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Labour Standards in Global Production Networks: Assessing Transnational Private Regulation and Workers' Capacity to Act

Jean-Christophe Graz , Jimena Sobrino Piazza
and André Walter 

ABSTRACT

Despite decades of growing engagement, there are still questions about the effectiveness of transnational private regulation in labour standards to improve employee welfare in global production networks. The literature shows that some improvement may be expected in outcome standards, such as benefits, working time, health and safety issues, but not necessarily in process rights, such as freedom of association, collective bargaining and employment dialogue. Yet, workers need such rights if they are to have a voice and to participate in the organizational processes by which standards may be improved and compliance monitored. The authors of this article contend that the effectiveness of transnational private regulation in labour standards ultimately rests on workers' capacity to act. The article is based on analysis of a cross-country and cross-sectoral data set from site-level surveys of 139 suppliers from Brazil and Kenya in the agricultural, manufacturing and service sectors. The analysis provides no evidence that either the presence of standards at a supplier's site, or the awareness of such standards by workers employed at that site, have an impact on workers' capacity to act. Moreover, the results provide only weak evidence that standards help workers gain influence over matters of relatively minor importance on the agenda of workplace cooperation.

INTRODUCTION

The COVID-19 pandemic has provided a stark reminder that the working conditions of millions of workers worldwide depend on global production networks. The decision of many lead firms to cancel orders without assuming economic responsibility resulted in job losses and suppliers'

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factories being unable to pay wages and other benefits, with devastating social and economic consequences. This contravened principles driving company codes of conduct or multistakeholder instruments, such as SA 8000 or Rainforest Alliance, with which firms claim to comply. The ability of such transnational private regulatory initiatives to prevent or remediate human rights violations, environmental degradation and labour exploitation has been a subject of scholarly debate for more than two decades. In the domain of labour standards, which is the focus of this article, their effectiveness is often questioned.

Recent studies acknowledge that an increasing number of lead firms in global production networks no longer consider labour standards as mere window dressing. However, other mechanisms prevent transnational private regulatory initiatives from fulfilling their promise. Some studies focus on the structural power asymmetries of global production networks that circumscribe any significant gains for workers (Levy and Palpacuer, 2017; Selwyn, 2013). Others examine the mechanisms that affect compliance in the context of their actual implementation. A growing number of studies thus emphasize the complementarity between private regulation and public institutions, the role of intermediaries, especially in auditing, or the complex interactions between the transnational, national and local levels of analysis (Abbott et al., 2017; Berliner et al., 2015; Eberlein et al., 2014; Fransen and LeBaron, 2019). A few delve into the locally and socially constructed variations of on-the-ground compliance of firms and farms supplying global production networks (Amengual and Chirot, 2016; Bair, 2017; Bartley and Egels-Zandén, 2016). Some of these show that some improvement may be expected in technical or 'outcome standards', such as benefits, working time, health and safety issues; but they also tend to show that not too much should be expected for universal or 'process rights', such as freedom of association, collective bargaining and employment dialogue, covered by the International Labour Organization's fundamental conventions on core principles and rights at work (Barrientos and Smith, 2007; Egels-Zandén and Merk, 2014; Lund-Thomsen and Coe, 2015).

It is against this background that this article sets out to examine the effectiveness of transnational private regulatory initiatives with labour standards included in multistakeholder initiatives and company codes of conduct. We argue that the effectiveness of transnational private regulation in labour standards ultimately rests on workers' capacity to act to improve their working conditions in global production networks. As the cited studies acknowledge, outcome standards without process rights give little hope for the future of labour standards. Workers need such rights to be able to voice their concerns, organize to reach such outcomes and rally their negotiating power in global production networks. In brief, labour standards require labour agency to improve employment relations among suppliers of global production networks. They would otherwise depend on the discretion of employers and, thus, could be too easily retracted. As Chhachhi (2014: 897) points out, the

new labour question in contemporary financialized capitalism includes ‘the effectiveness of campaigns ... to push for corporate accountability’ in global production networks, under heavy pressure from lead firms’ shareholders to produce short-term profits. Such campaigns support labour agency by targeting a variety of issues related to the organization of global production networks and their national or local context of implementation. With a focus on what we call workers’ capacity to act, we lay particular emphasis on the concrete dimensions of labour agency involved in localized practices. With that aim, we investigate — at the sites of suppliers of global production networks — whether the use of transnational private regulation including core labour standards is linked to an improvement of process rights supporting labour agency, and thus likely to be used in social dialogue to alter the imbalance of power relations between capital and labour.

Given the existence of conflicting findings regarding process rights, this article hopes to contribute to the emerging quantitative assessments of their effectiveness, with a cross-sectoral and cross-country approach (see Amen-gual et al., 2020; Bartley and Egels-Zandén, 2016; Distelhorst and Locke, 2018; Distelhorst et al., 2015; Malesky and Mosley, 2018; Oka, 2016; Schleifer et al., 2019). To the best of our knowledge, this is the first data set on labour standards used in transnational private regulatory initiatives based on face-to-face surveys undertaken at suppliers’ company level and combining managers and workers, that is both cross-sectoral (agriculture, manufacturing and services) and cross-country, with fieldwork conducted in Brazil and Kenya.¹ We believe the research contributes new insights to the debate on how standards operate at the company as well as the worker level and how they impact employer–employee relations.

Our empirical results are not encouraging in relation to the argument we make. Using linear multilevel models to derive easily interpretable results, we find that labour standards are associated with very limited effects on worker–employer interactions among suppliers of global production networks. The relationship holds only for improvements that depend on unilateral employer action which can be easily withdrawn. Factors that target the structural power imbalance between employers and workers by increasing workers’ capacity to organize and act collectively are not affected. Interestingly, even this limited effectiveness only holds if workers are aware of labour standards via, for instance, training or inclusion in their implementation.

