

State of Economic and Social Upgrading in Handicraft's Production Value Network

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Abstract:-

Purpose—the objective of this paper is to present the economic and social upgrading dynamics of Swallows Handicraft enterprise in its production value network.

Design/methodology/approach—this research is basically qualitative in nature where the handicraft industries in Thanapara Swallows Development Society (TSDS), Rajshahi has been taken into consideration. Primary data of this study have been collected through Face to Face Interview and Key Informant Interview (KII) and case study method both from employers and employees. There have been also used secondary data sources.

Findings—Findings indicate there is not parallel social and economic upgrading in Swallows handicraft's production value network. A total ten dynamics has been observed both in economic and social cases. Market is extending in globally by exporting but seasonal unemployment and irregular payment of wages are also increases.

Research limitation/ implication—the research is limited to just one industry in Rajshahi district, but there implications for all handicraft enterprises in Bangladesh to promote economic and social upgrading.

Practical implications—the dynamics of economic and social upgrading in production value network requires major national and international stakeholders to look into their industries' upgrading state to ensure long term profit and sustainability of workers in these sectors in Bangladesh.

Originality/values—the study calls for enhancing economic and social upgrading in handicraft industries in developing countries like Bangladesh.

Keywords— Economic upgrading, social upgrading, dynamics, production value network, handicraft, industries.

Research type—Research paper

I. INTRODUCTION

Economic upgrading or moving to higher value activities into the Production Value Networks (PVN)¹, and social upgrading concentrating on International Labour Organization (ILO)'s Decent Work (DW) indicators—employment creation, right at work, social protection, and social

dialogue—have become imperative to industrial establishment i.e. handicraft. Connecting PVN, there has an important uses of introducing sophisticated equipments to produce more in case of product, process, and chain of various firms in particular handicraft. In need of that production skilled human resource is a must and they make that production profitable. Moreover, the social consequences in terms of workers in production chain are not always positive. Even economic upgrading may lead to decrease social upgrading. Through incorporation of PVN many Bangladeshi supplier firms achieved economic advancement by moving into high value-added production. Similarly the handicraft sector by introducing PVN, the producer firm can achieve economic upgrading.

Since the 1990s, Global Production Networks(GPN) issue has dominated the study of 'economic upgrading' – countries and firms moving to higher-value activities in GPNs with improved skills, knowledge and technology. These influential frameworks have been used to illustrate examples of upgrading across several sectors in developing countries (Pipkin& Fuentes, 2017). In Bangladesh, handicraft industries are getting involved into PVN for its economic upgrading. For exotic crafts legacy and tradition, the industry often being located in the rural areas creates large scale employment of women and thus helps empowerment of weaker sections of the society. As a labor intensive, cottage based and rural and small ownership centered industry, handicraft becomes major source of income of both regular and off season employees in rural community. The handicraft industry is highly significant because of the employment it creates, and incorporates both informal craft producers selling on the roadside and formal craft producers that sell their products locally and internationally (Elik 2005).

Lacking of coordination among actors and remaining many problems in handicraft sector, there needs to ensure an effective PVN in this sector. If it is possible to make a strong and effective PVN in handicraft sector by using that value network, the economic and social upgrading in this sector can be achieved. Economic upgrading and social upgrading are two important issues by which it can be measured the overall development of a country.

Economic upgrading happens when there is a movement from low value activities in production to high value activities through improving technology, knowledge and skills. Within

¹ A production value network is a set of connections between organizations and/or individuals interacting with each other to benefit the entire group. This network allows members to buy and sell products as well as share information.

the Global Production Network (GPNs), four types of economic upgrading are— product upgrading, process upgrading, functional upgrading, and chain upgrading (Humphrey and Schwitz 2002). Whereas, social upgrading is the process of improvement in the rights and entitlements of workers and the enhancement of the quality of their employment (Barrientos, Gereffi and A Rossi, 2011). It not only includes access to better work, which might result from economic upgrading, but also involves enhancing working conditions, protections and rights, thereby improving the overall well-being of workers as well as their dependents and communities. According to ILO's Decent Work Agenda, social upgrading encompasses employment, standard and rights at work, social protection and social dialogue (ILO, 1999).

