

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING IN GLOBAL SUPPLY CHAINS: A RESEARCH AGENDA

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This article outlines a research agenda for Freedom of Association and Collective Bargaining, two fundamental labor rights essential to the achievement of “Decent Work” for workers in global supply chains. The authors argue that SCM scholars are uniquely positioned to address how workers’ freedom of association and collective bargaining rights in global supply chains could be improved. This stems, in part, from the fact that SCM researchers and industry practitioners share a common “logic of efficiency” in the analysis of supply chains. The authors suggest three broad areas of research on freedom of association and collective bargaining, with their attendant methodological implications.

Keywords: freedom of association; collective bargaining; labor rights; global supply chains; labor relations

INTRODUCTION

Sustainability has become a mainstream research topic in the supply chain management (SCM) literature (Carter et al., 2020; Pagell & Shevchenko, 2014). The term sustainability includes achievement of the *triple bottom line*—of profits (financial sustainability), people and their working conditions (social sustainability), and reducing environmental impacts (environmental sustainability) (Carter & Rogers, 2008; Elkington, 1998). Research on social and environmental sustainability has increased ever since global companies enacted voluntary corporate regulation programs (called codes of conduct) with regard to social and environmental issues in their supply chains in response to institutional pressures from nongovernmental organizations, media, consumers, and regulators (Seuring & Müller, 2008; Tate, Ellram & Kirchoff, 2010).

Reviewing SCM research, Nakamba, Chan & Sharmina (2017) suggest there has been a greater focus on environmental sustainability relative to social sustainability, despite considerable media attention to sweatshop workplace practices in supply chains and the frequency of disasters such as the Rana Plaza factory collapse in Bangladesh that killed over 1,100 workers

in 2013. Researchers from the political science, sociology, and industrial relations disciplines, however, have focused more on evaluating social sustainability programs (relative to environmental impacts) of global companies over the last two decades. This article draws from research in these disciplines in articulating a research agenda on freedom of association (FOA) and collective bargaining (CB)—core labor rights that are part of most corporate codes of conduct, part of the universal declaration of human rights, and at the heart of the notion of “Decent Work” promulgated by the International Labour Organization (ILO) since 1998.

Most companies would like to improve their social sustainability performance for several reasons. First, there is increasing evidence that consumers want their products to be made “sustainably” and expect corporations to be more transparent about “sweatshop” conditions in their supply chains (Egels-Zanden & Hansson, 2016; Gardner et al., 2019; Whelan & Sacco, 2019). Second, improving social sustainability and working conditions in supplier factories can promote worker satisfaction, reduce worker turnover, and increase labor productivity (Lollo & O’Rourke, 2020). Engaged and motivated workers play a key role in

innovation and supply chain excellence (Das et al., 2008). Third, engaged workers, in turn, positively affect quality, delivery schedules, and product safety, key issues for global companies. Fourth, it is likely that if corporate codes are not delivering on decent work standards, they are not delivering on environmental standards, as well as quality and safety standards either (Miller & Saldanha, 2016; Pagell et al., 2015). Thus, improvements in social sustainability of supplier factories can significantly mitigate supply chain risk for global firms. Global firms are also likely to seek improvements given that the performance of their sustainability departments (and of social sustainability managers) is judged in part by how much improvement there is with regard to labor issues in supplier factories.

Apart from mitigating supply chain risk, global firms would be (or should be) motivated to increase social sustainability in the supply chain given that they are expected to abide by the UN Guiding Principles on Business and Human Rights (also called the Ruggie Principles) adopted in 2011. These principles require companies to undertake a variety of actions to uphold universal human rights in their respective spheres of influence. And corporations wanting to be seen as “responsible corporate citizens” must respect and uphold the human rights of all employees as well as workers in its extended supply chain. Thus, minimizing “supply chain risk” co-exists with the moral imperative of supply chain “responsibility” for global companies.

A puzzling general conclusion from two decades of research on corporate regulation of labor issues through their codes of conduct (also referred to as private regulation) is the absence of meaningful improvements in labor conditions in global supply chains in the developing world (Bartley et al., 2015; Locke, 2013; Kuruvilla, 2021). As Bartley et al. (2015: 151) suggest, “Existing evidence suggests that corporate codes of conduct and monitoring have had some meaningful but narrow effects on working conditions and the management of human resources, but the rights of workers have been less affected, and even on the issues where codes tend to be most meaningful, standards in many parts of the (apparel) industry remain criminally low in an absolute sense.” Several new research studies focusing on the apparel and electronics industries in East and Southeast Asia show no improvement in freedom of association (FOA) and collective bargaining (CB) (Appelbaum & Lichtenstein, 2016; Bartley et al., 2015; Distelhorst & Locke, 2018; Franssen, 2013; Kuruvilla, Fischer-Daly, & Raymond, 2021). It is also puzzling given that for over one hundred years since Sydney and Beatrice Webb’s *Industrial Democracy* (1897), social scientists have shown that providing workers with “voice” and collective bargaining is a key way to improve working

conditions (Freeman & Medoff, 1984; Frege & Kelly, 2020; Reinecke & Donaghey, 2020).

There are a number of pathways through which basic labor rights such as freedom of association and collective bargaining can influence better social sustainability outcomes. A key causal mechanism here is that FOA and CB provide vehicles for workers to exercise their “voice” to improve working conditions, resulting in higher worker satisfaction and lower worker turnover as a consequence (Freeman & Medoff, 1984). Among Chinese manufacturing suppliers to Apple, for example, the worker turnover rate exceeds 300% annually and this high turnover is estimated to reduce productivity by \$146–178 million (Moon et al., 2018) and reduces product reliability (Moon et al., 2020). In the apparel supply chain for example, turnover rates in supplier factories in East and Southeast Asia average 60% per year (Li & Kuruvilla, 2021). Second, worker satisfaction results in increased labor management collaboration, vital to the introduction of lean management techniques that improve efficiency and worker outcomes such as productivity, wages, and working conditions (Locke, 2013). FOA and CB require employers to improve soft management skills such as leadership and human resource management, which have been shown to deliver better social sustainability results (Eisenbraun, Cohen & Brown, 2015), and consequently, supplier profitability (Brown, Dehejia & Robertson, 2018). A plethora of research shows that where FOA and CB exist in global supply chains, compliance with codes of conduct is significantly enhanced (Bird, Short, & Toffel, 2019; Oka, 2016; Bartley & Egels-Zanden, 2016; Kuruvilla, 2021). Thus, FOA and CB constitute potential pathways to both decent work and meeting managerial goals of supply chain efficiency and risk mitigation. Given these results, why global companies do not apparently emphasize the *one set of labor rights* that guarantees improvement in social sustainability remains an unresolved puzzle.

