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ORIGINAL ARTICLE

Variegated forms of corporate capture: The state, MNCs, and the dark side of strategic coupling

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Abstract

Mainstream literature on global value chains (GVCs) and global production networks (GPNs) has increasingly demonstrated how the state and political conjunctures play a central role in strategic coupling. Nonetheless, scholarly attention still remains on the role of firms and their strategies. By focusing on firms, GVC and GPN scholars often underestimate the influence that non-firm actors such as the state have on strategic coupling, especially concerning its negative development implicationsits "dark side". To contribute to this literature, this article proposes an approach and research agenda to examine how processes of corporate capture evolve via strategic coupling. This approach is based on the interplay of three variables: the strategic selectivity of states; the strategic action of firms; and states' predominant mode of insertion into GPNs. I argue that corporate capture is much more common and variegated in capitalist states and consequently in strategic coupling than often assumed in mainstream literature.

KEYWORDS
global production networks, negative outcomes, state role, strategic coupling

INTRODUCTION

Research on global commodity chains (GCCs), global value chains (GVCs), and global production networks (GPNs) has been central to understanding global production, distribution, and consumption. A major topic in the GVC and GPN agenda concerns regional development, specifically, how development takes place when global production networks and regional assets are 'plugged' through strategic coupling[1] (Mackinnon, 2012; Yeung, 2009). GVC and GPN scholars have shown how the state, state accumulation strategies, and political conjunctures play a central role in strategic coupling and related developmental outcomes; however, most scholarly attention remains on the role of firms (Alford & Phillips, 2018; Horner & Alford, 2019; Murphy, 2019; Rutherford et al., 2018; Smith, 2015; Werner, 2016). By focusing on firms, GPN mainstream scholars often under explore the role that non-firm actors such as the state have on GPN strategic coupling, especially in relation to its negative development implications, the so-called 'dark side' (Murphy, 2019; Phelps et al., 2018; Yeung, 2021; Mayer & Phillips, 2017). This has resulted in calls for more research into the role of the state and into disarticulations, or the exclusionary outcomes fostered by global value chains (Murphy, 2019; Phelps et al., 2018; Werner, 2016).

In this regard, this article engages with the concept of corporate capture and proposes a theoretical approach and research agenda to the GPN literature, which place attention on the role of the state, its relationship to firms, and the developmental outcomes of such a relationship in terms of exclusionary outcomes. Corporate capture refers to the process in which multinational corporations (MNCs) advance their interests, impact, and foster negative outcomes to regions by 'capturing' the institutional capacity of states (Phelps, 2000). Although GVC and GPN scholars have acknowledged that strategic coupling can result in corporate capture (see Mackinnon, 2012; Yeung, 2021), further analysis is still required. There is a need to better understand what is understood by corporate capture and how processes of corporate capture unfold and relate to the state. In the GPN literature, it is often mentioned how regions are prone to corporate capture, but the term still lacks depth theoretically and empirically.

Therefore, this article examines Multion-state nexus and unfolds how corporate capture evolves via strategic coupling and relates to the state based on the interplay of three variables: (1) the strategic selectivity of states, that is, how the state empowers and privileges specific social forces; (2) the strategic action of firms and their allies; and (3) states' predominant mode of insertion into GPNs. This approach is based on the premise that corporate capture is much more common and variegated in capitalist states and consequently in strategic coupling than GVC and GPN scholars often assume. This is because firms have structural advantages to advance their interests and shape state initiatives, policies, and strategies. This article also suggests a research agenda that explores processes of corporate capture related to four main areas: state policies and states' provision of incentives and subsidies, labour markets and skill regimes, the working class, and the environment.

Theoretically, this article engages with FDI studies on firms' behaviour and the firm-state nexus, GVC and GPN studies on strategic coupling and its dark side, and neo-Marxist studies on state strategic selectivity[2] and the state's structural dependence on capital. This article's central contribution to the GVC and GPN literature is to present an approach to examine the dark side of GPNs' strategic coupling (its variegated forms of corporate capture), and to consider states' role in negative outcomes. This contribution answers Dawley et al.'s (2019) call to explore the impact of GPNs on regions by viewing the 'dynamics of strategic coupling from a host perspective' (p. 853). Moreover, this article contributes to broader discussions on the firm-state-region nexus within international relations, sociology, and business management (see Almond et al., 2014; Levy, 2008, 2017).

This article proceeds in four main sections. The second section reviews GVC and GPN theories about the state, strategic coupling, and regional development. It also discusses how GPN studies on strategic coupling have overlooked issues of uneven development and how studies on corporate capture can add to the literature. The third section engages with the FDI and GPN literature to define what is understood by corporate capture. The fourth section not only discloses how corporate capture relates to different forms of states and evolves via strategic coupling but also develops an approach. The fifth section proposes a research agenda. Finally, the sixth section concludes this article.

GLOBAL PRODUCTION NETWORKS, STRATEGIC COUPLING, AND ITS DARK SIDE

GVCs and GPNs have become a significant research stream on the formation, configuration, and upgrading of global firms and their suppliers across different countries and regions (Barrientos et al., 2011; Henderson et al., 2002; Yeung & Coe, 2015). Initial studies within the GCC literature focused on inter-firms' relations to explain how global industries are formed, configured, and capable of capturing, creating, and enhancing value (Gereffi, 1994; Gereffi & Fernandez-Stark, 2011). However, this approach was criticized for overlooking the role of other players such as institutions (Henderson et al., 2002). In response to the GCC literature, other scholars conceptualized the notion of global value chains, giving greater attention to institutional structures. GVC researchers recognized that public–private forms of governance were crucial in the configuration of GVCs and in value creation, enhancement, and capture (Smith, 2015). However, GVC scholars mainly focused on not-for-profit organizations and private corporate players (Horner, 2017; Mayer & Phillips, 2017). This led economic geographers to argue for the need to give more attention to the state (and existing institutional contexts) and to questions of power, space, and scale.

