

Capturing the Gains: Economic and Social Upgrading in Global Production Networks

International Research Network

Overview of Research Programme

Rapid change in private sector engagement in the global economy has significant implications for trade, production and employment in developing countries. Firms in the north have increasingly outsourced production and services to developing countries. This has given rise to more integrated global value chains and production networks. How effectively this engagement benefits development, and contributes to pro-poor growth, remains unclear. Some view it as beneficial generating incomes and jobs. Others highlight increased risk and vulnerability for poorer producers and workers. Concern is further compounded by the current credit crisis which is having a rapid impact on trade, production and employment globally. It could precipitate commercial and regional restructuring of production networks, with significant consequences for poor producers and workers in the south.

Analysis of global production networks (GPN) examines the changing commercial linkages and patterns in contemporary trade between firms operating across countries in the north and south. It identifies the concepts of economic and social upgrading as important factors within GPNs contributing to more sustainable growth and development. Economic upgrading stimulates innovation and competitiveness among firms. Social upgrading promotes employment based on decent work and respect for labour standards. Evidence suggests that whilst economic upgrading can enhance international trade performance, it does not automatically lead to social upgrading. Further analysis is required of the relation between the two and what strategies will help to combine them. This will help to inform more effective governance arrangements and engagement by commercial and social actors (companies, trade unions, NGOs, government and multi-lateral organisations) in the north and south. The aim is to promote policies and interventions for fairer trade that benefit poorer producers and workers, and promote more sustainable development.

This programme aims to support collaborative cross-country research by an international network of researchers from the North and South . Their goal is to develop a collaborative and multi-disciplinary research programme that can examine these issues. They will investigate the following research questions in order to provide more substantive and informed policy advice to companies, donors and civil society organisations:

1. How are private sector global production networks changing the dynamics of trade, production and employment in developing countries?
2. What are the opportunities and challenges for promoting economic and social upgrading within global production networks in order to capture more of the gains for poorer producers and workers?
3. How is the credit crisis and the consequent global downturn affecting poor producers and workers in global production networks, and what are the longer term implications for regional restructuring of trade, production and employment?
4. Which strategic alliances and emerging forms of coordinated governance would better help to promote fairer trade, sustainable production and decent work in developing countries?

The international research network, brings together a team of international scholars with strong expertise in the field from the US, Europe, Africa, Asia and Latin America. It will develop an applied research methodology to examine economic and social upgrading in GPNs, and emerging governance structures to support the sustainability of this upgrading.

Activities already conducted by the research network include a series of research workshops co-hosted by the International Institute for Labour Studies of the ILO. Workshops have been held in Brazil, China, India, South Africa, Switzerland, UK and US. Seed corn support was provided by the UK Department for International Development (DFID), and Swiss Agency for Development and Cooperation (SDC) for the initial formation of the network.

The two future objectives of this programme are to:

- Formulate a multi-country, comparative research project that addresses the above research questions.
- Derive national-level and comparative international-level findings that will inform policy recommendations aimed at ensuring that participation in a global economy will translate into better quantity and quality of jobs for workers in developing countries, promoting decent work and respect for labour standards.

Cross-country sector studies will explore changing linkages between lead firms in the North as well as in emerging lead firms from the South, and their dynamics at the national, regional and global level. The international research network has identified a number of GPNs that could be used as studies to address the research questions above. Attention will be devoted to labour-intensive manufacturing (eg. garments), higher skilled manufacturing (eg. auto parts or electronics), and agro-foods that facilitate and link global production networks. An additional study on logistics and labour providers is also provisionally planned. Comparative research will be carried out in India, China, South Africa and Brazil. An additional less developed country linked to each of these countries will be selected to examine the changing regional dynamics of production networks, trade and employment within the south.

An important dimension of the research is to inform, and be informed by, policy actors and practitioners engaged in developing country participation in global production networks. It will involve ongoing dissemination of findings through a website, seminars, briefing papers, visual tools, and publications. Building on a multi-disciplinary research methodology the programme will provide a new approach to understanding economic development and offer a fresh perspective on development policy in a global economy. The research programme is supported by an advisory group drawn from companies, donors, trade unions and NGOs.

The Capturing the Gains network is currently applying for co-funding from different sources in order to support the implementation of the above research over a period of three to four years from 2009 – 2013.

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CAPTURING THE GAINS - INTERNATIONAL RESEARCH NETWORK

Institutional partners and key persons already involved in developing the international research network include:

- Centre on Globalisation, Governance & Competitiveness, Duke University, USA: *Professor Gary Gereffi and Professor Fritz Meyer.
- Centre for Analysis and Forecasting, Academy of Social Sciences, Vietnam: *Nguyen Thi Thu Hang
- Centre for Management in Agriculture, Indian Institute of Management, India: *Professor Sukhpal Singh
- Institute for Human Development, India: *Dr Dev Nathan and Sandip Sarkar
- Institute of Social Studies, Netherlands: *Dr Peter Knorringa
- International Labour Organisation (ILO), Geneva: *Dr Anne Posthuma
- Instituto de Pesquisa Economica Aplicada (IPEA), Brazil: *Dr Mansueto de Almeida
- New School for Social Research, USA: *Professor William Milberg and Deborah Winkler
- Northumbria University, School of Design, UK: *Professor Doug Miller
- Peking University, China: *Dr Canfei He and Leixia Mei
- University of Cape Town, Labour and Enterprise Policy Research Group, South Africa: *Shane Godfrey and Jan Theron
- University of Manchester, UK: *Dr Stephanie Barrientos (BWPI/IDPM), Dr Amanda Berlan (BWPI), Dr Neil Coe (Geography), Dr Khalid Nadvi (IDPM), Professor Nicola Phillips (Politics)
- University of North Carolina, USA: *Professor John Pickles and Dr Meenu Tewari
- University of Sao Paulo, Brazil: *Professor Afonso Fleury
- University of Witwatersrand, South Africa: *Professor Edward Webster and Khayaat Fakier

* Lead institutional researcher. The research network will be widened as additional countries are added.