

Chapter 1

MAKING GLOBAL CONNECTIONS: A GEOGRAPHER'S PERSPECTIVE

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FROM SPATIAL ORGANIZATION TO *GLOBAL SHIFT*: CONTEXTUALIZING THE WORK OF PETER DICKEN

The study of global economic transformation has become a central concern to virtually all disciplines in the social sciences and beyond. Economic geography has played an important role in these conversations and there have been few more important voices than that of Peter Dicken. Peter can be credited with putting globalization on the agenda in economic geography, while also serving as one of the discipline's most influential advocates in fields like international economics, global political economy and international business studies. And while he has been an intellectual pioneer, he has never been content to sit still. Echoing Peter's approach, this book seeks to push forward and look beyond existing frontiers, though we have allowed ourselves one exception to this rule. This chapter underlines the central motive for the volume by sketching a genealogy of Dicken's work. We present a brief historical survey of key research themes in the debate around global economic transformation in the period since the 1970s. We identify some of Dicken's key contributions in economic geography and the geography of international business and assess these in relation to how major debates have been moving in cognate disciplines. Our primary focus is on assessing Dicken's research impact on the ways in which we think about the global economy. In this context, we will not dwell on his significant contributions to teaching and to the academic profession more generally.¹ Interrogating key issues in the globalization debate through the lens of his work might be seen by some as a partial approach, but what is striking in the examination that follows is just how many of the critical questions in this debate were foreshadowed by his work.

Dicken tackles globalization research in a distinctive way. His work is measured and careful but not unnecessarily cautious; it is authoritative but not declaratory; and it combines a grasp of complexity with a parallel insistence on clarity. In substantive terms, his work does not re-circulate 'flat-earth' visions of globalization as an homogenizing force, but instead tenaciously interrogates a complex set of transformative processes. And while it is, perhaps, an occupational hazard in the field of globalization studies to succumb to hyperbole and exaggeration, this is another reason why his work stands out. Globalization, the epitome of a 'big picture' issue, is handled here with subtlety and dexterity. Dicken's work speaks to the globalization debate, therefore, in distinctive ways – stylistically as well as substantively. Our focus on his signal contributions to this broadly based and diverse project is consequently unapologetic, for it opens up a range of issues around the conceptual formation of what we might now call 'globalization studies' and the associated interdisciplinary research agenda.

At some risk of oversimplification and caricature, we discuss the main themes and contributions of his published work with reference to four sequential phases beginning in the early 1970s:

- 1 spatial decision-making, external control and regional development;
- 2 global shifts, transnational corporations and industrial change;
- 3 firms, states and global networks; and
- 4 global production networks, territorial organization and relational analysis.

We focus on the underlying conceptual arguments, frameworks and apparatuses that have been developed in Dicken's work. While a notable feature of these contributions is the way in which central themes and contentions are supported and illustrated through detailed empirical investigation, we can only concentrate on some of the central themes and connections, linking them to parallel developments in the interdisciplinary research effort around globalization studies. In a number of important respects, Dicken's work has been ahead of the curve here, but it has also been reciprocally receptive to debates and conceptual insights from a range of social science disciplines. This pathway through the globalization debate is revealing both in terms of the lineage of Dicken's work and as a means of narrating the evolution of the debate itself.

ORIGINS: SPATIAL DECISION-MAKING, EXTERNAL CONTROL AND REGIONAL DEVELOPMENT

Trained as a 'location theorist' under the tutelage of David M. Smith during the mid 1960s, Dicken's early empirical research focused on clothing firms in Manchester, England. During the late 1960s and through the 1970s, his

intellectual reputation and disciplinary identity was shaped, in part, by his productive research partnership with Peter Lloyd, including their successful textbook on location-theoretic economic geography (Lloyd and Dicken, 1972; 1977; Dicken and Lloyd, 1990). Significantly, this statement of the theoretical orthodoxy came from two writers who were beginning to see the limitations of neoclassical economic geography. In Dicken's case, this came in the form of an early engagement with behavioural economics and organizational theory. His research contributions during the 1970s marked a significant departure from the prevailing mainstream thinking in economic geography and regional studies.

By the end of the 1950s, neoclassical notions of the firm within economic systems had been seriously challenged by a group of behavioural scientists led by Herbert Simon and James March. Neoclassical assumptions of perfect rationality and information amongst economic actors, the so-called *homo economicus*, seemed increasingly misplaced in a world of bounded rationality and uncertain information. Influenced by these notions of behavioural constraints on human decision-making, Dicken (1971; 1977) began to question some of the central nostrums of neoclassical location theory – the conceptual mainstay of economic geography during the 1960s (e.g. Haggett, 1965). The 'quantitative revolution' in economic geography and regional science had established spatial analysis and methodological individualism as the approaches of choice. Scott (2000: 23) observed that in North America, 'spatial analysis and regional science reached the zenith of their influence some time in the late 1960s and early 1970s'.

Having spent most of the 1969–1971 period in Ontario, Canada, where he continued to work on his survey data on clothing firms in Manchester, Dicken's first major article was published in *Economic Geography* in 1971. Examining aspects of the *spatial decision-making behaviour of firms*, he noted then an 'increasing dissatisfaction with the highly constrained and artificial behavioural component of normative theory' (1971: 426). This article reflected a degree of scepticism concerning the methodological and theoretical conventions of regional science. Instead, Dicken drew on insights from behavioural science and organization studies, especially in systems analysis, organization theory and communications theory. As shown in Table 1.1, this initial intervention was to contribute to economic geography in several ways. First, the article conceptualized firms as open systems 'operating within, and interacting with, an external environment' (Dicken, 1971: 427; emphasis omitted). This suggestive conceptualization of firm-environment interactions within a dynamic system was part of a wider body of work that was opening up new approaches to industrial and enterprise geography (e.g. Hamilton, 1974). And many of these insights remain relevant to today's research initiatives, particularly in strategic management and organization studies, where there is a continuing concern to unpack neoclassical conceptions of the firm as a 'black box' responding purely to price signals and market mechanisms. Distinct echoes of this work can also be seen in the recent resurgence of interest in the firm in economic geography (see Taylor and Asheim, 2001; Yeung, 2001).

Second, the article contributed to a behavioural theory of the firm in the way that it linked decision-making capabilities to internal organizational structures. As

Dicken (1971: 427) argued, '[t]he larger the organization the more complex is its internal structure likely to be and ... this has important decision making implications.