Economic geographers developed the GPN 1.0 framework, which later evolved to the GPN 2.0[3] (see Coe et al., 2004; Henderson et al., 2002; Yeung & Coe, 2015). Under the GPN 2.0 framework, the role of the state in GPN dynamics gained attention, especially through the concept of strategic coupling, a concept developed within the GPN theory that rationalizes regional development (Coe et al., 2004, Yeung & Coe, 2015). GVC scholars accompanied such changes, increasing attention to the role of the state and questions of power (Mayer & Phillips, 2017). Yeung (2009) defines strategic coupling as the dynamic through which GPNs and regional assets are 'plugged' via the mediation of regional actors. In other words, strategic coupling refers to the different ways through which regions become part of global production networks. According to Coe et al. (2004), the positive aspects of strategic coupling (or regional development) occur when regional assets complement the strategic needs of transnational actors in GPNs. For regional assets to complement the needs of firms, it often requires the presence of appropriate institutional structures that can promote such assets (Coe et al., 2004). As such, GPN and GVC scholars have examined the different roles that the state plays in strategic coupling and the importance of institutional configurations in articulating regions into GPNs (Horner, 2017; Mayer & Phillips, 2017; Smith, 2015). However, in mainstream literature, firms' strategy and production continue to be the central variables and drivers in analyses of strategic coupling.

GPN and GVC scholars have acknowledged that strategic coupling does not always result in positive outcomes 'because local actors may be creating value that does not maximize the region's economic potential' (Yeung & Coe, 2015, p. 20). The prevailing explanation of how and why some states (and their regions) experience the dark side of GPNs resides in one major feature: Whether states have or lack distinct regional assets[4]. In this regard, GPN scholars claim that when states and their regions lack regional assets that are complementary to the strategic needs of MNCs, they are more likely to have negative outcomes. Such a lack of regional assets puts states in an inferior position when bargaining the attraction and retention of MNCs (see Coe & Hess, 2011; Mackinnon, 2012; Yeung, 2016). Therefore, for such scholars, states and their regions are in a better position when bargaining with MNCs when they possess highly specialized and distinctive regional assets, such as pools of knowledge and expertise, which match the interests of such firms. In such a case, strategic coupling is considered symmetrical (based on partnerships and reciprocity), and states are able to influence MNCs to comply with certain criteria, fostering embeddedness (Liu & Dicken, 2006; Mackinnon, 2012). In regions that lack strategic assets, strategic coupling is based on asymmetrical relations and is more likely to result in negative outcomes (Coe & Hess, 2011; Mackinnon, 2012).

This prevailing explanation of the dark side of GPNs is problematic. First, it focuses on a specific form of strategic coupling, that is, structural coupling. Structural coupling refers to how regions are coupled to GPNs via the attraction of FDIs through bargaining events. Not much has been said about how the dark side of GPNs is manifested in regions through other forms of strategic coupling such as functional (coupling via domestic strategic partners) and organic coupling (coupling via the creation/development of domestic firms), where coupling often does not involve bargaining events between the state and firms. For example, in organic coupling, regions are inserted into GPNs through the co-creation and co-evolution of local firms and local assets, meaning that assets often match the strategic needs of firms (Mackinnon, 2012). Nonetheless, some case studies have acknowledged that regions inserted in GPNs through organic coupling—and functional as well—can experience negative outcomes even though regional assets are complementary to the strategic needs of firms and relations are symmetrical (Yeung, 2015). Therefore, mainstream GPN literature has not considerably advanced discussions about the multiple mechanisms through which firms negatively influence the state and regions in organic and functional coupling.

Second, GPN scholars often acknowledge that strategic coupling can result in corporate capture but connects this process to structural coupling as if corporate capture was not a common process in organic and functional coupling (Hassink, 2021; Mackinnon, 2012). . However, recent studies have demonstrated that inequality is an intrinsic element of value chains due to firms profit-seeking rationality (Bair & Werner, 2015; Coe & Yeung, 2019; Mayer & Phillips, 2017; Murphy, 2019; Phelps et al., 2018; Werner, 2016). Yet, mainstream GPN and GVC literature generally focuses on the positive aspects of strategic coupling[5], where 'the unevenness of development has receded from view' (Phelps et al., 2018, p. 240). As Werner (2016, p. 460) states, 'we know comparatively little about how strategic coupling and upgrading relate to processes of devaluation, disinvestment, and exclusion that are part and parcel of the formation and restructuring of global production and the remaking of uneven development'.

Third, by explaining how strategic coupling results in negative outcomes based on whether states lack or have strategic assets that match the interests of firms, the GPN literature overlooks other dynamics that play a crucial role in the evolution of corporate capture. For example, such an explanation leads scholars to overlook the role that structural conditions and political conjunctures—in which firm-state relations take place—play in the evolution of corporate capture (Murphy, 2019). Additionally, such an explanation ignores the fact that firms behave opportunistically even in situations where regional assets match the strategic interests of firms (Phelps, 2000). Finally, this explanation overlooks the complexity of the power relations between states and firms, disregarding the multiple mechanisms through which firms and states interact and advance their interests in different modes of strategic coupling.

Therefore, in the next sections, this article engages with the concept of corporate capture and proposes a theoretical approach and research agenda to the GPN literature, which place attention on the role of the state, its relationship with firms, and the developmental outcomes of such a relationship in terms of exclusionary outcomes. In the following section, this article engages with the FDI and GPN literature in order to define what is understood by corporate capture; then, it proceeds to the fourth section to establish its approach.

THE DARK SIDE OF GPNs: WHAT IS CORPORATE CAPTURE?

The term corporate capture has often been mentioned in GPN studies. Nonetheless, the term is often used without much explanation of what it is meant or how corporate capture unfolds (see Coe et al., 2004; Dawley et al., 2019; Mackinnon, 2012; Pavlinek, 2016; Rainnie et al., 2013; Rutherford et al., 2018; Yeung, 2009). The first time that corporate capture was significantly approached in Economic Geography was within the FDI literature, where scholars such as Phelps (2000, 2005) and Phelps and Fuller (2001) introduced the topic. FDI scholars were interested in understanding the power relations between states and FDIs and the consequent outcomes of such relations in terms of regional development. Therefore, one main concern of such studies was to understand whether some forms of states were more prone to have corporate capture than others when attracting FDIs (see Almond et al., 2013, 2014; Phelps, 2000; Rutherford et al., 2018). The present article engages with such literature to explore corporate capture, but it also draws from Marxist theories of the state and the GPN literature to further develop it.

