



Review of *Business, Power and Sustainability in a World of Global Value Chains* by Stefano Ponte

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While more food, energy and materials than ever before are now being supplied to people in most places, this is increasingly at the expense of nature's ability to provide such contributions in the future, and frequently undermines nature's many other contributions, which range from water quality regulation to sense of place.

(Diaz et al. 2019, p. 10)

The concern for environmental sustainability and resultant human sustainability have led to an increased focus globally on charting out a path towards achieving it. In addition to nation states, international organizations, and civil society, businesses have also introduced innovative practices in their efforts towards ensuring environmental sustainability. Another related development over the past few decades has been the emergence of a truly globalized production and consumption, driven, in part, by the advent of global value chains (GVCs). The operations of GVCs spanning different firms and borders are at the heart of world trade today (Gereffi and Kaplinsky 2001). However, the GVCs have also increasingly come under scrutiny for their environmentally unsustainable practices, including their contribution towards land degradation, excessive water usage, accelerated pace of deforestation, loss of biodiversity, and rising greenhouse gas emissions (Diaz et al. 2019; Mithöfer et al. 2017). Consequently, actors within the GVCs have taken steps to integrate sustainability practices into their operations, not just to guard against possible exposes by non-governmental organizations and the media, but also to enhance their reputation, reduce their costs, and find new avenues to increase their

profits. Stefano Ponte's book makes this interaction of how environmental sustainability is managed and governed in GVCs, the subject matter of its inquiry.

Business, Power and Sustainability in a World of Global Value Chains offers an understanding of how the governance of environmental sustainability in GVCs affects the overall governance of GVCs, and with what consequences for different actors. The book delves into how environmental sustainability is being used by the lead firms, which occupy a particular functional position in the value chain and are able to significantly influence the dynamics in the GVC, to consolidate their power with respect to other actors in the GVC, and how it is being employed to accumulate more capital. It also sheds light on how a better understanding of these aspects can be used by the orchestrators, such as nation states, international organizations, and civil society, to help achieve environmental sustainability in GVCs. Using detailed case studies of wine, coffee, biofuels, aviation, and shipping GVCs, the author offers a nuanced analysis of these aspects.

The book sets out to understand the role played by the sustainability factors in shaping the power dynamics, which, in turn, mold the governance of the GVCs. Using the typology of four kinds of powers, namely *bargaining power*, *demonstrative power*, *institutional power*, and *constitutive power*, the author analyzes governance in the GVCs (Dallas et al. 2019). The book illustrates how these powers individually, or in combination with one another, affect the governance in a GVC, leading to insights about how they operate, to whose benefit, and what could be the possible entry points for intervention. GVCs are categorized as unipolar, bipolar, and multipolar, based on whether one, two, or multiple set(s) of actors, occupying different positions either within or outside the GVC are able to shape the dynamics within them. The author uses these categories to understand whether the GVCs have changed in terms of their polarity or do they continue to be shaped by the same actors as in the past.

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Ponte uses case studies of wine, coffee, and biofuels GVCs, and adopts an evolutionary approach to make a comparison between two broad periods, for drawing out the changes in all four kinds of powers over the years.

Based on the analysis undertaken by Ponte, it emerges that, in the wine and coffee GVCs, changes in and interactions between demonstrative, constitutive, and institutional powers played an instrumental role in strengthening the bargaining power of the buyers in these GVCs. Consequently, the governance of these GVCs changed from being multipolar to unipolar. In the biofuels GVC, institutional and constitutive powers helped establish environmental sustainability as the key tenet in the biofuels industry, and, to a great extent, bargaining power remained evenly distributed across different stakeholders. As a result, the governance of biofuels GVC continued to remain multipolar. For the readers, the three case studies offer an important variation in terms of how integral sustainability has been in shaping the governance in each of these GVCs.

The book also examines how actors in the GVCs, especially the producers and the suppliers, are required to undertake environmental upgrading. The analysis of the three GVCs reveals that in GVCs which have unipolar governance, such as wine and coffee, the environmental upgrading is usually driven by the lead firms. While, in the GVCs with multipolar governance, such as biofuels, environmental upgrading is more likely to be driven by the regulators. However, environmental upgrading by the producers and the suppliers is usually not accompanied by an increase in their margins. Rather, it becomes an added demand to be complied with, and an added cost to be borne by them in order to participate in the GVC. To ensure environmental upgrading, lead firms seek more information, demand greater monitoring, and exercise more control over the producers and the suppliers. As a result of these sustainability-related changes, more demands are placed on the producers and the suppliers, and more value is extracted from them without a commensurate increase in their margins; a process termed by Ponte as *sustainability-driven supplier squeeze*.

The lead firms use sustainability-related issues to introduce practices that enable them to increase their profitability and accumulate capital. This process of capturing value created by the producers and the suppliers through the introduction of sustainability-related practices by the lead firms has been termed as *green capital accumulation*. Therefore, what we see is that the powerful lead firms in GVCs capture disproportionate value for themselves by addressing sustainability concerns in the value chains. However, in this entire process, the real impact on environmental outcomes, if any, remains limited.

