory audit reports and the instalment of organizational health and safety (OHS) committees in factories can be seen as an improvement over the traditional audit approach to social standards which was not able to prevent the collapse of the Rana Plaza building complex (CCC, 2013).

With respect to the *consequential* function, however, concerns arise. While the Accord has undoubtedly achieved progress in inspecting and remediating health and safety issues in many factories, according to a recent report (Accord, 2017), a large number of health and safety issues are still outstanding and a total of 1370 factories are behind schedule. Furthermore, there is ongoing disagreement between corporations and the labour side on who is to bear the costs for factory upgrades (Furlong, 2016). Yet, the possibility for binding arbitration, the Accord in principle represents a feature that enhances consequentiality of the initiative.

Hence, while on the one hand, the Accord engages with workers, who are the primary addressees of the governance effort through union representatives, it still exhibits deficits with a view to the democratic function. On the other hand, the Accord can be argued to perform ‘reasonably well’ on other functions, e.g. the epistemic function, by building on expert knowledge or the ethical function by promoting mutual respect through the parity in representation in the SC. Being aware of the difficulties in evaluating the overall quality of the Accord as a deliberative institution, as noted above, my interest here is more heuristic in nature. Considering both the strengths and weaknesses, I argue that, overall, the Accord performs ‘reasonably well’ with a view to its internal quality. What needs to be established next is how the Accord interacts with the other parts in the system and in how far the Accord contributes to securing the four functions of deliberative democracy in the system as a whole.

External Quality of the Accord

As indicated above, the Accord is only one of many actors associated with the governance of working conditions in the Bangladesh. Interactions can in particular be traced between the Accord and the government of Bangladesh, the Alliance and the public. With a view to the *democratic* function of the system, there are indications that the Accord, with its limited scope and through the reactions that it incited in Bangladesh, has rather undermined access to deliberation for some parts of workers in the industry than furthered inclusion. After the first round of inspections had been conducted by the Accord, only a small number of factories had to be closed due to serious safety concerns. The government of Bangladesh reacted to this by publicly announcing that the majority of factories were safe (Reuters, 2015). Moreover, the government stated that it wanted the Accord to cease its activities after 2018, arguing that the industry had undergone sufficient transformation (Donaldson, 2015). The reaction of the government indicates that the Accord has not been able to convince the larger “public that their conclusions are valid and their recommendations are worth pursuing” (Curato & Böker, 2016: 178). Instead, with this statement the government reduced public pressure and urgency to act.

Both the Accord and Alliance focus on the top tiers of the export oriented RMG factories and together account for about 2300 factories, leaving app. 1500 smaller factories under the auspices of the national initiative (ILO & IFC, 2016), and a number of factories producing for the domestic market under no supervision. While scholars are still struggling to determine the overall number of factories and workers in the industry, Anner and Bair (2016: 11) conservatively estimate that 11% of workers in the industry so far are not covered by any

inspections. The NGO ‘Human Rights Watch’ (HRW) recently also expressed concerns about inspections carried out by Bangladeshi authorities, as these were not made public (HRW, 2016). Workers in lower tiers of the supply chain working in factories that do not fall under the Accord, can thus be argued to be worse off and public pressure to act has now faded after the initial international outcry. Their access to deliberation in the system can be argued to having declined as an unintended consequence of the Accord, since it appears that problems are addressed, only not for them. Having identified before that the Accord internally is not fully inclusive of all relevant discourses, it hence remains questionable whether this shortcoming is ‘compensated’ at the systemic level and whether all interests are considered on the basis of equality in the context of this deliberative system.

With a view to the *ethical* function, the question is whether the Accord has served to promote the capacity of the system to host authentic deliberation on the basis of mutual respect. The handling of the Bangladeshi government of labour protests for higher wages in December 2016, which resulted in the detention and firing of many unionized workers, suggests that the situation of unions in Bangladesh has in tendency rather worsened (Abrams & Sattar, 2017). The engagement of the Accord with local and global unions thus has so far not served to induce a breakthrough in altering labour relations in Bangladesh (Khan & Wichterich, 2015).

Epistemically, the question is whether the Accord has served to distil, synthesize and transmit relevant reasons to the wider public. In an effort to avoid the duplication of inspections the Accord engaged with the Alliance and NAP on joint assessment standards (ILO, 2013). Despite this initial will for cooperation, the Accord still decided to reject inspections of Alliance brands in joint factories that were not conducted independently (Accord, 2014a). This reaction rather points to competition over standards through which the Accord claims epistemic authority and renders it questionable whether transmission of the Accord’s reasons to other actors was successful.

Regarding the *consequential* function, the question is whether the deliberation across all discrete parts within the system, including the Accord, has been decisive in improving the health and safety situation in the RMG sector in Bangladesh. While renovations and repairs are ongoing and while some advances in factory safety have been registered (ILO, 2016), work place safety in many factories, in particular in those factories that fall under the government led scheme, remains hazardous (Ovi, 2017). In addition unions remain under risk of interference and threats (HRW, 2016). Moreover, a number of suppliers have been recorded that decided to stop producing for Accord signatories since they were not willing to

comply with the respective guidelines and are now producing for the internal or other markets. This points to an unequal promotion of standards across factories and casts doubts on the consequentiality of the deliberation within the system in producing safe workplaces equally for all workers in the RMG sector. This is particularly disquieting considering that the industry is expected to further grow in the coming years.

A Systemic Perspective on the Accord

The evaluation of the Accord from a deliberative systems perspective highlights the normative complexities associated with MSI governance. Although the Accord with a view to its internal quality could be argued to perform reasonably well, the assessment from the systemic perspective highlights that the MSI while it may not exert outright negative effects, it at least exhibits questionable external effects on the system taken as a whole which are not compensated for by other parts of the system. It could be argued that while the Accord has served to improve fire and building safety for some factories in Bangladesh, the deliberative system overall fails to give all workers equal consideration, since workers that are not producing for the export market can be said to still having very little, if not less, leverage to express their interest. The complex system of governance taken as a whole hence can be argued to not being able to fully secure the normative functions of deliberative democracy and thus to being of questionable legitimacy.

Due to the issues I have outlined, it can be argued that the Accord falls into the upper left corner of ‘deliberative deprivation’ of my proposed framework (Figure IV.1): Despite a solid internal performance, the Accord so far seems unable, in its interactions with other actors and institutions, to securing that the norms of deliberative democracy are prevalent across the complex system of governance as a whole. The case of the Accord thus highlights that when judging MSIs in deliberative terms it is simply not enough to only look at the level of the single institutions but that the broader effects of MSIs on the system of which they form part need to be accounted for. The example also illustrates that rather than playing a constitutive role for deliberative democracy, it depends on how well MSIs are linked with the system in which they take place, whether or not they contribute to deliberative democratisation of the system taken as a whole.

