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▶ **Global Production Networks: the developing research agenda**

Presentation to the EGRG Annual Symposium:  
*'GCC, GVC and GPN: Governance and Development'*  
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# Outline

Positioning the argument: the GPN perspective

The distinctiveness of the GPN approach?

## **Five key challenges**

*How to incorporate:*

1. Complex governance structures
2. Multi-scalar institutional/regulatory contexts
3. Intra-firm relations
4. Labour
5. Final Consumption

## Background to the paper...

- A long running work in progress!
- Co-conspirators: Peter Dicken and Martin Hess
- Empirical insights provided by Katie May's PhD thesis on European retailers and supply chain upgrading in Thailand
- Research undertaken 2002-2006 into three supply networks: morning glory (vegetable), chewing gum and toilet tissue
- Chosen to provide a window onto different *kinds* of supply networks (fresh/processed, branded/own brand)

# GCCs, GVCs and GPNs...

	Global Commodity Chains (GCCs)	Global Value Chains (GVCs)	Global Production Networks (GPNs)
Disciplinary background	Economic Sociology	Development Economics	Relational Economic Geography
Object of enquiry	Inter-firm networks in global industries	Sectoral logics of global industries	Global network configurations and regional development
Orienting concepts	Industry structure Governance Organisational learning Industrial upgrading	Value-added chains Governance models Transaction costs Industrial upgrading and rents	Value creation, enhancement and capture Corporate, collective and institutional power Societal, network and territorial embeddedness
Intellectual influences	MNC literature Comparative development	International business Trade economics	GCC/GVC analyses Actor-network theory Varieties of capitalism

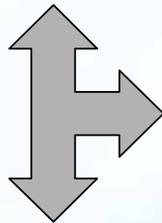
Source: developed from Bair (2005), Table 1.

# The Global Production Network approach

## Commodity Chains / Filières

- Governance
- Territoriality
- Input/Output Structure
- Institutional Framework

Other Chain and Network Concepts



## GPN Framework

- Value
- Power
- Embeddedness

Places/Spaces

Firms

Networks

Institutions

## National Business Systems

- Divergent Capitalisms
- Cultural/National Specifics

Political Economy

Institutional/Evolutionary Theory

Network Theory

## Strength 1: a network approach?

*'networks reflect the fundamental structural and relational nature of how production, distribution and consumption are – indeed always have been – organized. Although they have undoubtedly become far more complex organizationally, as well as far more extensive geographically, production networks are a generic form of economic organization. They are not some hybrid form existing in the void between markets and hierarchies as some continue to argue'*

Dicken, 2005: 3

*'when one tries to represent the company's supply networks, subcontractors, marketing and distribution systems diagrammatically, the notion of a simple single-stranded "commodity chain" scarcely does justice to the complexity of the processes involved'*

