'Resellers' as intermediaries implicated in socially responsible public procurement: reconceptualising labour governance in global production networks

Helena Graef, Berlin Social Science Center

Gale Raj-Reichert, Berlin Social Science Center

Abstract

Public governance mechanisms which aim to protect working conditions in outsourced factories as part of global production networks (GPNs) tend to target manufacturing lead firms, namely brands. One such public governance mechanism is socially responsible public procurement (SRPP) which is the inclusion of social criteria on working conditions in procurement contracts which can also be applied to offshored outsourced production locations. SRPP does not only apply to manufacturing lead firms or brands however but also increasingly to intermediary firm actors within GPNs. In the case of the public procurement of electronics, this includes 'resellers' which are intermediary firms that purchase final goods from brands, package them with value-added services, and sell to final consumers. Resellers are increasingly important for the public procurement market. Unlike brands, resellers do not outsource nor coordinate manufacturing in GPNs. Yet, as the firm actor with contractual obligations with public procurement authorities, resellers face responsibilities of ensuring compliance of social criteria on working conditions in outsourced production locations of GPNs.

We examine resellers as a new firm intermediary actor implicated in labour governance in GPNs. Resellers are positioned in the final stages of the electronics industry GPN and function as an important sales intermediary for the public procurement market. Our contribution is analysis of implications of SRPP compliance by two large resellers – Atea ASA and Bechtle AG which serve the public procurement market in Sweden and Germany respectively. We also situate our discussion within the Covid-19 pandemic which brought more attention to the importance of SRPP more generally. Resellers' dependence on the public procurement market was made more apparent during the Covid-19 pandemic. The wider implication of our findings highlights the importance of effective SRPP implementation during the Covid-19 recovery process to ensure public procurement does not contribute to labour violations in GPNs, rather be a driver for protecting and improving working conditions.

Keywords: reseller, intermediary, public procurement, social responsibility, electronics, global production network

I. Introduction

Violations of labour rights and poor working conditions are widespread in the electronics industry global production network (GPN) (Author 2019; Chan et al. 2013; Electronics Watch 2020). Decades long experience of private governance measures through voluntary self-regulatory standards and codes of conduct by industry has not been successful in curbing and preventing these challenges (Author 2019; Lund-Thomsen and Lindgreen 2019). Recently, more attention has been paid to public governance measures to improve working conditions in the electronics industry GPN, including through socially responsible public procurement (SRPP) (Andhov et al. 2020; Author and author 2020; Electronics Watch 2020; Martin-Ortega and O'Brien 2019). SRPP is the inclusion of social criteria on working conditions in public procurement contracts. The practice of SRPP is increasing in the European Union (EU) partly due to revisions to the EU directives on public procurement in 2014 which widened the policy space for EU member states to implement SRPP including enforcing compliance in offshored and outsourced production locations of GPNs. In this paper, we examine how a particular type of intermediary firm – resellers - in the electronics industry GPNs are implicated in SRPP. Resellers are firms who purchase final products such as electronics hardware and software, mainly from brand firms, and re-package them with service provisions to final consumers. Resellers have become key providers to the public procurement market and are major recipients of public tenders.

In this paper, we address two key research questions. First, who are resellers and how do they reconfigure our understanding of the electronics industry GPN in its final stages of consumption for the public market? Second, how do resellers who are sales and service intermediaries which do not manufacture or outsource production to suppliers in GPNs, ensure compliance of social criteria on working conditions as part of SRPP in the electronics industry GPN? Resellers are relatively new actors implicated in SRPP and as a result have not been adequately conceptualised in GPN research on labour governance. We show how SRPP and the public consumer market for electronics interacts with resellers differently from lead manufacturing firms or brands. We address these questions through case studies of two large resellers which have been implicated in SRPP in recent years. They are Atea ASA who is a major provider to the public procurement market in Sweden and Bechtle AG for the public procurement market in Germany. Both resellers are some of the largest recipients of public procurement contracts for electronics. They are also firms which have increased their capabilities and resources in recent years to engage in social responsibility, largely as a result of SRPP demands. Our analysis revises our understanding of GPN labour governance in the electronics industry that is tied to the public market and our findings are important for understanding the efficacy of SRPP implementation and efficacy in the EU.

The topic of SRPP has become critical in the face of the Covid-19 pandemic whereby public procurement purchases has been linked to forced labour in factories in the Global South. On the other hand, the rise in public spending during the Covid-19 crisis has also proven to be a lucrative market for resellers. This dynamic must also be considered for understanding the efficacy of SRPP in GPNs and with resellers as an intermediary actor in furthering these objectives.

The paper continues with section two reviewing the literature on labour governance in the electronics industry GPN and situating resellers as intermediary firm actors within these processes. Section three presents our methods. Section four presents the resellers Atea ASA and Bechtle GB whose experiences in SRPP forms the basis of our analysis and discussion in section five of the implications of resellers as a new firm actor within SRPP and the opportunities and limits they present for this public labour governance mechanism, thereby furthering how we understand labour governance in GPNs. Section six concludes the paper.

II. The electronics industry global production network and public labour governance

A. Public labour governance in GPNs and socially responsible public procurement

Our understanding of the electronics industry GPN is comprised of lead firms and their outsourced relationships with suppliers in offshored production locations. This reflects the origins of GPNs led by branded firms which shed their brick and mortar of running their own factories to focus on 'core competencies' of research and development, design, and marketing. For many lead firms in the electronics industry, a significant portion of the manufacturing of their products are outsourced to a wide range of suppliers, involving thousands of components manufacturers and final assemblers spread throughout the world. The majority of outsourced production in the electronics industry GPN takes place in the Global South (Raj-Reichert 2020).

