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## **Taking GVGs seriously. Studying GVCs: Why and How?**

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Even classical economists, more accustomed to macro modelling and to black boxing organisations, recognize today that we need a fine comprehension of the multinationals' operations (Milberg and Winkler, 2013). We should understand the ways in which they organize, reorganize configure and reconfigure, govern and control their production chains, in which they create, capture and distribute value. Without this understanding the world economy becomes incomprehensible and impossible to fix.

The liberalization and deregulation policies at regional and international levels as well as advances in transport and information/communication technologies allowed funds, goods, services and knowledge to move easily across borders. The disintegration of production chains, both by externalization and internationalization, by outsourcing and off shoring, was thus made easier. The multinationals companies (MNCs) could benefit, in order to enhance their competitive advantage, from lower costs of labour and more flexibility, from the most advantageous tax and environmental context. They could drive producers and territories to continuous competition, exploit the material resources and competences everywhere in the world, contribute to create new markets while deferring a great part of the risks of their activity on their suppliers, their subcontractors and employees. It is in this context that the digital revolution is taking place: the rise of robots replacing routine (intellectual as well as manual) workers (Brynjolfsson and McAfee, 2016; Ford, 2015) polarizing and deflating the job market

(Frey and Osborne, 2013); the platform economy with its so called “independent” workers; the sharing economy which sometimes conceal the development of inequalities.

As engaged management scholars, contributing to provide the public good of knowledge, our duty is to take seriously the massive transformations of international production systems and their economic, social and environmental consequences.

The objective of this communication is, after a conceptual and illustrative presentation of Global Value Chains (GVCs), to draw attention on their advantages, but also on the risks they are bringing and the possible solutions to fix them. Because, one of those risks is opacity, we’ll end by a discussion about the ways we can try overcoming the difficulties in investigating the Global Value Chains

## **A look on GVCs**

During “the Glorious Thirties”, or the Fordian compromise (Boyer and Saillard, 2015), the three decades of economic boom following World War II, large, often national, stable companies integrating most of the operations necessary to the production developed, with increasing investments and manpower. “Retain and reinvest” was the implicit motto according to Lazonick and O’sullivan (2000). Even if we thus describe an ideal type and erase the formidable complexities of social transformations (Jessop, 2001), the real differences between national trajectories, we still need some simplifications if we wish to attain a minimal understanding of the transformations that are taking place. This so called Fordian compromise (Boyer and Drache, 1996) was forged in the aftermath of the Great transformation (Polanyi, 1944/1957), after major crisis (the financial crisis of the thirties, World War II) maybe allowing humanity to understand that we can’t survive alone. It was forged between State, Labour and Companies. It allowed the development of a welfare state in numerous parts of the world, at

last in the triad countries although the “third world” didn’t benefit from it. Rationalization, standardization, centralization, economy of scale, mass production and consumption, cost competitive advantage were the key ingredients of the productive model. Large national companies, huge mechanist or divisional organizations (Mintzberg, 1979), with strong vertical integration, and social agreements were developed leading the way for the improvement of standards of living.

Through complex, intended as well as unintended, effects of political decisions and socio-technological changes, the Eighties marked the disintegration of this productive model. It has been replaced by flexible transnational networks of production (Berger, 2005; UNCTAD, 2002). Corporate boundaries loosen, with MNCs “flagships” focusing on their core competencies<sup>1</sup> by externalizing a large part of their production of goods or services. It is at this very moment when MNCs are, at least partially, breaking away from the control of their home and host countries (Boyer and Drache, 1996), with the growth of competition among territories weakening the traditional role of the nation-states and without any global governance<sup>2</sup> ensuring an harmonization of the regulations promoting human rights and environmental protection that, paradoxically, the call for responsibility of these “entities” becomes more pressing.

The standard company is not any more this large vertically integrated company but a Global value chain. A transnational corporation, the flagship, the pilot company, the lead firm, controls, sometimes in partnership with other large companies a flexible and wide network of subsidiaries and cascading suppliers and subcontractors. Chains, thus, since today much of what was made in and by the mother company is externalized and delegated to this vast network; global, since it is at the world level that this vast network operates; of value, since the objective of the MNC is to create and capture value for its shareholders with the optimal organization of

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<sup>1</sup> Often linked to the management of the immaterial.

<sup>2</sup> Global governance, an ambiguous, and sometimes disparaged, term that evokes the changes in traditional modes of government in the context of globalization.

its operations as well as its tax optimization. The financialization strategies driven by the shareholder value maximization ideology constitutes one of the main drivers of the new “shrink and disinvest” (Lazonick and O’sullivan, 2000) logic presiding off-shoring and outsourcing at the basis of the Global Value Chains.

While the traditional family left room to a family which breaks up and recomposes itself, the traditional company with its unit of time, place and action thus disintegrated vertically leaving room to a flexible network which configures and reconfigures around a “mother” company whose power does not depend anymore on the ownership of the entities in charge of conceiving and producing its core goods and service.

### **Supply chains, commodity chains, global value chains, global production networks or Platform economy**

Which framework to analyze the new transnational production systems? In the multi-paradigmatic field of social sciences (Passeron, 1991), numerous words sometimes refer to the same ill defined concept while different concepts are sometimes coined in the very same terms. The situation is complex concerning what we have chosen to design as Global Value Chains, preferring not to introduce more complexity by proposing a more suitable Global Value Networks denomination to take into account the different levels of supply and subcontracting, the types of global and local suppliers as well as the intricate and trans boarder web of relationships between them and the lead firm. We’ll try here to highlight the differences and convergences between those denominations paradigms. We’ll draw on the genealogy of those concepts as presented by Sturgeon (2008) , Bair (2005) , Levy (2008), Bergvall-Kåreborn & Howcroft (2013), Palpacuer and Balas (2010), but not so much with the intention of sophisticating the academic debate that with the objective to show, how each of those analytical models draw our attention on different objects (Global Capitalism versus Sectors or Lead firms) , time span (long historical versus synchronic), goals (political versus managerial), the intended

audience (countervailing powers, developing countries States, management), problems (insufficient efficiency and resilience of the supply chains versus underdevelopment, poverty, inequalities, human rights violations, environmental damages) solutions (Management and market; Voluntary CSR; Democratic Co-regulation; De-commoditization and/or de-globalization)

“Discussion of global-scale economic trends is inherently a large and unwieldy topic. Tools are needed to block out some of the “noise” and allow us to focus on what is important, but we must choose carefully.” (Sturgeon, 2001, p.9)

All of these concepts are focused on the transformation of the productive models, most of them were developed in the nineties but while the supply chain denomination was born in Logistics and is management driven, the others are embedded in Sociology, Geographical and Political Economy (with a strong multidisciplinary approach) and try to provide a framework for understanding the mutations of the firms and part of the globalization process.

The supply chain analysis is often normative and linked to the different strategies that management should adopt to optimize its functioning. The authors often refer here to Jay Forrester and his systemic thought. Yet, with the fast rise of the Sustainable Development and CSR logics, supply chains studies extend in order to integrate environmental and social concerns. They then usually adopt the Business Case approach, “doing well while doing good” to CSR. As we’ll underscore later, some NGOs try to leverage this same approach in order to push MNCs to more social responsibility.

