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# Labour arbitrage: the lifecycle of a global production node

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## Abstract

**Purpose** – The purpose of this paper is to address the geographic mobility of organisations by focusing on an instance of a rural community hosting a mobile phone plant in Romania. The paper depicts the process of changes in the community and outlines the effects during the lifecycle of the investment: starting from the plant's re-location from Germany to Romania until its closure and re-location to Southern China.

**Design/methodology/approach** – This study emerged from a 16 month ethnography in the community conducted between 2011 and 2013. The quotes and observations come from recorded interviews and field notes taken during this time.

**Findings** – The outcome of this work is to show how firms generate relationships not only with each other, but also with local communities, their labour markets and economies. As the author argue in this work, those relationships, despite their intensity and transformative power, are unstable and contrary to expectations might prove to be fragile and temporary.

**Originality/value** – A number of approaches, such as world-system theory, political economy or the global value chain theory, try to describe the ongoing re-location of manufacturing industry by employing a top-down perspective. In this work, the author goes beyond this view and instead focus on the cultural meanings of this process. The author's bottom-up perspective focuses on the particular geographic location of a production node, an important part of the global value chain of a major producer of consumer electronics. The unique value of this work is also that it shows the local outcomes of the investment and the way that workers understand their participation in global production at different stages of organisational life.

**Keywords** Globalization, Romania, Labour, Ethnography, Mobility

**Paper type** Research paper

## Introduction

The industrial workplace has evolved over time but it has never been as mobile as it is today. Movement of production lines, similarly to the movement of migrant workers, has increased. The hypermobility of production has become one of the biggest challenges for the workforce. Recent decades brought an increased number of industrial factory closures in industrialised economies. Detroit, the motor city, with its collapsed industry and immense scale of social problems is the most dramatic example of these changes (LeDuff, 2013; Galster, 2012). A growing number of communities witness factory closures. Continuing industrial restructuring changes cities and regions, including these traditionally regarded as industrial. In some places production plants are turned into fashionable lofts, while in others they rust and remain forgotten. Geographically dispersed industrial production is intensifying. Even highly recognised manufacturers, often considered symbols of nations and their values, such as British clothing producer Burberry, end up offshoring their production cycles (Blyton and

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Jenkins, 2013). Information technology, expansion of global value chains, decreasing trade barriers and economic integration have stimulated changes in the way organisations are governed and how work is organised.

Production is undergoing globalisation and as a result, the workforce is highly dependent on the condition of international markets. Regardless of the sector, the competition on the global labour market evolves. The central concept driving offshoring is labour arbitrage, referring to the savings an organisation may make by hiring labour in a location where it is cheaper than domestically (Hollinshead *et al.*, 2011). Labour arbitrage effectively reduces the bargaining power of employees in favour of their employers. Offshoring practices – relocations of businesses from one location to another – transform not only organisations but also the way employees engage in work. In the new locations, the introduction of new regimes of production offers lower labour costs, new organisation of work and improved efficiency (Brass, 2011). Factory workers in more advanced economies lose.

Labour arbitrage is a social issue. Offshoring leads to wealth creation for organisations but not necessarily for countries, regions or foremost employees (Levy, 2005). Nation states, progressively integrating economically and politically, struggle to control production processes. With offshoring, their sovereignty remains challenged in a vast number of spheres (Sassen, 1996; Krasner, 1999; Cohen, 2012). Complete lack of protection and control over the labour process leads to the intensive cost-competition race between hosting populations (Rudra, 2008; Brass, 2011). No geography is left aside. Advanced Western economies with long industrial pasts face factory closures (Rousseau, 2011; Mollona, 2009; Blyton and Jenkins, 2012), adapt to service work offshoring (Nadeem, 2009) and try to cope with industry restructuring. The competition contenders, usually less powerful economies, actively expand their global engagements by offering privileges and lower costs of labour. As this competition has no end, it is known as the “race to the bottom” in labour costs (Rudra, 2008; Collins and Mayer, 2010). The further down the costs go, the bigger the potential net profits. The decrease in costs is proportional to the decrease not only in salary levels and work conditions but also in the scope of labour movements and workers’ rights (Clawson, 2003; Silver, 2003).

