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Global Value Chains and Trade Union Strategies.

Implementing International Framework Agreements[1]

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1. Introduction

In recent months, the global financial crisis has made abundantly clear that economic globalization has not been flanked by global protective regulation of social matters; indeed, a lowering of social protection standards in the name of competitiveness, flexibility and the elimination of regulatory instruments of decommodification has been far more commonplace. As firms grow internationally and develop business strategies toward globalizing their production and positioning themselves in foreign markets, governments compete to provide them with optimal conditions for investments and profitability. Despite the increasing transnationalization of labor markets, setting standards for wages and working conditions is still dealt with within national boundaries, primarily as a workplace issue marked by employer discretionary or unilateral action, but also, where organized and institutionalized, dependent on a mixture of state regulations and negotiated contracts between domestic employer and employee representatives.

Trade unions have generally been on the defensive in the challenge to parry the expansionary offensive of trans-national corporations (TNC) in the context of liberalization and deregulation processes. Where once strong, their recognition as regulatory actors is eroding; where weak, stemming the tide of commodification has been considerably more difficult. Beyond the national level, their capacity to negotiate binding regulations has always been minimal.[2] Cross-border cooperation among national union organizations from often extremely heterogeneous labor relations settings is still more a programmatic goal than reality, although such activities – for example, in the EU – are an important force in addressing the often glaring deficits in employment standards generated by cross-border business activity and in extending existing labor standards beyond national borders (Turner 1996). For their part, international trade union organizations have not been able to mount a comprehensive effort to gain binding recognition for labor standards, and the International Labour Office (ILO), despite widespread reference to its Core Labor Standards, has been unable to achieve equal status with such powerful institutions as the WTO, the IMF and the World Bank (Scherer and Schmid 2000).

Voluntary CSR initiatives in regard to labor rights are window-dressing with little or no impact, when not checked by stakeholder input. Nor are encompassing and effective government hard law policies to reign in TNCs close to becoming reality. As a number of studies have shown, CSR as a "top-down" strategy emanating from TNC headquarters is "insufficient and even inefficient in achieving further real and sustained improvements." (Jörgensen, et al. 2003: 2) Experiences with company-specific Codes of Conduct (Fichter and Sydow 2002) as well as voluntary sectoral codes (Hiß 2006) testify to the difficulties as well as the need for a

[2] The major exception is the maritime industry. See Koch-Baumgarten 1998, Lillie 2004.

comprehensive approach emanating from the structural and strategic conditions within the TNC and throughout its supply network (Barrientos 2002; Greven and Scherrer 2002).

One possible approach to closing the regulatory gap and toward creating a contractual basis across national borders is the International Framework Agreement (IFA). International Framework Agreements have become a recognized, albeit small, basis of agreement between Global Union Federations (GUF) and Transnational Corporations (TNC) for setting labor standards and promoting social dialogue. Within the general framework of multi-level governance and global value network studies, this paper deals with IFAs as a means of implementing and maintaining recognized labor standards along cross-border value networks. As an instrument of governance, IFAs have a normative regulatory mandate to "establish a formal ongoing relationship between the multinational company and the global union federation which can solve problems and work in the interests of both parties." (International Confederation of Free Trade Unions (ICFTU) 2004) Despite their increasing numbers, little is actually known about their impact and their implementation.

The normative goal of achieving decent social and environmental standards in the global economy is closely linked to the development and management of cross-border production and supply relationships. Our research (Fichter and Sydow 2008) analyzes IFAs as a governance instrument and its effectiveness in providing a basic platform across individual workplaces for designating the actors and negotiating the issues. We will consider that the particular structure and management of a global value network, as well as divergent interests between the European context of IFA origin and the periphery, will have considerable impact on the implementation effectiveness of an IFA and should be recognized by the negotiating partners and signatories. Furthermore, our research will endeavor to integrally link management prerogatives derived from market considerations (including product and quality standards) with issues of labor standards. While we have no illusions about the difficulties involved, a better understanding of these based on empirical evidence from different case studies can help management and unions to focus their resources on practical steps forward.

As such, the issue which this paper addresses is that of establishing a regulatory regime along the production, supply and value chains of multinational corporations in terms of setting labor standards and protecting workers from the volatility of global financial markets. Are IFAs a viable approach? Can they achieve this goal? What factors may promote or inhibit the effectiveness of IFAs? And how may IFAs fit to the overall management and regulation of global value chains?

2. The Role of Financialization and its Impact on Labor

The past thirty years of economic globalization have been driven by a neo-liberal triad of privatization, deregulation and financialization, enormously aided by technological and logistical advances. Under the US-led hegemonic world market project (Scherrer 2004: 115), the virtues of free trade were extolled and coupled with flexible exchange rates and the deregulation of financial markets (Lütz 2000: 65). Under pressure mounted by the US and its industrialized allies, flanked by the supportive policies of the international finance institutions, governments throughout the world began opening their economies to foreign products and capital. Transnational Corporations (TNC) in particular benefited from this nascent development, becoming key drivers of a new paradigm of international economic and social power relations beyond the nation state. The result was not only a vast increase in the sales of their finished products, but also improved access to low paid labor, unfinished goods and raw materials. Above all, relaxed capital controls unleashed a scramble to attract foreign investment. TNCs took advantage of growing market access and used "regime competition" (Streeck 1992) among governments to "shop" for efficiency and cost benefits for their production and supply operations. In particular, the ongoing debates in the political science community and among students of International Political Economy on "global economic governance" (Schirm 2007: 13) have centered on the growing power of TNCs and the extent and implications of "a worldwide tilt from states to markets." (Hewson and Sinclair 1999: 5) Thus, as economic integration among countries increased, so did the internationalization and globalization of production systems, a trend toward "disintegration" (Wood 2001: 41) in the sense of such systems becoming less hierarchical, increasingly spatially dispersed and more network-like.