The more Socio- Political- Economic Commodity Chains framework is the base of both the Global Value Chains and Global Production Networks approaches that also recognize a proximity to the French “filières” analysis. It was first introduced by Hopkins and Wallerstein (1977, 1986) “What we mean by such chains is the following: take an ultimate consumable item and trace back the set of inputs that culminated in this item – the prior transformations,

the raw materials, the transportation mechanisms, the labor input into each of the material processes, the food inputs into the labor. This linked set of processes we call a commodity chain. If the ultimate consumable were, say, clothing, the chain would include the manufacture of the cloth, the yarn, etc., the cultivation of the cotton, as well as the reproduction of the labor forces involved in these productive activities” (Hopkins and Wallerstein 1977: 128). The intention was political; the GC framework analyzes the transformation of the capitalist world system in a long historical perspective emphasizing the power play between core and periphery territories.

Gerrefi offered a new life to the concept coining it as Global Commodity Chains: “sets of interorganizational networks clustered around one commodity or product, linking households, enterprises, and states to one another within the world-economy. These networks are situationally specific, socially constructed, and locally integrated, underscoring the social embeddedness of economic organization” (1994: 2).

This author and his co-authors put a new emphasis on the role of the firms that they analyze in a context of liberalization when States powers are receding. Strategies and organization of the MNCs allow them to take advantage from the new situation that they contributed to build through their lobbying power while shaping the new global economy. Gerrefi proposes to study 4 key structures of GCCs: their inputs-outputs, institutional, geographic and governance structures. The latest concept of governance benefited of the greatest success as a tool for research. Gereffi defines it as ‘authority and power relationships that determine how financial, material, and human resources are allocated and flow within the chain’ (Gereffi & Korzeniewicz 1994, p. 97), distinguishing between buyer and producer driven commodity chains. Beginning in 2000, a larger team tried, under the GVC denomination, to introduce more dynamic into the description of ever evolving chains. The name was changed, commodity being replaced by value, because the word commodity connoted undifferentiated products, while the term value

connotes the value added along the chain. Gereffi's "*phrase* 'global commodity chain' suffers because the word 'commodity' implies the production of undifferentiated products in processes with low barriers to entry. The problem with this, as we shall see below, is that the search for sustainable income growth requires producers to position themselves precisely in non-commodity, high barriers to entry activities in the value chain." (Kapliński, 2000)

So doing, the team may have forgotten the essential intent behind the concept of commodity less focused by Wallerstein on basic goods than on the commoditization process of goods and services. Even if he is not coining the chains as value chains, his focus on value capture is pretty clear:

"that wonderful French expression, *mise en valeur*. Let us dwell for a moment on the French expression - in wide use until at least 1945. Literally, the word *valeur* means "value." So if one put something (*mise*) into value, one means that it then acquired value within a capitalist economic system. Presumably, before the *mise en valeur*, it did not have such value; and afterwards, it did." (Wallerstein, 2012, p.7). In the same vein Levy (2008) criticizes the confusion between value capture and value creation.

Field studies showed that the distinction between buyers and producers driven chains were blurred by a very strong wave of outsourcing and off-shoring in producers driven chains; the latest thus adopting a much more buyers driven model. A more complex typology of the value chains governance was developed with 3 kinds of network relationships between the market and hierarchy types proposed by Williamson. GCC and GVC are policy oriented but focused on development through the functional or tasks upgrading of countries, subcontractors or suppliers. The Global Production Networks literature adds to this perspective more focus on work and embeddedness in territorial development and institutions. Levy analyses them as global contested fields where firms but also a diversity of actors and institutions pursue their own interests.



”The GPN framework provides three key conceptual categories: how value is created, enhanced and captured (which is pivotal to understanding business models); how power is created and maintained within the production network; and how agents and structures are embedded in particular territories” (Bergvall-Kåreborn and Howcroft, 2013)

In this GPN framework Levy integrates also a (neo) Gramscian approach and its, in our point of view, very necessary insistence on the role of ideology in the maintenance of the hegemonic bloc; on the diffusion of the dominant elite norms and values: competition, self actualization through consumption. While this integration impose more complexity on analyses, where arbitration between practical simplification and systemic relevance is always difficult, it however seems indispensable. How could the capitalist world system survive its perceived risks and contradictions without this “voluntary servitude” (La Boetie 1549/ 1975) of the dominated? Without the individuals embodying today “the society of spectacle” (Debord, 1967/1974), the reign of appearances, Hollywood, the very last e-phone, this week H&M legging and the friends on face book, as their core identity ? Without the financial mechanisms insuring discipline and punishment (Foucault, 1975) on individuals, companies and States alike? Without a transformation of the representation of the Social State necessity into a Competition State ineluctability (Cerny, 2000)? Without also the lead firms, the MNCs accepting, recuperating, part of the critics that are addressed to them (Boltanski, 2009/2011)?

David Levy’s work is greatly inspirational; we certainly share his concern about highlighting the material and symbolic power relationship in a flexible network. We’ll still prefer in the end of this text the Global Value Chains denomination. Firstly, because it draws attention on value creation and capture, on the maximization of shareholders value and the taxes optimization that is part of it and poses so many problems to democratic (or much less democratic) states.

Secondly, because there is now a community of researchers, loosely relating but still conducting complementary research and debating under this umbrella.