Analyzing MSIs from a deliberative systems perspective however also makes evident constructive ways of how MSIs can be improved both internally and externally. In order to exert a more positive influence on the overall system, the Accord could internally e.g. review its approach to subcontracting, to ensure that this does not happen in uninspected factories in

order to improve its consequentiality. Externally, it could try to exert more influence on the government to advance unionization to further the democratic and ethical function, or engage more thoroughly with the Alliance to share experiences and lessons learned to improve the epistemic function of the system. In practice first approaches of closer collaboration between MSIs of different sorts are already observable. The ISEAL Alliance (2017), for example brings together different MSIs to jointly increase uptake and impact by providing a platform for interaction and shared learning. Engaging in such initiatives could potentially provide avenues for MSIs to improve their systemic impact. Overall, the systemic perspective raises a number of questions with respect to how MSIs (fail to) interact with the system of which they form part that require consideration by MSIs, if they are to rely on the legitimizing force of democratic deliberations.

Discussion and Directions for Future Research

Research on MSIs in the context of CSR has up until recently primarily focused on legitimacy of isolated initiatives and focussed on studying interactions within MSIs, but neglecting, for the most part, interactions of an MSI with other actors and institutions. The deliberative systems perspective challenges this isolated focus on single MSIs by underlining the need to broadening the scope of analysis to examine the legitimacy of complex systems of governance that emerge from the combined interactions of MSIs with other governance initiatives and actors. The deliberative systems view thus theoretically contributes to the current discourse on MSIs by extending so far prevalent assessments of the internal quality of MSIs with a consideration of their external quality. As the analysis of the Accord has highlighted, the evaluation of MSIs from a systemic perspective can differ significantly from assessments of only the ‘internal’ quality and serves to identify issues regarding overall deliberative quality that would otherwise go unnoticed.

There however are a number of limitations associated with the systemic view on MSIs outlined above. Deciding whether a particular MSI, and even more so the system as a whole has on balance high or low deliberative quality, and thus legitimacy, is highly complex and not without controversy. Moreover, due to the complex and contingent interplay of an MSI with the overall system, it is far from evident how a particular MSI can improve its external quality by itself and, whether as in the case of the Accord e.g. engaging with more stakeholders at the level of the SC to improve upon the democratic function, for example, would not make the MSI less operable and drain resources from inspection efforts and thus undermine the consequential function. While I acknowledge that it can be difficult for MSIs

to integrate systemic aspects into their internal governance, this article aims at opening the debate for the evaluation of legitimacy of complex regulatory systems.

By integrating external repercussions into assessments of MSIs, the deliberative systems perspective echoes recent calls for the study of governance interactions (Wood et al., 2015). While research on governance interactions has so far focussed on describing them (Eberlein et al., 2014; Rasche, 2010), in this article, I have outlined a normative view on interactions on the basis of the systemic approach to deliberative democracy. These normative standards are relevant to judge when the combined interactions serve, e.g. to empower the interests of marginalized stakeholders (Braithwaite & Drahos, 2001: 34–36).

The proposed criteria of the deliberative systems view in principle resonate with previous accounts of the democratic legitimacy of MSIs of e.g. Mena and Palazzo (2012). However, not only do the identified functions of deliberative democracy slightly reorient internal assessments, e.g. from the number of different stakeholders represented in an MSI (Mena & Palazzo, 2012: 547) to the representation of discourses, but, most importantly, also add another step to the analysis, by drawing attention to the external quality of an MSI that has so far not sufficiently been accounted for. The nuanced perspective on legitimacy of the deliberative systems view thus contributes to the ongoing debate on the legitimacy of multi-stakeholder governance (Bäckstrand, 2006; Black, 2008; Mena & Palazzo, 2012).

The deliberative systems view also contributes to and extends the literature on political CSR. Researchers so far have either endorsed (Scherer & Palazzo, 2011) or criticised MSIs (Banerjee, 2010) as tools for governing social and environmental issues. Rather than portraying MSIs as either good or bad, the deliberative systems view highlights the fundamentally ambivalent character of MSIs. By introducing the normative criteria of the deliberative systems perspective and broadening the scope of deliberative analysis to account for and evaluate the net effects of deliberation of MSIs on a systemic level, this article thus extends the current conceptualization of deliberative democratic theory in the discussion on political CSR. Whether corporate interference in matters of common concern can normatively be deemed legitimate, I propose, critically depends on whether the overarching functions of the deliberative democracy are furthered or met at the systemic level. As the example of the Accord illustrates, while MSIs may be *necessary* – particularly in governance voids – for ensuring that the norms of deliberative democracy are met, they may not be *sufficient*, since legitimacy in the strong sense of deliberative democracy relates to “the democratic process as a whole” (Mansbridge et al., 2012: 26). This article thus contributes to a nuanced understanding of the role of MSIs in the context of transnational governance.

However, as the deliberative systems view is a nascent concept and deliberative democrats are themselves still working on ways to empirically assess deliberative systems, further research is needed to address how MSIs can best be sequenced and combined with other institutions to ensure that the norms of deliberative democracy are met in complex governance systems. Moreover, longitudinal and comparative empirical research would prove useful in examining how different types of MSIs interact with the organizational field of which they form part and to understand how MSIs can be sequenced with other institutions (e.g. governmental regulation) in a policy process so that overall the norms of deliberative democracy are met.

Besides these theoretical implications, there also are practical implications of the deliberative systems perspective for the management and governance of MSIs. The systems perspective highlights that MSIs need to monitor the external repercussions that their engagement has both on the formal policy process as well as on deliberations within the public sphere and need to address and manage the consequences of their regulatory engagement. MSIs, just as mini-publics, “have an ‘external’ obligation to persuade – a duty to justify, clarify, respond and change recommendations or collective decisions if need be” (Curato & Böker, 2016: 178). Thus, in particular in those cases where an MSI can be mapped into the categories of ‘deliberative failure’ or ‘deliberative deprivation’ a reform of internal governance and inclusion will be necessary to improve the external quality of an MSI. To improve their systemic impact MSIs should consider to collaborate more closely with other initiatives, as in many cases they exhibit areas of complementarity. The ISEAL Alliance (2017) that aims to strengthen sustainability standards systems to jointly increase uptake and impact, in this context represents an interesting case for future research for deliberative systemic analyses.

Conclusion

In this article I have argued that the systemic turn in deliberative theory can inform and move forward the debate on legitimacy in the context of MSIs by broadening the focus from an examination of internal qualities of MSIs, as small designed settings, to an analysis of their external quality, i.e. how MSIs relate to and interact with other actors and institutions. Based on the recent systemic turn in deliberative democracy theory, I have developed a conceptual framework by which the normative legitimacy of the system that emerges from the interactions of governance actors in a field can be assessed. The proposed deliberative systems approach to MSIs does not provide for a generic case either for or against MSIs.

Instead, it highlights the fundamentally ambivalent character of MSIs as both being able to promote as well as to undermine legitimacy at the systemic level. Given the complex interplay of MSIs internal features and their context-dependent external impacts, MSIs' must be evaluated on a case-by-case basis. While further research is needed, this paper has identified first avenues for how MSIs can enhance the legitimacy of the overall system of governance of which they form part.

