



Global production networks, labour and development

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ABSTRACT

This theme issue introduction profiles the small but growing body of research that explores the connections between global production networks, labour and development. It does so in three stages. First, it outlines key ongoing global trends relating to the functional and spatial fragmentation of production and consumption processes. Second, it considers the potential for worker agency within shifting global production network structures, asserting that such agency is shaped both by relations within production networks and territorial institutional systems. Third, the implications for understandings of development are considered, and the need to move beyond the production networks themselves to incorporate other actors and dimensions of place is identified. The introduction also outlines and positions the eight papers that follow against these broader debates.

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1. Global production networks: the functional and spatial fragmentation of production and consumption

The interconnected nature of the world economy has been brought into stark relief again by the ongoing global financial crisis. Following the subprime mortgage crisis in the US and the collapse of Lehman Brothers, contagion quickly spread to Europe and beyond; the current turmoil in many countries sharing the Euro as a single currency has strong reverberations in emerging markets like China and India, the current growth engines of the global economy. What links all these various substantive economies are global production networks (GPNs), which at their core entail circuits of capital, and which form the nexus of functions, operations and transactions through which goods and services are produced, distributed and consumed (Dicken, 2011). Their analysis has been the focus of economic geographical research for more than a decade now and has generated a large and growing body of literature (Henderson et al., 2002; Coe et al., 2008; Coe, 2012).

One of the most remarkable features of transnational systems of production is the increasing fragmentation of GPNs (Gereffi et al., 2005; Levy, 2008), both organisationally and geographically, in the wake of 'Washington Consensus' neoliberal policies since the 1980s. Of course, transnational production and international divisions of labour in themselves are not completely new phenomena and have been documented extensively. What has changed, however, are the rationales that drive the waves of outsourcing and offshoring leading to continuous spatial and functional

reconfigurations of value-added activities, with contingent outcomes for the labour process and the contractual arrangements of work (Lier, 2009). In addition to the search of capital for cheap labour that still is characteristic of many transnational companies' sourcing decisions, firms also attempt to gain or maintain competitiveness through focusing on core competences, greater flexibility and new sources of profit via financialization (Coe and Hess, 2012). As a result, the vertical disintegration of production becomes more pronounced and firms in GPNs carry out increasingly specialised tasks, some of which are production related as they include material transformation processes, while others are purely concerned with research and development, design, branding and distribution in what have been labelled 'fab-less' firms. Such a functional fragmentation is accompanied by marked geographical shifts in economic activities. Manufacturing today is carried out to a substantial degree in emerging and developing economies, creating a changing and complex landscape of global production. On the one hand, this provides new opportunities for economic development, firm formation and specialised producers and suppliers, with growing amounts of foreign direct investment now emanating from the Global South. On the other hand, functional and geographical GPN fragmentation poses serious challenges for labour, both formal and informal, in the multiple places these networks connect (Mosley, 2011).

Arguably, much of the GPN literature to date has been preoccupied with the analysis of the production of goods at the expense of considerations for final consumption. Critical observers have attributed this 'blind spot' to conventional depictions of production as a linear process of material transformation, at the end of which a product is discarded as waste (Gregson et al., 2010; Lepawsky and Mather, 2011). Yet, what is one person's waste may become a

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valuable commodity for another person as it enters a new circuit of production and exchange through recycling and trade. In that sense, ‘waste’ is inextricably linked to the workings of GPNs, and both producers and consumers connected through GPNs are seeking strategies to (re)valorize waste according to their strategies, be they motivated by economic reasoning or ethical/ecological concerns (cf. Hughes et al., 2008). This hitherto neglected ‘back end’ of global production has important implications for labour as it creates additional circuits of capital and through these possibilities for formal as well as informal employment and ways of securing livelihoods. The fragmentation of production and consumption is therefore amplified even more through what Brooks (2013) calls the ‘stretching’ of GPNs. In his comprehensive and illuminating study of the second-hand clothing trade between the UK and Mozambique, he shows how this trade links retailers and consumer markets in the Global South with non-governmental organisations, collectors and exporters in the Global North. More specifically, the study discusses the role of the labour process in such a system, the underlying power relations within it and the consequences for value extraction at various nodes in the network.