Yet it is not clear to what extent the workers are being upgraded i.e. social upgrading in connection with economic upgrading in handicraft industries of Bangladesh. Therefore the dynamics of economic and social upgrading in handicraft production value network need to be analyzed. This paper has a vivid focus on understanding of the extent to which the relationship between economic upgrading (implementing higher value-added activities through product, process, value, and chain) and social upgrading (improvements in workers' rights and employment for examples) in the production value networks in handicrafts of Thanapara Swallows Development Society (TSDS) explaining the dynamics of it.

II. LITERATURE SCANNING

The continuous flourishing of Global Production Networks (GPNs) has paved the new ways of industrialization and development. It has made rapid changes in dynamics of production and trade (Barrientos, Gereffi and Rossi, 2010). Still there is wage discrimination among workers which eventually hinders social upgrading. It is often implicitly assumed that economic upgrading in GPNs automatically translates into social upgrading through better wages and working conditions (Knorringa and J Pegler, 2006). But studies provide a mixed picture. While social upgrading can be the outcome, it may be diminished if the employment creates high insecure and exploitative environment. The availability of jobs, however, has not necessarily led to social upgrading. Evidently, the links between economic and social upgrading/ downgrading are often complex, with different workers experiencing different outcomes on the same production site which actually prominent in handicraft enterprises.

Participants like handicraft in a global Or even local production network constantly develop their activities. Suppliers for global value chains or local production networks are often multinational but some cases are local enterprise themselves in developing countries. Thus, — contrary to certain beliefs— GPNs are most often not controlled by one single leader; their direction itself can be fragmented. One affiliate of a multinational can have several roles within its

function (Sass–Szalavetz 2014), and it can have higher (global) and lower level tasks within one segment. Global networks in the Slovak clothing industry were analyzed by Smith et al. (2014). The authors state that those firms that have upgraded successfully within a GPN were able to weather the crisis more effectively. Regarding social upgrading, export growth was achieved, but cost pressure on Slovak clothing firms resulted in a decline in employment.

Vries et.al. examined the trends in skill and activity upgrading in GPN and the drivers of upgrading in Asian economies. There they constructed ADB Multi-Region Input-Output Tables as well as occupation data on jobs by educational attainment and business activities, namely research and development, production, logistics, sales, and marketing, administration and back-office, and headquarter activities. They showed the results which suggest an ongoing specialization process in high income Asian countries and in developing member countries (DMCs) toward high-skilled knowledge intensive activities. The pace of upgrading differs across Asian countries, being more rapid and encompassing in the People's Republic of China in comparison to other DMCs.

Adopting a parsimonious approach to measuring economic and social upgrading (and downgrading) in GPN using quantitative secondary data, Bernhardt, Pollak and Ruth (2015) analyzed how widespread upgrading has been in four selected manufacturing in GPN—apparel, wood furniture, automotive, and mobile phones. They investigated to what extent downgrading is part of the reality and undertake a comparative analysis across GVCs, regions and country groups (developing vs. developed countries). They found that the promise of industrial upgrading through participation in GVCs does not materialize for everyone. Indeed, economic upgrading has taken place in just over a quarter of the countries in their sample, among them mainly developing countries. Finally, they examined the relationship between economic performance and social performance in the different GPN to investigate whether or not economic upgrading is typically associated with social upgrading. While patterns differ across GPN, they found that economic upgrading is more likely to occur simultaneously with social upgrading than without, and vice versa. Their analysis, thus, suggests that economic upgrading is conducive to, but not sufficient for, social upgrading to occur.

There some case study literatures that started to shed light on the relationship between economic upgrading and social consequences of GPN participation. Nadvi (2004) found significant positive impacts on wages in the garment and horticulture industries across several countries, while Bair and Gereffi (2001) reported improvements in labor conditions in the Torreon cluster in Mexico. In a study of the Moroccan garment sector, Rossi (2013) finds that process upgrading is associated with social upgrading, as increased efficiency in production leads to reduction in excessive overtime hours and improvements in labor (e.g. health and safety) standards. The relationship between product upgrading and social upgrading,

she states, is less clear. As suppliers are pressured by lead firms to maximize quality while reducing costs and ensuring flexibility and short lead times, different types of workers can have different experiences: For skilled workers, who ensure quality of production and who are employed under regular contracts, working conditions can improve while less skilled irregular workers, who ensure prices can be kept low and flexibility high, tend to experience social downgrading through low wages, precarious working conditions, or discrimination at the workplace (Barrientos et al., 2011). Mushtaq H. Khan (2015) looked at the challenges facing Bangladesh in sustaining high growth in its labour-intensive manufacturing. Sustaining this output growth and achieving wage growth and improvements in working conditions requires technological upgrading and moving up the value chain. He examined the challenges this poses by looking at the premier manufacturing sector in Bangladesh, the ready-made garments industry.