Our findings support the argument made by previous studies that consider labour standards included in transnational private regulatory initiatives as largely a failure, and likely to induce only marginal change (for recent examples, see Anner, 2020; Bartley, 2018; LeBaron, 2020; Ponte, 2019). When examined against the principle of reinforcing labour agency on the ground

1. The data on which the article is based are available and can be accessed via the data repository SWISSUbase (www.swissubase.ch).

in firms and farms supplying global production networks, transnational private regulatory initiatives are indeed of little significance if they only result — as in the cases studied here — in improving workers' consultation and management's responsiveness in workplace cooperation, without further effect on wider concerns of social dialogue. Our findings also respond to calls for more original field-based primary research on transnational private regulatory initiatives. This quantitative analysis could be paired with mixed methods to contribute some much-needed evidence on these contentious issues (Kissi and Herzig, 2020; Oya et al., 2018).

The article is structured as follows. We start by reviewing the link between transnational standards and labour rights, with further insights on the concept of workers' capacity to act. On this basis, we consider a number of hypotheses. The subsequent section then presents our novel data set along with the measures and modelling strategy. After the presentation of our results, the final section discusses our findings and their implications for the literature on transnational standards and labour rights, as well as the limitations of our research design and avenues for future research.

TRANSNATIONAL STANDARDS AND LABOUR RIGHTS

Transnational standards refer here to specifications explicitly documented and used as tools against which to certify the organization of production and exchange of goods and services. They are an essential part of what Graz and colleagues (2020) call a hybrid production regime, that is, the configuration of institutions, policies and practices that involves state and non-state actors in the organization of global production networks. They encompass a variety of instruments used to certify the conformity of global production networks to distinct labour, environment and human rights criteria (also referred to as voluntary sustainability standards). Lead firms use them widely to provide market signals regarding their production regime. While partial and superficial auditing practices are seen as the norm rather than the exception, it is increasingly difficult for firms to use transnational standards as mere window dressing. Most companies are expected to report and provide reliable accounts of policies actually implemented on the ground. This is one of the reasons why recent scholarship stresses the importance of examining in detail the mechanisms affecting compliance policies in the distinct context of their implementation.

A number of studies have put state institutions at centre stage in examining such contextual factors. They include detailed analyses of the interactions between public and private regulation, and of informal linkages between state officials and civil society organizations, as well as a variety of so-called governance spheres likely to support or hinder state capacities (Bair, 2017; Bartley, 2018; Behuria, 2020; Berliner et al., 2015; Cashore et al., 2021; Coslovsky and Locke, 2013; Distelhorst et al., 2017; Eberlein

et al., 2014; Fransen and Burgoon, 2017; Mayer and Phillips, 2017). Other studies focus on the structures of global production networks, in particular on the role played by lead firms, whose shareholders gain a disproportionate advantage by capturing most of the value added through the production network (Dallas et al., 2019; Gereffi, 2019; Neilson et al., 2014; Riisgaard, 2009). Compliance incentives are thus viewed as depending on the lead firm's behaviour towards audits, purchasing practices and cost sharing, given the burden of compliance requirements on suppliers such as relatively small firms and farms. Recent studies show very mixed results regarding the ability of lead firms to 'push' standards throughout the value chain, especially when most of them practice price and sourcing squeezes, in which lead firms pay increasingly lower prices to suppliers while also imposing short delivery times and high order volatility — basically the fast-fashion model used in garment production (Amengual et al., 2020; Anner, 2020; Bartley, 2018; Dietz and Grabs, 2022; Grabs, 2020; LeBaron, 2020; Ponte, 2019).

Transnational Private Regulatory Initiatives and Local Compliance

In addition to the power of state institutions and the intricacies of buyer–supplier relations, the context of compliance also depends on what Amengual and Chirot (2016: 1060) describe as 'the local politics of the places where [transnational regulation] operates'. Through the case of the ILO Better Work programme in Indonesia, they show that the activation of state institutions requires strong union mobilization from below, as well as support from codes' governing bodies and segments of the state to uphold favourable interpretations of the rules and to force employers to engage with state regulatory institutions. Several studies on the interaction between private and public regulation in Bangladesh following the Rana Plaza tragedy emphasize that despite real progress being made on the safety front, and limited progress on labour rights, the government of Bangladesh has not used the Accord signed between apparel brands, trade union federations and NGOs to push for a proper protection of workers through core labour rights at suppliers' sites (Bair et al., 2020; Bartley, 2018: 274–8; Schuessler et al., 2019). As discussed elsewhere (Graz, 2022), assessing compliance with transnational private regulatory initiatives in the context of their grounding in localized politics highlights the viscosity of socio-historical contexts which shape the site of implementation, for instance, in terms of previous experiences of industrial relations and state actions. In this way, transnational standards make sense in the local organizations of firms and farms, in their direct environment within the community, and in their links with domestic governance institutions.

The politics of transnational standards cannot be understood in terms of simple top-down implementation from standards setters and users to so-called targets via a range of intermediaries. As Bartley points out with

reference to voluntary sustainability standards in the domain of labour and the environment, there is little chance to properly observe the performance of standards from ‘10,000 feet up’ (Bartley, 2018: 4). Rather, their performance is politically constructed. Regarding labour standards, that performance specifically relates to the effectiveness of labour to organize, mobilize and address labour violations (Chhachhi, 2014). As noted above, however, appraising the effectiveness of labour standards as contextualized in local mechanisms does not mean that compliance mechanisms are disembedded from larger power asymmetries. Apart from state institutions and lead firms, such contextual and asymmetric dimensions affecting compliance with transnational standards also lie beyond the specifics of local implementation and outside of the value chain concerned. They include the ability to construct alliances with external actors, including transnational advocacy groups, law makers and unions active in transnational labour alliances (Brookes, 2019; Riisgaard et al., 2010). Yet, few studies have examined in any detail the extent to which transnational private regulatory initiatives may vary on the ground and, when it comes to labour standards, even less attention is paid to how this might affect workers’ ability to take greater control of their negotiating power in global production networks.