A key research area in GPNs is understanding the dynamics of governance relationships between lead firms and their suppliers in the development and growth of globalised industries as well as their developmental outcomes for production locations in the Global South (Raj-Reichert 2020; Sturgeon and Zylbeberg year; Yeung year). However, as outsourced factories were exposed for poor working conditions and labour rights violations, research on lead firm-supplier relationships also began to focus on labour governance in GPNs. Indeed, the electronics industry GPN is rife with incidences of forced labour, worker suicides, excessive working hours, and child labour to name a few (Chan 2013; Chan and Pun 2010; Raj-Reichert 2019; Verité 2014). Labour governance measures introduced to improve working conditions have largely been private firm or industry wide standards and codes of conduct (Locke 2013; Raj-Reichert 2011; 2020). Public campaigns on labour violations and poor working conditions in outsourced factories have targeted brand firms to do better. This has led to an increase in corporate social responsibility (CSR) responses and furthering the private landscape of governance instruments including a burgeoning industry of third-party social auditors. Private governance responses however have remained unsustainable or not sufficient for preventing and improving working conditions, as seen by repeated occurrences of harms to workers in GPNs (Bartley and Egels-Zanden 2015; Raj-Reichert 2011; Le Baron and Lister 2015).

While the landscape of GPN labour governance is dominated by private initiatives, public governance or government regulations, especially by countries home to outsourcing lead firms, have in recent years targeted at improving working conditions in outsourcing production locations of GPNs. A number of global supply chain (GSC) laws have been established within the last decade. The earliest government regulations began in the United States (US) with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2012 to curb American firms from engaging in illegal trade in conflict minerals. The California Transparency in Supply Chains Act of 2012 requires large foreign and domestic retailers and manufacturers[1] conducting business in California to report on their efforts to eradicate slavery and human trafficking in their GSCs. The United Kingdom passed a similar legislation in 2015 with the Modern Slavery Act. EU member states followed with a next generation of GSC laws. The French Duty of Vigilance Law of 2017 became the first sanctions-based GSC regulation for the practice of due diligence over human rights violations in GPNs. In 2019, the Dutch Child Labour Due Diligence Law was passed requiring all companies in the Netherlands to assess and report on child labour risks in GSCs (Amfori, 2020). Lastly, in 2020, the German government passed a GSC due diligence law (Lieferkettensorgfaltspflichtengesetz) obliging all companies based in Germany[2] to conduct risk analysis of human rights violations (and environmental destruction)

[1] Applies to companies with annual revenues of over US$100 million.

[2] Applies to domestic companies and foreign companies with a secondary branch office in Germany with more than 3000 employees from 2023 and with at least 1000 employees from 2024.

amongst direct and indirect suppliers. The German regulation also allows for sanctions to violating companies and goes a step further from other GSC regulations by authorizing NGOs or trade unions to represent affected workers in German courts (Initiative Lieferkettengesetz, 2021). Finally, the EU is developing a new directive on mandatory due diligence over human rights and ethical sourcing in GSCs (BMZ 2020).

While the underlying GSC regulations originate from private customer market‘s demand targeting firm behavior, there has been growing awareness and initiatives addressing the affect public sector consumers have on working conditions in GPNs. The US government in the 2012 passed the Federal Acquisitions Regulation and Defense Acquisition Regulations Systems to prohibit the use of forced labour in any goods or services, including in GSCs, purchased by the federal government. The EU in 2014 revised its EU directives on public procurement across all levels of governments by increasing their policy space to apply a number of social criteria in procurement contracts which apply to outsourced production locations in GPNs, including the International Labour Organisation core labour standards, in their procurement contracts with companies and provides room (Authors 2020; Martin-Ortega and O'Brien 2019). This has raised the profile of public procurement as a governance tool for wider social goals and not only an exercise economic efficiency in procurement spending (McCrudden 2007). Very recently, in response to the Covid-19 pandemic, the links between government purchasing of personal protective equipment and forced labour in outsourced factories, has further shone the light on the connection between public procurement and labour rights violations in GPNs ((Pattison, 2021; Pattison et al., 2020; Szeto et al., 2021).

Which firms SRPP legislation targets is important to understand their efficacy or the opportunities and challenges for improving working conditions in GPNs. We now turn to the particular firm actor which we focus on in this paper – resellers – to situate them as 'intermediaries' which are fundamental actors in the final phases of the GPN.

B. Resellers as intermediary firm actors in GPNs

In the GPN literature, Coe and Yeung (2015: 50-57) define intermediaries based on their functional role in GPNs of bridge and connect diverse actors enabling value activity of mutual benefit and enable GPN's effective functioning. Intermediaries ensure the smooth functioning of GPNs through 'the provision of unique inputs' (ibid: 51). They can also act as a power broker between firms and other actors such as governments or CSOs in the GPN, working to further objectives in favour of a particular GPN actor which can impact inter-firm relationships and shape lead firms' operations. Intermediaries can shape the configuration and governance of value activity at the intersection of multiple networks in GPNs (see Raj-Reichert 2020).

