# Assessing the Effects of Corporate Social Responsibility Standards in Global Value Chains: Reflections on the "Dark Side" of Impact Assessment

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Title Page

# Assessing the Effects of Corporate Social Responsibility Standards in Global Value Chains:

# Reflections on the “Dark Side” of Impact Assessment


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**Abstract**

This paper considers the issue of corporate social responsibility (CSR) standard impact assessment in global value chains. CSR standards have proliferated in recent years, and several studies have attempted to assess their effects on local producers, workers, and the environment in developing countries. However, much less attention has been paid to the "dark side" of impact assessment – the ethical and political dilemmas that arise in the process of carrying out impact studies. This paper addresses this gap in literature, arguing that impact assessments of CSR standards may do more harm than good to the intended beneficiaries - developing country firms, farmers, workers, and communities - unless these ethical and political dilemmas are given serious consideration.

## 1.0 Introduction

In the last twenty years, the implementation of corporate social responsibility (CSR)[1] standards has become widespread in global value chains that link internationally branded companies and their dispersed suppliers, workers, contractors, and communities in developing countries (Nadvi and Wältring, 2004; Nadvi, 2008; Hughes, 2005, 2012).. One of the most important trends in this regard has been the proliferation of multi-stakeholder initiatives (MSIs) involving international buyers, NGOs, trade unions, governmental bodies, and sometimes developing country producers that cooperate in the formulation, implementation, and monitoring of CSR standards in global value chains[2] (Martens, 2007; Fransen and Kolk, 2007). As MSIs have proliferated, a need has also

[1] We here define CSR as the integration of economic, social, and environmental concerns into the core business operations of companies (Lund-Thomsen 2008).

[2] Prominent examples of such MSIs include the Ethical Trading Initiatives of the United Kingdom, Norway, and Denmark, the Dutch Sustainable Trade Initiative, and the International Social and Environmental Standards Alliance (ISEAL) amongst others.

emerged for these CSR standard initiatives to prove that they live up to their stated aims. International funding agencies, international media outlets, private supporters, volunteers, and the intended beneficiaries – local producers, workers, and community members – demand accountability for the money spent by MSIs (ISEAL, 2012).

Yet the findings of either company or NGO reports on the impacts of CSR standards on local firms, workers, and the environment are often highly contested with different parties taking widely different views of what they perceive to be the positive or negative consequences of CSR standard implementation (Tallontire et al., 2012). Often the validity and reliability of the data generation methods used in such reports are a subject of contention (Hamann, 2007). In fact, in the academic literature, there is considerable disagreement about what qualifies as appropriate impact assessment research methods. Some believe that impact studies can only be rigorous if they include the use of a comparable control groups (Blackman & Rivera, 2010). Others advocate the view that the use of control groups is time-consuming, costly, and that control groups are sometimes impossible to identify in the complex socio-economic contexts of developing countries (Nelson et al., 2002; Tallontire et al., 2012).

Recently, we have thus seen a flurry of academic and policy-oriented studies that seek to assess the existing evidence on the impact of CSR standards in global value chains (see e.g., Blackman and Rivera, 2010; Chan & Pound, 2009; Nelson & Pound, 2009; Kennedy, 2011; Niggli et al., 2012; Tallontire et al., 2012). This has been complemented by a large number of individual case studies that looked at how specific country contexts mediated the impact of CSR standards in industries such as garment and football manufacturing, often leading to unexpected, negative outcomes for workers laboring in these industries (see e.g., Ruwanpura and Wrigley, 2011; De Neve, forthcoming;, Lund-Thomsen, 2013) There has also been more limited work that discussed how poverty, environment, and gender concerns may be integrated into global value chain analysis in a broad sense (Bolwig et al., 2010; Riisgaard et al., 2010), Moreover, attention has been paid to the development of specific methodologies or frameworks for assessing the impact of CSR standards on workers' conditions in developing country export industries (see e.g., Barrientos 2005; Nelson et al., 2005; ETI, 2006; Nelson et al., 2005; Utting, 2009).