Labour Rights and Workers’ Capacity to Act

What are the mechanisms likely to support the social and local construction of compliance with labour standards? As discussed in the introduction, studies probing potential positive effects of labour standards underline the importance of distinguishing between ‘process rights’ and ‘outcome standards’ (Barrientos and Smith, 2007). While the former guarantee political rights such as freedom of association and other collective rights that address the structural power imbalance of the employment relationship, the latter refer to substantive outcomes at the heart of the wage-labour system, such as minimum wages, working hours or health and safety policies. This implies two different pathways for explaining improvements in employee welfare derived from transnational private regulation: either improvements are the result of direct, unilateral employer action intended to bring terms and conditions of work into line with outcome standards set in transnational private regulatory initiatives; or they are the result of collective worker action that *becomes possible as a result of* the process rights belonging to core labour standards included in these initiatives.

The literature shows that transnational standards might improve outcome standards such as benefits, working time, health and safety issues, but that not much improvement should be expected for process rights such as freedom of association, collective bargaining and employment dialogue. Yet, outcome standards without process rights offer a bleak prospect for the future of compliance. Workers need such rights if they are to have a voice

and be able to participate in the organizational processes by which outcome standards can be improved and compliance with them monitored (Barrientos and Smith, 2007; Barrientos et al., 2011; Bartley, 2018: 64–65; Oka, 2016).

As Egels-Zandén and Merk (2014: 462) point out, process rights support many other rights. This explains why, in case of rights violation, it is the duty of the ILO Committee of Experts on the Application of Conventions and Recommendations to remind the perpetrators of the violation that ‘freedom of association [is] a fundamental human and enabling right’ proclaimed in the Preamble of the ILO Constitution and incorporated in the Universal Declaration of Human Rights (art. 20).² Freedom of association lies at the heart of democratic principles and the guaranteed right for employees to organize in order to defend their interests. It is also closely linked to the right to negotiate collective bargaining agreements, as fair labour relations based on equal and non-discriminatory opportunities result from such negotiation processes. Collective bargaining agreements define outcomes related to labour standards and typically include wages, working time, training, occupational health and safety, and grievance mechanisms. The importance of process rights leads us to examine the effectiveness of labour standards in global production networks through the lens of workers’ capacity to act. This concept offers a tool for analysing whether improvements in employee welfare resulting from labour standards are ultimately a result of labour agency, or employers’ actions. As we will see below in the detailed presentation of our hypotheses, the concept includes core issues of social dialogue such as freedom of association and collective bargaining, as well as matters of lesser importance that are involved in workplace cooperation.

Our analysis of labour standards focused on workers’ capacity to act, supported by fundamental political rights such as freedom of association and collective bargaining, has both normative and explanatory grounds. Normatively, emphasizing the role of workers highlights the importance of labour activism at the firm level within the organization of production, given that one in five of all jobs is estimated to be linked to global production networks (ILO, 2015). As underlined by the ILO Committee on the Application of Standards, labour rights can be seen as ‘fundamental human and enabling rights’ that support many other rights of the international legal order: no serious study of labour standards can ignore them. From an explanatory point of view, labour activism is also likely to support compliance with labour standards. In this sense, improvements in employee welfare result from collective worker action made possible by compliance with labour standards. This is what prompts us to probe the effects of transnational private

2. ILO, ‘Follow-up to the conclusions of the Committee on the Application of Standards (International Labour Conference, 106th Session, June 2017), Committee of Experts on the Application of Conventions and Recommendations’: www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100_COMMENT_ID:3343756 (accessed 1 May 2020).

regulation on workers' capacity to act to improve their working conditions in global production networks.

Conceiving of labour agency as workers' capacity to act follows calls for studies to explore localized practices likely to address exploitation, sustainability and development issues in global production networks. Scholars from several disciplines agree that compliance with transnational private regulation should be analysed from such an active understanding of industrial relations in developing countries. This prompts us to reflect on 'the roles that Southern workers and their local allies play in promoting labour standards improvements at the point of production' (Wells, 2009: 568). A number of mechanisms through which labour standards are likely to support labour agency have been examined in management and business ethics (e.g. Lund-Thomsen, 2013; Niforou, 2015), in human and economic geography and social anthropology (Carswell and De Neve, 2013; Coe and Hess, 2013), and in development studies and international political economy (Alford et al., 2017; Brookes, 2017; Egels-Zandén and Merk, 2014; Pike, 2020; Selwyn, 2013). These studies view compliance as involving many dimensions, including the structure of global production networks, transnational activism and labour alliances, state institutions and auditing practices, to name but a few. They emphasize that workers' voice is essential to long-term sustainable improvements in compliance with labour standards. Fewer studies, however, draw attention to the importance of the workplace organization in which compliance would result from workers' greater autonomy and power at suppliers' sites of production (Anner, 2019; Bartley, 2018; Locke, 2013).

A key mechanism through which transnational private regulation might improve employment relations is the ability of workers to unionize. This rests on the assumption that all categories of workers have the right to establish and join organizations of their own choosing without prior authorization. It also assumes that workers enjoy effective protection against anti-union practices. This right to organize in order to defend the interests of workers is primarily embodied by unions, although workers' committees may operate as supplementary channels, particularly in repressive labour regimes.

As indicated above, the jury is still out as to whether the use of transnational private regulation at supplier level is likely to provide strong guarantees regarding fundamental labour rights such as freedom of association or collective bargaining. Be that as it may, workers' capacity to act encompasses multiple dimensions. Two of these — organization and recognition — are operationalized by measuring whether workers can meet without management supervision and whether there is a collective bargaining agreement in place. They are thus located at the company level.³ In contrast, the

3. Admittedly, there might be ways to capture the dimensions 'organization' and 'recognition' with indicators on the individual level. However, our survey does not contain variables for the two dimensions at the worker level.

dimensions of union membership and employment dialogue relate to individual workers and their interactions with management. Given our focus on the workers' level, including indicators for both these sets of dimensions allows for a more fine-grained measurement of workers' capacity to act. We develop a number of hypotheses, as follows.

