Understanding and Entering in Global Value Chains



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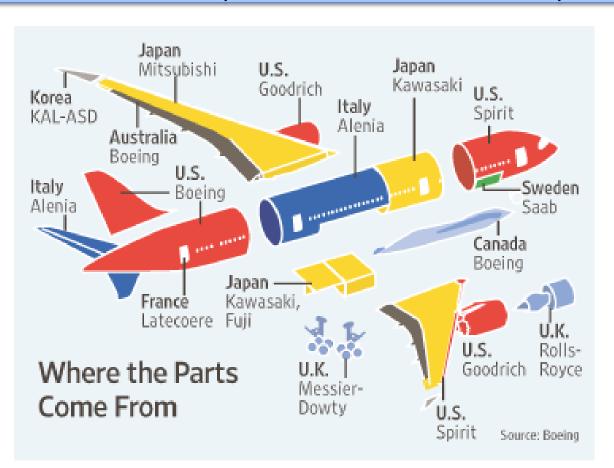
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FRAGMENTATION OF PRODUCTION: BOEING DREAMLINER 787

Fragmentation of production is not limited to small, low tech products, but is also occurring in high tech sectors with very large components and in which quality of final products can have life-death implications.



Boeing Dreamliner:

- 40 risk sharing partners (R&D and \$ commitments)
- Suppliers from 10 countries
- 4 assembly plants in US, Asia & Europe
- e.g. Wings Japan,Engines UK

For further information on the Aerospace Global Value Chain, see Bamber, Penny & Gary Gereffi. (2013). Costa Rica in the Aerospace Global Value Chain: Opportunities for Upgrading. Durham, NC: Duke CGGC,

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Horizontal Activities

HIGH

Value Added

ITO

Information Technology Outsourcing

Software R&D

IT Consulting

Software

ERP (Enterprise Resource Planning): manufacturing/operations, supply chain management, financials & project management

Applications Development

Applications Integration

Desktop management

Infrastructure

Applications Management

Network Management

Infrastructure Management

KPO

Knowledge Process Outsourcing

Business Consulting Business Analytics Market Intelligence

Legal Services

BPO

Business Process Outsourcing

ERM

(Enterprise Resource Management)

Finance & Accounting

Procurement, Logistics and Supply Chain Management

Content/
Document
Management

HRM

(Human Resource Management)

Training

Talent Management

Payroll

Recruiting

CRM

(Customer Relationship Management)

Marketing & Sales

Contact Centers/Call Centers

Vertical Activities a

Industry specific b

Banking, Financial Services and Insurance (BFSI)

Ex. Investment research, private equity research, and risk management analysis

Manufacturing

Ex. Industrial Engineering and sourcing and vendor management

Telecommunications

Ex. IP transformation, Interoperability testing and DSP and multimedia

Energy

Ex. Energy Trading and Risk Management , and Digital oil field solutions

Travel & Transportation

Revenue management systems, customer loyalty solutions

Health/Pharma

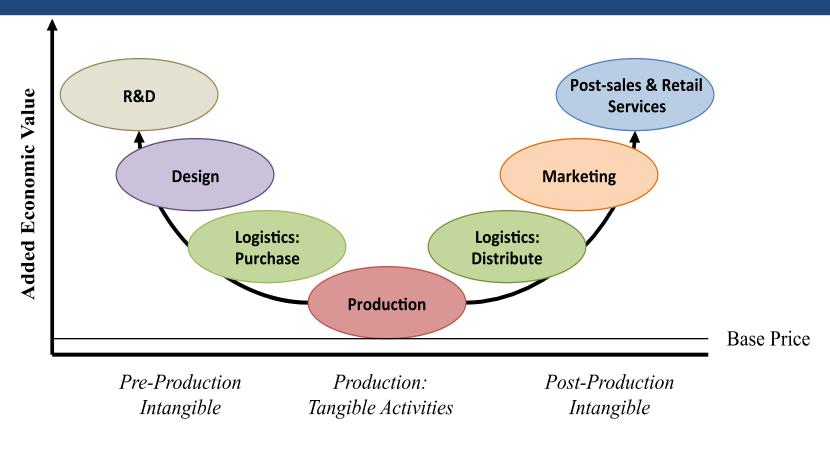
Ex. R&D, clinical trials, medical transcript