According to the FDI literature, corporate capture is a process in which the values and interests of firms dominate state initiatives, regulations, and strategies. Corporate capture also includes processes in which firms exert unidirectional influence on the state and impose their interests over local institutions and business communities (Phelps & Fuller, 2001; Phelps et al., 2005). In such a process, corporate capture often involves global and mobile firms playing different regions against each other in bargaining events in order to impose their material interests over the state (Phelps, 2008). Nonetheless, as Phelps (2008) stated, the capture of the institutional capacity of regions is rarely full. So, corporate capture is always a process in which the institutional capacity of states is only partially captured.

In more concrete terms, mainstream literature understands corporate capture when FDIs negatively affect states and local business communities via strategic coupling in five main ways. In regard to the state, corporate capture has been described when the state is not able to foster externalities, spill-overs, and consequent development of industrial clusters via processes of strategic coupling despite MNCs receiving significant public incentives (Dawley, 2007;

Phelps, 2000; Rutherford et al., 2018). It has also been examined in relation to how coupling results in foreign direct investors recruiting a significant proportion of workers from outside the locality, and in trying to minimize workers' knowledge exchange or sharing (see Pavlinek, 2016; Phelps, 2008; Phelps & Fuller, 2001). In regard to local business communities, corporate capture has been portrayed as a dynamic in which MNCs distort or influence local skills agendas and strategies due to the lack of wider business community involvement in training agendas, or when MNCs recruit the most talented workers from local suppliers and the local business community (Dawley, 2007; Phelps, 2000, 2008; Phelps & Fuller, 2001).

This article adopts the above described view and understanding of corporate capture, but it believes that corporate capture is much more variegated. Thus, it also engages with the GPN literature to broaden the understanding of corporate capture. Although not labelled as corporate capture in many cases, the GPN literature has developed some interesting research exploring the dark sides of value chains, especially in regard to how firms impact the working class, and the environment in negative ways. In regard to the working class, some GPN and GVC scholars have discussed whether strategic coupling results in negative outcomes for workers such as social downgrading (i.e., in deterioration in wages and working hours and freedom to pursue collective bargain), in the reproduction of informal and precarious working and living conditions, in growing inequality related to racialized and gendered socioeconomic restructuring to fit coupling, forced labour and child labour, formation of an exploitable working class, and in processes of dispossession (Barrientos et al., 2011; Bair & Werner, 2015; Phillips, 2011; Phelps et al., 2018; Selwyn, 2016). In relation to the environment, GPN scholars have also examined how strategic coupling can result in uneven resource allocation, unsustainable modes of growth, environmental degradation and injustice, and adverse outcomes to resource-related industries (Coe & Hess, 2011; Coe & Yeung, 2019; Dawley, 2011; Phelps et al., 2018; see Radhuber, 2015).

As corporate capture refers to a process in which firms negatively influence the state, it is important to take into consideration state scale. This is because firms are not enveloped by a single national institutional framework but by a range of institutional layers at different scales or variegated subnational models of capitalism (Peck & Theodore, 2007; Zhang & Peck, 2016; Schröder & Voelzkow, 2016). Consequently, processes of corporate capture can take place at different scales, according to states' variegated national and subnational dynamics. By considering corporate capture as a multi-scale[6] process, it opens the possibility for processes of de-capture to take place at some state scales. In other words, if corporate capture takes place at the national scale, there is a possibility for local actors to mobilize and push subnational states in a different direction by imposing initiatives that promote the environment, value creation, enhancement, and capture, including advocating cluster formation, better working conditions, or knowledge transfer.

Therefore, based on the FDI and GPN literature, this article comes to define corporate capture as a multi-scale process in which firms impose their interests and impact states, capturing regions' institutional capacity, consequently fostering negative outcomes. Such negative outcomes are described not only in relation to public subsidies and incentives, labour markets distortions, and lack of embeddedness but also described as a process in which firms adversely impact the working class and the environment in variegated forms. Corporate capture as a process involves a series of actions not only from firms but also from the state. Thus, in the next section, this article examines firm-state-region nexus and explores how corporate capture unfolds and proposes an approach to examine such a process.

GPN, STRATEGIC COUPLING, AND THE EVOLUTION OF CORPORATE CAPTURE

As an alternative to the prevailing GPN explanation of why firms negatively impact states and regions in processes of strategic coupling fostering corporate capture (based on how the presence of regional strategic assets yields power to states), this article develops a different explanation and approach, which is based on the interplay of structure and agency. This article proposes examining processes of corporate capture based on three variables: (1) the strategic selectivity of states, that is, how the state empowers and privileges specific social forces, (2) the strategic action of firms and their allies, and (3) states' predominant mode of insertion into GPNs. To do so, it draws from Jessop's strategic-relational approach, Kannankulam and Georgi's (2014) historical materialist policy analysis (HMPA) approach, theories about the state's structural dependence on capital, and the GVC/GPN literature work on strategic coupling. The theories described above reveal the hidden processes underlying state action, including how actors influence the state and its actions through the interplay of structure and agency. This understanding can be deployed to analyse how corporate capture unfolds, that is, how firms impose their values and interests over the state, shaping its actions within specific structural contexts or political conjunctures.

The strategic selectivity of states: Institutional contexts and balance of forces

First, this article argues that processes of corporate capture are often intrinsic related to the strategic selectivity of states. According to Jessop (2007), the state is an ensemble of institutions and organizations that exerts power through an institutionally mediated condensation of social forces. The state, therefore, resembles an arena where different social forces compete for power (Jessop, 2014). Complex relations underpin state actions and accumulation strategies, where competing social forces guide the state in specific policy directions (Jessop, 2007). For Jessop (2014), the state is not a neutral terrain, where social forces compete with an equal chance to pursue their interests. State actions and initiatives are always established within a pre-existing structure—an institutional context—that is selective and privileges some actors or groups, spatial and temporal horizons, strategies, paths, and identities (Jessop, 2014). The ability of actors to influence state decisions and initiatives, policies, and accumulation strategies is dependent on their position in the balance of forces within the state and existing struggles. From these struggles, the state strategically selects and privileges some actors, actions, and accumulation strategies (Jessop, 2002; Smith, 2015; Sphar, 2016). Therefore, by understanding the strategic selectivity of states, scholars can identify which actors have a hegemonic position in the balance of forces. For example, such an approach allows scholars to comprehend whether the state, through its accumulation strategy, selects and privileges certain segments of global value chains, how the state establishes the rules for regions to compete for FDIs, empowers and arbitrates different actors in dynamics of attraction and retention of FDIs, and whether it designs policies to foster embeddedness and FDI spillovers (Rutherford et al., 2018). It means that scholars can identify which actors or groups of actors are more likely to influence the state at different scales and whether their actions are likely to result in processes of corporate capture.