III. OBJECTIVES

The main objective of this paper is to present the economic and social upgrading dynamics of Swallows Handicraft enterprise in its production value network. This paper has also showed some changes over the year of handicraft's economic and social upgrading using Michael E. Porter, (1998) value chain model.

IV. METHODOLOGY

This research is basically qualitative in nature. The study extends to the handicraft industries of Bangladesh where a case of Thanapara Swallows Development Society (TSDS), Rajshahi has been taken into consideration. Data has been collected from both primary and secondary sources. Primary data sources are basically the employees and employers of the study organization. Primary data of this study have been collected through Face to Face Interview and Key Informant Interview (KII) and case study method. Secondary data sources cover relevant books, journals, dissertations, thesis papers, newspapers, publications of government institutions, policy reports of government and international organizations, etc.

4.1 Study Area

“Swallows Handicrafts” is the handicraft enterprise produced various kinds of products made by the Thanapara Swallows Development Society (TSDS)- an organization established in 1973 by the Swedish organization—The Swallows. TSDS was established in the Thanapara Village located in the northwestern part of Bangladesh on the riverbank of Padma with the mission “To empower the poor and underprivileged population by eradicating illiteracy, creating health awareness and self-employment, raising awareness among the landless for the rights of land and empowering women by creating

economic and social awareness”.² The handicraft program of the organization was started in 1973 for the war-affected women of the village during the Liberation War of Bangladesh, 1971. Swallows Handicrafts are exported to foreign countries and thus have become a part of GPN of handicraft. The operations of Swallows handicrafts can also be linked with PVN. Because, using different low-value inputs it converts high-value outputs, which is ultimately brings foreign currency to Bangladesh through export.

V. DYNAMICS OF ECONOMIC AND SOCIAL UPGRADING

This section has looked over the dynamics of economic and social upgrading (downgrading) in Swallows ‘Handicraft’s PVN. The dynamics mean changes not static. It’s actually the concept of output changing rate (Roy, 1939). The changes are happening that’s called dynamics. External factors bring change and factors which bring positive change (dynamic) are called upgrading and vice versa effect called downgrading. Upgrading (down) has political, economic, social and cultural aspects (Samuelson, 1947).

5.1 Economic upgrading

In economics, Gereffi (1999) define upgrading as the process of improving the ability of a firm or an economy to move to a more profitable and/or technologically sophisticated capital- and skill-intensive economic niche. Humphrey and Schmitz (2002) specify four types of upgrading, representing different “niches” where upgrading takes place:

- **Process upgrading:** Making production processes more efficient by reorganizing the production system and using advanced technology;
- **Product upgrading:** Moving into more sophisticated, or high-value, product lines;
- **Functional upgrading:** Occupying more profitable functional nodes within a chain; and
- **Chain upgrading:** Diversifying into more profitable value chains.

A country or firm upgrade when they ensure dynamics in the value chain into higher value-added chains or nodes.

5.2 Social upgrading

Following Bernhardt and Milberg (2013), a country is defined to have experienced social Upgrading in a given GPN when there is a combination of:

- An increase in employment and
- An increase in real wages.

Through the creation of jobs, labor is given the possibility to earn an income, and, if they are formal, may provide social insurance and certain employee benefits. Real wages, on the other hand, can be used to measure how much workers benefit

² <https://thanaparaswallows.org/page/subCat/24-about-shallows> accessed on 8th August, 2019.

economically from the value created by production network in a country. An oversimplification of the concept of social upgrading as it looks at only two of a long list of possible indicators for measuring it, and while real wages may be associated with quality of employment, they are too weak an indicator to draw any wider conclusions about improvements in overall working conditions—hours of work, freedom of association, safety at work. In line with the economic analysis, the above mentioned two indicators are quite suitable to analyze the countries’ social upgrading performances.

5.3 Overall Dynamics

From the study it is found that across GPN overall downgrading is more common than overall upgrading. This is true for every single handicraft enterprise. While there were several cases of overall upgrading across the GPN but mostly downgraded in social terms. Developed countries are quite often seen that downgrading. What do the case study tells about the relationship between economic and social change? Are economic and social upgrading taking place in parallel? Looking at the interviews and KII, it is found that in more than half of the economic activities are upgraded but merely few of social change have upgraded. InSwallo’s GPN the relationship is opposite.