Ethnographic studies of workplaces have proven to be a helpful tool in framing encounters with overseas organisational cultures. Anthropologists and sociologists have widely addressed how foreign investors have either transformed existing workplaces or created new ones, by for instance introducing new management systems, bringing in foreign management staff or increasing efficiency. This transformation is taking place on a global scale. Critical studies of labour produced case studies touching problems of workers in a global context, for instance by referring to industrial workplaces in Mexico (Fernández-Kelly, 1983; Salzinger, 2003), Thailand (Mills, 1999) or China (Lee, 2007; Pun, 2005). This paper’s aim is to introduce the issue of global mobility of production nodes, as parts of global production systems, into studies of organisational change and highlight it as a timely topic of research. Despite the wealth of literature analysing the outcomes of labour arbitrage, there is still a gap in studying “on the ground” effects of mobility of workplaces. My paper contributes to a literature which seeks to explain how industrial dislocations shape local communities across geographies. In this manuscript I focus on the lived experience of labour arbitrage by showing the changing situation of workers during a manufacturing plant’s location, presence and dislocation. To theorise this journey, I employ the lifecycle metaphor in order to emphasise the

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plant's continuous reincarnation in different geographies and production regimes. This study is a voice in the discussion about labour arbitrage, gives voice to the community, and shows the changes in the village where the plant was located without judgements or single-toned assessments of workers, the investor and the village. In the following sections I start my analysis by reviewing the theoretical context and presenting the method used in my study. I then draw on my ethnographic data and chronologically analyse the events that took place in the studied community from the coming of the investor from Germany until its re-location to Southern China. In the final section I discuss the case and provide conclusions.

### **Theorizing the lifecycle of a production node**

Theories of value chains help to conceptualise the global scope of production processes. World-systems theory gave a theoretical foundation to studying how economic relationships and value emerge on a global scale (Wallerstein, 1974). Different theoretical streams followed, developing concepts referring to geographically spread production, such as global commodity chains (Gereffi *et al.*, 2005) or global production networks (Henderson *et al.*, 2002). In these approaches, the organisation as a whole is central, with different network "nodes" dispersed geographically. The literature has explored the effects of this dispersion by addressing the relationship between nodes and regional and local development (Henderson *et al.*, 2002; Yeung *et al.*, 2006) or relationships between different nodes within the chain, for instance with regards to distribution of profits (Fold, 2002; Gibbon and Ponte, 2005), or conditions of labour (Barrientos and Kritzing, 2004; Staritz, 2011; Lloyd-Evans, 2008). In sum, value chain research shares "a focus on the organisational and spatial structure and dynamics of industries, the strategies and behaviour of major firms and their suppliers, and the need to identify scalable conceptual tools that help researchers move easily from local to global levels of analysis" (Sturgeon, 2008, p. 22). In this paper I further examine the relationship of these levels by employing an ethnographic perspective in order to focus on the outcomes of the production node's presence. My empirically informed study shows how the creation of a node might be understood and what outcomes it generates locally.

Adapting lifecycle theory to the context of my study enables seeing the trajectory of an organisation that in a short underwent chronological changes. I believe that the present case provides a powerful example of organisational changes in a globalised production value chain. Lifecycle theory has been widely supported theoretically and empirically in organisational studies (Phelps *et al.*, 2007; Rutherford *et al.*, 2003; Stubbart and Smalley, 1999). A variety of lifecycle models put an emphasis on different organisational characteristics across stages of organisational development with the common goal of showing how organisations change over time and examining if this change occurs according to a predictable pattern (Hanks *et al.*, 1993; Quinn and Cameron, 1983). Lifecycle configurations observe change over different stages or define phases in relation to organisation context or structure (Van de Ven and Poole, 1995; Moores and Susana, 2001). At the base of lifecycle theory there is often a goal of identifying an underlying form, logic, programme, or code that regulates the process of change and stimulating shifts from one stage to another (Lester *et al.*, 2003).

The uniqueness of my case lies in the very short time of progression through life stages. So far, in studies of the manufacturing sector most attention has been given to the end of the lifecycle. For instance, Rebecka Arman shows the case of a closure of a plant belonging to a pharmaceutical multinational company in Sweden (Arman, 2014). Using her case, she builds different metaphors that capture and make sense of the

process and actors engaged in the closure. The types of death she identifies (murder, sacrificial killing, palliative death) show the multiplicity of contexts and actors involved in the closure. Other organisational death studies extensively elaborate on the social effects of closures or the workforce restructuring (Mollona, 2009; Rousseau, 2011). In my paper I similarly employ the notion of organisational lifecycle with the goal of expressing the changes occurring over time and in relation to a single node's activity and mobility. My underpinning assumption in thinking of a cycle, instead of an isolated "life course", is the fact that the process has repeated in each of the geographies in which the plant was present. The cyclical nature of global re-establishing of manufacturing plants, or production nodes, is based on geographical re-location and incorporation of a new workforce across cultures and geographies. In this case organisational lifecycle is not completely based on organismic evolution and change but it rather results from a pre-programmed cycle set by the global corporation's management. Even though the length of the cycle, as well as stages of growth, are to a large degree unknown, creating and closing network nodes is a natural process of value chain governance. This form of "organisational eugenics" is based on programming nodes to terminate and continuously re-establishing them somewhere else. Below, I focus on a single cycle, believing that the empirical evidence illustrates the trajectory of the workforce and the cyclical nature of the production node's life.