While the dominant role of TNCs in shaping economic globalization s quite evident, their metamorphosis as non-financial corporations (NFC) into objects of "financialization" is highly complex and more difficult to pin down. Following Crotty, neo-liberal globalization unleashed productive capacities which outstripped the growth of aggregate demand, intensified product competition and forced a

"shift from 'patient' finance seeking long-term growth to impatient financial markets that raised real interest rates, forced NFCs to pay an increasing share of their cash flow to financial agents, drastically changed managerial incentives, and helped shorten NFC planning horizons." (Crotty 2005: 78)

This process has been labeled "financialization" and can be defined as referring "to both the enhanced importance of financial versus real capital in determining the rhythm and returns expected from investments, and the increased subordination of that investment to the demands of global financial markets." (Rossman and Greenfield 2006: 55) The resulting triumph of "shareholder value" as a new business strategy in TNCs, lifting the exercise of property rights to exclusive heights of power (Dore 2008: 1102), has had a profound impact on labor relations. With production and supply geographically distributed across countless borders in generally complex systems of independence and interdependence, labor solidarity is sorely challenged. Moreover, it has not left locally or nationally embedded systems of stakeholder interaction untouched. Their subjection to investor demands of optimization, i.e. rigorous reduction of costs, improved efficiency, elimination of slack and an increase in profitability, has eroded local power positions (Kädtler and Sperling 2003: 55). As Gill pointed out more than a decade ago, this process of *disciplinary neoliberalism* has resulted not the least in a greater commodification of labor (Gill 1995).

3. Global Value Chains and Networks: Issues of Structure and Governance

In recent years, a number of scholars in international political economy have been researching the structure and governance of globally dispersed, managed systems of production and supply[3]. The concept of global commodity chains (GCC) was first introduced by Gereffi and Korzeniewicz, whose definition referred to "sets of interorganizational networks clustered around one commodity or product, linking households, enterprises, and states to one another within the world-economy." (Gereffi and Korzeniewicz 1994: 2) That opened a controversial debate over the scope of the phenomenon and as such, the research topic, and over the appropriate analytical approach. For one, both of the terms "commodity" and "chain" were challenged, "commodity" for being too narrowly focused on a particular group of low-end products, and "chain" for being too linear. The use of the term "commodity" has largely given way to the use of "value" or "production" to emphasize the "productive (i.e., value-added) activities that lead to and support the end use of a particular product or service" (Sturgeon 2001: 3; see also Levy 2008: 943)[4]. As for "chain", it continues to be used alongside of "network", although in both the social sciences and in economics, and especially in the field of business studies, the overall importance of networks in general and global value networks in particular has been acknowledged for some time (e.g. Sydow 1992; Rugman and D'Cruz 2000).

The following definition of both terms is illustrative:

a "chain" maps the vertical sequence of events leading to the delivery, consumption, and maintenance of goods and services—recognizing that various value chains often share common economic actors and are dynamic in that they are reused and reconfigured on an ongoing basis — while a "network" highlights the nature and extent of the inter-firm

[3] A good overview of research activities in this field can be found at the Duke University website http://www.globalvaluechains.org/index.html.

[4] See Palpacuer 2008, who counters this, arguing that "commodity chain" is more accurate in regard to the "commodification" of labor.

relationships that bind sets of firms into larger economic groups. (Sturgeon 2001: 2)

A second line of controversy developed over the GCC's simple dichotomy between "production-driven" and "buyer-driven" chains, a concept which has since been refined and differentiated (Gereffi, Humphrey and Sturgeon 2005).

Finally, in regard to the issue of governance, a central issue of this paper, the global value chain (GVC) approach advocated by Gereffi and others has been criticized as having narrowed "the explanatory scope of the governance concept … from the length of the chain … to the inter-firm transaction at a specific node in the chain …." Moreover, the emphasis on "governance as coordination" masks both the wider aspects of power relations throughout the chain/network as well as the interaction with and impact of broader societal and corporate policies and structures. (Gibbon, Bair and Ponte 2008: 323; Bair 2008, Levy 2008)

4. Labor Standards in Global Value Networks: An Issue of Governance?

The discussion of "governance" is of course not only prevalent in the focused debate on global value networks, it is widely used in the academic literature of various social science and economic disciplines. (for example: Benz 2004; Armstrong 2005; Brand and Scherrer 2005; Fuchs 2007; Herod, Tuathail and Roberts 1998; Wilkinson 2005) In regard to international affairs, governance has been defined as

