

New modes of production at the global level: Opportunities and challenges for the world of work

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The conference was organized by the French Ministry of Work, Employment and Social Dialogue, in collaboration with the ILO Research Department and the ILO Office for France. The international forum enabled a high-level discussion on the labour dimension of Global Value Chains (GVCs) among experts, social partners and policy makers. While moving towards the centenary of the ILO in 2019, this debate stimulated the reflection on “the future of work”, on the developments and major challenges of the world of work, as well as on the role of the ILO in the 21st century.

The conference was opened by **Prof. John Scheid**, *Vice-President of the Assembly of Professors, Collège de France* and **Mr. Claude Jeannerot**, *French representative to the Governing Body of the ILO*, who welcomed the panellists and the over-200 participants. The *first session* addressed the opportunities and the challenges of the new modes of production at the global level while the *second session* discussed the relevance of analytical findings for policy and practice with regards to the responsibility of the actors involved in global supply chains (GSCs). The *third session* called for the research in social sciences to respond to the challenges posed by the reorganization of the world of work. Finally, the *fourth session* discussed the public policy agenda on the future of work. The French Minister of Work, Employment and Social Dialogue, **Mr. François Rebsamen**, closed the conference.

Session I: Opportunities and challenges of global production networks

(Moderator Frédéric Lerais)

Raymond Torres (*Director, Research Department, ILO*) presented macro trends in global production networks, owing to increased trade, shift in trade patterns and the decline in the domestic content of manufacturing exports. He noted preliminary ILO estimates of employment in GVCs, which showed the increasing importance of GVCs in the global economy, with respect to jobs, reduction in poverty around the globe and growth of the middle class in emerging and developing countries. He also pointed out at the changes with regard to employment relationships in GVCs, i.e., higher incidence of temporary employment, own-account work in advanced economies as well as persistently high informality in developing economies. **Florence Palpacuer** (*Professor, Université Montpellier 1*,

France) followed with a presentation on the history of GVCs and traced their origins in the territorial expansion of capitalism. She noted that the expansion of GVCs provided opportunities for countries from the South to increase development by capturing added value with their products in the GVCs. But she also stressed that global production networks were more heterogeneous (according to the Manchester School) than what is noted by traditional GVC academics.

The final three presentations in the session discussed the links between economic and social upgrading in GSCs based on the Capturing the Gains project. **Stéphanie Barrientos** (*Professor, University of Manchester, UK*) set the stage by stressing that economic upgrading for suppliers does not necessarily lead to social upgrading for the workers. In particular, she noted the vulnerability of unskilled workers who may not benefit in the same manner as skilled workers and the pressure on suppliers to deliver with short lead times, which can result in labour violations. **Alakh N. Sharma** (*Director, Institute for Human Development, India*) described the experience of the Indian labour market in GSCs. He mentioned that India's participation in GSCs was lower than China, but it was growing with the Indian software industry being the most successful in exports shares. In the software sector workers were highly skilled and educated and women represented a significant number of the workers. However, he expressed concern over the minimal social protection that the industry provided: lack of unionization, long and odd work hours, heavy work load, occupational hazards, and job insecurity. **Shane Godfrey** (*Professor, University of Cape Town, South Africa*) presented the evidence from the agro-food, apparel and tourism sectors in Sub-Saharan Africa. His results showed that economic upgrading occurred in some industries such as horticulture, apparel and tourism in different countries, but that the experience with social upgrading was more mixed. A second study using a wider notion of social and economic upgrading, including measures derived from the ILO's Decent Work Agenda, found the social upgrading was indeed limited across the sectors.

Policy considerations discussed by the presenters included market regulation, improving trade diversification, support for Small and Medium Enterprises (SMEs), educating workers on their rights, promoting gender equality and protecting the most vulnerable workers such as migrant and informal workers, and increased linkages between public and private interventions.