### **Ethnography of a moving plant**

Distant, often forgotten places seem to be out of place in large visions of production systems. Grand theories of economic globalisation often ignore them, or anonymously mention them as a source of energy for the process of economic development. I believe that ethnographic research provides a counterbalance and shows the "conjunctures" of global processes (Tsing, 2005). I hope to convey the meanings, lived experiences and emotions generated locally by a global production node. Michael Burawoy argues that the ethnographer has a privileged insight into the lived experience of globalisation (Burawoy, 2000). For Burawoy global ethnography means "releasing fieldwork from solitary confinement, from being bound to a single place and time" (Burawoy, 2000, p. 4). The scope of globalisation forces researchers to follow studied processes worldwide – wherever they emerge in a sphere that they explore. The ethnographer is pushed towards multi-sited fieldwork (Marcus, 1995), and needs to constantly follow the movement of the studied objects (Scheper-Hughes, 2004). Similar to classically understood ethnography, the underlying assumption of this research programme is staying close to the practices to gain analytical and critical understanding of the described forms by examining how actors reflect upon them or call them into question.

Ethnography is an important tool for studying the on-the-ground experiences of reconstructions caused by global capitalism. In my study I consider and conceptualise the encounters of a lean manufacturing plant and a village community. I understand the plant's presence as a set of "global assemblages", which represent the transformation caused by the interaction of two scales of social processes (Ong and Collier, 2005). Anna Tsing formed the concept of "friction" to further grasp the connection between the universal "global" and a particular "local". Friction reflects the process behind local social change: "the awkward, unequal, unstable, and creative qualities of interconnection across difference" (Tsing, 2005, p. 4). It exposes the specific context and outcomes of the production node's presence, such as the new arrangements of culture and power, the "sticky engagements", a result of encounters of processes of multiple scales. Bridging organisational lifecycle theory with context-specific

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ethnographic data fits well with this research approach. During my studies I spent 16 months in the field, studying the plant's activity and a series of movements: from Germany to Romania in 2008 and further to China in 2012. In this paper, I focus on the middle step of its journey. The data used in this paper comes from selected 30 in-depth interviews of my study and my field notes done during participant observation. The names of the respondents were changed in order to protect their identity.

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### **They came and made us believe**

The beautiful hot summer of 2011. We sit under trees in the garden sipping lemon-flavoured beer. With these temperatures it's hard to get hungry but we are slowly eating a salad made with vegetables from the garden. The surrounding is peaceful. Buzzing wasps fly around the beer glasses. In the background there is the noise of cars on the express road. The garden on a little hill looking over a Transylvanian valley is relaxing. The picturesque perspective from the back of the garden looks over a number of villages with their churches, hills where sheep are herded, as well as the road with the industrial zone. My hosts, Razvan and his family, seem to be very relaxed too. It is Sunday, early afternoon. We are telling each other jokes and talk about our families. Laughing and enjoying my time, I ask if it would make sense for me to buy a plot of land and move in to the village. Razvan laughs and says he regrets that all his children are already married. His wife, however, says that perhaps it would not be a bad idea – given the plant's presence.

Since the plant was established in the village a lot has changed. Not that anything is perfect, but at least younger people have a future. Before the plant, there was not much. Communism in Romania was not easy, but at least everybody had work and there was less to fear. Once it collapsed, people realised that capitalism is not ideal at all. Romanian industry and agriculture collapsed, leaving the population with no work or help. Life in the cities might have been easier – the countryside has started to fade out, rust, it became hopeless. Migrations to the West started, but required some capital to start with, or at least somebody on the spot to help find jobs (Vlase, 2012). Anywhere inside the country, it was very hard to find a job. These who had one, did not get paid for months. After 1989 there was no economic boom either. Foreign investors did not choose Romania in the first place. Not much improved through the first decade. Only later, slowly, Romanian industry started to recover. Thankfully people in the countryside are not afraid of hard work, and some of them can cultivate land and produce food.