Jackson, 2002: 6

## Strength 1: a network approach?

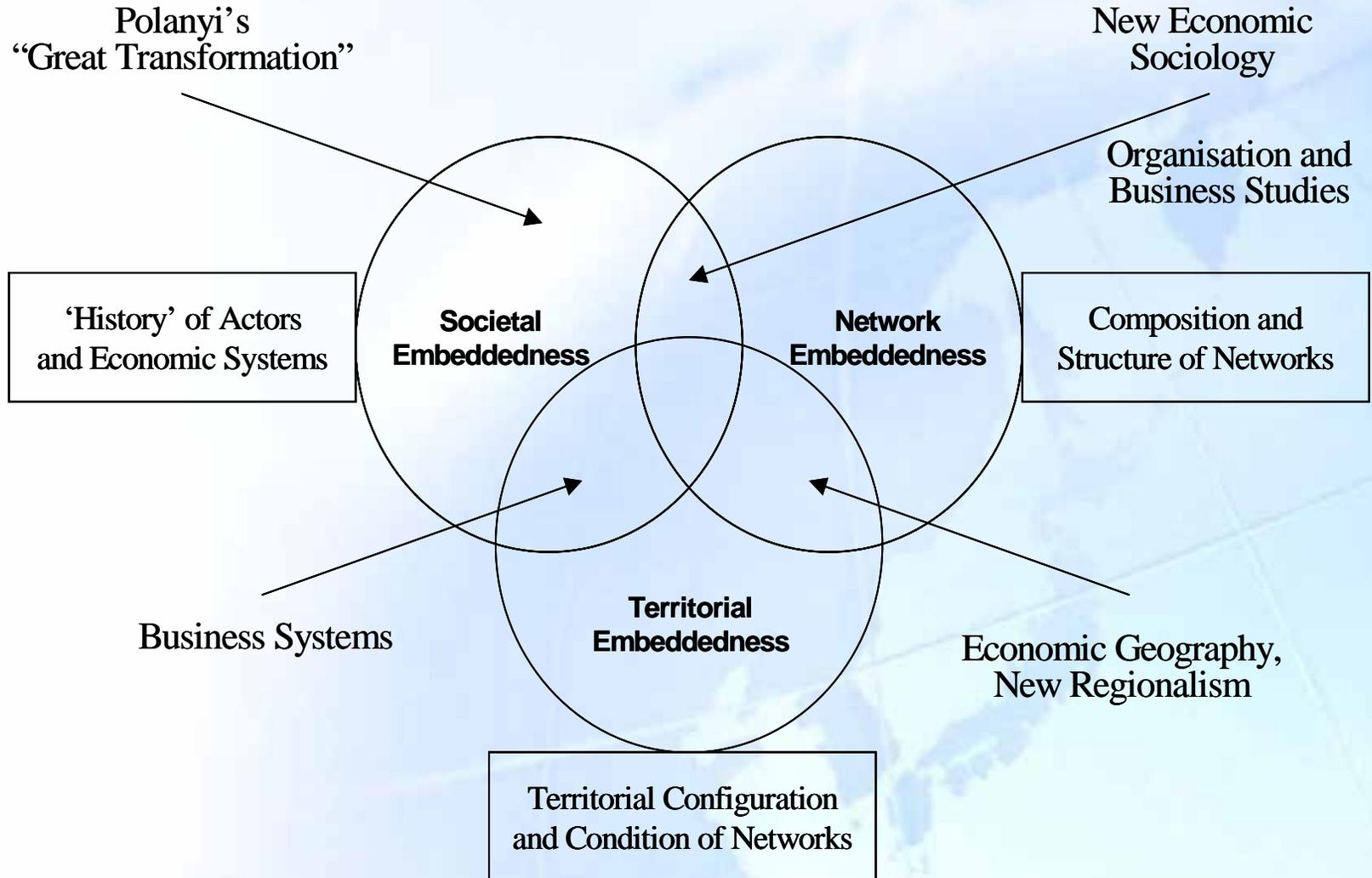
- Metaphors matter!
- Deterministic 'vertical' relations at the expense of 'horizontal' relations?
- Five elements to the argument:
  1. complexity
  2. beyond inter-firm relations
  3. revealing knowledge dynamics
  4. strategic business services
  5. inter-sectoral synergies (Weller, 2007)

## Strength 2: the socio-cultural embeddedness of all economic activity?

*‘Under-socialised accounts of the firm in neoclassical theory, relegate agents, insofar as they appear at all, to behave as vessels of ahistorical and acultural rationality. Concepts of embeddedness and relational views of the firm, however, have undoubtedly made an important contribution to studying economic behaviour and offer much richer potential for capturing the wide variety and complexity of linkages, in all their social, political and economic dimensions’*