Intermediaries can be either firm actors or extra-firm actors. In addition to individual firms, they include as CSOs, multi-stakeholder initiatives, and industry associations. Amongst the various types of intermediaries, Coe and Yeung (2015) differentiate between two groups. First, more traditional intermediaries such as import-export traders in electronics, wholesale distributors in automobile and footwear, or sourcing agents in apparel (see Belavina and Girotra 2012). A second group of intermediaries are newer and increasingly critical for the functioning of GPNs. Coe and Yeung (2015) discuss three examples of these newer and critical intermediaries. They are financial intermediaries which help lead firms manage financial risk, gain credit, or estimate earnings; logistics intermediaries which help enable global reaches of GPN activity by securing shipments of parts and final goods; and standards intermediaries which help firms comply with global industrial standards as well as labour and environmental standards whose compliance can be key to participating in GPNs.

Understanding the role of intermediaries in GPNs has been a recent focus in GPN research and it is generally an under-researched actor (Coe and Yeung, 2015). The few contributions include Kumar and Beerepoot (2021) who highlighted security, facilities management and transport services which function as firm intermediaries which help smooth the functioning and integration of local firms in Mumbai, India into GPNs. When it comes to labour governance, Munir et al. (2017) categorized multilateral organizations, such as UNDP and the ILO, as extra-firm intermediaries which are part of the a 'transnational managerial elite' in GPN governance, that are influential and well-resourced intermediaries contributing to the hegemonic stability of GPNs by mediating competitive and contradictory pressures, including over labour standards. Barrientos (2013) highlighted labour recruitment agencies as firm intermediaries which have been implicated in the rise of forced labour in GPNs. Lund-Thomsen et al. (2021) discussed local institutions functioning as regulatory intermediaries in the implementation of a multi-stakeholder initiative. Raj-Reichert (2020) has discussed the role of the social auditing organisation, Verité, as hybrid firm and extra-firm intermediary implicated in creating reputation risks and managing regulatory risks brand firms face over labour rights violations in GPNs (see also Lund-Thomsen and Lindgreen, 2014; Fransen and LeBaron 2019).

To this literature, we add a focus on resellers in the electronics industry as firm intermediaries which face regulatory and public pressure over labour governance in GPNs and which mediate these demands across their networked relationships as a seller and buyer. Resellers in general are a particular type of firm actor intermediary 'that broker and mediate inter-firm and extra-firm relations' (Coe and Yeung, 2015: 25). They engage in business-to-business relationships to provide distribution services for final products and engage in sales relationships with final consumers, including government. Resellers became important to the sales strategies of brand firms from the 1980s onwards. They also help transfer customer market information to brand firms (Parvinen and Niu 2010) and function as 'go-betweens' (Coe and Yeung 2015: 51) between global brand firms and final customers. Resellers purchase products from firms to sell to final customers. This can occur in two different model. Under a 'single-stage' model, a reseller buys products directly from firms to sell to customers. Under a 'two-tier' model, resellers purchase products from a distributor who buys products from brand firms. Resellers provide hardware products packaged with services such as product installation and maintenance and increasingly a package of secondary services such as IT consultation. As a result of the extra services as their main value creation strategy, these intermediaries are also referred to as 'value added resellers'[3] (we use the term 'reseller' in the paper) (Gupta et al. 2016; Morris and Morris 2002). In other words, they 'add some features to an existing product, resells it (usually to end-users) as an integrated product or complete "turn-key" solution' (Parvinen and Niu 2010: 34). The value-added component can arise from services such as 'integrating, customizing, and consulting, training and implementation' and one that is customised to

[3] The term 'channel partners' are also used to describe these intermediary actors (see https://www.it-business.de/was-ist-ein-channel-partner-a-667227/). In Germany, they are referred to as `IT-Systemhaus´ (https://www.it-business.de/was-ist-ein-reseller-a-659860/). We use the term 'reseller' in this paper.

a particular customer's needs' (ibid). For example, they provide new software upgrades and managing information technology systems as part of packaged solutions.

Brand firms engage in relationships with resellers in order to more easily deliver their products along with after-sales services to final customers. For brand firms, resellers help reduce the cost of managing sales to smaller markets and retain focus on larger sales accounts. Resellers also can have better knowledge and access to specific markets compared to brand firms (Parvinen and Niu 2010), including the public procurement market (further discussed below). Brand firms can depend on resellers for big order volumes from public procurement contracts from public authorities.

For final customers, resellers, in addition to providing packaged product and services, provide a one-stop contact for installation, maintenance, repairs and consultation service. Over time, resellers went from selling hardware and corresponding software products as a one-stop solution to offering additional services such as IT consultation and management, which has become increasingly important for customers.[4]

In the electronics industry, resellers provide a unique function of selling final hardware and software electronics products packaged software services and consultation to final institutional customers. Because they are able to maintain upgrades and management of IT services for institutional customers, this can reduce costs of needing to have IT personnel in-house, this includes public institutions which do not always have separate IT departments. Resellers can also provide competitive prices to final customers. This is because resellers do not have costs of maintaining warehouses of final products.

C. Resellers in the public procurement market

Resellers are widespread in the public procurement market. They have come to serve this niche market and in particular have gained expertise of dealing with the complex, cumbersome and bureaucratic tasks of bidding for public procurement tenders. These are responsibilities which are normally beyond the core competencies of lead firms. In some sense, brand firms have come to rely on resellers to sell their products to large institutional customers in the public sector. Resellers began engaging in the public procurement market since the late 2000s. This was mainly due to process- and especially market-based dynamics surrounding these packaged services. As the regulatory requirements of tenders increased over time, reseller's specialized knowledge grew beyond manufacturing brand lead firms' expertise who have come to rely on reseller's services for marketing their products. Part of the resellers' competencies entails their knowledge of national procurement regulations and procedures operating in the language of the procurement markets they serve. Hence, it is often the case that resellers concentrate their public procurement business on specific geographic regions. Their business was further supported by the creation of a market that is structured around the Just-in-Time principle. With a view to the public procurement market, the political decision to downsize as cost-intensive perceived warehouses and own personnel further

[4] https://www.netzorange.de/it-systemhaus/

supported the trend of resellers getting contracts (Interview 2021). Furthermore, the public sector is lacking IT expertise and capacity building which creates the need for resellers' service components.

