

GPN and Stakeholders

Actors of GPN
Governments, Consumers and sustainability

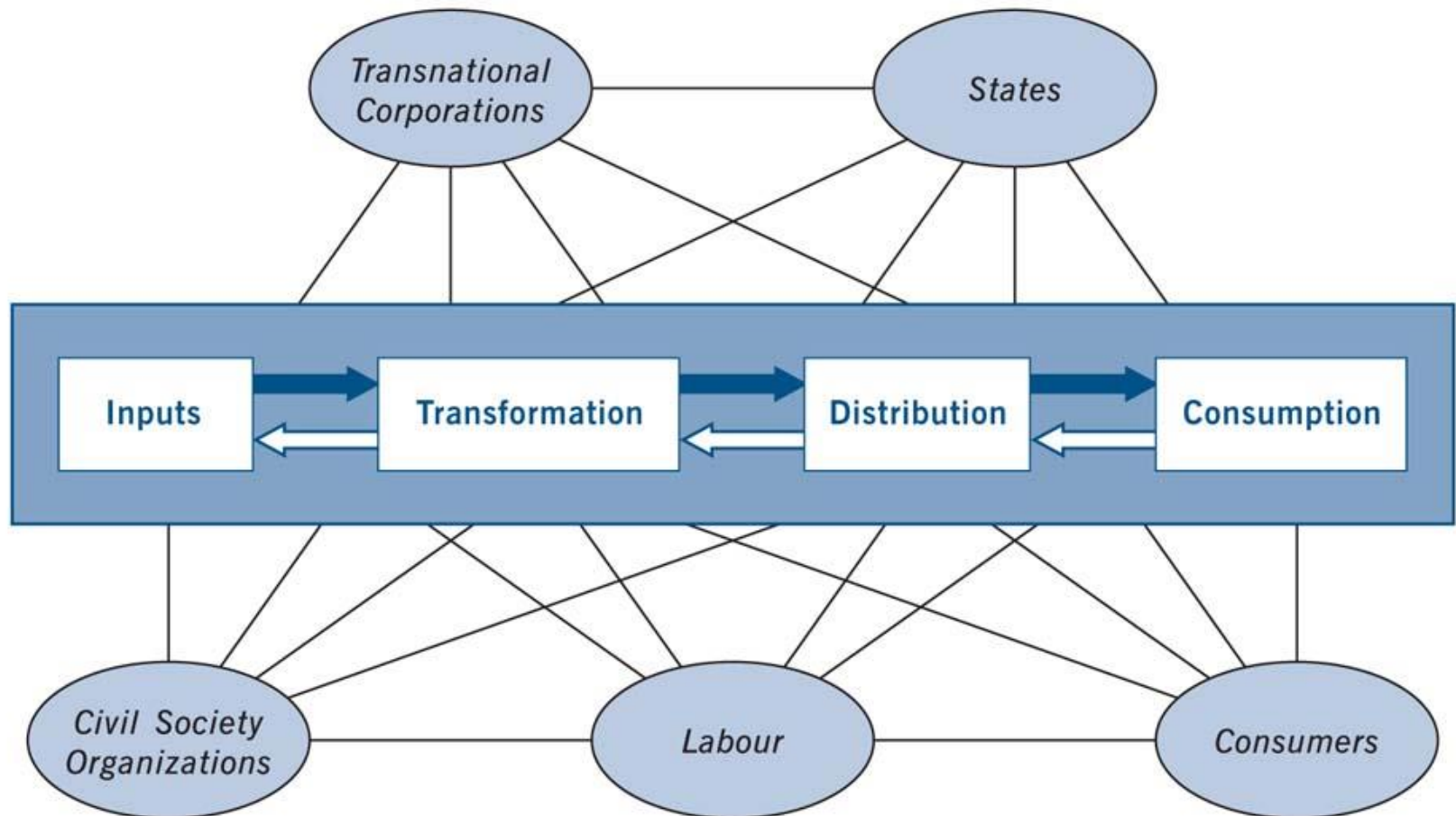
Five Actors of GPN

Businesses are connected together in the world full of other actors, not in a vacuum!

