



Labor agency in the football manufacturing industry of Sialkot, Pakistan

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ABSTRACT

The globalization of markets and the increased outsourcing of production have given rise to global production networks (GPNs) linking internationally branded companies in the West to vast networks of suppliers, contractors and workers in developing countries and countries in transition. However, the literature on GPNs has only recently begun to pay more detailed attention to conceptualizing the role that labor plays in such networks. This article makes a contribution to the emerging literature on labor agency in GPNs by arguing that labor agency in export-oriented industries in developing countries may be highly gendered and tends to be more constrained than facilitated by both vertical forces (the governance of GPNs) and horizontal forces (local socio-economic and labor market contexts). This is done through a case study of labor agency in the football manufacturing industry of Sialkot, Pakistan.

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1. Introduction

Since the 1980s trade liberalization, deregulation of national economies, privatization of state-owned enterprises, improvements in communication technologies, and outsourcing of labor-intensive production to developing countries have facilitated the rise of global production networks (GPNs) through which goods and services are designed, manufactured, marketed, distributed, consumed, and recycled on a world-wide basis. In fact, internationally branded companies often outsource most, if not all, of their production including the labor management function to vast networks of suppliers in developing and transition economies where levels of unionization and collective bargaining tend to be lower than is the case in North America and Europe. This poses a challenge for workers engaged in export-oriented manufacturing in developing countries as they are dealing with intermediary suppliers and contractors in Latin America, Asia, and Africa instead of their 'real' employers at the top-of-the global manufacturing chain (Merk, 2009; Wills, 2009). Hence, the question is how workers can defend their interests in export industries in developing countries in an era where GPNs have become a barrier to traditional forms of labor organizing?

From an academic perspective, we have only recently begun to pay more detailed attention to conceptualizing the role that labor plays in GPNs. One strand in the literature is the global value chain (GVC) approach that mostly focuses on how international 'lead firms' based in the developed world 'drive' or organize supplier networks in developing and transition economies, and how suppliers may improve their terms of participation in these networks through product and process upgrading, moving into higher value-added

activities, and using skills acquired in one industry to effectively compete in other industries (Gereffi, 1999; Gereffi et al., 2005; Humphrey and Schmitz, 2002; Schmitz, 2006). By contrast, another strand – the GPN approach – goes beyond the focus on linear, inter-firm relations in much of the GVC literature to highlight that all kinds of network structures and actors (such as states, NGOs, trade unions, and local communities), local institutional contexts, and the embeddedness of economic activity in broader social relations play important roles in structuring GPNs (Henderson et al., 2002; Coe et al., 2008).¹ In both literatures, there is now an increasing interest in exploring the role that labor plays in GPNs (Rainnie et al., 2011; Lund-Thomsen et al., 2011; Selwyn, 2012).

According to Coe and Jordhus-Lier (2011), labor has often been seen as an input factor to production in GPN writings, while other work has focused on how labor was affected by GPN participation and restructuring, social and environmental standards as well as industrial upgrading strategies in GPNs (see e.g., Nelson et al., 2007; Locke et al., 2007, 2009; Barrientos et al., 2010; Milberg and Winkler, 2010). For example, corporate social responsibility (CSR) impact studies have demonstrated that the implementation of the social and environmental guidelines of individual corporations – so-called corporate codes of conduct – tend to positively affect tangible issues such as the reduction of overtime and industrial accidents at factory sites. However, they do not seem to impact upon process standards such as freedom of association and the right to collective bargaining. At the same time, codes tend not to cover more casual or home-based workers located further down, at the bottom of GPNs (ETI, 2006; Barrientos and Smith, 2007). Other studies have looked at the effects of social and

¹ In this article, we broadly place ourselves within the GPN approach but also draw upon insights from global value chain inspired writings that focus on the role that labor plays in global manufacturing chains.

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environmental standards in GPNs arising from the use of fair trade schemes. Initial findings indicate that fair-trade is often, but not always, important in relation to securing greater income stability for organized smallholders, enabling them to make longer-term investments, strengthening their collective decision-making capacity, and ability to cope in adverse circumstances (Ruben, 2008; Nelson and Pound, 2009). However, critics have also pointed to the potentially “unfair”, unintended consequences of fair trade such as the erection of market access barriers for smallholders that do not have the capacity to engage in these schemes (Neilson and Pritchard, 2010).

Much less attention has been paid to how labor actively seeks to improve its terms of participation in GPNs. This is now the subject of an emerging literature on labor agency in GPNs where labor agency has mostly been understood as the collective organization of workers through trade unions (Cumbers et al., 2008; Riisgaard, 2009; Riisgaard and Hammer, 2011; Coe and Jordhus-Lier, 2011). However, an underexplored but equally important conception of labor agency relates to how unorganized workers actively shape their working lives through their micro-related decision-making processes related to where and when to enter and exit from particular forms of work organization (Carswell and De Neve, 2010). In this article, we add to the emerging literature on labor agency in GPNs (understood as the micro-level decision-making processes of unorganized workers related to work and employment) by highlighting that there are real limits to what such forms of labor agency can achieve. Our main line of argument is that labor agency may be constrained by both “vertical forces” (the governance of GPNs) and “horizontal forces” (local socio-economic and employment contexts including gender-based norms, the spatial location of workers, livelihood activities/alternatives, and different modes of recruitment). We illustrate these points through a study of labor agency in the Pakistani football manufacturing industry.