In general, the public procurement market is a relatively slow business given that tenders only come up every 2-5 years most often in the context of so-called framework agreements, ensuring long-term business relationships between resellers and their public customers, as well as the brand firms from which they purchase products to resell. For example, Dataport, a leading ICT procurer in Germany, equips 10.000 workstations, encompassing computer, notebooks, and monitors, of the public sector and retenders every 5 years. Public customer demands are also highly standardized. For example, frameworks purchasing agreements for several public customers at a time tend to include only a limited number of computer products. As a result, the public procurement market can, if rightly planned, contribute to less demand fluctuation and a lower need for flexibilization in the production process (Interview 2021).

As an intermediary interfacing with public buyers, resellers have also come to take over the regulatory requirements of the public procurement market in lieu of global branded firms. As a result, public authorities apply regulatory pressure on resellers. This includes conditions over working conditions including in global supply chains as objectives for SRPP. Indeed, in the public procurement market, ICT products are considered high-risk products for labour violations which increases the need for SRPP requirements. We will explore how resellers engage with SRPP. As a new public governance tool, each public procurement tender is distinct and comes with a learning curve for all parties involving experimentation on ensuring social sustainability.

III. Methods

This paper is informed by primary data collection through semi-structure interviews and a variety of secondary data sources. Interviews were conducted with public procurement officials in Sweden, Germany and the Netherlands from 2019 to 2021. Interview questions were focused on the experiences (including opportunities and challenges) of implementing SRPP of electronics products. Specific questions on the role of resellers focused on their growing importance for the public procurement market and how public authorities engage with these intermediaries in implementing standards on working conditions in GPNs. Interviews were also conducted with civil society organisations which assist public procurement authorities with SRPP. A particular CSO which works with public procurement authorities and firms, including resellers, provide information on the limits and opportunities of their positionality and function between brand firms and public procurement authorities which include social criteria in procurement contracts. Finally, two resellers were interviewed to understand their experiences in implementing SRPP and to understand how they perceive and act on their intermediary role in this regard. Most interviews were recorded and transcribed, and evaluated based on key themes. Follow-up responses to questions were received via email. Due to confidentiality requirements, all respondents and their organisations are kept anonymous.

Secondary sources of data include compilation of data from the EU Tenders Electronic Daily (TED) database (from 2010 to 2019) to identify the largest recipients of public procurement contracts for electronics, and from this list the top resellers which are dominant in this market. From this assessment, we identified Atea and Bechtle as key resellers engaged in the public procurement markets in Sweden and Germany respectively. A survey of CSO campaign documentation as well as media/news publications showed these resellers as more implicated and active in SRPP in their respective EU member states and for the procurement of electronics.

IV. Understanding resellers: Atea and Bechtle

In this section we discuss two large resellers – Atea ASA and Bechtle AG – which serve the public procurement market for electronics hardware and software products. They are key recipients of public procurement contracts involving social standards and in meeting increasing demands for SRPP in Sweden and Germany respectively. See Table 1 for a comparative summary of the two resellers. This section provides a background to these large resellers. They are distinct in their industry for their engagement in corporate social responsibility (CSR) activities, responding to SRPP, as well as their large size and importance to the public sector.

A. Atea ASA

Atea ASA was founded as Merkantildata (parent company) in Norway in 1968 as a provider of IT infrastructure and related services (Atea, 2021). In the years that followed, the company's subsequent growth was mainly driven by a major consolidation in the IT market in the late 2000s and various merger and acquisitions of some of the largest IT infrastructure providers in Denmark (`Top Nordic´), Sweden (`Atea´) and the Baltic region (`Sonex Group´) (Atea, 2021). As a result, Atea ASA became a market leader in IT infrastructure and related services and is today one of the third largest IT infrastructure provider within the EU.

Atea ASA is considered a successful reseller in the typical understanding of a `value-added reseller´ selling hybrid platforms, information management, and individually designed digital workplaces. The company offers a wide range of hardware products such as screens, keyboards, and digital maps, from leading brand firms, such as Microsoft, Apple, Cisco, HP Inc., Hewlett Packard Enterprise, IBM, and Dell. Corresponding software products and increasingly corresponding services such as consultations on IT architecture, asset management systems and configuration services[5] have also become an essential part of Atea's business. Hardware sales contributed to 50% of total revenue in 2020 (Atea, 2020a).

Amongst its 30.000 business and public customers (Atea, 2019), the public sector has become a major and important customer base, contributing to almost 60% of the reseller's annual revenue totaling NOK 39,503 million (approximately 3.8 million euros) in 2020 (Atea, 2020a). This is a significant increase from 2005 when revenue share from the public procurement market accounted for only 20% (Ementor Annual Report, 2005). One of the reasons for growth in the public procurement market is due to the Atea ASA's building up of substantial resources, personnel, and knowledge over procurement processes and specifications necessary for winning tender bids.