### **A few contrasted examples of GVCs**

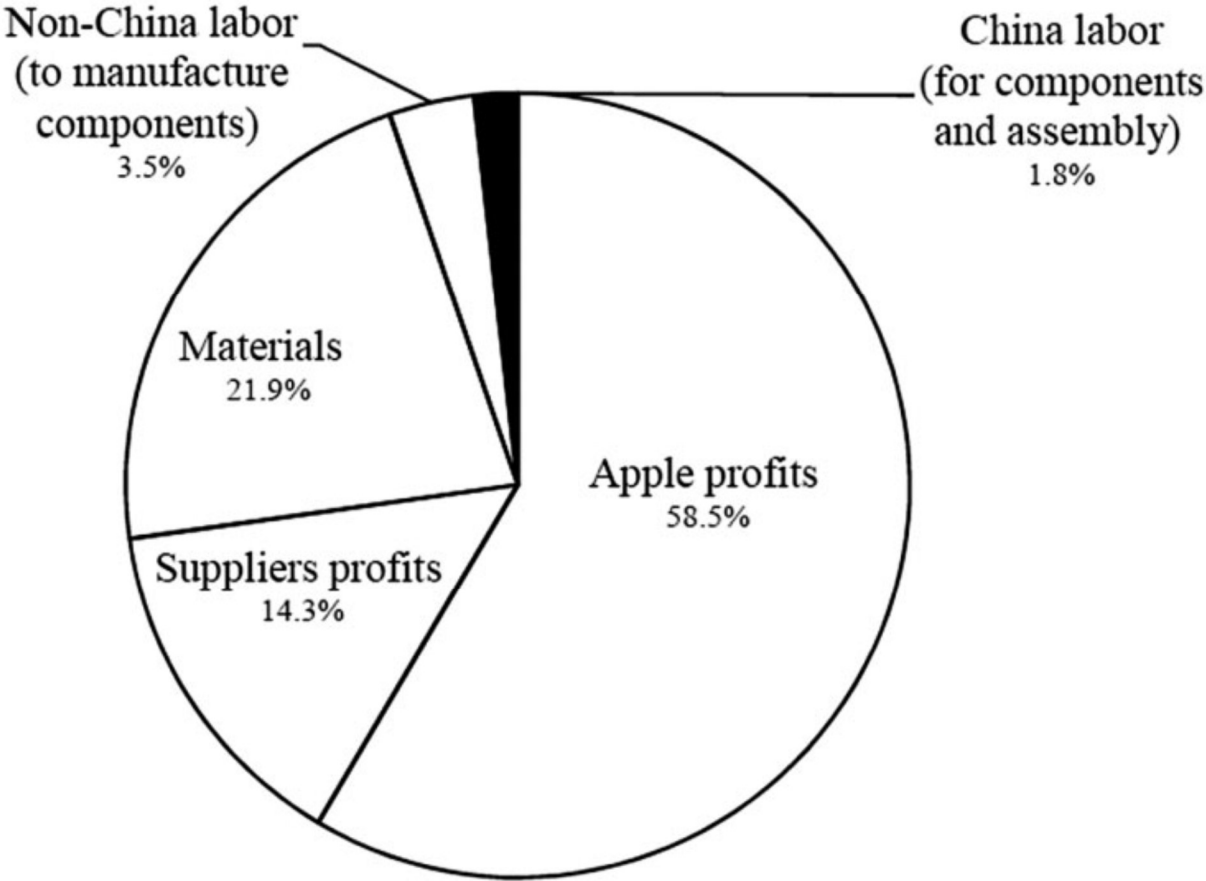
Indeed, GVCs start to be studied by researchers, NGOs, journalists and national, regional or international public authorities (let's note that neither unions nor management scholars do appear at the forefront in this domain). In order to illustrate GVCs, and to ground the ways that the problems they pose can be tackled, we could have chosen to use the agro alimentary sector. Attention was driven to this sector by the European horse meat scandal. And this sector greatly embodies (with the symbolic but also very material dimensions of hunger versus obesity and fast food), the various dimensions and effects of GCVs. But we have chosen to focus here on two emblematic firms: Apple and H&M, in the two industries with the longest value chains behind transports (OECD, 2012, quoted in OECD, 2013, p. 27).

#### *Apple*

Apple's Global Value Chain is rather well documented: recent scandals and NGO's pressures drove the company to map its suppliers network, a senatorial committee had the power to investigate its sophisticate business model that researchers have analyzed, conducting on site interviews to check their facts. Parallel to the corporate information provided by the company, a whole Wikipedia page is dedicated to "Criticism of Apple Inc."

The factories belonging to Apple in the United States were shut down. We all heard about Foxconn on the one hand and the applications for Apple on the other hand. Foxconn, Chinese subcontractor, one of the principal assemblers of Apple which ensures 50% of its incomes, is sadly known for the suicides of its workers. The physical supply chains of Apple resembles those of the other large electronics companies ones: low cost production and assembly are

carried out mainly in Southeast Asia; Apple puts pressures on prices and deadlines: the low wages maybe sometimes less important here than the flexibility insured by a submissive workforce.



The breakdown of value for the iPhone between Apple and its suppliers

It was less traditional to externalize, as did Apple, part of the software research and development. In 2008, Apple opened its platform to external developers all the while protecting it and controlling narrowly its access. In 2013, 775.000 applications had been provided by freelance developers on whose incomes Apple takes 30%

But Apple also illustrates itself by the use of the globalisation for “tax optimization”, treatment which the multinational applies not only to the United States but also in all the countries where it operates. The committee in charge of the investigations of the American Senate especially

considered Apple case. In a report published in May 2013 (US Senate), the senators dissect Apple tax schemes, the organization of Apple and the international context and laws making them possible. “It then presents a case study of Apple’s organizational structure and the provisions of the tax code and regulations it uses to shift and keep billions in profits offshore in two controlled foreign corporations formed in Ireland” (idem) The first entity ASI is involved in the propriety rights taxation planning. The intellectual rights it has acquired from Apple Inc. allows the mother company to shift billions in profit from the US to Ireland. The Irish government, which however practices already a very competitive tax policy (13% for corporate income taxes), negotiated with the company a more advantageous tariff: Globally ASI pays in Ireland less than 2%.

The second entity deals with more “hard” parts of offshore sales. Named Apple Operations International (AOI), a 30-year old corporation, it has no employees or physical presence. “Despite receiving \$30 billion in earnings and profits during the period 2009 through 2011 as the key holding company for Apple’s extensive offshore corporate structure, Apple Operations International has no declared tax residency anywhere in the world and, as a consequence, has not paid corporate income tax to any national government for the past 5 years”..

The configuration is more complex than what we have shown here but the conclusions of the Senators without appeal: “The Subcommittee’s investigation shows that Apple has structured organizations and business operations to avoid U.S. taxes and reduce the contribution it makes to the U.S. treasury. Its actions disadvantage Apple’s domestic competitor, force other taxpayers to shoulder the tax burden Apple has cast off, and undermine the fairness of the U.S. tax code.” (p.5)

It is important to note that Apple image is certainly not CSR driven and that its fans/consumers seem somewhat indifferent to the social and environmental conditions of production of their innovative “i- devices”. It is also important to observe that the OECD when addressing “Base Erosion and Profit Shifting” (now with the known acronym BEPS) and focusing on digital

economy in 2013 no company name is ever quoted, even when the analyzed companies are easily recognizable. It draws our attention to the different roles, methods and resources of inquirers with diverse types of statutes and goals that we'll tackle later on in this text.

### ***H&M***

H&M, a leading global fashion company, promise is to provide low cost and stylish clothes while promoting social development and minimizing environmental impact “a better life for all”. It has been attacked both by media and NGOs for not holding true to that promise but is still considered as one of the best in the class by most. H&M case illustrates the contradictions of the GVCs. The company is thus incurring harsh critics concerning the work conditions (wages, work hours and safety) in its suppliers' factories, its consumers' model based on hyper consumption, its environmental practices less exemplar than announced and last but not least its tax planning detrimental to less developed countries and more generally for those outside of Sweden, home country of the multinational company. The group is at the same time, largely pressured by NGOs and media campaigns, leveraging its pretention to high values and its visibility, at the forefront of collective changes in the garment industry.

H&M was created in 1947 and operates 3132 stores in 2013, 110 only through franchise, in the world. It had around 116 000 employees at the end of the financial year. But its products are manufactured by around 900 suppliers and their 1900 factories most of them located in Bangladesh (Annual report 2013).

A French television report broadcasted in 2014, “The world according to H&M”, based on a six months difficult enquiry, shows infernal production paces being imposed to the workers in order to respect H&M very short delivery deadlines. Bangladesh workers wages are hardly 50 Euros per month for 48 working hours, 6 days per week. Days sometimes starting at 8:00 AM to finish at midnight, even at 2, 4, or even 5:00 PM are not rare over 6 and sometimes 7 days

a week . And then, work begins again at 8: 00 in the morning, the workers risking otherwise large troubles with their management. In spite of the law providing that in peak period one can work a maximum 60 hours, and even 72 hours per week, certain H&M suppliers still impose illegal overtime.

As for the safety of the workmen of Bangladesh suppliers ... Factories are still built on unstable grounds, passing from 4 to 8 floors without authorization or with faked certificates (bought administration, architects not existing or living abroad and having nothing to do with the audit signed of their name, embezzlements in the procedures of authorization, faked audits)....