For example, Jessop (2004) has demonstrated how many states, with strategies oriented to strong competition in a neoliberal regime (international capital as the hegemonic force within the state), privilege short-term, hypermobile, superfast flows of speculative capital (see also Gough, 2004). Such countries often encourage their subnational states to address regional competitiveness by adopting specific paths of action based on pure inward investment policies that often disregard wider regional development goals, placing MNCs as the route to economic salvation, and therefore as the central actors in directing initiatives (Almond et al., 2014; Brenner, 2003; Phelps & Wood, 2006; Rutherford et al., 2018; Wood, 2003). As Almond et al. (2012, 2013, 2017) demonstrated, liberal forms of state are more likely to have processes of corporate capture than others, given that their accumulation strategies often rely on a passive dependence on locational competitive advantages. The state is mainly absent and does not foster any robust industrial policies. State action is sided with international capital and is limited to elaborating regulations that allow firms to effectively compete in the market (Almond et al., 2017). In contrast, Phelps (2008) has pointed out how national states with accumulation strategies oriented to domestic industrialization, such as with exportist models of development (domestic industries as the hegemonic force within the state), are less likely to have processes of corporate capture. This is because such states often have inward investment policies with wider developmental goals, aiming at not only attracting FDIs but also benefiting local business communities through initiatives that foster industrial clusters, externalization, spillovers, upgrading, and embeddedness (Almond et al., 2013; Phelps, 2008).

It is important here to consider how subnational states may differ their model of development from national states, as discussed in the last section. Zhang and Peck (2016) claim that under capitalism and inside national states, industrial expansion happens through an uneven development that is reinforced by an unequal distribution of resources and linkages forged translocally and transnationally. Such an internal uneven development results in a range of regional models of development marked by political struggles—and shaped by firms—over the design of policies, which can greatly differ from their national states (Zhang & Peck 2016, p. 74).[7] For example, Rutherford et al. (2018) demonstrated how the strategic selectivity of two Canadian subnational states, Ontario and Quebec, selects, privileges, and empowers different actors. The authors show how the balance of forces within each subnational state influenced their state accumulation strategies and resulted in varying developmental outcomes. Quebec's accumulation is characterized by an industrial policy that supports its local business community (through funds to develop regional patient capital and maximize FDI spillovers) and workers' interests (through active training and long-term collective agreements). The authors asserted that when workers have substantial representation within states' institutional contexts, processes of strategic coupling are more likely to result in positive outcomes, for example (this article adds), in terms of social upgrading, better working conditions, and environmental practices. The opposite can be said when firms—especially FDIs and their allies—have hegemonic control over the process of development. In such cases, strategic coupling is more likely to result in processes of corporate capture. This is the case in Ontario, where accumulation strategy privileges FDIs and lacks any substantial policy to maximize FDI spillovers and externalization to develop its local business community (Rutherford et al., 2018).

The abovementioned studies reveal that corporate capture is closely related to the strategic selectivity of states, that is, to the centrality that actors such as international firms, domestic firms, and the working class have within states and their consequent influence on state accumulation strategies and state action. Therefore, it is an important variable to understanding processes of corporate capture in certain regions. To examine the strategic selectivity of states and the balance of forces, this article proposes following the HMPA approach, which is based on three main steps (see Kannankulam & Georgi, 2014). First, it identifies how different actors and groups of actors (e.g., international and domestic firms and their allies, FDI agencies, local business communities, representatives of SMEs (small- and medium-size enterprises) , and the working class) problematize or view development and compete for a hegemonic position within the state. Second, it situates actors' views on economic development within their specific historical context. Third, it looks at the emergence and main characteristics of the region's hegemonic state accumulation strategy (Kannankulam & Georgi, 2014). This process allows researchers to determine which actors hold a hegemonic position in the balance of forces directing and shaping regional development policies. Importantly, researchers can examine whether the strategic selectivity of states empowers key lead firms or specific value chains segments as the main drivers of accumulation.

By examining the strategic selectivity of states, and therefore the emergence and main characteristics of a regions' state accumulation strategies, researchers can identify two critical elements that also determine how corporate capture unfolds: firms' strategic actions and state's predominant mode of strategic coupling. The next subsection looks at the strategic actions of firms, and then moves to section State's predominant mode of strategic coupling and the evolution of corporate capture, where it explores the existing predominant modes of strategic coupling and their relation to corporate capture.

The strategic actions of firms and their allies

While the strategic selectivity of states privileges certain actors and demonstrates why some states are more likely to attend to the interests of firms, it does not entirely determine and explain why processes of corporate capture happen. Actors also behave strategically, and despite of their position in the balance of forces, actors reflect upon the conjunctural moment, analyse opportunities and constraints in an institutional context, and articulate strategies according to their capacities, assumptions, and knowledge (Hay, 2002; Jessop, 2007).

As stated before, GPN scholars claim that the 'dark side' of strategic coupling is most apparent in the structural mode of coupling, since this coupling is based on asymmetrical relations. In structural coupling, mobile FDIs often play different regions against each other to receive incentives via bargaining events, where the 'dark side' is even more evident when regions lack distinctive assets that meet the strategic interests of firms (Coe & Hess, 2011;

Mackinnon, 2012). In contrast, GPN scholars suggest that functional and organic modes of coupling are based on symmetrical relations and are less prone to corporate capture (Mackinnon, 2012). This article agrees that corporate capture is more likely in structural coupling. However, it also argues that corporate capture is an essential characteristic of capitalist states, and therefore present in functional and organic coupling. This is because firms have structural advantages to advance their interests over the interests of the state and other social forces, where capture occurs via both asymmetrical and symmetrical relations. These structural advantages stem from four main dynamics: state managers' self-interest in maintaining their power, prestige, and a healthy economy; direct tactics used by individual capitalists; importance of intermediaries; and cultural hegemony.

