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Formation of Social Embeddedness in Global Value Chains
(Case of the Russian Retail Market)

Thesis Summary for the purpose of obtaining PhD academic degree in Sociology

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1. Research Concept

1.1 Articulation of the Research Problem

Economic Sociology as a discipline has evolved around the concept of Social Embeddedness, which is understood in two interpretations: those of Karl Polanyi [2002] and Mark Granovetter [1985]. Karl Polanyi introduced the concept of 'social embeddedness' to elucidate the integration of economic relationships within the broader social context of society, encompassing its institutions, social norms, and values [Polanyi, 2002]. Subsequently, Mark Granovetter provided his definition of social embeddedness by highlighting the dependence of economic actors' choices on their social relationships and interaction networks [Granovetter, 1985; Granovetter, 2005]. Granovetter argued that the network connections among individuals in relationships form the basis for mutual trust and serve as a deterrent against opportunistic behavior [Granovetter, 1985]. Granovetter's interpretation gained widespread acceptance in sociology and also found recognition in research across economics, management, and marketing [Radaev, 2016; Dwyer, Schurr, Oh, 1987; Vissa, 2012]. However, despite its recognition, researchers hold differing positions regarding the characteristics and sources of social embeddedness, as well as its advantages or disadvantages for economic activities.

The discussion revolves around two major approaches that encompass various studies [Radaev, 2016]: the transactional and relational approaches. The transactional approach draws from neoclassical economic concepts and institutional theory, framing firm interactions as simple exchanges of goods [Radaev, 2016; Tretyak, 2013; Macneil, 1978]. Within this approach, embeddedness is often described as a necessary measure aimed at reducing transaction costs but potentially jeopardizing the fulfillment of contractual obligations [Frazier, 1983; Ivens, 2004]. The origin of social embeddedness is not explored in this context. On the other hand, the relational approach unites studies from new economic sociology and relationship marketing, viewing interfirm connections as a significant component of economic activity [Japutra, Molinillo, 2019]. Although this approach acknowledges that economic relationships are embedded within networks of social interactions, researchers hold different views regarding the characteristics, sources, and impact of social embeddedness on economic activity [Kotelnikova, 2012].

In this study, social embeddedness is examined from the perspective of the relational approach and is defined by three characteristics that have garnered strong support among researchers in the field of new economic sociology: stability over time (reproducibility), selectivity, and investments in specific relational assets. Z. V. Kotelnikova notes that any economic interactions generate and accumulate relational experience, which is essential for fostering trust among participants [Kotelnikova, 2012]. The repetition and reproducibility of relationships contribute to the stability of this experience and reinforce participants' expectations of one another [Granovetter, 2005; Uzzi, 1996]. However, as V. V. Radaev points out, relational experience alone does not render relationships embedded; another crucial characteristic is the selectivity of partners [Radaev, 2009; Radaev, 2016]. Based on accumulated experience, participants develop trust in specific partners, relying on the observance of social norms. Leveraging trust and reputation, participants decide to renew some relationships while terminating others [Radaev, 2016]. Investments in specific relational assets act as sources of trust and a strong reputation, encompassing the actions of participants, financial and other material investments in their partner's enterprise, granting access to their own resources, and knowledge bases [Radaev, 2013; Sheth, Parvatiyar, 2000; Uzzi, 1996]. These investments provide tangible guarantees for trust, as breaches of agreements and relationship terminations entail the devaluation of invested time and effort, along with the risk of losing financial investments in the partner.

In contrast to the characteristics of embeddedness, the debate surrounding its sources and implications for economic activities is currently in a fervent phase, carrying both theoretical and practical significance. The discourse on embeddedness sources predominantly unfolds within the framework of the relational approach among economic sociology researchers. B. Uzzi argues that the embeddedness of economic relationships is primarily shaped by factors external to economic transactions, such as ethnic diasporas or connections among friends and relatives [Uzzi, 1997]. Meanwhile, Z.V. Kotelnikova contends that even relationships emerging exclusively within formal contracts generate a relational experience sufficient for the further development of embeddedness [Kotelnikova, 2012].

The debate regarding the advantages and disadvantages of embeddedness mainly occurs between proponents of the transactional and relational approaches. The economic and managerial theories associated with the transactional approach draw inspiration from neoclassical economic principles, emphasizing the autonomy of economic actors as the key driver of competition, essential for fostering productivity growth, cost reduction, and the enhancement of market goods' quality [Williamson, 1986]. Within this context, embedding relationships within network structures and social norms is viewed as a constraining factor on development, despite its historical necessity [Macneil, 1978; Williamson, 1986]. In contrast, research within the relational approach sees embeddedness as a source of value for economic activities. This value is perceived through the increased adaptability of actors to market conditions, driven by mutual support [Tretyak, 2013; Porter, 1985]. Additionally, it manifests in the multiplication of profits and the improved quality of goods produced through the pooling and exchange of skills, information, and material assets [Barney, 1991].

The question of whether embeddedness is beneficial or detrimental becomes particularly critical within the context of global value chains. Studies reveal that global companies encounter significant challenges when expanding their operations into new countries due to a lack of familiarity with the local context. The quest for local partners and the establishment of trust-based relationships become pivotal for successful business endeavors, thus fueling discussions. Global companies find themselves compelled to engage in more extensive interactions with local firms to expedite the reduction of transaction costs [Wan, Williamson, Pandit, 2020]. However, aligning global companies with the demands of local partners may clash with the operational practices of global players, resulting in additional costs [Bartlett, Ghoshal, 1989].

Exploring answers to the discussed topics holds both theoretical and practical relevance. From a theoretical standpoint, the question of the origin of social embeddedness and its impact on economic outcomes is intricately linked to the dynamics of performative changes within the social order.

The concept of social embeddedness's contribution to economic outcomes has a profound influence on the direction of social dynamics, either towards increased atomization or towards a heightened intensity of social connections. Drawing from performativity theory, an individual's choice of behavioral model hinges on prevailing perceptions of reality, which are manifested in embedded values, dominant scientific conceptions, and institutional rules of interaction [Callon, Muniesa, 2005; Knorr-Cetina, Preda, 2000]. Research suggests that the rising popularity of neoclassical economic theory has facilitated the proliferation of an individualistic behavioral model, as depicted in models where individuals place less emphasis on normative expectations and prioritize personal economic gain, even at the expense of communal well-being [Radaev, 2016; Yudin, 2015]. If the prevailing view leans towards the belief that social embeddedness offers no advantages in achieving economic results, participants in personal and interfirm relationships will channel their efforts into minimizing social embeddedness and bolstering autonomy. Consequently, the perception of the benefits of embeddedness will stimulate heightened intensity in non-utilitarian and informal relationships, leading to the development of horizontal networks.

An exploration of the sources and characteristics of social embeddedness also bears practical significance. The decisions made by managers, whether to maintain or avoid replicable and informal interfirm relationships, will hinge on the potential benefits for business operations, including risk reduction, pooling of competencies within collaborative projects, and gaining access to suppliers, partners, and customers [Friedman, 2007]. If benefits from maintaining embeddedness are discovered, economic actors will pragmatically seek to understand the sources and strategies for managing embeddedness to maximize their business returns. Furthermore, participants in economic activities strive to align with prevailing market norms to adhere to established concepts of control [Fligstein, 2003]. Therefore, if the view of the advantages of embeddedness is upheld, participants in economic relationships will endeavor to establish stable and replicable connections, even when there is no apparent economic advantage.

In our perspective, the most productive advancement of scholarly discourse can be achieved through the concurrent examination of the substantive interpretations of relationship participants and the practices that shape social embeddedness. As mentioned earlier, we posit that the perceptions of embeddedness by relationship participants have a performative effect [Callon, Muniesa, 2005; Knorr-Cetina, Preda, 2000] and will influence the actions of participants in interfirm relationships and the actual impact of embeddedness on economic outcomes. Simultaneously, the study of practices involved in establishing and maintaining social embeddedness will provide insights into the mechanisms of forming embeddedness in interfirm relationships, shedding light on whether embeddedness can arise among economic actors with no prior experience beyond formal interactions defined by interfirm contracts. Furthermore, refining the practices for sustaining social embeddedness will facilitate the assessment of the link between the intensity of social embeddedness and the economic performance of economic actors through quantitative data.

We hold the view that the conceptual framework of the valuation studies is exceptionally well-suited for the concurrent exploration of substantive meanings and embeddedness practices. The valuation studies posit that the value of market goods exists as a collectively reproducible representation stemming from regular measurements and discussions regarding the material attributes and uses of these goods [Beckert, 2016].

On one hand, within this framework, it is assumed that value emerges through regular and material practices involving the measurement of goods' properties and their modes of utilization. On the other hand, these measurements are accompanied by discussions and evaluations by all participants involved in interactions with these goods, spanning from production to consumption [Burrel, Fourcade, 2021; Vargha, 2013]. Collectively, these evaluation practices and ongoing discussions formulate a calculative system that encompasses interaction participants, rules governing value discussions, and the structure of calculation [Knorr-Cetina, Preda, 2000]. As a result of this evaluation process, a perception of value is forged, diminishing market uncertainty and bolstering the stability of economic interactions [Beckert, 2016; Karpik, 2010]. The legitimacy of these value perceptions is assured through the collective participation of all stakeholders (contractors, producers, consumers) in the evaluation processes, while the relevance of these assessments is maintained through the regular adaptation of these perceptions [Esposito, Stark, 2019].

The novelty of our research lies in its application of the conceptual framework of valuation studies to elucidate interactions and embeddedness that do not culminate in a final market product. This step represents a logical progression from previous research. In the work by [Espeland, 2013], an analysis delves into the construction of the value of goods among participants in value chains. This analysis revealed that systems of calculation and classification influence power structures, hierarchies, and the behavior of employees within organizations throughout the chain. Since the valuation process takes into account the conditions of goods production [Aspers, 2013], the interaction among chain participants becomes one of the controllable elements that affect the characteristics of the end product. Therefore, we posit that configurations of interfirm interactions will be evaluated by value chain participants in conjunction with the attributes of the final product.