"the sum of the many ways individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodated and co-operative action may be taken. It includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions either have agreed to or perceive to be in their interest. .... There is no single model or form of global governance, nor is there a single structure or set of structures. It is a broad, dynamic, complex process of interactive decision- making that is constantly evolving and responding to changing circumstances." (Commission on Global Governance 1998: 1)

While the imposing power position of TNCs in making the rules and norms of global economic governance is evident, civil society actors have been able to demand and attain recognition as whistleblowers and participants in global governance. Non-state actors are recognized for their role in rule making, for their competency and resources (informational, expertise, monitoring capacity, mobilization and representation power), and above all for their contribution to the implementation of decisions (Grande et al. 2006). In particular, because "the regulation of transnational socio-economic problems depends essentially on the option 'governance without government'" (Müller, Platzer and Rüb 2004: 69), increasing attention is being paid to the spread of such phenomena as "public-private-partnerships" (Börzel and Risse 2005), "global public policy networks" (Detomasi 2007), "industry self-regulation" (Haufler 2003), "transnational private authority" (Nölke 2004) and cooperative "private governance" schemes (Pattberg 2005), the existence of which attests to a piece-meal process of constructing new locations of authority in a global space. And too, all of this "private", or non-state activity has important ramifications for theoretical considerations of legitimacy and democracy (Palan 1999; Zürn 2004).

But for all of this discussion, labor and the conditions of employment are at best marginal aspects. O'Brien's broad criticism that labor conditions and the regulation of labor standards in global value networks are not addressed at all (O'Brien 2000) may not be completely valid almost a decade later, but the relevance of labor in these academic debates is still minimal. For some (Gereffi, Humphrey and Sturgeon 2005: 85, 93), the governance of labor is an issue only insofar as firms may have to respond to a governmental regulatory environment. Moreover, research and theoretical considerations have generally treated TNCs as homogenous entities, rarely problematizing their internal power struggles and interest conflicts. (cf. Strange 1999; Fuchs 2004). Others however have at least begun to discuss employment and human resource management as well as strategies for labor in terms of the global restructuring of business (Fichter and Sydow 2002; Bair and Ramsay 2003; Hayter 2004; Boyd, et al. 2007; Locke and Romis 2007; Koch-Baumgarten 2006). These studies also point out that independent of a particular mode of production and supply governance (market, network, or hierarchy), the governance of labor and employment relations reaches beyond the organizational borders of individual firms.

But there is more to applying and developing a concept of governance to labor and employment relations beyond the national context. The increasing volatility of capital markets is a catalyst which "pressurizes senior managers to engage in rapid structural and processual changes" (Morgan and Kristensen 2006), creating instability and risk in TNC employment relations. Accordingly, governance in regard to labor must be understood to encompass both the sphere of organizational interaction (whether in chains or networks), as well as questions of control, power and hierarchy, of interest constellations, conflicts and negotiation within single organizational units (workplaces) of the overall operation and relationships. In both spheres, there are key elements of governance which need to be defined. The extent to which the contentiousness of these elements is reduced and their mutual recognition increased may serve as an indication of the strength and stability of a particular sphere of governance. First of all, there must be a recognized constellation of actors, their roles and positions of power. Secondly, interest conflicts revolve around substantive matters, around the content of inter-action and goals. Closely related to this is a third element: the processes which regulate inter-action. Finally, the boundaries of inter-action and norm-setting must be delineated.

Industrial relations theory itself has generally been framed in the context of national boundaries (Haworth and Hughes 2002: 67-69) and there still seems to be no ready answer to the question posed by Hyman, i.e. whether – in his terms – industrial relations theory is by definition ethnocentric. (Hyman 2004) Indeed, while the spatial dimension in terms of a Weberian "social enclosure" (Hoffmann 2006: 609) or arena (Müller-Jentsch 2004) is an integral part of industrial relation theory, within academic discourses on international political economy its meaning beyond the nation state in a cross-border or transnational context has been largely neglected (O'Brien 2000). But there are scattered indications in the literature (Ramsay 1999; Abel, Ittermann and Wannöffel 2001) that supra-national economic developments (EU, NAFTA) and the resurgent interest in the global power of TNCs may be spawning a new interest for the conceptualization and theoretical development of the transnationalization of labor relations. Kädtler, for example, has presented a highly differentiated analytical picture of the challenges faced by unions and employee representatives to develop new approaches in "fragmented bargaining arenas" (Kädtler 2006: 312), and recently, an important study by Müller, Platzer and Rüb (2004) has provided a solid conceptual basis for developing this issue in a global context.

5. Setting Labor Standards: International Framework Agreements as a Tool

The negotiation of IFAs is one strategy pursued by GUFs to establish and regulate labor standards in global value networks. Are IFAs an instrument toward this end? Can they structure a bounded space within which issues of common interest to employers and employees in a TNC and throughout the global value network can be negotiated by mutually recognized actors? The existence of over seventy IFAs (January 2009) testifies to their experimental relevance in constructing an arena of governance:

- Central level and local management of a signatory TNC on the one hand, a Global Union Federation (GUF) and contributing national member unions as well as employee representatives on the other hand are the recognized actors;
- the issues and the content of interest negotiation are defined by the IFA, as are
- the procedures of implementation and its monitoring as well as those for resolving conflicts;
- and the reach or boundaries of regulation. As international or "global"[5] agreements, IFAs are constructed to apply to all facilities of the signatory TNC and in many cases are intended to be applicable to suppliers as well.

