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Structured Abstract:

Purpose: The purpose of this paper is to introduce the notion of *crossvergence* from international human resource management (IHRM) as a conceptual lens for understanding and analyzing the formation of socially (ir)responsible employment practices in supplier firms in global production networks (GPNs). The crossvergence perspective can particularly contribute to understanding how the agency of suppliers is influenced by the interaction of global-local dynamics.

Design/Methodology/Approach: The paper illustrates how the formation of socially (ir)responsible employment practices can be understood as a process of crossvergence. Subsequently, it reviews and structures insights from GPN and IHRM literature to detail the process.

Findings: The paper underscores the complicated role of suppliers in ensuring decent work in GPNs. Suppliers face a multitude of global and local interacting, and partially conflicting, demands. They process these demands as active agents and need to develop suitable employment practices in response.

Originality/value: The paper supports the nascent discourse on supplier agency in forming socially responsible employment practices. It connects different streams of literature to illuminate the perspective of suppliers, introduces IHRM insights to the debate, and offers conceptual guidance for analyzing interacting global and local pressures on suppliers.

Keywords: Corporate social responsibility, Labor standards, Decent work, Working conditions, Ethical employment, Convergence, Divergence, Supplier agency, Global production networks, Global value chains, Global supply chains, Private sector development

Paper type: Conceptual paper

1. Introduction

The Sustainable Development Goals of the United Nations (UN, 2015) include “decent work for all” being achieved worldwide by 2030, and the ongoing incidence of labor scandals underscores the importance of this objective. Reports particularly highlight working conditions of suppliers in developing countries that operate in buyer-driven global production networks (GPNs). Five years after the Rana Plaza factory building collapse in 2013 that killed 1,134 garment workers, unsafe factories continue to be reported in Bangladesh (Barrett *et al.*, 2018). In addition, forced labor remains a problem in the Thai fishing industry (Human Rights Watch, 2019), and in the cell phone production chain, child labor in cobalt mining is only one of the labor-related concerns (Hermes EOS, 2017).

What drives the formation of socially irresponsible employment practices in developing country supplier firms? What could motivate responsible practices? The social dimension of work in GPNs is attracting increasing attention in critical debates on international business (IB) (e.g., Khattak *et al.*, 2017; Lee and Gereffi, 2015). Especially GPN scholars address decent work shortcomings and analyze how GPN dynamics affect labor outcomes in supplier firms. First, the impact of globalization and its (negative) influence on employment practices is debated. In particular, global competition is argued to incentivize suppliers to reduce labor standards (Standing, 1999). Second, the design and effectiveness of public and private labor market regulation are analyzed. The existing literature presents a rather bleak outlook and characterizes current regulatory means as insufficient to prevent irresponsible employment practices (Barrientos *et al.*, 2011b; Berliner *et al.*, 2015). Third, the role of the local environment is discussed. Local institutions are commonly characterized as failing to protect workers in developing countries, but they have attracted renewed interest because they can have a positive or negative effect as they interact with global regulatory efforts (Mayer and Gereffi, 2010; Toffel *et al.*, 2015). Fourth, a debate on the role of suppliers is just beginning. GPN scholars discuss opportunities for economic upgrading of suppliers and how these opportunities affect social upgrading (Knorringa and Pegler, 2006), as well as the role of large first-tier suppliers and their influence on labor standards in GPNs (Merk, 2014). Additionally, selected qualitative studies illuminate the perspective of suppliers and their

motivation (or rejection) for complying with global labor standards (e.g., Fontana and Egels-Zandén, 2018; Perry *et al.*, 2015; Soundararajan and Brown, 2014).

This paper is rooted in this last stream of literature and responds to the observation that there is limited research on corporate social responsibility (CSR) from the supplier perspective, particularly on suppliers' social responsibility for labor (Fontana and Egels-Zandén, 2018; Huq *et al.*, 2014; Perry *et al.*, 2015). The paper intends to encourage the creation of a holistic framework to explain the formation of socially (ir)responsible employment practices from the supplier perspective. The few existing frameworks capture only some aspects of the literature outlined above. Yu (2015), for instance, focused on the effectiveness of private codes of conduct. However, private labor market regulation is only one of the factors that affect suppliers and influence their employment practices.

This paper introduces the concept of *crossvergence* (Ralston, 2008) as a conceptual lens to guide the framework-building process. *Crossvergence* is used in International Human Resource Management (IHRM)^[1] and describes practice formation in IB as follows: Global and local forces meet at the point of the decision-makers in local firms and drive them to design unique, context-specific employment practices in response. The concept captures three ideas that this paper advocates to consider when building a systematic understanding of the formation of socially (ir)responsible employment practices. First, suppliers must consider a complex web of both global and local influences when making employment decisions. Tools capturing this complexity are needed as different influences constantly interact and only in combination can motivate responsible employment decisions (Lund-Thomsen *et al.*, 2016). Second, suppliers design their employment practices. They are active agents who process external influences and respond in their (business) interest (Scott, 2013). A better understanding of supplier agency can help to explain why global and local regulations can be effective for some suppliers but fail for others. Third, for suppliers, many decisions related to the social responsibility of employment practices are simultaneously human resource (HR) decisions (e.g., working hours or wages). However, HR research has rarely been linked to the debate on decent work in GPNs (for a notable exception, see Jayasinghe, 2016). IHRM insights can contribute to the current debate by elucidating how employment practices develop in IB and which factors influence employment decisions.