State managers have a self-interest in maintaining their power, prestige, and a healthy economy. The capacity of states to finance itself depends on taxation or financing, which requires healthy economic levels. When the economy is not doing well, business confidence and investments decline, and states receive less tax income leaving state managers with fewer financial resources. This can catalyse a decline in public support, and state managers may be removed from their jobs or lose elections (Block, 1987). Therefore, state managers will work closely with capital to develop their accumulation strategies and favour value chain segments that can generate more tax income and jobs (Block, 1987; Przeworski & Wallerstein, 1988). These mutual interests between state managers and firms (be it domestic or international) and their allies provide advantages for firms to advance their interests (Hirsch, 2010; Phelps and Wood, 2006).

Another dynamic pushing state managers to attend to the interests of firms and their allied forces is the direct tactics used by individual capitalists to pursue their goals, such as campaign contributions, lobbying activities, and favours. Moreover, individual capitalists can advance specific bargaining outcomes, policies, strategies, or initiatives through informal associations with state managers such as forums or committees, clubs, and meetings outside the workplace (Phelps et al., 2005). These techniques increase state managers' receptivity to capitalist interests and goals (Block, 1987).

Concerning intermediaries, a form of brokering between parties such as firms and non-firm actors, there is an increasing importance of such actors in state-firms nexus (Wood & Phelps, 2018; Yeung & Coe, 2015). In particular, site consultant firms have become important actors helping firms advance their interests (Phelps & Wood, 2006). This is aggravated by the emergence of a transnational capitalist class and subnational inward regimes (Phelps & Wood, 2006; Sklair, 2002). The transnational capitalist class consists of globalized professionals: state managers such as bureaucrats and politicians, non-state actors such as merchants, the media, representatives of private or not-for-profit organizations, site consultants, and those who control and own lead firms (Sklair, 2002). As Saxenian (2006) argues, business and technology professionals often migrate between different regions of the globe, forming a community of informal knowledge networks marked by common social identities, a sense of allyship, similar beliefs regarding economic development, and a willingness to meet the interests of firms (see also Sklair, 2002).

The final mechanism, cultural hegemony, describes how individual capitalists, such as lead firms, use the media and organizations to foster their interests and push state managers to accept unwritten rules about what legitimate state activities are concerning ways to pursue economic development or the incentive packages and benefits given to firms (Block, 1987). Wood (2003) and Phelps and Wood (2006) claim that firms mobilize institutions, practices, and political and economic actors to reproduce a material and discursive terrain that shapes state managers' perceptions and practices about how states should pursue strategic coupling. These material and discursive constructions help firms' interests become hegemonic in regions where businesses are privileged over other forces (Wood, 2003).

These four dynamics give firms structural advantages to advance their interests over other forces and explain why corporate capture can unfold in all three modes of strategic coupling. However, it is vital to explore the varying rationales, practices, and institutional mechanisms through which firms exert agency in these three modes of coupling, and in specific selective institutional contexts. Therefore, the following subsection explores the mechanisms and practices through firms strategically advance their interests and how corporate capture unfolds within each mode of coupling.

State's predominant mode of strategic coupling and the evolution of corporate capture

This article considers three modes of insertion into GPNs: structural coupling, functional coupling, and organic coupling (Coe et al., 2004; MacKinnon, 2012; Yeung & Coe, 2015). In structural coupling, regions are plugged into GPNs often based on the attraction of firms such as FDIs that would otherwise locate elsewhere (Yeung, 2015). One example is Slovakia's structural coupling into the automotive GPN by attracting Volkswagen, Kia, and Peugeot (Pavlínek, 2018). This mode of coupling is based on states' accumulation strategies marked by proactive policies and initiatives to provide competitive cost structures, fiscal and financial incentives, a stable policy environment, and an abundant labour supply to attract international firms (Coe et al., 2004; MacKinnon, 2012; Yeung, 2016).

In structural coupling, corporate capture often unfolds through mechanisms such as bargaining events in which FDIs directly influence state managers. In bargaining events, lead firms play different regions against one another to leverage advantages such as tax breaks, loans and grants, cost-free customized training, and infrastructural development (Mackinnon, 2012). Firms hire intermediaries such as site consultants to leverage their power. Behaving as brokers, site consultants work for firms and states, acquiring knowledge about firms' priorities—that state managers do not have—as well as about governments' fiscal situation. Given that site consultants earn their fees on a commission basis, that is, based on the size of state subsidy package and tax break, such actors explore information asymmetries to get the best deal for firms (LeRoy, 2005; Markusen & Nesse, 2007; Reid & Gatrell, 2003; Thomas, 2000; Wolman, 1988).

Another mechanism behind processes of corporate capture regards how corporations and corporate organizations have sought to 'educate' regions about how to 'successfully' foster structural coupling through certain initiatives such as regional 'business climate' rankings, conferences, magazines such as 'Corporate Location and Site Selection', and organizations such as the World Association of Investment Promotion (LeRoy, 2005; Markusen & Nesse, 2007; Phelps & Wood, 2006; Raines, 2003; Raines, 2003). Such discursive constructions influence state managers' perceptions about how much to offer FDIs in incentives and subsidies. Moreover, state managers learn how to attract inward investments mainly through the technical knowledge derived from site consultants and the bargaining outcomes of other regions (Markusen & Nesse, 2007). Additionally, FDIs require states participating in bargaining events to conduct the negotiations in secret (LeRoy, 2005). This allows them to better control the flow of information when negotiating with governments and to inflate the supposedly grandiose benefits of coupling such as job creation (Markusen & Nesse, 2007; Phelps, 2008; Phelps & Wood, 2006; Weber, 2002). Corporate capture via structural coupling is often characterized by large fiscal and financial incentives, gender inequality, uneven resource allocation, degradation of the environment, and labour exploitation, among others (Mackinnon, 2012; Yeung, 2015).

In functional coupling, regions and firms are plugged into GPNs via international partnerships, where domestic firms serve as strategic partners to establish linkages with global lead firms (Mackinnon, 2012; Yeung, 2016). State accumulation strategies often select and empower specific domestic firms or SMEs and their segments of value chains to foster functional coupling. States establish initiatives to support such firms to gain the technological, productive, and financial capabilities required to become the strategic partner of global lead firms. One well-known case is Taiwan, which has supported local firms in their articulation to GPNs to become strategic partners of lead global electronics firms (Cooke et al., 2013).