In this article, we first briefly review the history of freedom of association and collective bargaining as universal human rights, their emergence as core labor rights under the International Labor Organizations’ “Decent Work” rubric. We then briefly canvas the (limited) empirical evidence on FOA and CB in global supply chains, before proceeding to our main purpose—articulating a research agenda for SCM researchers. As pressures by consumers, NGOs, and other stakeholders for better labor standards increase, some European governments (e.g., France) have enacted legislation that requires corporations to improve labor standards in their supply chains. The EU is considering similar legislation currently (European Parliamentary Research Service, 2020). Hence, the general call from SCM researchers (Pagell & Shevchenko, 2014;

Nakamba et al., 2017; and Carter et al., 2020) for more social sustainability research appears timely.

GERMANE LITERATURE

Freedom of Association and Collective Bargaining as Universal Human Rights

We focus on FOA and CB because they are considered to be “enabling rights,” that is, workers can use these rights to bargain for improvement in other labor issues such as discrimination, wages, and better working conditions. It is especially appropriate to consider FOA and CB in global supply chains at this juncture, as we have only recently celebrated the 100th anniversary of the formation of the International Labour Organization (ILO) in 1919. The Treaty of Versailles (Part XIII) established the ILO with the idea that social peace depends on fair treatment in the workplace and that FOA and CB are essential for progress toward those goals. At the end of World War II, the Philadelphia Declaration re-affirmed the ILO’s fundamental principles and established them in the updated ILO Constitution. Further, the Universal Declaration of Human Rights, the International Covenant on Political and Economic Rights (Article 22), and International Covenant on Economic, Social and Cultural Rights (Article 8) reiterate FOA as a universal human right.

ILO members (each country is represented by national governments, employers’ associations and workers’ unions, referred to as the “social partners”) have agreed that the ILO Conventions regarding FOA and CB have constitutional status. ILO Convention 87 establishes the state duty to protect worker and employer rights to establish and join organizations of *their choice* in order to further and defend their respective interests. ILO Convention 98 establishes the state duty to protect workers against anti-union discrimination, to protect workers’ and employers’ organizations against interference, particularly any actions that would subjugate workers’ organizations to employers’ control, and to promote voluntary collective bargaining. A number of other conventions (e.g., conventions 135 and 154) support, clarify, and extend these rights.

The 1998 recast of ILO objectives to promote “Decent Work” established FOA and CB as one of four “core labor rights” (along with the rights of freedom from child and forced labor and freedom from discrimination). The notion of “Decent Work” rests on four pillars. The first pillar is that of the fundamental labor rights noted above. The second pillar concerns employment generation, in recognition of the idea that all people must lead productive lives. The third pillar focuses on social protection, suggesting that all workers must have some level of social security. And the fourth pillar is “Social Dialogue”—

the freedom for people to express their concerns, organize, and participate in the decisions that affect their lives. This “voice” is most commonly achieved through FOA and CB. All ILO member nations should work to promote “Decent Work.” Decent Work was incorporated in 2015 into the United Nations’ 2030 Agenda for Sustainable Development. Sustainable Development Goal 8 aims to *promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*. Furthermore, crucial aspects of decent work are broadly rooted in the targets of many of the other 16 goals.

More recently, the UN Guiding Principles on Business and Human Rights (also known as the Ruggie Principles), adopted by the UN in 2011, includes the corporate responsibility to respect human rights. Specifically, the principles refer to the international bill of human rights and the rights set out in the ILO’s 1998 declaration of fundamental principles and rights at work. Corporations are to avoid causing or contributing to adverse human rights impacts through their own activities, address such impacts where they occur and seek to mitigate adverse human rights impacts “linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts” (UN Guiding Principles on Business and Human Rights, 2011). And further, corporations are expected to provide remedies to those whose human rights are violated—which is why the principles are also called the “protect, respect and remedy” framework. In sum, FOA and CB are internationally recognized as core and fundamental human rights of global citizens.

Nevertheless, the realization of FOA and CB rights remains incomplete and highly contested in the contemporary global economy. Substantial portions of the world’s working population have been excluded from state protections of FOA by law, both historically and currently (Kuruvilla, Fischer-Daly and Raymond, 2021). FOA does not exist in China, for example (Friedman, 2014), and is weakly developed in many parts of the third world (Kuruvilla & Mundell, 1999). Union density in the majority of developing countries is less than 20% and is declining (Visser, 2019). Limited support and even adversarial policies toward FOA and CB occur in states that have ratified the ILO conventions, which have the status of treaties under international law (Kuruvilla, 2021). Even in countries and economic sectors with apparently robust rule-based labor relations systems (*i.e.*, the European Union and the automotive sector), there has been a decline in union density, centralized bargaining and tripartism (Baccaro & Howell, 2017; Katz, 1993).

Accelerated globalization has pushed national workforces to compete with each other to attract foreign capital, with the potential for a competitive

deterioration in labor standards. Facilitated by state policies and technology, capital has expanded globally; without similar support, labor has not globalized, labor-law enforcement has not kept apace, and respect for workers' rights has eroded (Brookes & McCallum, 2017). The lack of institutional support for FOA and CB is particularly important when we examine these rights in global supply chains where capital can locate production wherever labor costs are lower, pitting workers from different locations in competition with each other and putting downward pressure on wages and working conditions (Anner et al., 2006). Globalized production networks thus reduce workers' bargaining power. Hence, examining how FOA and CB works in global supply chains pursuant to their inclusion in most corporate codes of conduct is crucial for sustainable SCM research.

