



The Global Labour University

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Global Framework Agreements:
A New Strategy for Trade Unions?

**Conference
Financialization and Labor**

**February 27 – 28, 2014
Wissenschaftszentrum Berlin**



Financialization and Labor

Financialization drives business strategies and has subordinated all activities of Transnational Corporations (TNC) to investor demands for profit: rigorous reduction of costs, improved efficiency, elimination of slack, etc.

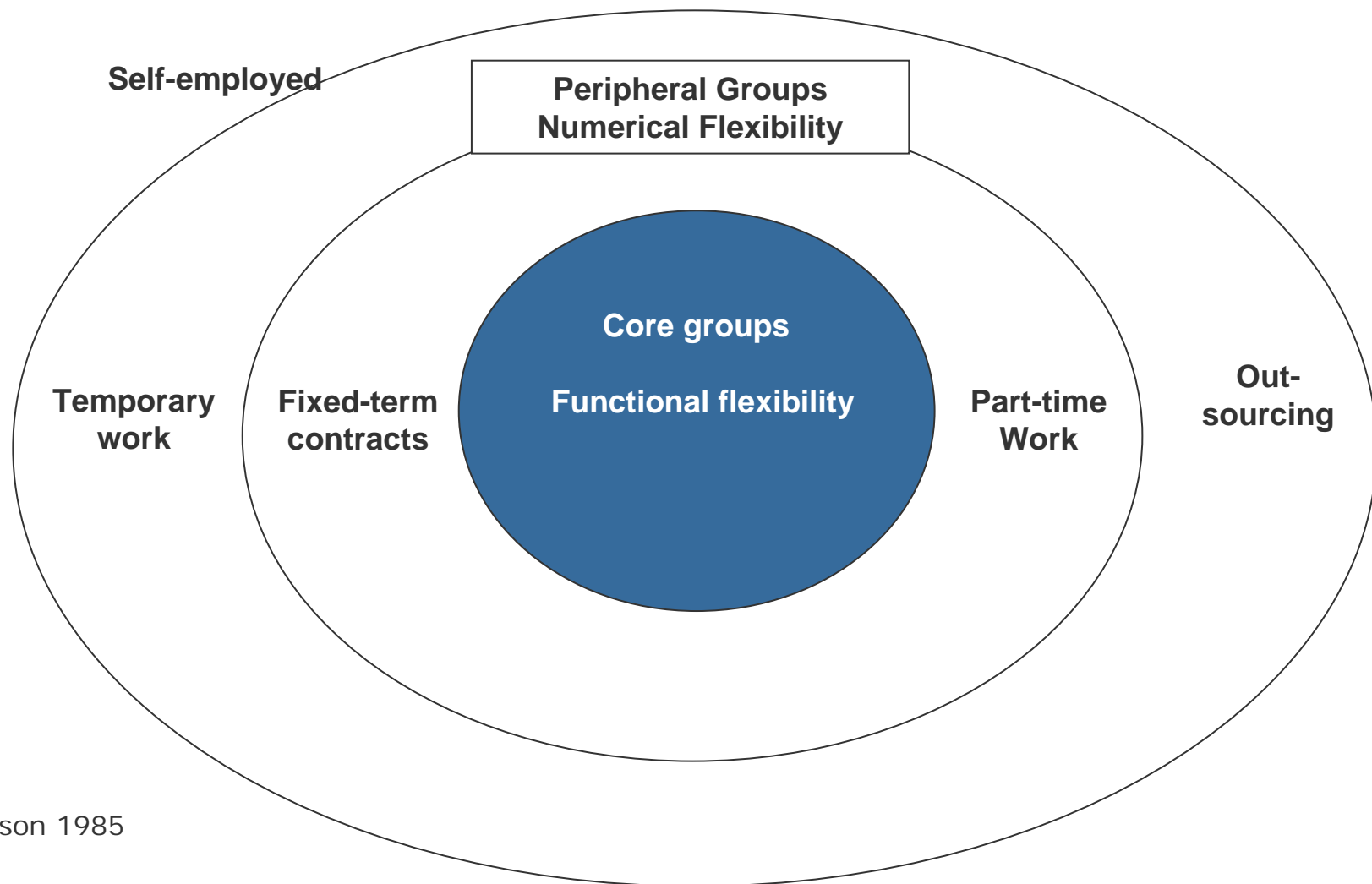
Investment returns must be secured under conditions of volatile markets. Flexibility, especially in regard to employment relations, has become the watchword.