Session II: Responsibility in the global value chains: relevance of analytical findings for policy and practice

(Moderator: Marie-Ange Moreau)

Pauline Barraud de Lagerie (*Maître de conférences, Université de Paris Dauphine, France*) provided a socio-historical context for the concept of corporate social responsibility (CSR), beginning from 19th century sweatshops, where there was no protection to workers because they worked at their own risk, to the present day where there are laws and regulations that hold employers accountable in case of industrial accidents. She stressed the role of activists in developing schemes to protect workers, and concluded by questioning whether hard law at the international level could ever be implemented for social protection and which organization would be responsible for monitoring its enforcement.

Isabelle Daugareilh (*Professor, Centre for Comparative Labour and Social Security Law, Université Bordeaux 4, France*) stressed the limited impact of soft law and maintained that governments should be given more power to regulate and enforce CSR. She argued that it was not enough for the standards to simply exist but that they needed to be enforced with threat of sanction for non-compliance. She stressed the ineffectiveness of private audits and noted that thus far no organization had identified an enforceable system. However, she noted the inclusion of practices by the UN, OECD, and ISO that were being included in proposals and laws of states to protect and enforce international regulations through the principles of protection, respect and remedy (e.g. France).

Jennifer Bair (*Professor, University of Colorado, US*) maintained that audits conducted internally by the supplier and independent auditors, as well as codes of conduct, were not an effective model in preventing or eliminating violations of labour standards. She noted the contradiction between a supplier's CSR commitments and its commercial policies as a firm. Citing the Better Work Program and the Bangladesh Accord as best practices, she suggested that the ILO's role should go beyond a convening role and include implementation. The experience of China with regard to GSCs was presented by **Aiqing Zheng** (*Professor, Renmin University of China, Beijing, China*) who noted that the government had taken steps to address the issue of workplace accidents since 2007, but the problem of safety at work and wages still remained. She recalled that since the end of 1990s the Chinese government has started to address the issue of the most marginalized workers but that many informal workers are not protected. She concluded by stressing the need for local governments in the provinces to play an important role in mediating labour related conflicts.

Ineke Zeldenrust (*International Coordinator, Clean Clothes Campaign*) stressed that the onus should be placed on governments to enforce labour laws in order to stop enabling suppliers' abuse of workers. She mentioned that if Bangladesh had enforced its labour code, 90% of safety incidents in the country could have been avoided. She noted that many companies in Rana Plaza had CRS policies and in-house auditors that did not find unsafe working conditions. She suggested that solutions like the Bangladesh Accord may be useful mechanisms in addition to state enforcement because it is setup as a legal contract between the buyers and the unions permitting each side to initiate arbitration against the other. Finally, **Bertrand de Senneville** (*Director of Social Relations, L'Oréal, France*) presented the Share and Care Program that L'Oréal began in 2014, which considered both the need to universalize the L'Oréal brand as well as the need to consider local differences where the subsidiaries are located. He noted that it is harder to address labour issues with subcontractors but that their agreements referenced the Procurement Charter and required third party audits.

Session III: Research in social sciences and the future of work

(Moderator: Raymond Torres)

Richard Locke (*Professor, Watson Institute for International Studies, Brown University, US*) presented evidenced based research at the micro level of the impact of management organization systems on improved compliance in the supply chain. His findings revealed that private compliance, i.e. the traditional approach of social audits, has limited impact (e.g. Nike and HP social audits). Instead, the driver for improved compliance and profits (economic and social upgrading) has been re-training and re-thinking the whole management system. He emphasized the importance of both private and public regulations for ensuring consistent compliance, e.g. through technical assistance as well as improved and enforced safety measures.