Given that so much interest has developed in studying the effects of CSR standards in global value chains, and how these should be measured (ITC, 2010), it is interesting that very little attention has been paid to what Hamann (2007, p. 26) calls the "dark side of impact assessment". Here concerns over maintaining external institutional legitimacy might result in impact assessment processes having "perverse, negative outcomes for organizational performance and social welfare". As Hamann rightly points out, the "underlying motives, power relations, and value systems" informing current impact assessment processes tend to bring about very different appraisals of business activity in developing countries. In fact, paraphrasing Hamann's words, we can say that not only do broader political economy concerns mediate the economic, social, and environmental impacts of CSR standards in global value chains, they also constrain what we eventually come to know about the effects of these standards.[3]

In this article, we respond to Hamann's call for exploring the dark side of CSR standard impact assessment by looking at some of the rarely considered methodological, ethical, and political challenges underpinning impact assessment research in this area. Our main line of argument is that unless the ethical and political dilemmas inherent in impact assessment research are more openly

[3] Paraphrasing Roche (2001, p. 363), we here define CSR impact assessment as the systematic analysis of the lasting or significant economic, social, and environmental changes – positive or negative, intended or not –that CSR measures implemented in global value chains have on local enterprises, workers, communities and the environment in developing countries..

discussed and reflected upon by academics and practitioners in this area, CSR standard impact assessment processes may wind up doing more harm than good to the intended beneficiaries of CSR standards. These include local producers, workers, and community members in developing countries.

We start by discussing some of the major conceptual challenges related to assessing the impact of CSR standards in global value chains. In the next section, we analyze some of the methodological and ethical dilemmas that inevitably arise during impact studies before we debate the political aspects of CSR impact assessment processes. Finally, the conclusion highlights our main findings and discusses the future research and policy implications of our analysis.

## 2.0 Impact Assessment of CSR Standards in Global Value Chains: Conceptual Challenges

We start by analyzing some of the key conceptual challenges related to assessing the effects of CSR standards in global value chains. The global value chain approach has become an important way of understanding current trends within globalization of economies in the last 15 years. In particular, it has been helpful in conceptualizing the globalization of industries, as the design, manufacturing, distribution, marketing, consumption, and recycling of products and services are increasingly occurring on a world-wide basis (Gereffi, 1994, 1999).

A dominant theme within the global value chain literature has been how large retailers or supermarkets drive these chains, setting the terms under which local suppliers, contractors, workers, and communities are integrated into the global economy (Dolan & Humphrey, 2004; Gereffi et al., 2005). This theme – value chain governance – has also been defined as the ability of multinational companies to determine which kinds of products/services were to be produced where, how, in which quantity, and at what price (Gibbon and Ponte, 2005). In addition, the global value chain literature has highlighted how local suppliers may upgrade the quality of their products ("product upgrading) and their processes ("process upgrading") by learning from their interaction with international buyers. Attention has also been paid to how local producers may move up the value chain ("functional upgrading"). For example, from manufacturing to branding of products. Moreover, the literature has explored how export-oriented firms in the developing world may use skills acquired in one industry to successfully compete in other industries ("intersectoral upgrading") (Humphrey and Schmitz, 2002).

Global value chain analysis has also been concerned with how CSR standards play a central role in defining what constitutes appropriate work conditions and environmental management practices in developing country supplier factories (Ponte et al., 2011; UNCTAD, 2012). Compliance with such standards is thus seen as critical factor in maintaining international market access for developing country firms while non-compliance could lead to a loss of jobs and earnings in local production regions (Lund-Thomsen et al., 2012). Hence, there appears to be a trade-off between short-term gains and the long-term risks that developing country producers and regions face due to their insertion into global value chains. Value chain participation may bring about short-term gains through an increase in exports and local employment. However, these may be eroded in the long run if international buyers shift their sourcing of products and services to other cheaper, low-cost manufacturing regions in the developing world (Bair & Gereffi, 2001; Bair & Werner, 2011).

Similarly, impact assessment studies of CSR standards seek to gauge the potential benefits and unintended, potentially negative consequences that developing country producers, workers, and communities face as a result of standard implementation (ETI, 2006; Barrientos and Smith, 2007). The value chain to impact assessment approach thus maps how CSR standards travel through different nodes of the chain (brands, suppliers, workers, and communities). Particular attention is paid to the role that local socio-economic and social cultural contexts play in mediating standard implementation as well as how management approaches adopted by multinational companies and their suppliers affect the institutionalization of CSR standard requirements at local production sites. Consideration is also given to power relations within the chain where brands are seen as more capable of enforcing CSR standards in fully integrated chains as opposed to more market based transactions where standard implementation is often mediated by third-party trade agents (Barrientos, 2005; Nelson et al., 2007; Nelson and Pound, 2009).