Even after more than 1100 deaths due to the collapse of the Rana Plaza complex ( where H&M declined to be involved) in April 2013 in Daka district; after nearly 200 workers passed out in one week in August 2011 at a Cambodian factory supplying H&M. Fumes from chemicals, poor ventilation and malnutrition being blamed for making workers ill; after on February 2010 , a fire at the Garib & Garib Newaj company factory in Bangladesh--which produces cardigans for H&M--killed 21 employees and injured another 50 people, the working conditions stay dangerous.

We'll see later that H&M largely pushed by NGO's, media and multiple other voices, is now part of collective as well as ambiguous efforts to upgrade the protection of environment, wages, security and safety.

A few days after the fire, H&M released the following statement: "In general we have been satisfied with Garib & Garib's way of working with our code of conduct. As far as we know this terrible accident was not caused by poor working conditions or safety measures. When it comes to general working conditions in Bangladesh, we believe that being present in the country is the way we can make a change long-term." (Huff Post – posted 05/02/2010). The CEO, Karl-Johan Persson, later recognized in an interview to the Spiegel (posted 07/10/2013)

that an H&M audit at the company Garib and Garib in 2009, had revealed that fire extinguishers and first aid boxes were not accessible just a few months before the fire.

Faced with critics concerning working conditions H&M always maintain the same logic:

Firstly, H&M usually argues that it cannot alone change the rules of the game. For example, the company does not employ directly any factories workers (it is never highlighted that this situation is the result of some company and collective strategic choices); the factories serving multiple employers, H&M cannot pay higher wages. H&M (largely pushed by scandals, NGOs and riots) tries to empower the employees through training, freedom of association and even appeals to other garment companies and governments in order to set industry standards. But one has still to be aware of the complexity of situations. “It is not as simple as it perhaps sounds. In the textile industry, salaried workers already earn better wages than those in agriculture, while teachers and doctors receive little more. If wages were to be raised significantly, the entire income structure would be thrown into confusion.” Interview of Karl-Johan Persson by Der Spiegel (posted 07/10/2013). And there is always the menace (brandished in 2007 by Shangai Chamber of Commerce – representing the larger MNCs- against the Chinese State when its government decided to upgrade its work law) to change supplying countries. “At the same time, development workers often ask me to move production to Africa because the people there so desperately need jobs. If I were to do that, yes, it would reduce poverty there, but I bet that poverty would promptly return to Bangladesh.”(idem). H&M has recently begun to invest in Ethiopia. It usually resists blame and then tries to adopt the less stringent standards before taking a much more proactive stance and being at the forefront of collective initiatives. But the company highlights the resistance from others and the corruption it is facing

Secondly, “International trade plays a crucial role in countries’ development by generating work opportunities and economic growth. H&M’s business contributes to more than a million

jobs in total, not least for women – largely in the textile industry in Asia, home to many of H&M’s sourcing markets”. (H&M annual report, 2013)

Third argument, H&M is always very respectful of the law.

Those two last arguments are mobilized when H&M is accused by the NGO ActionAid to pay no corporate taxes in Bangladesh.

## **CGVs, benefits, risks and fixes**

But what is the use of understanding GVCs? Firstly, to identify the positive as well as the negative consequences of this organisation; Secondly, to understand the ways to render it more sustainable.

We should start by noting that depending of the paradigm they adopt researchers are very optimist or at the opposite really pessimist concerning the GVCs effects.

We’ll come back later on some of the risks, linked to globalization and GVCs. We should note before that globalization embodied by GVCs is still mostly viewed, first, by its benefits.

Among the positive effects, low costs for consumers, competitiveness and flexibility for the flagships MNCs; for the host countries, employment and development, the possibility of upgrading by increasing their competences, those of their subcontractors, suppliers and clusters.

“ the possibility for (developing country) producers to move up the value chain, either by shifting to more functional positions or by making products that have more value added invested in them and that can provide better returns to the producers” (Gibbon and Ponte 2005, 87 – 88)

But we should also note that optimism seems to be receding. “In keeping with the precepts of theories of comparative advantage in international trade, the argument has frequently been made that industrialized countries, as well as developing countries, benefit from shifting to higher ‘value-added’ economic activities, despite transitional costs to particular sectors or



groups of workers. The recent wave of media attention to “offshoring” has focused on a widespread concern that a new demon is haunting the advanced capitalist nations, threatening a wide range of jobs in Western industrialized economies.” (Levy, 2008) The very market oriented institutions, at a global level are now worried even if it may have no real impact on concrete decisions. The World Economic Forum (WIR) thus identifies five generic and interrelated types of risks: Geopolitical, Economic, Societal, Environmental and Technological<sup>3</sup>.

“Stakeholders from across business, government and civil society face an evolving imperative in understanding and managing emerging global risks which, by definition, respect no national boundaries” (WIR, 2014). A survey conducted with Davos participants highlights their highest concerns. We shall briefly mention them, noticing the evolutions between 2014 and 2016, before examining the different proposal to fix those problems

#### Ten Global Risks of Highest Concern in 2014 ( WIR, 2014)

1	Fiscal crises in key economies
2	Structurally high unemployment/underemployment
3	Water crises
4	Severe income disparity
5	Failure of climate change mitigation and adaptation
6	Greater incidence of extreme weather events (e.g. floods, storms, fires)
7	Global governance failure

<sup>3</sup> We would like to add in the list of Societal risks, the cultural risk of the great divide between “*Jihad vs. MacWorld*” according to Barber’s beautiful title (1995) and of the totalitarian attraction analyzed by Polanyi in “The Great Transformation” (op.cit)

8	Food crises
9	Failure of a major financial mechanism/institution
10	Profound political and social instability

Source: Global Risks Perception Survey 2013-2014.

Note: From a list of 31 risks, survey respondents were asked to identify the five they are most concerned about.

Some risks are gaining in prominence in 2016 on both dimension of likelihood and impact, including profound social instability, unemployment and underemployment, asset bubbles and fiscal crises in key economies. But they have been overtaken by other concerns at least in the short term: large-scale involuntary migration being now the main perceived risk, while in the long term environmental risks (such as water crises and failure at climate –change mitigation and adaptation) figure at the top of respondents’ preoccupation (WIR, 2016)

Some of the risks perceived are analyzed as the consequence of the weakness of the State power compared to that of the MNCs. Even when states are not democratic, sometimes far from it, State failures undermine seriously the possibilities of developing health, education, housing, nutrition, justice and security and more generally to protect human rights and environment infrastructures. Tax evasion and pressures on Nation –states to lower (or not to upgrade) their social and environmental standards count among the worst downsides of globalisation.

Tax evasion that we illustrated through our cases was, for too long, an ignored downside of GVCs’ operations. It is now in the spotlight. Supranational organisations and NGO’s alike are worrying about the dangers of depriving states from essential resources.