Table 1.1 Main contributions of Peter Dicken to interdisciplinary studies of global economic change

Key Works	Core Concepts	Related Disciplines	Main Impact
1970s			
Dicken (1971; 1977) Dicken (1976)	<ul style="list-style-type: none"> • the firm as a system • the environment of the firm • external control of regions • transnational corporations and business strategies 	<ul style="list-style-type: none"> • behavioural sciences • industrial economics • organization studies • business history • regional studies • industrial organization • development economics • strategic management 	<ul style="list-style-type: none"> • growth of behavioural (economic) geography • spatial decision-making behaviour of firms • widely cited paper (citation classic) • external control of firms and regions less important than its exercise • control depends on spatial units and scales of firms and their organizational variables
1980s			
Dicken (1986a; 1990a)	<ul style="list-style-type: none"> • global shift • global industrial change • globalization • transnational corporations and their FDI activities 	<ul style="list-style-type: none"> • industrial economics • economic sociology • development studies • international business • strategic management 	<ul style="list-style-type: none"> • widely cited book (citation classic, 1988§–2002) • industrial change to be understood in relation to broader global processes • studies of TNCs and foreign direct investments in geography and other social sciences
1990s			
Dicken (1992a; 1998a) Dicken (1992b; 1994; 1997; 1998b) Dicken et al. (1997a) Olds et al. (1999) Dicken and Thrift (1992) Dicken et al. (1994) Dicken and Miyamachi (1998) Dicken and Yeung (1999)	<ul style="list-style-type: none"> • global shift • globalization • political economy of firms and states • local embeddedness of firms • networks and organizations 	<ul style="list-style-type: none"> • global political economy • international economics • international business • economic sociology • strategic management • urban and regional studies 	<ul style="list-style-type: none"> • very widely cited book (quadruple citation classic, 1992–2001) • <i>Global Shift</i> widely recognized as one of the best books written on globalization • Paper in <i>Economic Geography</i> (1994) well recognized in management (see Kobrin, 2001) and reproduced in <i>Advances in Strategic Management</i>, 1994. • widely cited paper in economic geography • first in geography to expound embeddedness and networks

Table 1.1 continued

2000–			
Dicken (2000)	• firm-territory relations	• regional studies	• understanding regional development and the territorial aspects of firm activities
Dicken and Malmberg (2001)	• global production networks	• studies of innovation	
Dicken et al. (2001)	• relational perspective on the global economy	• strategic management	
Henderson et al. (2002)		• development studies	• potential theoretical framework for analysing the global economy
		• global political economy	
		• economic sociology	

This early investigation into the complex interrelationships between internal organizational structures and corporate decision-making capabilities of firms, not only opened up questions for subsequent research on the geographies of enterprise, but also had clear parallels with developments then in transaction costs economics (e.g. Williamson, 1970; 1975) and strategic management (e.g. Stopford and Wells, 1972).

Third, the analysis of spatial decision-making behaviour of *very large* business organizations in this article foreshadowed an enduring concern with transnational corporations (TNCs) as movers and shapers of global economic change. For example, Dicken (1971: 431) noted that ‘most large business organizations possess a highly developed and sophisticated adaptive structure... In some cases, actively searching the environment for new business opportunities may be an established part of the firm’s operations.’ These early conceptions of organizational capabilities in information gathering/processing and decision-making within large firms found strong parallels in the still embryonic theories of multinational enterprises, in particular Hymer’s (1960/1976) market power theory, little known until its posthumous publication in 1976. While Dicken’s conception of large business organizations did not precede Vernon’s (1966) product life cycle hypothesis of international investment, it certainly anticipated numerous other theorizations of foreign direct investment (FDI): the internalization theory (Buckley and Casson, 1976), the eclectic framework of international production (Dunning, 1977), the information-processing theory (Egelhoff, 1982), and the organizational learning perspective (Barkema and Vermeulen, 1998).

During the second half of the 1970s, Dicken moved on from this early concern with the spatial organization and decision-making behaviour amongst large firms to focus more explicitly on the organizational structures and business strategies of *transnational corporations*. The 1970s witnessed the growing (inter)penetration of different national economies by TNCs via their FDI activities. These processes of corporate internationalization were especially visible in the UK economy, which since the nineteenth century had been ‘globalized’ in one way or another. And it is hardly far-fetched to say that material conditions in Dicken’s ‘home base’ – the classic industrial city of Manchester – exposed these processes in a particularly vivid form: a city-region that was once on the controlling end of the globalization process, as the ‘Cottonopolis’ of the nineteenth century, now found itself very much on the receiving end, as a focus for American investment in Europe

and, starting in the early 1970s, as a space of deindustrialization and restructuring (see Dicken, 1976; 1980; 2002; Dicken and Lloyd, 1976; 1980). Internationalization was nothing new in this region, but neither – quite clearly – was it a timeless and unchanging process. There were indications, in fact, that the qualitative form of the internationalization process was beginning to change in the 1970s as spatially integrated production complexes were formed and as transnational corporations extended their reach.

In 1970, there were about 7,000 TNCs in the world and more than half of these TNCs were based in the US and the UK (UNCTAD, 1994). By the mid 1970s, FDI was increasing at a faster rate than world trade for the first time, whilst in a subtle way international production increasingly came to resemble international trade, since many countries were beginning to regard TNCs less as a kind of ‘threat’ and more as a potential means of capturing the upside benefits of the international division of labour and the globalization of markets (Dunning, 1993). Of the numerous competing theories of multinational enterprises and FDI, only Hymer’s (1960/1976) market power theory sought to explain the effects of FDI on regional development – the ‘external control’ of the local/regional economy. In explaining why national firms were involved in international operations, Hymer (1960/1976: 23) argued that the desire to *control* foreign operations was a key motive: ‘[i]f we wish to explain direct investment, we must explain control’. He explained this trend towards international production by the desire of national firms to gain or maintain their oligopolistic advantages and market power over certain market imperfections abroad.

