Labour in Global Value Chains in Asia

This book brings together a set of studies on labour conditions in GVCs in a variety of sectors—ranging from labour-intensive sectors like garments, fresh fruits, and tourism, to medium- and high-technology sectors like automobiles, electronics and telecom, and knowledge-intensive sectors (IT software services). The studies span a number of countries across Asia—Bangladesh, Cambodia, China, India, Indonesia, Sri Lanka and Vietnam.

While pointing out that participation in GVCs has provided many benefits to Asia—which include employment, poverty reduction and women’s employment, the book notes that there is a high incidence of precarious employment in low-knowledge sectors, along with new forms of Taylorism. The book also documents the uneven distribution of benefits along the value chain, the uneven patterns of the knowledge flows associated with outsourcing and the contested nature of the impact of lead-firm business practices on wages and employment and work conditions in supplier countries, alongside the benefits of upgrading and job enlargement that have accompanied these same processes.

In trying to identify spaces for progressive action and policies in the current GVC-linked global work environment, the book goes against the grain in searching for an alternative to laissez faire forms of globalization.

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A feature of the current phase of globalization is the outsourcing of production tasks and services across borders, and increasing organization of production and trade through global value chains (GVCs), global commodity chains (GCCs), and global production networks (GPNs). With a large and growing literature on GVCs, GCCs, and GPNs, this series is distinguished by its focus on the implications of these new production systems for economic, social and regional development.

This series publishes a wide range of theoretical, methodological and empirical works, both research monographs and edited volumes, dealing with crucial issues of transformation in the global economy. How do GVCs change the ways in which lead and supplier firms shape regional and international economies? How do they affect local and regional development trajectories, and what implications do they have for workers and their communities? How is the organization of value chains changing and how are these emerging forms contested as more traditional structures of North-South trade are complemented and transformed by emerging South-South lead firms, investments, and trading links? How does the large-scale entry of women into value chain production impact on gender relations? What opportunities and limits do GVCs create for economic and social upgrading and innovation? In what ways are GVCs changing the nature of work and the role of labour in the global economy? And how might the increasing focus on logistics management, financialization, or social standards and compliance portend important developments in the structure of regional economies?

The series includes contributions from many disciplines and interdisciplinary fields and approaches related to GVC analysis, including GCCs and GPNs, and is particularly focused on theoretically innovative and informed works that are grounded in the empirics of development related to these approaches. Through their focus on the changing organizational forms, governance systems, and production relations, volumes in this series contribute to on-going conversations about theories of development and development policy in the contemporary era of globalization.

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Endorsements

“…an impressive number of case studies from several Asian countries to show how their specialized location in GVCs as ‘supplier countries’, different distribution of surplus along those chains and varying governance types structure wages, employment relations and working conditions…This link between an increasingly important type of participation in international trade and conditions in the labor market and thus the process of development in general throws much-needed light on a topical subject of great concern in Asia and elsewhere.”

Pranab Bardhan, Professor of Economics, University of California, Berkeley

“…a conceptually coherent and empirically rich assessment of the complex and shifting position of labour in GVCs in Asia…very effectively uses different GVC governance types as an organising frame, but also gives full weight to the place-specific or ‘horizontal’ factors that powerfully shape the outcomes and opportunities for labour in GVCs … an exciting contribution which deserves a wide readership across the field of GVC/global production network research and beyond.”

Neil Coe, Professor of Geography, National University of Singapore

“This important book demonstrates…that GVCs are not delivering a fair share of the economic benefits to workers and that private compliance approaches have failed. It contributes to a better understanding of the underlying causes, which should help governments, companies and others interested in positively influencing working conditions in GVCs to distinguish worker-centered strategies that can lead to genuine change from mere window-dressing.”

Jenny Holdcroft, Policy Director, IndustriALL Global Union

“…a major contribution to knowledge of how GVCs work, the wage and skill patterns that they create, the conditions under which gains for labour can be maximized and the ways in which the actors concerned are responding. It is required reading for anyone who wants to get behind the rhetoric of the global economy to understand the realities on the ground.”