In “Addressing Base Erosion and Profit Shifting” (2013) the OECD observes “ The rise of GVCs has also changed the notion of what economies do and what they produce..... Globalization has in effect caused products and operational models to evolve, creating the conditions for the development of global strategies aimed at maximising profits and minimising

expenses and costs, including tax expenses. At the same time, the rules on the taxation of profits from cross-border activities have remained fairly unchanged, with the principles developed in the past still finding application in domestic and international tax rules [...]. In other words, the changes in business practices brought about by globalization and digitalization of the economy have raised questions among governments about whether the domestic and international rules on the taxation of cross-border profits have kept pace with those changes (p: 27). In a following chapter, the report analyzes the ways MNC's practice taxes planning and seize BEPS opportunities. The simplest way is of course to move profits "to where they are taxed at lower rates..." (p: 39) The mismatch of countries tax systems thus lead to an overall tax loss for countries considered as a whole even if some countries are strongly benefiting from MNCs tax planning. Thus, in total respect of tax laws MNCs can achieve a low or no taxation goal. The US Congressional Research Service (Gravelle, 2010) analysed the profits of US controlled foreign operations as a percentage of the GPD of the countries where they are "located": from 0,2 to 2,6% for G7 countries; 4,6% for Netherland, 7,6% for Ireland, 9,8% for Cyprus. The study notes that the ratio increases dramatically for no-tax jurisdictions with for example from 43,3% for Jersey to 645,7% for Bermuda (p: 65). Those practices not only deprive States from precious resources, they also constitute a strong distortion of concurrence between companies operating cross boarder and those who operate only at a national level. More worrying, the developing countries where MNCs off shore a large part of their production are more than others deprived of the taxes that could help to alleviate poverty. NGOs and academics now call on tax paying by MNCs as a core CSR duty.

"People will no longer support open trade and free markets if they feel that they are losing out while a small group of winners is getting richer and richer." OECD (2013) *Divided we Stand: Why Inequality Keeps Rising*

## **Fixing the CGVs' problems**

The construction of a mode of sustainable development and that of socially responsible corporations able to participate in this effort is today, a project generally agreed upon. But how to achieve it? What could be GVCs role in this matter? The answers to that question remain diverse and it seems essential to clarify and debate them, even at the risk of sometimes creating caricatures, in order to draw broad landmarks, so that the actors of GVCs (and researchers in this domain) can better position their intervention. No consensual solution has been proposed in this much contested field. On the basis of an exploration of the discourses from the literature on GVCs and CSR, we distinguish five broad conceptions concerning the development of the responsibility of GVCs, but also that of the economy, the system of production and consumption as a whole. In the first model the only obligation of the GVC is to best satisfy its shareholders in a free market. In the second, the GVCs must voluntarily involve themselves in the process of social responsibility. In the third, the willingness of the actors is not considered sufficient, rules and institutions created on the basis of democratic and international debates are needed. In the fourth model, re (back)-shoring is presented as the solution, accompanied or not by a development of cooperatives whose platforms may compete with those of MNCs. In the last model, a part of productive activity must be taken out of the market and treated as a global public good. It is because we think that collective action and its political structuration constitute the engine for progress toward a more responsible development that we believe in the necessity of an articulation of different models. It would be, however, very naïve to hope for their spontaneous articulation as it appears that, in fact, interests and cultures clash more often than they harmoniously mesh.

## ***Shareholder maximization and free international market***

In the first model, to best assure the general interest, corporate management should target the unique objective of maximizing shareholder value, that is to say, to assure stock price increases (so that it will attain the highest possible price) and the best dividends possible. The market must be liquid so that the stockholders can vote with “ their feet”, exiting through the sale of their shares when profits aren’t satisfying, and the governance must give the stockholders power so that they can use “ voice” to drive the corporation in the direction of their interests. In this model, which was manifestly reinforced with Thatcherism and Reaganism, the diffusion of CSR is perceived as a danger, and corporations and public powers are called upon to vigorously fight this negative ideology. The CSR view is regarded as held by enemies of capitalism and the market economy, which alone is capable of ensuring general well-being as was shown by the collapse of collectivists’ experiences around 1990. Even if a free and open market has also provoked certain damage, the backers of this model believe that this damage has been exaggerated, not taking into account both the benefits produced, on the one hand, and the fact that the problems were linked to transition phases, on the other.

*“If a high-tech firm is to locate production stages in a developing nation, the nation’s government must ensure the necessary free movement of goods, services, information and the protection of tangible and intangible property rights. Old fashioned protection, anti-FDI policies, or lax property rights almost guarantee that the offshored stages will go somewhere else. Developing nations that got the offshored factories became hyper-competitive and wiped out the exports of developing nations that clung to import-substitution industrialisation. In the world of supply-chain industrialisation, protectionism has become destructionism.” (Baldwin, 2012)*

According to Dalle and al. (2012) and Milberg (2013), this very liberal point of view underlies the recent studies of OECD, WTO and UNCTAD and of some academic sphere. For them, integrating in GVCs constitutes a “fast track” toward economic development and growth (G20,

2013), and global governance as well as International Trade Treaties should support more trade liberalization and more trade facilitation.

### ***CSR for GVC***

*“Corporate social responsibility (CSR) is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”* (EU Commission, 2001)

*“In fact, one could argue that companies operating in a difficult economic environment have much to gain by improving their environmental and social performance through initiatives such as the UN Global Compact”* (UN Global Compact Office, December 2008)

Contrary to the shareholder value conception, the stakeholder voluntarism model, considers CSR perfectly compatible with corporate profitability<sup>4</sup>; the directions to follow are then hardly ambiguous. The “business case” of CSR constitutes the heart of the model, with “Doing well while doing good” its motto. It would be counter-productive to externally impose constraints on the enterprise since CSR is, in fact, profitable. It is profitable because the enterprises’ voluntary engagements protect their reputation, their brands, improves their image and increases, in a more general manner, their legitimacy; because these engagements incite them to innovate in terms of products, services and production processes; and because these engagements will facilitate the identification and prevention of risk. The taking into account of stakeholder interest, seen as an enlargement of corporate missions given over to the enterprise by society, structures, in part, this model of CSR, and constitutes, in any case, a fundamental step in its approach. The term stakeholder is embedded in a, mostly consensual, social vision. In this framework, the interests of the different actors are represented as convergent given good

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<sup>4</sup> Profitability constituting an important component of this model based on the triple bottom line (Elkington, 1997), or on the triple P (Profit, People, Planet)

communication and good management; conflicts are produced when there is a deficit of communication among the stakeholders and/or there are errors in management. If CSR is not profitable, it is that the managers, researchers and, more generally, the experts have failed to invent the innovative solutions necessary to overcome obstacles, or do not know how to import or diffuse good practices or best practices that have already been identified elsewhere.<sup>5</sup>

This very mainstream model of CSR is shared by the Green Paper of the Commission of the European Communities, the OCDE Guidelines for multinational enterprises and the Global Compact of the U.N., on the one hand, and by most companies and employer organizations, on the other. It is in keeping with many of the multiple “instruments” of CSR (management, reporting, auditing systems and codes). We have illustrated this, above, by making reference to the texts of the Commission of the European Communities and the Global Compact. Since 2006, the first of these institutions increasingly insists on the voluntary character of the approach (opposing some demands of the Multistakeholders Forum which targeted more binding approaches): *“Because CSR is fundamentally about voluntary business behavior, an approach involving additional obligations and administrative requirements for business risks being counter-productive and would be contrary to the principles of better regulation.”* (COM (2006) 136 final) The European Alliance for CSR, a business-lead initiative launched to promote CSR on the basis of this last communication, indicated that *“In 2007, great emphasis has been put in the exchange and dissemination of CSR best practices.”* Whereas the OCDE Guidelines for Multinational Enterprises declare (2000) that they *“constitute a set of voluntary recommendations to multinational enterprises in all the major areas of business ethics, including employment and industrial relations, human rights, environment, information*

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<sup>5</sup> The validity of the CSR “business case” will be at the heart of controversies over the means that contribute to making corporations socially responsible. Researchers having very different points of view question this validity or limit its extension.