When the plant came to the village a few years ago, it brought hope. It was not an immediate solution but it brought a difference, unexpectedly. Somebody at the table says that it was like a silver UFO that landed on the field. Everybody laughs very hard. I like this metaphor and it stays in my head for a long time. When a couple of weeks later I tour the plant I notice some of its futuristic features: the silver exterior; the ventilation pipes; metal detectors; it all gives the impression of being from a different world. The gossip about the plant's construction started in 2007. People did not know what to expect, but newspaper headlines, media stories and returning reporters were a sign of something new. The plant was built quickly on the former grounds of a state farm. An industrial zone of over 90 hectares was built by the nearby express road. Regional authorities negotiated multiple locations with the investor, at the end agreeing to construct the zone in the village and spending over £12million in order to build and equip it. The investor financed a silver building that contains more than 375,000 square feet of space. The plant has its own infrastructure, including kilometres of long asphalt

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lanes, road lights, gas supply, rain drain, electricity supply and a water purification station. Somebody at the table jokes that the dusty village waited for the asphalt road for over 60 years but the plant was a priority. Even the construction stage changed the job situation in the village. Temporary construction jobs attracted some of the villagers. But the job market really boomed when the plant opened. People from the village were eager to use this opportunity. Workers were mostly recruited from the neighbouring city and surrounding towns and villages. The workforce was composed of both men and women, most of them between 20 and 45 years old. A system of shuttle buses transported the workforce everyday. With the future extension of the zone in mind, in order to bring workers from further areas, the investor built a train platform. A direct connection from the industrial zone to the local airport was planned.

On the afternoon I visited Razvan's family, they showed me pictures of the zone on the internet. Some of them depict villagers walking by the zone. The most frequently posted picture is of three village women walking by the big corporate sign in the zone. A couple of weeks later I found the women in the village. One of them tells me why and how they came to the zone:

It all started when the company invited everybody to come to the opening. They were saying on the radio and TV that everybody is welcome to come over and see and celebrate the opening. So we went. To be frank, we thought they would be giving out freebies. There were crowds of people - like bees around a hive. We dressed up nicely, and took a walk into the zone. This is when they took that picture. There were a lot of people, everybody wanted to know if there will be jobs, or at least get a drink. They did not even bother to let us in - we were standing by the barriers. The only person that got something was the mayor. But he was on the stage.

The scale of enthusiasm in the village was sky high when the factory was completed. After the opening the investor's presence was further publicised. Suddenly, real estate in the village became valuable for people from the outside. Unused plots of land, backyard gardens and steep hills were located in proximity to Romania's most famous industrial zone. The average number of sale transactions per year in the village grew from 20 to 160. Local authorities planned new investments. From the first day they were aware of the tax that the investor will pay - corporate real estate tax alone improved the local budget by 25 per cent.

Back at the table that Sunday afternoon, Razvan, excited about my interest in the plant, brings a lot of gadgets to explain to me his work in the plant to me. There is his key to the locker; a badge; a code-stick for the coffee machine; he shows me his working clothes; even rubber sandals with anti-electrostatic properties. He also brings me a printout of a picture where he poses with his mates. They are laughing really hard and pointing at their manager. He truly enjoys talking about the work in the plant:

It is enjoyable - after all is there any employer that on the top of a salary could offer free food (two meals), a gym, and food vouchers? - Maybe the pay is not the highest, but let's not forget that a few years back there was very little hope.

### **The plant changed everything**

From 2008, inside the plant the organisation of production is based on high-volume output. Thousands of mobile phones are produced in the factory daily. Like other plants in the consumer electronics segment, the "lean" production in the factory connects simple manual labour with advanced information technology (Moody, 2001). The management working in the investment was globally recruited, mostly

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internationally and moved to Romania to run the plant. Newly recruited workers have three weeks of off-site training followed by on-site training. Because of the sensitivity of the components, the shop floor is air-conditioned, air filtered and all surfaces are constantly cleaned as any source of dust might complicate the production process. The factory is extremely well monitored with CCTV and metal detectors. The core workforce of the factory, hired directly by the investor, receives numerous benefits, including health insurance, food allowance coupons and basic healthcare. Depending on need, the rest, an estimated 50-60 per cent of the shop floor workforce, is hired through intermediary contracts, getting paid less and working for defined periods, usually three months.

It is common to hear that entering the plant is like taking a journey to a different world. The metaphor of a UFO continues to resonate in my head throughout my time in the field. The contrast between the world inside the plant and the outside is apparent. Entering and leaving the plant was like a journey. And travels are cathartic, give mental rest and bring balance back to people. It is clear that being a member of the shop floor is understood by some as a form of empowerment from the traditional rural household, post-socialist stagnation, the greyness of everyday life or simply from very hot summers and freezing winters. Being needed in the plant, belonging to new social settings, or gaining work benefits, allows workers to reconceptualise their own place in the universe. Seeing oneself as an element of global production feels good. Those experiences are much more important than a rational conversion of the amount of work into the wage. The wage is low but rarely underappreciated.