Gerry Rodgers, Former Director, International Institute of Labour Studies, Geneva
Labour in Global Value Chains in Asia

Edited by
Dev Nathan
Meenu Tewari
Sandip Sarkar
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Foreword

Global Value Chains (GVCs) have emerged as an extremely important form of organization of production and value creation, thanks to technological change and the process of globalization. India is rather a late comer in this system, and even now it comparatively accounts for a smaller proportion of value creation under GVCs as compared to most of middle and high income countries.

The Institute for Human Development (IHD) has been one of the few institutions in India which pioneered in creating interest in this increasingly important issue. IHD with support from ILO and Indian Council of Social Science Research (ICSSR) had organized an international conference way back in 1998 on this subject in Bangalore, selected papers of which were brought out as an edited volume. The present volume, largely an outcome of the Capturing the Gains (CtG) research programme, supported by DFID and implemented by the University of Manchester, has been coordinated by the IHD where many of the Asian case studies included in this book were conducted.

The papers in this volume bring together studies of labour and working conditions in many GVCs across Asia. Participation in GVCs has provided many benefits to Asia—increased employment in increasing return activities, such as manufacturing and services; reduction in poverty; and the enhanced participation of women in these modern sectors. This book, however, also points to the continued weaknesses and negativities in these developments such as the continuation of sweatshop conditions, even child labour, in many parts of GVC manufacture; the appearance of new forms of Taylorism in Call Centres; and so on.

There are other books and papers too dealing with issues of workers in global production networks. This book is different in its approach, it has tried to identify the positive factors that can work to improve the conditions of labour. It emphasizes the role of workers’ organizations in the new areas of worker concentration. It stresses women’s entry into the modern sectors of the economy as a factor that enables them to challenge and change existing restrictive gender norms. With an increasing sphere of GVCs creating new forms of institutions, including labour market institutions is very important. This book fills an important gap on the subject, although more such analyses will be needed in future, which it will facilitate.

Alakh N. Sharma
Professor and Director
Institute for Human Development
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Preface

The editors and many of the authors have spent much of the last decade researching various dimensions of Global Value Chains (GVCs). This is also the decade in which GVCs have grown in importance as the manner in which global production and trade is organized today. There are many aspects of the rise of GVCs and its implications for labour that demand closer analysis and examination as we move from trade in goods to trade in tasks. This book concentrates on the two-way interaction of GVCs with labour in supplier firms in late industrializing economies. This dialectic between employers, suppliers and labour within GVCs plays out in terms of both the volume and quality of employment that GVCs generate in supplier economies; and the recursive impacts of labour on the re-formation of GVCs. Both of these relations of labour within GVCs are relatively under-researched and under-theorized. An attempt to fill these gaps at the empirical and theoretical levels provides theraison d’êtreof this book.

The splintering of production implies a deeper and finer division of labour in the organization of work. As the foundations of production and technology shift in the new ‘knowledge economy’, researchers have begun to read this new division of labour as a division of tasks and indeed, a division of knowledge. Splintered tasks, and the differentiated knowledge and skills associated with them, have also to be coordinated or governed. This book is organized on the basis of the manner in which tasks are divided and governed. The case studies in the book shed light on the knowledge intensity and complexity of these tasks and of the often contested organizational arrangements that govern them. The organizational arrangements that the book focuses on lie at the intersection of global value chains and the vast array of institutions that lead firms and their suppliers interact with in places where they originate, and where they touch down. These institutions range from market mediated ties, to links with state and civic actors as well as workers’ own agency. At their most basic these varied relationships and governance systems result in what the literature calls captive, modular or relational governance structures. Each assigns differing distributions of knowledge and degrees of power to the actors involved—lead firms, suppliers, states, and workers, and lead to varied distributions of the capture of value in the GVCs.