*disclosure, combating bribery, consumer interests, science and technology, competition and taxation.*” At this point we can stop presenting these illustrations of the uncontested domination of the model of stakeholder voluntarism in international initiatives and institutions.

The origin of this model may be found in Anglo-Saxon business ethics as well as in European paternalism. More recently, it is developed in stakeholder and strategic management theories of CSR.

Stakeholder theory (Freeman, 1984 revised in 2010), defining stakeholders as “any group or individual who is affected by, or can affect, the achievement of an organization’s objectives”, is most used today in the voluntarist conception and has partially renewed its frames of reference. Although certain commentators (Donaldson and Preston, 1995) have distinguished several types of stakeholder theories (descriptive, instrumental and normative), Freeman and McVea (2001) continue to emphasize the convergence of interests and the call to values “*A stakeholder approach emphasizes active management of the business environment, relationships and the promotion of **shared** interests.... Thus, for a stakeholder approach to be successful it must incorporate **values** as a key element of the strategic management process.*”

Even more recently, a body of conceptual work emerging from the major trends of management strategy is researching the pro-active inscription of CSR in core business, aiming to ensure a competitive advantage. Thus Porter and Kramer (2006) call to reinforce “The Link between Competitive Advantage and Corporate Social Responsibility”. They both identify the dominant trends in the field of CSR (moral obligation, sustainability, license to operate, reputation) and criticize them: “*The result is oftentimes a hodgepodge of uncoordinated CSR and philanthropic activities disconnected from the company’s strategy that neither make any meaningful social impact nor strengthen the firm’s long term competitiveness*” (op cit: 4). They propose a process of “mapping of social opportunities” in order to understand the interdependence of company and society, and from that “*rather than merely acting upon well intentioned impulses or*



*reacting to outside pressure, the organization can set an affirmative CSR agenda that produces maximum social benefits as well as gains for the business” (op cit:5)<sup>6</sup>.*

Good will and the convergence of interests indeed constitute the foundations of this model which rests on an idea of harmony that must be built through communication, learning and innovation; no constraints <sup>7</sup> being therefore necessary to the realization of the CSR project. Here “soft law” reigns. Incentives from public institutions and voluntary initiatives by corporations are dynamizing the CSR development, where partnership between corporations and stakeholders play a key role.<sup>8</sup>

In the academic domain, it is in the managerial/organizational field that these works on the modalities of self-regulation are developing (for other examples see: Agerri *et al.*, 2005; Orsato, 2006; Sharma, Aragon-Correa (eds.), 2005). Even if, as Vogel (2005) emphasizes, priority is given to the demonstration and promotion of the business case, the interest of this body of research is that it also takes the organizational processes seriously, in all its depth and dynamics. It focuses on the roles of the actors, the process of collective (single or double loop) learning, decision-making, innovation and diffusion. It envisions organizations as either homogenous or as structured by conflicts of values and positions, strategies, coalitions and enrollments. Often normative, it does not neglect, however, the analysis of the dynamics at work.

### ***The Corporate Social Accountability Model of Democratic Regulation***

*“...the only way to prevent corporations from offering consumers and investors good price and good profit that have been obtained through decisions that the citizen strongly disapprove of,*

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<sup>6</sup> In their article “shared value” they propose to abandon the

<sup>7</sup> That is to say, no constraints other than moral or ethical.

<sup>8</sup> The stakeholders are invited for similar reasons to show themselves responsible, with socially responsible investments and the ethical consumption resulting from this process.

*is to make it illegal. It is illogical to reproach corporations for applying the current rules of the game; if we want them to play in another way, then the rules of the game must be changed.”\**  
(Reich, 2008: 230)

The model of stakeholder voluntarism appears too angelic for some observers of economics, who, if they recognize the positive actions of some corporations, also notice the damage done by others; who also doubt the capacity of corporations, **considered as a whole**, to sustain competitive advantage from the implementation of CSR. Some companies will do well but the key question is how to find ways to push all companies to do better. The supporters of corporate social accountability call for a democratic framing of CSR and are contemplating (or trying to implement) new means to build it. From a social-democrat inspiration (the first two trends being embedded in a more liberal tradition), the model recognizes the eventual conflicts of interest that are presented here as structured by a socio-economic system in the evolution of which cultural dimensions weigh very heavily. The actors are represented as socialized, which curiously doesn't seem to count in liberal modelization, even though human sciences and neurobiology have brought indisputable proof of the existence and effects of a socialization process that is engraved in our bodies and our neurons. What we see, want and can do, greatly depends on our personal and collective history. Corporations are equally conceived as socially constructed organizations whose modes of functioning are embedded in the functioning of society as a whole and depend on the representations and enactions of its members. For the defenders of this third approach, the CSR movement contains as many seeds for regression as for progression, in terms of the future orientation of productive activity.

In the first pessimistic scenario, CSR is a very limited approach driven by very few corporate initiatives and a lot of empty speech. It can even constitute a symbolic restraint (Doane, 2005) to the development of collective regulation that is in decline in developed countries and mostly

absent on the international level. In this scenario, a limited number of enterprises adopt a CSR approach, above all centered on communication and/or a defensive or proactive strategy that will differentiate them from their competitors. The majority of multinational corporations, their suppliers and contractors, under pressure to maximize shareholders value, remain strangers to the CSR approach, or limit their action to a poorly integrated patchwork of isolated, but newsworthy, practices. Collectively, corporations are lobbying to avoid constringent measures. The process of externalization and delocalization, individualization in human resource management, fear of precariousness and the privatization of welfare government programs driven by international competition have undermined the building of strong social movements that could invigorate democratic debates and the search for the general interest (Cappelli, 1999). Those excluded from the benefits of globalization are expressing themselves in a communitarian and aggressive manner while the ecological and social damages from a consumerist and unequal mode of development continue to increase.

*“Mainstream CSR discourse, practice and activism can have the effect of marginalizing and undermining the role of key social actors and institutions, such as trade unions, political parties, governments and Southern-based interests in relevant decision-making, consultative and implementation processes. And instead of being mutually reinforcing and synergistic, there are major tensions and contradictions between macroeconomic policy and social and sustainable development, or between CSR and dominant consumption patterns and corporate strategies, which are often more conducive to a race to the bottom than to raising social and environmental standards.”* (Utting, 2005: 21)

In the more optimistic second scenario, the CSR approach concerns the whole system of multinational production and participates in its regulation. A virtuous dynamic is set off. CSR constitutes one of the levers of sustainable development and the actors collectively seize this process in order to initiate and control it. Numerous actors mobilize around this project:

pioneering corporations, others corporations at the center of controversy harmful to their image who are pushing to level the competitive playfield, unions, NGOs, investors, professional specialists of CSR, national governments, national and international institutions... reach out to progressively widen the scope and enforceability of the norms protecting human rights and the environment. Between cooperation and conflict engaging these actors, in a context where the transparency of policy and practices is increasing, these norms, defined at the widest level, are principles whose violation will be penalized. Their construction is characterized by the following processes:

- *bottom up*, founded on the practices of those corporations that negotiate with stakeholders and countervailing powers to build multi *stakeholders initiatives*

- and *top down* through laws, directives, national, regional, international, sectorial or general conventions, in the drafting of which, public and private organisms will participate.