Situating his research in these theoretical and empirical contexts, Dicken published his highly cited paper on *external control* by multiplant business enterprises and regional development in *Regional Studies* in 1976 (see Table 1.1). In geographical terms, he problematized the ‘external’ in external control and argued that the key to defining external control lay with understanding ‘the actual or potential clash of interests between the goals of multiplant business enterprises, many of which now operate on a global rather than a national scale, and the interests of local communities’ (Dicken, 1976: 404). These tensions between managerial control, capital mobility and community interests would later represent one of the central analytical and political motifs of the emergent wave of ‘restructuring’ studies (e.g. Massey and Meegan, 1979; Bluestone and Harrison, 1982). A further distinctive characteristic of Dicken’s work at this time was the way that it problematized the issue of spatial scale, for the operation of TNCs ‘across scale’ raised the vexing question of the real nature and consequences of ‘external’ control (see also Brenner and Hudson, in this volume). More specifically, he argued that the size of the spatial unit (regions, nations and so on) is critical to how we define ‘external’ control.

In organizational terms, Dicken (1976) unpacked the meaning of ‘control’ in external control. Ownership structures and national origins, for example, would tend to influence both the nature and extent of external control. Similar arguments have been taken up recently in international political economy and organization studies in relation to the issues of divergent capitalism(s) and business systems (see Dicken and Gertler, in this volume). Dicken (1976: 406) observed that ‘United

States owned firms tend to be larger, more capital intensive, and more highly concentrated in certain economic sectors than domestic [British] firms'. He further pointed out, however, that to determine the exact extent of control, we need to pay attention to specific business functions (e.g. finance, marketing, and manufacturing) and organizational variables (e.g. size and sector). The latter point about parent-subsidiary relationships as an organizational variable is particularly important in view of the recent resurgence of research interest in subsidiary initiatives in management and international business studies (e.g. Birkinshaw and Hood, 1998) and economic geography (e.g. Phelps and Fuller, 2000; Yeung et al., 2001).

There were also implications for strategic management, given the strong connections between corporate strategy and organizational structure/control (see Bartlett and Ghoshal, 1989; Gupta and Govindarajan, 1991; 2000). In Dicken's (1976: 410) words,

the impact of multiplant enterprises on geographical space is a function of far more than just the pattern of control, whether potential or actual. Certainly control is important, but it cannot be divorced realistically from the strategy being followed by an enterprise and the structure it has evolved to implement that strategy.

It was during the 1970s, then, that Dicken broke from the neoclassical fold, opened up the black box of the business enterprise and posed new questions about the meaning of 'external control', drawing creatively on behavioural science, industrial economics, and strategic management. His most significant contribution to subsequent studies of global economic change came from the conceptual innovations that connected spatial outcomes and regional development on the one hand to the strategy and behaviour of business organizations on the other. This, in turn, set the stage for Dicken's focus during the 1980s on transnational business strategies and the global geographies of industrial change.

GLOBAL SHIFTS, TRANSNATIONAL CORPORATIONS AND INDUSTRIAL CHANGE

While maintaining his empirical research interests in the organization and impact of TNCs and the role of FDI in regional development (see Dicken, 1980; 1982; 1983; 1986b; 1987; 1988; Dicken and Lloyd, 1980), Dicken's most significant intervention of the 1980s was the publication of his first single-authored book *Global Shift* (Dicken, 1986a). Now in its fourth edition (Dicken, 2003), it has become one of the most widely used texts in the interdisciplinary study of global economic change (see Table 1.1). Comprehensive and ambitious, but at the same time eloquent, *Global Shift* can claim to be one of the pioneering globalization texts. Intentionally 'global' in perspective, the book aimed 'to describe and to

explain the massive shifts which have been occurring in the world's manufacturing industry and to examine the impact of such large-scale changes on countries and localities across the globe' (Dicken, 1986a: vii). In this context, the main contributions of *Global Shift* can be traced in the following strands of literature: (1) spatial divisions of labour and global industrial change; (2) globalization studies; (3) international business studies.

Spatial divisions of labour and global industrial change

The period since the early 1970s had been one of turbulence in the international system. It was rapidly becoming clear that the global economy was undergoing an accelerated phase of restructuring, if not transformation, triggered amongst other things by the oil crisis in 1973 and the collapse of the Bretton Woods system of fixed exchange-rate regimes (see Tickell and Peck and Glasmeier and Conroy, in this volume). Manufacturing industries bore the brunt of these pressures. Indeed, such were the dramatic changes in the organization and geography of industrial activity that scholars in development studies began to talk in terms of a *new international division of labour* (NIDL) in which industrial production was seen to be shifting irreversibly from developed, industrialized economies to developing countries (Fröbel et al., 1980). *Global Shift* interrogated the central claims of the NIDL thesis, which at the time was on the way to becoming a new orthodoxy. Dicken's detailed analysis of the *range* of spatial and organizational shifts at work across different branches of manufacturing raised fundamental questions about the essential storyline of the NIDL thesis and its associated causative-cum-predictive claims. Through detailed case studies of four industries undergoing different kinds of global transformation (textiles and clothing, iron and steel, motor vehicles and electronics), Dicken (1986a) unpacked the over-generalized NIDL account, in part by pointing to the intervening effects of sector- and firm-specificity. Analytically, this provided the basis for a much more nuanced and multi-layered understanding of the processes of extra-national industrial change.

During the later part of the 1980s, another new literature was beginning to raise provocative questions about the process of global industrial change. This focused on the (allegedly systemic) transition from Fordism to post-Fordist flexible specialization (e.g. Piore and Sabel, 1984; Scott, 1988a). The post-Fordism debate foregrounded structural changes in the capitalist world economy, examining conditions surrounding episodic shifts in its dominant modes of accumulation and regulation. The movement towards post-Fordism was held to be leading to a series of profound changes in the technological, social, economic and territorial organization of production. Characterizing these in quasi-regulationist terms as 'technological-institutional systems', Scott and Storper (1992: 6) argued that their associated transformative processes were both historically and geographically specific. Although Piore and Sabel's (1984) seminal work *The Second Industrial Divide* was not cited in the first edition of *Global Shift*, Dicken was also thinking in terms of potentially transformative shifts in the macro structures of accumulation,

though he continued to distance himself from more explicit post-Fordist arguments. *Global Shift* examined putatively systemic shifts in the context of a fourth Kondratiev wave during which ‘really substantial *global* shifts in manufacturing production and trade have become apparent’ (1986a: 22; original italics). Drawing upon the product life cycle theory, Dicken (1986a: 105) identified two major trends in the global production process in the 1980s:

- 1 an increasingly fine degree of specialization in many production processes, enabling their fragmentation into a number of individual operations;
- 2 the growing standardization and routinization of these individual operations, permitting the use of semiskilled and unskilled labour.