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Appendix

A1 Summary of Dissertation

Over the past two decades, multi-stakeholder initiatives (MSIs) have become a central governance mechanism in the global economy. MSIs can be defined as institutions that bring mostly multinational corporations (MNCs) together with stakeholders from different spheres of society, such as civil society organizations, academia and governmental agencies to collectively address and regulate social and environmental issues that exist along global supply chains. The increasing engagement of businesses and civil society organizations as private actors in transnational governance has led to an intense debate in the literature on the responsibilities and legitimacy of businesses as political actors in transnational governance.

This cumulative dissertation addresses the political role that MNCs assume in the context of global supply chains by examining the legitimacy, challenges and prospects of MSIs as private governance institutions. Focusing on social aspects of transnational business conduct, MSIs are addressed on multiple levels of analysis ranging from the micro-level of the individuals and organizations that engage with each other in an MSI, to the macro-level of complex regulatory systems in which MSIs interact with each other and other actors and institutions. Methodologically, this dissertation relies both on a conceptual and empirical, qualitative research approach. All four papers of this dissertation draw on the Bangladesh Accord on Fire and Building Safety (Accord) as a recent example of an MSI that was set up to improve health and safety conditions in the Bangladeshi garment sector. The first dissertation paper reviews the literature with respect to what responsibilities MNCs have towards workers along their supply chains and conceptually draws a distinction between different attempts that currently exist to improve labour rights in global supply chains. The second, conceptual paper looks at the implications of transnational MSIs for development at the national level of developing countries and examines under which conditions firms can be expected to contribute to social development by participating in MSIs. The third paper, by means of a qualitative empirical investigation of the Accord addresses the underlying processes of how corporations manage becoming political actors in MSIs. Looking at how MSIs interact with other institutions and actors, the fourth paper, which is again conceptual in nature, moves beyond an isolated focus on MSIs in order to address legitimacy of governance at a systemic level, by drawing on recent theoretical advancements in deliberative democracy research.

The findings of the four papers highlight both prospects and challenges that are associated with MSIs and suggest that MSIs are no panacea for solving social and environmental problems that exist along global supply chains. Instead, this dissertation suggests that whether MSIs can be considered as legitimate and effective governance institutions critically depends not only on how MSIs are managed internally but also on how MSIs manage their external interactions with other actors and initiatives. By advancing both the theoretical and empirical knowledge about MSIs as institutional arrangements for the regulation of societal issues in supply chains, this dissertation contributes to the current literature and debate on MSIs and the political role of corporations.

A2 Zusammenfassung der Dissertation

Multi-Stakeholder-Initiativen (MSIs) haben sich über die letzten zwei Jahrzehnte als ein zentrales Regulierungsinstrument in der globalen Wirtschaft etabliert. MSIs können als Institutionen definiert werden, die überwiegend multinationale Unternehmen (MNU) mit Akteuren vor allem aus der Zivilgesellschaft, aber auch aus der Wissenschaft oder Regierungsorganisationen, zusammenbringen, um soziale und ökologische Probleme, die in globalen Lieferketten bestehen, gemeinsam zu regulieren. Das zunehmende Engagement privatwirtschaftlicher Akteure und zivilgesellschaftlicher Organisationen in der Regulierung von sozialen und ökologischen Aspekten im transnationalen Raum hat in der Literatur eine intensive Debatte über die Verantwortung und Legitimität von Unternehmen als politische Akteure angestoßen.

Ausgehend von dieser Debatte untersucht die vorliegende kumulative Dissertation die politische Rolle, die MNUs übernehmen, sobald diese selbstregulierend tätig werden, und widmet sich insbesondere der Legitimität sowie den Chancen und Grenzen von MSIs als Regulierungsinstrument der globalen Wirtschaft. Die Arbeit fokussiert dabei auf soziale Aspekte des internationalen Wirtschaftens und analysiert MSIs auf unterschiedlichen Ebenen: von der Mikroebene der Einzelpersonen und Organisationen, die sich in einer MSI engagieren, bis hin zur Makroebene komplexer Regulierungssysteme, in denen MSIs mit anderen Akteuren und Institutionen interagieren. Die vorliegende Dissertation nutzt methodisch sowohl einen konzeptionellen als auch empirischen, qualitativen Forschungsansatz. Alle vier Dissertationspapiere beziehen sich auf den ‚Bangladesh Accord on Fire and Building Safety‘ (Accord), der im Jahr 2013 zur Verbesserung der Sicherheitsbedingungen im Bekleidungssektor in Bangladesch initiiert wurde, als ein aktuelles Beispiel einer MSI im Kontext globaler Lieferketten.

Das erste Dissertationspapier bietet einen Überblick über die Literatur zu Verantwortlichkeiten von MNUs gegenüber Arbeitern in Lieferketten und unterscheidet konzeptionell zwischen verschiedenen Ansätzen, die derzeit zur Verbesserung von Arbeitsrechten in globalen Lieferketten bestehen. Das zweite, ebenfalls konzeptionelle Papier analysiert die Auswirkungen transnationaler MSIs auf soziale Entwicklungen auf der lokalen Ebene von Entwicklungsländern und untersucht, unter welchen Bedingungen Unternehmen durch die Teilnahme an MSIs zu sozialer Entwicklung beitragen können. Das dritte Papier adressiert auf Basis einer qualitativen empirischen Untersuchung, welche Prozesse auf unternehmerischer Ebene mit der Übernahme von politischer Verantwortung verbunden sind,

sobald sich Unternehmen in einer MSI engagieren. Das vierte Papier wendet schließlich den Blick von der MSI als einzelne Institution auf die Interaktionen von MSIs mit anderen Akteuren und Institutionen auf systemischer Ebene. Ausgehend von theoretischen Entwicklungen in der deliberativen Demokratie-Theorie untersucht das ebenfalls konzeptionelle vierte Papier die Rolle und Legitimität von MSIs im Kontext größerer Regulierungssysteme.

Die vier Papiere heben sowohl Chancen als auch Grenzen hervor, die mit MSIs als Regulierungsinstrumente verbunden sind und zeigen auf, dass MSIs kein Allheilmittel zur Lösung von Problemen in globalen Lieferketten sind. Ob und inwieweit MSIs als legitime und effektive Institutionen für die Regulierung sozialer Belange im Zusammenhang mit globalen Lieferketten betrachtet werden können hängt vielmehr davon ab, wie MSIs intern geleitet werden und wie MSIs mit anderen Akteuren und Initiativen interagieren. Die vorliegende Dissertation trägt mit diesen Ergebnissen zur aktuellen Literatur und Diskussion über MSIs und die politische Rolle von Unternehmen in globalen Lieferketten bei.