[5] The International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM) prefers to designate such agreements as "Global Framework Agreements". And recently, UNI has chosen to use the term "Global Agreement".

In the context of the global governance debate we conceive IFAs potentially as an emerging instrument of the global regulation of labor relations and as such a necessary component of functioning global governance. IFAs may be regarded as "soft law": They are an act of rule-setting by non-state actors which does not infringe on national sovereignty (Grande et al. 2006), but in most cases does compliment or enhance on it. To a certain degree IFAs embody the "informality" issue posited by the concept of global governance due to their lack of judicial recognition. But because of their character as a contract relationship among mutually recognized private actors, IFAs also seem to have a "formal norm-setting" capacity and increased implementation legitimacy over unilateral instruments.

As "framework agreements", IFAs should be able to provide a "protective shield", i.e. a recognized basis of minimum standards guaranteed by the contractual parties, within which bargaining over employment issues takes place. Understanding this changing environment of the "inter-organisational division of labour" (Ramioul 2007: 13), is a task in analyzing the effectiveness as well as the reach and comprehensiveness of International Framework Agreements.

Based on a content analysis[6] of 62 IFAs signed by the four GUFs BWI, ICEM, IMF and UNI , we have found a number of interesting characteristics relating to their impact on and implementation in global value networks:

- Although some firms are „small“ international firms with a employment figure of below 5,000, the average in our sample is around 95,074 people. Based on 30 cases from the sample, the TNCs have an average of 22 production sites across the globe.
- Whereas all IFAs have a clearly defined actor as signatory on the management side (general top management and HR central management), on the labor side there are three different actor constellations: the GUF as the sole signatory (19.2%), the GUF and a (European) Works Council (29%), and the GUF together with a national or regional/sectoral trade union (46.8%)
- IFAs with more than one signatory on the labor side are more likely to include issues such as employment and working conditions, restructuring and mass redundancies which are defined for regular consultation and information. This points to the importance of a coordinated and participatory strategy in establishing a new arena for international labor relations by pushing more of these issues onto the IFA agenda.
- Two thirds of the relevant IFAs contain a subsidiarity clause which specifies local and national labor laws and collective bargaining arrangements to be respected.

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[6] These results are taken from an analysis in progress conducted by Markus Helfen and Katharina Schiederig.

“Local Industrial Relations practice. The agreement between the Parties shall be applied consistently throughout P4 operations but is not intended to replace or interfere with local industrial relations practice related to information, problem solving and negotiations. The Parties to the agreement respect the principle that industrial relations issues are best resolved as close as possible to the place of work.” (P4)

- If one expects IFAs to indicate an emerging institutionalization of international labor relations, then the monitoring of the agreement by a special group or committee (37% of the IFAs), in which management and employee representatives from different structural levels of the TNC are present, is the most far-reaching organizational development. “Meetings” (34%) represent a rather weak form of institutionalization and EWC embodiment (29%) signals some institutional support from a complementary institution.
- GUFs also have preferences or can influence the different forms of institutionalization of an international form of employee voice. Whereas the IMF prefers to relate IFAs organizationally to already established EWC structures, ICEM prefers a less committed form of institutionalization by common meetings and voluntary forms of compliance. UNI shows a more dispersed and flexible set of organizational arrangements. On the one hand, its policy on establishing special groups is not as committed as it seems to be the case for BWI. On the other hand, UNI also relies more on “meetings” than the IMF. Across all GUFs, there is a slight preference to constitute a special group for monitoring IFA rules.
- Extension of IFAs’ substantial prescriptions to suppliers becomes the essential test for the actual transfer of relevant practices. In this ranking, IMF and the BWI seem to be the most successful in negotiating an extension to suppliers which is at least backed up by weak forms of sanctioning. Weak sanctions are for example rules that specify possible contract termination in the future,

  “P11 considers the respect for workers rights to be a crucial element in sustainable development and will therefore seek to engage -to the extent it is possible- those contractors, subcontractors and suppliers which recognize and implement the social criteria listed above.” (P11)

  By contrast, strong forms may subject the supplier to special audits and rule out any violation of the standards by threatening immediate contract termination.

  Across all IFAs weak sanctions in terms of possible contract termination in the case of long-term supply relationships prevail as a transfer mechanism. However, in 40 percent of cases extension to suppliers is either voluntary or not specified at all.

- Regarding organizational forms constituted by IFAs and the integration of suppliers one observes the following results:

Forms	Supplier extension		
	voluntary	sanctioned	Total
Meetings	11	10	21
	52.38	47.62	100
EWC embodiment	7	11	18
	38.89	61.11	100
special group	7	16	23
	30.43	69.57	100
Total	25	37	62
	40.32	59.68	100
Pearson chi2(2) = 2.2188 Pr = 0.330 Cramér's V = 0.1892			

Special groups are more apt to be related to sanction-oriented approaches in IFAs whereas “meetings” favor more voluntary forms of supplier extension.