Backed by detailed data on Ford and other automobile manufacturers, Dicken (1986a: 289–312) explored how flexible production systems had transformed the corporate strategies of automobile TNCs and the organization of the automobile industry itself: ‘despite an undoubted degree of geographical dispersion of car and component manufacture by TNCs to developing countries, its extent and depth remain far more limited than might be expected from the nature of the motor vehicle industry itself’ (1986a: 311). Extending his analysis to the electronics industry, Dicken (1986a: 336) observed ‘the emergence of a remarkable geographical cluster of semiconductor and high-technology industries displaying all the characteristics of the classic Weberian locational agglomeration’. Of course, such arguments would later become central to emerging work on the locational logics of post-Fordism, debates around which were to play such an important role in the development of economic geography between the late 1980s and the mid-1990s (see Gertler, 1988; Tickell and Peck, 1992; Yeung, 1994; Scott, 2000).

Globalization studies

A second major strand of literature to which *Global Shift* has made a significant contribution might be broadly termed *globalization studies*. The concept of globalization has its obscure origins in French and American writings in the 1960s (see Held et al., 1999). Taylor et al. (2001) associated the ascendancy of ‘globalization’ as a millennial keyword with the formative statements of such business gurus as Levitt (1983) and Ohmae (1985; 1990). Although Taylor et al. (2001: 1) also noted that ‘any intellectual engagement with social change in the twenty first century has to address this concept [globalization] seriously’, geographers had rarely engaged with the globalization debate until the publication of *Global Shift* in 1986. While Dicken discussed the work of Levitt (1983), he also engaged with a range of earlier contributions on the internationalization of capital (e.g. Palloix, 1975; Harvey, 1982). Dicken’s approach would characteristically focus on ‘the emergence of a highly interconnected and interdependent *global* (rather than merely inter-national) economy’, in the context of which he went on

to explore the impacts and implications for 'nations and communities occupying different positions within this global structure' (1986a: 1–3; original italics).

Global Shift earned the double distinction of being one of the first books in economic geography to develop an explicitly *global* perspective and one of the first contributions to the nascent field of globalization studies to adopt a rigorously *geographical* orientation. For Dicken (1986a: 11; emphasis omitted), the book represented the first sustained attempt to explain 'the changing spatial form of [the changing] international political economy'. Prior to this, the majority of economic geographers had tended to focus on industrial change at the local and regional scales. As Leyshon (1994: 110) observed, by the end of the 1980s, 'the global' was firmly on the economic geography research agenda. The publication of the first edition of Dicken's *Global Shift* in 1986 was clearly an important milestone in this regard' (See also Dicken, Coe et al. and Tickell and Peck, in this volume.)

In the 1980s, the argument still needed to be advanced – and defended – that global level economic processes were more than the background scenery for national and local economic restructuring. By the 1990s, with the dramatic ascendancy of 'globalization speak' in political rhetoric as well as in academic research, it was necessary also to counter an argument at the other extreme, that globalization had somehow become an all-determining, omnipresent and unstoppable force. *Global Shift* was prey to neither of these fallacies, but instead carved out a more subtle and complex argument with respect to the nature, extent and consequences of global-level economic processes. In a sense, it established the case for the careful study of these 'global' processes in their own right, but it also advanced a deeper argument that national and local forms of economic restructuring were reciprocally related to globalization tendencies and that these must be conceptualized relationally (see also Brenner and Hudson, in this volume). *Global Shift's* significant initial contribution was to open up the space for geographically orientated investigations of the global economic terrain and, thereafter, to establish some of the foundations upon which more nuanced, relational conceptions of economic transformation have been developed. The 1990s editions of the book were very much attuned to this analytical shift, helping to establish a persuasive counter-position to flat-earth/borderless world visions of globalization. In Dicken's view (also in this volume), nation-states remain key players in the structuring and regulation of the global economy; transnational corporations, more than simply bearers of a market logic, are engaged in dynamic, path-dependent and organizationally contingent processes of strategic development; global investment flows are not free-floating extra-terrestrial phenomena, but are embedded in networks and regulatory systems; globalization is a complex and uneven process, not a unilinear trend towards a unified international market. These arguments are sustained both analytically and empirically in *Global Shift*, which presents a reading of the globalization process that is quite distinct from the exaggerated accounts of the hyper-globalists on the one hand and the naysayers on the other (see Dicken et al., 1997a; Yeung, 1998a; 2002a).

The book was also being widely read outside geography, especially for its insistence that both spatial scale and uneven geographical development matter in attempts to grasp the complexity of globalization processes. Dicken's contention

that globalization will, neither in principle nor in practice, lead to the erasure of national and local differences struck a chord – for all its planetary reach, globalization has myriad local and regional dimensions (see Dicken, 1986a: chapters 1 and 11–12). These insights have secured an influential role for *Global Shift* in the teaching of globalization in various disciplines, through its extensive adoption as a key text and within those policy circles that are concerned with promoting/managing globalization (e.g. the United Nations Conference on Trade and Development; see UNCTAD, 1994; 2001). It is also one of the few geographical studies cited in complementary works on globalization by other prominent social scientists (Dunning, 1993; Albrow, 1996; Hirst and Thompson, 1996; Held et al., 1999; Mittelman, 2000).

