

MBA 717: Governance of Global Value Chains (3-0-0-0-5)

Semester I, 2022-2023, Wed, Fri: 10.35 – 11.50 pm, C1 IME

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Purpose

The recent decades have witnessed a strong trend towards the international dispersion of value chain activities such as design, extraction, production, assembly, marketing, distribution, etc. International production, trade and investments are increasingly organised within Global Value Chains (GVCs) where the different stages of the production/ distribution process are located across different nations as well as across different corporate entities. The purpose of this course is to introduce the concept of a GVC and situate it within the larger domain of conventional institutions like firms, markets and nation states. The course will attempt to look at various features of GVCs and its implications for governance of business, economy and polity.

Classes

The class discussions will primarily be based on real life cases and readings. This will require that a student analyses the assigned readings, preferably in small groups, and comes prepared with his/ her analysis for presentation in the class. Group/s should volunteer to initiate class discussion and make a presentation of their analysis for a particular class.

Learning in the class will largely happen through discussions and NOT through 'lecture' by the instructor. Thus, it becomes everybody's responsibility to get into a constructive dialogue and not just look at an individual as 'provider' of answers. A constructive dialogue means not only to speak, but also listen carefully and draw out some of the relatively quieter colleagues. This is not a course on oratory and hence what matters is QUALITY of your participation - in speaking, listening, explaining and critiquing. If you are not able to express your point in the class, you are welcome to share it over email (or a write-up) with the instructor and/ or the class.

If you are coming to a class it is expected that you have prepared assigned readings and are ready with your analysis; you will be expected to do readings after the class discussion as a follow-up too. Hence in normal circumstances I expect you to be present in all the classes. If for special reasons you are not able to attend a particular class, I expect you to explain it in writing, as it is not only that you are not attending the class as an individual but you are also depriving the rest of the class from your views and analyses.

I expect you to do whole lot of activities and preparations in groups. So please make **groups of 3** right after the first class as per your choice.

Evaluation

Class Participation & Presentations (40%)

As already explained class participation is a fundamental part of learning in the course. The purpose of class presentations is to initiate the discussion on the reading/case. The presentation may be done by a group. Please come prepared with your presentation and only present your analysis in not more than 15 minutes. *Opportunities for presentations are going to be limited; hence I recommend written submissions of your analysis on some aspect of the class discussion or the cases/readings, either individually or in groups*

Project (30%)

It will be a group project, see the note on projects.

Endsems (30%)

Readings

Reference Text

- Jennifer Blair, *Frontiers of Commodity Chain Research*. Stanford Univ. Press 2009.

Course material will be circulated from time to time.

Outline

Session

Topic

- | | |
|--------------|---|
| I | Introduction to the Course
<i>What is a GVC? Why study GVC?</i>
Course Outline
Watch MANDI: a short film by Yashowardhan Mishra:
https://www.youtube.com/watch?v=U0IDup33qZw |
| II-IV | Drivers of Variety of GVCs: Knowledge, Access, Nature |
| II | <u>Hi-tech: Apple</u>
Case: <i>Capturing Value in Global Networks: Apple's iPad and iPhone, Kraemer et al. 2011</i>
Assignment: <ol style="list-style-type: none">1. Examine the nature of value chain and underlying value distribution.2. What are the reasons for such a value distribution across actors and what are its implications? Read: <i>GVC Analysis: A primer, Gereffi & Fernandez-Stark</i> |

III

Mfg: Apparel

Watch: *The shirt on your back: the human cost of the Bangladeshi Garment industry*

Interactive video: <http://www.theguardian.com/world/ng-interactive/2014/apr/bangladesh-shirt-on-your-back>

The World behind a Simple Shirt

Interactive video: <http://apps.npr.org/tshirt/#/title>

Assignment:

1. Examine various steps in the chain closely. Examine the nature of value chain and underlying value distribution. What are the reasons for such a value distribution across actors and what are its implications?
2. Compare and contrast the chain with that of Apple: how is it similar and how different from Apple, why?