The paper will show how the concept of *crossvergence* can serve as a conceptual lens for analyzing and understanding how suppliers as active agents form socially (ir)responsible employment practices in response to interacting global and local influences. After a brief characterization of GPNs, supplier firms and the social responsibility of employment practices, the *crossvergence* perspective is introduced in section 3. Section 4 starts detailing the multiplicity of influences on local firms and the agency of suppliers in designing employment responses. Thereby, GPN as well as IHRM findings are considered.

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2. GPNs, suppliers and their employment practices

This paper focuses on socially (ir)responsible employment practices in developing country supplier firms embedded in buyer-driven GPNs. A brief characterization of *GPNs*, *supplier firms* and *the social responsibility of employment practices* shall lay the foundation for the subsequent discussion on the crossvergence of employment practices.

2.1. GPNs

A GPN refers to “an organizational arrangement, comprising interconnected economic and non-economic actors, coordinated by a global lead firm, and producing goods or services across multiple geographical locations for worldwide markets” (Coe and Yeung, 2015, pp. 1–2). Many GPNs include production sites in developing countries and are therefore not only discussed as an integral part of international business but also linked to development outcomes (Lee and Gereffi, 2015). For the purpose of this paper, the term GPN was chosen over alternative terms such as “global commodity chain”, “global value chain” or “global supply chain” as the GPN approach highlights the network character of production relationships and the agency of the individual actors within the network (Coe *et al.*, 2008).

The GPN approach portrays the involvement of economic and non-economic actors in global production as a network of interconnected relationships. Thereby, it acknowledges that the network does not only encompass vertical and inter-national but also horizontal and intra-national linkages (Coe *et al.*, 2008). The local context of GPN actors frames their behavior and thereby influences GPN dynamics. GPN research is therefore oftentimes called to bridge literatures to foster understanding of the local impact on GPN phenomena as well as the GPN impact on local phenomena. Coe *et al.* (2004), for instance, bridge works on local institutional structures with works on GPNs to gain a more comprehensive understanding of regional development. Conversely, this paper proposes to bridge works on GPNs with HRM literature to advance understanding of decent work in GPNs.

The GPN approach highlights the importance of analyzing the agency of different actors involved in globally dispersed production networks. It encourages actor-centered research and provides conceptual foundations to build upon, e.g., Yeung and Coe's (2015) dynamic theory of GPNs. Works

answering to these calls thereby tend to focus on analyzing the agency of buyers, workers and institutions. Supplier agency, and especially the agency of supplier SMEs, is less frequently discussed and awaits further attention (Soundararajan *et al.*, 2018).

2.2. Different types of suppliers

Referring to “the suppliers” in GPNs can be misleading because it depicts very different types of companies as belonging to one group. Even within one single industry in one GPN, different types of suppliers can be encountered. Therefore, the heterogeneity of suppliers is addressed in the following and further specified in table 1.

In GPN research, suppliers are especially differentiated according to their role in the GPN (Nadvi and Raj-Reichert, 2015; Yeung and Coe, 2015) and according to their level of economic upgrading (Lund-Thomsen *et al.*, 2012; Barrientos *et al.*, 2011a). It is discussed in how far the tier-level and product, process or functional sophistication are linked to the design of employment practices. Table I provides an overview of commonly used supplier typologies.

Besides GPN-related characteristics, general characteristics of a company and its internal stakeholders can be used for characterizing different types of suppliers. The list of characteristics that influence a firm’s HR strategy is thereby long (see e.g., Jackson *et al.*, 2014). In order not to overload this paper, table I focuses on selected characteristics that have been salient in the decent work debate.

In line with the thematic focus of this paper, the subsequent discussion will especially relate to suppliers struggling to implement socially responsible employment practices, e.g., suppliers in buyer-driven GPNs that offer labor intensive and low skilled production work. The level of analysis can be the individual supplier, or a horizontal network of suppliers showing collective employment practices (see Fontana and Egels-Zandén, 2018 for a discussion of supplier collective behavior). It will be noted that different types of suppliers (or supplier networks) are likely to react differently to global and local influences and chose different employment responses.

Classification criteria	Different types of suppliers	References
Role in GPN		
Tier	<ul style="list-style-type: none"> • Tier 1 // tier 2 // tier 3 etc. 	Nadvi and Raj-Reichert (2015)
Degree of specialization	<ul style="list-style-type: none"> • Specialized supplier (industry-specific) // • Specialized supplier (multi-industry) // • Generic supplier 	Yeung and Coe (2015)
Level of economic upgrading within a value chain		
Product sophistication	<ul style="list-style-type: none"> • High // low brand value of buyer • High // low product quality • High // low product complexity 	Humphrey and Schmitz (2002) Barrientos <i>et al.</i> (2011a)
Process sophistication: <i>Technology</i>	<ul style="list-style-type: none"> • Labor intensive // machine intensive • Old // standard // progressive technology 	Lund-Thomsen <i>et al.</i> (2012)
Process sophistication: <i>Production organization</i>	<ul style="list-style-type: none"> • Lean manufacturing // Assembly lines • Home-based work // Factory work 	Locke and Romis (2007) Lund-Thomsen <i>et al.</i> (2012)
Functional sophistication	<ul style="list-style-type: none"> • Low skill content (e.g., assembly) // • high skill content (e.g., design, marketing) 	Humphrey and Schmitz (2002)
Internal stakeholder characteristics		
Ownership	<ul style="list-style-type: none"> • Foreign // local 	Akorsu (2011)
Employee base	<ul style="list-style-type: none"> • Migrant // local • Female-dominated // male-dominated • Formal // informal 	Azmeh and Nadvi (2013) Barrientos <i>et al.</i> (2003)
Management base	<ul style="list-style-type: none"> • Foreign // local • Western // Southern 	Lawler <i>et al.</i> (2011)
Organization characteristics		
Business strategy	e.g., Diversification // growth // innovation // cost control	Jackson <i>et al.</i> (2014)
Organization size	e.g., Number of employees	Oka (2010)
Organization culture	e.g., Clan // adhocracy // hierarchy // market	Cameron and Quinn (2006)
Life cycle stage	e.g., Start-up // growing // mature // declining	Jackson and Schuler (1995)