Prior Research on Freedom of Association and Collective Bargaining in Global Supply Chains

Supply chain management scholars have typically not focused on freedom of association and collective bargaining in their studies of global supply chains. It is accurate to say that where they have done so, they do it from a typically managerial perspective where the union is an important contextual factor that managers need to be aware of (e.g., Jayaram, Ahire, & Dreyfus, 2010; Pagell & Handfield, 2000). The focus on social sustainability has largely been on policies and practices that managers can adopt (such as safety practices) exemplified by Cantor et al. (2009), Corsi et al. (2012), and Pagell et al. (2015), but these are not linked back to the universal rights of workers. A worker perspective is largely absent in these works. And even though some scholars have argued that these fundamental rights ought to be prioritized over supply chain profitability (e.g., Carter et al., 2020), there have not been any empirical investigations of these rights.

Our review of prior research draws from the literatures in political science, sociology, and industrial relations, which have focused primarily on the extent to which these rights are realized for workers in global supply chains. This research, while not extensive, has unearthed six major themes, which we summarize succinctly below.

First, *private regulation (corporate codes of conduct) has not overcome institutional contexts antagonistic to FOA/CB*. Several scholars have found that suppliers are more likely to comply with private codes when operating in national states with more effective enforcement of labor laws supporting freedom of association and collective bargaining rights (Anner, 2012; Barrientos et al., 2011; Locke, 2013; Rodriguez-Garavito, 2005; Toffel et al., 2015). A 2018 study of several thousand firms in the apparel industry found that the vast majority of sourcing is from countries rated in

the bottom quartile of FOA by the World Justice Project (Distelhorst & Locke, 2018: 707). China and Vietnam are classic examples of institutional contexts that mandate single state-sanctioned unions and thus are unfavorable to FOA/CB. More recent research (Kuruville, Fischer-Daly and Raymond, 2021) shows that major brands such as Primark, H&M and Gap Inc source over 50% of their products from countries in which institutional contexts are unfavorable to FOA.

Second, there is considerable ambiguity in the *language of FOA in various Codes of Conduct*. For instance, the language in the Code of the Fair Labor Association, a prominent US-based multistakeholder initiative with many global companies as members, is not specific, only requiring its member companies to respect the right of workers in the supply chain to form unions. On the other hand, the codes of European multistakeholder institutions such as the Ethical Trading Initiative and the Fair Wear Foundation require positive ("adopt an open attitude") and negative ("not discriminate") boundaries for employer behavior. This variation in the language of what is a universal human right is problematic as it leaves room for differential interpretation, and critics have argued that suppliers often subtly thwart union formation efforts in their workplace. This has led to the critique that private regulation has been adopted "symbolically" (analogous to "greenwashing" in the environmental domain) to protect brands' reputations (Bartley, 2007; Esbenshade, 2004; Applebaum and Lichtenstein, 2016).

Third, it is clear that *social auditing pays little attention to FOA*. Social auditing is the method used by companies to monitor whether the factories in the supply chain adhere to the standards laid out in their codes of conduct. Although the \$80 billion social auditing industry (Finnegan, 2017) entails hundreds of thousands of audits of workplaces each year (Gould 2005), the evidence suggests that often, auditors do not even record whether workers are unionized or covered by a collective bargaining agreement (Kuruville, Fischer-Daly and Raymond, 2021). For example, a study of FLA-conducted audits from 2002 to 2008 found minimal detection and remediation of FOA/CB violations (Anner, 2012). Kuruville, Fischer-Daly and Raymond (2021) find that violations of FOA/CB constitute only a small fraction of overall violations in their study of over 26,000 audits over 13 countries and industries. And given the short time auditors spend in the factory (the typical audit duration for a large factory is 2 days, conducted by two auditors), it would be very difficult for them to spend enough time with workers to elicit whether the employer is suppressing unionization.

Fourth, there is *little evidence that private regulation policies of global companies (codes of conduct) regarding*

FOA and CB have resulted in improved working conditions in their supply chains. In order to gain the advantages of worker voice in terms of productivity, it is essential that the worker voice mechanisms in corporate codes of conduct be implemented. The analysis of data from multistakeholder institutions such as the Fair Labor Association and the Fair Wear Foundation, which have articulated codes of conduct for supply chains that their corporate members are expected to implement shows numerous problems with how FOA is practiced in the supply chain (Kuruville, 2021). Specifically, in more than half the supply chain factories investigated, there was an inadequate policy on FOA at the supplier level, a key violation of the code of conduct. The large number of violations is a testament to how seriously leading brands enforce implementation of their Code of Conduct provisions. The violations included numerous incidences of undemocratic union elections and significant union suppression, including the firing of union activists and discrimination against union members, which go against the notion of protecting the fundamental labor rights of workers. In general, these findings concern the supply chain factories of leading companies who join multistakeholder institutions. It is reasonable to assume that conditions in the supply chains of companies who do not join multistakeholder institutions are likely to be worse. And these findings are consistent with prior findings (Anner, 2012; Li, Friedman, & Ren, 2016).

Fifth, *the absence of unions in most supplier factories in many countries has led to initiatives such as nonunion worker committees that do not quite result in providing worker voice.* Decades of labor relations research in multiple industries and countries show that when managers and workers collaborate through legally mandated workplace institutions (apart from unions) such as “works councils” (common in most European countries) or labor management committees, workers are able to voice their concerns regarding working conditions, but also provide suggestions for improving production processes (see Van Gramberg et al., 2020; and Katz, 1993 for a review of this research). Similarly, safety and health committees, often mandated by law in most countries allow worker input into decisions regarding safety at work, thus improving working conditions. Again, these workplace institutions function better when they are buttressed by the core labor rights of freedom of association and collective bargaining.