A3 List of Publications

Publications

Dirk Ulrich Gilbert & Huber, Kristin (2017). Labour Rights in Global Supply Chains. In Morsing, M., Rasche, A. and Moon, J. (Eds.), *Corporate Social Responsibility: Strategy, Communication, Governance*: 451-472. Cambridge: Cambridge University Press.

Huber, Kristin & Gilbert, Dirk Ulrich (2015). Political CSR and social development: Lessons from the Bangladesh garment industry. In Jamali, D., Karam, C. and Blowfield, M. (Eds.), *Development Oriented Corporate Social Responsibility, Volume 1, Multinational Corporations and the Global Context*: 228-246. Sheffield: Greanleaf.

Submitted Papers

Huber, Kristin. Multi-Stakeholder Initiatives and Legitimacy: A Deliberative Systems Perspective. *Revise and Resubmit at Business Ethics Quarterly*.

Huber, Kristin & Schormair, Maximilian. How Corporations Manage Becoming Political Actors in Multi-Stakeholder Initiatives – the Case of the “Accord on Fire and Building Safety in Bangladesh. *Revise and Resubmit at Business & Society*.

Schrage, Stephanie & Huber, Kristin. Living Wages in International Supply Chains and the Capability Approach: Towards a Conceptual Framework. *Under Review for publication in edited volume on the Capability Approach by Cambridge University Press*.

A4 Teaching Experience

Entfällt aus datenschutzrechtlichen Gründen

A5 Curriculum Vitae

Entfällt aus datenschutzrechtlichen Gründen

Entfällt aus datenschutzrechtlichen Gründen

Entfällt aus datenschutzrechtlichen Gründen

A6 Overview of Interview Partners

Organization	Description	Size ¹¹	Role of Interviewees	Duration	# Pages
Company A	Importer	Medium	CSR and Sourcing Manager	not recorded	n.a.
Company B	Brand	Medium	CSR Manager	01:08:40	25
Company C	Importer	Medium	Sourcing Manager	01:39:26	32
			Deputy General Manager		
			Compliance Manager		
Company D	Brand	Large	CR Director	01:24:50	27
			CSR Manager	01:11:22	27
Company E	Brand	Medium	CSR and Sourcing Manager	00:58:02	17
			CSR and Sourcing Manager		
Company F	Importer	Large	CSR Manager	01:40:35	41
Company G	Brand	Large	CSR Manager	00:53:22	14
			CSR Manager	01:19:20	24
Company H	Importer	Small	General Manager/CEO	01:25:23	30
Company I	Brand	Large	VP CR and Sustainability	00:33:13	12
Company J	Importer	Medium	CSR Manager	01:07:23	28
			Sourcing Manager		
Company K	Importer	Small	General Manager/CEO	01:08:16	20
Company L	Brand	Medium	CSR Manager	00:29:36	10
Company M	Importer	Small	Sourcing Manager	00:41:29	16
Company N	Importer	Small	CSR Manager	00:52:13	19
Company O	Brand	Large	CSR Manager	01:17:46	25
			Former CSR Manager	01:18:07	26
Company P	Brand	Large	CSR Manager	01:05:47	21
			Sourcing Manager		
Accord	Organizer	-	Accord staff member	01:10:26	18
Union A	Global union	-	Trade Union Manager	01:16:38	23
Union B	Global union	-	Trade Union Manager	00:53:53	14
GIZ	Local experts	-	GIZ staff member	00:58:34	15
			GIZ staff member	01:57:48	38
Σ			29	26:32:09	522

¹¹ Small (< 50 employees), Medium (50-250 employees), Large (< 250 employees) oriented after definition of European Commission (2015)

A7 Interview Guide

Informationen für den Interviewten vor Beginn des Interviews

Worum geht es in dem Interview?

Es geht um Ihre Erfahrungen in und mit MSI im Textilsektor. Hierbei konzentrieren wir uns auf den Accord, da es sich um eine relativ junge Initiative mit großer internationaler Aufmerksamkeit handelt. Wir wollen nachvollziehen, welche Effekte MSI auf die Teilnehmer und deren Organisation haben, und untersuchen wie sich bestimmte theoretische Annahmen zur Praxis verhalten. Insbesondere ist für uns von Interesse, welche Erfahrungen die teilnehmenden Unternehmen mit dem Accord gemacht haben, und welche Wirkungen in der Organisation entstanden sind.

Wertschätzung/Implikation

Durch die Befragung von Experten, die an MSI Prozessen teilgenommen haben, hoffen wir ein besseres Verständnis dafür zu entwickeln, welche Möglichkeiten aber auch welche Herausforderungen mit MSI einhergehen, wie diese effektiver gestaltet werden können und wo evtl. auch Grenzen von MSI Governance liegen.

Vertraulichkeit/Datenschutz

Wir würden das Gespräch mit Ihrem Einverständnis gerne aufzeichnen und planen die Ergebnisse in einem wissenschaftlichen Artikel zu veröffentlichen – Ihre Antworten werden wir dabei vertraulich behandeln, indem wir ihre Antworten anonymisieren.

Ablauf des Gesprächs

Wir werden Ihnen nun einige Fragen zum Accord und zum Thema Multi-Stakeholder Initiativen (MSI) im Textilsektor stellen. Zunächst gehen wir darauf ein, was sie ganz persönlich durch den Accord mitgenommen haben. Im Anschluss erweitern wir den Fokus des Gesprächs auf das Unternehmen und weitere MSI, an denen Sie beteiligt waren. Das Interview wird etwa 40-60 min dauern. Wir werden Ihnen einige offene Fragen stellen und ggfs. nochmal zu spezifischen Aspekten rückfragen.

Allgemeiner Einstieg

Leitfrage/Stimulus/Erzählaufforderung

Wir freuen uns auf das Gespräch mit Ihnen und würden uns als erstes gerne mit Ihnen und ihrer Position im Unternehmen vertraut machen. Würden Sie dafür zunächst einmal kurz sich selbst und Ihre Funktion im Unternehmen vorstellen?

Inhaltliche Aspekte

Unterschied strategische und operative Positionen; Größe und Zusammensetzung des Teams

Aufrechterhaltungsfragen

Können Sie nochmal genau beschreiben, wo Ihre Arbeitsschwerpunkte bzw. Hauptverantwortlichkeiten liegen?

Nachfragen

Wie sieht denn Ihr Team/Ihre Abteilung aus, also mit wem arbeiten Sie zusammen?; Wem berichten Sie?; Wie viele Mitarbeiter berichten Ihnen?; Wie viele Personen sind in ihrer Organisation mit dem Thema Unternehmensverantwortung/Nachhaltigkeit in der Lieferkette beschäftigt?; Wie werden Textilien in ihrem Unternehmen vorwiegend gesourced? Über die direkte Zusammenarbeit mit Vertragspartnern (direct sourcing) oder über Agenten (indirect sourcing)?