Across the value chains, there is no case of social upgrading with outright economic upgrading, with the single exception of providing job facilities for the marginal poor. Moreover, in GPN, there are only a few cases of economic upgrading without social upgrading. But at same time, there are very few cases that have achieved social upgrading without economic upgrading. In all function of value creation, the workers are quite deprived of the earned benefits from more production but the employers tells that the share number of benefit both case and in kind are equally provided among workers.

VI. MAPPING THE CONTOURS OF PRODUCTION VALUE NETWORK

Production Value Network describes the full range of activities which are required to bring a product or service from conception, through the different value-added phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final consumers, and final disposal after use (Kaplinsky, and Morris, 2000).

Doan and Van (2011) classified the value chain into simple and extended form. In the simple value chain, there are series of functions within each link of the chain. A simple value chain entails the range of activities carried out in a business organization to produce a certain product. This might include the design and product development stage, the production stage, the marketing and distribution activities and consumption and recycling. All of these activities form the value chain which links producers to consumers and each activity adds “value” to the final product. The extended value chains much more complex than the simple value chain. It includes many links in the chain. Bay described that “the extended value chain includes primary producers, processors, traders, service providers, etc. to bring a raw material pass through the chain to the sale of the final product to customers”. This chain begins from raw materials production and tends to be more links with other factors involve in assembling, trading, processing, exporting, recycling and so on. It does not look at the activities implemented by a firm. But it includes all its backward and forward linkages, until the level that the raw material production will be linked to the final consumers from the firms.

Every firm’s value chain is constituted of nine generic categories of activities which are connected together in distinctiveness way (Porter, 1985).The generic value chain is used to express how a value chain can be constructed for a particular firm, reflecting the specific performance it performs. A firm is a combination of activities that are performed to design, produce, and market, deliver and support its product. All these activities can be represented using a value chain.



Figure 1: Source: Michael E. Porter, (1998)

Porter shows that value activities and accounting activities are rarely the same. The value chain presents total value and includes value activities and margin. Margin is the difference between total value and the total costs of performing the value activities.

Porter mentioned that there are five generic categories of primary activities involved in competing in any industry. Each category can be divided into a number of distinct activities depending on the particular industry and firm strategy. They are inbound logistic, operations, outbound logistics, marketing and sales, and service. Each of the categories is important to competitive advantage depending on the industry.

In Porter’s framework, support value activities involved in competing in any industry can be divided into four generic categories, also shown in figure. As with primary activities, each category of support activities can be divided into a number of distinct value activities that are specific to a given industries. Support activities which support the primary activities and each other by providing purchased inputs, technology, and various firm wide functions; and have an indirect effect on the final value of the product. Supporting activities comprise of firm infrastructures, human resources development, technology development and procurement.

This analysis supports management decisions and executive strategies. Additionally, it identifies a number of primary and support activities and dynamics of any activities can easily identify that are common to a range of businesses.

6.1 Mapping the Handicraft Production Value Network of Swallows

Michael Porter said every enterprise is an aggregate; it carries through various kinds of activities in the process of design, production, sales, delivery and support of its products. All these activities can be expressed by the value chain. Porter basing on traditional manufacturing industries, and regarding value chain as a series of consecutive completed activities, in other words it's a activity that raw materials converted into final products and continuously realizing value-added.

The total activities can be divided into two types of stages: primary activities and supporting activities. Basic activities including internal logistics, production and management, external logistics, marketing and service and so on, it is the most important and obvious activities in the activities of enterprise value. In Swallows enterprise, mostly they use organic cotton and chemical to start the operation. In operation section, it has been used hangs and lassie in dyeing, bobbing and dram for colleting the final cloth by cutting and swing, embroidery and folding to get into the outbound logistics. In outbound logistics of this handicraft industry, it has been collected, sorted, packaged, and finally storage of the produced product. After that Swallows enterprise get into marketing and sales stages. Here they mostly concentrated on the product design, its competition, fashion show, sample sending, for some cases exporting and shipment. Finally they look into the services of the product by maintaining value added and the quality of the delivered product. The Swallows’ all activities are done according the porter’s value activities model. These interrelated and interdependent activities made enterprise value chain as a system shown in figure 2.