Worker voice, through FOA and CB contributes to better working conditions and firm performance in several ways. Unions negotiate higher wages for their workers, resulting in higher worker satisfaction, lower turnover and therefore higher productivity. Voice through unions and collective bargaining provides

employers with information about what workers care about, allowing management to tailor their compensation and benefit programs. Worker voice improves job security, which allow workers to take a long-term view and contribute suggestions to increase productivity and profits and eliminate waste, helping the employer, and through that route, guaranteeing continued employment for themselves. Besides the “business gains” from providing workers with voice, global companies are required to ensure that workers in the supply chain are provided with voice, to be consistent with being responsible corporate citizens under the UN Guiding Principles on Business and Human Rights!

The idea of *worker voice* without unions has not transferred well to global supply chains in third world countries. Most centers of apparel and electronics production in Asia do not have well-developed labor unions. China and Vietnam do not allow FOA since they insist that workers can only join the “official party-controlled union (Anner, 2018). In Cambodia and Bangladesh, big centers for apparel production, the state has suppressed independent union organization (Anner, 2012). Union density in India is miniscule, less than 6% of the formal sector, and they are largely absent in apparel and electronics sectors (Kuruville, 2021).

In the absence of a legal requirement, and in the absence of labor unions, worker committees have not worked as well, as workers are often intimidated by management from participating. One prominent example was an initiative by Reebok, which directly supported worker elections of representatives at one of its supplier factories in Shenzhen, China. This initiative eventually collapsed after the brand stopped support and factory management changed (Chan, 2016). Many studies have found that workers’ committees did not empower workers with voice (Anner, 2018; Zhang & Bartley 2012) and risked being used by managers to avoid unions, in violation of ILO Convention No. 135 on Workers’ Representatives (Egels-Zanden & Merk, 2014). A study of a project by the H&M company in Bangladesh found that workers did not receive information about the committee to which they were to elect representatives, understood the committee as dominated by management, and did not trust that the committee represented them (Granath, 2016). The evidence on joint labor management Performance Improvement Consultative Committees instituted by the ILO’s Better Work program in the countries where that program operates is mixed, with cases of success reported in Lesotho (Pike, 2020), Bangladesh and Cambodia, and inconclusive results in Vietnam (Anner, 2018). These findings corroborate prior findings that nonunion worker committees often do not result in worker voice (Bartley & Lu, 2012; Egels-Zanden & Merk, 2014).

Sixth, and most importantly, prior research suggests that *where FOA and CB are present in global supply chains, working conditions are significantly improved*. Union presence is associated with better compliance or fewer violations (Bird et al., 2019; Oka, 2016). Kuruvilla, Fisher-Daly and Raymond's (2021) analysis of supply chain data from Fair Wear Foundation and the Fair Labor Association (two multistakeholder organizations with global brands as members) shows that there were significantly fewer overall code violations at factories with a collective bargaining agreement than factories without one. Further, their analysis of 2,208 assessments of 1,410 factories participating in the ILO's Better Work program in Bangladesh, Cambodia, Haiti, Indonesia, Jordan, Nicaragua and Vietnam in 2017–2018 show that compliance is highest when there is both a union as well as a collective bargaining agreement in the factory. And Brown et al. (2018) show quite clearly that firm performance is improved when workers are involved in decisions in factories that participate in the ILO's Better Work program.

In fact, even when FOA and CB are not strongly institutionalized in countries, worker agency has used FOA and CB provisions to achieve improved compliance, as found by Bartley and Egels-Zanden (2016) in their study in Indonesia. Their findings suggest that unions and workers adopted multiple ways to leverage corporate code of conduct commitments to improve working conditions, including "whistleblowing" to convince brands to negotiate, "warnings" to publicize noncompliant conditions, and preparation—particularly building local capacity. The study suggested that these tactics "spurred improvements in working conditions" (2016:250), suggesting potential for labor to leverage CSR commitments into what they call "contingent coupling" of CSR commitments and actual working conditions.

Together, these three results point to a clear and unambiguous conclusion, that is, providing supply chain workers with a voice regarding their work through FOA and CB significantly enhances compliance with codes of conduct, and national and international labor standards. While it is worth noting the consistent labor relations research findings that worker participation in workplace decisions improves productivity and overall economic performance of the supplier factory, it is also worth noting that it is a *moral imperative* for companies to ensure that freedom of association and collective bargaining are operative in their supply chains since these rights are part of the universal declaration of human rights, and more recently, part of the United Nations Guiding Principles on Business and Human Rights adopted in 2011.

This brief review of the literature from industrial relations, sociology, and political science on FOA/CB

in global supply chains suggests two general conclusions. On the one hand, while the international community—including governments, workers, and employers—has established FOA/CB as fundamental workers' rights, respect for these rights is largely absent in global supply chains, and particularly in the global apparel industry where private regulation (codes of conduct in respect of labor standards) was first established. On the other hand, in the few cases where FOA and CB are present in supply chains, working conditions are substantially enhanced. This result is consistent with generalized findings; for over one hundred years since Sydney and Beatrice Webb's Industrial Democracy (1897), labor relations scholars have shown that providing workers with "voice" and collective bargaining is a key way to improve working conditions. This is why all countries have enacted labor relations legislation regarding FOA and CB. Hence, in the global supply chains realm, we are left with the puzzle of why corporations apparently do not pay enough attention to ensuring that workers in the supply chain have the one set of rights that guarantees improvement in social sustainability?

Addressing the Puzzle: A Research Agenda on FOA and CB in Global Supply Chains

Before we articulate a research agenda to address the puzzle highlighted above, we first discuss why SCM researchers may be uniquely positioned to do so. A recent spate of articles in SCM journals have suggested that the SCM scholarly community has not focused enough on social sustainability (Carter et al., 2020; Nakamba et al., 2017; Pagell & Shevchenko, 2014). However, we feel SCM researchers may be better placed than other social science researchers to engage in empirical research on social sustainability.

Why SCM Researchers Are Uniquely Suited to Address Social Sustainability

We suggest that SCM researchers may be better-suited to address social sustainability, and specifically FOA and CB issues in global supply chains, relative to political scientists, sociologists, and labor scholars. There are two reasons why this might be the case. The *first* stems from SCM scholars' superior access to global companies, access that is generally denied to most other social scientists. As SCM researchers Tokar and Smink (2019: 68) suggest, "our discipline seems well positioned to offer actionable insights, as researchers in our field typically maintain close ties with industry."