*Soft law* and *hard law*, controlled regulation and autonomous regulation, cultural and operational learning are, thus, interlinking. They embody a mode of governance that is simultaneously strongly structured in its fundamental principles and flexible in adapting its application according to specific situations.

*“At best, CSR can contribute to raising awareness of certain social and environmental problems and serve to caution against blind faith in both market forces and state regulatory capacity. It can also reinforce some aspects of the normative culture and culture of compliance associated with rights-based approaches to development and governance...and adds to the pool of institutions needed to ensure that markets behave more as the servants than the masters of humanity. Furthermore, we have seen that the CSR agenda is not static, but is constantly evolving and expanding, and is characterized by the gradual scaling-up of CSR initiatives and the incremental hardening of softer regulatory approaches, which derive from societal pressures, institutionalization and social learning.” (Utting, 2005:23)*

In this vein, Peter Utting<sup>9</sup> (2005) speaks of “articulated regulation”, Thomas Berns *et al.* (2007) of co-regulation. For the first, with the title “Rethinking Business Regulation: From Self-Regulation to Social Control”, it concerns the articulation of: private regulations among private organisms themselves (articulating non-governmental systems of regulation); conflictive actions (denunciation and boycotting, for example) as well as cooperation and partnerships (the confrontation-collaboration nexus); voluntary and legalistic approaches. It is also necessary to push for the growth of public policy coherence, so that one set of policies does not destroy what another is promoting. Only considerable international democratic progress can assure the success of this project: getting corporations to be, in the future, as accountable for their performance in the domain of human rights and the protection of the environment, as they are “responsible” today in the financial domain. The evolution of ideas, knowledge and learning should play a key role in this process. *“It is also important to consider other conditions and contexts related to the role of ideas, how knowledge becomes embedded...”* (op cit: 16)

The model of French collective conventions, forbidding for instance competition on minimum wages, appears as the historical figure closest to what this trend expects to accomplish, on the condition that the modes of building and implementing conventions can be extended on an international level. However, we should note that collective conventions in France were in keeping with the reinforcement of the fordian compromise while, as Utting emphasizes, CSR is developing against the current of neoliberalism that prevails today. Not being in sync with current evolution, it runs the risk of bringing only a few minor palliatives to the problems it claims to resolve.

On the academic front, works centered on Corporate Social Accountability (for other examples see: Capron, Quairel, 2004; Descolonges, Saincy, 2006; Gendron, 2006; Vogel, 2005) are often multi-disciplinary. From an institutionalist paradigm inspiration, they focus on the multiple

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<sup>9</sup> Peter Utting is researcher at UNRISD, United Nations Research Institute for Social Development.

actors and processes of institutionalization. They consider organizations as embedded in society, both as products of social functioning and as producing it. They are interested in corporations, NGOs, unions, churches, creators of CSR instruments, professionals, media and public institutions, in the evolution of their concrete form, their interactions and the formal and informal norms that they produce. They mobilize law, political science, economy, sociology, linguistics and history...

### ***The re-localisation model***

In the name of both environmental and democratic sovereignty concerns, globalization, and thus the off-shoring practices of Global Value Chains are criticised (the biggest drivers of globalization) but some

“Reshoring could turn global value chains on their head, and lead to their decline as a potential industrialization strategy for developing countries.” UNCTAD Policy brief n° 53, October 2016

“GVCs are typically coordinated by TNCs, with cross-border trade of inputs and outputs taking place within their networks of affiliates, contractual partners and arm’s-length suppliers. TNC-coordinated GVCs account for some 80 per cent of global trade” (UNCTAD, WIR 2013). The two main drivers of Global Value Chains, off-shoring and outsourcing may now be regressing. The trend toward back (or re) shoring, progressed since the financial crisis of 2008. ICT and the digital revolution have given a new impetus to relocation and back shoring. Among the 11 selected cases presented by the UNCTAD (2013) of reshoring to the US between 2010 and 2013, 3 were disinvestment from China taking advantage and “introduced automation processes in order to make labor an insignificant part of overall production costs and demanded skilled workers” have “The increased use of robots in developed countries risks eroding the traditional labour cost advantage of developing countries” (UNCTAD, 2016) while economic

patriotism and protectionism activated by the rise in inequalities, poverty, unemployment and job insecurity gave way in 2016 to Brexit, Trump election and his pressure on the Ford company to locate a new factory in the US and not in Mexico. “Developed countries may aim to reshore in order to regain international competitiveness in manufacturing and stem the decline in manufacturing employment and the polarization of income that is to the detriment of middleclass workers.” (UNCTAD, 2016)

While those phenomena are recognized as significant by international bodies, in this domain “academic attention is lagging behind” (Fratocchi and al., 2014).

This trend should strengthen if the advantages of offshoring, gained through offshore financial centres (OFCs) or tax havens, and special purpose entities that tend to be established in low tax providing specific tax benefits for them. But we may fear that the multinational negotiations and the global governance necessary to allow such a situation will not happen without uglier crises that those we have already been through.

As for the idea of strengthening commons, taking the opportunity of IT Platform, 3D technologies and the expansion of MNCs such as Uber, AirbandB, Amazon *Mechanical Turk* (Bergvall-Kåreborn, Howcroft, 2014) activists and researchers are trying to challenge the corporate sharing economy and to build a digital cooperativism. Analysis and experiences are underway (see for example Kostakis, 2013 and 2014; Kostakis and Bowens 2014; Schneider, 2015 or Scholz, 2016) but we shall reserve their synthesis for a future article.

Let’s, before ending this inventory about sustainable development and GVCs, mention an important dimension of the debate, that of the Global Public Goods tackled by our last model.

### **Financing Global Public Goods**

The contemporary movement of CSR is linked, for certain authors, to the absence or regression of this 20th century revolution, the Welfare State, as well as to the expansion of the market economy. Matten and Moon (2008) thus show, in an historical study comparing different

developed countries, that “explicit” CSR, the one that is named and proclaimed, appears and is being reinforced in places and times where the Welfare State, the redistribution and public services that it supports, are less present or are discredited. In the social domain (and not the environmental), CSR will compensate for the absence of social protections and public services. It is also tied, as we have emphasized above, to the difficulty of global democratic governance. For some dispersed supporters of Global Public Goods (GPGs), a still poorly structured trend, the **danger** of the CSR movement doesn’t reside uniquely in the possible regression of democratic controls, it might also maintain the illusion that the market alone, be it socially responsible and regulated, can assure the general well-being or the general interest. Cooperation and democracy would then become useless in terms of defining and financing public goods, be they local, regional or global.

Thus to the idea defended by one previous model of the necessity of democratic control over corporate responsibility, they add another: that this control over market must be accompanied by decisions and financing that escape market logic so that the definition of the objectives, of the very ends of a portion of human activity, ceases to depend on the aggregation of competitive individual interests and instead, relies on cooperation and social solidarity. Cooperation and solidarity thus simultaneously constitute the means, the product and one of the ends of action.