It is also not only about the workplace quality but also about the difference. The plant offers something that breaks the routine. It is very rare to hear that the labour in the plant is hard, that it is difficult to work there or that the policy of the investor is unfair. The opinions of my informants show me that the plant in a way became “as comfortable as a second home”. Some even mention that the conditions, such as the temperature or canteen food, are even more comfortable than what they have at home. Everything seems new and extremely pristine. The plant’s canteen has an open buffet instead of a kitchen counter. The light is different, the temperature is different, a coffee from a vending machine tastes different, the people behave differently even though they come from nearby. Even elements such as permanent invigilation are accepted; theft in the plant is marginal. The opinion of a 20 year old operator was common among the workforce: “To be honest, it was not hard work. It was boring work. But it was not hard. No movement is just boring, but it was okay. The conditions of work were very good; they treated us in a civilised way”.

The workers and the village are reassured by the long term-orientation of the investor. From the time the construction of the plant started, the investor presented ambitious ideas for developing its plan. These include a vision of future symbiosis with the hosting community and the zone, with the plant at its centre, factories of suppliers, a hotel for workers and the creation of thousands of jobs. The idea of creating a “high-tech village” is considered a bit surreal. Visualisations and drafts of detailed plans hang on the walls of the local town hall. The village desires the investor’s vision. Everybody thinks that there will be further investments and even more jobs in the village – the zone had spots for further plants and factories. The big empty roads are for them. They assure further development. In a few years the whole valley will be full of foreign enterprises. This is only the beginning. There will be more, there is no way back.

The plant’s presence also designates a major change in the local history. A local tourist brochure printed by the authorities informs a reader that the village has entered



“the new era”. The desire for epochal change was transmitted through globalisation, based on a binary image of the world: dividing it between urbanised and non-urbanised and creating corresponding oppositions in different aspects of social life. Their foundation lies in the classical dichotomy of *Gemeinschaft* and *Gesellschaft* and its reflection in personal interactions, roles, values and beliefs (Tönnies, 1934). What is the main force behind the village’s urbanisation and modernisation that postulates the replacement of *Gemeinschaft* with *Gesellschaft*? Anthropologists in particular seek the answer to this question in the global project of “development”, originating in colonial times and assuming the movement from “backwardness” to “modernity” (Cooper, 1996; Escobar, 1995). The community believes the plant launched development that occurs through implicit expansion to “the rest” by “the West” via the capitalist programme. It is similar to the communist expansion of the post-war years, when the Soviet Union promoted efficiency techniques in the Eastern block to harness and maximise the labour of its citizens and promoted urbanisation and industrialisation (Dunn, 2008; Wegren, 1998). In the village there is a desire for transformation that expands the visions of consumerism and urban ways of living, both as part of the postmodern condition of global order (Harvey, 1990).

“It was a final moment to change something and to live like in Europe”, said one of the workers working in the cleaning division of the plant. In the village the plant materialises the Romanian fantasy of the West. The investor’s presence functions as a symbolic catapult that launches the desire for change and permits the realisation of an urban fantasy. Even though the plant’s financial contribution to its realisation is limited, the symbolic power is very high. The authorities made plans to change the village, to pave its roads, to build a town hall and a shopping complex. The plant also stimulated villagers’ attempts to turn the plant’s presence into a source of business. Some try selling fruit and renting rooms to the existing workforce. The investment influences local aspirations and reflections on changing livelihoods that are formed in opposition to the traditional village lifestyle. One of the workers emphasises that he spends hours assembling mobile phones to “afford one of them at some point”.

### **They left with no warning**

It is the cold autumn of 2011, and the highly unexpected dislocation was just announced. I am driving fast to the village. When I arrive, there are dozens of journalists. The workers are leaving the plenary meeting. The management has just announced the closure in a large tent that was erected a few days ago. Prior to this decision, the production floor was running at high capacity. The plant will run until the end of the year. Then, everything will be shut down. During the meeting a multimedia presentation is shown. The management provides a short justification connected to a strategy of austerity and cutting labour costs. The workers are given handouts outlining the layoff process and the amounts of compensation. Typically a monthly wage equalled about £190. Until the closure, the workers get paid double. In the following months, employees with direct contracts may sign up for vocational training, intended to prepare them to find work in other sectors. They will also receive compensation equal to three months wages plus one month’s wage for each year of work. The payment could be equal to a maximum of almost £2,625. The situation is fortunate only for those directly hired. None of the workers employed through intermediaries are eligible for any form of compensation from the investor. Both groups of employees are eligible for state unemployment support, the time and amount depending on the period of employment. It takes almost six months to completely

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terminate the operation and shut it down. On this day the air around the plant is dense. Everybody smokes and stares at handouts. Journalists are filming and taking pictures of upset workers.

The reactions are fundamentally based on new identities formed by the plant. Since the announcement of the closure, public expectation of continuing activity in the industrial zone is very high. A number of speculations develop. They answer questions of who will continue production in the village, how many people could be hired and how much the positions could pay. The best fit is another producer of consumer electronics. Paradoxically, a common opinion is that the new investor will not be able to offer as good conditions of labour as the mobile phone producer had. A worker tells me: "The dream was over; it was too ideal". A different worker convinces me that if the shop floor conditions had been more crude and simple, without the numerous, often unnecessary benefits, the price of production would have been cheaper and it perhaps could have saved the plant in the village.