Globalization and the spread TNC-controlled global production networks (GPN) has undercut the power of labor to bargain over wages and working conditions.

Precarious employment relations increase in GPNs with the institutional and locational distance from the core to the periphery.



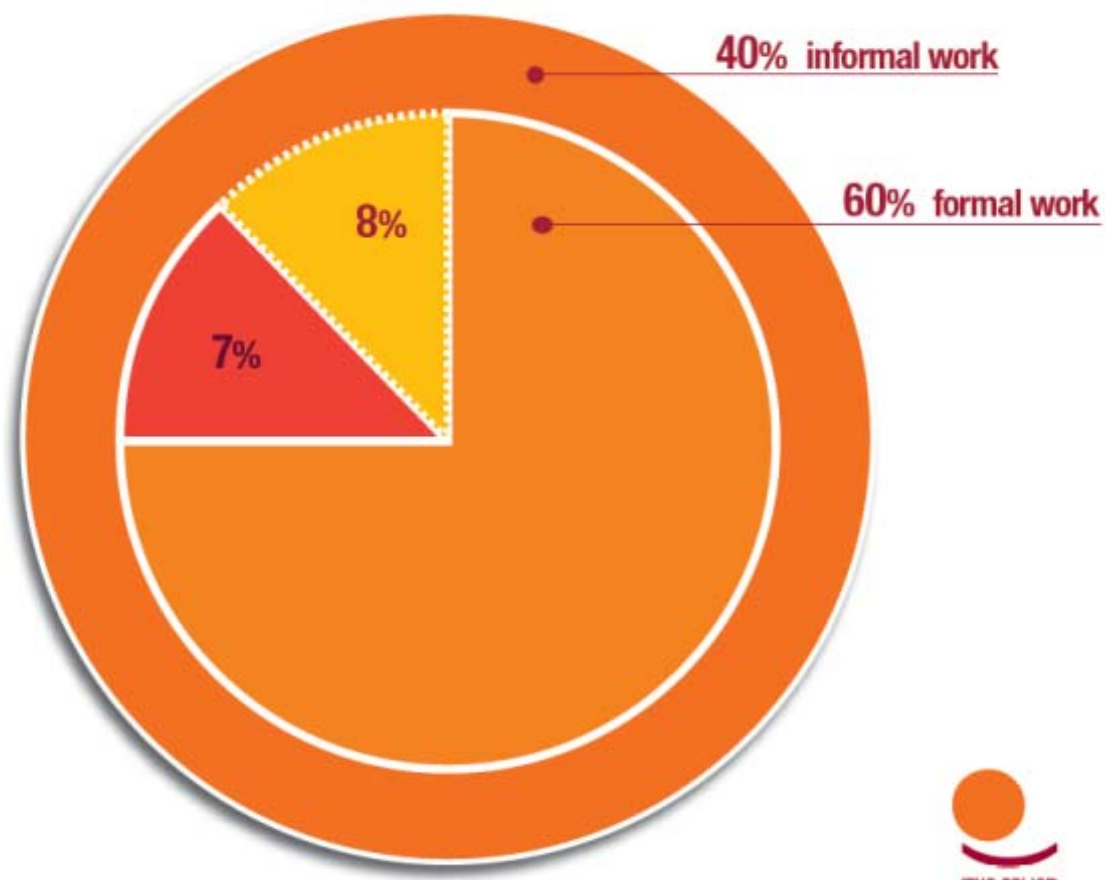
Labor in Global Production Networks



Atkinson 1985



Challenges: Unions and Global Production Networks



- **Global Workforce**
Ca. 2,9 Billion
40% in the
informal economy

- **Only 200 Millionen**
or 7% of the total
workforce
organized



A Transnational Union Strategy: The Three Key Elements

- *Element One:*
Based on Global Framework Agreements
- *Element Two:*
Dimensioned across Global Production Networks
The Arena of Applicability and Validity
- *Element Three:*
Organized via Transnational Union Networks (TUN)