- However, it is not only the GUF side and a country-of-origin-effect that might influence supplier integration in terms of compliance with ILO standards. For example, the implementation of direct employee participation by special instruments such as a hotline or similar forms of individualized complaint procedures can be a management goal as well. As can be seen, a complaint procedure that highlights individual employees is also associated with a more pragmatic approach to IFAs.

6. Individual Case Studies: Some Preliminary Assessments[7]

Considering the heightened public interest in globalization and the impact of TNCs on our lives, it is astonishing that neither IFAs nor the more basic issue of labor conditions and the employment relationship in the context of globalization has been given more than cursory interest by mainstream social science discourses on global governance, corporate social responsibility, and global value networks, at least until very recently (Egels-Zandén 2009; Levy 2008; Palpacuer 2008). The IFA project, upon which this paper draws, is designed for case study research on the motivation for negotiating an IFA and on its implementation throughout the GVN of the signatory TNC.

Methodologically, our project has an exploratory character, designed to use a variety of case studies to test and refine hypotheses, construct typologies, and, using insights from those

[7] This section is largely based on company research by Katharina Schiederig.

studies, to contribute theoretically to the discourses around global governance, corporate social responsibility, global value networks and the internationalization of labor relations. This is a new field of research, which builds on previous investigations of headquarter level actors and IFA content. (for example: Hammer 2005; Schömann, et al. 2008; Herrnstadt 2007) This research requires an inductive approach, a focus on determining which factors (independent variables) can influence implementation and on understanding how these factors interact. We are confronted with what case study methodology has labeled an equifinality situation. This is when there is a variety of contributing factors, the interaction of which must be determined in each particular case, because

"the same type of outcome can emerge in different cases via a different set of independent variables. With the method of agreement we cannot be certain that the outcome is associated only with a given independent variable. If that phenomenon is subject to plurality of causes, we may sooner or later encounter one or more additional cases in which the outcome occurs in the absence of the conditions with which it was earlier associated." (George and Bennett 2005: 157)

In a first step toward the final selection of four case studies we have assembled a list of 16 TNCs from the more than 70 existing IFAs (January 2009). All of these TNC have an IFA with one of the four GUFs which have signed 65 of all IFAs: BWI (13), ICEM (13), IMF (19) and UNI (21)[8]. Profiles of each of these 16 TNC and their IFA have been completed which included information on their products, location of subsidiaries, union activity, employment and labor policies, as well as management and organization structures. In a second step, we are selecting eight of the 16 TNC (two from each of the four GUFs) which most closely fit our research design, have facilities in a large number of countries outside of continental Europe, and, according to the responsible GUF, would likely be accessible for field research. During this selection process we were also able to determine that with few exceptions, all of these TNC had production facilities in Brazil, India, Turkey and the USA. Focusing on these four countries in different geographic regions of the world will not only concentrate research resources but will also reduce the number of variables and enable cross-TNC comparisons within particular national systems of labor relations.

The following case presentations have been taken from our sample of sixteen TNC to illustrate the variety of company specific approaches to establishing a governance framework for labor standards. The cases provide an initial insight into negotiated arrangements with varying outcomes, representative of a particular constellation of interests and power among the actors in the context of multiple exogenous factors[9] with different impacts. For the TNC,

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[8] ICEM has co-signed two IFAs, one with BWI and one with IMF, which accounts for the total of all four GUFs being less than the sum of each one's IFAs.

[9] Crouch (Crouch 2006) speaks of "externalities", which is a useful concept, but he counts the employees among them, which does not fit well with our topic.

the goal may be to ensure cooperative labor relations or to add to its edifice of corporate governance and corporate identity. For the unions and employee representatives, an IFA offers recognition in regard to employment issues. And it opens a path for decommodifying labor and mitigating the impact of financialization on a global scale.

Robert Bosch GmbH - Germany

The Bosch Group is the largest automotive supply company in the world as well as a leading manufacturer of durable goods and power tools. Bosch recorded a turnover of €46.3 billion in 2007, up from €43.7 billion the previous year. The Robert Bosch Foundation owns virtually all of the company's shares (92%). Over half of the 270,000 employees worldwide are outside of Germany in more than 50 countries. The facilities in Brazil (13,670), India (18,160), Turkey (8,330) and the USA (17,720) are among the largest.

Bosch has a long tradition of strong trade union and works council representation in Germany. (Fichter 1988) In 1996 it was one of the early leaders in establishing a European Works Council, which operates under the name of Europa Committee. And in 2004, Bosch signed its IFA, entitled "Basic principles of social responsibility at Bosch" (Basic Principles 2004), a three page document which is not to be found on the official Bosch Group website. On the employee's side, the IFA was co-signed by the International Metalworkers' Federation (IMF) as the responsible GUF, and the Europa Committee, the body of representatives from Bosch operations in Europe. Its role as co-signer is a clear indication of the key role played by employee representatives within the company, and in particular by those from Germany, in constructing a framework for dealing with global labor issues.