Hypotheses

In the wake of the discussion above on the effectiveness of transnational standards in relation to worker's collective organization and autonomy, the first question to probe is whether the adoption of transnational private regulation with labour standards at the level of the company that supplies a global production network is in itself sufficient to increase workers' capacity to act. While the presence of a union at the company level might appear to offer a guarantee that employees can organize and take collective action in support of their own interests, it gives only a rough indication of the forces on which unions can count. Union membership of workers employed at the site of production is a better proxy to measure such capacity to act. Our first hypothesis is thus:

H1.1. The presence of transnational standards in a company supplying global production networks is likely to increase union membership among its employees. (Membership/presence)

While the presence of standards might support union membership, it might still be far from sufficient. As noted above, achieving process rights remains a least likely case. If transnational standards are expected to support active rather than passive industrial relations, in which workers take measures to improve their working conditions in global production networks, this assumes that workers are aware that such standards exist at their site of production. Without such an awareness, standards would not help workers to understand what they can claim from management or to use their union membership to strengthen their bargaining position. Our first hypothesis is thus completed as follows:

H1.2. The awareness by employees of the presence of transnational standards in a company supplying global production networks is likely to increase union membership among its employees. (Membership/awareness)

Zooming in on labour relations at the site of suppliers involved in global production networks, workers' capacity to act is also related to forms of social dialogue at the workplace. Social dialogue includes all types of negotiations, consultations and exchanges of information not only at the workplace, but also with representatives of governments and unions at the national and even international level. In formal labour relations, tripartite social dialogue at the national level and collective bargaining at various levels are the building blocks of social dialogue. But it also involves workplace cooperation

between employers and employees on matters of mutual concern that may or may not fall within the scope of collective bargaining agreement procedures.⁴ Workplace cooperation is intended to expand the scope of workers' representation beyond regulatory functions covered by labour laws to include organizational functions relating to the determination of what happens within the boundaries of the employment relationship. Such channels of communication and negotiation of concerns vis-à-vis management can thus complement collective bargaining and exist in a variety of forms, including works councils. As a recent joint ILO and OECD report underlines, this 'involves worker participation in and influence over work organisation and production systems — rather than the distribution of productivity gains' (ILO and OECD, 2018: 31). Moreover, Berg and Schneider (2018: 127) note for the case of Brazil that workplace cooperation may allow small grievances to be resolved through dialogue and collective negotiation instead of being pushed on to labour courts, which generate a litigious atmosphere among the social partners. Be that as it may, workplace cooperation remains subsidiary to core features of union organization and social dialogue when it comes to assessing workers' capacity to act in global production networks.

Incidentally, some transnational standards compliance procedures make explicit reference to the importance of having workers and trade union representatives actively involved in their implementation. This means that those parties must be an integral part of the compliance process. For instance, the OECD *Due Diligence Guidance for Responsible Business Conduct* considers 'meaningful stakeholder engagement' not only as important throughout the due diligence process for responsible business conduct, but in some case as 'a right in and of itself [which presumes] to engage with trade unions or workers' representatives' (OECD, 2018: 50).

Against this background, it is important to consider such workplace cooperation in combination with the use and awareness of standards among suppliers of global production networks. Three dimensions are of particular interest. First, workers' representatives need to be able to voice their concerns to management, while management is expected to seek the views of workers' representatives for any matter within or outside the scope of collective bargaining agreements procedures, should such agreements exist at the production site. In contrast to hypotheses 1.1 and 1.2, the next hypothesis thus focuses on interactions between employers and workers.

4. The ILO's 'R094 — Co-operation at the Level of the Undertaking Recommendation, 1952 (No. 94)' calls for steps to be taken 'to promote consultation and co-operation between employers and workers at the level of the undertaking on matters of mutual concern not within the scope of collective bargaining machinery, or not normally dealt with by other machinery concerned with the determination of terms and conditions of employment'. See: www.ilo.org/dyn/normlex/en/f?p=1000:12100:0::NO::P12100_INSTRUMENT_ID,P12100_LANG_CODE:312432,es:NO

H2.1. The presence of transnational standards in a company supplying global production networks is linked to a higher consultation of workers by the management. (Consultation/presence)

However, the mere presence of standards might be insufficient. Workers who are unaware of the presence of standards might be less able to make their voices heard, while workers who can credibly base their claims on provisions enshrined in voluntary standards can strengthen their bargaining position. The management might be inclined to consider their position as more legitimate because workers can base their demands on the interest of other stakeholders. Thus, in the wake of the distinction made in hypotheses 1.1 and 1.2 between presence and awareness of standards, our hypothesis 2.2. is as follows:

H2.2. The awareness by employees of the presence of transnational standards in a company supplying global production networks is linked to a higher consultation of workers by the management. (Consultation/awareness)

Management is also expected to provide sensible responses to suggestions made by workers' representatives in order to guarantee some trust in workplace cooperation and avoid fuelling a litigious atmosphere. As before, we expect that the adoption of standards might not be sufficient and some involvement of workers in, for instance, the implementation of standards is necessary to increase the awareness of how transnational standards support the claims of employees. Therefore, our next two hypotheses are as follows:

H3.1. The presence of transnational standards in a company supplying global production networks is linked to a higher responsiveness of the management to suggestions from worker representatives. (Responsiveness/presence)

H3.2. The awareness by employees of the presence of transnational standards in a company supplying global production networks is linked to a higher responsiveness of the management to suggestions from worker representatives. (Responsiveness/awareness)

Finally, workplace cooperation cannot function properly without the prospect of at least some influence on the outcome of the process which is likely to shape the content of the employment relationship. Our last set of hypotheses thus focuses on the link between the adoption of standards, awareness and the ability of worker representatives to influence decision processes on issues considered relevant for workplace cooperation:

H4.1. The presence of transnational standards in a company supplying global production networks is linked to a higher probability that the management allows worker representatives to influence final decisions. (Influence/presence)

H4.2. The awareness by employees of the presence of transnational standards in a company supplying global production networks is linked to a higher probability that the management allows worker representatives to influence final decisions. (Influence/awareness)