Ponte emphasizes that the business case for environmental sustainability has been settled, with sustainability being commoditized and used as a marketing and strategy tool to

accumulate wealth by the corporations. Further, sustainability has been used towards *green capital accumulation*, not quite addressing the environmental concerns it was originally meant for. Hence, there are limitations to what corporations can do through self-regulation or multi-stakeholder initiatives, and it is critical that governments, international organizations, and civil society act as sustainability orchestrators in order to make meaningful strides towards environmental protection.

Towards the end, Ponte adopts a normative approach and suggests strategies that can be adopted by the public authorities acting as orchestrators to regulate actions of stakeholders, raise standards, and actualize environmental sustainability in the GVCs. The comparison between the aviation and maritime shipping industries is used in the book to show, how even in the absence of committed engagement by international organizations, nation states can effectively intervene to orchestrate environmental sustainability. Also, wine, coffee, and biofuels case studies showcase that state-led orchestration is more likely to succeed in multipolar and bipolar GVCs as compared to the unipolar GVCs. The author notes that successful orchestration of environmental sustainability requires a combination of directive and facilitative instruments, ways to increase the visibility of the issue, and alignment of private and public actors' interests. Nonetheless, such strategies should be informed by the specificities of the issue at hand and the dynamics in the GVC.

In conclusion, Ponte calls out the inherent contradictions underlying green capitalism which is often offered as the solution to the ongoing environmental crises. Green capitalism is a belief held by a majority of those at the helm of affairs, including policymakers, politicians, business leaders, and economists, that environmental sustainability and everlasting increase in production and consumption, and resultant profits can go hand in hand. It turns towards green taxes, innovative technology, and shopping for eco-friendly products as the solutions towards achieving environmental sustainability (Smith 2011). Green capitalism turns a blind eye towards the fact that gains made through the solutions outlined by it doesn't amount to much once the rising production and consumption world over are taken into account. Ponte notes that our preoccupation with economic growth requires to be reimagined. It needs to be recast in terms of alternative ways of thinking about and organizing the global economy. The book moves beyond conceptualizing sustainability as only an environmental concern and turns towards the holistic conception of *just sustainabilities*, which includes securing a good quality of life for all, ensuring justice and equality, consideration for present and future generations, and a need to live within the limits of our ecosystems (Agyeman et al. 2003).

Business, Power and Sustainability in a World of Global Value Chains is an important contribution. It is one of the

first treatments to offer a holistic understanding of how environmental sustainability is governed in the GVCs and how that influences the governance of GVCs in turn. Earlier contributions have either dealt with the governance of social and environmental sustainability together (Bush et al. 2015) thus, limiting their ability to comment in a nuanced manner about the specifics of governance of environmental sustainability in GVCs. Or, studies have covered a specific aspect of governing environmental sustainability in a GVC (e.g. Poulsen et al. 2016), therefore, being constrained in offering an integrative understanding about the mechanisms governing environmental sustainability in GVCs. This book not only maintains its focus specifically on environmental sustainability in the context of GVCs, but also covers a substantial ground, thus, offering readers a comprehensive account of the subject.

In addition, the usage of detailed case studies makes it simpler for the readers to relate to the subject matter, allowing them to delve deeper into the topic with ease. The book is able to foreground a nuanced understanding of different kinds of powers and how sustainability concerns influence these powers to eventually shape the governance of GVCs. It is particularly insightful in showcasing how environmental sustainability is being leveraged by powerful actors to further strengthen their footing at the expense of actors who are entrusted with achieving sustainability.

A dedicated section in the book, offering a more detailed account of the actual impact of existing sustainability measures adopted in GVCs towards the end goal of realizing environmental sustainability, would have further stressed the need for orchestrating sustainability. This also highlights the need for further research assessing the impact of the environmental sustainability measures adopted by businesses in attaining environmental sustainability. Such studies will help in gauging the extent to which these measures address the very real challenges of our own making.

This book is also bound to leave readers with questions, such as what are the limits of self-regulation for businesses? And, given the gravity of the challenges, will the measures adopted by businesses ever be enough? Also, if achieving environmental sustainability requires concerted efforts from several actors then what are the complexities involved in bringing these different actors with varying interests, motivations, capacities, and power, on board? And, lastly, if we don't want environmental sustainability to just remain a strategic or marketing tool and want to see it transformed into a reality, then what changes are required in the way GVCs are organized and governed? And, what are the pathways

towards achieving these alternative ways of organizing the GVCs?

Stefano Ponte has drawn on his research carried out over the last 20 years examining different GVCs in several parts of the world, to offer a timely contribution. The book is a highly recommended reading for scholars, researchers, policymakers, activists, and for all concerned citizens.

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