We shall not develop here this model but note that:

“Sustainability governance in all of these literatures [GCC, GVC, production network] is instead seen largely as a modular ‘add-on’ to chain organisation building on firm-level CSR goals and/or networked NGO intervention. Further work is needed to integrate current social science theorisation of sustainability governance which analyses how economic ecological rationalities are drawn together into a framework for understanding social-environmental reform, with the wider thinking around global chains and networks” (Bush and al., 2014)



## Overcoming opacity

*“The participants hailed from a variety of countries and disciplines, including sociology, economics, geography, regional planning, political science, management, and development studies. This joint work continued to be developed through 2004 in the context of four multi-day workshops, several smaller meetings, and an ongoing dialogue and collaborative writing effort by core members of the group. An important goal was to develop a theory that could help policymakers explain and predict governance patterns in cross-border production networks” (Sturgeon 2008, p. 4).* Sturgeon, here, describes the launch of the GVC’s initiative in the fall of 2000. Subsequent workshops included academics but also NGO’s, Unions representatives, policymakers, some members of ILO, UN bodies, World Bank...

No one doubts the complexity of the financial and production networks constituted by Global Value Chains and the intricate institutional, material, geographical, symbolic, power relationships field in which they are embedded and that they contribute shaping. Externalization and off shoring are partly driven by the intent to distance from developed countries countervailing powers, regulatory agencies, States and their demands for accountability or for taxes.... It is thus not surprising that GGVs and their practices are so difficult to access. The management itself sometimes discovers, with surprise and dismay, some unintended effects of its own organization. While maintaining arm length relationships with the workers and territories part of the chain, they nonetheless recognize the extreme risks of this position. Management, in spite of transparency discourse, is therefore often reticent to investigation. The recent European directive on Trade Secret <sup>i</sup> may be a further hindrance to gathering information; it was fought by journalists, unions and defenders of whistleblowers alike; but the discourse of researchers on this subject has not been widely heard.

States competing to attract investment and/or without correct administrative systems do not in turn provide clear statistics data. Sturgeon a notable founder of the GVC's initiative, note in a report for Eurostat ( 2013): “ it is essential that the statistical resources to fully characterize and better respond to the process of economic globalization be put in place as soon as possible” before providing his recommendations underscoring that the data should focus on Global Value Chains. Efforts have since been realized by international institutions in order to better understand international trade. To reach this goal, they have used new statistical data as well case studies.

Are thus management scholars really needed in order to contribute to analyze the very structuring phenomenon of GVCs, its transformation, its opportunities and risks, the conditions under which it can be used (or fought) for society, in developed and developing countries alike? Nobody doubts that we have to open the black box of GVCs but it will not be easy.

For researchers, trained in the “Publish or perish” era, tackling the GVCs almost appears an impossible task. Yet they do have to elaborate strategies allowing accomplishing this task. It means building global networks for research: multidisciplinary, multi-stakeholders, multi-national in the steps of the team described by Sturgeon (2008); it means recognizing the multiplicity of the paradigms in social sciences; it means a lot of long and difficult field research for case building, and sometimes action research as well as secondary data statistical analysis, thus putting a stop to the stupid and obsolete quarrel between quantitative and qualitative methods. It means accessing those data and fields when resources, time but also authorizations are lacking.

This involves an enabling collective effort to develop the institutional conditions under which, us, engaged scholar can contribute to producing and distributing the public good of knowledge on the major transformations of our production and distribution of goods and service. We may

be able to reach this goal also by being both much more humble and much more ambitious in terms of scientific methodology and theory.

Let's develop this last paragraph.

As evocated before, field study is long and difficult, partly because GVCs are reluctant to give access to their organization, and if they do, insist on confidentiality of the results. How is it possible to conduct deep researches and disseminating their results without running the risk of harming the reputation of the companies that opened their doors? How is it possible to cooperate with journalists, NGOs, Unions, Public bodies that can gather different data with different points of view, in this context?

Furthermore, our institutional ways of ranking competing institutions and individuals, taking mostly into account the short term publishing of articles in specialized star journals, does not facilitate long term studies of complex subject whose results should often be delivered through books and evaluated in a longer time space.

In all those domains, academic associations and accreditation bodies are beginning to negotiate more satisfying conditions.

The problem of our own methodological and theoretical ambitions may be even harder to solve. As stated by Corley and Gioia in our most renowned management review (2011) "the new ideas in management that have been put into practice have come from the world of practice, rather than from academia" (p.20). They believe that "theoretical contributions in management and organization studies have not done an adequate job of anticipating the important conceptual, as well as practical, needs of society's now most prominent members—business and social organizations" and that we have "created a closed industry engaged in producing knowledge intended mainly for other academic knowledge producers." They propose to overcome this problem by "encouraging an orientation toward prescience in trying to anticipate, conceptualize, and influence significant future problem domains." They define theoretical

prescience as “the process of discerning what we need to know and influencing the intellectual framing of what we need to know to enlighten both academic and reflective practitioner domains. » (p. 23)

They continue in denouncing, following the steps of Mintzberg (2005), Bennis and O’Tool (2005),<sup>10</sup> the choice of our research subjects depending upon our capacity to measure easily a phenomenon which they label “methodolatry”. Reading their article and the numerous sources they are quoting, we would also denounce what we can label “theoreticalatry”. The traditional dispute in between rigor and relevance lacks, as much as that in between practice and theory, both rigor and relevance. We can be ambitious concerning the rigor of our research and communicate precisely on our methods (if ever we have space enough to do it) without limiting ourselves to standard methodologies. We can be ambitious concerning theory building while stopping to try to only to fill the little gap that we can identify in a specific theory and on the contrary mobilizing and developing explicitly all the relevant corpus of theories allowing us to explore, understand, predict (and eventually contribute to create “the best way to predict the future is to create it” thus the importance of action research) complex phenomena that matter. “We need to focus more on contributions of a grander scope by including utility for practice in our assessments of theory. To date, our most influential (and most highly cited) theories [...] have been formulated for scholars but nonetheless have major pragmatic implications that expand their scope” (Corley and Gigoia, 2011)

## **Conclusion**

In this beginning of the 21st Century, we are creating and facing a formidable transformation fraught with extraordinary risks and opportunities. At the heart of this transformation reside a

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<sup>10</sup> The analysis of Hatchuel (2005) are also very useful in those matters

complex diversity of organisations and organised collective actions. Management, as a science, an art form, a human and institutionalised practice, management in the broad sense of “conduct of organised collective action”, plays a major role in this transformation. Have we, engaged management scholars, tried to build a clear vision of the role WE should play as researchers and educators to contribute to a sustainable development? Do we know which are the conditions allowing universities and their members to participate to this movement? How can we act to promote such conditions?

This communication has tried to show that Global Value Chains matter, how this frame of references was built and a few cases that it allows analyzing. We highlighted the benefits and the problems emerging from the new organisation of globalisation as well as the very different solutions proposed by researchers and institutions adopting different paradigms in order to develop the benefits and/or solve the problems inherent to GVCs. And we are convinced that management scholars should play a major role in investigating this complex phenomenon, all the more because the digital revolution is taking place in this structuring context while deeply transforming it. But, if we wish to be able to play our role, we need to be collectively involved in the analysis and transformation of our institutional and intellectual landscape.

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