IV

Commodity: Coffee

Case: *Mugged: Poverty in your coffee cup, Oxfam: 2002*

Assignment:

1. Examine various steps in the chain closely. Examine the nature of value chain and underlying value distribution.
2. What are the reasons for such a value distribution across actors and what are its implications?
3. Compare and contrast the chain with that of Apple and t-shirt: how is it similar and how different and why?

V-VII

Value: An introduction

V

Value And Value Capture

Read: *How value is created, captured and destroyed, Bowman & Ambrosini*

Assignment:

1. Understand carefully the argument being made here and the concept of 'value' and 'value capture'
2. Apply the concept to the three GVCs that we discussed
3. What you can/ cannot explain through the framework/ argument proposed here?

VI, VII

Evolving Ideas of Value: From Mercantilists to Marginalists

Read: *A brief history of value, Ch1, The Value of Everything, by Mazzucato*

The Rise of the Marginalists, Ch 2, Mazzucato

Assignment:

How do you make sense of the changing idea behind what is value and how it is valued?

VIII-X Structural Issues in GVC

VIII Value of Labour

Read: *Workers as Machines: Military Management in Foxconn, SACOM 2010*

Assignment:

1. Analyse the wages, work conditions and the managerial response at Foxconn. What are the underlying reasons for them?
2. Analyse them under the light of free market economic theory and attempt to explain them. Bring out the paradoxes/ anomalies in your analysis.
3. Attempt to bring in an alternate lens and explain the developments of the case.

IX Invisible Value in the GVC

Read: *The Core of the Apple: Dark Value and Degrees of Monopoly in Global Commodity Chains, Clelland, 2014*

Assignment:

1. What is the idea of dark value?
2. How is it related with the neoclassical idea of value?
3. Connect it with the framework of value capture in the Bowman-Ambrosini reading.
4. Connect it with the GVCs of apparel and coffee in the previous classes.
5. What are the policy implications of the concept of dark value?

X FDI vs Outsourcing

Assignment:

We will discuss outsourcing and FDI in this class; since so much is talked about it, I am not giving you anything to read at the moment and will like you to address the following issues:

1. Why has FDI become the cornerstone of policy in the developing countries?
2. What is it supposed to do, both in the developing and developed economies?
3. What is your take on it?
4. Is there an alternate route to outsourcing besides FDI?
Explain

XI-XII Governance Issues in GVC

XI Global Architecture of GVC Governance

Read: *Broken Promises & Freedom to Choose* (from *Globalization and its Discontents*, Stiglitz, 2003)

Assignment:

I have given two chapters from the book by Stiglitz that provide an insider account on the workings of the multilateral institutions. Go through the first one, preferably both, and comment on the workings of these institutions, especially I would like you to think if they determine some of the outcomes of the GVCs, if yes then in what manner?

XII, XIII Conclusion: Measuring Value, Financialisation & GVCs

On Projects

The purpose of the project is to bring out real life complexities of GVCs as a system of production and distribution of product, services and values and test the classroom discussions and theories in light of actual practices. I recommend you to take up an actual GVC and study some aspect of it that relates with this course. You may study features like: mapping a GVC from raw material to its final consumption or some part of it, how the value is built at various steps and divided across various stakeholders, how the value is divided across firms or across nations, what are the drivers of this distribution and how it is governed – this is only a suggestive and not an exhaustive list. Given the global pandemic I would specially like you to think about the linkages between the pandemic and GVC and relate with analytical lenses provided in the course. Given that certain institutional features of agriculture commodity chains are being restructured through the proposed farm laws, here is another topical issue that you may like to examine. Or you may like to examine India's recent initiative to attract parts of semiconductor, smartphone, or bulk drug manufacturing chains.

Guidelines

1. This is a group project.
2. The idea is to frame a problem not only from the point of business and profits but from a larger frame that is being discussed in the class; identify the stakeholders and examine the problem from their respective points of view.
3. The objective of the project is to examine a real life phenomenon in light of the on-going debate and then come up with your own analysis and not merely repeat what others have said.