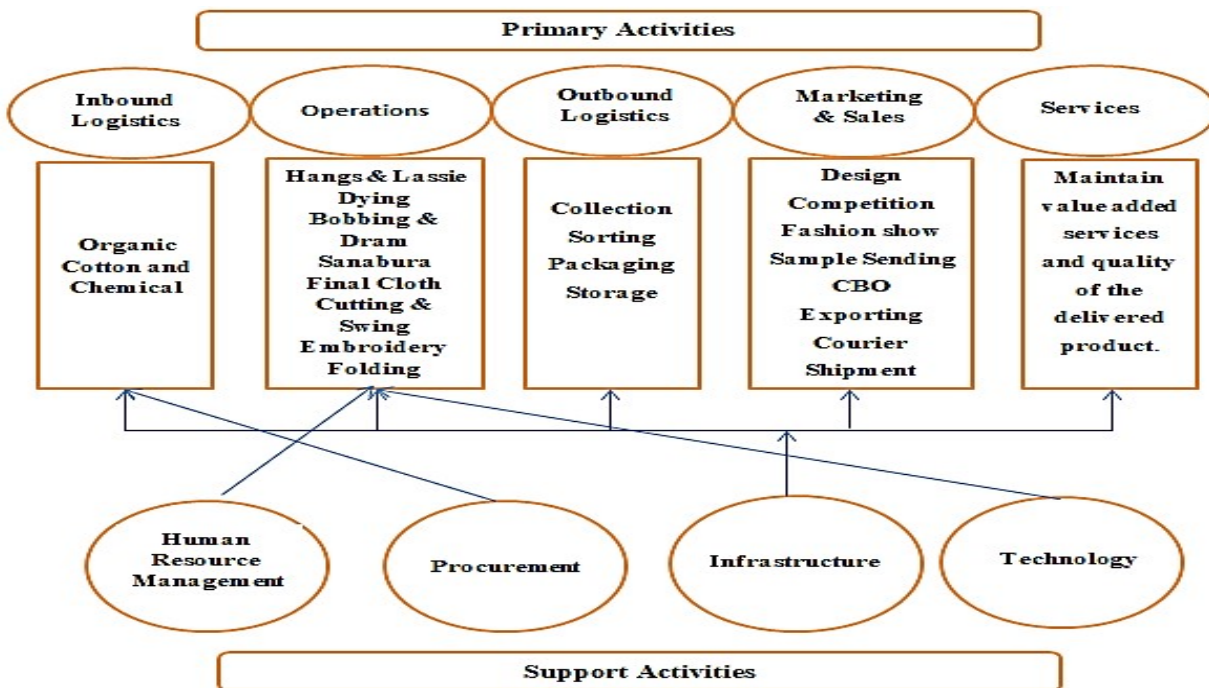


Figure. 2; Source: Handicraft Production Value Network of Swallows Developed by Authors based on Porter Value Chain Model

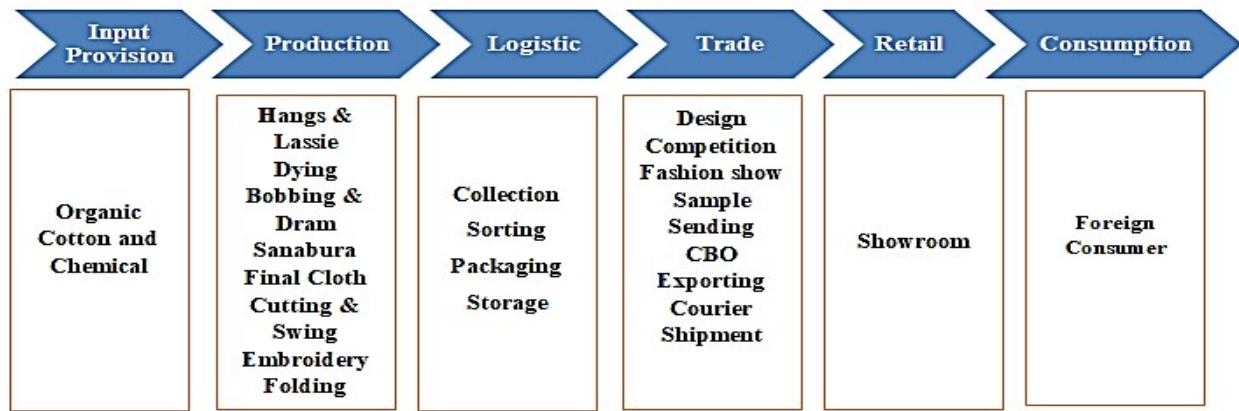


Figure 3: Source: Handicraft Production Value Chain of Swallows Developed by Authors based on Interviews