Retail

eComerce and Planning, merchandising and demand intelligence

Others 4

DISTRIBUTION OF VALUE IN GLOBAL VALUE CHAINS

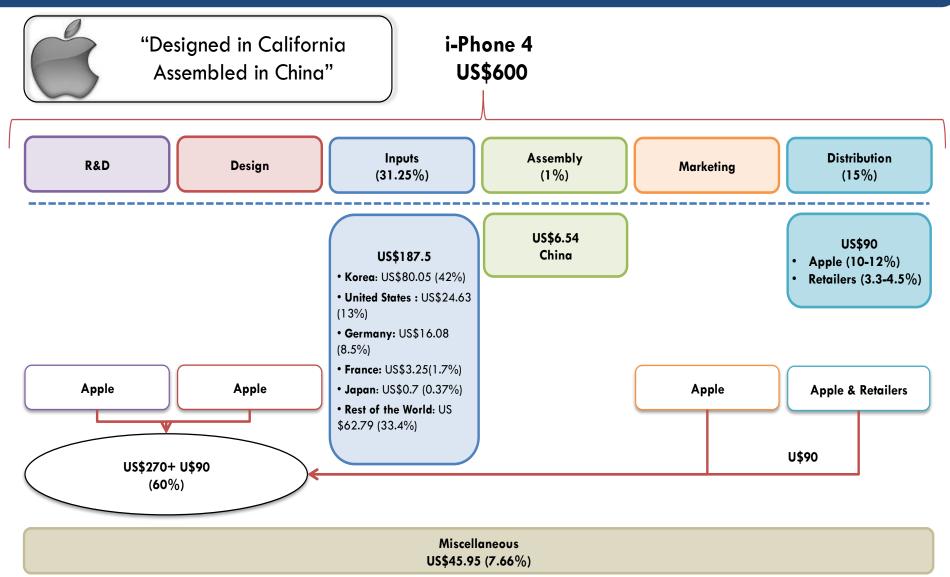


Value-Adding Activities

Source: Duke CGGC based on Frederick, Stacey. (2010). Development and Application of a Value Chain Research Approach to Understand and Evaluate Internal and External Factors and Relationships Affecting Economic Competitiveness in the Textile Value Chain. Unpublished Phd Dissertation, North Carolina State University, Raleigh, NC.

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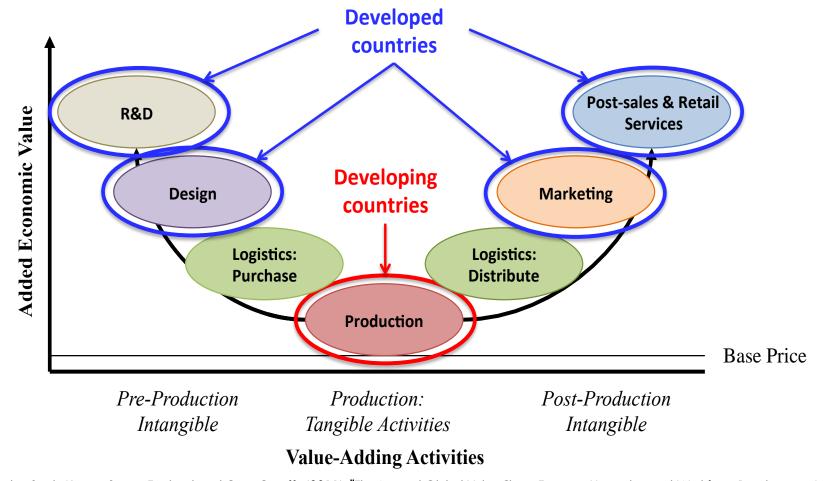
DISTRIBUTION OF VALUE IN GVCS: THE i-PHONE 4 GLOBAL VALUE CHAIN



Source: Duke CGGC based on Xing, Yuquing. (2013). The Supply Chain of the iPhone and Trade in Value Added. Manila: ADBI.

DISTRIBUTION OF VALUE IN GLOBAL VALUE CHAINS

There has been a tendency for developed countries to concentrate in higher value activities while developing countries are generally concentrated in lower value activities



Source: Fernandez-Stark, Karina, Stacey Frederick and Gary Gereffi. (2011). "The Apparel Global Value Chain: Economic Upgrading and Workforce Development. In G. Gereffi, K. Fernandez-Stark & P. Psilos (Eds.), Skills for Upgrading: Workforce Development and Global Value Chains in Developing Countries. Durham: Center on Globalization Governance & Competitiveness and RTI International.

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