Global value chains serve as the most fitting theoretical subject of study, given the pressing question of managing interfirm relationships within these chains. As previously mentioned, global companies encounter variations in rules and practices of interfirm interaction in different country markets [Bartlett, Ghoshal, 1989; Gereffi, Humphrey, Sturgeon, 2005]. Consequently, they may possess more experience in managing the embeddedness of relationships and measuring the impact of embeddedness on business activities. In this context, the subject of our study comprises the relationships between partners within a global value chain, as they collaborate to create a unified market product at various stages of the chain.

Building upon the outlined scholarly discourse and the selected conceptual framework, we have formulated a research question comprising four elements: (1) To what extent are participants in the global value chain aware of and attribute a role to social embeddedness in their work and interactions with each other? (2) Through which practices is social embeddedness of relationships formed among participants? (3) How does the power balance between relationship participants change depending on the intensity of social embeddedness? (4) How is social embeddedness linked to the economic performance of companies involved in the value chain? Addressing the third question is pivotal, as the adherence to and enforcement of agreements hinge on the power dynamics in partner relationships, and the exercise of power will influence trust and reputation in interfirm relationships. Furthermore, the capacity to wield power also impacts the economic performance of enterprises [Oh, 2018]. In this study, power is understood as the ability to prompt or deter action on the part of a counterparty, irrespective of their inclinations [Weber, 2018; Radaev, 2011].

1.2 Relevant Studies of Elaborated Problem

The examination of market relationships as a manifestation of social dynamics was inaugurated by the emergent field of new economic sociology, situated within the theoretical frameworks of network and institutional paradigms. Within the purview of the network paradigm, the exertion of influence by social ties and interaction networks stands as a plausible explanatory factor for the outcomes of economic endeavors. Scholars of eminence, such as W. Baker, R. Burt, M. Granovetter, H. White, B. Uzzi, and R. Eccles, have rendered substantive contributions to this approach. In contrast, the new institutional approach scrutinizes the manner in which replicable social relations impart form to the rules governing economic interactions, thereby engendering the intricate fabric of relationships within market dynamics and value chains. Eminent researchers within this vein encompass N. Biggart, P. DiMaggio, F. Dobbin, J. Meyer, W. Powell, B. Rowen, and N. Fligstein.

Within the landscape of Russian sociology, the investigation of the social dimensions underpinning economic relationships has been diligently pursued by distinguished scholars, including V. V. Radaev, Z. V. Kotelnikova, and M. E. Markin. Notably, Russian academics such as S. Yu. Barsukova, A. M. Nikulin, and I. E. Shteinberg have made significant strides in advancing the scholarly discourse surrounding informal exchanges.

In the realm of management sciences, the discipline of relationship marketing has emerged as a pivotal field of inquiry. It is dedicated to the exploration of how participants engaged in value chains delineate their modes of interplay, craft protocols for reciprocal exchange, and engender frameworks of mutual support. Esteemed luminaries within this domain encompass R. Aaker, G. Arndt, B. Waitz, S. Gummesson, F. R. Dwyer, A. Kaliskan, J. Cannon, R. McKenna, J. Sheth, and S. Esmark. Within the Russian context, a rich tradition of research in the sphere of relationship marketing has taken root, guided by the erudition of scholars such as A. A. Afanasyev, V. S. Katkalo, S. P. Kuschem, V. N. Minina, O. A. Tretyak, L. I. Tsvetkova (Terekhova), and O. U. Yuldasheva.

An alternative perspective on the regulation of economic relationships is elucidated through the transactional approach. Scholars within this paradigm examine contracts and relational contracts as mechanisms for governing inter-firm relations, occupying an intermediate role between one-off market transactions and full-fledged integration within a single firm. The evolution of contract theory has been championed by notable academics including V. Goldberg, J. Dyer, Y. Macneil, J. Matthews, St. Macaulay, R. Richter, O. Williamson, G. Fraser, and E. Furubotn.

Within the Russian scholarly landscape, economists also delve into the study of methods for regulating inter-firm exchanges within the framework of this approach. Noteworthy contributors in this context encompass S.B. Avdasheva, V.V. Golikova, S.V. Golovanov, I.B. Gurkov, N.D. Dzagurova, T.G. Dolgopyatova, G.B. Kleiner, P.V. Kryuchkova, A.E. Shastiko, and A.A. Yakovlev.

In the context of our research, the field of valuation studies assumes a pivotal role, elucidating the practices and procedures by which participants in economic relationships negotiate the attributes of value associated with market commodities. This field draws its theoretical underpinnings from the realm of performative action theories, as developed by prominent scholars such as M. Callon, K. Knorr-Cetina, A. Preda, D. Stark, and E. Esposito. A central tenet of this paradigm posits that conceptions of the value of market goods are inherently socially constructed. We advance the notion that the concept of social embeddedness can also be fruitfully explored as one of the salient categories subject to evaluation and construction by participants through the lens of collective and routine practices.

Within the domain of valuation studies, further scholarly impetus is provided by luminaries including P. Aspers, J. Beckert, Z. Varga, M. Callon, L. Karpik, F. Muniesa, and I. Espeland. In the Russian academic milieu, notable contributions to the field of valuation sociology have been made by E.S. Berdysheva, I.V. Pavlyutkin, and R.I. Resheteeva. In the realm of exploring the intricate dynamics of platform capitalism, significant insights have been generated through the rigorous efforts of D.O. Strebkov and A.V. Shevchuk.

The configuration of social relationships and the norms governing interactions within value chains are intricately linked to the power dynamics among the participants in these relationships. The examination of power asymmetry within value chains has garnered scholarly attention from luminaries such as C. Wood, J. Gassenshimer, B. Collins, F. Lai, R. Lashem, J. Oh, K. Provan, G. Turner, G. Fraser, Z. Chu, and M. Etgar.

Further inquiry has delved into the extent of conflict within interfirm relationships, with notable contributions by researchers including X. Zhao, S. Kelly, R. Morgan, S. Skinner, B. Flynn, and S. Hunt. The sources of power in interfirm relations are scrutinized from the vantage point of resource dependence theory in works authored by C. Grimm, T. Korsy, D. Catchen, J. Pfeffer, F. Reiman, J. Salancik, A. Steven, and A. Elking. Approaching the topic from the lens of mutual dependence theory, scholars such as G. Arain, N. Ashraf, Z. Bhatti, K. Wong, D. Krause, F. Lai, R. Terpand, and Z. Chu have made substantial contributions.

Considering the perspective of social embeddedness, this issue has been explored in-depth through the scholarly endeavors of J. Veldman, X. Zhao, N. Pulles, B. Uzzi, E. Shille, and B. Huo. In the realm of Russian research, the distribution of power within value chains and the overarching complexities of trade networks have been systematically examined by S.B. Avdasheva, D.I. Daugavet, A.N. Dyatlov, V.V. Novikov, V.V. Radaev, Z.V. Kotelnikova, and M.Yu. Sheresheva.

In addition to the broader research endeavors pertaining to relationships within value chains, there is notable scholarly significance in works dedicated to the examination of Global Value Chains (GVCs). These global value chains' configurations have been subject to scrutiny by esteemed scholars, including G. Gereffi, J. Lee, F. Lee, T. Sturgeon, S. Frederick, and J. Humphrey. Of equal importance are studies delving into the intricate challenges faced by global corporations as they endeavor to adapt to the nuanced demands of local markets, a domain probed by researchers such as F. Van, N. Pandit, and P. Williamson.

Moreover, the dynamics of power relations and the exercise of corporate control within the ambit of corporate social responsibility have been subjected to rigorous analysis by scholars of note, including S. Brown, J. Gong, D. Jamali, F. Jia, S. Karam, L. Koh, D. Levi, and others. In the context of Russian research, the exploration of corporate social responsibility has undergone development, as evidenced by scholarly contributions from figures such as B.S. Bataeva, Yu.E. Blagova, A.V. Gizatullin, O.A. Melitonyan, L.M. Cheglakova, and A.V. Shevchuk.

1.3. Research Goals and Objectives

Research Goal: The research aims to elucidate the perception of value and the practices involved in establishing social embeddedness within the value chain, while also assessing the economic and power implications of embeddedness for the participants in the chain.

Research Objectives:

1. To clarify the extent of awareness among participants in global value chains regarding the formation of social embeddedness and their comprehension of how social embeddedness contributes to the chain's operations.
2. To identify the procedures and rationales that underpin the development of social embeddedness within the relationships among chain partners.
3. To ascertain the repercussions of the procedures and rationales driving the creation of social embeddedness on the power dynamics between chain participants.
4. To investigate the correlation between the degree of social embeddedness and the economic performance of companies.

Addressing objectives 1 and 2 necessitated theoretical conceptualization and the exploration of substantive perceptions of social embeddedness. These objectives have been undertaken in the following work:

Belyavskiy B. (2020) Social Embeddedness as a Business Goal: New Theoretical Implications from the Case of a Global Value Chain. Journal of Economic Sociology = Ekonomicheskaya sotsiologiya, vol. 21, no 3, pp. 151–173. doi: 10.17323/1726-3247-2020-3-151-173 (in English).

The completion of 3rd objective, pertaining to the distribution of power within the global value chain, has been built upon the analysis of time series data and is documented in the research:

Belyavskiy, B. (2023). Power symmetry in global value chains: Evidence from the Russian retail market. Journal of Eurasian Studies, 0(0). https://doi.org/10.1177/18793665221150658

The resolution of 4th objective relies on the establishment of a typology for interfirm relationships and the comparative assessment of their economic effectiveness. This task has been accomplished in the study:

Belyavskiy, B. A. (2019). Tipy mezhefirmyennykh svyazey i ikh sravnitel'naya ekonomicheskaya effektivnost: issledovaniye otryadi rossiyskogo ritelya [Types of Interfirm Relationships and Their Comparative Economic Performance: An Examination of the Russian Retail Sector]. Rossiyskiy zhurnal menedzhmenta, 17(2), 179-202.