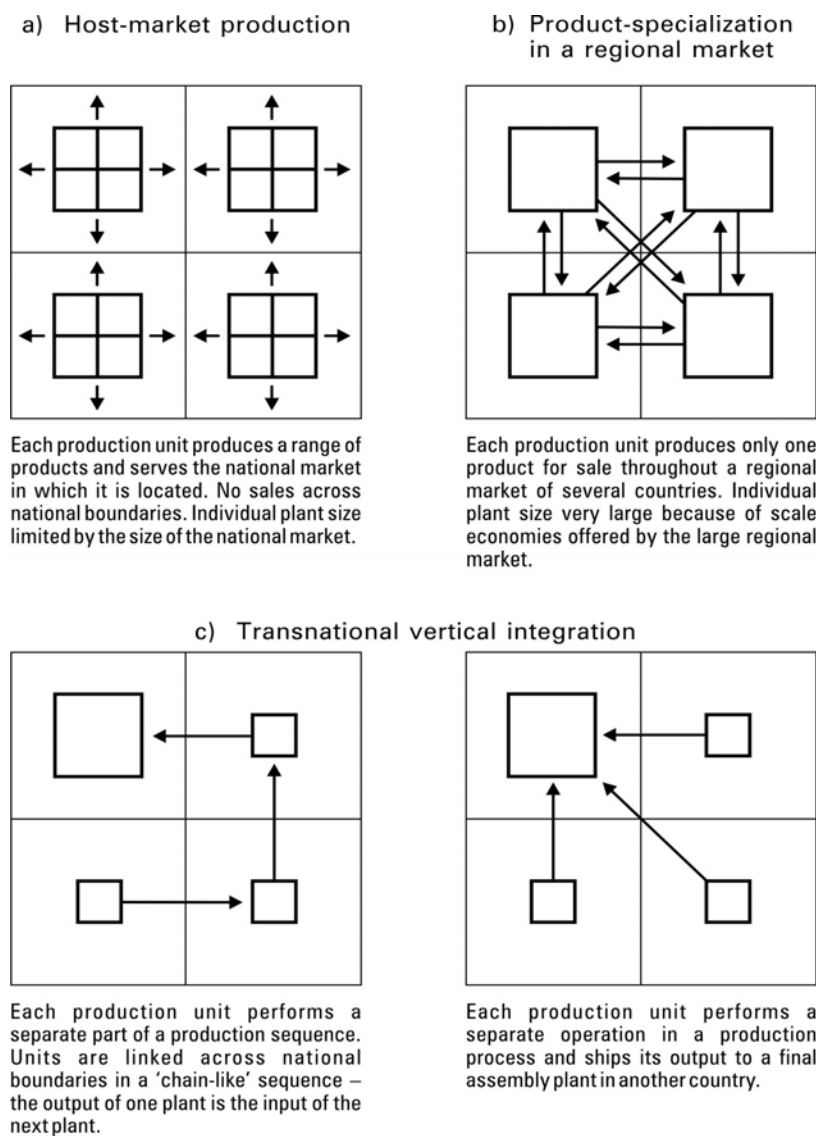
International business studies

A third major strand of literature in which *Global Shift* has cultivated a strong niche is *international business studies*. This literature differs significantly from the previous two fields primarily because it is much more applied in its research orientation. Whereas development studies, economic sociology and global political economy tend to dominate the first two strands of literature on globalization (see Table 1.1), international business studies draws on applied disciplines such as industrial economics, organization studies and strategic management. How then did *Global Shift* establish a presence in this field of applied business studies? First, while there was no shortage of geographical studies of TNCs completed in the 1980s (e.g. Taylor and Thrift, 1982; 1986), few of these studies had the analytical reach and empirical breadth present in *Global Shift*, which connected very suggestively with leading-edge work in international business studies, synthesizing insights from international business, including the product life cycle model and the eclectic framework of international production. Dicken proposed a conceptual framework for exploring alternative ways in which transnational production units could be organized. With his distinctive facility for graphical representation, Dicken conveyed a series of complex concepts relating to transnational business organization in a uniquely accessible form (see Figure 1.1), concepts that would be paralleled in Prahalad and Doz's (1987) integration-responsiveness framework, Bartlett and Ghoshal's (1989) 'transnational solution' and Dunning's (1993) conception of value-added TNC networks, while anticipating some of the recent theoretical work on organizational networks in the strategic management literature (Nohria and Ghoshal, 1997; Gnyawali and Madhavan, 2001).

Second, the explicitly geographical perspective in *Global Shift* enabled international business researchers to figure out the spatial implications of different corporate strategies and organizational structures pursued by TNCs. This said, the geography of international business activities has remained a rather serious research lacuna until recent years. As Dunning (1998: 46) has pointed out, '[t]he emphasis on the firm-specific determinants of international economic activity, while still driving much academic research by scholars in business schools, is now being

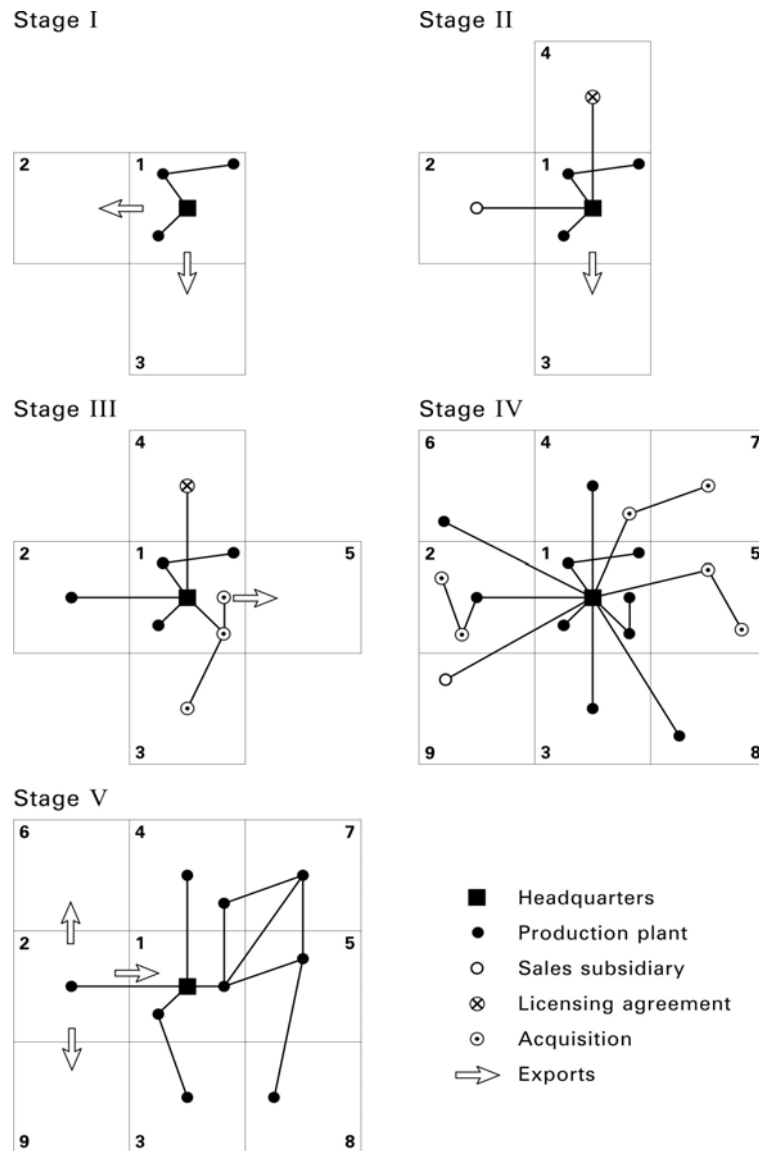
complemented by a renewed interest in the spatial aspects of FDI'. The analysis of geography in international business studies, nevertheless, remains somewhat inadequate and under-developed, as it typically focuses on location and nationality of TNC activities (e.g. Kogut and Singh, 1988; Shaver, 1998; Nachum, 2000). An adequate analysis of TNCs and