In this mode of coupling, corporate capture unfolds gradually, based on a not-so-apparent relationship between firms and the state (cf. structural coupling, which involves direct FDIs–state relations). Firms advance their interests via informal and formal mechanisms, shaping the design and functioning of development policies through forums, social clubs, and local forms of public–private governance. Firms often adopt discourses of 'endogenous development' to shape state policies, strategies, and initiatives towards the development of industrial clusters, industrial technology parks, sectoral investments, and start-up initiatives (Bristow, 2005). For example, SMEs can influence training policies, demand export tax rebates, or push the state for investments in innovation, brand development, recapitalization schemes to update equipment, and financial support (Zhu & Pickles, 2014). The transnational capitalist class also plays an essential role in influencing the state and fostering different forms of corporate capture in functional

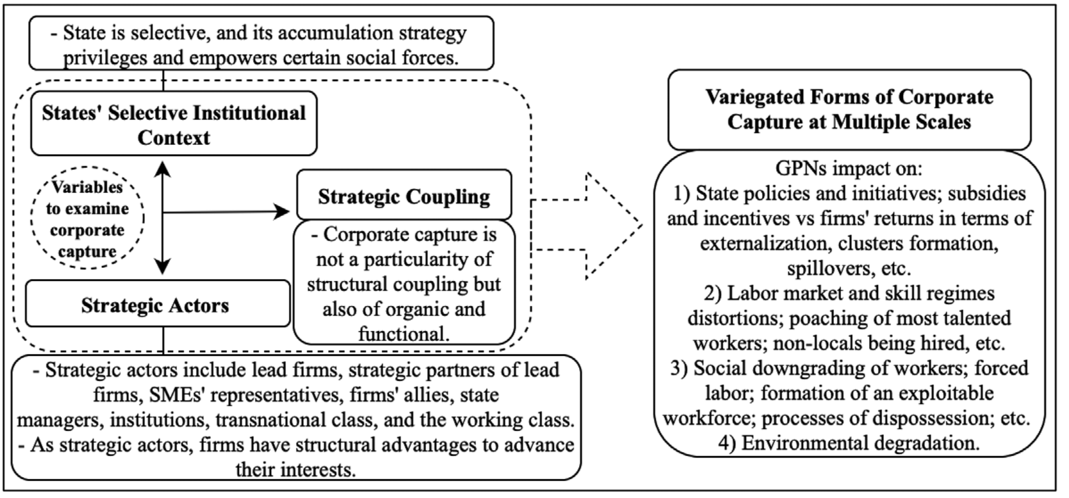

FIGURE 1 Variables to examine the variegated forms of corporate capture. *Source*: Author

coupling. State managers engage with transnational communities, who have technical knowledge and global contacts, via public–private local forms of governance to formulate policies that foster functional coupling (Saxenian, 2002; Yeung & Coe, 2015).

In functional coupling, corporate capture is based on the influence that strategic partners and SME representatives have within the state. One common form of corporate capture is the provision of excessive resources to develop territorialized capabilities among select local firms that serve as strategic partners to global lead firms (Yeung, 2015). Another form of corporate capture is the processes of external path dependency and regional 'lock-ins', especially when regions are locked in a race to the bottom to industrial development (Yang, 2009; Yeung, 2015). Corporate capture is also seen in the lower end of value chains, when the functional coupling of firms—which employ a less skilled workforce—locks state regional training regimes into providing lower-end skills development (Kleibert, 2015).

In the case of organic coupling, regions and firms are coupled to GPNs through the co-evolution of regional assets and lead domestic firms in the same region. Under organic coupling, states strategically select specific industry segments, establish state-owned firms, and work with business elites to support domestic industrial sectors and the development of new products and technologies (Yeung, 2015, 2016). To do so, states develop regional assets and domestic firms, which often become lead firms in their respective GPNs (Yeung, 2016). Examples of organic coupling include the rise of national champions, such as Samsung in South Korea (MacKinnon, 2012; Yeung & Coe, 2015).

In this mode of coupling, corporate capture often unfolds through close synergetic and symmetrical interactions between the states and firms—interactions that exist due to the co-evolution of lead firms and institutions. Again, the transnational capitalist class plays an important role in how lead domestic firms advance their interests. Harris (2009) has identified a statist faction of the transnational class, within and outside the state, who believes development only happens through global integration. This statist faction within the state attends to the interests of national lead firms based on a view that they are defending the nation's interests against dependency and subordination to developed nations (Bresser-Pereira, 2018). This 'nationalistic developmental ideology' promotes the view that development requires cooperation around common national interests (Bresser-Pereira, 2018). These nationalistic developmental narratives justify corporate capture as part of the process of reaching industrialization and development. One example of corporate capture is how leading *chaebol* or conglomerates in South Korea, such as LG and Hyundai, have received considerable state-sanctioned benefits and created ruptures such as political exclusion and frictions related to social and class conflicts (Yeung, 2015).

Figure 1 summarizes the proposed approach to examine corporate capture.

CORPORATE CAPTURE: TOWARDS A RESEARCH AGENDA

As discussed in the third section, FDI analyses have a narrow approach to understand corporate capture. They prioritize issues of subsidies, poaching, skills, technology transfer, and cluster formation. The GVC/GPN literature has shown that corporate capture is much more variegated (see Barrientos et al., 2011; Phillips, 2011; Bair & Werner, 2015; Phelps et al., 2018; Selwyn, 2009). Building on this literature, this section outlines a research agenda that is potentially more encompassing of the existing dark sides of global value chains and provides some general and brief research examples to illustrate the relationship between the evolution of processes of corporate capture and the tree variables of the present article's approach (strategic selectivity of states, the strategic action of firms and their allies, and states' predominant modes of strategic coupling).

First, this article suggests examining corporate capture according to how GPN firms shape state policies, initiatives, and strategies via structural, functional, and organic coupling. Such analyses can explore the not-so-apparent influence of lead firms' strategic partners and SME representatives over state policies as well as the more direct state-firm interactions found in organic and structural coupling. Scholars should also investigate how states provide substantial incentives and subsidies to GPNs to foster strategic coupling but cannot demand that these firms undertake initiatives to promote externalities, spillovers, cluster formation, and social and industrial upgrading (see Dawley, 2007; Phelps, 2000; Rutherford et al., 2018). Can the state require international and domestic lead firms, strategic partners of lead firms, and SMEs to generate significant returns in exchange for providing subsidies and incentives? Are such returns limited to job creation or can they be expanded to broader developmental goals?