Table I: Typologies of suppliers

2.3. Socially (ir)responsible employment practices

Contributing to the decent work debate, this paper focuses on the social responsibility of suppliers' employment practices. *Employment practices* refer to the organizational rules and activities by which people are employed and managed. The specification *socially (ir)responsible* highlights that employment practices are discussed under ethical considerations. Drawing on definitions of ethical HRM, socially responsible practices are understood in this paper as practices that cater to the well-being of employees (Armstrong and Taylor, 2014).

Even though the understanding of what is “responsible” is considered highly context specific (Burchell *et al.*, 2014), there is an increasing consensus in the international debate that certain employment practices are irresponsible and should be prohibited. The responsibility of employment practices is therefore frequently defined in reference to global labor standards intending to prohibit inhuman or irresponsible practices. Empirical studies on the social responsibility of employment practices following this operationalization distinguish between *compliant* and *noncompliant* practices. The reality of suppliers is, however, more complex. Soundararajan and Brown (2014) find that firms often interpret standards based on their own assumptions and expectations and point to the existence of various shades of grey between compliance and noncompliance. Furthermore, suppliers can implement practices that go beyond compliance. Most definitions of CSR even stress the voluntary nature of socially responsible behavior (e.g., van Marrewijk, 2003). The social responsibility of employment practices is therefore depicted as a multi-point scale in figure 1 (vertical axis).

It is beyond the scope of this paper to concretely discuss different forms of employment practices and their responsibility (e.g., design of salary systems, organization of working times). However, the multi-dimensionality of the construct shall be highlighted. Suppliers can choose different levels of responsibility depending on the employment dimension concerned. Barrientos and Smith (2007) show, for example, that suppliers react differently to so-called outcome standards (e.g., health and safety, wages, working hours) in comparison with process standards such as the freedom of association and collective bargaining.

Figure 1 illustrates this paper’s understanding of socially (ir)responsible employment practices. It was designed in consideration of the author’s field experience and depicts examples of three suppliers. The vertical axis proposes to tread the social responsibility of employment practices as a multi-point, or even continuous, variable. The horizontal axis depicts the multi-dimensionality of the concept. Various patterns of socially (ir)responsible employment practices can therefore result from the process of crossvergence that will be outlined in the remainder of this paper.