CASE SELECTION, DATA AND ESTIMATION

To investigate our hypotheses, we engaged in an extensive data-collection effort. More specifically, we designed a codebook with 111 open- and closed-ended questions and interviewed 393 workers and 127 managers in 139 export-oriented companies in Brazil and Kenya. We selected these two countries because they both offer a sufficiently wide range of sectors participating in global production networks, while also representing differing levels of economic development, and differing legal and industrial relations traditions. Brazil's GDP per capita was US\$ 8,717 in 2019, while Kenya's was US\$ 1,816.⁵ Brazil has a tradition of highly coordinated corporatist forms of industrial relations, while Kenya has carried over the very different British common law legal tradition and voluntarist approaches to industrial relations. In each country, we identified the most important export-oriented industry from each sector (agriculture, manufacturing and services), with companies located in a sufficiently homogeneous region to make data collection feasible while still being representative of the industry countrywide. In Brazil, we selected cocoa farms in Bahia state for the agricultural sector, and we purposefully sampled middle- to large-sized garment factories from the states of Minas Gerais and Sao Paulo for the manufacturing sector. In Kenya, we selected tea farms and tea factories for the agricultural and manufacturing sectors, and purposefully sampled establishments dispersed across the different tea regions. For the service sector in both countries we sampled 4-star and 5-star hotels in important tourist and business destinations, in the state of Bahia and the city of Sao Paulo in Brazil, and in Mombasa and Nairobi in Kenya.⁶ From each establishment, the manager and up to three workers were surveyed through on-site face-to-face interviews.⁷ All the usual ethical standards were applied, taking account of security concerns and the need for anonymization at the company and worker levels, as well as in the management, analysis and storage of the collected data. Workers were chosen randomly from different areas of work by field researchers whenever this was possible. In cases where managers were opposed to this way of proceeding, field researchers asked them to make sure that workers were at least sampled from different areas of work and could be interviewed

5. From World Bank national accounts data.

6. Among many industries that we could have sampled in the service sector, the choice of the hotel sector was partly pragmatic (including accessibility and availability of business and tourist destinations in both the countries), but it was also based on the fact that the industry is highly globalized, uses a variety of voluntary standards and is increasingly committed to corporate social responsibility principles.

7. Where possible, we interviewed the manager and three workers per company; in a very few cases, only one or two workers were interviewed. For the data analysis, we only used data for workers where all information on variables used for the analysis was available, to avoid missing values. The data set was thus reduced to 221 workers. The results using the complete data set can be found in the Appendix.

on a strictly confidential basis in a separate room. Both the sampling strategy and the collection of data were carried out jointly with local research partners. The fieldwork phase took place between May 2018 and January 2020.

To capture workers' capacity to act, we used different measurements as dependent variables from the workers' survey.⁸ To test our first two hypotheses, we used union membership of the individual worker as the dependent variable. This item is a binary measure that displays whether a worker is a member of a union or not.⁹ Then, to test hypotheses 2.1 to 4.2, we used three measures of workers' perceptions of workplace cooperation. These items took the form of evaluations on a 5-point scale — from 'very poor' to 'very good' — of how good their managers are at: 1) seeking the views of worker representatives; 2) responding to suggestions from worker representatives; and 3) allowing worker representatives to influence final decisions.¹⁰

In order to explore the links between the implementation of transnational standards by suppliers and workers' capacity to act, we tested two independent variables. The first is a factual binary measure of standard presence that we operationalized by asking managers if a standard was present at the company or not.¹¹ Managers declaring the presence of a standard in their company were then asked to specify the name(s) of the standard(s). We recorded all the standards mentioned, distinguishing between instruments with labour-related provisions and instruments which lacked any such provisions. Among the first, we include diverse multistakeholder initiatives (MSI) and codes of conduct (CoC).¹² Other forms of certification often mentioned by respondents, such as standards of the International Organization for Standards (ISO) or organizational health and safety certificates, were classified

8. The summary statistics for all variables can be found in the Appendix.

9. The wording of the question was: *Are you a member of a trade union?*, followed by a question asking for the name of the trade union if they were members. For the analysis, we only counted as members all the workers who declared being members *and* gave the name of the union, thus excluding those who claimed to be members, but then declared that they did not know / could not remember the name of the union.

10. The precise wording of the question was: *Thinking about the relationship between management and worker representatives, how good would you say managers are at: (1) Seeking the views of worker representatives, (2) Responding to suggestions from worker representatives, and (3) Allowing worker representative to influence final decisions.*

11. The wording of the question was: *Do you know which standards or certifications are active (applied) in your workplace?*. The most widely used standards in our sample are those of the Brazilian Association of Apparel Retailers (ABVTEX) in Brazil and Rainforest Alliance and Fair Trade in Kenya. In addition, all standards adopted by companies include provisions for core labour rights such as freedom of association and collective bargaining.

12. We include within this category the corporate social responsibility initiative introduced in 2010 by ABVTEX. Although not strictly transnational, the initiative involves large global brands and the most important suppliers of the Brazilian fashion and garment retail industry.

in the second group, due to their absence of labour provisions.¹³ Of the managers surveyed, 55 per cent (69 cases) declared the presence of a standard with labour-related provisions in the company. In 62 of these 69 cases, the company had an MSI whereas in the other seven cases, both an MSI and a CoC were in place. The second variable, also binary, displays workers' responses to the same questions, in order to gauge the awareness of individual workers regarding the presence of standards. In our sample, the correlation of both measures is only 0.47, suggesting that there is a considerable gap between companies' adoption of standards and the individual awareness of such standards on the part of workers.

Given that workers and companies were sampled from the same industry in the respective sectors, we have a relatively homogeneous sample. However, workers' agency might not be linked to standardization but other characteristics that differ between companies and workers. To account for confounding influences, we used a number of control variables. First, there is significant variance between companies that can be attributed to sector-specific characteristics. For instance, companies and workers in the manufacturing sector might be more likely to adopt standards and be aware of them, and display higher union densities and better employer–employee relationships. To account for sectoral differences, we employed a measure for the sector to which a worker belonged. Second, we controlled for the size of a company with a log-transformed measure for the number of employees per company. Larger companies might be less sensitive to price competition and better able to afford the costs of adopting standards. In addition, employer–employee interactions in larger companies might be more formalized, thus requiring a higher level of organization. Third, we used indicators of workers' individual characteristics, namely age and gender, that might influence workers' decisions to join unions (Martin and Brady, 2007). Fourth, we included a dummy variable for Brazil to capture differences between the two countries. Kenya and Brazil differ along a number of dimensions. As noted above, our country sampling strategy explicitly targeted different levels of economic development, as well as legal and industrial traditions. The country dummy allowed us to account for such country-specific idiosyncrasies even though we are well aware that our analysis cannot capture the specific characteristics likely to drive differences between countries.