Why are mainstream SCM researchers more capable than other social scientists in winning access to corporate supply chain information? The logic underlying the activities of corporate supply chain departments is a logic of "efficiency." For example, the purpose of

corporate supply chain management is to deliver goods and services to consumers as quickly and inexpensively as possible (Lee, 2004). As Lee (2004:1) notes, “speed and cost effectiveness are the holy grail of supply chain management.” Companies devote considerable resources to achieve these objectives, including investing in state-of-the-art technologies (e.g., RFID tags), streamlining supply chain processes and investing in the necessary infrastructure. This focus on improving the efficient operations of supply chains is further buttressed by the need for “agility”—supply chains must be flexible enough to respond rapidly to changes in demand while remaining adaptable generally to organizational strategy changes. SCM scholars see themselves as adding value through their efforts at optimizing supply chain performance, or otherwise analyzing supply chains with a view to improving speed, reducing costs, or promoting agility, or examining the effect of supply chain disruption to the bottom line (e.g., Jacobs & Singhal, 2017). SCM researchers are thus also implicitly operating with a logic of efficiency. This common underlying logic is the elixir that makes partnerships between corporations and SCM researchers possible.

In contrast, researchers from sociology, political science, and industrial relations have never focused on supply chain efficiency. Their central interest has been to examine the extent to which global companies are following through on their promises (through their codes of conduct) to improve working conditions in supply chains, and the extent to which labor rights are respected. Thus, the logic underlying their approach is one of “legitimacy,” not efficiency. Given the widespread and growing skepticism that private regulation practices are ineffective in improving labor rights, a skepticism that is buttressed by frequent industrial disasters in supply chains such as the deadly Rana Plaza factory collapse in 2013, it is no surprise that global companies are relatively reluctant to share supply chain data with regard to labor rights with researchers, nor are they generally transparent about their supply chain performance with regard to labor.

This distinction between SCM researchers and other social scientists can be seen in the following illustrative example. SCM research on three major apparel companies H&M, Zara, and Mango, focuses on how they have built or how they can improve the agility of their supply chains in the fast fashion space. Supply chain research on these companies has focused on design processes that integrate trend-spotting, design sketching and fabric ordering, which gives them a head start against their competitors because fabric suppliers require the longest lead times (Lee, 2004). On the sales end, getting goods to the customer quickly is made possible through efficient distribution centers, with state-of-the-art sorting and material handling technologies. As a result of the

agility built into their supply chain operations, SCM researchers suggest that H&M, Mango, and Zara have grown at more than 20% annually since 1990, and their double-digit net profit margins are the envy of the industry (Lee, 2004).

In contrast, labor relations researchers that have focused on H&M, Zara, and similar companies have not been able to show whether they are effective in improving labor standards in their supply chain. None of these companies have shared supply chain labor data with researchers and so there is little relevant evidence. Kuruvilla (2021), for example, notes that H&M’s primary sourcing location is China, which does not respect FOA. He and other researchers have attempted to study the extent to which H&M supplier factories pay a living wage since H&M committed to paying a living wage in their supplier factories by 2018. However, hard evidence on what the wages are in H&M’s supply chain has not been forthcoming. Much of the labor relations/political science/sociology research on these two companies has focused extensively on their sourcing practices in Bangladesh and especially the pricing and sourcing “squeezes” of their Bangladeshi suppliers, and after the Rana Plaza disaster, how these companies were driven to participate in the Accord for Building and Fire Safety in Bangladesh (Bair, Anner & Blasi, 2020). The legitimacy logic inherent in these investigations inhibits research collaboration between social scientists and global corporations in ways that it does not do for SCM researchers. However, it is worth noting that the legitimacy logic is increasingly apparent within the SCM research community as well. See, for example, Walker, Seuring, Sarkis, Klassen, Huq, Stevenson, and Zorzini (2014), and Huq, Chowdhury, and Klassen (2016).

A *second* reason why SCM researchers are uniquely poised to address social sustainability issues at this juncture stems from changes in what is important in configuring global supply chains. Contemporary developments, such as COVID-19, are already stimulating SCM researchers to shift their focus from “supply chain optimization” to “supply chain resilience”—referring to the level of hardening of the supply chain against disasters and disruptions. Making supply chains resilient requires reconceptualizing the relationships between companies and their suppliers, from that of current “arms-length” relationships to a more collaborative partnership model. Many firms have long had such relationships with their strategic suppliers. Such collaborative long-term relationships not only increase product quality and delivery reliability, but also permit suppliers to invest in worker safety and health, and voice mechanisms such as CB that make for more engaged workers to realize operational excellence (e.g., Pagell et al., 2015). Thus, supply chain “resilience” also involves supply chain “responsibility.”

Hence, it is not just access to corporations, but many of the theoretical foundations for SCM research (such as buyer–supplier partnerships) that facilitate collaboration between SCM scholars and sourcing managers who wield more power than the compliance managers who are the go-to point for social science researchers. For more insight into why compliance managers do not have as much clout as sourcing managers in the apparel sector please see Amengual, Distelhorst and Tobin (2020), Distelhorst (2020) and Kuruvilla (2021). SCM researchers thus are uniquely equipped to provide the evidence-based analysis to convince sourcing managers to take into account FOA and CB as key variables in their sourcing decisions to enhance supply chain resilience while being consistent with supporting fundamental human rights.

A Research Agenda on FOA and CB Research

Our research agenda for FOA and CB in global supply chains for SCM researchers builds on recent research findings on FOA and CB that were summarized under the six themes noted above. But there are several gaps in our understanding that constitute pathways forward for SCM researchers. We present three categories of issues, leaving SCM researchers to focus on specific questions of interest within each category.