But, despite the decision, I still hear that the conditions of factory work were good, some workers say "perhaps like in no other factory in Romania".

Moments after the decision was announced, the plant became a front page topic internationally. An avalanche of headline stories mentions workers losing their jobs. They say that they feel naïve and betrayed but try to understand the motive for the re-location. A few weeks later, in the winter, I am taking a stroll around the fields outside the village with one of the men who worked there for almost four years. His story also appeared in the press. He tells me about the plant, explaining that his sorrow is not about the wage, which was low anyway. For him it is about the people he worked with and whom he misses, about the daily routine he liked, and about the prospects and perspectives that the job offered. It was much easier to work within the village; now he will probably look for a job in the city. His wife worked in the plant as well. They were planning to take out a loan to extend their house because now they are sharing it with his in-laws. Now everything has crashed. And nobody even gave them a warning: "Just like a heart attack, with no warning, no symptoms, no problems. See you in another world".

### **Has the plant has changed anything?**

The investor's logo is imprinted on the village's identity. When talking about the changes in the village, one of the community members told me that for a while the factory has been a "patron" of the village, which in Romanian means an employer and a boss, but also a caretaker, a saint. Even the church struggles with proving that saints actually help those who believe in them. The production node emerged as a promise given to the local community. It was a highly visible modernising agent. It signalled that change is inevitable, despite the fact that it was not instant. Many workers found it astonishing to be part of the plant producing phones for international markets. As one of the workers put it: "the phones ended up on the shelves of shops in Germany, France, Poland and other states in Europe. Some even went to Africa or Asia – the boxes were labelled, it was clear how far they can go". Over the course of the years the village got used to the plant. Road signs leading to the zone are still today much bigger than the ones directing to the village. Even in the years prior to the investment, the village had started building up its vision of modernity and desires. The village houses had been equipped with satellite television; people had their consumer ambitions, dreamed about cars, mobile phones, shoes and journeys. What did the plant change then? It symbolically made those dreams closer. Since the plant was raised, the symbol of

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modernity was visible from the garden, even though fulfilment has never been within reach. The middle class idyll was impossible to achieve via the plant.

The wound has started scarring. They had no choice but to wait for another investor and believe that there will be a place for them in the new organisation. For most workers the plant was not a sole source of income. Most workers have gone back to what they had been doing before the investor came. These eligible for unemployment support were in a more comfortable position. Resilience also came from the traditional village household. Household chores immediately filled the hole that unemployment generated. Some former workers now work around their households, cultivating soil, producing vegetables or breeding animals. Semi-subsistence agriculture once again helps to survive this transitory moment. One of the workers remarks: "Romanian peasants survived communism, wars and centuries of occupation, people know how to carry on living". Many workers take hourly paid jobs, either in agriculture or in the construction industry in the city. A few people moved out of the village, deciding to join their families outside of Romania. I notice that on two houses there are "for sale" signs. Local authorities are uncomfortable with questions about the plant. It is uncomfortable enough to lose a big chunk of tax income, especially given the already-started investments. When a new investor comes the estate tax will start streaming again. For now the village has to wait. Some construction works are done using money from the previous tax year; unfortunately the investments will need to wait for better times.

The months after the plant was closed have passed quickly. Late spring 2012 brings warmth and I am sitting with one of the workers in his mother's kitchen. She serves us coffee and we are talking about the plant. Her opinion is that the plant showed people how the world could look – and how much there is to appreciate. His view differs. He thinks that the plant has actually not changed anything. It did not give him skills that can be used in some other place. His salary was too low to buy anything significant. He was still living with his parents who were still supporting him (and brewing his coffee). His father yells from the garden that maybe then it was a stipend – not a job. The man takes out his mobile phone and shows it to me, saying "this is basically what's left from this job". He got it from the plant as a work award but soon plans to change it – it has become too basic and outdated. He emphasises that he has not purchased anything significant with his salary. "The money evaporated and so did my job". Since the layoffs, the man has been trying to find a new job in the city. He is considering getting a taxi license.

Again I walk around the industrial zone. It is completely deactivated. The infrastructure is starting to be taken over by nature. The roads have become dusty and dirty. Hardly any cars drive by; the pavements are unused; the train platform is hidden in the bush. The zone remains of no use. Far away in one of the plots a man is mowing the grass to feed his animals. I have been told that some moto enthusiasts from the city plan to organise a drag race in the zone. At least they will use the asphalt lanes. The plant is shut down and the investor's logo removed. Padlocks were put on all gates. In the door-keeper's lodge there is only one security person. He is sleepy and tells me that the only reason to come to the zone could be the ATM – even though the plant stopped working, it is still in order and regularly maintained: "It is so empty that it almost feels like I am watching over the empty grass field", he says.