Yet, in a more critical perspective, CSR standard impact assessments risk missing “the forest for the trees” by only focusing on the effects of CSR standards on local enterprises, workers, and the environment in developing countries (Jenkins, 2005). For example, international retailers or supermarkets often have greater economic, social, and environmental effects through their commercial business transactions in developing countries than through the implementation of their CSR policies (Hamann, 2007).[4] In this regard there has also been a more policy-oriented literature on how the purchasing practices of multinational companies affect non-compliance with CSR standards in developing country export industries. For example, changes in international demand, seasonal production cycles, the placement of last minute orders, and shifting consumer pressures often lead to unintended, negative outcomes for local workers at production sites in the developing world (Oxfam, 2004; Skadegaard Thorsen and Jeppesen, 2010). This includes issues such as excessive overtime, delayed payments of wages, and the non-availability of work (and hence incomes) for employees in export-oriented industries for several months every year (Barrientos, 2013).

[4] For example, regarding the economic impact of multinational companies, there is an extensive literature on foreign direct investment (FDI) spillovers that has tried to investigate the impact of the FDI of multinational companies on developing countries from different economic angles (including wage spillovers, technology spillovers, productivity spillovers, and export spillovers). This 'economic' literature has used both qualitative approaches (case studies) and quantitative approaches (FDI spillovers using production functions/econometrics), or a combination of both (Giuliani, 2010).

However, while there is now an emerging practitioner-oriented literature engaging with the topic of international buyers' purchasing practices (see e.g., Responsible Purchasing, 2006; Oxfam, 2010), there are very few academic studies that deal with the economic, social, and environmental impacts of buyers' sourcing practices in the developing world (for exceptions see Hughes et al., 2010; Barrientos, 2013) . In fact, there seems to be very little dialogue between operations/supply chain management scholars with an interest in CSR and global value chain scholars working on CSR although such a dialogue might be fruitful. On the one hand, it would be possible to use insights from the operations management/supply chain literatures on how purchasing managers seek to optimize the functioning of the supply chain with the aim of meeting customers' demands (the top-down perspective). These could be combined with the work of global value chain scholars that offer a more development-oriented, bottom- up approach to understanding how the top-down value chain operations of international buyers interact with local institutional environments in mediating the effects of corporate purchasing practices in the developing world.

Going beyond the economic, social, and environmental impacts created by CSR standards in global value chains, we also find a substantial need for academic studies that seek to assess these diverse types of impacts of multinational companies in developing countries in a broader sense. In the practitioner-oriented literature, there is some preliminary work on impact assessment methodologies that seeks to conceptualize the effects of multinational companies on issues such as the macro-economy of developing countries (distribution of profits, shareholder dividends, taxes, and balance-of-payments), institutions and public policies (the effects of lobbying practices, foreign direct investment, procurement, and distribution policies on social institutions – e.g., local health and school systems). These studies have also looked at the impacts of multinational companies' products, services, and marketing strategies on the cultural practices of indigenous communities as well as the health and well-being of inhabitants in developing countries (Clay, 2005; Oxfam, 2009).

Hence, there is significant scope for undertaking more rigorous, academic studies that try to develop impact assessment tools for understanding how multinational companies affect economic, social, environmental, and human rights issues on developing countries in a wider sense (Frynas, 2008).

In addition, there is a need for more integrative approaches to understanding the impacts of CSR standards in global value chains. In fact, although scholarly interest has significantly increased in relation to incorporating labor, environmental, gender, and poverty concerns in value chain studies (Bolwig et al., 2010; Riisgaard et al., 2010), there is a tendency amongst global value chain scholars to think in "silo" terms and either conduct studies on labor standards (see e.g., Ruwanpura and Wrigley, 2011; Lund-Thomsen et al., 2012) or environmental standards (see Tewari and Pillay, 2005; Jabbour and Puppim de Oliveira, 2011).[5] However, there are very few academic studies on CSR in global value chains that seek to investigate how economic, social, and environmental issues interact in developing countries. For example, if a factory is highly polluting (an environmental issue), the release of toxic gases at the factory floor may make workers sick, resulting in a loss of the ability to work and thus income (a social issue). At the same time, when workers become sick or unwell, it will affect the factory's productivity levels (an economic issue). At the moment however, it remains a significant challenge that global value chain scholars tend to think in boxes, not sufficiently acknowledging these interaction effects when it comes to analyzing the economic, social, and environmental challenges that CSR standards seek to address.[6]

In this connection, there is also a need for investigating whether the implementation of CSR standards in global value chains complement or contradict other initiatives undertaken by national governments, international agencies or non-state actors such as NGOs through their lobbying and

[5] Although global value chain studies on environmental standards are still fewer in number than those looking at labor standards in these chains.