Research Opportunity # 1. Sourcing Strategies and Institutions. Answers to why FOA rights do not improve have their root in the sourcing strategies of companies. SCM researchers have examined sourcing generally (e.g., Tsay, Gray, Noh, & Mahoney, 2018) and supplier selection generally (e.g., Ramanathan, 2007; Wu, Shunk, Blackhurst & Appalla, 2007), and even supplier selection from an environmental management perspective (Mukandwal et al., 2020), but have not evaluated sourcing strategy from a labor rights perspective. There are several important and inter-related questions here. First, what is the relative role of cost versus other considerations such as quality, delivery, and sustainability in choosing a sourcing location? The critical literature generally suggests that in the apparel, footwear, and electronics industries, the primary determinant of a sourcing location is supply chain efficiency, often dominated by labor costs. While that is generally true, there is substantial variation in labor costs in garment & footwear exporting countries. For example, Kuruvilla and Bae (2021) show that average hourly wages in China in 2017 (1.67 USD) were double that of Vietnam (.80 USD) and quadruple that in Bangladesh (.40 USD). Average hourly wages in India were significantly lower than that of China. And in the case of electronics, why is production concentrated in China, which is now a higher cost location? Clearly, other factors are at play in global companies' supply chain location decisions. How central is FOA and CB in sourcing locations? Do

companies tend to source more from locations, such as China and Vietnam, where FOA and CB are circumscribed? Is there a correlation between sourcing strategies and union density? Do emerging countries with strong unions "lose out"? It is well known that the union "wage effect" is about 15–20% in the United States (Freeman & Medoff, 1984), that is, unions increase wages relative to nonunion workers by that percentage—although this effect varies across time and countries. If unionization alone is going to increase labor costs by 15%, that becomes a significant issue in the apparel and electronics industries where the profit margins of suppliers are razor-thin, and there is a constant "squeezing" of the price paid to suppliers by global buyers (Anner, 2020). What is the relative importance of different aspects of sustainability? SCM researchers who need to focus on both supply chain optimization as well as supply chain resilience and responsibility must assess the extent to which "sustainability" considerations are taken into account in brands' locational decisions.

Second, the particular importance of the institutional landscape of different locations needs to be assessed in terms of how they might affect sustainability. SCM scholars could engage more in large scale comparative research across institutional settings generally. Industrial relations research shows that compliance with codes of conduct is much higher in countries where labor and other laws are better enforced (Stroehle, 2017; Short, Toffel and Hugill, 2016). Typically used measures of the institutional landscape such as the rule of law, the degree to which laws are enforced, press freedom, the ILO conventions a supplier country has signed, and measures of union density, are actually found to be not well correlated (Kuruvilla, 2021) raising the questions of whether these measures are reliable.

Relatedly, there are issues with how FOA and CB are measured in studies of different sourcing locations. Researchers often use union density as a proxy for healthy FOA, which is fraught with danger, because the way in which union density is calculated differs significantly across countries. The numerator, normally the number of union members, is obtained through union reports filed with government authorities (where unions have an incentive to overstate their membership) or through national sample surveys (which tend to understate actual union membership). The denominator also varies across countries, with some countries using the civilian labor force, others using the nonagricultural population, and others using the total working population. These differences make comparisons across different sourcing countries difficult.

While some SCM research has examined the effect of unions on operations (e.g., Pagell & Handfield,

2000), it is important to remember that when conducting research in sourcing locations, the meaning of a “union” is not the same in different countries. A general use of the term labor union typically denotes a labor organization, whose membership choose their unions and democratically elect leaders to bargain on their behalf. But in China and Vietnam, a union typically means a government-controlled organization where the union leaders are not democratically elected but appointed by the management or communist party officials. Such unions rarely reflect the interests of their members (Friedman, 2014). Similarly, unions could also mean “yellow” unions, started by management in order to stave off a more genuine and representative labor union elected by members.

And it is also important to keep in mind that whether a union exists or not is no guarantee that collective bargaining takes place. In fact, in many countries, it is relatively easy to form unions, but the most significant difficulty is getting employers to recognize the union and commit to bargaining with it. In some countries (e.g., India), there is no formal or legal process for union recognition. In others, employers consistently refuse to recognize and bargain with elected union representatives. For these reasons, the union density variable is not always a significant predictor of the extent to which compliance with codes of conduct improves. The more relevant variable, as Kuruvilla, Fischer-Daly, and Raymond (2021) show, is whether a collective bargaining agreement covers the workers in the factory. Even this could be problematic because, in some countries (e.g., China), collective bargaining is “symbolic” and merely restates what is covered in the law (Friedman & Kuruvilla, 2015). Hence, doing further research on FOA and CB requires nuance and judgement regarding the measures to be used. Union density or the presence of a union is a convenient metric to use, since they are easily available, but often it is not sufficient.

That said, alternative metrics of FOA and CB may also be problematic. One such measure is the number of violations of FOA and CB found by social auditors (see Kuruvilla, 2021). This measure is problematic given the burgeoning criticism that social auditors were not well trained, and social auditing is too short in terms of duration to actually uncover violations of freedom of association.

An encouraging sign is the stream of SCM research seeking to develop indicators or criteria to select and evaluate suppliers on sustainability criteria, in part because of the increased focus on sustainability and resilience in global supply chains (e.g., Popovic et al., 2018; Winter & Lasch, 2016). The conclusion of Popovic et al.’s (2018) comprehensive review of SCM studies on social indicators was that “it is still lacking a consensus in the research community regarding on

how to assess the social dimension” (p. 11). In this regard, SSCM scholars and sociology/political science/labor relations researchers face a common challenge and may enrich each other in developing alternate measures of FOA and CB in ways that enrich social SCM researchers’ interest in indicators for supplier selection and evaluation. Measures of collective bargaining coverage, the existence of pattern bargaining, whether bargaining is centralized or decentralized may all be measures with potential. A case study approach, using inductive methodology such as participant observation coupled with interviews of workers outside their workplaces may be more relevant as a measure of whether a particular supplier obstructs unionization.

Research Opportunity # 2: Institutionalization of FOA and CB in Global Supply Chains. Political, sociological, and labor relations research on FOA and CB in global supply chains has highlighted numerous developments that have sought to institutionalize FOA and CB in global supply chains, but the weakness of that research is that it does not necessarily have good explanations for the successes and failures of these efforts. Since successful institutionalization of FOA and CB improves supply chain productivity and efficiency, reduces supply chain risk, increases supply chain resilience, and ensures that universal human rights are respected, it should be of central relevance to SCM scholars, who as we pointed out earlier are uniquely positioned to examine these issues within corporate supply chains. We discuss different institutionalization attempts below, raising research questions along the way. Reinecke and Donaghey (2020) discuss some of these examples at greater length.