The ‘slicing up’ of value chains and the creation of new circuits of capital by ‘stretching’ them has significant implications for the governance of GPNs and for labour at the various nodes within these networks, as it affects the power relations between an increasing number of actors in distant locales. To this end, the literature on global value chains has identified different forms of governance between firms, for instance modular, relational and captive forms of coordination (Gereffi et al., 2005). This is analytically useful at the inter-firm level, but does not capture the complexity of power relations in wider systems of production. It therefore is necessary to add a distinction between the governance modes within a GPN and the meta-structure of governance shaping GPNs as a whole through power and authority relations of both private actors like firms and public actors like governments (Gibbon and Ponte, 2008). Doing so provides a more adequate understanding of the multiple modalities of governance but also requires a more nuanced conceptualisation of power (Allen, 2003; Hess, 2008). This is important given the shifts in global governance and the increasing role of private sector self-regulation under neoliberalisation, where power is assumed to rest predominantly with the lead firms as the most powerful drivers of/in global production networks.

Consequently, many brand names in GPNs have come under pressure to improve the conditions for workers not only in their own factories (if they still engage in production by themselves, that is) but also at the various tiers of the supply chains they orchestrate. Lead firms have responded to being held accountable for poor working conditions by introducing codes of conduct and corporate social responsibility programmes as mechanisms of private governance and self-regulation, developed in the absence of or alongside state regulation. Raj-Reichert (2013), using the example of health and safety governance in electronics manufacturing, provides a rich and stimulating case study of the modalities of power in fragmented GPNs with regards to the implementation of labour standards. Through the lens of a Foucauldian approach to governmentality and power as practice, her study investigates the techniques of self-regulation and demonstrates how they impact on workplaces in different corners of the world throughout a GPN. It also demonstrates the disciplining effects of such power practices and the limits to standards-based forms of private governance systems with regard to worker welfare, as the actual conditions of workers on the shop floor are by no means guaranteed to improve and workers’ involvement in the governing process often remains negligible. This of course raises important questions about the nature and scope of labour agency in GPNs.

2. Labour agency within global production networks

There is, then, a mushrooming literature on the firm and industry level dynamics of global production networks, and a growing awareness of the many different forms of labour that are enrolled into them. For the most part, such work has been largely independent from the literature on the *impacts* of global production systems on workers and potential worker responses to those impacts. As Barrientos et al. (2011b, p. 300) describe, ‘these two bodies of literature have tended to remain separate, either confined within specific academic disciplines [such as geography, sociology and development studies] and conceptual frameworks, or proceeding at different levels of analysis’. More recently, however, there are signs of a promising convergence between the two strands, a project to which this theme issue seeks to contribute. There are two aspects to this. First, the multi-actor GPN approach has been explicit from the outset that workers, their collective organisations, and their civil society partners are an integral part of GPNs, not simply a production input or part of the background context (Coe et al., 2008). This simple act of putting workers ‘on the map’ is important both politically and conceptually. Links can then be explored between the restructuring dynamics of GPNs and the conditions experienced by the workers that constitute them (e.g. Posthuma and Nathan, 2010). One recent line of research, for example, unpacks the connections between the modes of economic upgrading that are well rehearsed in the GPN literature with notions of social upgrading, a formulation that covers both measurable standards (wages, benefits, etc.) and enabling rights (freedom of association, collective bargaining, etc.) (Barrientos et al., 2011a). Initial investigations suggest that the relationships between the two forms are complex and that economic upgrading does not always drive social upgrading (Milberg and Winkler, 2010).

Second, and resonating with the enabling rights dimension of this social upgrading work, there is growing recognition of the potential *agency* of workers and their organisations within GPNs. As such, links are being forged between the GPN literature and research areas that prioritise the agency of labour, most notably labour geography (for recent overviews, see Bergene et al., 2010; Coe, in press; McGrath-Champ et al., 2010) and international labour studies (e.g. Bronfenbrenner, 2007; Taylor, 2010; Bieler and Lindberg, 2011). This emerging dialogue has clear benefits in both directions. From the perspective of the existing GPN literature – which hitherto has been largely silent on the issue of labour agency – creating analytical space for the potential of worker actions to actively rework, and in some cases resist, prevailing governance regimes within production systems is an important step (Cumbers et al., 2008; Rainnie et al., 2011). As Riisgaard and Hammer (2011, p. 186) allude, labour is a ‘social actor with its own interests regarding the organisational, spatial and political structure of a value chain’. What becomes key, following Selwyn (2012), is detailing the conditions under which the *structural* power of workers – derived from their position in the production process – can be transformed into *associational* power – based upon collective organisation – that is able to extract meaningful concessions from the state and/or capital.

From the labour geography/labour studies angle, GPN analysis, with its detailed interrogation of the fragmented yet tightly coordinated organisation of capital at the global scale, can serve to reveal the variegated landscape for agency potential across different sectors (Coe and Jordhus-Lier, 2011). Rather than simply asserting the agency of labour – a charge leveled at early iterations of the labour geography approach, for instance – such an approach can detail the variable levels of potential agency *within* functionally-integrated economic networks. McGrath (2013) for instance, in

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