Figure 1.1 Dicken on the geographical organization of TNC production units



Source: Redrawn from Dicken (1986a: Figure 6.7; 203)

Figure 1.2 Dicken on the spatial evolution of TNC activities



Source: Redrawn from Dicken (1986a: Figure 6.9)

FDI must incorporate both the locational shifts within TNC production networks (Dicken, 1986a: 212) *and* the geographically nested relationships from local to global scales through which these networks are constructed (Dicken, 1986a: 184). In an idealized model, for example, Dicken (1986a) (reproduced here as Figure

1.2), presented the spatial evolution of a TNC in relation to processes of reorganization, rationalization and spatial change.

Third, few books in international business studies offer detailed empirical analysis of TNC activities in such a comprehensive manner as *Global Shift*. Drawing upon massive amounts of carefully processed data and presenting these in a series of imaginative and informative figures and tables, the book came to exemplify, for an international business-studies audience, the best of geographical scholarship. Dicken's detailed analysis of how global shifts in a series of contrasting industries were shaped by the complex interactions between transnational production networks and nation-states led to favourable comparisons with the leading texts in international business studies (e.g. Dunning, 1993; Bartlett and Ghoshal, 1995; Punnett and Ricks, 1997; Stonehouse et al., 2000).

To sum up, while the book was written to describe and explain the turbulent industrial world of the 1980s, *Global Shift* was to make lasting contributions to the study of transnational corporations and global economic change. Dicken's work has clearly helped to create the interdisciplinary field of 'globalization studies'. This observation is confirmed by reviews of successive editions of *Global Shift*. In his review of the first edition, Krumme (1987: 132) postulated that 'this unconventional book might succeed in reestablishing some of the respect business schools used to have for geography courses'. By the third edition, Cox (1999: 475) verified that 'I know that Dicken's book, perhaps more than any other text, has done sterling service in bringing economic geography to the attention of students in other disciplines, particularly in international business courses.'

FIRMS, STATES AND GLOBAL NETWORKS

Subsequent editions of *Global Shift* were published in 1992, 1998 and 2003. In each successive edition, the reach of the book was extended. Empirically, its reach was extended beyond the manufacturing sector and into services. Analytically, there was a more explicit concern with 'the geographical unevenness of the economic, political and technological processes which, together, create global shifts in economic activity' (Dicken, 1998a: xiv). And in content as well as message, the book was becoming increasingly postdisciplinary in character. Pfirrmann (1999: 156), for example, has drawn attention to the way in which *Global Shift* engages with 'a broad set of interdisciplinary approaches and analytical paradigms to get into the complex causal relationships as well as the diverse tradeoffs concerning globalization's costs and benefits'. While the book's roots in economic geography remain evident, successive editions have repeatedly deepened the engagement with work in strategic management, global political economy and international business studies.

Parallel to the successive revisions of *Global Shift* during the 1990s, Dicken elaborated some of his early work on TNCs and nation-states as the principal actors in the global economy, venturing into the less familiar territory of *the political*

economy of firms and states in the global space economy. Building on Stopford and Strange's (1991) characterization of firm-state relationships in terms of 'triangular diplomacy', Dicken argued that the tensions confronting TNCs and nation-states could be understood as differentiated power relations (see Dicken 1990a; 1990b; 1992b; 1994; 1995; 1997; 1998b). For TNCs, competitive pressures are generating dual tendencies, simultaneously to globalize operations in order to achieve greater efficiencies, while also localizing operations in order to ensure a degree of autonomy and responsiveness. For nation-states, conditions of accelerating globalization have been associated with far-reaching forms of institutional and functional reorganization, as '[t]he pressures towards certain kinds of putative supranational organization at one extreme are counterpoised against a pressure toward greater degrees of local political autonomy at the other' (Dicken, 1994: 122). The bargaining relationships between TNCs and nation-states are therefore very much situated in these complex global-local tensions. In a series of empirical papers published in the early 1990s, Dicken (1990c; 1992b; 1992c) showed how political and policy structures could promote and regulate the spatial strategies of TNCs and their FDI activities (see also Dicken and Tickell, 1992; Tickell and Dicken, 1993), with significant implications for uneven development and regional restructuring (Dicken and Quevit, 1994; Nilsson et al., 1996; Dicken et al., 1997b).

This focus on the continuing roles and the capacities of the nation-state amounts to an unambiguous refutation of 'the end of geography' thesis championed by such ultra-globalists as Ohmae (1990; 1995). In his contribution to *Twenty-First Century Economics*, Dicken (1998b: 41) argued that '[t]he nation-state remains a most significant force in shaping the world economy, for, although national boundaries may be far more permeable than in the past, as a territorial unit it continues to be the container of distinctive 'cultures' and institutional practices'. His argument for the continual importance of both geography in general and (reorganized) nation-state forms in particular has been echoed by other geographers (e.g. Cox, 1997; Yeung, 1998a; 2002a; Kelly, 1999; Amin, 2001). Relatedly, while many commentators in academia and policy circles have taken globalization to be a highly abstract and almost ethereal phenomenon, Dicken has steadfastly argued that globalization processes are initiated and mediated by economic and political *actors*. Ever since his 1971 article in *Economic Geography*, he has been concerned with firms (and later transnational corporations) as key drivers behind these ostensibly abstract processes. This firm-specific perspective on globalization is an important countervailing force in a field of study in which globalization is too often associated with under-specified and actor-less forces. In fact, much of the globalization literature has overlooked or over-simplified the issue of differentiated power relations between firms and states. By unpacking globalization processes, Dicken et al. (1997a; original emphasis) showed that globalization is 'articulated *through* both firms and states operating in complex interaction. Globalization does not exist as a free-floating structure, unrelated to the economic and institutional context in which it arises. It is constituted through those very practices which it subsequently transforms.' (See also Dicken, in this volume.)