A Transnational Union Strategy: The Three Key Elements

Element One:

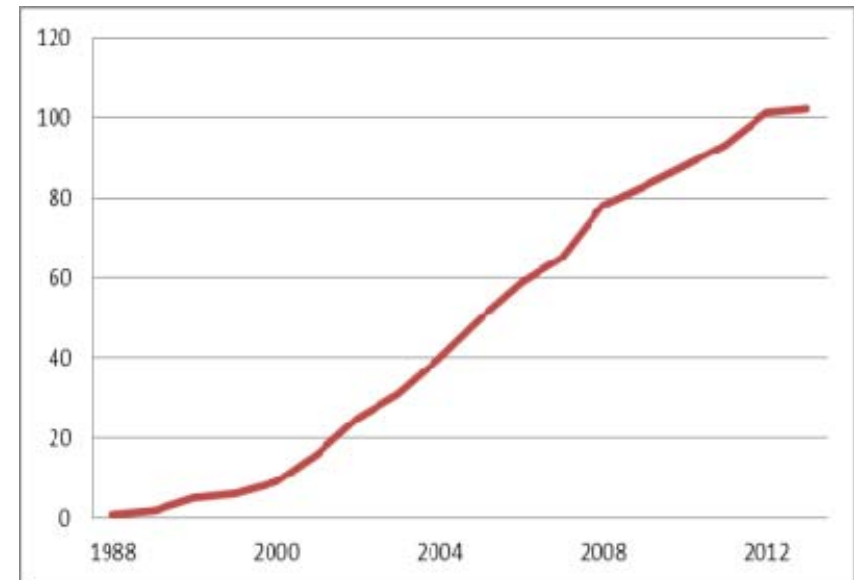
- Based on Global Framework Agreements



Definition:
Global Framework Agreements are...

... based on **contract relationships** between transnational corporations (TNCs) and global union federations (GUFs) which

- give mutual recognition of **actors** on both sides,
 - provide for **processes** of conflict resolution and
 - with standard-setting **content** regarding
 - **ILO core labour standards** (union rights and collective bargaining, no forced or child labour, no discrimination),
 - additional ILO conventions (i.e. working time, pay, health & safety)
- within a defined organizational domain (**arena**)



Total number of GFAs (active)
(1994 to 2014, n = 103)



Global Framework Agreement (GFA): Ideal type

•Actors

Mutual recognition; Involvement GUF affiliates + local management; lead role of the GUF

•Procedures

Joint implementation: Application, Monitoring, Case handling
Information + communication / Training / Organizational practice

•Content

ILO Core Labor Standards / Additional ILO Conventions
Neutrality and Access to the workplace
Global Norms and National Laws – most advantageous for workers