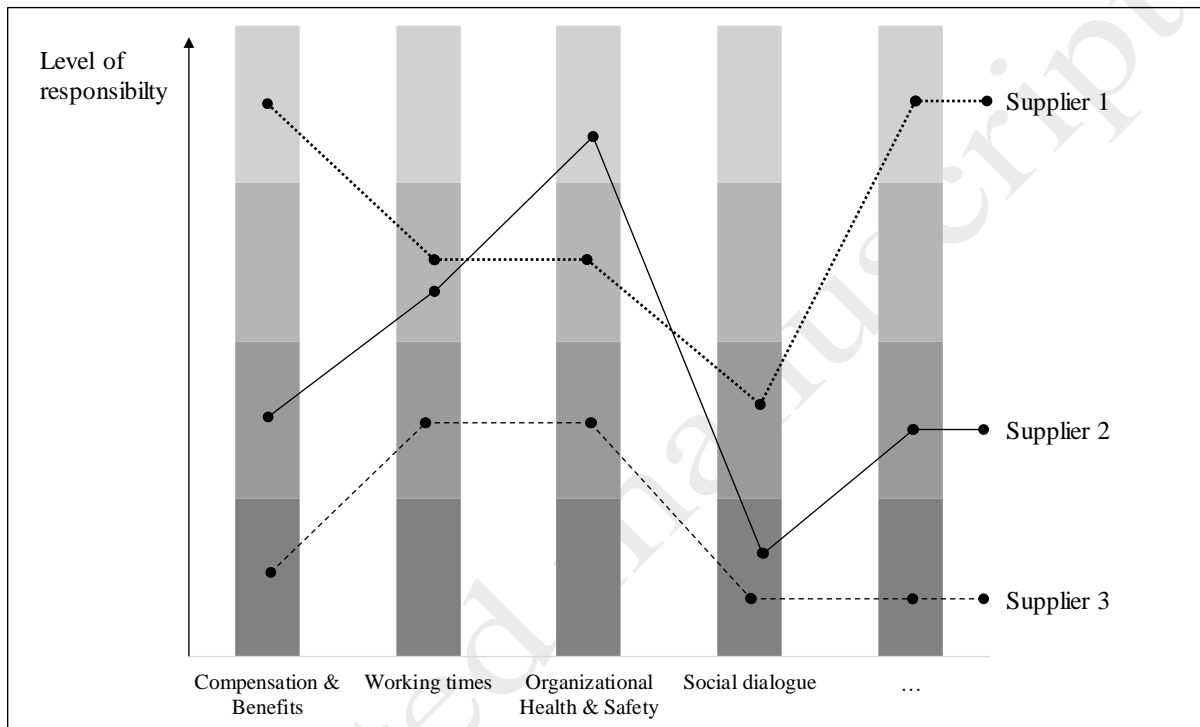


Figure 1: Exemplary patterns of socially (ir)responsible employment practices

Source: Author’s own analysis

3. The formation of socially (ir)responsible employment practices as a result of crossvergence

Imagine four suppliers producing garments for the fictional brand STAR. The four suppliers are of a similar size, produce similar products, and operate in countries with similar labor laws. They are all subject to STAR's code of conduct. Supplier A is a first-tier supplier operating in a country with strong institutions. Supplier B, another first-tier supplier, operates in a country with weak institutions. Supplier C, a second-tier supplier, operates in the same country. Supplier D, also a second-tier supplier, operates in the country with strong institutions. STAR's code of conduct as well as national laws cap working hours at maximal 60 hours per week, including overtime.

What do working hours look like in the four firms? Looking at the suppliers' roles in the GPN as well as the strength of local institutions, the shortest hours would be expected at supplier A, and the longest hours at supplier C.^[2] Would this assumption change by looking through the *crossvergence* lens? Maybe, because no assumption could be made without asking further questions, e.g.: What working times arrangements do workers demand? How strong is their negotiating power? How high are fixed costs for labor? What are the consequences of non-compliance with global or local regulatory demands? How risk affine is the supplier? The results of the example show the relevance of these questions: Supplier B and C operate 48 hours per week because their local female labor base refuses to work more hours due to family obligations. Supplier D operates 72 hours per week. Fixed labor costs are high, sales prices of second-tier suppliers are low, and the supplier considers excessive hours inevitable to remain profitable. Supplier A in comparison complies with the maximal 60 hours per week. First-tier suppliers are regularly audited by STAR and the supplier fears to lose them as a customer if non-compliance is detected.

The example illustrates the complexity of understanding the social responsibility of employment practices in GPNs. Global, local and business considerations come together and lead to different types of employment responses. The notion of *crossvergence* is introduced in the following as a conceptual lens to capture this complexity and to understand how the agency of suppliers is influenced by their global and local environment.

The idea of *crossvergence* arose in the convergence-divergence debate in IB. Convergence advocates (e.g., Kerr *et al.*, 1960; Levitt, 1983; Prentice, 1990) argued that due to globalization, business environments become similar worldwide and ‘best’ practice HR experiences travel around the globe. Divergence advocates however highlight that differences in HRM will prevail across countries, and explain these differences with the help of institutional theories (Wood and Horwitz, 2015; Wood *et al.*, 2012) and cultural theories (Reiche *et al.*, 2012; Jackson, 2015). Ralston (2008) points out that converging and diverging pressures meet at the point of the individual local firm. Firms are simultaneously impacted by global and local dynamics, and their agency determines how these dynamics translate into employment practices (Winchester and Bailey, 2012).

Applying the idea of *crossvergence* to the case of suppliers in GPNs, the process can be pictured as follows: As exporters, suppliers are subject to global competition and global regulatory demands. Global competition often translates into price, time and quality pressure. Global (public and private) regulatory demands set responsibility benchmarks for HR decisions. As local firms, suppliers are influenced by their local institutional, socio-cultural and industry environment. Local institutions, especially labor laws, delimit the scope for HR decision-making. Local culture shapes values and beliefs about business, work and ethics. And the way business is done in the industry serves as reference for HR decisions. These influences come together at the point of the supplier and are (consciously or unconsciously) processed at this point. Suppliers for instance weigh costs and benefits of different employment responses, decide depending on risk considerations, or orient themselves at the local industry benchmark. The salience of different drivers for suppliers’ decision-making thereby depends on the supplier characteristics discussed in the second section of this paper. Large multi-national suppliers might be in a position to negotiate decent lead times and prices, second-tier suppliers might not be audited for labor standard compliance, and firms working with a migrant labor base might consider local culture as irrelevant for their employment decisions. Depending on the suppliers’ active processing of global-local dynamics, different forms of employment patterns evolve.

The notion of *crossvergence* puts suppliers in the focus of the analysis when trying to understand decent work shortcomings, or how to better promote responsible employment practices in GPNs. It can serve as a conceptual lens to understand how supplier agency is influenced by interacting global and

local influences. Figure 2 outlines the overall process of crossvergence as described above. The different elements of the process will be further specified in the next section of this paper.