1.4. Theoretical Framework, Methodology, Research Hypotheses

The research tasks are approached through a relational framework that has been enriched by insights from the valuation studies and studies on global value chains. We begin with the perspective introduced by Kotelnikova [2012], which suggests that social embeddedness can develop within strictly formal relationships through the accumulation of inevitable relational experiences [Blau, 2009]. This viewpoint is in alignment with the principles of relationship marketing, which defines social embeddedness as a source of value creation and competitive advantage in the market [Porter, 1985; Sheth, Parvatiyar, 2000]. Both of these propositions allow for the assumption that participants in interfirm relationships consciously recognize the significance of social embeddedness and perceive it as one of the sources of value for businesses.

Marketing research belongs to the domain of management literature, which aims to serve as instructional guides for business participants [Augier, Teece, 2004]. Consequently, the perceptions of the advantages of social embeddedness may have a performative effect [Callon, Muniesa, 2005; Knorr-Cetina, Preda, 2000]. Participants in these relationships are firmly convinced of the value of social embeddedness for economic activities and actively cultivate social embeddedness in their business interactions. Since social embeddedness is considered an intrinsic aspect of business relationships, it can be assumed that participants in these relationships are well-acquainted with the manifestations of social embeddedness in their economic practices. Research in the realms of economic sociology and relationship marketing describe several conceptions of the benefits of social embeddedness as perceived by participants in these relationships: gaining access to suppliers and clients, informally sharing proprietary market information, and expediting problem-solving in business [Ivens, 2004; Uzzi, 1996]. We posit that this list is not exhaustive, varies across different configurations of business relationships, and may evolve over time.

Hypothesis 1: *Participants in interfirm relationships are cognizant of the social embeddedness within their connections with counterparts (the sustainability of relationships over time and reputation building) and regard it as one of the sources of value, alongside other factors* *that influence the value of the final produced good (including as a means of gaining access to counterparts and as a channel for acquiring market information).*

Building upon assumption 1, it follows that participants in interfirm interactions should be actively involved in shaping social embeddedness with their partners in the value chain. The processes of social embeddedness formation are analyzed in this study from the perspective of the valuation studies, which posits that the perception of value is constructed through regularly replicable procedures of measuring the properties of goods and discussions among participants [Beckert, 2016; Esposito, Stark, 2019].

Through their participation in valuation procedures, perceptions of the qualities of the measured object are developed. Beyond evaluating the intrinsic qualities of the items being assessed, these joint valuation procedures help identify legitimate and effective methods for attaining the desired qualities of the product or the nature of relationships. Hence, we deduce assumption 2a.

Hypothesis 2a: *Participants in interfirm relationships within value chains regularly engage in discussions regarding the advantages of social embeddedness and strategies for maintaining it in their relationships.*

While the valuation studies provide insights into the formation of social embeddedness, this approach does not fully explain the substantive significance of social embeddedness for participants in interfirm relationships. To explore the substantive dimensions of social embeddedness, we have chosen to focus on global value chains as the theoretical foundation of our research. A global value chain comprises companies spread across the world, all contributing to the production of a single final product [Gereffi, Lee, 2012]. Multinational corporations (MNCs) play a pivotal role in global value chains, serving a dual function. On one hand, MNCs participate in production alongside other entities [Gong et al., 2018]. On the other hand, MNCs act as coordinators for other chain participants, facilitating collaboration in diverse socio-political contexts [Gereffi, Humphrey, Sturgeon, 2005; Gibbon, Ponte, 2008]. The success of coordinating a global value chain hinges on the MNC's ability to acquire knowledge about the local market, create a competitive edge for the chain in that market, and ensure partners adhere to operational standards. Compared to local players, MNCs face a "liability of foreignness": a lack of understanding of informal institutions and exclusion from the network of interfirm interactions [Husted, Montiel, Christmann, 2016; Wan, Williamson, Pandit, 2020]. Their limited knowledge of the local market underscores the necessity for MNCs to cultivate social embeddedness in their interactions with local entities.

We contend that fostering deeper embeddedness between MNCs and local companies should help mitigate the "liability of foreignness." By building trust and possessing specific assets that guarantee a partner's reliability, entities become more willing to share insights about the local market, serve as intermediaries in negotiations, and offer direct assistance in setting up operational processes. Research findings support the existence of mutual support among firms within both Russian and other local value chains [Radaev, 2016; Dyer, 1997]. Consequently, MNCs are motivated to strengthen their embeddedness with local partners by investing in their businesses with specific assets that foster trust. From the standpoint of prior research, these assets could encompass financial resources, equipment, expertise in establishing operational activities, and the direct involvement of MNC employees in supporting local counterparts [Barney, 1991].

Hypothesis 2b: *Participants within the global value chain will strengthen the embeddedness of their relationships by investing specific assets in each other's companies, including finances, equipment, knowledge, and labor for the benefit of their partners.*

The deepening of embeddedness in interfirm relationships within global value chains is expected to lead to increased symmetry in the distribution of power among participants in the global chain compared to local value chains, which are less reliant on social embeddedness. This study examines a specific segment of power relations that exists in interfirm relationships between chain participants. In this segment of relationships, power is exercised as the ability to negotiate favorable contract terms, to refuse to fulfill obligations while maintaining relationships within the chain, and to comply with requests, demands, and recommendations related to the operational format of interaction and the conditions for providing goods within the chain. Similar manifestations have been described in the fields of economic sociology, relationship marketing, and management [Radaev, 2018; Terpend, Krause, 2015].

The assumption of increased symmetry is based on three theories of power: resource dependence, mutual dependence, and the relational approach in new economic sociology. According to the resource dependence theory, the extent of power is derived from the volume of financial resources [Elking et al., 2017; Reimann, Ketchen, 2017]. The increase in social embeddedness implies an increase in the contribution of local players to the final product, which, in turn, should lead to an increase in their share of profits and a balancing of the resources received.

According to the theory of mutual dependence, increasing specific investments in specific business relationships raises the switching costs to work with other organizations [Chu et al., 2019; Terpend, Krause, 2015]. The increased contribution of local players is associated with the formation of specific investments, which increases mutual dependence between firms.

From the perspective of the relational approach in new economic sociology, power exists at the network level of interactions [Granovetter, 1985; Granovetter, 2005]. Therefore, the strengthening of social embeddedness within the value chain should lead to a reduction in the power of individual participants, redistributing power in favor of established norms of social interaction.

Hypothesis 3: *Global value chains exhibit a more balanced distribution of power among participants when compared to chains composed solely of local companies, which tend to have lower levels of social embeddedness.*

Considering that social embeddedness is regarded as a valuable asset for businesses and entails the investment of specific resources in interfirm relationships, it is reasonable to expect that practices related to social embeddedness would impact the economic performance of companies. Empirical research has provided instances of embeddedness through the exchange of information, the establishment of additional interaction protocols between partners, and informal assistance in operational activities [Radaev, 2013; Radaev, 2016]. These very practices are identified in relationship marketing as means to gain a competitive advantage in the market [Sheth, Parvatiyar, Sinha, 2012]. Consequently, it is logical to assume that a higher degree of social embeddedness may correlate with greater economic efficiency.

Hypothesis 4: *There exists a proportional relationship between the intensity of social embeddedness and the economic performance of enterprises.*

1.5 Research Methods

To address the research objectives, a triangulation of qualitative analysis within the framework of grounded theory and quantitative analysis based on standardized survey data was employed.

Qualitative analysis was used to investigate hypotheses 1 and 2 and was conducted within the framework of grounded theory, involving a 13-month observation period and 32 semi-structured interviews. The purpose of grounded theory is to develop a new theory by discovering real categories that constitute the subject under investigation, interpreting the relationships between these categories, and identifying key relationships in the functioning of the subject [Strauss, Corbin, 1990]. Initially, participant observation was conducted as an employee in the Russian branch of the multinational corporation (MNC). This observation helped develop theoretical sensitivity in preparing interview questions and critically evaluating the self-representation of informants in interviews. Trust was established during the observation, which facilitated the recruitment of informants.

In the final third of the observation period, colleagues were informed of the research objectives, and the interview data collection commenced. Interview data collection took place in parallel with the analysis, following the three analytical stages of grounded theory: open, axial, and selective coding. The first stage of open coding aimed to create a rich description and document a maximum number of categories. The selection of interviewees was based on the principle of maximum variation. Criteria such as the type of company, employment position, and functional role were taken from observations and knowledge of the theory of global value chains [Gereffi, 2011]. The type of company reflects the position in the global value chain, while the functional role indicates the degree of involvement in communication with counterparts.

During the second stage of axial coding, relationships between categories were explored based on criteria related to space, time, quality, and causality. Additional interviews were conducted to cover missing profiles. The third stage of selective coding aimed to identify key categories that could answer the theoretical question [Strauss, Corbin, 1990]. Interviews were conducted to fill gaps in the explanatory framework and validate explanations. Detailed information about the qualitative analysis is presented in the article:

Belyavskiy B. (2020) Social Embeddedness as a Business Goal: New Theoretical Implications from the Case of a Global Value Chain. Journal of Economic Sociology = Ekonomicheskaya sotsiologiya, vol. 21, no 3, pp. 151–173. doi: 10.17323/1726-3247-2020-3-151-173 (in English).

Quantitative analysis was used to test hypotheses 3 and 4, which involved three key stages: factor analysis, cluster analysis, and the construction of linear and logistic models.

Linear and logistic regression models were utilized for examining hypotheses 3 and 4. The testing of hypothesis 3 aimed at assessing the relationship between participation in a global value chain and the indicators of power distribution. Meanwhile, for hypothesis 4, the research investigated the correlation between various types of interfirm interactions and indicators of economic efficiency. If the dependent variable had three or fewer distinct values, logistic regression models were the chosen method. Conversely, if the dependent variable had nine or more discrete values, linear regression was applied. To validate the logistic models, homoscedasticity was tested using one-way analysis of variance (UNIANOVA) for the standardized residuals of both independent and control variables. In all cases, the residuals exhibited significance levels above 0.1, meeting the homoscedasticity criteria. Furthermore, all analysis variables, formed from multiple indicators, underwent rigorous testing for unidimensionality, reliability, and validity.