Atea ASA's commercial operations are divided into the geographic regions Norway, Denmark, Finland, the Baltics and Sweden. Sweden is Atea ASA's (Atea Sweden) largest market representing 41% of total revenue in 2020 (Atea, 2020a). Atea Sweden employs 400 dedicated salespersons only for the public procurement market. One of its largest public procurement contracts was a large framework

[5] Atea ASA understands itself as a reseller, service integrator and provider of managed services (Atea, 2020A).

purchasing agreement for hardware devices (tablets, PCs and mobile phones) and related services with an estimated annual value of SEK 1.6 billion in 2020 (Cision, 2020).

Atea ASA has in recent years been confronted with social standards in public tenders. These events contributed to the company becoming one of the most active resellers engaged in corporate social responsibility (CSR) (see below). An important driver was a report[6] by the Dutch NGO DanWatch on labour rights and safety violations in four Dell supplier factories in China in 2014 which was linked to the Stockholm County Council procurement of desktops and laptops via Atea ASA via a framework agreement. This violated social criteria contractual obligations in the framework agreement (SLL, 2015). When the Stockholm City Council learned about the report, it threatened to terminate its contract with Atea ASA and initiated a long-term process to remedy the situation (Electronics Watch, 2016). Such a potential major loss of revenue in the public sector because of violated social criteria contractual obligations Atea ASA to dedicate resources to develop capacities, including the hiring of new personnel dedicated to sustainability matters, to deal with violations of labour standards along its global supply chains since 2014 (Interview, 2021). Atea ASA has also continued to face increasing demand for social standards by public procurers in recent years, especially in Sweden (Interview, 2021).

Indeed, Atea acknowledges that it faces the challenge that their suppliers in the hardware supply chain operate in some of the highest risk countries for labour violations (Atea CSR Report, 2020).[7] Against this overall context, Atea ASA has intensified its efforts on corporate social responsibility (CSR). In 2016, Atea ASA became the first reseller to join the industry CSR association Responsible Business Alliance (RBA) and adopted its Code of Conduct as its own Supplier Code of Conduct (Atea, 2020b). In 2017, the `Atea Sustainability Focus´ (ASF) initiative was founded to bring around 250 Nordic IT buyers to give consolidated recommendations to the RBA on its activities and processes (Atea CSR Report, 2019) such as for more transparency in RBA members reporting beyond the first tier of suppliers in GSCs. The ASF group also recommended a uniform reporting framework for the electronics industry (Atea Sustainability Focus, 2018, p. 3), which was addressed in the RBA's 2019 `Practical Guide to Transparency in Procurement´ (Atea CSR Report, 2019). In addition, the ASF Leadership for Change initiative was founded to collect sustainable IT procurement practices and to bring IT buyers together (Atea CSR Report, 2020). Atea ASA's intertwined sustainability efforts with the RBA are also reflected in its Assurance Program developed in 2019 aimed at turning its prioritized suppliers into full RBA members (Atea CSR Report, 2019), which it has achieved with seven suppliers. Further supply chain efforts included factory visits and participation in fora such as the Sustainability Council in Sweden (CSR report 2019). Atea ASA's endeavors have led to being awarded the highest rating in environmental and social performance for CSR and sustainable procurement by industry-wide recognized rating company EcoVadis in 2020 and was among the top 1% of 65,000 organizations evaluated globally (Atea CSR Report, 2020).

B. Bechtle AG

[6] The report can be found here: https://old.danwatch.dk/wp-content/uploads/2015/03/IT-workers-still-pay-the-price.pdf

[7] These findings are an outcome of an overall supply-chain risk assessment performed by the consultancy and audit firm KPMG in 2019 (Atea CSR Report, 2019).

Bechtle AG was founded in 1983 as an IT company also engaged in reseller activities. The company developed and marketed its own calculation software and also sold computers from brand firms such as Apple and IBM (Bechtle AG, 2021a). Today, Bechtle AG is one of the more successful IT service providers in Europe (Bechtle AG, 2021b) and the largest 'IT-Systemhaus' in terms of annual turnover in Germany (IDG Business Media GmbH, 2020, p. 25). It operates also in Austria and Switzerland and is focused on serving German-speaking markets (Bechtle AG, 2021B). The reseller's revenue accounted for €5.819 billion in 2020 representing approximately a 4% market share in a highly fragmented German IT market consisting of 90,000 IT companies in 2020 (Bechtle AG, 2020A).

Today, this IT-Systemhaus remains a classic reseller by offering various IT services in combination with the direct sale of IT products, including software and hardware products (Bechtle AG, 2021b). Its product portfolio comprises around 70,000 products (Bechtle AG, 2020a) from 300 suppliers which includes brand firms such as Dell, HP, Hewlett Packard Enterprise, Lenovo, Logitech, Samsung, Apple, IBM, Fujitsu, Microsoft, and Acer (Bechtle AG, 2021b). Hardware is either directly distributed via distributors or from their own warehouses, depending on which is the quicker and cheaper option for a particular customer.

According to their press communications officer, Bechtle AG was founded with public buyers as its very first customers (Interview, 2021). The public sector is a customer base it began to specialising in with the establishment of a Public Sector division in 2004 and opening an office in Brussels in 2012 to address public sector clients at the EU level (Bechtle AG, 2021a). It's share of revenue from public procurement increased from 15% in 2008 to 33% in 2020 or approximately €2 billion. Bechtle AG has 2,500 employees serving public customers. It receives about 1000 new projects from public buyers every year (Bechtle AG, 2021c). For example, in Germany Bechtle supplies Dataport[8] in Hamburg, the German Armed Forces in Bonn and the University of Freiburg (Bechtle 2013). In 2018, Bechtle AG was awarded a software tender from the EU Commission with a volume of 52 million euros per year until 2025 (Bechtle AG, 2018).