Einstieg Accord

Leitfrage/Stimulus/Erzählaufforderung

Bitte erzählen Sie einmal welche Erfahrungen Sie mit dem Accord gemacht haben. Beschreiben Sie auch, wie es intern zur Entscheidung für den Accord kam und wie Ihr Unternehmen nun am Accord beteiligt ist?; Welche Erwartungen hatten Sie an den Accord?; Welche Herausforderungen waren bzw. sind aus Ihrer Sicht mit dem Accord verbunden?; Wie zufrieden sind Sie mit der Arbeit des Accords?

Inhaltliche Aspekte

Generelle Einstellung zu Accord; Einbindung in den Accord; Erwartungen; Konkrete Probleme

Aufrechterhaltungsfragen

Was meinen Sie mit...?; Können Sie das noch einmal genauer erklären?; Und sonst?; Und weiter?

Nachfragen

Können Sie nochmal genau beschreiben, wie Sie persönlich in den Accord involviert sind?; Welche Bedeutung nimmt der Accord in Ihrem Arbeitsalltag ein (z.B. in Bezug auf die verwendete Arbeitszeit/kognitive Ressourcen)?; Was zeichnet den Accord in ihren Augen aus?; Haben Sie bereits an einem der Treffen teilgenommen (z.B. Company Caucus)?; Wie kann ich mir vorstellen, wenn so ein Treffen stattfindet? Wie laufen diese Treffen in der Regel ab?; Glauben Sie, dass das Engagement im Accord ein Indikator für die Übernahme gesellschaftlicher Verantwortung von Unternehmen ist?; Wie schätzen Sie das Engagement ihres eigenen Unternehmens im Verhältnis zu anderer Unternehmen in der MSI ein?

Individuelle Wahrnehmung

Leitfrage/Stimulus/Erzählaufforderung

Beschreiben Sie den Lösungsfindungsprozess des Accords, wie er sich Ihnen dargestellt hat. Hatte der Accord für Sie überraschende/unerwartete Ergebnisse/Lösungsansätze?; Wie schätzen Sie Ihren ganz persönlichen Beitrag zu den Ergebnissen des Accord ein?; Können Sie beschreiben ob und wenn ja was Sie persönlich durch die Teilnahme am Accord gelernt haben?; Wie hat sich Ihr Vertrauen zu den verschiedenen Stakeholdern des Accords/ zu Stakeholdern (Gewerkschaften/Wettbewerber/CCC) in Allgemeinen entwickelt?

Inhaltliche Aspekte

Efficacy; Information; Political skills; Civic virtues

Aufrechterhaltungsfragen

Was heißt...?; Können Sie auf diesen Punkt noch einmal genauer eingehen?; Wie sehr liegt der Schwerpunkt auf...?; Und weitere...?

Nachfragen

Wie hat sich Ihr Wissensstand in Bezug auf die sozialen Probleme der Textilindustrie in Bangladesch durch den Accord entwickelt?; Würden Sie sagen, dass Sie durch die Teilnahme am Accord gewisse persönliche Fähigkeiten – wie z.B. Rede-, Verhandlungsgeschick, Verständnis für Meinungs- u. Willensbildungsprozesse entwickelt haben?; Würden Sie sagen, dass sich durch ihre Teilnahme am Accord bei Ihnen ein stärkeres Verständnis für verschiedene Perspektiven und Standpunkte gebildet hat?/Ihre persönliche Meinung/Ihre politische Einstellung zu dem Thema U-verantwortung geändert hat?/ein stärkeres Interesse am Gemeinwohl herausgebildet hat?; Wie schätzen Sie die Wirkungen des Accords auf die Industrie und die Gesellschaft als Ganze ein?; Haben Sie das Gefühl, dass durch den Accord und die diversen Standpunkte, die in diesem zusammen kommen, bessere Entscheidungen getroffen werden?

Organisationale Auswirkungen

Leitfrage/Stimulus/Erzählaufforderung

Uns interessiert sehr, wie die Ergebnisse des Accords in ihr Unternehmen gelangen. Können Sie dies bitte einmal kurz beschreiben?; Welche Effekte hat der Accord auf ihr Unternehmen?; Wie gestaltet sich der Umsetzungsprozess für die eben angesprochene(n) Maßnahme(n)?; Empfinden Sie es als eine Aufgabe/Verpflichtung ihres Unternehmens sich aktiv in die Regulierung von nationalen (Bsp. Bangladesh) und internationalen Standards einzubringen?; Haben Sie das Gefühl, dass ihr Unternehmen zur Lösung der Herausforderungen in Bangladesh beitragen kann?; Haben Sie in Bezug auf den Accord (z.B. beim company caucus) manchmal trennen zu müssen zwischen Ihnen als Privatperson und Ihnen als Vertreter des Unternehmens?

Inhaltliche Aspekte

Änderungen von Strategien oder Prozessen; Maßnahmen innerhalb der Organisation; Beteiligte Abteilungen; Förderung sozialer Standards in Lieferkette; Single, double, deuterio learning; Subcontracting

Aufrechterhaltungsfragen

Was heißt...?; Was meinen Sie mit...?; Gab es weitere Veränderungen?; Was beinhaltet diese Maßnahme genau?; Was wird damit genau angestrebt?; Beschränkt sich das auf...?; Und sonst...?

Nachfragen

Hat sich seit dem Accord in ihrem Unternehmen eine Neuausrichtung von Unternehmensleitlinien oder gar auf strategischer Ebene ergeben?; Hat sich in ihrem Unternehmen das Verständnis in Bezug auf Herausforderungen in der Lieferkette geändert?; Welche Personen/Abteilungen sind an der Umsetzung des Accords beteiligt?; Haben sich Prozesse (Reporting/Sourcing/Tätigkeitsprofile von Mitarbeitern) seit dem Accord geändert?; Wie sind die Maßnahmen in die Gesamtstrategie eingebettet?; In der akademischen Diskussion werden die Einkaufspraktiken von Unternehmen mit kurzen Lieferzeiten und kurzfristigen Auftragsänderungen als eine Ursache von Verletzungen sozialer Standards in der Lieferkette genannt. Hat sich durch den Accord in ihrem Unternehmen eine Abteilungsübergreifende Diskussion ergeben dazu wie man soziale Standards in der Lieferkette sicherstellen kann?; Gibt es Versuche Fortschritte im Bereich sozialer Standards messbar zu machen? Sind die Organisationstrukturen in ihrem Unternehmen eher hierarchisch oder nicht so hierarchisch?

Auswirkungen auf Öffentlichkeit

Leitfrage/Stimulus/Erzählaufforderung

Hat der Accord ihrer Meinung nach einen Einfluss auf die öffentliche Debatte/Wahrnehmung zum Thema Unternehmensverantwortung in Deutschland/Europa/ Bangladesh?; Inwiefern hat der Accord eine Art Gemeinschafts- bzw. Zugehörigkeitsgefühl unter den TeilnehmerInnen bewirkt? Stellte sich Ihrer Meinung nach ein Art Gefühl von „mit einer Stimme in der Öffentlichkeit Sprechen“ ein?; Welchen Effekt hat der Accord Ihrer Meinung nach auf die Regierung in Bangladesh/Deutschland?