The language and content of the IFA reveals both a general commitment by both management and representatives of the employees ("associates" is the term used by Bosch) to recognized labor standards and a tendency toward generalities, which may be a way of avoiding restrictive regulations in favor of negotiating practical solutions. (Egels-Zandén 2009; Schulte 2008) This would be to the advantage of both management and the employees' representatives at Bosch, leaving the practical application to them – and the GUF on the sidelines. But it may also reflect an asymmetry of power between Bosch management and the employees' representatives, as such references as the following might be interpreted:

"We recognize the fundamental right of all associates to form trade unions and to join these trade unions of their own free will. Associates will neither receive undue advantage nor suffer any disadvantage as a result of their membership in trade unions." (Basic Principles 2004)

Regarding implementation, the IFA as a statement of principles is integrated into the “Management System Manual for Quality, Environment, Safety, and Security in the Bosch

Group". Responsibility for the application of these principles is thus clearly a prerogative of management, with authority delegated to "senior management of the respective divisions, regional subsidiaries and company locations". Informing and educating employees throughout the Bosch Group about the IFA is dependent upon prior "consultation with the respective associate representatives", after which "associates will be informed through the proper channels about the content". Monitoring the agreement is based on subsidiarity, namely, that in the first place, complaints will be handled by management and the responsible employee representatives at the local or national level. If no solution is reached, then the Europa Committee is to be informed with the possibility of raising the contested issue with the Board of Management in a meeting. Finally, the IFA contains a one sentence reference to suppliers:

"Bosch will not work with any suppliers who have demonstrably failed to comply with basic ILO labor standards."

Rhodia SA – France

As one of the global leaders in the chemical industry, Rhodia has operations in 25 countries around the world, with some 15,000 employees and sales of nearly € 4.8 billion (2007). Rhodia emerged in 1998 from the break-up of Rhône-Poulenc. After near bankruptcy in 2003, Rhodia was able to rebound, basing much of its growth and prosperity on sustainable development. Integral part of this strategy has been the development of a corporate governance model – the Rhodia Way – emphasizing "a strong sense of responsibility". Aimed at defining the company's objectives in relationship to six "stakeholders" (customers, suppliers, employees, investors, communities and the environment), the Rhodia Way specifically addresses the need for "continuous progress in terms of social and environmental responsibility within the framework of greater dialog with employees and their representatives." (Rhodia SA and International Federation of Chemical 2008: 11)

Rhodia and the International Federation of Chemical, Energy, Mining, and General Workers' Unions (ICEM) initially signed an IFA in 2005 for a period of three years. In March 2008, it was renewed again for another 3 years. The ICEM is the only signatory on the employee side, although Rhodia has had a European Works Council since 2001. Beyond explicit numbered reference to ILO Core Conventions, the IFA asserts full recognition of Convention 135 (Workers Representatives) and Convention 156 (Workers with Family Responsibilities). In addition, the IFA also enumerates the 10 principles of the UN Global Compact and includes sections on health and safety, especially in regard to risk products and environmental protection, mobility and employment opportunity, and employee benefits. Gender and diversity are given special recognition as important topics. Suppliers and sub-contractors are expected to comply with legal standards and recognize basic human rights, and Rhodia will provide expertise if needed. But if a violation does occur, Rhodia will terminate the contract as soon as possible.

Labor-management dialog is to be developed continuously in order "to increase the involvement of employees and their representatives". Rhodia also pledges to respect the "right of employees to be collectively organized and shall remain strictly neutral concerning their choices in this matter. Rhodia pledges to not practice any discrimination due to unionization either when hiring or when managing employees' careers." (Rhodia SA and ICEM 2008: 10)

As for the implementation of the IFA, Rhodia agrees to disseminate copies to management and "to inform employees of its existence". It is available on the Rhodia website and its translation into different languages will be monitored by ICEM. The IFA gives ICEM the right to organize local meetings of employee delegates to "help develop the social dialog required by this agreement." As with the Bosch IFA, the principle of subsidiarity applies to the resolution of conflicts.

The IFA also contains well-defined monitoring procedures, involving ICEM in the annual review of standards and indicators laid down in the text and linked to responsibility profiles of the Rhodia Way. "Rhodia and the ICEM consider that the Rhodia Way approach makes a very major contribution to the dynamic application of this agreement and have agreed to combine their efforts to ensure its complete success." (Rhodia SA and ICEM 2008: 13) A joint "assessment mission", financed by Rhodia, regarding application of the agreement is to be conducted regularly. The first such mission was undertaken to China in 2007, the second to Brazil in 2008, and a mission to the US is planned for 2009. Union reports on the past two visits indicate that the mission found no particular problems in the implementation of the IFA. However, in China, the ICEM was critical of the fact that the only collective agreement was not the result of a negotiation process, but had only been agreed by the official plant representative of the ACTU[10]. In Brazil, the ICEM also reported no IFA problems, but it did propose that the single plant unions create a Rhodia network of cooperation and initialize a national social dialog[11].