Factor analysis and cluster analysis were instrumental in the preparatory phase for testing hypothesis 4. These methods were used to identify existing types of interfirm interactions, based on the degree of involvement in relational exchanges. Factor analysis was deployed to pinpoint the constituent elements of interfirm relationships, as observed during interactions among participants. These elements were then used to classify interfirm relationships. Factors representing aspects of transactional and relational exchanges, network connections, and autonomous existence were identified using principal component analysis (PCA) for categorical variables. PCA was applied iteratively across six sets of variables, each comprising 2 to 4 factors.

The decision to conduct six distinct principal component analysis procedures stemmed from the substantial variations in variables and the need to ascertain the maximum number of features for the subsequent stage. Consequently, each data point received six factor values, one for each group of factors.

The second phase of quantitative analysis aimed to determine the empirical models of involvement in interfirm relationships and establish a typology of these relationships. This stage was executed through hierarchical cluster analysis, leveraging membership in factors for each of the six variables as the basis for comparison. As a result, four distinct types of interfirm relationships were identified, each reflecting the intensity of social embeddedness in both vertical and horizontal interfirm relationships. Building upon these identified types, an original typology was developed. It characterizes interfirm relationships based on the degree of social embeddedness, ranging from strongly pronounced to absent, and the type of interfirm relationship within the context of value chains. This classification further differentiates relationships between vertically integrated counterparts and those among competitors occupying similar structural positions within the chain.

For more comprehensive details on the quantitative analysis and the presentation of results, please refer to the articles provided.

Belyavskiy, B. (2023). Power symmetry in global value chains: Evidence from the Russian retail market. Journal of Eurasian Studies, 0(0).

Belyavskiy, B. A. (2019). Tipy mezhefirmyennykh svyazey i ikh sravnitel'naya ekonomicheskaya effektivnost: issledovaniye otryadi rossiyskogo ritelya [Types of Interfirm Relationships and Their Comparative Economic Performance: An Examination of the Russian Retail Sector]. Rossiyskiy zhurnal menedzhmenta, 17(2), 179-202.

1.6. Data Source Selection Principles

In the pursuit of qualitative analysis, our focus is directed towards a case study pertaining to a global value chain involved in the production of everyday consumer goods. On the quantitative front, our foundation rests upon four distinct waves of surveys of Russian retail managers, conducted within the domains of both suppliers and retail chains operating in the Russian landscape. These surveys were diligently undertaken over the span of a decade, from 2010 to 2019.

1.6.1.Case Study for Qualitative Analysis: The Russian Segment of a Global Value Chain

The qualitative analysis was conducted within the context of the Russian segment of a global value chain. The investigation centered on the operations of a prominent multinational corporation (MNC) specializing in the production of everyday consumer goods (referred to as "Firm 1"), a distributor of MNC products ("Firm 2"), one of Russia's largest retail networks specializing in electronics and household appliances ("Firm 3"), and the official brand store of the MNC ("Firm 4"). The selection of this case was underpinned by rigorous theoretical criteria, primarily revolving around the MNC's dominant market position and the relative latitude it enjoys in fostering social embeddedness.

Remarkably, the Russian market for everyday consumer goods is characterized by the dominance of a mere ten key players, collectively accounting for 57% of the market share. Moreover, an overwhelming majority of sales, approximately 90%, are channeled through retail networks [Radaev et al., 2017]. This landscape underscores the paramount influence exerted by these entities. Furthermore, the production activities of these firms are predominantly localized within Russia, with a relatively low incidence of counterfeit products [Radaev et al., 2017]. These factors underscore the pivotal role played by the official brands of global corporations and the readiness of local stakeholders to engage in collaborative endeavors with them.

Notably, within the non-food sectors of the retail industry, regulatory oversight tends to be comparatively lenient [Radaev, 2013]. This permissive regulatory environment offers the partners involved in the value chain substantial flexibility in shaping the format of bonuses and incentives [Radaev, 2018], affirming the viability of cultivating a robust state of social embeddedness.

1.6.2. Quantitative Analysis Case: Four Waves of Russian Retail Managers Survey

The quantitative analysis is predicated on data derived from surveys of Russian retail managers, commissioned by the Levada-Center[1] on behalf of the National Research University Higher School of Economics (HSE). These surveys were administered in the years 2010, 2013, 2016, and 2019 and encompass comprehensive, representative datasets drawn from both suppliers and retail chains. These datasets are delineated along five critical dimensions: industry categorization, firm size classification, ownership structure characterization, position within the value chain, and geographical distribution.

However, it is imperative to acknowledge that the survey data are susceptible to dyadic bias, as they do not inherently possess actual dyadic pairings of retailers and suppliers [Flynn, Pagell, Fugate, 2018]. Instead, firms were selected in a randomized manner, relying on databases such as the Unified State Register of Legal Entities (EGRUL)[2], Ruslan[3], as well as three distinct business directories: RosFirm[4], InfoRos[5], and TorgRos[6]. To facilitate the examination of dyadic

[1] Levada-Center (in 2017 recognized as a Russian legal entity performing the functions of a foreign agent): https://www.levada.ru/en/

[2] Unified State Register of Legal Entities (EGRUL): https://egrul.nalog.ru/index.html?t=1638362293493

[3] Ruslan Database: http://www.bvdinfo.com/ru-ru/products/company-information/national/ruslana

[4] RosFirm: http://www.rosfirm.ru/catalog/

[5] InfoRos: http://inforos.ru/

[6] TorgRos: http://www.torgrus.com/

constructs, synthetic dyadic relationships between retailers and suppliers were synthesized. This was made feasible by ensuring an equitable representation of managers from both retail chains and suppliers across each criterion of selection, which encompassed variables like company size, geographical location, ownership type, and product category.

In order to mitigate the potential influence of bias, multiple measures were employed. Firstly, randomness was introduced into the selection process, and the study unfolded across four distinct waves. Additionally, for enhanced validation and consistency, the same managers were surveyed in subsequent waves when their participation was feasible [Montabon, Daugherty, Chen, 2018]. In instances where some managers were not available for follow-up surveys, new participants were introduced to maintain adherence to established quotas and ensure the comparability of findings. Furthermore, both retail chain and supplier managers responded to identical sets of questions, a deliberate choice aimed at safeguarding the stability and reliability of the obtained results [Bloom, Gundlach, Cannon, 2000].

1.7 Clarifying Key Concepts of the Study

1. Social Embeddedness: In this study, it refers to a characteristic of inter-firm relationships, as defined in the tradition of M. Granovetter [1985] and within the literature of the new economic sociology [Radaev, 2009; Kotelnikova, 2012; Uzzi, 1996]. It encompasses three key elements: partner selectivity when establishing connections, the continuation of relationships over time, and the investment of specific assets to maintain these connections. These investments serve to foster trust between partners and ensure the fulfillment of contractual agreements.
2. Specific Assets in Inter-firm Relationships: These are investments in both tangible and intangible assets that cannot be easily redirected from one set of relationships to another or replicated. These assets play a critical role in gaining a competitive edge or deriving economic benefits [Barney, 1991].
3. Transaction Costs: These are the expenses incurred during economic exchanges due to the necessity of utilizing organizational mechanisms within markets or value chains. Such costs encompass activities like information search, participation in negotiations, and ensuring the execution of contracts [Coase, 1937; Williamson, 1986].
4. Economic Efficiency: It pertains to achieving superior performance across a range of firm performance indicators. This results in increased profitability and greater stability in a company's operations. These performance indicators may include the breadth of the product range, financial balance, the number of retail outlets, and regional representations.
5. Performativity: In the context of this study, performativity is interpreted according to D. MacKenzie as the influence of economic and managerial theories on how reality is

interpreted and how the behavior of participants in economic, managerial, marketing, and sociological relationships changes in line with these scientific theories [MacKenzie, 2006].

6. Value of Goods or Relationships: In this research, it is understood within the framework of the valuation studies as a collection of conventional notions regarding the utility of goods or relationships. These notions evolve during the measurement of the properties of goods or relationships using distributed calculative systems and regular discussions among participants in the value chain [Aspers, 2013; Beckert, 2016].
7. Value Chain: This term refers to the aggregation of economic entities engaged in inter-firm interactions for the purpose of creating a final consumer good or a unified final value. A specific subtype of this concept is the global value chain, which includes a multinational corporation (MNC) operating in multiple markets as one of the participants [Gereffi, Humphrey, Sturgeon, 2005].
8. Power in Inter-firm Relationships: It represents a specific manifestation of power as outlined by M. Weber. It is the ability of one partner in inter-firm connections to advance their interests independently of the interests of the other party [Weber, 1978].
9. Symmetry of Power in Inter-firm Relationships: This refers to a situation where there is equilibrium in the negotiation positions of interacting parties. In such a scenario, neither party possesses the ability to independently pursue their interests without taking into account the interests of the other party. Additionally, both parties have comparable capabilities to influence the outcome of negotiations [Hakansson, Snehota, 1995].

1.8 Limitations of the Study

This study is accompanied by several limitations associated with the chosen theoretical framework, methodological assumptions, and the nature of empirical data. The first theoretical limitation relates to the specific type of embeddedness that was examined, which may restrict the generalizability of the findings. As mentioned earlier in this work, social embeddedness exists in two distinct definitions, as proposed by Polanyi and Granovetter [Polanyi, 2002; Granovetter, 1985]. In this study, embeddedness was primarily explored within the tradition of Granovetter, focusing on relational aspects, but not encompassing all potential interactions within the market, such as those with governmental bodies or business associations [Fligstein, 2003; Kotelnikova, 2012; Nahapiet, Ghoshal, 1998]. Instead, this study concentrated exclusively on social embeddedness among business partners within the value chain. As a result, social embeddedness in relationships with third parties in the market, which could be considered more significant and may involve forms of maintaining embeddedness that contradict formal legislation [Radaev, 2009; Radaev, 2011], remained unexplored.