Transnational Corporations (TNCs)

- TNCs are firms that have the power to coordinate and control operations in more than one country
- Significance
 - Potential ability to take advantage of geographical differences . . .
. . . in the distribution of factors of production and in state policies
 - Potential geographical flexibility
- Much of the changing geography of the global economy is shaped by the TNC
- Coordination of production networks:
 - Internalised – functions performed in house
 - Externalised – functions outsourced to other firms
 - But fuzzy boundaries . . .

There are others too...



Labour

- Not just a 'commodity' . . .
... also influences how production networks operate
- Asymmetries in power between capital and labour
 - Labour is more place bound than capital
 - male workers are more mobile than female
 - Skilled workers are more mobile than unskilled
 - Professional white-collar workers are more mobile than blue-collar workers
 - Falling proportion of the unionised labour

Consumers

- Production networks are also driven by
 - ... the necessity, the willingness and the ability of customers
 - ... to acquire and consume the products themselves and continue to do so
- **Producer goods** (intermediate products) – purchased by firms within a production circuit for further transformation
- **Consumer goods** (final demand goods) – purchased by individuals and households
- Various factors affecting consumption:
 - Income
 - Social and cultural factors
 - Functional and Symbolic Needs → Positional Goods
- Internet and consumers

Civil Society Organisations (CSOs)

- Balancing the power of TNCs
 - Transnational organisation of civil society
- Evolved with the changing global economy
- Bewildering range of issues and growing number
- Have significant influence on corporate behaviour
 - e.g. CSR (Corporate Social Responsibility)