Marcio Pochmann (*Professor, Université de Campinas (Unicamp), Brazil*) discussed the new challenges to the organization of work due to globalization and the post-industrial economy, in particular with regard to the sectoralization of work and diversification of services. He noted that global enterprises have an impact on domestic labour markets and that the social structure and representation of interests are affected by these changes. He stressed the gap between the nature of work and the research in the social sciences due to the short-term vision of the research, its fragmentation and lack of coherence. **Alain Supiot** (*Professor, Collège de France, France*) stressed that new forms of work

have given rise to new forms of dehumanization of work. The establishment of “human conditions of labour” foreseen in the ILO Constitution was interpreted to make conditions of work more human, i.e. hours of work, wages, occupational safety and health, but not the work itself. Thus, the dissolution of trade boundaries and the digital revolution have reduced work to “human capital. In response to this slide toward the dehumanization of work, he suggested that the founding texts of the ILO outlined a research and action agenda that involved broadening the perception of “work” in three directions: (i) consideration of the psychosocial risks of the workers, e.g. performing tasks devoid of meaning; the impact of globalization for self-employed as well as dependent (employer-employee relationship) workers; consideration of cultural differences in the understanding of the world of work today.

The discussants called for a multidisciplinary approach, e.g. Economics, Law, Sociology, Management and Political Philosophy, to conduct research in employment, corporate social responsibility and economic thinking (**Olivier Favereau**, *Professor, Université Paris 10, France*); they urged the research agenda to respond to the numerous challenges posed by the changing world of work and welcomed the setup of the Research Department of the ILO in this direction (**Babacar Fall**, *Professor, Université Cheikh Anta Diop, Dakar, Senegal*); and they advocated for public and private partnership and complementarity of different roles in the specific context of transnational governance of GSCs (**Jookoo Lee**, *Professor, Hanyang University School of Business, Seoul, Rep of Korea*).

Session IV: Roundtable on the role of public policy

(Moderator: Jean-Claude Javiller)

Guy Ryder (*Director General, ILO*) observed that historically it was frequently an incident that triggered ILO action. For example, the Bhopal tragedy in India was a trigger for the adoption of a convention on industrial hazards and the Rana Plaza tragedy led the ILO to the discussion on GSCs. He said that the ILO has to accelerate the course in understanding the operation and implications of GSCs and in particular the controversial issue of how to combine public action with private engagement. Regarding the Future of Work initiative and the International Labour Conference agenda in 2019, he expressed hope for the highest level of understanding on the future of work putting it back to the center stage.

Jean Pisani-Ferry (*Commissioner-general for Policy Planning, France Stratégie, France*) remarked on the challenge in determining global responsibility in GVCs and their impacts in the economy. He noted that it

has been commonly accepted that companies have due diligence to monitor their subcontractors: however, he stressed that unanswered governance questions still remained. He outlined two major polarization issues faced by policy makers: that of the labour market (between low and high skill) which has been reinforced by the finer segmentation of production processes; and that of solidarity links in companies (between workers and between companies) due to the thin segmentation of production and value chains. But, noted the example of France that has responded to this challenge by shifting its emphasis more to on worker training activities.

Philippe Pochet (*General Director, European Trade Union Institute, Belgium*) highlighted the question of power and the structural relationships between code of conduct and finance which was rarely mentioned in GVC studies. He noted that public authorities were constantly under tension between globalization and rule-making and that the debate was changing rapidly in Europe. Especially after the crisis a narrative of “double divergence” has arisen both internally as reflected in the contrast between innovative and periphery industries, and internationally based on the specialization of suppliers in Eastern Europe.

Roberto Suárez (*Deputy Secretary General, International Organization of Employers, Switzerland*) noted that an element that has not been stressed sufficiently relates to positive aspects of the GSCs, which has been more elaborated in an OECD study that showed that value chains galvanized increased productivity and job creation. He remarked that another positive element included skills training of workers in developing countries. Additionally, he acknowledged that there were areas where more work was to be done, such as informal work and in the services sector. He mentioned that the solution relied in a global policy approach and not in new regulations. He concluded that the problem rested in the lack of implementation of rules.

Concluding speech

The *French Minister of Work, Employment and Social Dialogue*, **Mr. François Rebsamen**, closed the conference by stressing the importance of linking academic research with policy measures involving trade unions, employers, and civil society. He congratulated the efforts of the ILO in suggesting an orientation based on a tripartite compromise for the global governance of new modes of production at the global level. The Minister renewed the support and commitment of the French Government to work alongside the ILO to strengthen the community of values, rights and responsibility in a globalized world.