ISS Group – Denmark

ISS (Integrated Service Solutions) is a facility service provider with over 460,000 employees in 50 countries, making it one of the largest worldwide. The range of its services includes cleaning, facility and property management, catering, office support and security. ISS's

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10 http://www.icem.org/en/78-ICEM-InBrief/2433-ICEM-Rhodia-Conduct-Work-Visit-to-China-as-part-of-Global-Framework-Agreement

11 http://www.icem.org/en/4-Chemicals-Pharmaceuticals/2951-ICEM-Rhodia-Monitor-Global-Agreement-at-Brazilian-Plants

market position in each of these fields is different, but overall, its strategy is to provide integrated facility services management. The company was founded in 1901 in Copenhagen to provide security guards and is organized today as a holding, which is owned by EQT, a Swedish private equity fund and Goldman Sachs Capital Partners. In 2007, revenues totaled nearly 64 billion Danish Kroner (ca. € 8.6 billion), up 15% from 2006.

The company presents itself as seeking "sustainable, long-term shareholder value creation". It was one of the frontrunners in setting up a European Works Council (1995) and it first signed a "Letter of Agreement" with Union Network International (UNI) in 2003, the same year in which it published its own Code of Conduct. (ISS 2003) In 2008, UNI and ISS signed a revised global agreement which UNI General Secretary Philip Jennings called "a new global rights benchmark." (ISS and UNI 2008a) Compared to the previous agreement, it has no time limit. Most importantly, it added "clarity and specificity", including extensive language regarding trade union activities. It is the goal of the agreement "to provide concrete commitments in the area of organising rights, and specific commitments on UNI's part to actively monitor standards in markets where ISS is operating." (Integrated Service Solutions (ISS) and UNI 2008) Beyond detailed reference to the ILO Core Conventions as well as other closely related Conventions, the agreement contains a pledge by ISS "to adhere to the commitment to engage in constructive negotiations with trade unions as outlined in the OECD Guidelines for Multinational Enterprises."

Not only will no employee be discriminated against for exercising union membership and collective bargaining rights, ISS agrees to "remain positive in the face of union organizing activities." Management will make its support for union activities public in writing, and will recognize any union which "satisfies the minimum legal requirements for recognition under applicable law and/or collective bargaining agreements, using the most expeditious process permitted under law and/or collective bargaining agreements." For its part, UNI and its members will work to "level the playing field":

"The Union recognises that the company operates in a highly competitive environment. In many markets, there are hundreds of small firm competitors, many of which do not honour wage and hour laws, let alone commitments to a union. The Union agrees to seek to raise and monitor standards among all of the companies in the markets in order to reduce the pressure on wages and conditions for ISS and to create an environment in which ISS will be able to raise standards and not compromise its competitive position."

To this end, the agreement provides for a joint fund to be set up, with ISS committed to contributing € 100,000 annually.

The agreement makes no mention of suppliers, which in this sector may not be an issue comparable to manufacturing sectors. Responsibility for monitoring the agreement is delegated to senior corporate representatives and a team of UNI delegates who meet twice a year. The resolution of disputes over the application of the agreement is first of all the task of local management and union representatives. Unresolved disputes are to be referred to an independent mediator.

Lafarge SA – France

Lafarge is the world leader in construction materials with sales totaling € 17,6 billion in 2007. Founded in 1833 to mine limestone, it grew to become the leading manufacturer of cement in France by 1939. Most of its business today is in cement (54%), the rest is in aggregates and concrete (37%) and gypsum (9%). The company has over 2,000 sites in 76 countries at which it employs some 90,000 of its own workers (Dec. 2007) as well as a considerable number of outsourced contract workers (Lafarge Group 2007: 47). Lafarge is a rapidly growing enterprise with its future development focused on developing and newly industrializing countries (emerging markets).

The company prides itself on being an industry leader in regard to sustainability and safety. Its "Principles of Action" were originally drafted in the 1970s, and today, "The Lafarge Way" incorporates the values of ethics and governance which the company espouses[12]. There is a telephone hotline for employees to report problems and violations of standards, and a Stakeholder Panel[13] is active in monitoring CSR activities and evaluating the Sustainability Report at Lafarge.

The IFA at Lafarge was signed in 2005 with three international unions, ICEM and two building and woodworkers' unions (International Federation of Building and Wood Workers and the World Federation of Building and Woodworkers Unions, recently amalgamated into the Building and Woodworkers International – BWI). Based on both Lafarge's Principles of Action and basic trade union goals, its signatories pledge "continuous improvement" "in the workplace and environmental performance." Subsidiarity is recognized as the basis for resolving labor relations issues, and Lafarge declares that it will seek to do business only with those suppliers and contractors which meet the standards set by the IFA. All of the ILO Core Conventions as well as Conventions 135 (Workers' Representatives) and 155 (Occupational Safety and Health) are referred to directly by number, and are supplemented by Lafarge's stated commitment to comply with the ILO Declaration on Multinationals, the UN Global Compact and the OECD Guidelines for Multinational Enterprises as well. Beyond these references, the agreement includes support for "living wages", defined as being "at least at the level of current national legislation or collective agreements, as applied in the Industry/sector concerned." The same standards should also apply to working hours. Special

12 http://www.lafarge.com/wps/portal/2_2_1-Ethique_et_gouvernance
13 Members include M. Hellmann (BWI) and M. Reuer from the European Works Council

reference is made to the issue of HIV/AIDS, and the signatories pledge to "raise awareness" of the problem and of the ILO prevention program.