Inhaltliche Aspekte

Representation of Difference; Public communication and deliberation; Representations of commonality

Aufrechterhaltungsfragen

Was meinen Sie mit...?; Und weiter?

Nachfragen

Bildet der Accord die Interessen der Teilnehmer korrekt ab und werden diese effektiv nach außen vertreten?; Welche Hindernisse sehen Sie...?; Aus welchen Gründen...?

Institutionelle Organisation des Accord

Leitfrage/Stimulus/Erzählaufforderung

Haben Sie im Zuge Ihrer Teilnahme am Accord das Gefühl, an Entscheidungen, die Sie direkt betreffen, angemessen beteiligt gewesen zu sein?; Inwiefern wurde durch den Accord Ihre Kooperationsbereitschaft erhöht und Gräben zwischen den Stakeholdern überwunden?; Sind die Regelungen des Accords aus Ihrer Sicht auf der passenden Ebene im internationalen Regelrahmen angesiedelt?; Müssten die Regelungen des Accords Ihrer Einschätzung nach eher auf einer höheren oder niedrigeren Ebene getroffen werden?

Inhaltliche Aspekte

Resistance; Representation; Subsidiarity; Coordination/Cooperation; Democratic Legitimation

Aufrechterhaltungsfragen

Was meinen Sie mit...?; Können Sie auf diesen ... noch einmal konkret eingehen?; Wie kann man sich das vorstellen, wenn...

Nachfragen

Glauben Sie, dass durch die MSI ein Druck auf die Regierung in Bangladesh/ Deutschland entsteht, transparenter zu werden und sich mit den Forderungen der Näherinnen auseinanderzusetzen?; Wo liegen Gründe für mangelnde Kooperationsbereitschaft?

Textil MSI Allgemein

Leitfrage/Stimulus/Erzählaufforderung

Welche Vorerfahrungen haben Sie mit Textil-MSI vor dem Accord bereits gesammelt?; Wie unterscheidet sich der Accord von den anderen Textil-MSI an denen Sie teilgenommen haben?; Welche Aspekte von welcher MSI sind Ihnen besonders im Gedächtnis geblieben?; Welche Chancen und Grenzen sehen Sie in Zusammenhang mit MSIs?; Haben Sie schon einmal erlebt dass eine MSI gescheitert ist? Woran mag das gelegen haben?; Was zeichnet eine erfolgreiche Initiative für Sie aus?

Inhaltliche Aspekte

Accord einzigartig oder generalisierbar; Erfahrungen in anderen MSI

Aufrechterhaltungsfragen

Was meinen Sie mit...?; Können Sie auf diesen ... noch einmal besonders eingehen?

Nachfragen

Wenn mehrere: Bei welcher MSI haben Sie persönlich am Meisten gelernt? Wie erklären Sie sich das?

Ausblick

Leitfrage/Stimulus/Erzählaufforderung

Wenn Sie sich die besprochenen Maßnahmen/Ergebnisse des Accords vor Augen führen, welches Resümee würden Sie für sich ziehen?

Inhaltliche Aspekte

Konkrete Lehren aus den Erfahrungen; Ansatzpunkte für zukünftiges Engagement; Mainstreaming von Maßnahmen

Aufrechterhaltungsfragen

Könnte diese Maßnahme auf andere Orte/Bereiche übertragen werden?; Wo sehen Sie denn konkret Ansatzpunkte für weitere Maßnahmen?; Was meinen Sie mit...?

Nachfragen

Welche Schlüsse haben Sie für sich aus dem Accord für die Teilnahme an künftigen Initiativen gezogen?; Was muss passieren, damit soziale Standards in der Lieferkette sichergestellt werden können?

Ausstieg

Leitfrage/Stimulus/Erzählaufforderung

Gibt es abschließend noch Themen oder Aspekte, die Sie gerne ansprechen möchten?

Inhaltliche Aspekte

Wichtige Prioritäten des Gesprächs; Offen gebliebene Punkte

Aufrechterhaltungsfragen

Was meinen Sie mit...?

Nachfragen

Können Sie uns in ihrem Unternehmen oder in anderen Unternehmen noch weitere Gesprächspartner zu diesem Thema empfehlen?

A8 Interview Analysis: Overview Sample Quotations

Sample quotations	First order concept	Second order themes	Aggregate dimensions
<p>Well, there were a lot of questions from many brands and in particular from those that were newly entering the Accord, they were standing there, because they had missed the start and some documents were partly no longer available. That was the same thing with us, we initially did not have all the information and then we had to start asking other brands, also because the Accord was overtaxed at the beginning naturally.</p>	<p>Asking questions on how to implement the Accord</p>	<p>raising questions</p>	<p>orienting</p>
<p>Yes, at the beginning we had to orient ourselves a little how everything works and it was for example also not so clear with the Accord how things function with respect to the tiering of factories because you have to indicate how many factories fall under tier 1, tier 2, tier 3, i.e. what significance a certain factory has for us. And that was a bit difficult at the beginning.</p>	<p>Identifying ambiguity associated with Accord document</p>		
<p>Once something is not clear, or once you need help, one can always reach out to the Accord.</p>			
<p>Naturally in this phase of absolute organizational uncertainty, I had countless telephone calls with other actors and I have, basically, vividly experienced all the ‘birth’ problems of the Accord, with an abundance of coordination calls and discussions, that were all very instructive</p>	<p>Exchanging experiences with other corporations</p>	<p>sharing information</p>	
<p>Let's say in the first year also because there was a high involvement of also the brands and the brand representatives. Here were also a lot of discussions going on, a lot of mails because everybody was frightened what happened.</p>			
<p>I think for many signatories, as well as for those who thought that they had good systems in place, it has been a great shock to learn, that actually they know nothing about their supply chain. A big strength of the Accord is its transparency and that means that all corporations that have signed the Accord, have to make public all their supplier factories in Bangladesh. Providing their names, addresses</p>	<p>Sharing information about own supply chain</p>		

and so forth.			
Well, as an experienced foreign trader you actually get goosebumps if you openly communicate information about suppliers and your contacts. That actually is a 'no go' in the classical foreign trade.			
And initially it was a bit confusing but after a few questions and several telephone calls I got it and now in the meantime it's going quite well.	Approaching other corporations for information		
When I think of our brands caucus, I do think it is sensational that so many are willing to discuss what was formerly considered as a corporate secret. And that so many are willing to go in the same direction in the interest of everyone's success. I do think that is nice.	Collaborating to address common issues	coalescing	structuring
I think it is important that companies work together, because the small ones can learn from the big ones, because collaborations are implemented, mutual learning occurs, what is possible, what can I do, how can I achieve this, how can I achieve certain things, if I am only a small player, how can I do it, if I am a big player...			
And the most interesting thing was that more or less everybody is on the same way of thinking, this probably was a good opportunity to point this out also in personal talking, in personal speech, to see that actually really all the brands are looking for the same.	Identifying like-minded corporations		
So again it was them who rather come from the labour side. Therefore, one can say that there is a big part of corporations that is more brand-oriented and a small part that is closer to the union side.	Developing fractions		
There is a group of companies, I always say our 'friend' companies, of which some are also big companies.... it's almost a group of people. We are very like-minded, and they are very happy if we push ahead, because the others then have to follow.			
Where earlier one did not exchange oneself this way, this is now happening more frequently, mainly due to the fact that smaller companies need help, and smaller companies that open up and communicate more openly. I	Overcoming competitive thinking on CSR issues		