First, there is a unique case of successful institutionalization a supplier factory that is the only known example which has met all of the conditions laid down in corporate codes of conduct with regard to labor issues. Located in the Dominican Republic, the Alta Gracia factory produces clothing for US university licensees. The workers are unionized, have entered into a collective bargaining agreement that guarantees a living wage (three times the official minimum wage) and workers have substantial voice in workplace decisions. Worker productivity levels are higher than normal (Adler-Milstein & Kline, 2017). The factory, founded in 2010 was expected to reach profitability levels in 2020 before COVID-19 hit. An important research question concerns whether there is an implicit tradeoff between profitability and sustainability or whether the lack of profits can be linked to the lower volume of orders as global companies selling to universities have not prioritized sustainability over low costs.

As second way in which FOA and CB has been sought to be institutionalized has been through global

framework agreements. These are collective bargaining agreements between global companies such as H&M and Inditex (owner of Zara) and IndustriALL, a global union federation. While the agreements, negotiated at the global level, provides a framework that essentially guarantees trade union rights for workers in the global supply chains of these companies, they have not translated to FOA and CB at the local supply chain in different countries. For example, the H&M agreement, signed in 2015, has facilitated FOA in a relatively small number of the over 1000 H&M supplier factories around the world. The important question is what is “lost in translation” from the global level to the local level requires multilevel research on the corporation. Clearly both H&M and Inditex voluntarily entered into these agreements at the global level expecting positive supply chain outcomes of efficiency as well as sustainability, which have not been realized at the local level. Analyzing rules and behavior requiring interactions at multiple levels has been a problem for sociology/labor relations/political science scholars, but less likely to be an issue for SCM scholars. SCM researchers Tokar and Swink (2019: 68) claim that “such issues are highly relevant to SCM and that SCM researchers are uniquely positioned to speak to the issues by virtue of the foundational principles and *levels of analysis* that define our discipline.”

There are several new initiatives that require multilevel research as well. One key example of *multiple* global firms collaborating to institutionalize collective bargaining across multiple countries, involving multiple suppliers is the Action, Collaboration Transformation (ACT) initiative currently underway. ACT is a transnational industrial relations agreement signed in 2016 between 21 global brands and a global union federation (IndustriALL). ACT aims to promote living wages by establishing industrywide collective bargaining agreements in selected garment-exporting countries, coupled with improved purchasing practices of buyers. Situated against the background of contemporary private regulation, ACT represents a radical departure from past practice, in part because it allows for multilevel coordination among firms and labor unions. However, whether such an agreement is sustainable remains an open question as progress seems to have stalled. Studying the *catalysts* of successful efforts like the Accord on Fire Safety in Bangladesh, as well as ACT would appear to be an important first step in this regard.

A key methodological implication here is that if sustainability is to be central in SCM research, then expanding the current unit of analysis from one company's supply chain to that of a group of companies appears necessary, a perspective that is only now beginning in SCM literature (Marques, Yan & Matthews, 2020). Further, to take an FOA lens and zoom

in on the barriers and facilitators of its institutionalization in global supply chains would entail shifting the level of analysis of social SCM research from the firm to the network and the larger *ecosystem* in which that network operates (firms, suppliers, public authorities, civil society organizations, social auditing firms). Carter, Hatton, Wu, and Chen's (2019: 126) recent review shows that over 90% of social SCM studies have the individual or the firm as the unit of analysis. A focus on a wider regulatory ecosystem is necessary since FOA and decent work issues in global supply chains are heavily influenced by public and industry level policies and practices in various host countries.

Focusing on the ecosystem gives rise to several other important research questions. How can global companies enforce FOA in their supply chains in countries that restrict FOA? How can global companies advocate for FOA rights and better enforcement of labor laws in host countries from where they source? Besides public authorities and policies, sustainable SCM research also needs to take into account the practices of competitors in the same industry for two reasons. For one, suppliers often cater to multiple buyers simultaneously (reducing the leverage that any single buyer has over the supplier), and hence the supply chain management practices of a single focal firm may not be adequate to ensure FOA rights and decent work among suppliers. Second, global brands are often constrained by cut-throat competition (Ashwin et al., 2020: 5) to promote FOA and offer better terms to their suppliers. How can global companies resolve collective action problems to coordinate their supply chain management practices to promote FOA and decent work in global supply chains of *a particular industry* is necessary for successful FOA and CB. Thus, inquiry into factors that inhibit or facilitate companies' efforts to “collaborate in a competitive environment” is a key challenge for SCM research.

Research Opportunity # 3: Harnessing Worker Voice. A central problem in creating decent work is to ensure that workers have a voice in the decisions that affect their lives. This is what FOA and CB guarantee. However, in their absence, there are other avenues to ensure that workers' voices are heard. The corporate code of conduct and monitoring model, as currently practiced, does not incorporate a clear role for workers to be involved in auditing working conditions or reporting about violations of their rights. Yet, workers in supplier factories are the *most* knowledgeable about the very working conditions codes of conduct are designed to improve. Their knowledge and experience need to be heard from a human rights point of view, an industrial democracy point of view (Reinecke & Donaghey, 2020), a procedural justice point of view (Cantor, Macdonald, & Crum, 2011), but also because providing voice results in engaged workers which

increases supply chain efficiency. How best to include workers' voices represents a new research opportunity for sustainable SCM researchers.

Similarly, another question concerns the accuracy of auditors' interviews with workers, which is another method of eliciting workers' voices. There have long been calls for auditors to interview workers offsite. These offsite interviews would allow the auditors more freedom to probe in certain areas, although it is not always easy to obtain worker addresses. But few audit guidance documents of multistakeholder institutions provide such guidance. How can SCM researchers evaluate and influence auditing systems to integrate better worker's voices? For example, workers are more likely to let auditors know that the supplier is engaged in unauthorized subcontracting, a frequent occurrence, but a key source of supply chain risk for global companies. Another method by which supply chain risk can be reduced is through the use of worker hotlines, which have become popular recently.