[6] The author owes this point to Andreas Rasche.

project activities. In other words, a key question is whether there is policy coherence between CSR standard implementation in global value chains and corporate, NGO, state, or international aid agency initiatives that seek to improve economic, social, and environmental conditions in developing country export industries? (Interagency Working Group, 2011; UNCTAD, 2012).

Here there might be a potential tension between multinational companies having to abide by globally formulated guidelines for ethical company behavior[7] and local realities and priorities as experienced from the viewpoints of actors based in the developing world (Neilson and Pritchard, 2009). Hence, whereas such guidelines almost universally stipulate that child labor must be eradicated in developing countries, United Nations backed initiatives aimed at abolishing child labor sometimes focus on "high-profile" industries where the presence of child labor might be relatively limited. For example, Lund-Thomsen (2008) describes how a high profile UN-backed initiative aimed at eradicating child labor from the football manufacturing industry of Sialkot, Pakistan led to the distortion of local policy-making processes. In Sialkot (as in Pakistan as a whole), bonded child labor was much more prevalent in the domestically oriented brick kiln industry. However, as brick kiln production was not linked to the production of goods for Western markets, much less international attention and support was forthcoming in relation to eradicating child labor in the brick kiln industry than in the soccer ball industry. In other words, as Khan and Lund-Thomsen (2011) argue, there is significant risk that well-intended CSR standard initiatives supported by Western corporations, NGOs, or donor agencies might distort national policy making

[7] E.g., the EU's new CSR policy (EU, 2011), the OECD's guidelines for multinational companies (OECD, 2011), and the new Ruggie "Respect, Protect, and Remedy" Framework (UN, 2011).

priorities in developing countries and/or be perceived as a form of cultural imperialism by local entrepreneurs (see also De Neve, forthcoming).[8]

This throws up the question of how ‘global’ CSR standards might be translated into local contextualized action? In this connection, neo-institutional theory as it applies to CSR might have a lot to offer. Neo-institutional theory has sought to understand how national, regional, and international institutional contexts affect the ways in which CSR becomes embedded in diverse settings in both the developed and the developing world (see e.g., Jamali and Neville, 2011; Kang and Moon, 2012; Brammer et al., 2012). In addition, it has dealt with the ways in which CSR as a management concept travels across national boundaries and institutional environments as a kind of homogenizing force that seeks to embed the same set of norms and values across diverse settings (i.e. the idea that companies ought to be socially and environmentally responsible). From this point of view, the institutionalization of CSR practices across national boundaries becomes a question of companies maintaining legitimacy in the eyes of their stakeholders both internally within and externally beyond the boundaries of companies (Matten and Moon, 2008). Undertaking CSR standard impact studies is thus an example of how such institutionalization processes occur.

## 3.0 CSR Impact Assessment in Global Value Chains: Methodological and Ethical Challenges

[8] Similarly, in the global value chain literature, recent attempts have been made at conceptualizing the role that local socio-economic and socio-cultural contexts play in affecting global value chain governance and the implementation of CSR standards in export-oriented industries in developing countries (Nielson and Pritchard; 2009, 2010). These contexts include both formal institutions such as laws and state regulatory authorities, and informal institutions such as the norms and values espoused by global brands, local factory managers, workers, and communities.

There seems to be general agreement in the academic and policy-oriented literature that value chain analysis is a useful starting point for assessing the impacts of CSR standards on local producers, workers, and communities in developing countries. However, there is also widespread disagreement amongst policy analysts, academics, journalists, students, and other stakeholders interested in CSR standard impact assessment about what constitutes appropriate and legitimate research designs and data generation methods for studying the effects of CSR standards (Gitsham, 2007; ITC, 2010; Tallontire et al., 2012).