think they learned that communicating with the competitor is not necessarily negative..			
Clearly someone was representing this perspective in the steering committee and in the caucus meeting on behalf of the others, such that we did not have to repeat everything all over again	Speaking for, with and to others	representing	
Well we are more or less the channel for those topics that are discussed in smaller groups or for passing on relevant information.			
Yeah, but also the brands had to realize if they don't keep an eye on it, then of course the interests go into another direction and here they started also building up brand representatives which are very in close contact to the steering committee of the ACCORD and the ACCORD steering committee has to first contact with the representatives of the brands and to recheck things if they can move on accordingly and if it's a highlighter question then of course they also double-check with the brands if this is in their name and in their interest	Identifying need for representation		
It is a challenge that companies represent companies. I think it involves a lot of learning and you need the appropriate setup. Therefore, you cannot blame the companies in the Steering Committee, because it is just company representatives in there and they of course have their own view which they take. And of course they do try to represent the interests of all companies, but this depends highly on the lobby for a specific topic. [...] the structure of regional coordinators was set up to change this and to collect views.	Setting up rules and structures to manage diversity of perspectives		
At the beginning it was structured very badly. It took a while until we told our executive team at the Accord, you cannot send each and every E-Mail and every report 1:1 to us, you have to do some sorting. And only then, due to this, the lead brand structure came into being. At the beginning you actually received for every single factory all the reports. You did not know who to contact, what were now the exact tasks, also, the lead brand structure came into being because it was an incredible amount of information that had to be administered and not only administered but also worked through			

and dealt with.			
We then conducted surveys on how the experiences of companies are and then we give the results into the Steering Committee, where this is then discussed or is rejected, since it is not representative [...] this is where the political discussions take place.	Conducting surveys on issues		
Exactly, regional coordinator is in our case Liaison Collects. There of course I am a bit more involved with ACCORD, also directly with the Steering Committee. With respect to the caucus meeting for instance, what topics should be discussed and so on. Additionally, a more recent and frequent aspect is that other companies call - also those that are not in my cluster - in order to ask for tips: They ask, how do you do this? How do you finance this if a factory needs help? Have you already had this or that case, how should I deal with this?			
Seen from an ethical perspective, it simply cannot be that you place your orders there and then the factory collapses and all of a sudden 1000 people die. This cannot be, one simply cannot do that.	Invoking human/normative dimension of Accord	approving	reflecting
Well, I mean we are not asking for anything completely out of the ordinary. Instead, we are asking for things that are already in place somewhere, let it be the ILO-working norms or the OECD-guidelines or the Ruggie-principles. In some place these rights exist and you cannot hide behind saying "in my country it's not the law".			
Well this is definitely our corporate responsibility. I say, if we produce there, we are also responsible for the safety of buildings and workers. We are definitely responsible for this.	Accepting direct responsibility for working conditions of suppliers		
But on the other hand it is always good to have a side on board which is pushing the whole thing more and keeps demanding more. That furthers the cause, if one tries to evaluate it from a more neutral position	Reflecting on the benefits of NGO/union pressures on companies		
I once again realized, that I dislike everything related to politics and that I much prefer approaching things from an operational standpoint. But many things simply are	Expressing discontent over ideological/political discussions	disapproving	

politics and that's usually not very useful.			
Sometimes one would rather prefer the union side not being part of the Accord - like in the Alliance - because then it would simply be more constructive and not, well if I use the word polemic it's too much, it's unfair. But sometimes it goes in a direction where I think, come on guys, let's focus on the reality on the ground and do not demand the population of the moon.	Perceiving union involvement as detrimental		
It was not good that companies in the face of public pressure didn't take the time to develop the pure wording of the document in a reasonable way. Now we have the problem that there are a lot of ambiguities in the document itself, in its wording. It was clear, that this would provoke difficulties of interpretation.	Pointing to lack of clarity and manifold possibilities to interpret accord document		
[...] not coordinating this with Bangladesh government and without any communication with the BGMEA. So if you don't have these stakeholders on board as well you will not get anywhere.	Criticizing lack of inclusion of other business stakeholders		
Well we now applied this to Pakistan. We had tried to launch a similar multi-stakeholder initiative in Pakistan [...] but there was little willingness on the part of the government to involve international players in this action plan for fire safety. Therefore we thought, okay, let's do it alone, we do have the template, we know the requirements, we know what the engineers will check, so let's hire engineers ourselves who will put this logic into practice. And so far this is working quite well.	Transferring accord provisions to other countries	embracing political role	positioning
We are definitely in the area that it broadens our horizon [...] on the one hand the personal horizon, but on the other hand also the horizon of the company. That is to say, I cannot just say well now we installed 27 fire extinguishers, I have to also make sure that the employees are socially insured, or else this will not be sustainable. So sustainability does not end with the fire extinguisher or where an 18 year old has a employment contract. Sustainability is instead more complex and multidimensional.	Developing more holistic view of supply chain responsibility		

When speaking of sustainable improvements, it cannot be neglected that the involvement of local employee representatives in the factories plays an important role regarding occupational health and safety.	Stressing long term perspective		
To collaborate with multiple stakeholders in such projects, where we would not be able to succeed without further societal players to solve problems and to adress challenges, that is part and parcel of sustainability management in general and of our sourcing policy in particular.	Commending collaborative approach to problem solving		
This is sustainability management 3.0. If you say, challenges downright inspire creativity to develop such instruments	Expressing proactive attitude towards solving problems		
And if I say, you can only install fire safety doors that meet the highest existing standard in the USA [...] then you reach the limits of what this country can accomplish both in an intellectual as well as a technical sense. And then it's on businesses to foster an understanding, also among unions: Dear friends, now we have to get a little pragmatic here and need to focus on the issues.	Emphasizing immediate feasibility	denying political role	
Of course we try to improve the factories. But if the factory does not collaborate, what do we do then? Then it is wishful thinking, of course they try, but if it does not work out, well for God's sake, then it is just not working out. I'm not here to save the world, but we have to do it as good as possible. If it doesn't work out, we kick somebody out. This is normal. This is completely normal. But we cannot save the world. This is not our approach.			
We have to be careful to not engage in some kind of social colonialism [...] I say, I'm not interested in your opinion, because I know what's right and therefore I'm pushing this through and I'm not even including you in the committees which make these decisions because in the West I know exactly what's right for you. And I find that a very problematic approach.	Discussing responsibility with reference to contextual validity of norms and values		