Lafarge is responsible for making the contents of the IFA known throughout its operations and for reporting on the agreement's reviewing process, which provides for joint meetings of the signatories once yearly – "or whenever necessary". (Lafarge Group, et al. 2005)

The four IFA case presented above show varying degrees of inclusiveness in regard to our four dimensions referred to above. Each IFA brings together a particular set of actors, issues, processes and boundaries for the construction of a regulatory instrument concerning labor standards. And in each case, the outcome is dependent on a number of company-specific factors (such as sector, structure of the value chain, tradition of industrial relations and attitude towards unions within the company, corporate self-interest linked to the IFA), as well as trade union factors (e.g. union strength within the company, union strategy). While the Bosch IFA gives the European Works Council a key role in monitoring the agreement, the other three IFAs have only GUFs as signatories on labor's side. However, the Lafarge agreement is rather unique in that it is one of only three IFAs signed by more than one GUF. Compared to the other three IFAs, the language of the Bosch agreement contains many more generalities and fewer specific references to ILO Conventions. On the other hand, it is an integral part of management's corporate governance, just as the Rhodia and Lafarge IFAs are. All four agreements rely on the principle of subsidiarity (priority of local actors) for resolving conflicts. As regards the compliance of suppliers and sub-contractors to the standards set by the IFA, both Bosch and Rhodia have a strict termination policy in regard to violations. Lafarge, for its part, takes a much weaker approach, pledging only to "seek to use" services which adhere to the principles of its IFA.

7. Conclusions

Finding robust explanations for these differences and developing plausible analyses which can contribute to testing and refining hypotheses as well as constructing typologies is the empirical challenge awaiting us. From our preliminary survey of the IFAs as well as a snapshot of the IFA regulating sphere in only four of the some 70 TNCs which have signed such agreements, it is not yet possible to draw definitive conclusions regarding their implementation, or even the role of IFAs as a tool for setting minimum labor standards and creating a global regime or arena of labor relations. Nevertheless, there are some insights and arguments which can hopefully contribute to stimulating discussion:

- Although IFAs are applicable to millions of employees worldwide, their relevance as an instrument of global governance is still quite limited. Outside of the realm of TNCs with a history of constructive and institutionalized labor relations – and even within that realm in some cases[14] – TNCs either have no trade union to bargain with or show no interest in recognizing a local union as a bargaining partner. Where there is such a union, it is often too weak to bargain effectively, and the GUFs for their part are hardly in a position to bring such TNCs to the bargaining table on their own. It is an exceptional case when a TNC takes the initiative to negotiate an IFA.
- Considering the enormous impact which financialization has made on working conditions and labor relations over the past decades, it seems that with IFAs, unions and employee representatives have been able to reach a consensus with management on maintaining a minimum level – i.e. ILO Core Conventions – of decommodification of wages and working standards. However, the current financial and economic crisis could reveal some IFAs to be no more than fair weather instruments.
- IFAs are always signed by the head of the TNC or his immediate representative. On the labor side, there is always a signature of a GUF representative. But in many cases, other trade union and employee representatives are also signatories. Seen positively, this could mean that labor's involvement is coordinated and shared among different actors at both the local and the global level. But it could also be characteristic of rivalry and unresolved power struggles, which also raises the question of where responsibility for ensuring implementation and monitoring actually lies.
- Our current survey of all IFAs shows that there is a wide variety of ways in which trade unions are recognized as legitimate participants. Especially in regard to implementation, there are clear differences in the extent to which unions are involved, and there is a clear preference for management to maintain control over the status of the IFA in its policy repertoire. On the other hand, through the common application of the principle of subsidiarity, trade unions at the local level are generally designated as actors in resolving disputes, and GUFs are directly involved in monitoring most agreements. Overall, these approaches have the potential for institutionalizing the processes and contents negotiated in the agreements, provided that the IFAs achieve general recognition as an instrument of governance and standard setting. Otherwise, they will turn into an alibi for avoiding substantive and binding regulations.
- As several of the IFAs show, management's interest in having a social dialog with trade unions and employee representatives, in negotiating with them and in signing an

[14] BASF is such a case in which neither management nor the employee representatives show an interest in a global agreement.

Agreement is subject to considerations which can not be simply subsumed to be "PR". Several of the short case presentations show that IFAs are only one segment of a broader corporate governance strategy of signatory TNCs. Sustainability, risk management, social responsibility etc. may be buzz words, but management which invokes them without a follow-up, is open for criticism. Even in cases where a proactive management approach to dissemination and implementation of the IFA is lacking, there is at least in principle recognition of trade union and employee voice.

- Finally, Agreements such as those at Rhodia and ISS are ground-breaking in regard to the potential of IFAs to support trade union organizing. Both Agreements go to the core of the problem and are more useful in practice than even a reference to ILO Convention 87, because they specify minimum legal requirements for union recognition, and protect organizing initiatives from adverse management interventions. For trade unions in the US, where the failure of IFAs to address this issue has been repeatedly criticized (Herrnstadt 2007), as well as in all in other labor relations systems characterized by conflict and anti-unionism, the recognition of such basic rights can improve the chances of trade union organization and collective interest representation.

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