Impact assessments of CSR standards are often criticized for using anecdotal evidence, having no baseline data allowing for systematic comparison of indicators over time, not employing control groups, and generalizing findings based in single or few snap-shot case studies that may be tilted towards the institutional interests of the funder (Ruben, 2008; Blackman and Rivera, 2010; ITC, 2010). To a large extent this criticism is leveled by researchers that use experimental or quasi-experimental (read: quantitative) designs. They believe that economic, social and environmental changes at local production sites can only be attributed to the influence of CSR standards if a sample of CSR standard adopting companies is compared with a similar sample of non-adopting firms (the counterfactual) (Nelson et al., 2005).

However, more qualitatively inspired researchers often perceive the concern with establishing credible counterfactuals or control groups as underestimating the logistical, financial, human resource, and time constraints that CSR impact assessment practitioners and researchers face in complex socio-economic settings in developing countries (Nelson and Martin, 2011). In fact, firms or farmers may be accredited by multiple certification schemes, making it impossible to attribute changes to the influence of a particular CSR standard. It may also be difficult to keep the “original” sample in multi-year impact studies as firms in the control group might become certified during the course of the study. In addition, the problem of "selection bias" might plague CSR standard impact assessments. For instance, firms whose management is already concerned about workers' welfare and environmental protection may opt for certification in any case. This makes it difficult to find a control group of firms whose management has a similar disposition but is not certified (Tallontire et al., 2012).

The contested nature of CSR impact assessment research methods raises the question of how these methods might then be improved?  As argued by Nelson et al. (2006), we would suggest that instead of relying on either quantitative or qualitative data generation methods, the best way forward lies in combining both types of methods in impact assessments. Quantitative data generation may be helpful in relation to obtaining a better grasp of "hard" facts such as changes in wages, incomes, savings, occupational health and safety risks, levels of social protection etc. However, qualitative methods such as the use of semi-structured or focus group interviews may be helpful when it comes to documenting how local producers, workers, and/or community members perceive those changes as affecting their business, working conditions, or private lives (Nelson et al., 2002).

While we believe that it may be possible to overcome the quantitative vs. qualitative divide in the debate about what constitutes appropriate CSR impact methods, there are still significant data generation challenges whose importance is sometimes underestimated in the literature on this topic. One challenge has to do with obtaining access to the local representatives of suppliers, their subcontractors, workers, and/or community members that need to be interviewed (Tallontire et al., 2012). Particularly local suppliers have very few incentives to engage in any impact assessment of the CSR requirements that they are asked to implement by their buyers. As CSR impact assessments may reveal labor or human rights abuses, local suppliers may be concerned about how their business relations with their international buyers will be affected by such findings (Nelson et al., 2005). In other words, they may be hesitant to engage in any attempts at assessing the economic, social, and environmental consequences of CSR standards. However, without the consent of local "gate-keepers" (e.g., factory managers), it may be virtually impossible to conduct any in-depth impact assessment of CSR standards in developing countries (see Lund-Thomsen, forthcoming).

Another related challenge has to do with obtaining accurate information from stakeholder interviews. Workers may have been coached to provide particular answers to auditors/researchers that ask about the economic, social, and environmental effects of CSR standards (IDH, 2009). At the same time, it is well-known that many export-oriented factories in developing countries, China in particular, are employing double book-keeping systems that allow them to maintain one set of "real records" in their offices and another "forged" set of records indicating the "right" information that auditors/researchers might ask about. For example, the factory may supply a forged set of records showing that workers are paid the minimum wage, receive overtime payments, and have social insurance (Harney, 2008). However, to date, very little, if any academic research has looked into the nature of these data generation challenges related to studying the effects of CSR standards in global value chains. Hence, an important part of delving deeper into the 'dark side' of impact assessment of CSR standards in global value chains could be to study the extent to which workers are coached or double book keeping records kept in developing country factories. In addition, it would be important to investigate the strategies used by global brands, suppliers, auditors, workers and researchers more broadly in order to hide or discover the 'true' picture about the state of work and environmental conditions within a given factory.

Assessing the economic, social, and environmental impacts of CSR standards also involves considerable ethical challenges which remain underexplored in the literature on this topic. International buyers often source products from factories located in areas inhabited by poor workers, communities, or indigenous groups in developing countries. In these contexts, undertaking impact assessments may pose considerable challenges as workers and community members may be illiterate and/or subject to considerable discrimination on the basic of their color of skin, gender, caste, or ethnic origin. Hence, undertaking impact assessments in such contexts involves at least two kinds of ethical challenges.