VII. CURRENT STATE AND RECENT CHANGES IN ACTORS OF HANDICRAFT PRODUCTION VALUE NETWORK OF SWALLOWS

7.1 Current State of Handicraft Production Value Network of Swallows

Maximum orders of Handicrafts are from foreign buyers. Swallows develop sample of handicrafts which raw materials are organic cotton and organic chemical that’s imported from India and Pakistan. Then they send the sample to the foreign buyers. Beside for developing sample they arrange fashion shows and design competition inviting foreign buyers. But at present these are little bit impossible because the foreign buyers are not interested to come in a remote area of Bangladesh. The most notable effects of order lacking are irregular payment and seasonal unemployment. The product price of swallows is fixed through the collective bargaining methods. The workers (most of them are female) demand the wages to the buyers on the basis of their working hours efforts and the administrative authority of Swallows acts as the negotiator between the workers and the foreign buyers. On the basis of the fixed wages and other costs the price of handicraft is fixed. The final product of the Swallows is sent to the foreign buyers through international courier services and through the post purchased services (if any) the transaction is completed.

7.2 Recent Dynamics of Handicraft Production Value Network of TSDS

Some recent changes are happened in handicraft production value networks of swallows which have link with the social and economic upgrading (downgrading). Authors identified following changes on the basis of the KII, face to face interview and observation methods.

Dynamic 01:	At present Swallows is using organic cotton and chemical for producing handicraft. But in its inception it produced handicraft from Jute. However because of government patronization they are thinking to produce handicraft from jute.
Dynamic 02:	In production process, Swallows introduce new machinery that is run through hand. As the products are handicraft it introduces handling machinery

	instead of automation.
Dynamic 03:	A remarkable change is happened in its market. Swallows lost its market after the holly artisan Attack in 01 July 2016 in which 17 foreigners are killed. This negatively effects on Swallows as foreign buyers are not interested to come village Thanapara of Rajshahi.
Dynamic 04:	Fashion show and design competition for sample development have been stopped.
Dynamic 05:	Swallows is trying to create local market demand and recently it has opened showrooms in local market.
Dynamic 06:	Market loss of Swallows creates seasonal unemployment of the workers and irregular payment of wages
Dynamic 07:	In 1972-1997 Swallows was owned and controlled by the foreigners (Sweden) but at Present it’s an independence organization listed under the NGO Bureau Bangladesh and owned and controlled by the workers and administrators of Swallows.
Dynamic 08:	Swallows is the only organization which is certified by the World Fair Trade Organization (WFTO).
Dynamic 09:	Another notable demographic change is happened in Swallows. At present most of the workers are aged women (40-50 years) and local young generation are not encouraged to engage in handicraft production in Thanapara Swallows. Beside this, at the very beginning of Swallows only females got the job opportunity. But at present the opportunity is open for all.
Dynamic 10:	Only the villagers (female) of Thanapara got the job opportunity in the factory of Swallows until 2015, at present nearer villagers (both male and female) of Thanapara may involve in Swallows and they don’t need to come in the factory. They can produce the handicraft residing in their home.

The mentioned current state and recent changes in Handicraft Production Value Network of Swallows causes economic and social upgrading (downgrading). Barrientos, Gereffi and Rossi (2011)develop various key elements of economic and social upgrading by type of works. This study categorized Handicraft production in low skilled, labor intensive work. Low skilled, labor intensive work is identified as the waged labor distinctive (from household based work) commercial production site which has a relationship between an employer (who may be the producer or an agent) and a

worker based on a wage (normally in cash, but sometimes in kind). Global brands consider it as the source of outsourcing, lower cost and market expansion. The key elements of economic and social upgrading in Handicraft production value

network (low skilled, labor intensive work) and its status (upgrading or downgrading) is the main concern of this section.