Another theoretical limitation is the focus on global value chains rather than examining value chains more broadly. As previously mentioned, global players may have stronger motivations and necessities for establishing embedded relationships to reduce transaction costs when operating in unfamiliar institutional environments [Wan, Williamson, Pandit, 2020]. Value chains within a single country or economic union might not share the same interests in forming long-term relationships that depend on specific asset investments. Additionally, the assumption of increased contributions by weaker local players to the final product in the chain may not apply to local value chains. This is because the development and extraction of rent from large local players may be a government priority [Berdysheva, 2022; Dabrowski, 2022; Tysiachniouk et al., 2022]. Consequently, large companies that establish institutional rules within the value chain may lack incentives to build trust with smaller companies. Furthermore, there may be a lack of institutional support from the government to enhance the power of small local producers [Radaev, 2018].

One of the methodological limitations is the potential for biased results in quantitative analysis due to the utilization of subjective assessments when measuring the distribution of trade markups, bargaining power, and the existence of informal support among partners. The inclusion of subjective assessments increased survey participation rates and provided indirect access to commercial information about enterprises. However, subjective responses have a narrower range of variation, are less precise, and were unsuitable for constructing multidimensional statistical analyses. Future research could benefit from collecting actual quantitative data on the mentioned indicators and conducting multidimensional analyses to determine the relationships between practices of social embeddedness and value redistribution within production chains.

Another methodological limitation involves the reduction of the quantitative stage of empirical analysis in global value chains to a specific segment of these chains. Unlike the qualitative analysis stage, which examined producer-supplier pairs (distributor), supplier-retailer, and producer-retailer relationships, the quantitative analysis stage focused solely on supplier-retailer dyads. Consequently, the results of statistical hypothesis testing regarding the distribution of power and economic benefits may differ in producer-retailer and producer-supplier relationships. Such differences might be related to the level of symmetry and benefit enhancement, as qualitative analysis results indicate similar embeddedness practices and discussions in different relationship pairs.

The third methodological limitation is associated with creating fictional supplier and retailer dyads to study polyadic variables that depend on the participation of both parties in the interaction [Jarvis, Mackenzie, Podsakoff, 2003; Petter, Straub, Rai, 2007]. The fictional nature of these dyads reduces opportunities for weighing partner responses when greater importance is placed on shared values between both interacting parties [Ibragimova]. To minimize potential bias, random selection and conducting four waves of the study for additional validation were employed. In these subsequent waves, the same managers were surveyed when available, reducing the likelihood of distortion, as suggested by [Montabon, Daugherty, Chen, 2018].

Finally, an empirical limitation is linked to Russian antimonopoly legislation, which increases the risks for respondents when demonstrating embeddedness in relationships. According to the Federal Law "On Trade" adopted in 2009, several practices conducive to establishing embeddedness between partners and competitors were declared illegal, such as demanding bonuses from retailers for placing products on shelves at certain heights and locations [Radaev, Kotelnikova, Markin, 2009]. Studies show that the results of the 2007 survey wave, conducted before the law was passed, indicated greater embeddedness in relationships among all relationship participants compared to each of the subsequent waves [Radaev, 2013]. Consequently, the results of the 2007 wave were not used in the analysis to minimize the bias that may accumulate due to the tightening of law enforcement practices by the Russian Federal Antimonopoly Service [Radaev, 2018].

1.9 Scientific Novelty and Defended Propositions

The research at hand introduces several novel contributions to the field of new economic sociology, encapsulated in the following propositions presented for defense:

1. Reconceptualizing Social Embeddedness: The study challenges existing paradigms by presenting a fresh analytical stance that treats social embeddedness as a dynamic element subject to management within value chains. In contrast to previous research in new economic sociology, which predominantly viewed embeddedness as an outcome resulting from prior relational experiences or as a latent variable beyond the control of relationship participants, this research asserts that embeddedness can be deliberately shaped by participants to influence the outcomes of economic activities.
2. Expanding Valuation Studies: This research broadens the application of the conceptual framework of valuation sociology to encompass inter-firm relationships and strengthens theoretical ties between different approaches in new economic sociology. Traditional valuation sociology primarily explored the formation of value perceptions for market goods and services without discussion with papers studying interfirm relations, this study demonstrates that within the context of inter-firm relationships in value chains, participants construct a conventional understanding of value specific to this format. The nature of these inter-firm connections within the value chain significantly influences the final value of products and the efforts invested in their production, akin to how perceptions of value are shaped for end products.

3. Original Typology of Inter-Firm Relationships: A novel typology of inter-firm relationships is presented, enabling the classification of these relationships based on their format and degree of social embeddedness. Drawing from insights in new economic sociology, relationship marketing, and management, this typology combines attributes that categorize the extent of embeddedness in inter-firm relationships with factors that classify the structural position of relationship participants within the value chain. This typological framework facilitates quantitative measurement of the impact of social embeddedness on business performance and power dynamics within inter-firm relationships. The development of an interdisciplinary typology facilitates the cross-fertilization of analytical findings across scientific disciplines of new economic sociology, relational marketing and strategic management studying shared subject area of interfirm relations.
4. Coordination in Global Value Chains: Grounded in the application of grounded theory analysis, this research constructs a conceptual framework for explaining how activities are coordinated within global value chains. The proposed schema reveals the existence of ambivalent power dynamics wherein multinational corporations seek compliance from local counterparts regarding operational standards while, reciprocally, they provide conditions for increasing the added value created by local players through investments in specific assets.
5. Balancing Power Through Embeddedness: An analytical perspective is introduced positing that heightened social embeddedness leads to a rebalancing of power positions among participants in value chains. It postulates that the inter-firm connection itself becomes a source of power, compelling relationship participants to consider each other's interests and adhere to agreed-upon conditions to maintain it. The scientific novelty of this theoretical position is amplified due to an unconventional approach to the study of power. Often, researchers examine the conditions leading to a reduction in power symmetry, both within the realm of new economic sociology [Radaev, 2022] and in studies of economics and management [Reimann, Ketchen, 2017]. In the current research, the dissertation author elucidates conditions leading to the converse situation—increased symmetry in power distribution—relying on the theoretical framework of economic sociology.
6. Economic Benefits of Social Embeddedness: This research demonstrates that the value of social embeddedness in economic activities translates into economic benefits for participants in value chains. Empirical evidence reveals a statistically significant correlation between the intensity of embeddedness and various business performance parameters, including the breadth of the product range, the number of sales points or partners, and profit dynamics.

These propositions collectively constitute the scientific novelty of this study and form the foundation for the ensuing defense.

Propositions Presented for the Defense:

1. Participants in inter-firm relationships are conscious of the presence of social embeddedness within their business connections and regard embeddedness as one of the sources contributing to value creation within the global value chain.
2. Theoretical framework of Valuation Studies is applicable for the analysis of social embeddedness and other forms of relations. Relational
3. The conditions and methods for sustaining social embeddedness are regularly assessed and adjusted by participants involved in inter-firm interactions through collaborative discussions and evaluating the advantages of various practices related to investing in relationships with specific partners.
4. In global value chains, the conditions for social embeddedness entail an increase in the contribution of local entities to the final product of the chain, achieved by investing in the specific assets of this inter-firm connection and subjecting it to operational oversight by a global entity. This is accompanied by the perpetuation of relationships through the extension of collaboration agreements.
5. In value chains characterized by more pronounced social embeddedness, power is distributed in a more symmetrical manner when compared to chains with weaker social embeddedness.
6. Within the context of relationships within the value chain, the establishment of embedded relationships, which includes mutual support and investments in specific assets not transferable to other relationships, is associated with greater economic benefits than establishing connections solely based on formal transactions.

1.10 Approbation of the Results

Scholarly research seminar on "Modern Forms of Capitalism: Production of Intangible Goods and Overcoming Alienation" at the Faculty of Social Sciences, National Research University Higher School of Economics (HSE), Moscow, Russia, on January 19, 2022.

Guest seminar for undergraduate students majoring in Journalism at Moscow State University (MSU), Moscow, Russia, on March 21, 2021.

Seminar curriculum update for the "Sociological Theory" course at the Faculty of Social Sciences, National Research University Higher School of Economics (HSE), Moscow, Russia, in September 2020.

Presentation of research findings at the International Workshop "The Varieties of Power in the Economy," organized by the Laboratory for Studies in Economic Sociology (LES), National Research University Higher School of Economics (HSE), Moscow, Russia, on July 3-4, 2020.

Contribution to the All-Russian conference in Social and Humanitarian Sciences, "Mikhailovsky Readings," held at the Institute of Philosophy, Russian Academy of Sciences (RAS), Moscow, Russia, on April 8, 2020.

Participation in the All-Russian Anthropological Conference, "Current Issues in Ethnology and Anthropology: Anthropologists, Business, and Organizations," hosted by the Institute of Ethnology and Anthropology (IEA), Russian Academy of Sciences (RAS), Moscow, Russia, on December 10-12, 2019.

Presentation of research findings at the International Sociological Conference, "Economy & the Possible: Alternative, Missed, and Reified Futures in Contemporary Society," conducted at the University of Warsaw, Warsaw, Poland, on May 20-21, 2019.

Sharing of research insights at the project seminar organized by the Laboratory for Studies in Economic Sociology (LES) at the National Research University Higher School of Economics (HSE), Moscow, Russia, on February 26, 2019.2.

2. Research Results

2.1 Integrating the Valuation Studies Framework into the Analysis of Social Embeddedness

During the research process, we undertook a calibration of the theoretical framework in accordance with the principles of grounded theory research [Strauss, Corbin, 1990]. This calibration allowed us to determine the theoretical contributions and the scientific novelty of the empirical findings. In this study, we adopted the interpretation of embeddedness as formulated by M. Granovetter, which centers on the nature of relationships among interaction participants [Granovetter, 1985]. The analysis revealed areas of debate between the transactional and relational approaches concerning the sources of embeddedness and its impact on business outcomes. Our own theoretical position was formulated within the relational approach, utilizing the conceptual framework of the sociology of evaluation to examine embeddedness in interfirm relationships within the value chain.