The first relates to the issue of informed consent. In its publication "Ethics for Researchers" for instance, the European Commission describes how social science researchers must secure informed consent from those individuals taking part in or being interviewed in a given research project (EC, 2007). However, in studying the impacts of CSR standards in global value chains, many of those to be interviewed may not be able to read or write. Hence, employing the usual consent forms to be signed by those being interviewed cannot be meaningfully employed in such contexts. The second ethical challenge has to do with securing interviewee anonymity. For example, workers could be severely affected if the content of what they tell a research team becomes known to their employers – developing country suppliers. For instance, workers that openly criticize their employers may have their salaries reduced, be fired, physically harassed, and/or arrested/thrown in jail, particularly where local networks exist between employers or police officers (see Lund-Thomsen, forthcoming).

In this way, assessing the economic, social, and environmental impacts of CSR policies in global value chains relates to the "no-harm rule". The no-harm rule stipulates that those being studied in a given research project must not be harmed due to their participation in the project (Scheyvens, 2003). When it comes to assessing the impacts of CSR standards in developing countries, this sometimes places the research team in ethical dilemmas. For example, if an impact assessment team discovers that a local supplier of a multinational company employs child labor in its supply chain, the question is whether the impact assessment team should inform the multinational company of these findings? If the research team informs the international buyer of such findings, the buyer might decide to sever its ties with its suppliers, the so-called 'cut-and run' strategy in order to avoid any reputational risks affecting its global brand. However, for the children and their family members, the result might be a loss of income and further material deprivation, particularly in areas where quality schooling is either not available or unaffordable (Lund-Thomsen, 2008).

While these ethical dilemmas related to impact assessment are no doubt very real, they have rarely – if ever- been theorized or empirically investigated in research on the effects of CSR standards in global value chains. That is why they are worthy of consideration in any research project that takes CSR standards and their varied impacts in developing countries seriously.

**4.0 Impact Assessment of CSR Standards in Global Value Chains: Political Challenges**

There are also political challenges to studying the effects of CSR standards in global value chains. In this regard, there appears to be a need for obtaining greater insights into which constellation of actors are best positioned to rigorously monitor and assess the economic, social, and environmental impacts of CSR in global value chains. For example, are corporations able do this on their own (corporate self-regulation)? Can this happen through collective business initiatives (undertaken by industry associations)? Or are MSIs involving business, governmental, NGO, and/or trade union actors better placed to undertake this task? (see e.g., Tallontire, 2007).

On the one hand, a considerable literature has looked into the topic of corporate self-regulation and various forms of co-regulation (involving state and other non-state actors). The emerging consensus in this literature appears to be that MSIs offer the best policy alternative when it comes to ensuring the transparency, accountability, and enforceability of international buyer commitments to positively affect economic, social, and environmental conditions in developing countries (Dolan and Opondo, 2005; Martens, 2007). On the other hand, some authors are now beginning to question whether MSIs truly employ more participatory and inclusive approaches to formulating, implementing, monitoring, and assessing the impacts of CSR standards in developing countries (Cheyns, 2011; Djalma et al., 2011). In addition, it also seems questionable whether participation in MSIs is particularly advantageous for local producers as participation in MSIs often involves complying with an additional set of social and environmental criteria apart from those already required by the multitude of individual company codes of conduct (Skadesgaard Thorsen and Jeppesen, 2010).

However, if unilateral studies sponsored and paid for by companies, civil society organizations, or MSIs are unlikely to be trusted by the broader public, what should then be the way forward? As Hamann (2007) suggests, one way may be for two or more actors to join forces in conducting impact assessments. For example, in 2005, Unilever and Oxfam Great Britain published an in-depth study of the poverty impacts of Unilever's operations in Indonesia. While the two parties acknowledged that they had different points of departure and motivations for undertaking the study, they nevertheless succeeded in conducting a very rigorous analysis of the various ways in which Unilever's operations affected poverty levels in Indonesia (Clay, 2005).

In short, there is still significant scope for examining whether the political processes involved in the formulation and implementation of CSR standards translate into real gains for local producers, workers, and the environment in developing country contexts? (Interagency Working Group, 2011).