•Arena of Applicability

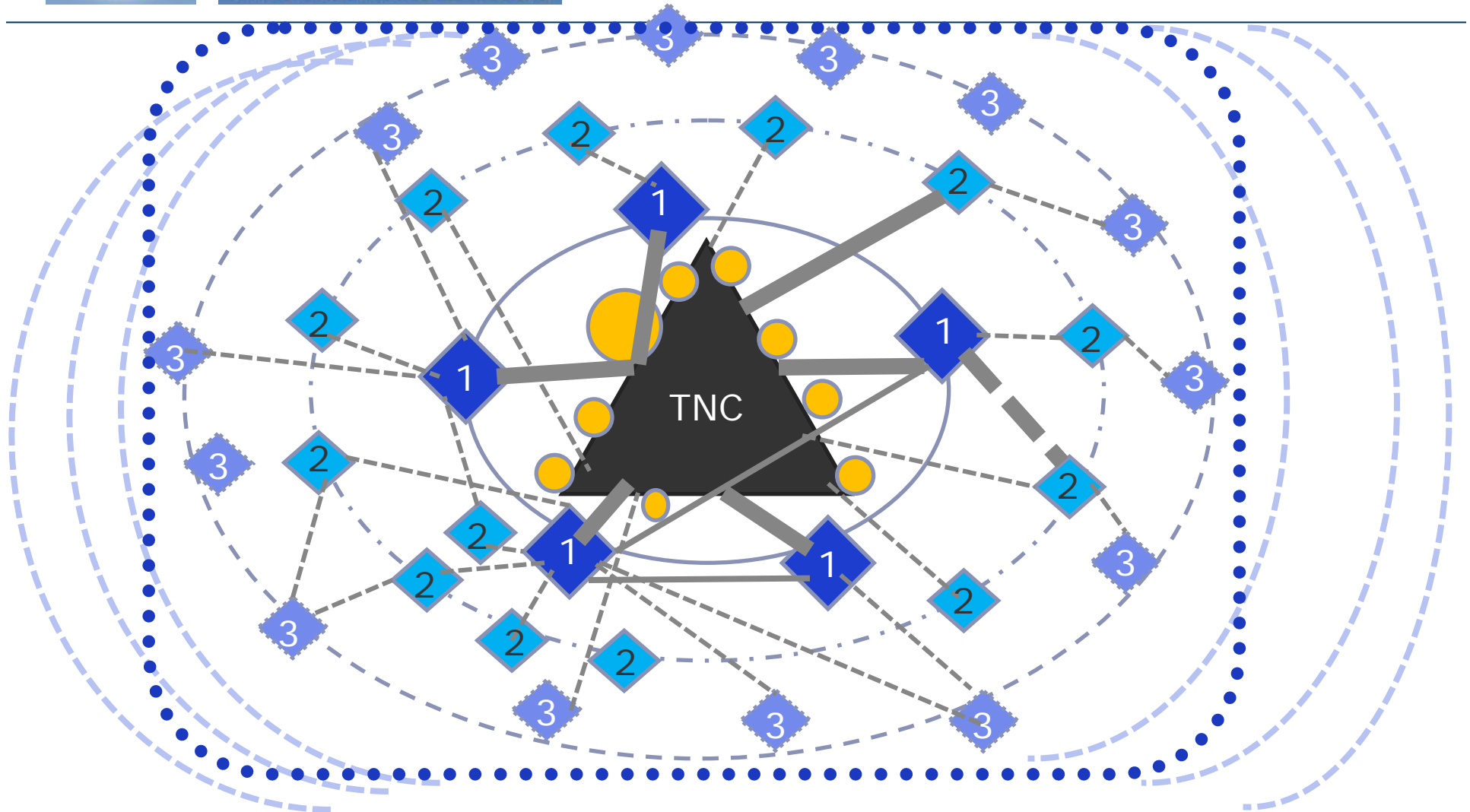
TNC *AND* Suppliers/Sub-contractors = Global Production Network
(Outsourcing, Flexibilization, Restructuring)



A Transnational Union Strategy: The Three Key Elements

Element Two:

- Dimensioned across
Global Production Networks:
The Arena of Applicability and Validity