Hardy *et al.*, 2005: 278

# Challenge 1: Culture and Embeddedness



## Challenge 1: Complex governance structures

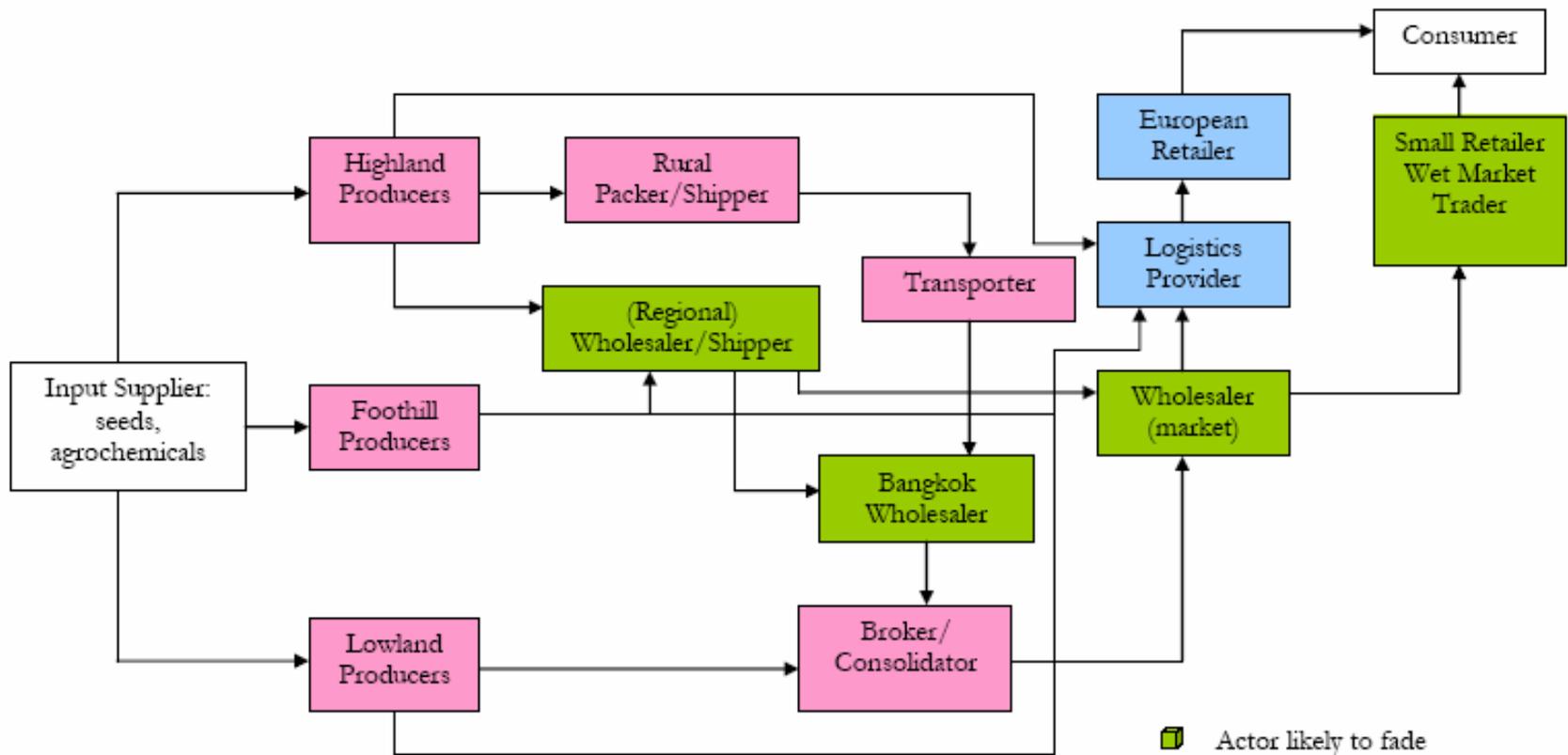
*'Following Gereffi's initial conceptualization of chain governance into two polar types - buyer-driven and producer-driven - he and his colleagues have recently proposed a more sophisticated five-fold typology. This is undoubtedly a major step forward in helping us to capture more of the complexity and variability of network governance. However, despite its greater breadth and depth it remains, as do all typologies, a set of ideal-types. The specific configurations and asymmetries of power within transnational production networks are infinitely more complex, contingent, and variable over time'*

Dicken, 2005: 9

## Challenge 1: Complex governance structures

- Complexity and dynamism within same production system – implications for ***value capture***
- Complex maps of winners and losers
- Meta-structures of governance? (Gibbon and Ponte)
- Different drivers – trader/intermediary driven?
- Technologically-driven networks? (O’Riain)

# Vignette 1: Morning glory supply networks in Thailand



■ Actor likely to fade
 ■ Actor that has power and ability to capture value from the supply network

## Challenge 2: Multi-scalar regulatory contexts

*'The variety of institutions leads to complex spatialities of governance and regulation. These combine the diverse spaces and spatial scales (national, supranational and subnational) of state organizations and institutions within civil society. Systems of governance and regulation are now more multi-scalar...'*

Hudson 2004: 453

## Challenge 2: Multi-scalar regulatory contexts

- The multi-scalar regulation of the global economy
- International regulatory bodies, e.g. the WTO; end of MFA
- Underplayed scale 1: the macro-region
- Underplayed scale 2: the sub-national region
- The strategic coupling of regional assets and transnational production systems