The transactional analysis of interfirm exchanges combines research in economics, management, and marketing and is based on neoclassical economic concepts and institutional theory regarding firm interactions as simple exchanges of goods [Radaev, 2016; Tretyak, 2013; Macneil, 1978]. This approach views interfirm relationships through the lens of transaction costs related to control and contract enforcement [Day, 1994; Mathewson, 1984]. The primary goal of these exchanges is seen as reducing transaction costs and market uncertainty [Williamson, 1986] by preventing opportunism from the counterparties [Kersi, Frazier, 2001] and enhancing control coordination throughout the value chain. The transactional approach describes embeddedness as an obstacle to contractual obligations and views informal interactions as a threat to the transparency of business relationships [Frazier, 1983; Ivens, 2004]. Consequently, this approach analyzes methods for reducing the influence of embeddedness on business activities. The origins of embeddedness are not investigated within the transactional approach, and the presence of embeddedness is not considered necessary for business operations [Radaev, 2016; Dwyer, Schurr, Oh, 1987].

The relational approach unites research in new economic sociology, relationship marketing, and management, considering interfirm relationships as an independently significant part of business operations [Japutra, Molinillo, 2019], existing through network interactions [Granovetter, 1985; Radaev, 2016; Uzzi, 1999]. Within this approach, researchers converge on the idea that economic relationships are embedded within networks of social interactions, which establish stable and legitimate norms of interaction and power utilization [Granovetter, 2005; Kotelnikova, 2012], indirectly indicating the economic benefits of embeddedness [Radaev, 2013; Uzzi, 1997].

In this work, social embeddedness is examined from the perspective of the relational approach and is defined by three criteria that have gained significant support among new economic sociology researchers: temporal stability (reproducibility), selectivity, and investment in specific relational assets. As Z.V. Kotelnikova notes, any business interactions create and accumulate relational experience necessary for building trust among participants in the interactions [Kotelnikova, 2012]. Repetition and reproducibility of relationships make the experience stable and reinforce participants' expectations of each other [Granovetter, 2005; Uzzi, 1996]. However, as V.V. Radaev points out, relational experience alone does not make relationships embedded; another significant criterion is the selectivity of partners [Radaev, 2009]. Based on accumulated experience, participants develop trust in specific partners, founded on the observance of social norms. Relying on trust and reputation, participants choose to renew some relationships while terminating others [Radaev, 2016].

However, within the relational approach, conflicting perspectives also arise regarding the degree of conflict within relationships influenced by social embeddedness, the extent of economic advantages, and the origins of embeddedness. These discrepancies primarily stem from the dichotomy between relationship marketing and the field of new economic sociology.

Historically, relationship marketing has centered its focus on interfirm relationships within value chains [Sheth, Parvatiyar, 2000], as well as formal contractual agreements. Consequently, marketing portrays social embeddedness as one of the factors contributing to the creation of market value, with embedded relationships depicted as interactions between equal partners striving for consensus [McKenna, 1991]. Relationship marketing posits that mutual interdependence among partners is bolstered through investments in specific relationships and the accumulation of mutual informal commitments [Caliskan, Esmer, 2019; Huo, Flynn, Zhao, 2017; Radaev, 2013]. Research suggests that such commitments help mitigate the influence of adverse market risks and also reduce uncertainty [Huo, Flynn, Zhao, 2017].

In contrast to relational marketing, the field of new economic sociology presents a dual perspective on the impact of social embeddedness on businesses. It suggests that for small firms, social embeddedness often simplifies their operations, while for large, growing enterprises, it can act as a constraining factor. B. Uzzi proposed that the relationship between embeddedness and economic performance may exhibit a parabolic nature [Uzzi, 1999]. In this context, small firms benefit from a network of interacting partners who follow established rules, whereas larger companies that have evolved from small businesses may incur higher costs in maintaining old embedded ties compared to seeking new partners through transactional arrangements. This viewpoint emerges from the examination of interfirm network relationships and the substantial role played by third parties in the value chain [DiMaggio, Powell, 1983; Scott, 2004]. According to this perspective, social embeddedness coexists within a context of power distribution conflict, making it a restraining factor in addressing deviations among participants in network interactions.

In addition to debates regarding the contribution of social embeddedness to economic advantages within the relational approach, there is an ongoing discussion about the source of embeddedness formation. One direction within the field of new economic sociology perceives the source of embeddedness as external to economic relations [Uzzi, 1997], with a sole focus on examining positions within interaction networks. B. Uzzi argues that the embeddedness of economic relations is primarily influenced by embeddedness that has developed outside of economic relations, such as within ethnic diasporas, among friends, and among relatives [Uzzi, 1996]. Z. V. Kotelnikova suggests that even relationships emerging solely within formal contracts create a relational experience sufficient for further embeddedness formation [Kotelnikova, 2012].

This study was conducted within the overarching framework of the relational approach, incorporating the conceptual framework of valuation studies. Valuation studies posit that the objective utility of a good is not the sole determinant of its value [Beckert, 2016]. From this perspective, value is regarded as the outcome of agreements among participants in economic interactions who establish common rules for measuring the value of a good and determining its utilization [Aspers, 2013]. The primary purpose of shaping conventional perceptions of value is to enhance the predictability of economic relations and establish stable market structures, including quality standards for goods and price ranges for products, among other factors [Beckert, 2016].

The creation of value involves three distinct processes: objectification, calculation, and singularization, all of which occur through the collaborative efforts of all participants and rely on purpose-designed tools for assessing value. These processes together form a unified calculative system [Aspers, 2013; Vargha, 2013]. During the objectification phase, attributes of a product that are visually observable, tangible, and measurable are defined. Objectification takes place not only during the product's manufacturing but also during its consumption, as new consumer attributes can emerge during its use [Callon, Muniesa, 2005]. For instance, when considering clothing, a consumer may identify qualities like subtlety or compatibility with other wardrobe items. In the calculation phase, scales are developed to measure the attributes identified during objectification. Employing uniform scales enables the ranking of products and their inclusion in market exchanges [Berdysheva, 2015; Beckert, 2016]. The singularization process identifies qualities or combinations of qualities in products that possess unique value and cannot be readily converted into other goods or money without a loss of consumer utility [Burrel, Fourcade, 2021]. Examples of singular properties may include branded luxury items or patents for production.

The collective participation of all economic actors plays a crucial role in ensuring the legitimacy of perceptions regarding a product's value [Vargha, 2013]. Collaborative discussions help mitigate disparities in how a product's qualities are perceived [Callon, Muniesa, 2005] and serve as a safeguard against manipulation in measurement [Beckert, 2016]. Beyond legitimacy, the timeliness and reliability of measurements are of paramount importance and are upheld through the regular adjustment of value perceptions [Berdysheva, 2015; Callon, Muniesa, 2005]. To maintain consistency in evaluation and streamline the entire process, actors develop specialized tools for measuring product quality and facilitating communication. These tools encompass accounting and tracking systems and information programs that are adopted universally by all participants. Alongside the participants in these relationships, these evaluation tools form an integrated calculative system, resulting in a unified interpretation of a product's value in real-time [Knorr-Cetina, Preda, 2000].

The chosen theoretical framework offers a significant advantage in that it can account for the performative and pragmatically valuable nature of perceptions related to social embeddedness. A study raised the question of how perceptions of a product's value are constructed within value chains [Espeland, 2013]. The analysis revealed that calculation and classification systems influence power structures, hierarchies, and employee behavior within organizations that are part of the chain. Since the evaluation process considers the conditions of product production [Aspers, 2013], the interaction among chain participants becomes a controllable element that influences the properties of the final product. Consequently, we contend that participants within the value chain will assess configurations of interfirm interactions alongside the qualities of the

2.2 Deliberate Approach to Cultivating Social Embeddedness

The empirical analysis has demonstrated that participants within the value chain recognize the advantages of social embeddedness for their commercial endeavors and deliberately integrate the upkeep of social embeddedness into their day-to-day operations. Whether it's at the level of corporate mission, professional training, or routine tasks, employees from the Multinational Corporation (MNC), the distributor, and the major retail network engage in discussions on how to align their business responsibilities with building trust, enhancing their reputation in the eyes of their partners, and cultivating long-term relationships with their counterparts through investments in specific assets that are intricately linked to their collaboration with specific partners.

Over the span of a week, employees of the MNC and the distributor receive guidance from their supervisors and undergo corporate training aimed at incorporating relationship-building into their workflow. For instance, sales managers are encouraged to become experts for their partners. To achieve this, managers are expected to "act with honesty," "identify customer needs," "fulfill their commitments," and "adhere to contract deadlines." Supervisors assess past interactions between managers and their counterparts and compare their efforts in building relationships with examples from the practices of the most successful managers.

Business negotiations are thoughtfully planned in advance, and when evaluating the benefits of modifying interaction protocols, conversations encompass considerations for social embeddedness, in addition to discussions regarding price adjustments, product assortment, and the allocation of sales among different brands in the product portfolio. Observations have revealed situations where a financially advantageous proposal for the MNC was not broached for discussion with the retail network due to concerns about eroding trust and the risk of developing a reputation as "opportunists who disregard the interests of their counterparts." For instance, MNC managers contemplated a marketing campaign proposal with the retail network. However, the retail network manager requested that discussions regarding marketing campaigns be deferred for a month because of the concurrent execution of their own campaign. Addressing the marketing campaign with the retail network manager had the potential to undermine their trust, so the MNC sales manager decided to postpone the discussion within the agreed-upon timeframe. As a result of such deliberations, new formats of social relationships and the perpetuation of social embeddedness are consistently forged.