In addition to these contributions to the globalization debate during the 1990s, Dicken worked with several contributors in this volume to conceptualize the *social organization* of business firms in terms of embedded networks and organizational relationships. His interest in these issues can be traced back to the notion of 'communications networks' in his 1971 article, in which he argued that '[t]he integration of the individual within these networks determines the amount and type of information to which he is exposed and helps to influence and modify the coding mechanism' (Dicken, 1971: 430). While there was some discussion of transnational corporate networks in the first edition of *Global Shift* (Dicken, 1986a: 203), the fullest articulation of his perspective on firms and networks was contained in a paper co-authored with Nigel Thrift (Dicken and Thrift, 1992). Here, concepts of embeddedness and networks were expounded for the first time in economic geography, partly in response to Walker's (1989) critique of corporate geography. These arguments helped pave the way to the so-called 'relational turn' in the subdiscipline, what is often styled in terms of the emergence of 'new economic geographies' (see Thrift and Olds, 1996; Lee and Wills, 1997; Clark et al., 2000; Sheppard and Barnes, 2000; Barnes, 2001; Yeung, 2003).

Drawing upon ideas from the 'new economic sociology' of Granovetter (1985), Zukin and DiMaggio (1990) and others, Dicken and Thrift (1992: 283) vigorously re-established the case for studying different organizational forms and processes in economic geography: 'the importance of organization as a cognitive, cultural, social and political (and spatial) framework for doing business has increasingly come to be realized. Indeed, nowadays, organization is often equated with 'culture', envisaged as a set of conventions.' In retrospect, this represented a telling move away from studying production *per se* towards a broader conceptualization of the socio-organization of production, prefiguring the extensive discussions that have taken place in recent years around 'network' paradigms, economies and geographies (see reviews in Yeung, 1994; 2000a).

Why exactly does embeddedness matter in economic geography? The answer, according to Dicken and Thrift (1992), lies with *networks* and their inherent *power relations*. They argued that understanding both production and capitalist social relations must start with embedded networks and relations in production systems because these 'processes do not simply occur in a general abstract form; they take on specific cognitive, cultural, social and political forms in an environment which is shaped very largely (although not exclusively) by business enterprises, especially large business enterprises which are able to wield more social power' (Dicken and Thrift, 1992: 284). This emphasis on networks and their associated power relations also has echoes in the recent 'rediscovery' of the firm in economic geography (see Taylor and Asheim, 2001), in part because it establishes an alternative analytical path between the methodological individualism of narrowly firm-centric approaches and the strong sense of structural predetermination that is evident in macro-process orientated studies of geographical industrialization. As Dicken and Thrift (1992: 286) put it, '[t]he analysis of intra- and inter-firm networks of power and influence is a very useful way of reconciling some of the differences between those who focus upon enterprises and those who, like Walker [1989], focus upon the organization of production in general'. This growing interest in embeddedness

and networks in economic geography during the 1990s came to parallel ongoing contributions in economic sociology (see Velthuis, 1999) and in management and organization studies (Gulati and Gargiulo, 1999; Gnyawali and Madhavan, 2001).

GLOBAL PRODUCTION NETWORKS, TERRITORIAL ORGANIZATION AND RELATIONAL ANALYSIS

This most recent phase of Dicken's work has been associated with a renewed focus on theoretical development (see Table 1.1). One of his central concerns here has been the development of a *relational framework* for the study of global economic change, focusing on the character of inter-firm relations in different territorial and organizational contexts (see Dicken, 2000; Dicken and Malmberg, 2001; Dicken et al., 2001; Henderson et al., 2002). These relational networks are conceived both as *social structures* and as *ongoing processes*, which are constituted, transformed and reproduced through asymmetrical and evolving power relations by intentional social actors and their intermediaries. This relational view of networks emphasizes the role of human agency and the ongoing formation of networks that produce empirical outcomes and establishes a potential basis for what might be termed 'network ethics'. For example, thinking in terms of a global network for coffee or gold production or tourism services allows direct connections to be made between geographically distant consumers and producers, and the intermediaries in between (Whatmore and Thornes, 1997; Clancy, 1998; Hartwick, 1998; Olds and Yeung, 1999). In this way, the 'claims of distant strangers' (Corbridge, 1993) can become a part of economic and political analysis, rather than limiting such analysis to discrete political entities, like the nation-state.

By focusing on 'the essentially dialectical relationship between firms and places: the notion that *places produce firms* while *firms produce places*', Dicken (2000: 276; original emphasis) seeks in the context of firm-place nexus to operationalize some of the recent conceptual innovations concerning the territorial organization of the global economy that have been developed by geographers and sociologists (see Gertler, Malmberg, Brenner and Hudson, in this volume). Four deeply interconnected sets of firm-place relationships are identified in Dicken (2000: 285):

- 1 intra-firm relationships: between different parts of a transnational business network, as each part strives to maintain or to enhance its position vis-à-vis other parts of the organization;
- 2 inter-firm relationships: between firms belonging to separate, but overlapping, business networks as part of customer-supplier transactions and other inter-firm interactions;

- 3 firm-place relationships: as firms attempt to extract the maximum benefits from the communities in which they are embedded and as communities attempt to derive the maximum benefits from the firms' local operations and;
- 4 place-place relationships: between places, as each community attempts to capture and retain the investments (and especially the jobs) of the component parts of transnational corporations.

These ideas are further developed in collaboration with Anders Malmberg to incorporate transformations in the wider processes of territorial development at local, regional, national and global scales (Dicken and Malmberg, 2001). Here, the focus is placed on three major dimensions – firms, industrial systems and territories – embedded in the overall macro dimension of governance systems, which are characterized by prevailing sets of institutions, rules and conventions. Firms are conceived as complex spatial and territorial structures that simultaneously organize space into various localized industrial clusters while being influenced by the bounded nature of space.

REFLECTIONS

Peter Dicken has been a significant presence in economic geography for more than 30 years. During this time, this especially restless subdiscipline has gone through a series of theoretical and methodological shifts – from location theory through structural Marxism to a range of institutional, poststructural, cultural and relational turns (see Peck, 2000; Scott, 2000; Barnes, 2001; Yeung, 2003). In this rather turbulent intellectual context, Dicken's has been one of the more consistent and authoritative voices. Although his own position has evolved over time, his approach has remained 'grounded' – less concerned with theoretical fashions than with the challenging task of tracking and unpacking processes of global transformation in all their contingent complexity. And, as Ash Amin points out in this volume, Dicken has always done this with a 'light touch', managing to convey subtlety, intricacy and nuance, while avoiding the pitfalls of aimless empiricism, and charting global processes and transformations without succumbing to 'globaloney'. In this respect, as in others, he has cut his own path.