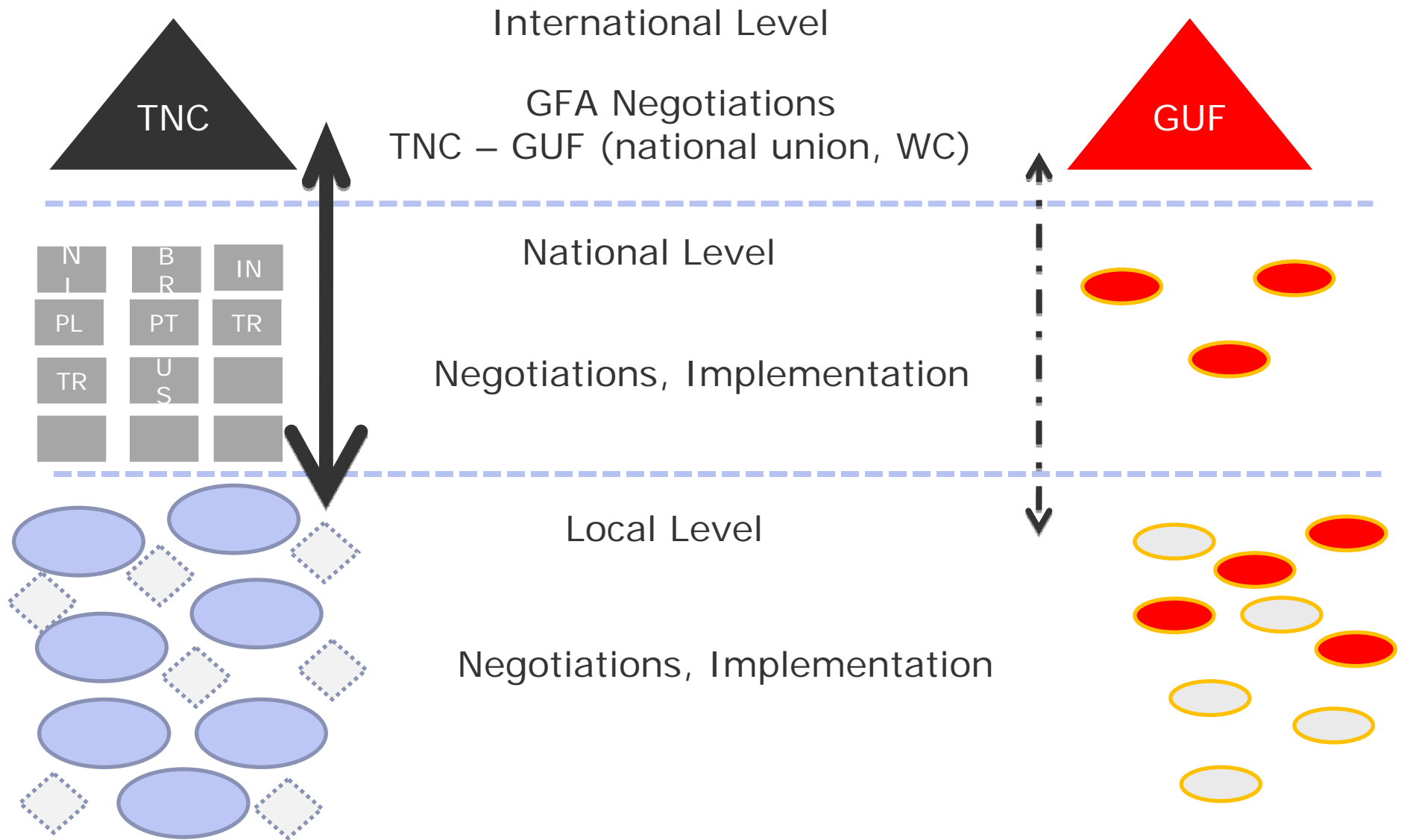
GLOBAL PRODUCTION NETWORK (GPN)



A Transnational Union Strategy: The Three Key Elements

Element Three:

- Organized through
Transnational Union Networks (TUN)





3. Transnational Union Networks

- **Governance**

 - Defined leadership structures;

 - Coordination / Guidance via GUF or TUs

 - Defined priorities and assigned tasks

 - Commitment of resources

- **Goals:**

 - Initiating, Securing and Implementing GFA

 - "Ownership"

 - Raise the leverage potential of local/national affiliates

 - Use GFA for space to organize

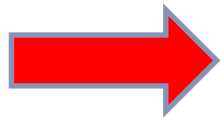
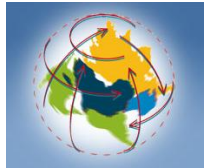
 - Build and strengthen cross-border cooperation and solidarity



3. Transnational Union Networks

The whole GPN in mind – strategic focus on pressure points

- Where are the neuralgic/weak nodes or links in the GPN? (structural power)
- Where are there strong unions? (associational power)
- Where are there weak unions, where are unions non-existent and potential for "union building"?
- Where are scandalizing opportunities and allies?



Nevertheless, numerous success cases

- **Brazil:** Daimler/Mercedes (IndustriALL)
Leoni (IndustriALL)
- **India:** G4S (UNI)
- **Turkey:** Daimler/Mercedes (IndustriALL)
- **USA:** Daimler/Mercedes (IndustriALL)
Rhodia (IndustriALL)
Lafarge (IndustriALL, BWI)
Ikea (BWI)



SUMMARY / CONCLUSIONS:

- GFAs are not a strategy by themselves. Together with TUNs they are a tool for union voice in GPNs, for protecting and raising standards and stabilizing employment relations.
- "Ownership" of the GFA comes through common strategy. Building participation through TUNs during negotiations strengthens implementation.
- Transnational Union Networks need structure, leadership, purpose and resources. And a focus beyond the TNC on GPNs
- Such a union strategy is potentially a stepping stone beyond single TNCs and toward a comprehensive transnational political strategy for global labor relations.