One research example under this topic is the analysis of the unfolding of corporate capture in Charleston, South Carolina, USA, through its structural coupling with Boeing's aerospace production network. The selective institutional context of South Carolina selects and empowers manufacturing corporations (which have a hegemonic position) in their accumulation strategy. South Carolina's accumulation strategy mainly pursues development through structural coupling based on FDI policies that lack any broader and substantial developmental goals besides the generation of jobs. Manufacturing corporations, as strategic actors, articulate their strategies and tactics to advance their interests over the interests of the state, the local business community, and workers. For example, South Carolina's manufacturing value chain segment shaped state educational policies and vocational training under the prerogative of making the state more attractive to businesses (Teixeira, 2019). Regarding Boeing, its bargaining event with South Carolina took place during the 2008 economic crisis. The company took advantage of this conjunctural moment, articulated strategic tactics, and via site consultants played off different states against each other to influence the state of South Carolina into attending several of its interests. In 2009, to incentivize structural coupling, the state of South Carolina agreed to give Boeing with more than 1 billion dollars of tax incentives, provide free, customized training to thousands of employees, and thwart unionization in the state. Since this bargaining process lacked transparency (negotiations conducted in secret), structural coupling was established without any demands related to broader developmental goals or initiatives (Teixeira, 2019).

Second, this article proposes examining corporate capture according to how firms influence labour markets and skill regimes. Corporate capture can be analysed according to how international and domestic lead firms distort or influence local skills agendas and strategies due to a lack of wider business community involvement in training agendas, according to how firms receive highly customized training (free of cost), or when firms recruit the most talented workers from local suppliers and the local business community (see Dawley, 2007; Pavlinek, 2016; Phelps, 2000, 2008; Phelps & Fuller, 2001). It can also be examined in relation to how strategic coupling results in international and domestic lead firms recruiting a significant proportion of workers from outside the locality and in trying to minimize workers' knowledge exchange or sharing (see Pavlinek, 2016; Phelps, 2008; Phelps & Fuller, 2001). Another interesting topic concerns how firms in the lower-end of the value chain can influence skill regimes and lock in regional training regimes to a lower-end route of skills development (Kleibert, 2015).

Third, scholars can investigate corporate capture from the perspective of workers who are negatively affected by strategic coupling. Scholars can examine whether strategic coupling results in social downgrading such as deterioration in wages and working hours, less freedom to pursue collective bargaining, and the reproduction of informal and precarious working and living conditions. Additionally, studies can analyse how corporate capture unfolds in relation to increased racialized, gendered, and socioeconomic inequality, forced labour, child labour, the formation of an exploitable working class, and processes of dispossession (see Barrientos et al., 2011; Phillips, 2011; Bair & Werner, 2015; Phelps et al., 2018; Selwyn, 2009). One example of the second and third processes is how organic coupling in São José dos Campos (Brazil) with Embraer's aerospace production network resulted in corporate capture. Embraer was created in 1969 at a time when the Brazilian state prioritized development through the creation of state-owned firms (also through the attraction of FDIs). Brazil simultaneously formed the Institute of Aeronautical Technology (IAT) (a federal public university), the Aeronautics Technological Center (both to supply skilled labour and technology), and Embraer in São José dos Campos. The co-creation of these organizations established synergetic informal and formal interactions among their employees, which persisted even after the company's privatization in 1994. After privatization, Embraer as a profit-oriented strategic actor—no longer under its national developmental goals—reorganized production, cut operational costs and laid off around 30% of its workforce. However, as the company grew exponentially in the subsequent years, it faced a shortage of aeronautic engineers. In this context, Embraer strategically took advantage of its synergy with the IAT to influence the curricula of several courses and establish training partnerships that provide cost-free customized training. That is the case of Embraer's Master's Program in Aeronautic Engineering at IAT, a full-time program that not only offers cost-free customized training for Embraer but also finances, through public scholarships, its employees. Moreover, this training partnership is used as a tool to replace long-term employees (engineers) with high wages and benefits, with younger and highly skilled workers who are offered much lower wages and no significant benefits (Teixeira, 2019).

Fourth, corporate capture can be analysed according to how GPN firms negatively impact the environment. Scholars can examine how strategic coupling may result in uneven resource allocation, unsustainable modes of growth, environmental degradation, and environmental injustices (Coe & Hess, 2011; Coe & Yeung, 2019; Dawley, 2011; Phelps et al., 2018). This is a topic that has received much less attention and has great potential. One example comes from Radhuber's (2015) study of the negative impacts of extractive production in Bolivia. According to Radhuber (2015), Bolivia's extractivist accumulation strategy led to the 2006 nationalization of the hydrocarbons sector and the organic coupling of state firms into extractive global production networks. This strategy (based on the appropriation of nature and primary commodity export) selected entrepreneurial and peasants and privileged their interests in the balance of forces over indigenous ones (Radhuber, 2010). As the author reveals, this enabled business to exert significant influence over state policies (however, the strategic actions of firms are not explored in detail in this study). For example, entrepreneurial and peasants influenced the writing of the Bolivian Mining Law promulgated in May 2014, while the proposal of indigenous groups on communitarian mining and co-administration, which could reduce socio-ecological consequences of mining, was excluded of the process. The author goes further to claim that because of the strategic position of the extractivist production network within Bolivia's selective institutional context, mining and hydrocarbon firms advanced their interests and, through an overaccumulation of resources, created environmental problems and social conflicts that significantly impacted indigenous groups.

Another example that illustrates the third and fourth abovementioned suggestions is the structural coupling of the Philippines mining industry into mining global value chains, which fostered environmental degradation and labour exploitation. According to Holden et al. (2011), starting in 1980s, the Philippines adopted an accumulation strategy led by mineral extraction, where structural coupling, through the attraction of FDIs, was key to the process. The adoption of such strategy was marked by a reconfiguration in the terrain of struggles within the state, which favoured international capitalists (Ocampo & Schmitz, 2022). The mining industry, through its firms' and allies' strategic actions, influenced the Philippine state to invalidate the Indigenous People Rights Acts (IPRA) as it was seen as a deterrent to foreign direct investments, and to create beneficial initiatives to attract investments such as a decrease in regulation. Between 1994 and 1996, FDIs increased in the country by 400% through structural coupling (Holden et al., 2011). Structural coupling under the leadership of mining FDIs resulted in several processes of corporate capture such as hazardscapes (i.e., environmental degradation: abandoned mines lacking rehabilitation, biodiversity loss, toxic water and chemical spills, and waste material disposal, among others) and precarious types of work (low wages, lack of safety standards, exposure to risk of natural hazards, and exploitation of migrant workers, among others, and dispossession of traditional small-size miners (Holden et al., 2011; Ocampo & Schmitz, 2022).