In our sample, workers are nested within companies and, therefore, do not act independently from each other. If we failed to account for this

13. The ISO standards mentioned in our sample referred to ISO 9000 family of quality management systems, and ISO 22000 on food safety management. ISO instruments closer to labour issues, such as ISO 26000 on social responsibility or ISO 45001 on occupational health and safety, were not mentioned. While ISO 45001 is intended for certification purposes, ISO 26000 is not, and would therefore not be coded as a standard present in the company.

interdependence, then the precision of our estimates, i.e. the standard errors, might be biased. Therefore, we used multilevel models to account for the hierarchical structure of our data. More precisely, we included random intercepts which vary at the company level to account for the clustering of our observations. To make the interpretation of our results more convenient, we use a linear model in our main specification. Given that both our first dependent variable (union membership) and our standardization measures are binary, the relationship between them can be interpreted as a difference in means test (Wooldridge, 2002: 456f.). In contrast, our three variables on workers' perceptions of workplace cooperation are measured on a 5-point Likert scale and will be treated as continuous. The estimation equation is as follows:

$$Y_{ijc} = \beta * X_{ijc} + \gamma * K_{jc} + Z_c + u_{jc} + \varepsilon_{ijc}$$

Where Y_{ijc} is the respective dependent variable with the subscript i for the individual worker, j for the company and c for the country. X is a stacked matrix with the variables that vary at the worker level, such as age or awareness of standards. K contains company characteristics, namely the number of employees and the presence of a standard; and Z is a dummy variable for Brazil. Lastly, u and ε are unobserved company and worker effects which are assumed to be normally distributed and orthogonal with K , X and Z .

RESULTS

In Table 1, we present the results for union membership. As sketched above, we investigated whether the adoption of a standard at the company level is linked to a higher workers' capacity to act at the individual level as outlined in hypothesis 1.1 (membership/presence) or whether awareness of the standard by the workforce is necessary as suggested in hypothesis 1.2 (membership/awareness). In Table 1, we provide an answer.

In the first two models, the adoption of standards is positively associated with union membership of the individual worker. While the point estimate suggests that the adoption of standards is linked to a 7–10 percentage point higher probability of being a union member, the result is not significant. In contrast, sector and worker's age have a positive impact. Moreover, there are important country differences as the Brazil dummy variable shows.

The last two models suggest, however, that the individual awareness of a worker is associated with a higher probability of 3–5 percentage points of being a union member. Yet, awareness also fails to reach the 5 per cent level of statistical significance. As a result, Table 1 provides no evidence for hypotheses 1.1 and 1.2. Neither the adoption of standards nor the awareness of workers is linked to a higher propensity of workers to organize in unions.

Table 1. Transnational Standards and Union Membership

	Union Membership I	Union Membership I	Union Membership II	Union Membership II
Standard (Presence)	0.07 (0.08)	0.10 (0.09)		
Standard (Awareness)			0.03 (0.07)	0.05 (0.07)
Manufacturing		0.22* (0.09)		0.24* (0.09)
Service		0.42*** (0.09)		0.41*** (0.09)
Log Number Employees		-0.02 (0.03)		-0.01 (0.03)
Gender		0.04 (0.05)		0.04 (0.05)
Age		0.00 (0.00)		0.00 (0.00)
Brazil Dummy	-0.45*** (0.08)	-0.46*** (0.09)	-0.47*** (0.08)	-0.48*** (0.09)
AIC	231.75	245.05	232.63	246.49
BIC	248.74	279.03	249.62	280.47
Log Likelihood	-110.88	-112.52	-111.31	-113.24
Num. obs.	221	221	221	221
Num. groups: A1	113	113	113	113
Var: A1 (Intercept)	0.11	0.09	0.11	0.09
Var: Residual	0.08	0.08	0.08	0.08

Note: *** $p < 0.001$; ** $p < 0.01$; * $p < 0.05$

In Table 2, we turn to the relationship between standards and workers' perceptions of workplace cooperation. In the first two models, we examine whether management seeks the views of workers' representatives as outlined in hypotheses 2.1 (consultation/presence) and 2.2 (consultation/awareness). Model 1 shows that the adoption of standards is positively but not significantly linked to management seeking the views of workers' representatives. In contrast, model 2 shows that workers' awareness of standards is positive and statistically significant. More specifically, workers who are aware of standards also report that management is doing a better job of seeking the views of worker representatives. In terms of magnitude, the point estimate shows that there is a 0.36 difference on a 5-point scale. Therefore, we have found evidence for hypothesis 2.2 but not hypothesis 2.1.

The results are similar for 'responsiveness' when workers are asked whether the management responds to the suggestions of worker representatives as outlined in hypotheses 3.1 (responsiveness/presence) and 3.2 (responsiveness/awareness). Models 3 and 4 show that the results for the adoption and awareness of standards are positive but only significant for the latter. Thus, awareness is linked to higher responsiveness of management to workers' concerns. The point estimate is in a similar range as above with a 0.33 difference on a 5-point scale. The results thus provide evidence for hypothesis 3.2 but not for hypothesis 3.1.