### **Can gifts be taken back?**

A meeting over coffee in the village bar a few weeks after the closure. The plant is still a hot topic. Mihai, a former operator, shares his thoughts about the plant: "I think it was a nice present from fortune. To give a small village such a modern investment; to treat us

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well and respect our work. What I don't get is why they could just leave like that". For the village it is hard to believe that the plant was taken back. Another worker describes how one day she was working hard on the line, and the next one she had nothing to do. "What's really annoying is not that the plant is closed; it's that the phones are now produced in some other place!" A man argues: "How far can it go? They can afford opening and closing because they save money on salaries. Will they leave China as well? I am already sad for the Chinese". Many workers emphasise their ethical concerns – about work conditions, salary and the length of the investor's presence in China. They predict the worsening conditions in the plant's journey – not only the decreasing level of wages but also work conditions and rights. The investment in Romania is not the first instance of closure for the investor. About 1,100 miles from the village, in a mid-sized German industrial city, a group of workers and union activists followed the Romanian closure very closely. The plant that left Romania had formerly been their plant. In 2007 – when the plant in Germany closed – it was also about the labour costs. Similarly to what had happened in Germany the elements of the assembly line in Romania were moved further away. This time the industrial activity will continue in Southern Asia. Returning to the bar, I hear another rhetorical question, asked by Razvan: "A Romanian worker's wage equalled to about 15 per cent of a German one – how much will a worker earn in China?"

On television, instead of a national success the plant becomes a metaphor of failure. Romanian society realises that participation in global production might also have a hidden agenda. Global capital's power is indisputable. Nothing could have prevented the investor from leaving. Commentators argue that the number of temporary positions and contracts signed via intermediaries signified that the investor had been planning to leave at any moment. Workers emphasise that investor did not care about anything but the profit. One of the local councillors tells me: "What I had not realised was that the decisions made by the corporation might harm us. I was always sure we are the cheapest labour force in Europe and no investor would leave us for that reason". Factors such as the investor's corporate strategy and its position on the global market lie far behind the influence of anybody in Romania. The dislocation of the plant in Romania shows how untouchable the mechanisms of globalisation are. Similar to what has already occurred in the industrialised world, capital movement caused layoffs and problems in post-communist Romania. The strength of their impact is painful for the village. It also permits Romanian sympathy for the Germans, who lost the plant few years ago.

The scale of protests in Romania was much smaller when compared to what happened in Germany in 2007. Facing the closure of the factory, the Romanian workforce did not form a strong collective response to the closure. Even though labour unions existed in the Romanian factory, they were unable to mobilise the workers and did not take a significant part in the mediations with the investor. In case of the plant in Romania the lack of collective action might have had its roots in flexibilisation of employment and the relatively short period of the plant's presence. At the same time, conditions and concessions were on a satisfying level for the workers. Calculations and comparisons are uncomfortable. German redundancy payments amounted to the total of £175 million, with individual payment limited to £190,000. The maximum sum of compensation in Romania was equal to £2,625, a fraction of the German sum.

At the last moment the investor decides to grant all workers an additional allowance of £875 that can be spent on furniture and home improvements as an additional form of compensation. To receive the allowance an invoice has to be

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delivered to the management. All of my informants decide to use the opportunity. However, instead of buying new sofas, they convert the allowance into cash. One of the local furniture shops issues invoices for a small commission. The workers laugh when speaking about the effects of the plant on their lives. Carmen, who worked in the plant for over three years, sums up the outcomes of her shop floor job: “I started working there with an empty wallet and so did I finish. All that’s left are a few friends from the shop floor that stay in touch, and this plant building in the village. I’d never say it would be that short-lived”.

### **Discussion and conclusion: production networks and the lifecycle of production nodes**

The story of the plant in Romania shows how the geographic mobility of production nodes challenges the local status quo. The activity of geographically mobile elements of production re-shapes local labour markets by engaging with workforces with limited mobility. The movement of capital can historically be traced quite far back. It was Lenin who described a situation “when the factory goes to the muzhik”, referring to the capitalist practice of immobile peasants becoming factory workers (Lenin, 1967). As the literature shows, to this day this process especially affects agricultural workers from the countryside and women (Salzinger, 2003; Kopinak, 1996). There are very few limits to capitalist penetration. The political process of economic integration further encourages incorporation of peripheral zones, with collapsed or no former industrial activity, into the global labour force. In recent decades, thanks to free trade agreements led and initiated by “advanced” economies, the process of mobilising a previously excluded labour force has intensified. Labour markets, such as Eastern Europe offer geographical proximity, political stability, and encourage foreign investments (Bandelj, 2009, 2004). For hosting economies, new industrial activity is considered valuable. It offers economic growth and often is seen as a countermeasure against a slack labour market. The industrial zone in Romania that I studied was custom-built for the investor by the local authorities using regional-level funding. Local commitment to the investment was very high.