In addition, it will be important to investigate how workers and communities themselves influence the evolution of such initiatives. Here the literatures on labor agency in global value chains and community-driven regulation may offer important insights into the broader structural factors that enable or constrain the ability of workers and communities to exert influence on the implementation and contextualization of social and environmental standards (O'Rourke, 2004; Newell, 2005; Coe and Hess, 2013).

Finally, it appears as if the politics of undertaking CSR impact assessment studies in global value chains is an area worthy of further exploration (Blowfield, 2007). On the one hand, more positivist, quantitative impact assessment methodologies have traditionally seen the role of the assessor as one of being an objective observer – dispassionate and neutral in his/her analysis of the socio-economic and/or environmental effects of multinational companies in developing countries. However, "real-life" impact assessments in natural settings are often more messy and politically sensitive as their outcomes might directly affect decisions about whether a multinational company should continue or discontinue sourcing from a particular locality in the developing world (Lund-Thomsen, 2009). Thus, paraphrasing Philips and Edwards (2000) that discuss the politics of assessing the impact of development aid projects, those conducting an impact assessment of a multinational company's CSR standards in global value chains will never be able to discover the "truth" about these impacts in a given developing country. Instead the CSR impact assessment is a story to be written by those conducting the assessment, involving negotiation and resistance strategies by the assessors and those being assessed.

At the same time, it is no secret that impact assessments are conducted in a broader political context. For example, the "power of the purse" of those commissioning the assessment may considerably affect how "the terms of reference" of an impact assessment are formulated, particularly which issues are to be included or excluded from consideration (Hamann, 2007).

Furthermore, the literature on social auditing has also clearly demonstrated that social and environmental auditors hired by international buyers to verify compliance with their codes of conduct at supplier factories may be unwilling to “rock the boat” by seriously challenging existing commercial or CSR practices of a multinational company. As these auditors depend upon repeat business through continued audits as a source of living, they have few, if any, incentives to aggravate their clients to such an extent that they risk losing their existing customers (O’Rourke, 2003). Yet, whereas the politics of impact assessment has been mentioned as a significant phenomenon in textbooks or scientific articles on general evaluation practice, it has hardly, if ever, been directly tied to the impact assessment studies of CSR standards in global value chains. Hence, there is substantial gap in the literature about how the politics of impact assessments shape what eventually comes to be known about the economic, social, environmental effects of CSR standards in developing countries.

**5.0 Conclusion**

In this article, we have explored some of the conceptual, methodological, ethical, and political challenges associated with impact assessment of CSR standards in global value chains. We argued that global value chain analysis may be a useful starting point for analyzing how such standards affect local manufacturers, contractors, workers, and communities in developing countries. However, we have also highlighted the risk that impact assessments may overemphasize the effects of CSR standards in global value chains. In fact, they might fail to clearly conceptualize the role of other, more important factors that bring about changes in local producer behavior, work, and environmental conditions in export-oriented industries in developing countries. Hence, in future research on this topic, much greater attention needs to be paid to how the core business practices of multinational companies affect local producers, workers, communities, and environment – for example through their purchasing practices.

Finally, we advocated that attention should be paid to documenting and critically scrutinizing the ethical and political challenges related to investigating the impacts of CSR standards in developing countries. Otherwise such research processes may cause considerable harm to the intended beneficiaries such as workers being harassed or laid off by their employers. Thus, addressing the political aspects of impact assessment is a crucial area for future research in this area. This includes the processes through which such impact assessments of CSR standards are formulated and negotiated in terms of the actors and issues that are included and excluded from consideration.

In terms of policy implications we believe that it may be helpful for multinational companies, MSIs, business associations, NGOs, and other actors involved in the implementation of CSR standards to not only consider what the ultimate objectives of undertaking CSR standard impact assessments may be. It may be just as important to carefully think through what the unintended consequences of such assessments may be. This might help in reducing the sometimes overlooked, potentially negative effects of CSR impact studies.

We suggest that developing country stakeholders should pay attention to how they can organize themselves with the aim of influencing the politics of impact assessment. The terms of reference of such studies are often formulated thousands of miles away by actors in developed country settings that have little knowledge of the local contexts being studied. In fact, they may not be directly affected in any way by the outcomes of such assessments. Hence, consideration needs to be given to how the intended beneficiaries of CSR standard implementation can also have greater voice in the formulation, execution, and the final use of CSR impact studies.

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