Yet another research question centers around the efficacy of worker surveys. Worker surveys are becoming more commonplace in the private regulation ecosystem, as more companies try to adopt a more worker-centric approach to supplier performance management. For example, Gap Inc.'s supplier sustainability team was interested in greater insights into the issues that matter most to workers in its supplier factories, beyond what was in the company's code of conduct. Notably, the survey found that obtaining fair treatment, relationships with immediate supervisors, communication and feedback, and training and development were more important to workers, and none of these were included in Gap Inc.'s code of conduct. These issues also affect workplace productivity and supply chain efficiency. Many companies have instituted worker surveys. What can be learned from these efforts?

Of course, the gold standard is that workers be trained and empowered to monitor compliance, rather than having auditors—a notion at the heart of what is being called "worker-driven social responsibility," which highlights that worker organizations must be the driving force in creating, monitoring, and enforcing programs designed to improve their wages and working conditions, or even to participate in the design of the supply chain workplace? Reinecke and Donaghey (2020) discuss this issue in greater detail. To accomplish that, "monitoring and enforcement mechanisms must be designed in ways that to provide workers an effective voice in the protection of their rights.", suggests the worker-driven social responsibility network. SCM research has examined the training offered by buyers to suppliers, but the research that investigates the extent to which such training involves workers is sparse in the literature.

In sum, SCM researchers can substantially "change the landscape" by harnessing worker's voice, in addition to FOA and CB, as they figure out how to make supply chains more resilient and responsible. Engaging in such research will help SCM research "free itself from the primacy of profits" (Pagell & Shevchenko, 2014) to include the claims of other stakeholders.

CONCLUSION

Researchers and observers in the sustainable supply chain management domain have long lamented the field's limited focus on social sustainability. With respect to labor issues, sustainable SCM research has not focused on workers in supply chains—less than 5% of articles reviewed by Carter et al (2020) focused on workers. In this article, we provide, in broad brushstrokes, a research agenda for sustainable SCM research regarding freedom of association and collective bargaining, universal human rights that are at the core of the ILO's notion of "Decent Work," and a critical aspect if the UN's Sustainable Development Goals for 2030, and part of the UN Guiding Principles for Business and Human Rights adopted in 2011.

We reviewed contemporary research from sociology, political science and industrial relations disciplines that has uncovered a policy puzzle that SCM researchers could potentially solve. The puzzle is that although there is considerable evidence that institutionalizing FOA and CB is a sure method to improve sustainability in global supply chains, the actors in the private regulation ecosystem, such as global companies, social auditing firms, and suppliers, eschew these rights. Given that FOA and CB appear to be a win-win solution for all parties (companies gain in terms of minimizing supply chain risk, improving supply chain efficiency, and also improving their social sustainability performance, while workers gain through better voice and working conditions), we see the need for additional research to examine why and how this win-win solution could be more broadly adopted and diffused.

We argued that SCM researches are uniquely placed to further FOA and CB research in ways that traditional social science researchers cannot. SCM researchers have greater access to corporate supply chains, given that they share a common underlying "logic of efficiency" with industry. In contrast, labor relations/political science/sociology researchers, with their focus on whether corporations are living up to their promises regarding supply chain labor standards, operate with a "logic of legitimacy" that inhibits the willingness of corporate departments to share "sensitive" data with them. It is worth noting that the logic of efficiency, pervasive as it is in the SCM field and wider business school and business communities, may, in

part, be responsible for poor enforcement of FOA provisions in supply chains. Labor unions and collective bargaining are seen as “obstacles” that thwart the managerial pursuit of efficiency.

While sustainable SCM researchers are attempting to answer the normative calls for a greater focus on general social sustainability research made by the SCM community (Carter & Rogers, 2008; Nakamba, Chan & Sharmina, 2017), and specifically with regard to labor and workers (Pagell & Shevchenko, 2014), it is possible that contemporary developments in global supply chains may not leave them with many options but to do so. COVID-19, in particular, but other disasters and emergencies have made it clear that the days of focusing primarily on “supply chain optimization” are long gone. Dealing with such emergencies and events requires a focus on “supply chain resilience and responsibility”—referring to the hardening of the supply chain against disasters and disruptions while being consistent with international norms on business responsibility. Hence, a greater emphasis on sustainability will require a rethinking at many levels, such as moving to high commitment buyer–supplier relationships, to protect against “supply chain risk.” FOA and CB are elements in making a supply chain resilient as well as sustainable in the long term.

The suggested research agenda on FOA and CB has two major methodological implications for SCM research. Swanson, Goel, Francisco and Stock (2018), reviewing SCM research by subtopic, suggest that sustainability topics tend to be dominated by “analytical modeling and experimental design.” Research on FOA and CB generally requires a more field-based qualitative investigation. Thus, it may call for a shift from the generally deductive methodologies to more inductive ones—a shift that is also taking place in other disciplines that study global supply chains. The second methodological implication is that to take into account the institutional environments under which FOA and CB operate, SCM researchers may need to shift their unit of analysis from the firm to a network of firms or an ecosystem of institutional actors.

These methodological shifts will enable SCM research to answer the call from Pagell and Shevchenko (2014:51) for “research that directs rather than responds to practice.” The focus on FOA and CB will also overcome the critique that sustainable SCM research must focus on the claims of stakeholders other than shareholders, as suggested by Nakamba et al. (2017). Finally, research on FOA and CB is one way to increase the ability of SCM researchers to contribute to regulatory policy debates in both the private and public sectors. This is all the more crucial in view of the “mandatory due diligence” legislation regarding private regulation of labor conditions in global supply chains emanating out of the EU this year.

To conclude, SCM researchers Tokar and Swink (2019) suggest that regulatory issues, whether private or public, play a critical role in the practice of SCM, and that SCM researchers are uniquely positioned to speak to these issues. We agree and have provided some pathways through our focus on FOA and CB by which SCM research can do so.

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