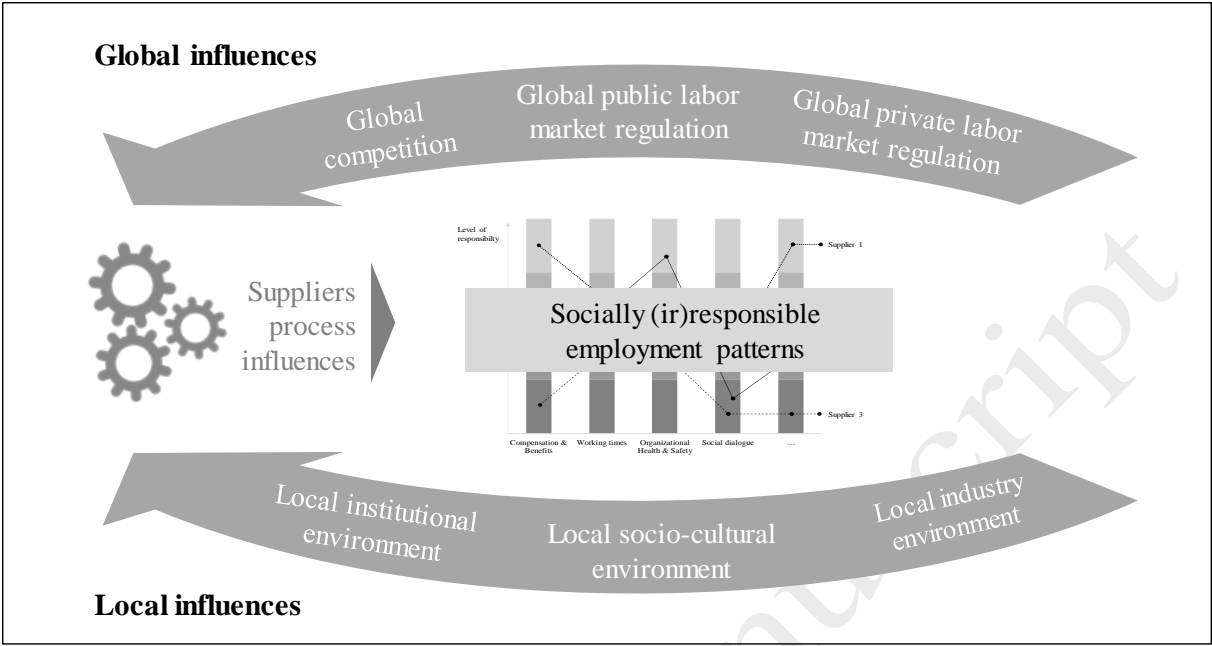


Figure 2: Crossvergence of socially (ir)responsible employment practices

4. Detailing the process of crossvergence

Existing empirical research as well as the reviews of Vogel (2008), Mayer and Gereffi (2010), Barrientos *et al.* (2011b), Berliner *et al.* (2015), and Lund-Thomsen *et al.* (2016) provide significant insights into global and local influences on employment practices in GPNs. Yu (2015) furthermore summarized factors influencing the effectiveness of private codes of conduct. The following analysis uses the notion of crossvergence to systemize and extend existing research insights from GPN and IHRM literature. For this purpose, the literature on GPN and IHRM was reviewed and external global and local influences were identified and clustered, using the qualitative research software MAXQDA. IHRM literature especially extended insights from GPN literature on local influences. The processing of interacting global and local influences at the point of the supplier is discussed in the last part of the section.

4.1. Global influences

Three global influences on suppliers are discussed in the literature: global competition, global public labor market regulation, and global private labor market regulation.

Standing (1999) postulates that global competition has led to converging employment practices that are characterized by income insecurity, employment insecurity, low pay, longer working hours, increased female participation, and job specialization. Davies and Vadhnamannati's (2013) longitudinal study of labor practices in 135 developing and developed countries empirically supports this and concludes that competition for foreign investments leads to reduced enforcement of labor laws and convergence to low levels of responsibility.

To counter the trend of declining responsibility, global standards set by the International Labor Organization (ILO), by international finance institutions, and in trade agreements harmonize national labor laws and policies and lead to a converging framework of labor market regulation across borders. However, convergence oftentimes stops at the regulatory framework, with most empirical studies showing that suppliers' actual compliance with global labor standards lags far behind official national regulations (Stallings, 2010; Caraway, 2010).

The limits of public regulatory efforts in GPNs sparked the debate on labor market regulation through private initiatives of large multinational enterprises (MNEs), especially from the Global North. A comparison of the different sets of private labor standards reveals directional convergence for general principles such as prohibitions against child labor, forced labor, discrimination, and excessive working hours as well as the right to organize and the rights for security and occupational health and safety. Nevertheless, private regulation fails to achieve full convergence (Barrientos *et al.*, 2011b; Locke *et al.*, 2013; Berliner *et al.*, 2015) because not all suppliers are subject to private labor standards and comprehensive enforcement fails due to information asymmetries and conflicts of interests.

Table II starts detailing the concepts of global competition, global public regulation and global private regulation in order to illustrate which characteristics of these global trends have especially been discussed to influence the social responsibility of employment practices in supplier firms.

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Influences	References (selected)
<p>Global competition</p> <ul style="list-style-type: none"> • Price pressure – Pressure of lead firms on supplier to keep sales prices as low as possible • Lead time pressure – Pressure of lead firms on supplier to deliver the order in short lead times • Flexibility pressure – Pressure of lead firm on supplier to flexibly respond to production demands • Quality pressure – Pressure of lead firms on suppliers to adhere to product quality specifications 	<p>Chan and Ross (2003), Davies and Vadlamannati (2013), Dhanarajan (2004), Greer and Hauptmeier (2016), Perry <i>et al.</i> (2015), Rodgers (2007), Standing (1999), Tjandraningsih (2013), Tokatli <i>et al.</i> (2008)</p>
<p>Global public labor market regulation and initiatives</p> <ul style="list-style-type: none"> • Global public labor standards <ul style="list-style-type: none"> – set by ILO – set by international finance institutions – integrated in trade agreements • Technical assistance – Projects of international organizations offering support to suppliers • Activist pressure – Labor-related campaigns of global unions, non-governmental organizations (NGOs), and the media 	<p>Anner (2001), Brown (2016), Caraway (2010), Ebert (2016), Hafner-Burton and Tsutsui (2005), MacIntosh (2013), Rossi (2015), Schrank (2013), Siroën (2013), Stallings (2010), Tsogas (2001)</p>
<p>Global private labor market regulation and initiatives</p> <ul style="list-style-type: none"> • Global private labor standards <ul style="list-style-type: none"> – Buyer codes of conduct – Industry standards and labels – Multi-stakeholder standards and labels – International framework agreements • Audit regimes <ul style="list-style-type: none"> – Buyer audits – Third-party audits • Buyer-Supplier Cooperation – Activities of buyers offering support to suppliers (e.g., capacity building) 	<p>Barrientos and Smith (2007), Bartley and Egels-Zandén (2015), Christian (2017), Donaghey <i>et al.</i> (2014), He and Perloff (2013), Locke <i>et al.</i> (2007), Locke and Romis (2010), Nadvi and Wältring (2002), Oka (2010), Porteous <i>et al.</i> (2015), Sartor <i>et al.</i> (2016), Schuster and Maertens (2016)</p>