<p>This is actually their [government of Bangladesh] main job that they say okay I have a building regulation [...] that has to be enforced by a government agency. For me this is one of the core tasks of the state. Bangladesh does not do this. So we are actually helping out, we are doing someone else's job which actually doesn't concern us at all.</p>	<p>Attributing main responsibility to the state</p>		
<p>That very strongly depends on our main customer. And the question simply is, what is the next he is going to force us into, if I may be totally frank and honest with you. There isn't much we can do about it.</p>	<p>Expressing reactive wait and see attitude towards future challenges</p>		
<p>Taking part in this game as a medium-sized company for some time leads you to conclude that at first it is best to stand in the second row, letting others make the first move.</p>			

A9 List of Accord Signatories

As of January 2017:

Company Signatories
Australia
APG and Co
Designworks Clothing Company Pty Limited
Cotton on Group
Forever New
K-Mart Australia
Licensing Essentials Pty.Ltd.
Noni B
Specialty Fashions Australia
Target Australia
Woolworths Australia
Workwear Group Pty Ltd
Austria
Fashion Team Handels *
Belgium
C&A
Malu N.V.
JBC NV
Jogilo N.V
Tex Alliance
Van Der Erve
Canada
Brüzer Sportsgear LTD
Loblaw
Denmark
Bestseller
Coop Danmark
Dansk Supermarked Group
DK Company
FIPO Group
IC Group
PWT Brands
Finland
A&M Holmberg
Reima
Stockmann Group (Lindex)
France
Auchan
Camaieu
Carrefour

Chantal SAS
CMT Windfield
E Leclerc
EMC Distribution
Groupe Casino Ltd
Monoprix
Germany
Adidas
Aldi Nord
Aldi Süd
Baumhueter International GmbH
Brands Fashion
Chicca
Colombus Textilvertrieb GmbH
Comazo GmbH & Co Kg
Comtex GmbH
Crown Textil GmbH
Daytex Mode
Deltex
Distra
Ernsting's Family
Esprit
Florett Textil GmbH & Co
Full Service Handels GmbH
G.Gueldenpfennig GmbH
Gebra Non Food Handelsges GmbH
HAKRO GmbH
Hanson Im-und Export GmbH
Heinrich Obermeyer GmbH & Co. KG
Klaus Herding GmbH
Hess Natur-Textilien GmbH
HKG Garment Solution GmbH
Horizonte
Horst Krüger GmbH
Hueren OHG professional outfits
HUGO BOSS AG
Jebsen & Jessen Group
Jolo Fashion
Julius Hüpeden GmbH
Face to Face GmbH & Co.KG
Karstadt
Kik Textilien
Killtec Sport
Lidl
Metro Group

Multiline Group *
New Frontier GmbH
OLYMP Bezner KG
Orsay GmbH
OSPIG Textil Logistik GmbH
Otto Group
Puma
RAWE Moden
Rewe Group
Rheinwolt Trade & more GmbH i.Gr.
S.Oliver
Schmidt Group
Suprema
Takko Holding GmbH
Tchibo
Transmarina Handelsgesellschaft mbH
UhlSport GmbH
Uncle Sam GmbH
United Labels AG
Viania
Worldtex GmbH
Wünsche Group
Yanis Textil Trade GmbH
Hong Kong
Cronytex Sourcing
Entrade Manufacturing Co. Limited *
Heli Far East Ltd *
Mosgen Limited *
Techno Design GmbH
Topgrade International
Italy
Artsana (Chicco, Prenatal)
Benetton
Gruppo Coin / OVS
Teddy S.p.A.
Japan
Fast Retailing
Netherlands
De Bijenkorf
Bovi Verdi BV
Bristol
Coolcat
DPDB Group
Etam Groep B.V.
Fashion Linq

G-Star
Hema
Holland House Fashion
Hunkemöller
O'Neill Europe BV
Texsport BV
The Sting B.V.
VDR Fashion Group B.V. (Lake Side, Shoeby)
Veldhoven Group
Verburgt Fashion B.V.
Vingino
We Europe BV
Wibra Supermarkt B.V.
Y'Organic BV
Zeeman
Norway
Helly Hansen
Varner Retail
VOICE Norge AS
Poland
LPP
Spain
El Corte Ingles
Inditex
Madness Sport
Mango
Mayoral Moda Infantil, S.A.U.
Padma Textiles
Sweden
Åhléns/Lagerhaus
Fristad Kansas Sverige AB
Gekås Ullared AB
Gina Tricot AB
H&M
Hemtex
ICA Sverige
Intersport AB
KappAhl
New Wave Group
RNB Retail and Brands AB
Sandryds
Stadium
Ted Bernhardt at Work
Unibrands AB
Switzerland

Charles Vogele
Tally Weijl Trading AG
Vistaprint
Turkey
Mavi
LC Waikiki
United Kingdom
Arcadia Group
Aristocrate Distributor Ltd
Bebe Clothing (UK) LTD
Bonmarche
BrandCo Management Ltd
Character World
Danielle Group plc
Debenhams
Edinburgh Woollen Mill
Fat Face
Hawkesbay Sportswear Limited UK *
John Lewis
Marks and Spencer
Matalan
Milords *
Morrisons
Mothercare
N Brown Group
New Look
Next
Nu Sourcing Ltd
OTL Brands Ltd
Primark
Renaissance Sourcing Limited
River Island
Sainsbury's
Shop Direct Group
Tesco
TV Mania UK Ltd
Wilson Design Source Supply
USA
Abercrombie & Fitch
Accolade Group (Accolade USA Inc, Levelwear)
American Eagle Outfitters
Antigua Group Inc
E5 USA, Inc.
Fruit of the Loom
J2 Licensing, Inc

Knights Apparel
L.A. T Sportswear, Inc
Lakeshirts, Inc.
MV Sport, Inc.
Outerstuff Ltd
New Agenda by Perrin
PVH
Sean John Apparel
T Shirt International, Inc. *
Top of the World
Topline, Inc.
W Republic
Zephyr Headwear
* Not in good standing due to non-payment of membership fees

Union Signatories
IndustriALL Global Union
Bangladesh Textile and Garments Workers League
Bangladesh Independent Garments Workers Union Federation
Bangladesh Garments, Textile & Leather Workers Federation
Bangladesh Garment & Industrial Workers Federation
UNI Global Union
IndustriALL Bangladesh Council
Bangladesh Revolutionary Garments Workers Federation
National Garments Workers Federation
United Federation of Garments Workers

Witness Signatories
Worker Rights Consortium
International Labor Rights Forum
Clean Clothes Campaign
Maquila Solidarity Network

A10 Interview Transcripts (Confidential)

Entfällt aus datenschutzrechtlichen Gründen