The rest of the article is structured as follows. First, an introduction is given to the fieldwork site and the methodology used for this study. We then develop an analytical framework that seeks to identify the vertical (GPNs) and horizontal (local contexts of work and employment) forces that facilitate or constrain the participation of workers in factory, center, and home-based work settings. In the final part of the article, we then apply this analytical framework to analyzing why football stitchers opt in and out of either factory, center, or home-based work settings in Sialkot and the extent to which they actually have a choice in determining their own place of work in this industry. The conclusion outlines the main findings, research and policy implications of our analysis.

2. Fieldwork site and methodology

The Pakistani football manufacturing industry is located in the town of Sialkot and consists of approximately 390 enterprises out of which only a handful are large and the rest small and medium-sized.² The industry exports footballs to internationally branded sports buyers (such as Nike and Adidas) and is the world's primary production location for high-quality hand-stitched balls. The Sialkot football manufacturing industry is also known for its widespread abuse of labor rights including the involvement of children in football stitching (Khan, 2007a). Moreover, the industry is interesting, because football stitching, the most labor-intensive aspect of production, is carried out in three different work forms: factory-based stitching, stitching in village-based stitching centers, and stitching in the homes of individual stitchers (Lund-Thomsen and Nadvi, 2009). In theory this provides football stitchers with a choice

regarding which workplaces to enter and exit and is thus an ideal site for investigating the micro-related work and employment decision-making processes of non-unionized workers engaged in export-oriented manufacturing.

Many studies have already been written on labor rights issues in the Sialkot football manufacturing industry.³ Hence, instead of engaging in an in-depth review of this extensive literature, we shall only briefly here mention some of the main vertical GPN linkages and horizontal forms of work organization (factory, center, and home-based work) which help us in drawing out more clearly what distinguishes this article from earlier writings on labor relations in the Sialkot football manufacturing cluster: namely, its focus on labor agency. Fig. 1 provides an overview of how these work forms are tied into GPNs.

Home-based football stitching has been present in the industry since the early 1970s when local manufacturers decided to outsource the stitching process to home-based locations in order to cope with changing seasonal demand that made it difficult to hire workers on a permanent basis.⁴ Local manufacturers also decentralized this production function in order to curb increasing union activity in the cluster by outsourcing the labor management function to contractors that could deal directly with the home-based football stitchers (Khan, 2007a). However, towards the end of the 1990s, media reports about the involvement of children in home-based stitching led to the formation of a multi-stakeholder initiative aimed at eradicating child labor in the industry. The initiative was known as the Atlanta Agreement (AA) and involved international sports brands, United Nations agencies, the Sialkot Chamber of Commerce and Industry, as well as local and international NGOs. As part of the AA home-based stitching was partly shifted to stitching centers in the villages surrounding Sialkot where the presence/absence of child labor could be monitored (Khan, 2007b). Later, in 2006, Nike severed its ties with its main supplier in Sialkot, Saga Sports, on the grounds that labor rights violations had occurred at the Saga factory and unauthorized outsourcing of football stitching took place from Saga's stitching centers. In early, 2007, Nike re-entered the cluster with a new supplier, Silverstar, requiring that all football stitching took place inside the Silverstar factory in accordance with Nike's code of conduct (Seigmann, 2008). At the same time, factors such as lack of research and development, a decline in the international demand for handstitched footballs, competition from large-scale mechanized suppliers of machine-stitched footballs in China and the international financial crisis have reduced the amount of stitching work available in Sialkot (Lund-Thomsen et al., 2011). In early 2006, approximately 41,000 registered stitchers were employed in the industry.⁵ By early 2010, this number had been reduced to 24,000 (IMAC, 2011).

In our study of labor agency in the Sialkot football manufacturing industry, we decided to map the GPNs for football manufacturing linking internationally branded companies, local suppliers, contractors, and football stitchers in Sialkot with the aim of understanding the role that labor agency played within these networks. We conducted telephone and face-face interviews with the CSR and sourcing managers from some of the leading international brands that source footballs from Sialkot. These included giants such as Nike and Adidas, medium-sized and small brands such as UK-based Mitre and Danish Select Sports as well as specialized

³ On codes of conduct, see Lund-Thomsen, 2008; on labor conditions in Nike's supply chain, see Seigmann, 2008; on industrial upgrading and labor standards; see Nadvi, 2011, on collective CSR interventions, see Lund-Thomsen and Nadvi, 2009, 2010; on local perceptions of Western CSR standards, see Khan 2007a,b; Khan and Lund-Thomsen 2011, on bonded labor, see Khan, 2010; on work conditions amongst Pakistan, Indian, and Chinese football stitchers, see Lund-Thomsen et al., 2011)

⁴ Demand increases significantly in the run up to World Cup and European Cup tournaments held every 4 years.

⁵ Reliable data are not available for unregistered stitchers.

² Small and medium-sized companies are here defined as firms with 0–249 employees and large companies as having 250 or more employees.

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