Table II: Global influences

4.2. Local influences

IHRM scholars distinguish between local institutional and socio-cultural influences on suppliers (Fan *et al.*, 2016) and also highlight the importance of the industry environment of local firms. Local influences are also discussed in the GPN debate, especially the need to view global regulatory efforts in local settings or putting “codes in context,” as Toffel *et al.* (2015, p. 205) phrase it.

From an institutionalist perspective, political and legal institutions shape the behavior of organizations. The effectiveness of employment practices depends on their fit with local institutional contexts (Sparrow *et al.*, 1994). Looking at the institutional side in the context of GPNs, scholars show that among other factors, stringent national labor legislation (Frenkel, 2001), press freedom (Toffel *et al.*, 2015), independent workers’ institutions (Frenkel, 2001), and state regulatory capacity (Locke *et al.*, 2013) can incentivize suppliers to improve their employment practices. Local institutions, however, do not always have a positive impact. First, domestic institutions in the Global South are often considered too weak to ensure socially responsible employment practices in GPNs (Mayer and Gereffi, 2010). Second, domestic institutions can conflict with private labor market regulation and therefore impede their effectiveness (Locke *et al.*, 2013; Lund-Thomsen *et al.*, 2012).

Discussing the impact of the socio-cultural environment on employment practices, IHRM researchers find that values, assumptions, and beliefs of decision-makers shape local HR policies and practices (Briscoe and Schuler, 2004). Especially gender discrimination in employment is frequently attributed to socio-cultural assumptions about gender roles. The World Bank (2013) for instance links the practice to pay male workers more than female workers in the Middle East to the local assumption that men have to financially provide for their families. Even though the socio-cultural context of suppliers receives less attention in the GPN debate, works discussing labor agency in GPNs (e.g., Coe and Hess, 2013), as well as qualitative studies on suppliers acknowledge its importance. Soundararajan and Brown (2014) and Perry *et al.* (2015) emphasize, for instance, that cultural values can conflict with or motivate responsible employment practices.

HRM scholars highlight the need to consider industry characteristics as an antecedent of employment practices (Jackson and Schuler, 1995). Thereby, especially local industry characteristics are of importance as industry characteristics can differ significantly across contexts. Lund-Thomsen *et al.* (2012), for instance, show that machine stitching of footballs in factories is common in China, while footballs are stitched in home-based settings in Pakistan. Evaluating the impact of the industry environment on employment practices, GPN scholars especially discuss the locally dominant production regime (Lund-Thomsen *et al.*, 2012) and the available labor base. Azmeh (2014) shows in his study on the Egyptian and Jordanian garment industry that the social embeddedness of workers significantly affected labor regimes in that industry.

Table III starts detailing local institutional, socio-cultural and industry influences on suppliers but cannot be considered comprehensive. Especially insights from IHRM literature await validation in the context of GPNs.

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Influences	References (selected)
National and subnational institutional environment	
<ul style="list-style-type: none"> • Legal institutions, including <ul style="list-style-type: none"> – Labor laws regulating employment practices, employment relations and health and safety standards – Labor inspections ensuring law enforcement – Labor courts ruling on labor-related disputes • Worker institutions – Policies and support offers of worker associations and unions • Business institutions – Policies and support offers of trade, industry and employer associations • Civil society institutions – Campaigns and support offers of NGOs, community organizations, and media • Education and training institutions – Foundation for skills development of workers and managers • Financial institutions – Availability of financial resources for labor-related investments 	<p>Ali and Jadoon (2012), Amengual (2014), Budhwar and Sparrow (2002), Cooke (2004), Frenkel (2001), Knorringa and Nadvi (2016) Locke <i>et al.</i> (2013), MacIntosh (2013), Ronconi (2010), Schrank (2013), Sparrow <i>et al.</i> (1994), Toffel <i>et al.</i> (2015)</p>
National and subnational socio-cultural environment	
<ul style="list-style-type: none"> • Local culture – Distinctive values, assumptions and beliefs shared by the local community, e.g., regarding following dimensions proposed by Hofstede (2011): <ul style="list-style-type: none"> – Power distance – Individualism versus collectivism – Masculinity versus femininity – Uncertainty avoidance – Long-term versus short-term orientation – Indulgence versus restraint • Value of Corporate Social Responsibility (CSR) – The value a society attributes to socially responsible behavior of local companies • Definition of labor-related CSR – Local definition of socially responsible employment practices • Gender norms – Local definition of how women and men should behave and be treated 	<p>Auchter and Dziewa (2013), Briscoe and Schuler (2004), Chandrakumara and Sparrow (2004), Huq <i>et al.</i> (2014), Malik (2007), Metters (2017), Perry <i>et al.</i> (2015), Punia and Sharma (2015), Soundararajan and Brown (2014)</p>
National and subnational industry environment	
<ul style="list-style-type: none"> • Labor markets – Characteristics of the available labor force (e.g., size, skill level, and nationality) • Competitors – Characteristics of local competition (e.g., intensity, degree of cooperation, CSR standards) • Industry reputation – The labor-related CSR reputation of the local industry • Technology – The standard type of technology and degree of automatization used in the local industry • Production process – The standard production process used in the local industry 	<p>Ali and Jadoon (2012), Azmeh (2014), Bartley (2010), Budhwar and Sparrow (2002), Donaghey <i>et al.</i> (2014), Huq <i>et al.</i> (2014), Jiang <i>et al.</i> (2012), Lund-Thomsen <i>et al.</i> (2012), Punia and Sharma (2015), Yang and Gallagher (2017)</p>