These vertical relations of power, governance, and distribution of value, however, intersect with deeply varied contexts – or place-based conditions in which particular supplier firms and workers enter into particular GVCs. These lateral or horizontal relations influence the nature of productive relations in particular
Preface

places, and mediate variable conditions of labour supply and demand, gender relations, technology absorption and working conditions in particular places. These place-based or horizontal forces and processes, over which local actors have some control, intersect with vertical relations to provide different outcomes for work and labour even in the same industry.

These variations in labour market outcomes transcend wages and employment within GVCs. With technical change, and labour supply shifts, such as the addition of tens of millions of women involved in GVC production in late developing economies, new practices of earning independent incomes and traversing public spaces including those outside the workplace, have challenged standard narratives of how GVCs impact work and workers in supplier countries. In dealing with the development impacts of GVCs and the employment and conditions of work they help create, the case studies in this book therefore go beyond the narrow confines of employment relations to examine the spatial and social conditions associated with the political economy of work.

The chapters in this book consistently elaborate both the opportunities and the challenges provided by GVC-based production in Asian economies. The outcomes are conflictual, contradictory and Janus-faced: There are sweatshops as well as successful struggles to end sweatshops. There are better quality employment systems alongside dead-end, deskilled work even in high tech sectors. There is value capture by some lead firms, as well as instances of those at the bottom of the chain carving out niches from where they fight back.

Rather than seeing the spread of globalized production as the elimination of worker agency, this book shows the possibilities for, and importance of, workers themselves in the transformation of GVCs as we know them. There are also growing possibilities for a Polanyian double transformation of the conditions of globalized production, one that would improve the manner in which labour is incorporated in globalized production.

Volume Editors
Acknowledgements

This book draws together many of the studies conducted under the Capturing the Gains (CtG) research initiative supported by DFID and coordinated by the Brooks World Poverty Institute of the University of Manchester and the Center for Globalization, Governance and Competitiveness (CGGC) of Duke University. Our thanks to Stephanie Barrientos and Gary Gereffi for their leadership in shaping this research programme.

We thank the other members of the CtG Research Coordination Committee, Shane Godfrey, Frederick Mayer, William Milberg, John Pickles, Ann Posthuma, Joonkoo Lee and Michelle Christian, who also contributed to shaping the wider research of which the case studies reported in this book are a part. We are grateful to numerous colleagues who contributed valuable comments, provided important feedback and offered discussion at various stages of the research and writing that strengthened our work. We particularly thank Jennifer Bair, Stephanie Barrientos, Gary Gereffi, Raphael Kaplinsky, Douglas Miller, Nicola Phillips, John Pickles, and Cornelia Staritz for their excellent comments on written drafts of these chapters and at conferences where versions of them were presented. We thank the three anonymous reviewers of Cambridge University Press who offered very helpful advice and critical comments that have strengthened the book and many of the individual chapters in it.

Many of the papers were presented at workshops on GVCs organized by the University of Manchester, the Institute for Human Development (IHD), New Delhi, the Indira Gandhi Institute for Development Research (IGIDR), Mumbai, the Centre for Policy Dialogue (CPD), Dhaka, and CARE, Dhaka. We thank the organizing institutions for their support and workshop participants for their feedback. We also thank several students of the University of North Carolina at Chapel Hill’s Department of City and Regional Planning for excellent research assistance to the editors, and the Indian Council for Research on International Economic Relations (ICRIER) for hosting Meenu Tewari for part of the research process.

Our thanks also go out to the International Labour Organization (ILO) for funding support for some of the research on which a subset of the chapters are based.

IHD was the host organization for conducting and coordinating many of the case studies reported here and for the production of the book. We thank Alakh Sharma for his support for the project. We also thank Lindsey Block, then of DFID.
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Our special thanks to all our colleagues and co-workers who at our various stages of the process helped with their support, encouragement, comments, feedback, and advice that collectively improved our work and kept our spirits up.

Dev would like to thank Govind and Pallavi for not only putting up with all the pressures and tensions of coming out with this book but also often being the first on whom he tried out various ideas. Meenu Tewari is grateful to Roberto Quercia, then Chair of the Department of City and Regional Planning at UNC Chapel Hill, for his support throughout the project.

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