CONCLUSION

Although GVC and GPN studies have increasingly explored the 'dark side' of value chains, mainstream literature still focuses on the positive impacts of firms on regions (Alford & Phillips, 2018; Horner & Alford, 2019; Murphy, 2019; Werner, 2016; Yeung, 2021). Moreover, the influence of non-firm actors on strategic coupling, especially regarding its negative development implications, remains understudied (Dawley et al., 2019; Mayer & Phillips, 2017; Phelps et al., 2018). To address the abovementioned issues, this article proposed an approach and a research agenda around the notion of corporate capture. Overall, this article contributes to the GVC and GPN literature in three ways. First, this article engaged with FDI and GPN studies in order to define and expand the notion of corporate capture. While early FDI studies focused on the negative influence and impact of firms on labour markets, skill agendas, and the absence of spillovers and embeddedness, this article also argued for the need to incorporate issues around the working class, local communities, and the environment. Moreover, this article also portrayed corporate capture as a multi-scale process that can take place at different state scales, including the possibility of processes of de-capture to exist. This is useful, especially to the GVC/GPN literature which has often invoked the notion of corporate capture in a loosely, undefined, and narrow way.

Second, this article criticized GPN prevailing explanation of why some regions are more likely to experience corporate capture. Mainstream GPN literature considers that regions lacking regional strategic assets that meet the interests of firms are more likely to have corporate capture in strategic coupling. This is because this lack of strategic assets places regions in an inferior position when bargaining with firms. It was argued that corporate capture is more common and variegated in capitalist states than FDI and GPN scholars acknowledge due to how firms have structural advantages to advance their interests over the state and other social forces. This argument revised the mainstream GVC/GPN literature's assumption that corporate capture is commonly found in structural coupling but not functional and organic coupling.

Third, this article developed an alternative explanation and approach to explore how corporate capture unfolds and relates to the state based on the interplay of three variables. Concerning the strategic selectivity of states, this article's theoretical approach sought to demonstrate how the strategic selectivity of states at multiple scales privileges and empowers different actors and how such actors influence state accumulation strategies, including the rules for regions to pursue investments. Regarding the strategic action of firms and their allies, this article disclosed how firms often have structural advantages to foster their interests over the state due to mechanisms such as state managers' self-interest in power, prestige, and a healthy economy; firm-specific tactics; the emergence of intermediaries; and cultural hegemony. Furthermore, it was proposed to examine the strategic action of firms according to structural, organic, and functional modes of coupling, as they are based on different rationales, mechanisms, state-firm interactions and actions, and institutional practices. Such a theorization led this article to suggest a research agenda that explores the variegated forms of corporate capture along four themes: how GPNs impact states' policies, strategies, and the provision of incentives and subsidies; labour markets and skill regimes; the working class; and the environment.

This article, by proposing a new understanding and approach to examining how corporate capture evolves as well as a new research agenda, hopes to encourage scholars to turn their attention to the negative impact of value chains on regions. This theoretical approach has the potential to contribute not only to the GVC and GPN literature but also more broadly to social science fields. This is especially in regard to disciplines such as economic geography, international relations, international business, and sociology, where there are scholars interested in understanding the varying mechanisms and institutional practices through which global-local actors interact as well as the tensions that emerge between globalizing and localizing processes around firms' and local actors' interests.

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CONFLICT OF INTEREST

The author declares no conflict of interest.

DATA AVAILABILITY STATEMENT

Data sharing not applicable to this article as no datasets were generated or analysed during the current study.

ENDNOTES

[1] Processes of strategic coupling are defined as 'dynamic processes through which actors in cities and/or regions coordinate, mediate, and arbitrage strategic interests between local actors and their counterparts in the global economy' (Yeung, 2009, p. 213).

[2] While many GPN studies have engaged with the macro aspects of Jessop's strategic-relational approach—state accumulation strategy (see Smith, 2015; Rutherford et al., 2018)—this article explores the micro-agency of actors as well.

[3] This overview is limited by space constraints. For more details see: Gereffi (1994), Gereffi and Fernandez-Stark (2011), Henderson et al. (2002), and Yeung and Coe (2015).

[4] This is not to say that GPN scholars have not identified other factors for the dark side of GPNs. For example, according to Yeung and Coe (2015), strategic coupling outcomes are dependent on the interplay of three features: firms' strategies (firms can foster active embeddedness and cluster formation on their own), regions' modes of economic development (some regions are more aggressive in promoting value creation), and states' macro-political structures (political-ideological orientation, internal structures such as federalist vs. centralist, and subnational autonomy). Nonetheless, these features are not set as a way to examine the dark side of GPNs. Additionally, Yeung and Coe (2015) do not further explore the mechanisms in which the dark sides of GPN are materialized in regard to such regions' modes of economic development.

[5] For example, they argue that regions benefit from value creation by fostering initiatives to attract firms and promote start-ups, cluster formation, and venture capital formation. Scholars have also explored how regional institutional structures are essential for value enhancement due to their ability to encourage knowledge and technology transfer and industrial upgrading by investing in skills and infrastructure development. Additionally, they have analysed how regional institutional structures are relevant to value capture as these structures mobilize specific regional assets to bargain with lead firms and accommodate broader local developmental goals (Mayer & Phillips, 2017; Mackinnon, 2012; Coe & Hess, 2011; Yeung, 2016).

[6] State scales are approached as sociospatial realms produced by wider capitalist production processes, social reproduction, and state regulation. Scales are relational, meaning that they are marked by superimposed horizontal, vertical, and interlocking interactions between regional, national, and global levels (Brenner, 2001, 2004).

[7] In the same line of thought, Brenner (2003) adds that since the Fordist crisis, the national economy of many countries has been fragmented among local and regional economies, which are increasingly responsible for developing their own glocalization strategies, and thus their own place-specific assets and developmental trajectories (Brenner, 2003). The author claims that subnational glocalization strategies can vary within national states, given that such strategies are conditioned by their state structure (unitary/federalist), inherited economic arrangements, national/subnational political regimes, and processes of industrial restructuring.

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