Table 2. Transnational Standards and Workplace Cooperation

	Consultation I	Consultation II	Responsiveness I	Responsiveness II	Influence I	Influence II
Standard (Presence)	0.25 (0.15)		0.10 (0.16)		0.12 (0.19)	
Standard (Awareness)		0.36** (0.14)		0.33* (0.14)		0.24 (0.17)
Manufacturing	0.13 (0.17)	0.09 (0.17)	0.15 (0.17)	0.06 (0.17)	0.26 (0.21)	0.22 (0.21)
Service	0.18 (0.16)	0.18 (0.16)	0.03 (0.16)	0.04 (0.16)	-0.00 (0.20)	0.00 (0.20)
Log Number Employees	-0.07 (0.06)	-0.06 (0.06)	-0.03 (0.06)	-0.03 (0.06)	-0.04 (0.07)	-0.03 (0.07)
Gender	0.15 (0.10)	0.18 (0.10)	0.07 (0.11)	0.10 (0.11)	0.14 (0.13)	0.16 (0.13)
Age	0.00 (0.00)	0.00 (0.00)	0.01 (0.00)	0.00 (0.00)	0.02 (0.01)	0.02** (0.01)
Brazil Dummy	0.09 (0.16)	0.11 (0.15)	0.02 (0.16)	0.09 (0.15)	-0.09 (0.20)	-0.06 (0.19)
AIC	531.12	527.26	539.27	534.33	620.18	618.94
BIC	565.10	561.24	573.25	568.32	654.17	652.93
Log Likelihood	-255.56	-253.63	-259.63	-257.17	-300.09	-299.47
Num. obs.	221	221	221	221	221	221
Num. groups: A1	113	113	113	113	113	113
Var: A1 (Intercept)	0.22	0.20	0.22	0.20	0.36	0.34
Var: Residual	0.37	0.37	0.39	0.39	0.55	0.55

Note: *** p < 0.001; ** p < 0.01; * p < 0.05

Lastly, we focus on whether management allows workers to influence final decisions. The models labelled 'Influence' in Table 2 show that there is a positive relationship between standard adoption, awareness and influence. However, none of the standard measures reaches the 5 per cent significance threshold. In conclusion, we find no evidence for hypotheses 4.1 (influence/presence) and 4.2 (influence/awareness) that standards are related to workers having an impact on important decisions resulting from workplace cooperation procedures in some companies.

DISCUSSION AND CONCLUSION

Do transnational labour standards ultimately improve workers' capacity to act vis-à-vis employers in suppliers of global production networks? Our original survey data from Brazil and Kenya, covering industries in agriculture, manufacturing and services, help us engage with the ongoing debate around the effectiveness of labour standards used in transnational private regulation, particularly regarding process rights supporting freedom of association, collective bargaining and employment dialogue at the site level of suppliers — what we describe here as workers' capacity to act. Our results are quite sobering.

Our findings provide no evidence that labour standards included in transnational private regulatory initiatives alter the structural power imbalance that affects workers employed in firms and farms supplying global production networks. Codes of conduct and multistakeholder initiatives have improved in many ways since their early days during the rise of the globalization of production in the 1990s. They may not be just window dressing. Yet, when examined against the hardest case, our study provides no evidence that they are likely to support improvements in employee welfare that take labour rights seriously, by considering workers' capacity to act, rather than focusing on limited outcomes inferred from employers' action. Our analysis shows that neither the presence of standards at a supplier's site, nor the awareness of such standards by workers employed at that site, have an effect on union membership — taken here to assess workers' capacity to act by organizing collectively and improving their bargaining position. Moreover, our results show that standards do not even help workers gain influence on matters of relatively minor importance on the agenda of workplace cooperation. They appear only to support more responsive behaviour from management to suggestions made by worker representatives. Importantly, such effects are limited to issues on which workers cannot act independently, and thus depend on the goodwill of employers, who might easily pull back in the face of economic downturns, increasing price competition, or additional squeeze from buyers.

As such, the study underlines the importance of workers' awareness of labour standards and active engagement on their part at site level if

transnational private regulatory initiatives are to have the slightest chance of effectiveness. This chimes well with a renewed interest in power and agency in the transnational private governance of global production networks (Bartley and Egels-Zandén, 2016; Graz et al., 2020; Merk, 2015; Ponte, 2019; Schulze-Cleven, 2017; Zajak et al., 2017). It also echoes the so-called local turn taken by transnational private governance studies that stress the importance of outcomes in local communities and production sites (Amengual and Chirot, 2016; Bair, 2017; Bartley and Egels-Zandén, 2016; Distelhorst et al., 2015; Mayer et al., 2017; McCarthy, 2012).

However, we recognize that our study is not without limitations. First, the evidence provided is based on a small sample of firms and workers in Brazil and Kenya only, with even smaller subsets of cases when disaggregated by sectors. This gives only a very broad cross-country and cross-sectoral outline of the effectiveness of labour standards used in transnational private regulation. More importantly, it makes reaching significant results all the more difficult.

Second, our study is based on an original survey, but it does not provide more contextual information on the local landscape and the socio-economic configurations that may support or hamper such dynamics. Union organizing is very context-specific and differs widely from industry to industry; Brazilian unions face an even more particular situation in the wake of the 2017 labour reform (see, for instance, Krein et al., 2019). Further analysis could thus zoom in on the Brazilian case to link the weakness of labour standards to the precarity of working conditions related to a combination of factors, such as the specifics of the Brazilian labour market, the unequal and limiting features of national legislation, the lack of inspections, and the particular corporatist model of union organization. Other relevant factors include actions taken by firms to secure local support and the political structures of the localities in which they operate (Amengual, 2018).

A third limitation results from our methodological choice to focus on individual workers nested within companies to analyse the hierarchical structure of our data set. While we have looked at the workers' level to investigate how standards shape workers' capacity to act, other phenomena of workers' collective actions could be examined. As seen in the presentation of our hypotheses, this has led us to leave aside important aspects of social dialogue at the workplace, such as those related to organization and recognition. We are fully aware that workers' capacity to act, even with a focus limited to suppliers' sites of production, also depends on the direct involvement of union officials and representatives, experience in collective bargaining agreements, as well as extensive intra- and inter-union coordination mechanisms, some of which are likely to include transnational union alliances (Brookes, 2019).

Fourth and lastly, our research design, like all cross-sectional surveys, does not allow us to make causal claims. Issues such as reverse causality cannot be answered conclusively in this article. For instance, we do not

know whether it is standardization that increases management's responsiveness towards workers on minor issues of workplace cooperation or if more responsive managements adopt standards. More broadly, the case of the Bangladesh Accord suggests that the use of standards can be institutionalized in such a way as to undermine the right of trade unions to represent workers and their interests. Ultimately, our findings are based on a quantitative analysis of an original survey conducted with on-site face-to-face interviews; they are also backed by a number of observations gathered during the fieldwork. We are keenly aware, however, that in such processual domains as labour rights, organizing and industrial relations, additional qualitative research is needed for an in-depth analysis.