2.3 Practices for Evaluating the Benefits of Social Embeddedness: Investment in Development and Optimization of the Operational Model

The functioning of the value chain entails continuous participation in collective processes for determining the value of social embeddedness, as well as adjustments to the characteristics of embeddedness and the degree of trust among firms. Management of social embeddedness also occurs within the realm of contract development and annual activity planning between firms. Participants engage in discussions regarding the sharing of information, the level of formality within their relationships (including which initiatives can be jointly pursued without formal agreements), the roles of distributor merchandisers in the retail network's stores, and the kinds of assistance stores can request from merchandisers. These negotiations contribute to the formation of perceptions regarding the value ascribed to the established relationship format.

The process of evaluating the reliability and benefits of the relationship format involves practices related to legitimization and trust level adjustments. This is achieved by seeking input from third-party experts and triangulating information. The involvement of third-party audits creates an impression of objectivity and reinforces confidence in the reliability of the entire set of relational discussions and mutual assistance practices. These practices replicate the assessment procedures observed in forest markets as described by Aspers (2013). In our case, participants in the global value chain regularly acquire analytics from agencies like GFK and Nielsen. They use these reports to compare their results with competitors who employ different practices and levels of mutual support within their respective chains.

Participants in the global value chain recognize the intersubjective nature of perceptions regarding the value of relationships and employ triangulation to assess the effectiveness of agreed-upon relational practices. Managers from different companies compare reports from their line staff concerning instances of mutual support, adherence to agreements, and compliance with prohibitions (e.g., the dissemination of informally shared information to third parties). When discrepancies arise, additional rounds of negotiations regarding the format of interaction are initiated.

Perceptions of the value of social embeddedness are categorized into two groups that define the specific meaning of investments in the particular assets of these relationships: (1) investment in development and (2) optimization of the operating model. These categories are described through a set of outcomes to be achieved during interactions and a list of specific actions to be taken. Investment is defined as the injection of capital or the provision of free labor to a partner company. A strong multinational corporation (MNC) allocates resources to its weaker partner, enabling the improvement of production processes and an increased contribution to the value chain's products. In return, the MNC determines the projects and areas of work to which funds or employee time will be allocated, thus coordinating the development format of the chain. An example of an investment project could be an agreement to design and produce category-specific equipment in the retailer's stores, funded by the MNC manufacturer. For equipment installation, the MNC manufacturer may require the ability to inspect the retailer's stores and train its managers in the stores, collecting customer feedback.

The optimization category also assumes a format of mutually beneficial cooperation and the establishment of social ties between the dominant and smaller firms. Optimization is defined through a set of activities aimed at improving the counterparty's business processes for the subsequent transfer of new functions to that counterparty. Optimization activities involve increasing transparency in business processes, employee training, and the implementation of new efficiency evaluation metrics. At the same time, optimization implies compliance with the MNC's work standards by the counterparty, allowing the MNC to modify the counterparty's operating model to fit the format required for global value chain operation. In the empirical case considered, the MNC manufacturer agreed to transfer the management of all official marketing campaigns in Russia to the distributor. Fulfilling this condition required full disclosure of the distributor's internal reporting for MNC analysis, as well as the appointment of MNC managers as heads of distributor working groups engaged in marketing activities. Control by the manufacturer was limited by the time required to train the distributor's teams in global work standards.

2.4 The expansion of power balance within the global value chain

In the exploration of power distribution, our comprehension of the impact wielded by social embeddedness in global value chains on power equity and the capacity of local participants to augment their input to value creation has been broadened. We have ascertained that the engagement of local enterprises in global value chains results in a more even-handed apportionment of contributions to the manufactured goods. This equity was measured by comparing trading markups among collaborating partners. Within the context of global value chains, trading markups displayed less divergence between sizable and smaller companies in contrast to local value chains. Furthermore, our findings underscored a greater parity in negotiations between collaborating partners within global value chains compared to their local counterparts, irrespective of the size of the firms involved and their available resources. Remarkably, relational exchange formats were more prevalent within global value chains than beyond them.

The influence of controlling factors like structural position and industry also exhibited notable significance, further reinforcing the conclusions drawn from our study. Trading networks and suppliers showcased distinct profiles in power distribution. The position held by managers within trading networks was linked to more conspicuous disparities in trading markups and a diminished involvement in relational exchange formats. Suppliers reported a reduced parity in negotiations. When scrutinizing various sectors, it was evident that companies involved in food production exhibited more pronounced disparities in trading markups and a diminished inclination towards nurturing embedded relationships. This outcome substantiates the hypothesis positing a connection between participation in relational exchanges and the enhancement of parity in interfirm associations, particularly as the food industry has encountered more stringent government regulation concerning relationship formats [Radaev, 2018]. Notably, our analysis found no correlation between firm size and power distribution within value chains.

2.5 Realizing the Economic Advantages of Social Embeddedness in the Value Chain

The analysis of economic efficiency is founded on the development of an original typology of interfirm relationship models. This typology draws upon the concepts of both transactional and relational approaches in the study of social embeddedness. The typology consists of four ideal interaction types, formed at the intersection of two types of interfirm interactions: vertical interactions (within the value chain) and horizontal interactions (among competitors). Such a classification allows for the consideration of a firm's overall behavioral pattern in the market, where the nature of horizontal relationships influences relationships structured vertically among partners in the value chain, and vice versa. The theoretical significance of this classification lies in its combination of measuring a firm's structural position in the value chain and the extent of social embeddedness within interfirm relationships.

Vertical interactions are defined by the poles of transactional exchanges, characterized by strict formalization and minimal involvement in informal exchanges, and relational exchanges, which involve regular informal mutual assistance among business partners. Horizontal interactions are determined by the pole of network exchanges, which are founded on intensive information exchange and communication among competitors, and the pole of autonomous existence, which does not imply interaction with competitors. The distribution of types of interfirm relationships is presented in Table 1. Relationship types that encompass relational exchanges within vertical interactions (type 3 and type 4) represent formats of relationships with a high degree of social embeddedness within value chains.

Table 1

Types of interfirm relationships

Vertical ties	Horizontal ties	
	Interactions Within Competitors	Horizontal Autonomy
Transactional	Type 1 – 35 respondents Transactional & Interactions Within Competitors	Type 2 – 323 respondents Transactional & Horizontal Autonomy
Relational	Type 3 – 54 respondents Relational & Interactions Within Competitors	Type 4 – 272 respondents Relational & Horizontal Autonomy

The analysis results suggest that relational and transactional exchanges are roughly equally prevalent. In horizontal formats, autonomous coexistence in relation to competitors tends to be more common. The prevalence of transactional exchanges and the inclination toward horizontal autonomy can be attributed to the influence of federal trade laws that have been implemented since

2009. These laws impose limitations on the legal possibilities of informal interfirm interactions, leading to additional risks such as fines and the need for preparation in response to regulatory inspections. The scope for informal interactions continues to decline, particularly in cases involving competitors.

Consistent with Hypothesis 4, it was posited that strengthening social embeddedness within interfirm relationships is linked to superior economic performance compared to the establishment of transactional relationships, primarily due to the greater adaptability of relational connections. This hypothesis finds support, as both types of interactions that incorporate relational ties demonstrate increased sales volumes, expanded product portfolios, higher numbers of retail outlets, and more significant partnerships compared to the control group that focuses on transactional vertical connections. In the latter type of relationships, meaningful connections are conspicuously absent across all the aforementioned dimensions.

Furthermore, the data reveals that cultivating relational ties, whether within the value chain or during interactions with competitors, exhibits a stronger association with elevated economic efficiency. The connection with economic efficiency for this type of relationship is approximately twice as robust for all regression coefficients compared to relationships solely centered on social embeddedness in vertical relationships within the value chain. Informal recommendations are a common practice in both relational and network-based relationship formats, enabling the optimized utilization of this resource when combining vertical relational ties with horizontal network connections.

3. Key Findings

3.1. Theoretical Implications

This study has yielded five primary findings which also enhance analytical capabilities of new economic sociology.

1. The outcomes of this research further the perspective that social embeddedness is shaped within the economic relationships among market participants. While some relational approach studies argue that social embeddedness is cultivated through relational experiences occurring outside and prior to economic relationships [Uzzi, 1997], another viewpoint suggests that social embeddedness can develop within economic relationships without preceding non-economic interactions. This is because economic interactions constitute a form of social interaction and generate inherent relational experiences sufficient for the emergence of embeddedness [Kotelnikova, 2012]. This study aligns with the latter perspective, demonstrating that social embeddedness is not merely a byproduct of inter-firm economic relationships but is consciously constructed by the participants themselves. They perceive social embeddedness as a source of

value creation for their businesses. The conclusion reached strengthens the validity of the economic-sociological perspective that economic interactions are fundamentally social in character and shows the ineffectiveness of examining interfirm ties separately from the experience of forming embeddedness.

2. Within this research, it is proposed to examine the process of social embeddedness formation through the lens of valuation sociology. The valuation sociology approach provides a conceptual framework for explaining the elements and processes involved in constructing value [Aspers, 2013; Vargha, 2013], although it had previously been applied exclusively to analyze the value of final consumer goods [Berdysheva, 2015]. In this study, the conceptual schema of valuation sociology was employed to scrutinize the value of the inter-firm relationship format that emerges during the creation of the final product within value chains. It was demonstrated that participants in inter-firm relationships describe various forms of mutual support as investments in each other's business development. They define informal relationships as a means of reducing uncertainty and obtaining market insights. Participants in value chains engaged in collective discussions to delineate favorable conditions for mutual support (often informal) and employed specific relationship tracking tools, including analytical packages from Microsoft Office. The application of the sociology of valuation to the study of interfirm ties has led to increased coherence in the field of new economic sociology by extending the use of one of its branches, the sociology of valuation, to explore an adjacent subject field within economic sociology.