Table III: Local influences

4.3. Processing of interacting global and local influences

A distinctive feature of crossvergence is that it highlights the impact and simultaneous dynamic interaction of converging as well as diverging forces. This characteristic of crossvergence fits well to recent developments in the debate on decent work in GPNs. Lund-Thomsen *et al.* (2016, p. 11) claim an “emerging consensus that the combination of different drivers, rather than any single factor alone, produces socially and environmentally responsible behavior.” Not only global-local interactions have thereby to be considered but also global-global interactions because global stakeholders in GPNs do not speak with one voice.

Different insights on the impact of global-local interactions can be found in the debate on decent work in GPNs. While Nadvi and Wältring among others feared in 2002 that global labor market regulation would weaken national efforts, more recent works indicate that global and local demands need to be aligned in order to enhance the effectiveness of global regulation (e.g., Mayer and Gereffi, 2010). The impact of local institutions is thereby the focus of the debate. Toffel *et al.* (2015) prove in a quantitative study across different countries and industries that domestic legal institutions significantly influence suppliers’ compliance with private standards. Protective laws governing collective labor rights and press freedom reduce labor violations in social audits. A few qualitative studies additionally indicate an interaction of the local socio-cultural environment with the implementation of global standards. In their research on a knitwear-exporting cluster in India, Soundararajan and Brown (2014) report complaints by local managers that lead firms’ understanding of labor standards does not necessarily match their own understanding and experience. This disconnect compromised the managers’ willingness to comply with private regulatory demands. Characteristics of the local industry and their interaction with global standards are addressed in quantitative studies on the effectiveness of private labor standards. Bartley and Egels-Zandén (2015) and He and Perloff (2013) include industry characteristics as control variables in their research designs.

Global-global interactions cause significant strain for local suppliers because global advocates of a competitive market and global advocates of social standards frequently have conflicting demands. On a public regulatory level, Stallings (2010) and Caraway (2010) show that global pressure for labor

standards exists in parallel with global pressure for the flexibility of labor markets, and these pressures partially contradict each other. On a private regulatory level, scientists and practitioners warn that compliance with international labor standards is hampered by lead firms' demands for decreases in price and lead time (Oka, 2010; Lund-Thomsen *et al.*, 2012). A supervisor in China vividly summarizes the resulting conflict for suppliers: "The foreigners put us in a trap. On the one hand, they talk about human rights, but on the other hand, they also want good products cheaply. For that, they have to trade of human rights. It is quite obvious" (Ngai, 2005, p. 108).

The notion of crossvergence points to the opportunity to use theories about actor decision-making to advance understanding of interaction effects. The concept highlights that drivers of convergence and divergence join at the point of the individual (Ralston, 2008). Decision-makers (consciously or unconsciously) process the different drivers and make their socially (ir)responsible employment decisions. Different theories exist on how decisions are made in organizations. In the context of GPNs, transaction-cost theory and legitimacy theory have been used to explain decision-making in lead firms (Huq *et al.*, 2014; Anner, 2012) but have yet to be applied to the context of suppliers. In particular, legitimacy theory seems likely to be able to provide theoretical guidance since it is frequently used to explain CSR-related firm agency (Bhattacharyya, 2014). The theory postulates that firm decision-makers use legitimacy considerations as (one) basic principle when making strategic, especially CSR-related, decisions. Legitimacy is thereby achieved when firm actions are congruent with the norms, values, beliefs, and definitions of the larger society (Suchman, 1995).

Other starting points for identifying basic principles guiding decision-making in supplier firms can be found in Yeung and Coe's (2015) dynamic theory of GPNs. The theory includes a debate on causal conditions that guide decisions in GPNs and that can influence different actors, including suppliers. The authors discuss "competitive considerations" and "risk considerations" as basic principles for actor decision-making in GPNs (Yeung and Coe, 2015, p. 34). Yeung and Coe's theory was not designed for understanding suppliers' employment decisions but for generally explaining actor-specific strategies in GPNs. Looking at empirical studies on employment practices of suppliers, however, the ideas included in the framework, especially regarding competitive considerations, correspond to existing research findings. Khara and Lund-Thomsen (2012) conclude that suppliers' decisions on labor standard

implementation depend on what they perceive to be economically efficient for their business operations. Stigzelius and Mark-Herbert (2009) explicitly refer to expected business benefits, market access considerations, and financial risks and restraints as facilitators of supplier behavior.

Future research could show how suppliers' responses to interacting global and local influences are guided by legitimacy, competitive or risk considerations. Thereby, the differentiation of supplier types and employment dimensions discussed in the second section of this paper ought to be considered. Taking risk considerations as an example, first-tier suppliers commonly face a significant higher risk of being audited by lead firms than second-tier suppliers (Posthuma, 2010) and the risk of losing workers due to Health and Safety breaches is often significantly lower than losing them due to unattractive working hours.