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ARGUMENTS:

1. GFAs select actors, define content and processes. They open a space for the development of an arena of global labor relations.
2. Global production networks (GPN) are the organizational object of reference with their "contested fields" of labor-management relations.
3. Global Union Federations (GUFs) are constructing Transnational Union Networks (TUNs) in this context to realize labor's collective voice in implementing GFAs and advancing trade union organization.
4. Structural, associational and strategic (agency) factors contribute to differing modes of governance in TUNs. Differing modes of governance lead to different outcomes.
5. Strategic choices can override institutional constraints.



In der Realität stellt sich etwas anderes ein: Da Eigentümer, Analysten und Ratingagenturen in der Regel nicht über Insiderwissen verfügen, nimmt die Autonomie des strategiefähigen Managements eher zu. Das Top-Management der von uns untersuchten Unternehmen nutzt wertorientierte Steuerungsformen, um die interne und externe Flexibilisierung in transnationalen Wertschöpfungsketten in mehrfacher Hinsicht zu dynamisieren.

Die Unberechenbarkeit volatiler Märkte wird zu einem zentralen Element der strategischen Planungen transnationaler Unternehmen. Es geht darum, auf Marktschwankungen nicht nur zu reagieren, sondern diese bei Investitionen, Produktionsvolumen, aber auch bei Beschäftigung und Arbeitsbedingungen soweit wie eben möglich zu antizipieren. Die Unberechenbarkeit der Märkte wird gewissermaßen zum Planungsgegenstand, die „Spekulation auf die Zukunft“ zum Maßstab für die Flexibilität von Produktionssystemen und Beschäftigung.

Stets geht es jedoch darum, dem Unternehmen eine Mindestrendite zu sichern. Wenig rentable Bereiche werden restrukturiert oder ihre Funktionen ausgelagert. Dies ist ein wichtiger Treiber der Herausbildung auch grenzüberschreitender Wertschöpfungsketten und Produktionsnetzwerke.



So orientiert sich die Personalplanung an der „mittleren Linie“ einer durchschnittlichen Auslastung. Absatzschwankungen nach oben und unten sollen durch flexibles Personal abgedeckt werden. Aus dieser Perspektive wird die Festanstellung zu einer Finanzinvestition, die Kapital für Jahrzehnte bindet.

Thus, as economic integration among countries increased, so did the internationalization and globalization of production systems, showing a trend towards 'disintegration' (Wood 2001: 41) in that such systems became less hierarchical, increasingly spatially dispersed and more network-like.



2. Herausforderungen: Gewerkschaften und Globale Wertschöpfungsprozesse

- Weltweit operierende **Konzerne** kontrollieren **80%** des Welthandels durch ihre globalen Wertschöpfungsketten
- Zentrale Erkenntnisse für die IG Metall:
 - Wertschöpfungsprozesse enden nicht an den Grenzen von Industrieparks und Verwaltungsstellen in Deutschland
 - Wachsende Zusammenballung wirtschaftlicher Macht
 - regionale Ausprägungen global aufgestellter Wertschöpfungsprozesse
 - Prekarisierung und Flexibilisierung sind Kernelemente der Wertschöpfung



Prekarisierung und Flexibilisierung werden zur Grundlogik der Wertschöpfung durch globale Produktionsnetzwerke. GPN treiben Prekarisierung voran: Renditeziele durch Ausreizung der Flexibilisierung

Von daher ist festzustellen: In einer globalisierten und vernetzten Wirtschaft, in der Transnationale Konzerne keine Grenzen ihres Profitstrebens akzeptieren wollen, läuft die einzelne Gewerkschaft – auch eine in Deutschland erfolgreiche IG Metall – bei dieser Aufgabe immer wieder Gefahr, die eigene Handlungsfähigkeit durch anderswo getroffene Konzernentscheidungen einzubüßen und die einst erreichten Standards wieder preisgeben zu müssen



Labor in the Global Value Network

What are some characteristics of labor's situation?

- geographical dispersion
- mutual dependency
- competition for jobs
- status hierarchy (vertical + horizontal / core - periphery)
- fragmented representation