Taking this broad view, there are a number of distinctive features in Dicken's work. First, he has always been concerned with *structures and processes* of global economic change. Right back to the first edition of *Global Shift* in 1986, he has made the case for a 'big picture' approach, with a geographical twist, to the study of global economic change. As pointed out by a reviewer of the second edition of *Global Shift*,

... most of the big geographical questions associated with explaining the changing location of economic activity at the global scale were being more effectively addressed in the literature of political economy and business.

The publication of *Global Shift* in 1986 was therefore something of a landmark in returning these issues to their proper place within the geography curriculum. (Chapman, 1992: 134)

Second, while Dicken is always interested in the structures and processes of global shifts, he has never fallen into the trap of ‘process fetishism’, which can be defined as an exaggerated concern with processes at the expense of due concern with the actors and outcomes of globalization. In fact, his work has consistently shown how such actors as firms (particularly transnational corporations) and states matter in global shifts. This *actor-oriented approach* was a characteristic of his early work in the 1970s on the behaviour and decision-making processes of firms, while it also finds echoes in his more recent concern with firm-state relations and the role of lead firms in global production networks. Dicken’s focus on the strategic behaviour of firms and states underscores the partiality of ‘actor-less’ interpretations of global economic change. Resistant to conceptualizations of the firm as an isolated ‘island’ of coordination within a sea of market relations – the classic Coasian transaction costs perspective, Dicken sees the firm as a kind of *relational* organizational device, connecting a structured field of actors and drawing upon a repertoire of resources to set and accomplish certain strategic initiatives. Cumulatively, his work represents a powerful analysis of the role of TNCs *qua* globalized firms, the locus of immense resources and boundary-spanning capabilities, as structuring agents in the globalization process (see also Gertler and Amin, in this volume).

Third, Dicken’s distinctively *grounded approach* means that he is able to be empirical without being empiricist. Any user of *Global Shift* knows that this book is exemplary in its meticulous treatment of empirical materials. This affords the book a balanced and authoritative quality, irrespective of the reader’s particular ‘take’ on globalization. For example, an online reviewer observed that *Global Shift*

... will challenge your view of globalization. Having come to the book as an opponent of globalization, this book awakened me to the complexity of the problems raised by a rapidly globalizing economy. As a result, I was forced to re-examine my opposition and hone my arguments against globalization. This unbiased, empirical approach makes the book highly recommended for those interested in putting forth the best possible arguments about the global economy.²

Similarly, an economist reviewing the third edition of *Global Shift* concluded that ‘What I really like about Dicken is that he makes you think. He will take a topic like transnational corporations and look at all of their effects and the arguments and evidence before telling you what he thinks are the most important elements. He thus educates the reader to be a critical consumer of opinions (even his!) about globalization. He avoids the distorting generalizations that so often characterize globalization discussions.’³

Finally, one of the real virtues of Dicken’s work is his *explicit interdisciplinarity*. Geography’s relationship with other disciplines can often be somewhat asymmetrical, reflected in a reliance on ‘imported’ concepts, methods and frameworks (see Schoenberger, 2001), but Dicken has been amongst the

‘exporters’ too. His work not only echoes the concerns of disciplines like strategic management and global political economy, it also reciprocally speaks to these concerns. In a commentary on Dicken’s (1994) Howard Roepke Lecture in Economic Geography reproduced in *Advances in Strategic Management*, Brahm (1994: 249 and 253) noted that the paper

... contains an insightful exploration of numerous topics regarding the global economy that are of great relevance to the field of strategic management ... I would like to praise Dicken’s paper for its interdisciplinary orientation and for its ambitious scope. It takes some courage to embark on this kind of endeavor knowing that an eclectic approach almost inevitably produces some fuzziness that discipline-specific purists will find dissatisfactory ... I hope that many strategy researchers will be influenced by it and will turn to some of the wider body of literature cited in the paper, including Dicken’s other work, to enhance their own research agendas.

As a tribute to Dicken’s formative contributions to studies of global economic change, we have briefly traced in this chapter some of the intellectual lineages of his work over the past three decades and pointed to some of its enduring influences. The contributors in this volume, in their own different ways, also draw attention to these diffuse and significant influences, tracking global connections in ways that are distinctively sensitive to space and scale. It is no exaggeration to say that Peter Dicken has been a pioneering presence in this field, and the range and depth of this work is in no small measure a tribute to his many contributions – personal and professional.

ACKNOWLEDGEMENT

With his characteristic modesty, Peter Dicken would probably have preferred that we did not write this chapter, so we would like to thank him for looking the other way long enough for us to get it done, and for his willingness to let us find our own way through his ‘back catalogue’. We received helpful comments on an earlier draft of this chapter from Kris Olds, Nigel Thrift and Adam Tickell, but we must be solely responsible for any errors or misinterpretations that remain.

NOTES

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- 1 *Location in Space*, co-authored with Peter Lloyd (Lloyd and Dicken, 1972; 1977; Dicken and Lloyd, 1990) remains as one of the standard teaching texts in economic geography. It has been translated into Italian (1979; 1993), Japanese (1997; 2001) and German (2001). Intriguingly, it was one of the very few economic geography

works cited in Porter's (1990) study of *The Competitive Advantage of Nations*. For his significant contributions to advancing research on globalization and economic geography, Peter Dicken was awarded the Victoria Medal by the Royal Geographical Society-Institute of British Geographers in 2001. The citation reads 'Peter Dicken's scholarly work both encompasses the globe and is celebrated around it by leading academics and institutions both within and beyond Geography as agenda-setting and leading research which is innovative, critical and sustained' (*Geographical Journal*, Vol.167, Part 3, September 2001, pp.271-272). In 2002, he was awarded an honorary doctorate of philosophy by the University of Uppsala, Sweden, in recognition of his standing as one of the world's most distinguished economic geographers.

2 Tim Hundsdorfer, <http://www.amazon.com>, accessed on 12 December 2000.

3 Michael Veseth, <http://www.ups.edu/faculty/veseth/reading.htm>, accessed on 24 December 2001.