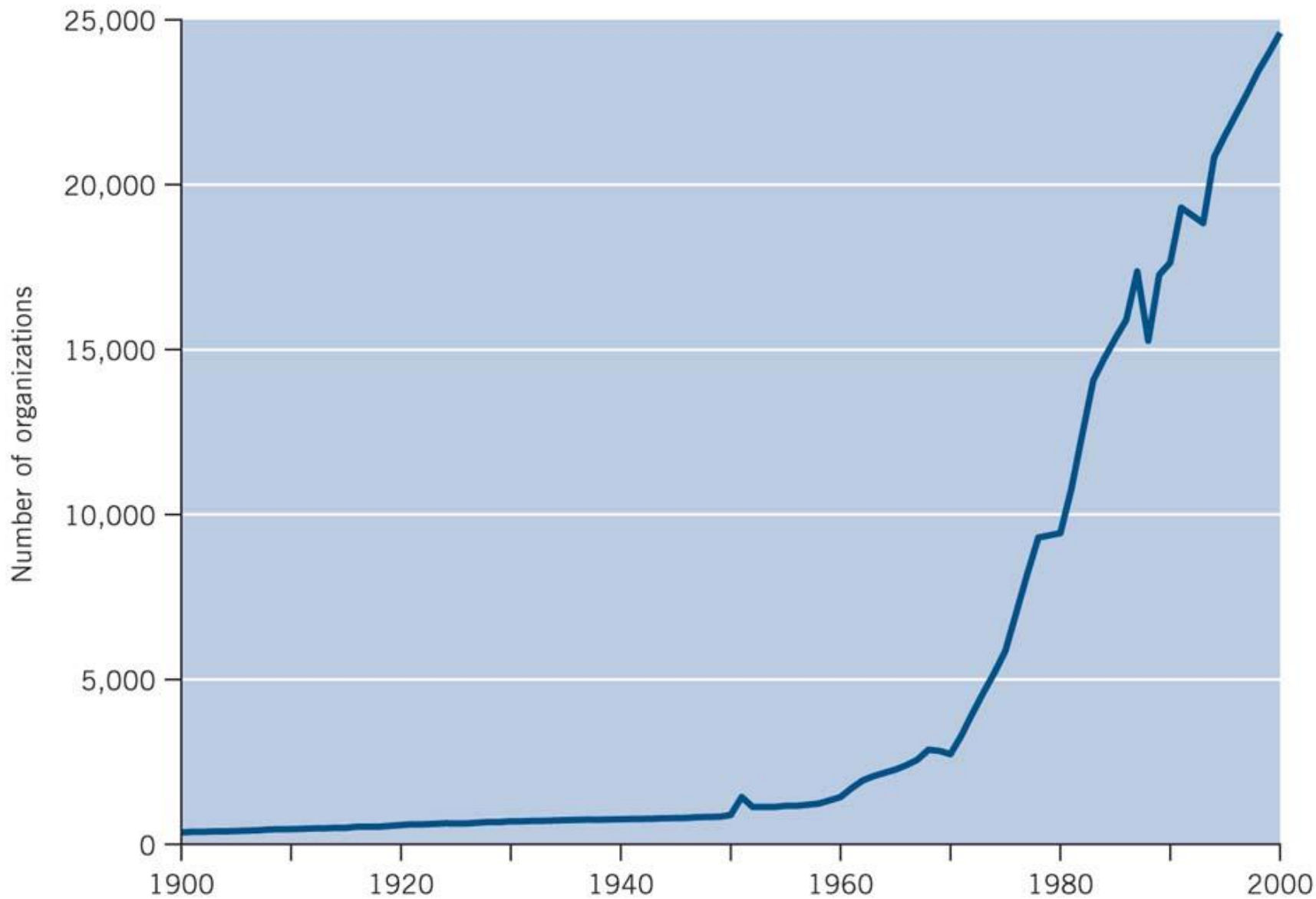


Figure 3.7 The growth of global civil society organizations

Source: based on Glasius et al., 2002: Figure 8.1

States

- GPNs do not float freely in a spaceless/placeless world:
 - Geographical distance as well as place are fundamental.
- Every component in a GPN is 'grounded' in specific locations
 - the socio-political, institutional and cultural contexts influence production networks
- National State continues to be the most important bounded territorial form in which production networks are embedded
- All the elements in a GPN are regulated within some kind of political structure
 - the states
 - supranational institutions: the IMF and the WTO
 - regional economic groupings: the EU or the NAFTA
 - 'local' states at the subnational scale

In your group. . .

- Think of other actors that are involved in the processes of your production chain?
 - How are the actors involved?
 - Which ones are most likely to improve sustainability – and why?

Governments and Sustainability



Government

- Policy development
- Regulation
- Facilitation
- Internal Sustainability Management

What to do . . .

- Tax
- Subsidies
- Eco labelling
- public procurement policies
- Cap and trade system
- Develop reliable indicators and environmental and social accounting (Albino 2013, 13)
- EPA – www.epa.gov
- Ministry of Environmental Protection – www.sepa.gov.cn

Roadmaps – setting the goals

- Europe 2020
 - Smart Sustainable and Inclusive Growth in Europe
 - http://ec.europa.eu/europe2020/index_en.htm
- Roadmap 2050 (EU)
 - www.roadmap2050.eu
 - Road map for moving to a competitive low carbon economy by 2050

Consumers and Sustainability

Global Drivers

- Consumption driven by population growth and economic development
- Direct linkage to the earth's ecosystems
- Consumer attitude and behaviours
 - Almost $\frac{1}{4}$ US adults agree with a set of values that includes “environmentalism, feminism, global issues and spiritual searching”
 - Consumers prefer to buy from companies with high reputations in environmental and social issues
- But...McKinsey survey found
 - 53% of consumers were concerned about environmental and social issues
 - 13% were willing to pay more but currently did not do so...

Barriers to change

- Lack of understanding
- Comfortable lifestyle greed,
- Associated higher costs and taxes
- Tragedy of commons
- Rebound effect – increasing the use of air-conditioning when they switch to a green energy supply.
- Confusion regarding numerous labels and environmental claims.
 - E.g. organic? Fair-trade? Dolphin friendly. . .
- But internet can help as well as businesses

Business can help consumers

- Innovation
 - Eco-efficiency
 - Minimizing package, reuse and recycle, reduce the use of fuel for transportation
 - Product innovation and design
 - Reformulate products for better performance (assisting consumers)
 - Production and supply chain management
 - Greening the supply chain
 - Business model innovation
 - No-frill, low-cost strategies. . .
 - Renting rather than selling



Business can help consumers

- Ethical marketing
- Choice editing – eliminating hazardous substances from reaching consumers
- Choice influencing – in partnership with NGOs and the media, guiding consumers to better consumption