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5. Conclusion

This paper introduced *crossvergence* as a conceptual lens to capture the complexity of interacting global and local influences on suppliers, and to analyze the agency of suppliers in navigating this complexity. It furthermore started structuring existing research findings to detail the crossvergence of socially (ir)responsible employment practices. With this effort, the paper intends to aid the creation of a framework that explains the formation of socially (ir)responsible employment practices in GPNs from the supplier perspective. The remainder of this conclusion reflects on this paper's contribution to the debate on global-local interactions in GPNs, its contribution to the nascent discourse on supplier agency, and the benefit of understanding employment decisions of suppliers for advancing the UN's goal of decent work for all

The GPN approach highlights the importance of not only considering vertical but also horizontal linkages in the analysis of network dynamics and outcomes in global production. The crossvergence process presented in this paper confirms this claim for the analysis of employment outcomes. Considering the local institutional, socio-cultural and industry environment of suppliers is crucial for understanding the social responsibility of their employment practices. The quest to specify the crossvergence process thereby indicated the need to bridge literatures to advance understanding of horizontal linkages in GPNs. This paper particularly benefitted from using IHRM insights to supplement the discussion on local influences on suppliers' employment practices and their interaction with global dynamics. Reviewing the literature, thereby, revealed further potential of IHRM to contribute to the debate on decent work in GPNs which went beyond the scope of this paper. Insights on HRM in MNEs may contribute to the analysis of global-local interactions since subsidiaries like suppliers need to apply globally defined standards in a local context. Results from comparative analyses of HRM furthermore elucidate how domestic firms make employment decisions in different parts of the world, including the Global South. Thereby, it remains to be tested whether HR practices of suppliers in GPNs have more in common with the employment practices of local MNE subsidiaries or those of domestic firms. Bridging literatures proved for the topic of employment practices promising to advance understanding of the local embedding of global networks.

The GPN approach encourages actor-centered research to advance understanding of GPN dynamics and outcomes, especially supplier agency awaits further attention. This paper discussed the agency of suppliers in processing global and local influences, and in designing employment responses. The crossvergence perspective particularly points to the opportunity to use theories about actor decision-making to further unpack suppliers' processing of global and local influences. Legitimacy, competitive or risk considerations can guide their employment responses. When discussing supplier agency, it needs to be noted that suppliers are-not only on the receiving end of global and local demands. As active agents, they respond to external influences and shape them in return. First, the agency of (first-tier) suppliers determines in how far global labor standards are implemented in the suppliers' own supply chain (Wilhelm *et al.*, 2016). Second, the agency of (clusters/ networks of) suppliers can impact the contours of global governance structures in GPNs (Knorrinda and Nadvi, 2016). Crossvergence cannot be considered a unidirectional or a one-time process. Instead, a dynamic bidirectional relationship between external influences and supplier responses exists. The dynamic nature of crossvergence is recommended to be addressed in future research because the responsibility of employment practices in the long run depends on how suppliers react to external influences.

The development of a framework that explains the formation of employment practices from the suppliers' perspective is advocated in this paper as a starting point to identify new ways to promote socially responsible employment practices despite unfavorable circumstances. More research on supplier agency can for instance help to develop incentives for suppliers to act responsibly. An exemplary thought experiment will illustrate this idea. If future research shows that cost-capability considerations primarily guide supplier agency, suppliers' cost-capability ratios for socially responsible employment practices need to be optimized to achieve the UN's goal of decent work for all. Theoretically, responsible practices do not need to be an economic burden for suppliers. Reviews of the business benefits of CSR (Carroll and Shabana, 2010; Homburg *et al.*, 2013) as well as research on the link between strategic HRM and business performance (Sheehan, 2014; Sels *et al.*, 2006) suggest that suppliers might be incentivized to promote socially responsible employment practices for their own economic profit. Jayasinghe (2016) finds first empirical evidence for this suggestion in Sri Lanka. If future research can identify socially responsible and economically beneficial employment practices as

well as suitable capacity-development tools supporting suppliers in the implementation of these practices, supplier agency might become another force next to buyer, labor, and government agency promoting socially responsible employment practices in GPNs.

To qualify this rather optimistic outlook on the role of suppliers, it needs to be noted that the implementation of socially responsible employment practices is not likely to benefit all suppliers in GPNs — as is the case for lead firms' CSR practices. The focus on supplier agency is therefore advocated as a supplement to the existing focus on lead firm agency, labor agency, and government agency, not as a substitute. The paper thereby supports Ponte and Sturgeon's (2014, p. 196) notion of a “modular theory-building approach” and introduces the concept of *crossvergence* as a conceptual lens to advance the module on supplier agency.

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Endnotes

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- ¹ This paper's understanding of IHRM follows the broad definition of Stahl and Bjorkman (2006, p. 1) which "covers all issues related to the management of people in an international context [including] human resource issues facing MNCs in different parts of their organisations [and] comparative analyses of HRM in different countries."
- ² The assumption is based on following research findings: The pressure to comply with labor standards is higher for first-tier than for second-tier suppliers (Mares, 2010; Posthuma, 2010). Strong institutions, e.g., in the form of press freedom (Toffel *et al.*, 2015), independent workers' institutions (Frenkel, 2001), or state regulatory capacity (Locke *et al.*, 2013) incentivize suppliers to improve their employment practices.

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