	Key Elements	Dynamics	+(ve) or – (ve)	Status	
				Upgrading	Downgrading
Economic Upgrading	Ramping up output, exports, and foreign exchange	01, 02, 08	+	√	
	Help to attract foreign investors and to meet international quality standards	02, 03, 04	-		√
	Dependent on global buyers in control of inputs and orders	01, 03, 04, 05	05 (+) and -	√	√
	Local linkages to host economy/local firms	01, 02, 03, 04, 05	05 (+) and -	√	√
	Value-addition	01, 02, 03, 04, 05, 09 and 10	01, 02, 05, 08, (+) and rest (-)	√	√
	Vulnerability in buyers' purchasing decisions	01, 02, 03, 04, 08, 09 and 10	01, 02, 08, 10 (+)	√	√
Social Upgrading	Quantity of jobs, esp. for female	02, 06, 09, 10	10 (+) and rest (-)	√	√
	Quality, Wages.	01, 02, 06, 09	01, 02 (+) and rest (-)	√	√
	Operation of labor relations	07	-		√
	Working hours	03, 04, 06	-		√
	Lack of employment security and other benefits	03, 04, 06, 09	-		√
	Skill improvement (repetitive, scrappy work)	02, 06, 09	02 (+)	√	√

Source: Developed from Barrientos, Gereffi, and Rossi 2010; Gereffi and Guler 2008

The dynamics of Swallows production value network and value chain is linked with the social and economic upgrading (downgrading) of the workers. These changes impacts (positive and negative) on the elements of the social and economic upgrading which causes status changed (upgrading and downgrading). A change ensures economic and social upgrading whereas other changes made downgrading. This proves that economic and social upgrading is jointly linked. Thus the next section will discuss about the drivers of the 10 dynamics and the linkage between the economic and social upgrading with the changes.

VIII. CONCLUSION AND CRITICAL REMARKS

Applying face to face interview, observation and KII approach to measure economic and social upgrading in handicraft manufacturing GPN it is found that, while a number of cases do experience economic upgrading, the promise of industrial upgrading through participation in GPN does not materialize for every sector of Swallow. Indeed, we finding that just over a quarter of the cases in this sector have experienced economic upgrading. Overall upgrading, i.e. the concurrence of both economic upgrading and social upgrading, has therefore been rather scarce in this enterprise. However, analysis reveals that in those cases where economic upgrading does take place, it is indeed more likely to be accompanied by social upgrading than not, which indicates some positive relationship between the two. Yet, it is important to emphasize

that patterns differ across GPN. The relationship between economic and social upgrading seems to be strongest in value additions.

The chain where the relationship seems weakest is in Ramping up output, exports, and foreign exchange. This is mostly due to the fact that for many reasons it is experienced economic upgrading. Meanwhile, the GPN of this sector has seen most economic downgrading in helping to attract foreign investors and to meet international quality standards. Though in many cases this was not accompanied with social upgrading—seasonal unemployment, irregular payment of wages. But the sample did not experience clear-cut upgrading or downgrading.

In fact, patterns of upgrading or downgrading can have different underlying mechanisms. From the methodology that allowed to observe the outcomes of upgrading attempts and processes and, thereby, to capture different types of upgrading and enhanced competitiveness. The concept of “overall upgrading” can serve as a point of departure for a more holistic theory of upgrading that integrates economic, social and sometimes ideally environmental aspects of GVC participation. Such a theory would reflect on the underlying mechanisms that drive the relationship between economic and social outcomes, accounting for possible trade-offs, thereby helping to improve the understanding of the conditions which typically lead to either overall favorable outcomes or

unfavorable outcomes. From the analysis it is known that positive developments in one area are not always accompanied by positive developments in the other domain.

Therefore, here might seem to suggest that upgrading is always desirable in any given GPNs. However certain sectors or chains offer little prospects for learning, productivity increases or technological progress and, thus, are less promising with regard to longer-term economic development. If developing countries focus their upgrading efforts on these chains and allocate an increasing amount of resources to these sectors, they risk being trapped in a low road trajectory to development (Milberg and Houston, 2005). Lack of economic upgrading (or even downgrading) in a given GPN as measured by the indicators adopted here, therefore, can be a positive thing if it is a side effect or manifestation of the structural change an economy is undergoing.

Future research might add precision and rigor to the analysis of economic and social upgrading by using information on working conditions as well as data on value-added and the state of social upgrading. Another issue that deserves heightened attention in future researches the impact of integrating and upgrading in GPN on inequality—both within and across countries. Finally, future research should aim at improving understanding about how and to what extent the observed regionalization of value chains fosters or hinders both economic and social upgrading in developing and developed countries having cases from different types of industries across the region.

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