The importance of the public sector market to Bechtle AG is its stable consumption pattern which is less sensitive to economic downturns. During the economic downturn of 2020 from the Covid-19 pandemic, for example, Bechtle AG's winning a procurement contract from the government of Saarland helped offset declines in IT investments by other private customers, such as in the automotive industry (IDG Business Media GmbH, 2020).

Bechtle AG like Atea ASA have also faced increasing requests for social responsibility by public customers and supplier information as new criteria for winning tenders as a result of the revised EU procurement directives (Bechtle AG, 2020b). A key event was its first tender with Dataport in 2013 (Interview, 2021) in which bidders were asked for a social concept[9] where social standards accounted for 10% of the award criteria (Interview, 2021). This tender was awarded to Bechtle AG, for the supply of Fujitsu products, on the grounds of its promised reporting on sustainability considerations, conduct of review meetings with all involved parties at the managerial level, and its newly developed Code of Conduct (WEED, 2015). The supplier Code of Conduct relies mainly on the International Labor

[8] Founded in 2004, Dataport provides IT hardware and services to public authorities in the German federal states of Schleswig-Holstein, Hamburg and Bremen, as well as IT services for the tax administration of the federal states of Mecklenburg-Western Pomerania and Lower Saxony.

[9] The social concept comprised of the extent of labour and social standard compliance, their plausibility (evaluated though e.g. the ability to name manufacturers and subcontractors) and verification (which refers to the intent to provide verification) (WEED, 2015).

Organisation core labour standards. At the time, other competitive bidders were lacking capabilities on CSR and Bechtle AG through this opportunity became a pioneer in meeting requirements of SRPP amongst resellers. Dataport is still setting requirements above industry, also by testing new approaches such as the Electronics Watch Code or the Bitkom Declaration in addition to its social concept. SRPP activities by Dataport, which is one of the largest ICT procurers in Germany, has been copied by other public buyers and thereby setting new industry standards for suppliers to the public procurement market in Germany (Interview, 2021).

Other governmental regulations have also contributed to Bechtle AG's sustainability engagement, including the Non-Financial Reporting Directive (2014/95/EU), the 2016 German National Action Plan for Business and Human Rights, and the recently passed German Supply Chain law (Interview, 2021). From this context and past experiences, Bechtle AG has evolved into a leading reseller in terms of meeting demands of SRPP in the German public procurement market (Interview, 2021). Bechtle AG has individualized sales teams for brand firms whose products it resells, which in recent years have begun discussing social criteria requirements in public procurement tenders *before* bidding. These discussion help inform Bechtle AG's selection of the most suitable brand firm for tenders. Its supplier governance activities include its supplier Code of Conduct, which, by 2020 93% of total purchase volume included signed or equivalent codes, including the RBA code of conduct. Code of conduct compliance is evaluated through inspections of audit results, inspection reports or sustainability reports provided by the suppliers (Bechtle AG, 2020b). Bechtel AG customers, including public buyers are able to consult these audits (Interview, 2021). Bechtel AG also relies on audit reports by RBA (Bechtle AG, 2020b) and reports by the Business Human Rights Resource Centre on allegations of corporate human rights abuse for its most important suppliers brand firms it purchases from. Bechtle AG has also been engaging in establishing sustainability standards in the industry. It organizes regular sustainability dialogues with manufacturers and an annual `Bechtle Competence Meeting Public Sector´ event (Bechtle AG, 2020b). A new department on sustainability was established in 2021 with direct reporting to the CEO. In an attempt to offer more fair produced electronic products, Bechtle has also started reselling and offering Fairphones, which are ethically produced (Interview, 2021), to all of its customers (Channel Partner, 2021).

Table 1. Company profiles of Atea ASA and Bechtle AG.

	Atea ASA	**Bechtle AG**
Year founded	1968	1983
Main countries of operation	Sweden, Norway, Denmark, Finland, Baltic States	Germany, Austria, Switzerland
Market position	Market leader in IT infrastructure and related services for B2B and the public sector in the Nordic and Baltic regions.	Largest IT-system house measured in annual domestic turnover in Germany for 2020.
Public sector's % of total revenue in 2020	60%	33%

When CSR activity began to meet SRPP requirements	2014	2013
Drivers for CSR activity related to SRPP requirements	Danwatch public scandal and report implicating company in labour violations in supplier factories, which were sold to public sector customers in Sweden; and Sweden's strong engagement and demands for ensuring social criteria compliance.	Regulatory requirements and laws and increasing demand by the public sector, especially Dataport, on SRPP.

V. Understanding resellers as labour governance actors in GPNs for the public procurement market

This section begins by conceptualising resellers as labour governance actors in the electronics industry GPN. Resellers who are positioned between branded firms and final customers in GPNs are understood as both customers and sellers with a unique set of leverage and power relationships in GPNs. The relationships and functions of resellers vis-à-vis public procurement contracts with social criteria on working conditions in outsourced factories implicates them as a unique labour governance actor in GPNs. We discuss various drivers which help us better understand GPN labour governance that is tied to the public procurement market and SRPP through the involvement of this unique firm intermediary actor.