# The world of standards

*Multiple scales/geographies:*

Standard production

Standard coverage

Standard impacts

Field of application	<ul style="list-style-type: none"> <li>• Quality assurance</li> <li>• Environmental</li> <li>• Health and safety</li> <li>• Labour</li> <li>• Social/economic</li> <li>• Ethical</li> </ul>
Form	<ul style="list-style-type: none"> <li>• Codes of conduct</li> <li>• Label</li> <li>• Standard</li> </ul>
Coverage	<ul style="list-style-type: none"> <li>• Firm/commodity chain specific</li> <li>• Sector specific</li> <li>• Generic</li> </ul>
Key drivers	<ul style="list-style-type: none"> <li>• International business</li> <li>• International NGOs</li> <li>• International trade unions</li> <li>• International organizations</li> </ul>
Certification process	<ul style="list-style-type: none"> <li>• First, second or third party</li> <li>• Private sector auditors</li> <li>• NGOs</li> <li>• Government</li> </ul>
Regulatory implications	<ul style="list-style-type: none"> <li>• Legally mandatory</li> <li>• Market competition requirement</li> <li>• Voluntary</li> </ul>
Geographical scale	<ul style="list-style-type: none"> <li>• Regional (e.g. a US-state)</li> <li>• National</li> <li>• Macro-regional (e.g. the EU)</li> <li>• Global</li> </ul>

## Vignette 2: international standards for own brand goods in Thailand

*'Today, 200 vendors supply Tesco Lotus with 100 "Khumkha" and 600 "SuperSave" house brand items. The number of products is expected to reach 700 by the end of 2003. A further benefit for Thai vendors supplying SuperSave products is the implementation of stringent international standards of food safety and hygiene that must be met in all factories. With these standards already achieved for Tesco Lotus, the opportunity exists to expand into international markets'*

Tesco, 2003

## Challenge 3: Intra-firm relations

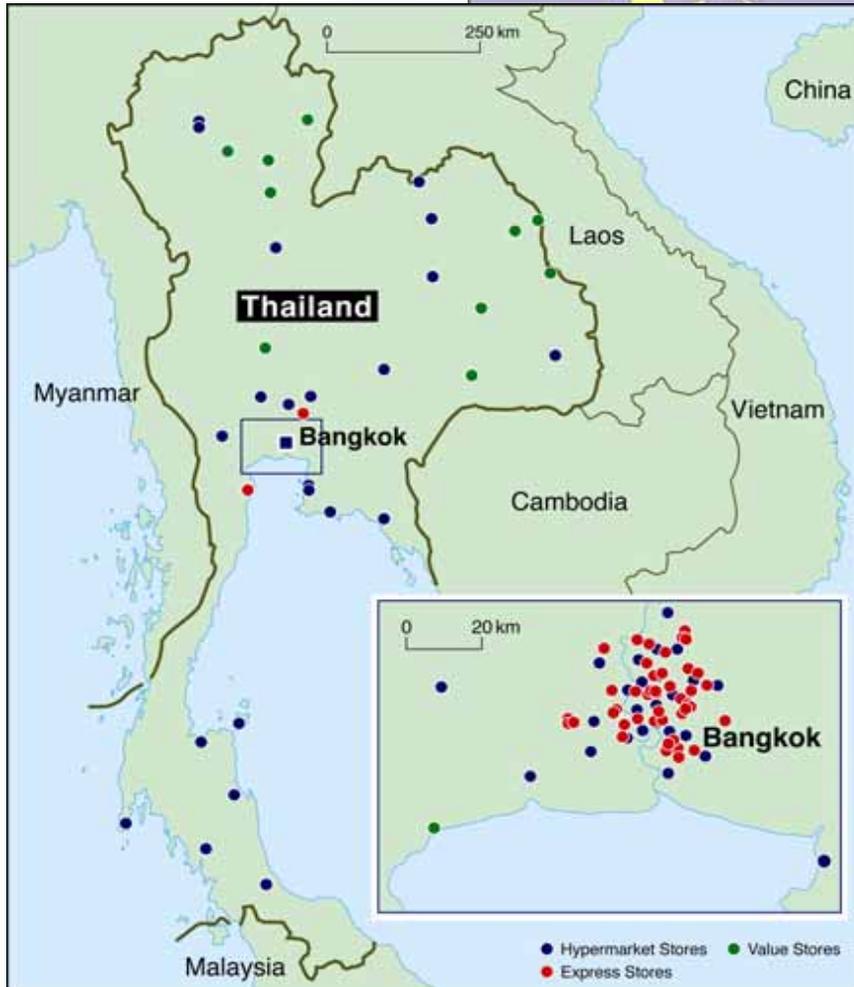
*'The interlocality competition produced by intra-MNE competitive processes is a significant element within successive rounds of investment through which spatial divisions of labour are redefined ... our discussion of intracorporate competitive practices suggests that scrutiny of the black box of internal and external political behaviour of MNEs could usefully inform our understanding of industrial restructuring and the efficacy of local responses to global economic integration'*