3. The operationalization of the concept of social embeddedness in global value chains elucidates how multinational corporations (MNCs) perform a dual role. Research indicates that global corporations must carry out two conflicting functions. The first function involves participating in the production processes of the value chain and engaging with other firms on equal terms [Gereffi, 2011; Gong et al., 2018]. The second function entails coordinating the operations of the value chain by reducing transaction costs and standardizing the activities of all participants [Gereffi, Humphrey, Sturgeon, 2005]. These two functions often conflict because a more favorable mode of interaction at the local level may complicate the operation of the entire global value chain. Prioritizing the second function can, in turn, strain relationships with local partners, potentially leading to disengagement. This study introduces an operationalization of social embeddedness that reconciles both functions. The establishment of control practices within relationships ensures conformity to standardized procedures. Furthermore, increasing the contribution of local players through investments in specific relationship assets, such as training and assistance in operations, compensates for any inconveniences arising from the adopted mode of operation. This argument also demonstrates that large corporations share an interest in fostering social embeddedness, similar to small firms. The obtained result broadens the prospects for interdisciplinary research.

The presented operationalization of power relations in global value chains through the theoretical apparatus of new economic sociology may be employed by researchers in the fields of economics, marketing, and management.

4. This research provides additional rationale for establishing more symmetrical power relations through intensive social embeddedness. According to studies in the field of new economic sociology, social embeddedness shapes distributed power relations in networks of interacting entities. In the context of repeated choices to renew relationships with existing counterparts, the significance of established interaction norms increases, along with the risks associated with violating these norms [Granovetter, 1985; Huo, Flynn, Zhao, 2017; Radaev, 2013]. This study illustrates that the content of the norms constituting social embeddedness in global value chains creates a basis for enhancing symmetry in power relations. If interaction norms facilitate increased contributions from weaker, local players to the final product of the value chain, their share in the profits of the global value chain should proportionally rise. This equalization of profit shares, in turn, leads to a balance in resources possessed [Elking et al., 2017] and negotiating power over the long term. The justification for the increase in power symmetry represents an original research contribution, as the prevailing focus in new economic sociology and management studies has been on examining the conditions that lead to the reduction of power symmetry [Radaev, 2022; Reimann, Ketchen, 2017].

5. The typology of inter-firm relationships based on the degree of social embeddedness and structural position within the value chain has been developed. This classification confirms the connection between the intensity of embeddedness and the economic effectiveness of business activities. In this study, a unified classification of inter-firm interactions has been established, bringing together insights from previous research [Dwyer, Schurr, Oh, 1987; Radaev, 2013; Radaev, 2015]. This classification enables the analysis of the relationship between social embeddedness and economic effectiveness using representative quantitative data. The classification is based on the intersection of two axes of variables. One axis tracks the degree of social embeddedness, while the other axis concerns the localization of embeddedness within the value chain, either in vertical relationships between partners or in horizontal relationships involving competitors. This differentiation between vertical and horizontal social embeddedness allows for the examination of its impact in both isolated value chains (in vertical relationships) and the assessment of the mutual influence of the two types of embeddedness on each other. The establishment of an interdisciplinary typology fosters the expansion of the interpenetration of analytical results among new economic sociology, relationship marketing, and strategic management, all of which study the common subject area of interfirm ties.

Through this constructed classification, it has been empirically demonstrated that strengthening social embeddedness leads to increased economic efficiency for enterprises. This correlation is evident in both vertical and horizontal relationships. When these two types of embeddedness overlap, the relationship between embeddedness and effectiveness becomes even stronger. The findings reveal a correspondence between the subjective perception of the value of social embeddedness and actual economic outcomes.

3.2. Practical Implications

The research findings yield several practical recommendations. Firstly, participants in the value chain stand to benefit from strengthening the embeddedness of their inter-firm relationships. Companies should actively engage in practices that contribute to the reinforcement of embeddedness, as this leads to improved economic outcomes. Two key components for enhancing embeddedness include engaging in discussions with partners regarding the nature of their relationships and making investments in specific relational assets. Initiating discussions with counterparts allows for the measurement of expectations and benefits arising from inter-firm interactions, enabling the integration of relationship management into business processes. Investments in specific assets provide a tangible foundation for building trust among partners. Such investments can take the form of supporting partners in enhancing their contribution to the final product of the value chain or assisting in optimizing the operational model. Furthermore, specific relationships may lead to alternative perspectives on investing in relational assets that yield economic benefits and foster trust between partners, ultimately reinforcing the embeddedness of their relationships.

Another practical implication revolves around the advantages of partnerships between large international corporations and smaller local companies. Given that multinational corporations (MNCs) are often susceptible to misunderstandings regarding local market dynamics [Wan, Williamson, Pandit, 2020], local companies gain increased negotiating leverage as partners with intimate knowledge of local nuances. This enhanced negotiating power can translate into more favorable terms in profit distribution, improved contract conditions, and agreements regarding investments by the international partner in the development of the local business. As a reciprocal investment in the relationship with MNCs, local partners may share their knowledge and assist in adapting to local economic interaction practices, vouching for MNCs to other local participants in the value chain.

A third practical implication involves the potential opportunity to replicate embeddedness in inter-firm relationships and its impact on power distribution within value chains, even in the absence of MNCs. Quantitative data validates the connection between embeddedness and economic benefits, irrespective of whether MNCs are present in the value chain. Consequently, it is plausible that large local companies may seek to enhance the negotiating positions of smaller companies through investments in specific assets. Research suggests that MNCs have a vested interest in supporting local companies, partly due to institutional conditions created by governments and supranational organizations [Attig et al., 2016]. National governments can replicate institutional conditions that promote an interest in investing in the development of smaller partners within the value chain for large local companies.

3.3. Questions for Future Research

Thanks to the obtained results, we have been able to formulate five avenues of discussion, the exploration of which holds promise for future research endeavors. The first avenue centers around examining cases where partners within the value chain did not delve into the intricacies of embeddedness and failed to engage in practices that could strengthen their inter-firm relationships. Notably, the relationships between the manufacturer-MNC and the local major retail network emerged as the least embedded, despite having direct contracts in place. Both firms displayed signs of relationship replication but made minimal investments in each other's specific assets. This could, on one hand, be attributed to the peculiarities of Russian trade law, which restricts certain investment practices [Radaev, 2018], creating reputational risks vis-à-vis regulatory bodies. Moreover, competition among different organizational formats, as elucidated in the study of global value chains [Gereffi, 2011], may serve as an additional explanatory factor. Typically, manufacturers and retail networks assume dominant, system-shaping roles in the value chain [Gereffi, Lee, 2012; Lazzarini, Claro, Mesquita, 2008]. Their lack of investment practices in each other while investing in specific relationships with other smaller partners may represent a form of competition for leadership positions within the chain. Furthermore, the considerable size of both companies could constitute another contributing factor. Given their substantial scale, the process of embedding at the operational level may indeed take significantly longer, a factor that warrants investigation when examining embeddedness over extended timeframes.

The second avenue of discussion pertains to the examination of cases where power asymmetry persists within value chains. A significant predictor of power asymmetry in inter-firm relationships has been identified as the structural position within the value chain. Notably, the position of the retail network has been linked to a more substantial redistribution of the trade margin and the ability to dictate terms during negotiations with counterparts. The influence of the power position has proven to be a significant control variable and can be explained by the presence of a substantial resource within the value chain: access to the end consumers of the chain's final goods [Darby et al., 2020]. Another explanation lies in the presence of numerous alternative partners on the side of manufacturers and suppliers when dealing with the retail network. Evidence presented in V. Radaev's article suggests that a higher likelihood of contract breaches occurs in more competitive markets and when one of the interacting parties holds a stronger negotiating position [Radaev, 2022].

The third avenue of discussion revolves around describing the dynamics of power resources as negotiating power becomes more balanced among partners within a global value chain. As mentioned earlier, the primary hypothesis centers on the transfer of power resources into the very inter-firm relationship itself [Granovetter, 1985; Granovetter, 2005]. This phenomenon occurs because participants in embedded relationships become dependent on the rules and norms established within their specific relationships, as well as on their ability to derive benefits from assets invested in those relationships. Another hypothesis with robust empirical support is the concentration of power among external participants in the value chain: international political organizations (UN, WTO, EU, BRICS), national governments [Attig et al., 2016; Gibbon, Ponte, 2008], and consumer organizations and unions advocating for MNCs to adhere to updated ethical standards [Berdysheva, Romanova, 2017]. The third hypothesis revolves around balancing asymmetry in relationships with partners within the chain through increased exploitation of natural resources and a reduction in the bargaining power of workers. The discussion surrounding this hypothesis boasts a broad network of both proponents and critics [Attig et al., 2016].

The fourth avenue of discussion, arising from our research findings, pertains to the exploration of the future organizational structure of value chains in light of the proven advantages of reinforcing inter-firm relationships. During the discussion of our results, a hypothesis was put forth suggesting that the benefits of enhanced embeddedness primarily manifest in retail markets. The rationale behind this hypothesis is that, in other scenarios, companies operating across all markets would tend to pursue fragmentation and downsizing as a strategy to maintain intensive social embeddedness. In contrast, we contend that the expansion of a company simplifies the maintenance of embeddedness by providing the opportunity to strengthen the division of labor and establish a dedicated function within the organization focused on developing specific relational assets with partners. For instance, a larger corporation may maintain a specialized sales department with dedicated managers assigned to specific partners. This approach facilitates the accumulation of knowledge about partner needs, allows for the adaptation of embeddedness strategies to specific requirements, and fosters trust-building between organizations at an institutional level rather than just at a personal level. Consequently, we argue that the advantages of reinforcing embeddedness are applicable across various sectors of the economy, not just limited to retail markets.

The fifth avenue of discussion centers on the unique national characteristics of multinational corporations (MNCs) participating in global value chains. Over the course of four survey waves conducted from 2010 to 2019, the majority of MNCs in the Russian market were headquartered in OECD countries, sharing similar institutional structures and modes of economic interaction. It is conceivable that MNCs headquartered in countries with different institutional frameworks (such as BRICS, EAEU, ASEAN, other political entities, and individual nations) may exhibit varying degrees of intensity in their embeddedness within relationships with partners, as well as different power dynamics. However, it's important to note that within the sample of this study, all foreign-owned companies were considered as MNCs, regardless of their country of origin. Therefore, the insights garnered from this research are potentially relevant to global value chains, irrespective of where their headquarters are located, transcending the constraints of their initial institutional context.

Articles proposed for the Defense

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