



Corporate purchasing practices in global production networks: A socially contested terrain

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ABSTRACT

Civil society organisations are employing both adversarial and collaborative strategies to challenge purchasing practices of large corporations as a cause of poor employment conditions for a largely female workforce. This paper draws on analysis of global production networks, labour agency and gender to examine linkages and tensions at the intersection between commercial dynamics of dominant firms and their societal embeddedness in diverse localities of consumption and production. It contrasts two campaigns, one adversarial, the other collaborative, on corporate purchasing practices pursued by smaller, women-oriented NGOs to improve working conditions of a feminised labour force in fruit and garment GPNs. It analyses how the positioning of lead firms within GPNs affects their engagement with social actors. Brand exposure to reputational risk allows civil society organisations to exploit leverage points opened up at different GPN nodes to pressure for commercial change. It argues this is not coincidental. It often plays out within a gender contested terrain where women workers bear the brunt of adverse purchasing practices. But GPNs also open up new channels for women's voice and organisation. The paper considers the extent to which these forms of civil society engagement reflect a fundamental challenge to GPNs, or new forms of incorporation by firms adapting to their social critics. It assesses this in light of a process of gender transformation within global markets, where women now participate as more informed workers, consumers and activists.

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1. Introduction

Civil society campaigns are increasingly challenging the commercial purchasing practices of lead buyers as a driver of poor working conditions in their supply base. This represents a move beyond ethical trade focused mainly on social compliance with labour codes towards targeting the mainstream business operations of leading firms (Raworth and Kidder, 2009; Hughes et al., 2010). This paper examines how different civil society organisations have targeted or engaged with large corporate buyers over poor purchasing practices in relation to their suppliers in developing countries. Non-government organisations (NGOs) and trade unions argue that buyers subject suppliers to commercial pressures – through downward price pressures and flexible ordering systems – which underpin many poor working conditions, such as low wages, long overtime and casualised contracts (Oxfam, 2004; ActionAid, 2007).

This paper examines how campaigns on this issue have involved different strategies – some based on adversarial campaigns,

others on alliances with companies. NGOs and trade unions are pursuing different strategies and leverage points to target the commercial activities of companies involved in global sourcing. The paper draws on the analysis of global production networks (GPNs) to examine why these diverse strategies have arisen, often with a gender focus. It considers the extent to which these forms of civil society engagement reflect a fundamental challenge to companies in GPNs. Or do they reflect new forms of incorporation, in light of a process of gender transformation within global markets, where women now participate as more informed workers, consumers and activists?

Analysis of global production networks helps to examine the changing terrain of engagement between companies and civil society organisations. It facilitates analysis of the linkages and tensions between commercial and societal spheres: firstly, networks of firms and agents across international boundaries driven by a commercial dynamic; and, secondly, networks of civil society actors, consumers and workers linked across diverse country contexts driven by social motivation (Coe et al., 2008). Often these spheres have been explored separately in the literature. The commercial dimension has been examined in some depth through global value chain (GVC) analysis (Gereffi et al., 2001, 2005). However, its limitation has been a narrow focus on firm-level activities. Parallel

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literatures on labour agency and global civil society have examined the transformation of employment. This has highlighted changing power asymmetries between civil society and commercial actors as outsourcing has transcended national labour markets and organisation (Munck, 2002; Castree et al., 2004). The link between economic processes of globalisation and gender relations has been insufficiently examined (Nagar et al., 2002; Beneria, 2007). Case studies have highlighted gendered forms of labour and civil society activism, particularly in promoting the rights of women and vulnerable workers (Barrientos et al., 2003; Hale and Wills, 2005). Whilst each set of literatures provides important insights, they have largely developed in parallel, with insufficient exploration of the connections between the commercial and social dimensions of global sourcing.

GPN analysis helps to bridge the gap, by highlighting the societal embeddedness of companies engaged in commercial sourcing through networks of suppliers in the global south (Dicken et al., 2001; Henderson et al., 2002). GPNs transcend traditionally discrete or arms length market operations, which conventional economics has long assumed are divorced from social interactions. From a commercial perspective, lead firms increasingly coordinate production, distribution and retail to position themselves within a competitive global market. They have a consumer-facing orientation aimed at increasing market share and shareholder returns. At the same time, outsourcing to developing countries in search of cheaper production enmeshes lead firms in the social norms and employment practices of those countries. Consumers in the North are more aware of social issues in developing countries, through travel and internet access, leading to rising ethical and moral concerns (Clarke et al., 2007; Hughes et al., 2008). This has opened up space for transnational civil society networks to campaign around poor working conditions and lack of labour rights (Levy, 2008).