Labour arbitrage changes the geography of global labour. Production networks incorporate new geographies and locations. Similarly to what happened in Romania, foreign investments appear and disappear within shortening cycles. New workplaces and industries appear in new locations, often replacing former, more costly manufacturing places. The investments function as a carrier of inequality (Fields, 2012; Hurrell and Woods, 1999). After intensified production, nodes dislocate, leaving the workers behind. The global capitalist system restructures, locally causing economic, political, technological and cultural interventions and often resulting in social problems. The transnational managerial class is able to follow the workplace. The immobile workforce is left behind to be dependent on another investment. Its situation strongly reflects Marx’s (2001) description of the “reserve army of labour” from *Das Kapital*. The reserve, composed of the proletariat, is an effect of the growing productivity of labour. The willingness to work is not enough in the face of a cost-based competition for labour. The binary between the highly mobile and the immobile also resonates with Zygmunt Bauman’s perspective on space compression. The immobile are attached and dependent on the place and local conditions, unlike the wealthy who can afford mobility and travel for any reason (Bauman, 1998). Similarly, some of my informants were unable to migrate for work after the closure, mostly due to their limited financial resources.

This local encounter with the production node has produced social change. Its mediator was the industrial zone, which provided a space for localised capitalism and encouraged further neoliberal activity. At the investment's birth, the community had produced certain expectations that were based on a shared idea of progress. The village's concept of modernity was no different from similar examples provided by urban anthropology. Studies of the *Zambian Copperbelt*, which modernised rapidly through extensive involvement in the international economy, show how modernisation destabilises local identity through processes such as detribalization (Wilson, 1968), cultural contact with Europeans (Wilson, 1936), establishment of trans-local networks and migrations to the city (Mitchell, 1969; Mayer, 1971) or the urbanisation process (Epstein, 1973). The *Zambian* case is based on natural resource exploitation, geographically tied to place and dependent on the availability of resources. The factory production in *Romania* was easier to move and highly dependent on the availability and cost of the workforce. However, similar to *Zambia*, the modernisation of the village also had a teleological character and was embedded in a belief that "an epochal leap in evolutionary time" was taking place (Ferguson, 1999, p. 4). In the village the change was understood as leading to the locally pre-defined end point, which embodied the understanding of modernity and urbanisation that would be nothing less than a Western-style industrial modernity with a middle class idyll. The village truly believed in progress, economic development and urbanisation. The lived experience that the shop floor provided was part of that dream.

The production node was shut down after four years. When the plant closed, the dreams of modernisation were also put on hold. The workplaces disappeared and the lifecycle was over, to be rebooted in *China*. The movement of investments across political economies and production regimes propels the informalisation of labour and results in declining workers' rights and entitlements such as wages, social benefits or job security. Labour arbitrage is a form of capital accumulation by dispossession (Harvey, 1990). In new locations, investments cause enthusiasm, transformation and social change. At the same time, each of the new locations is competing with an unknown, geographically distant labour force that might end the benefits of the investment's presence (Cowie, 1999). The switch from *Germany* to *Romania* and further to *China* is a symbolic journey of the manufacturing industry. The old *Western* working class fails to be competitive, losing to transiting but geographically proximate *Eastern Europe*. As the case of the plant in *Romania* shows, other production regimes – such as dormitory production in *China* (Pun, 2005; Pun and Smith, 2007), also influence this competition, participating in it on a global scale, and outbidding other geographies.

The experiences that I have described reveal how the global capitalist system can be both oppressive and empowering. As the accounts show, workers that joined the labour force were on the one hand satisfied and committed to the job. Their job benefits and work environment were considered good and rarely debated. On the other hand, their flexible contracts and low level of wages prevented them from achieving the desired upwards mobility. The story of the plant complements other studies of labour in transiting economies (Cowie, 1999; Dunn, 2008; Nadeem, 2009), reflecting turbulence and growing local expectations. The period of the investment's presence and the level of local engagement provide enough evidence to suggest that the mobility of production nodes is increasingly becoming a social issue. With the material I presented I hope to contribute to the visibility of the issue. It is a timely topic that needs to be further addressed in the context of the global production systems. I believe that the ethnographic account in this paper provides the reader with a contextual, personal and emotional view that advances understanding of the reality of manufacturing work in the global economy.

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