Resellers are intermediary firms which connect final products of brand firms to final customers. Resellers are in relationships with brand firms as customers and a relationship with public procurement authorities as a seller. Leverage and expectations differ between these two types of relationships. As customers, resellers maintain stable and long-term relationships with brand firms to ensure their ability to resell their products to final customers. In turn, brand firms depend on resellers to access niche customer markets – namely the public sector. As a seller to public procurement authorities, resellers are on the receiving end of specifications they must meet as part of the requirements of a sales contract. This can and does include meeting social criteria standards as part of SRPP. For some resellers, such as Atea ASA and Bechtle AG, maintaining this lucrative customer base is important for its revenues. This involves assuring public buyers engaged in SRPP of their ability, competence and capabilities for social criteria compliance.

When it comes to understanding labour governance in GPNs, our conceptual lens is largely pointed at drivers which change brand firm behaviours. Namely, public campaigns can be a threat to brand firms in terms of loss in private consumer sales and profits as a result of reputational risk. As non-brand firms, however, these dynamics do not exist in the same way for resellers. In the case of Atea ASA, a public campaign which targeted its customer – the region of Stockholm in Sweden who purchased Dell products made in supplier factories with labour violations – resulted in implicating the reseller of those Dell products. In other words, the public exposé was not on a relatively unknown reseller but to a major region – Stockholm -- whose taxpayer moneys had contributed to labour violations, and to a well-known brand firm – Dell. Hence, resellers, like Atea ASA, can find themselves implicated in such scandals through a network of actor relationships in GPNs.

Who and where (and the wider context) these GPN actors are also matter in terms of driving a reseller such as Atea ASA to respond to SRPP requirements. Sweden for example has been at the forefront of sustainability initiatives including in public procurement (Interviews, 2021). The targeting of Stockholm by Danwatch's public exposé resulted in *action* by the Stockholm public procurement authorities to follow-up with Dell and Atea ASA to improve the situation. It can be argued that this pressure of a lucrative customer was an important driver for Atea ASA's increasing activities in CSR linked to meeting SRPP requirements. In other words, customer demand – in this case a large public buyer – was a key driver for Atea ASA's responses. Customer demand by a major public buyer – Dataport -- was also an important trigger for Bechtle AG's subsequent engagement in social responsibility. Dataport, unlike the Stockholm region, was not hit by a major public scandal, rather longer-term pressure and lobbying by CSOs such as WEED and by active engagement of the city-state of Bremen on SRPP.

Resellers are different from brand firms also because of their absence of contracts with outsourced manufacturing suppliers[10] in GPNs. Resellers must rely on their suppliers, which are brand firms, to ensure outsourced factories comply with SRPP requirements set by their customers. The traditional leverages and mechanisms to improve working conditions through lead firm-supplier relationships does not apply to resellers. Leverage originates with public authorities who have contracts with resellers which results in indirect pressure, which can be significant or weak, on brand firms. Uniquely, public authorities have leverage through regulation, not voluntary approaches, with the options of sanctions. Resellers can use public authorities as a leverage to push brand firms. Limits to these opportunities however public authorities can only push as much as industry can meet or is mature enough to fulfil the social criteria.

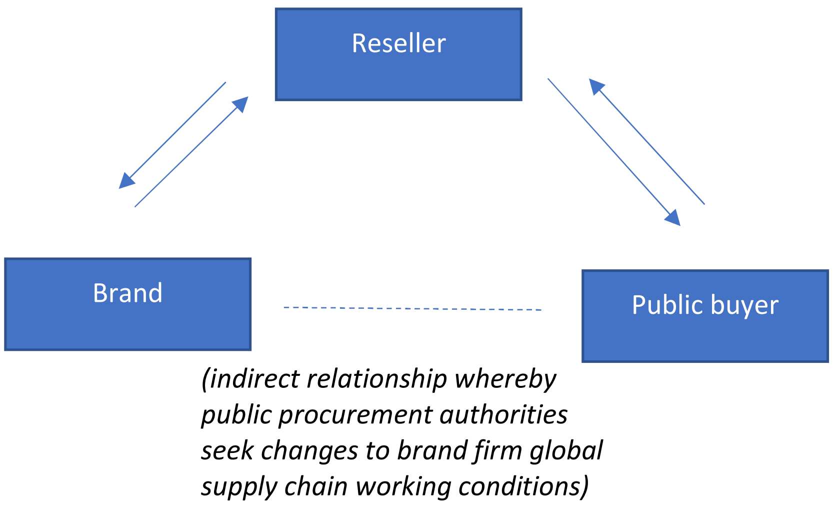
The drivers or triggers from resellers' seller relationships with customers is important to understand in terms of power asymmetries to determine the efficacy of SRPP to lead to changes in firm behaviours which can improve working conditions in GPNs. Indeed, power relationship based on resellers positionality in GPNs as customer of brand firms and seller to public buyers create paired and triadic relationships (see Figure 1) with each relationship determined by different degrees of power asymmetries and dependency. Dependency is mutual or flows both ways, hence, public procurement authorities have increasingly become dependent on resellers for full packaged and large volumed provision of IT products and services. Brand firms are also dependent on resellers to reach lucrative public procurement markets. How these relationships are fostered, maintained and managed have implications on how labour governance through SRPP requirements translate into meaningful changes or improvements to working conditions in outsourced factories of GPNs.