Phelps and Fuller, 2000: 240-1

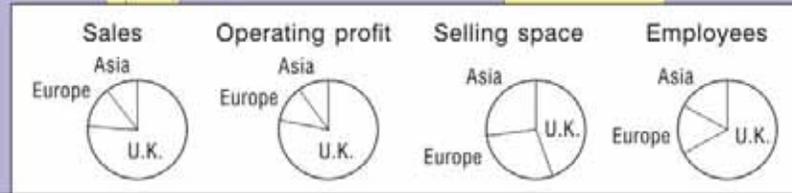
## Challenge 3: Intra-firm relations

- We need to peer inside (again) the black box of the firm (of lead/focal firms in particular)
- Intra-corporate investment decisions – shifting/reallocation of resources
- Contestations and discursive struggles
- Corporate cultures

# Vignette 3



Tesco-Lotus stores in Thailand, end of 2004



## Tesco's shifting portfolio of foreign operations

## Challenge 4: making space for labour

*'In so far as "workers" are present in this literature, they appear as passive victims as capital seeks cheap labour ... this lacuna is surprising given the existence of a great quantity of research on the dynamics and contradictions of the labour process within firms examined in the commodity chain literature in sectors such as clothing, autos and retailing'*

*'Little, if any, attention is given to the organization of work and employment at the intra-firm level, clearly limiting an assessment of a place's location within a commodity chain. We would contend that labour process dynamics strongly influence wealth creation and work conditions within any one node and across a chain. In addition, we would argue that organized labour can have an important influence upon locational decisions within and between countries, thereby determining in part the geography of activities within a value chain'*

Smith et al. (2002: 47)

## Challenge 4: making space for labour

- Linking to ‘labour geographies’?
- Opening a space for workers to actively shape geographies of global production networks
- ‘Placing’ and interdependency of all economic activity
- Variety of ways in which agency can be exerted
- Limitations to dialogue?

# The spatial strategies of labour

*Targets of solidarity*

		LOCAL NEEDS	NON-LOCAL NEEDS
<i>Scale of action</i>	LOCAL	e.g. defensive, <b>place-based campaigns</b> and coalitions	e.g. <b>consumer boycotts</b> targeting labour practices elsewhere
	TRANSLOCAL	e.g. workers supporting their families through <b>labour migration</b>	e.g. <b>global union campaigns</b> for rights, standards and wages

Source: adapted from Castree *et al.*, 2004.

## Vignette 4: agricultural cooperatives in Thailand

- Struggle to maintain, and in some cases develop, cooperative forms of farming in face of supply network restructuring
- Tens to hundreds of households in primary cooperatives
- Organised into provincial federations and the national Agricultural Cooperative Federation of Thailand (ACFT)
- E.g. INVG: In-Net-Vegetable-Growers group in Chiang Mia province – 72 farmers and 2ha
- Constraints: inadequate financial resources; lack of management expertise; intense competition from private entrepreneurs; loose coordination of the cooperative movement

## Challenge 5: Issues of final consumption

*'At present, consumer preferences are not well-integrated in global commodity chain analysis. In most GCC studies the consumer only plays a marginal role – if any – and his or her preferences tend to linger in the background ... Firms comprise the main unit of analysis in GCC studies and, consequently, the distributions of wealth along chains are outcomes of inter-firm competition. This renders the incorporation of the consumer as a full-fledged chain actor problematic'*

Pelupessy and Van Kempen, 2005: 362

## Challenge 5: Issues of final consumption

- The 'productionist' legacy – underplaying the role/power of final consumers?
- go beyond firm focus, firm-firm relations
- need to go beyond retailers into new spaces
- methodological challenges
- reiterates need for network approach

# Reconnecting production/consumption?

- Strategy 1: commodity cultures, knowledge circuits
- Strategy 2: producers as consumers
- Strategy 3: consumption politics and its impacts
- Strategy 4: focus on mediators (e.g. buyers, retailers)

## Vignette 5: changing consumption dynamics in Thailand

- Not just supply network restructuring: retailers as mediators of socio-cultural change
- Need to look at advertising and marketing strategies as well as buying practices
- Morning glory: only certain portions of population purchasing at hypermarkets – continued role for wet markets
- Confectionary: resistance to own-brand sweets. Hypermarkets playing ‘big box’ wholesaling role to moms-and-pops stores
- Toilet tissue: resistance to own brand starting to break down over time, rapid growth rates

# Summary

## *Challenges:*

- ▶ 1. Complex governance structures
- ▶ 2. Multi-scalar regulatory contexts
- ▶ 3. Intra-firm relations
- ▶ 4. Labour
- ▶ 5. Final consumption

*Need to forge relational network approaches to transnational production systems that take complexity and context seriously*