

Global Value Chains: Governance and Enablers

Chair: Stefanie Ann Lenway, University of Illinois at Chicago: Flat Panel Displays

Presenters:

Jean Kinsey, University of Minnesota: Food Retailing

Gary Hamilton, University of Washington: Global Retailing and Merchandising

Francine Lafontaine, University of Michigan: Franchising and Trucking

Tom Murtha, U. of Illinois at Chicago and U. of Minnesota: Flat Panel Displays and Industry Globalization Research Program

This panel will discuss new ways that firms are organizing their global operations. Each of the panelists will address the following questions:

- *How is globalization related to the reordering of value chain activities in specific industries, including the location of activities and the loci of power, control and innovation?*
- *What new global-scale organizational and inter-organizational network governance patterns can be observed? Are there broad patterns that cut across industries?*
- *How have advances in transportation, communications, and information technologies enabled the fragmentation and coordination of activities in global value chains?*

Jean Kinsey will discuss how the centers of decision (power) have changed in the food industry with the rise of large and global retailers. Every business in the food value chain has been forced to redefine its core business and to merge with partners – horizontally and/or vertically – in order to compete with new business models. The implications of this quest for efficiency for consumer choice, food security, and business locations will be discussed.

Gary Hamilton will discuss how the concentration of, and competition among, global retailers and brand name merchandisers have promoted changes in the global manufacturing and promotion of brand-name consumer products. In particular, he will summarize recent trends in the triangular relationship among big-box retailers, brand-name holding companies, and large contract manufacturers. The big question is, “What are the effects of these changes on national economies?”

Francine Lafontaine will discuss how franchising, as a mode of organization, has allowed firms to expand internationally by replicating the same general business model in each foreign market. Two characteristics of the international operations of franchised chains will be discussed, the use of country-level master franchisees or area developers, and local sourcing. She will also discuss how the organization of the road transport industry has changed as a result of the opening up of markets to international transport in the EU.

Thomas P. Murtha will discuss new models of organization and governance in relationships among equipment makers, materials suppliers and producers of lead-generation liquid crystal displays for flat panel display home TVs. Critical knowledge work has both loosened and tightened its ties to geography, as teams of equipment and materials makers' engineers travel among producer sites, to build, test, help start up and establish commercial yield rates for new manufacturing lines. These operational modalities blur organizational boundaries, as well as the distinction between manufacturing and services.