There is an important gender dimension to this process which is often overlooked. Many women have been drawn into the paid workforce often through the flexibilisation of employment (Standing, 1999) that is increasingly found within GPNs. Rising female incomes have contributed to the commercialisation of consumption traditionally undertaken privately in the home. As consumers (particularly in developed countries) women have greater independent spending power, and research indicates they can bring a more 'caring' perspective to purchasing decisions (Beetles and Harris, 2005; Beneria, 2007). As workers (particularly in developing countries), women have often provided the basis for cheap production based on poor and insecure working conditions, becoming a focal point of many NGO campaigns over labour rights (Clarke et al., 2007; Hughes et al., 2010).

This paper draws on a GPN perspective to explore how civil society strategies can vary, depending on whether they target the commercial (risk) or social embeddedness (caring) dimension of corporate engagement. This is reflected in divergent strategies adopted by NGOs, some involving alliances with companies, and others more adversarial campaigns, in order to influence corporate behaviour. The paper compares two cases where smaller, women-oriented NGOs have used diverse strategies to target companies' mainstream commercial practices by exploiting different leverage points opened up within GPNs. Both have a gender focus and, despite limited resources, have been able to target the commercial operations of large multi-national companies. One, a South African NGO, Women on Farms (WoF) (with nine staff members), pursued an adversarial campaign, working with ActionAid and War on Want in the UK, to pressure the supermarket Tesco over poor conditions of fruit workers in its supply chain (ActionAid, 2005; WoW, 2008). The other, a UK NGO, Women Working Worldwide (WWW) (with four staff members), pursued a more collaborative approach by engaging with the global brand Gap Inc as part of the Ethical Trading Initiative (ETI) purchasing practices group, to examine

how buying decisions could be modified to ameliorate effects on women workers (WWW, 2003).

A GPN lens helps to provide insights into the complexity of commercial–social inter-linkages and tensions this generates. It facilitates more integrated analysis of both the commercial drivers behind corporate purchasing practices, and how GPNs have opened up new sites of bargaining and struggle across countries (Coe et al., 2008; Levy, 2008; Neilson and Pritchard, 2009). Analysis of value chains enables NGOs to identify and pursue new leverage points across GPNs in order to pressure companies to change their purchasing practices. This opens up new space for smaller, women-oriented NGOs to target large corporates.¹ Finally, the paper draws on wider critiques of ethical and fair trade (Blowfield and Dolan, 2008; Levy, 2008) to consider the extent to which these different forms of civil society engagement reflect a challenge to the prevailing commercial model. It examines to what extent they reflect new forms of incorporation within evolving global commercial processes as dominant companies adapt to pressures in the social environment within which they are embedded? The paper considers this in the context of transformation in gendered norms through changing construction of global markets (Beneria, 2007), opening up new channels for the voice of marginal women workers to be heard.

2. Purchasing practices campaign

Outsourcing to developing countries as a conduit of cheaper consumer goods has been a key feature of globalisation since the 1980s. NGOs and trade unions in the global North have long campaigned around poor working conditions in the South, stimulating many companies to adopt codes of labour practices (Hughes, 2001; Barrientos and Smith, 2007). However, NGOs engaged in ethical trade have increasingly focused on the commercial purchasing practices of buyers and retailers as an underlying reason for the limitations of corporate codes (WWW, 2003; Oxfam, 2004; Traidcraft, 2006; ActionAid, 2007; Hughes et al., 2010). Their key concern is that large brands and retailers take advantage of their dominant commercial power to maximise margins and market share by offsetting risks and costs onto weaker suppliers and vulnerable workers within their value chains. Commercial pressures on suppliers include: lowering of prices; rising standards paid for by the supplier; shortening lead times from the placement of an order to delivery; increasing the number of small repeat orders rather than placing single large advance orders; plus the use of insecure contracts or sealed bids to spurn competition between suppliers (Acona, 2004; Oxfam, 2004).

It is significant that purchasing practices campaigns often have a gender focus, highlighting the fact that suppliers offset the associated costs and risks onto a largely female workforce. Early case studies in horticulture and apparel had indicated that downward pressure on costs stimulates employment of low-wage female workers, increases casualisation of labour or drives sub-contracting to sweatshops and/or labour contractors (WWW, 2003; Barrientos and Kritzing, 2004; Hale and Wills, 2005). The launch of the Oxfam study, *Trading Away Our Rights* (Oxfam, 2004; Raworth and Kidder, 2009), under the 'Gender Wedge' of their trade campaign galvanised NGO and trade union concerns around purchasing practices. It coincided with the publication of a report by the consultancy firm Acona, commissioned by Insight Investment (a financial asset manager), which provided a detailed analysis of the commercial dimensions of poor sourcing practices (Acona, 2004). A key point arising from the Oxfam study was that companies often deployed purchasing practices that conflicted

¹ 'Corporates' is used here to refer to legally registered companies with limited liabilities, owned by shareholders and controlled by a Board of Directors.

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