What, then, could be the avenues for further research in the light of such a modest impact? It would make it too easy for detractors of transnational private regulatory initiatives to simply discard voluntary sustainable standards and make the case for binding agreements only. Yet improving the effectiveness of labour standards, and voluntary sustainability standards more broadly, is fraught with difficulties. A number of scholars have studied contextual aspects involved in such socially and locally constructed compliance. These include conflicting costs, resources and incentives across global production networks, in which lead firms may have less room for manoeuvre than we imagine between reducing costs or rewarding compliance (Amengual et al., 2020; Grabs, 2020). Be that as it may, workers' capacity to act is also tied to state actions in the jurisdictions of both suppliers and lead firms (Amengual and Chiro, 2016; Bartley, 2018; Cashore et al., 2021; Fransen and Burgoon, 2017; Graz et al., 2020; LeBaron, 2020; Wesche and Saage-Maaß, 2016). As noted, recent studies on the Bangladesh Accord suggest that the more binding the design, the more promising the results — albeit limited regarding process rights (Bair et al., 2020; Schuessler et al., 2019).

More directly related to the findings of our study is the issue of the extent to which workplace cooperation in suppliers' sites of production may be able to make use of standards to incrementally extend its reach and eventually tackle core aspects of capital–labour relations in collective bargaining agreements. If the effectiveness of transnational private regulatory initiatives is based on social dialogue, as our study suggests, then analysing the links between compliance with voluntary sustainability standards, the provision of training and the functioning of health and safety committees will be relevant. This could lead to a better understanding of the ability of union officials to reach out to suppliers' sites of production in order to channel workers' awareness of standards towards core issues of social dialogue. Further quantitative and qualitative research could thus help us better explain the role of local communities, unions and workers themselves in improving employee welfare by taking advantage of the transnational private regulatory initiatives so widely used in global production networks.

APPENDIX

Appendix Tables A1–A3.

Table A1. Summary Statistics

Statistic	N	Mean	St. Dev.	Min	Pctl(25)	Pctl(75)	Max
Seeking Opinion	221	3.014	0.766	0	3	3	4
Responding	221	2.977	0.765	0	3	3	4
Influence	221	2.683	0.948	0	2	3	4
Union Member	221	0.452	0.499	0	0	1	1
Standard (Presence)	221	0.529	0.500	0	0	1	1
Standard (Awareness)	221	0.258	0.438	0	0	1	1
Log Number Employees	221	4.520	1.381	1.386	3.401	5.576	6.914
Gender	221	1.452	0.499	1	1	2	2
Age	221	37.710	11.030	18	29	44	77
Brazil Dummy	221	1.452	0.499	1	1	2	2
Manufacturing	221	0.321	0.468	0	0	1	1
Service	221	0.335	0.473	0	0	1	1

Table A2. Transnational Standards and Workplace Cooperation

	Seeking Opinion I	Seeking Opinion II	Responding I	Responding II	Influence I	Influence II
Standard (Presence)	0.19 (0.14)		0.07 (0.14)		0.13 (0.18)	
Standard (Awareness)		0.25* (0.12)		0.29* (0.11)		0.17 (0.14)
Manufacturing	0.14 (0.14)	0.14 (0.14)	0.18 (0.14)	0.11 (0.14)	0.24 (0.18)	0.22 (0.17)
Service	0.15 (0.15)	0.15 (0.15)	0.04 (0.15)	0.06 (0.14)	-0.09 (0.18)	-0.11 (0.18)
Log Number Employees	-0.02 (0.05)	-0.01 (0.05)	-0.03 (0.05)	-0.02 (0.05)	0.01 (0.07)	0.02 (0.06)
Gender	0.00 (0.09)	0.02 (0.10)	0.06 (0.08)	0.08 (0.08)	0.12 (0.11)	0.13 (0.11)
Age	0.00 (0.00)	0.00 (0.00)	0.01 (0.00)	0.01 (0.00)	0.01* (0.00)	0.01* (0.01)
Brazil Dummy	0.03 (0.14)	0.08 (0.14)	-0.03 (0.14)	0.07 (0.13)	-0.04 (0.18)	0.02 (0.17)
AIC	781.94	762.69	669.28	642.84	824.03	801.64
BIC	819.46	799.89	706.25	679.44	861.10	838.37
Log Likelihood	-380.97	-371.34	-324.64	-311.42	-402.01	-390.82
Num. obs.	315	305	298	287	301	291
Num. groups: A1	120	121	119	120	119	120
Var: A1 (Intercept)	0.18	0.16	0.22	0.19	0.31	0.26
Var: Residual	0.47	0.49	0.33	0.34	0.57	0.60

Note: ***p < 0.001; **p < 0.01; *p < 0.05

Table A3. Transnational Standard and Union Membership

	Union Membership I	Union Membership I	Union Membership II	Union Membership II
Standard (Presence)	0.01 (0.08)	0.08 (0.08)		
Standard (Awareness)			0.12 (0.06)	0.11 (0.06)
Manufacturing		0.27** (0.09)		0.29*** (0.09)
Service		0.46*** (0.08)		0.45*** (0.08)
Log Number Employees		-0.02 (0.03)		-0.01 (0.03)
Gender		0.01 (0.05)		0.00 (0.05)
Age		0.00* (0.00)		0.00 (0.00)
Brazil Dummy	-0.42*** (0.08)	-0.46*** (0.08)	-0.41*** (0.07)	-0.46*** (0.08)
AIC	330.12	326.20	341.81	312.04
BIC	348.74	363.11	360.68	348.60
Log Likelihood	-160.06	-153.10	-165.90	-146.02
Num. obs.	306	296	322	286
Num. groups: A1	122	120	133	119
Var: A1 (Intercept)	0.11	0.08	0.10	0.07
Var: Residual	0.10	0.10	0.10	0.10

Note: *** p < 0.001; ** p < 0.01; * p < 0.05

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