A critical component to implementing SRPP is the ability of public customers to monitor working conditions in the factories which manufacture the products they are purchasing. Having a re-seller involved, this means that public customers must rely on resellers to obtain information on working conditions from branded firms on their manufacturing suppliers and to ensure branded firms comply with and enforce compliance to labour standards down their global supply chain. Here, the power relationship between resellers and branded firms becomes key. Larger and more experienced and better resourced resellers can have greater leverage over branded firms within the triadic relationship (interviews 2021). This is because resellers are large customers to branded firms. Smaller resellers may not have the leverage due to their small purchasing power from brands to demand compliance over labour standards. Size of the re-seller as a result can influence the ability to enforce labour standards down the GPN. However, on the other hand, large resellers whom public customers

[10] Many large resellers do have their own products but which do not come into competition with the products they sell to public procurement authorities.

are highly dependent on, can wield their leverage *over* public customers to resist pressures to ensure compliance of labour standards down supply chains.

Figure 2. Relationship between reseller, brand firm and public buyer



Resellers as intermediaries should enable value activity based on mutual benefit of their 'go-between' positionality (Coe and Yeung 2015). Based on our research, resellers find themselves as moderators in-between brands and public buyers. Yet, resellers can contribute to SRPP being a successful labour governance tool if they lean more towards *transmitting* customer demand from public buyers to brand firms and their supply chains and ensuring the latter comply. Being backed by public buyer demand for changes becomes especially relevant the larger the public buyer is and if they are themselves a trigger for change in the public procurement market. This was the case with Dataport whose actions were copied in the public procurement market in Germany leading to growing acceptance of SRPP activity.

On the other hand, resellers can fall into a *gatekeeper* role partnering more with brand firms to funnel the limits to industry maturity to meet SRPP requirements back to public sector customers. Both Atea ASA and Bechtle AG are engaged in, including initiating and organising, dialogues between public buyers and brand firms to communicate both up and down these relationships, which includes the limits brand firms face in meeting far-reaching SRPP requirements. Both the transmitter and gatekeeper roles are forms of mediation, which is not always a neutral function but one that can favour one actor more than the other within a triangulated relationship.

In which direction the intermediary role of resellers take can depend on their own size. Small resellers who are small players in the market may not have sufficient resources to engage in SRPP requirements. Large resellers with resources (like Atea ASA and Bechtle AG) can engage with SRPP requirements by cooperating with public authorities to demand changes to brand firms governance of their supply chain. However, on the other hand, large sellers can also cooperate more with brand firms to limit the demands from public authorities for SRPP as a transmitter. When resellers are large, they can translate demands in both directions -- demands from public procurement authorities to push brands or from brands to lower demands by public procurement authorities as a gatekeeper. , e.g. Bechtle resists PP asking for more information) and become gatekeeper. The type of leverage public authorities have over resellers, either as a large source of revenue or through the threat of regulatory sanctions, can determine their ability to reach brands effectively.

Table 2. Factors for SRPP implementation amongst resellers

	High SRPP potential	**Low SRPP potential**
CSR competence	Strong	Weak
Dependency on public buyers	Large sale to public customer or large percentage of business to public customers	Small sale to public customer or small percentage of business to public customers
Experience public buyers demanding social criteria inclusion	Resellers use leverage to make demands at brands	Resellers try to translate brand firm's demands about social criteria to public buyer's tenders
Leverage over branded firms to push labour standards compliance down supply chains	Large purchase	Small purchase
Add another layer to GVC	Support for transparency disclosure and provide social criteria inclusion service	Increase complexity without increasing power and positionality of public buyer

As we enter a post Covid-19 recovery phase, public procurement will continue to be an important element of government strategies over healthcare and the stabilisation of economies. Public procurement authorities have not only come to rely more on resellers through increased purchase of IT products, necessary for remote working and schooling, but have also recognised their distance to the actual manufacturers of the products they purchase (Interview 2021). Frustration was expressed of the inability of procurement authorities to directly communicate and negotiate with manufacturers for example for rushed orders. In this regard, resellers may create bottlenecks in the process of information flow between public customers and brand firms. This can similarly be the case for the communication of SRPP or social criteria requirements. However, our research shows that in 2019, concerns and assurances of compliance of social criteria largely came to a standstill in 2019 due to a greater priority placed on rapid production, inability to travel, and the preoccupation of firms and suppliers in the chaos and stress of maintaining production in the midst of disruptions in global supply chains. Still, 2019 at the height of the Covid-19 pandemic, were the most lucrative years for Atea ASA and Bechtle AG due to large purchasing orders from the public sector. The reliance on resellers will continue and the need to ensure compliance of social criteria in the midst of the Covid-19 recovery process can provide a test for the efficacy of SRPP.

VI. Conclusion

In this paper, we showed that when it comes to SRPP and the public consumer market of electronics, an intermediary firm actor – the reseller – can be critical for the efficacy of this public governance mechanism in GPNs. These intermediaries are a relatively new and fundamental actor in the final phases of the GPN. We focused on the experiences of Atea ASA and Bechtle AG, who despite being frontrunners amongst resellers in their engagement in SRPP, are still relative newcomers in their engagement for labour governance and social standards in GPNs. This calls for a reconceptualization of opportunities and limits of SRPP when faced by a reseller as opposed to brand or manufacturing lead firms. A corollary of this problematic is whether resellers behave as drivers of regulatory objectives of SRPP, for example by ensuring compliance with ILO CLS or Fair-Trade certifications, down to branded lead firms, or inhibit them. This research question depends on which direction of dependency within the triadic power relationship between resellers, public customers, and brand firms for implementing SRPP objectives. Our discussions differentiate between resellers functioning as a transmitter (potential for stronger SRPP outcomes) or gatekeeper (potential for limits to SRPP outcomes) can determine in which way resellers function as a labour governance actor through SRPP in GPNs.

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