

# **Trade union responses to globalization: A review by the Global Union Research Network**

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*Trade union responses to globalization: A review by the Global Union Research Network* is a collection of research studies from different parts of the globe on the impact of globalization on workers and the strategies adopted by trade union organizations to deal with the challenges. Globalization has different effects on workers. Whilst there are negative aspects, such as a lack of freedom of association in, for example, export processing zones (EPZs), child or forced labour and discrimination, it has also enabled workers to organize transnationally, to negotiate with companies on a global level and to address global issues such as gender discrimination and sustainable development with actors from around the world. Trade unions are the most important organized part of civil society and play a key role in influencing, implementing and enforcing rules to achieve a fair globalization and promote development.

The labour movement is developing creative responses to the complex impact and challenges of globalization. Increasingly trade unions are enlarging their agendas to include issues such as engaging with international organizations in order to influence their policies. Due to the growing power of multinational enterprises (MNEs), trade unions are also involved in international social dialogue through International Framework Agreements (IFAs), organizing global campaigns and extending and deepening their cooperation at the transnational level. The key trade union responses to globalization centre on the need to enlarge the trade union agenda, the importance of network and alliance building, and, thirdly, the role of the ILO and labour standards in achieving a fair globalization.

## **Governance and accountability**

The enhanced coordination of productive activity between countries by multinationals highlights how the strength of corporate governance has increased in recent years despite the greater dispersion of production. In contrast, the impacts on labour of these value chain strategies, combined with the reduced relevance of national labour legislation in many countries, has left gaps in labour rights. As unions are confronted with the growing influence of the private sector, many are concerned that, in some cases, voluntary corporate codes of conduct are introduced merely as PR exercises and that they are not accompanied sufficiently strongly by measures of “accountability”. The increasing integration of national economies in a single global market and the

appearance of new world production systems are demanding stronger coordination of national and international trade union agendas. This is a big challenge for trade unions that traditionally organize within a national context.

Trade unions are campaigning for the implementation of an effective national and international framework of rules and standards to ensure good corporate governance and wider market integrity, along with regulatory systems to ensure effective implementation and enforcement. As shareholders continue to fail to meet their obligations as owners, they are unable to control the behaviour of the companies in which they invest. In meeting the challenge to instil a high standard of corporate responsibility, directors of companies have to engage with shareholders and other stakeholders in determining company objectives and provide adequate supervision of the executives who run the businesses.

### **Social dialogue through International Framework Agreements**

International Framework Agreements are a key tool used by a number of unions to lay down the rules of conduct for transnational companies. Since they are negotiated jointly by national trade unions and Global Union Federations (GUFs) and companies, they are an important instrument for dealing with some of the issues raised by globalization. For example, this new framework of global governance enables the unions to intensify efforts to integrate sustainable development practices within their policies, both by lobbying international institutions and by building alliances with non-governmental organizations (NGOs). If a MNE violates social and environmental norms, the GUFs can either react by initiating demonstrative action or they can take proactive steps by making an offer to negotiate with the corporation on relevant agreements.

International Framework Agreements are a formal recognition of social partnership at the global level, therefore qualitatively different to companies' own internal codes of conduct. They reflect a commitment to observe core international labour standards. In principle, the employers who sign up are demonstrating that they favour good industrial relations at the workplace, feel responsible for the whole supply chain and are open-minded about trade union activities. However, social partnership is not a substitute for union organizing. International Framework Agreements currently cover only a small portion of the world labour force, but they might hint towards the emergence of new forms of industrial relations in addition to collective bargaining at national level.

### **Enlarging the trade union agenda**

The international trade union movement has recently focused on a number of emerging themes to respond to the challenges of globalization. The Global Unions, consisting of the International Trade Union Confederation (ITUC), GUFs and the Trade Union Advisory Committee to the OECD (TUAC), are engaging with large international organizations such as the IMF, the World Bank Group, the United Nations and their programmes and funds, WHO and WTO to influence their rules and regulations to promote a fair globalization.

Since the late 1990s, global union leaders have lobbied for inclusion of the ILO core labour standards in World Bank lending and procurement practices. Since May 2006 the

International Finance Corporation (IFC) has required that all enterprises borrowing from the IFC abide by the core labour standards. In December 2006 the World Bank announced that it would extend the core labour standards requirement to public works projects financed by the International Bank for Reconstruction and Development and the International Development Association. The World Bank started including the core labour standards requirement in its procurement contracts in May 2007.

The inclusion of standards in World Bank lending and procurement has engendered much international attention and is linked to the more general question of how governments and policies can limit the externalities of private sector practices. Since it is clear that any decision and monitoring on the implementation of core labour standards can only be undertaken by the ILO, it is crucial to build up a coherent framework between the ILO and the World Bank group (starting from the ILO supervisory system).

### **Network and alliance building**

Building networks between trade unions along global production systems is an example of transnational cooperation. Unions have to deal with sophisticated and often anti-union human resource management strategies at a local level within global production systems and respond to difficult representational situations as a result of sourcing decisions. However, the concept of value chains also presents some opportunities for labour. To benefit from these opportunities, unions are developing strategies with a view to organizing and bargaining collectively along the value chains. Organizing along supply chains could be a way to move beyond existing North–South cooperation arrangements.

However, one potential conflict of interest exists between workers of the global North and the global South when it comes to offshoring and outsourcing. Indeed, there is a need for active labour market strategies in the global North to avoid workers in the North bearing the cost of outsourcing. It is also important to stop a race to the bottom, especially between countries of the global South. Here, the ILO has an important role to play.

### **The role of the ILO on globalization**

International labour standards are an important catalyst in improving working conditions. While core labour standards must be respected in all member States of the ILO regardless of whether they have been ratified by the countries, the reality is very different. The international labour movement is mobilizing the international community to put pressure on those countries which do not respect the core Conventions to make the necessary changes. For example, the issue of private equity and hedge funds has been addressed recently by the international trade union movement. The Global Unions are calling for governments and international organizations to ensure proper regulation, taxation and transparency concerning the activities of private equity and hedge funds.

The book showcases a number of examples of how trade unions have improved the situation of workers by enlarging the labour agenda and cooperation at international, transnational and national levels, as well as through their alliance-building with other civil society groups. The challenges of globalization can only be met if the trade union

movement continues to address new issues and adapt its organizational structures accordingly.

The promotion and implementation of international labour standards is an important tool to achieve a fair globalization. A strong and unified trade union movement, with a vision of social justice for all, coherent concepts for social and economic policy, effective collective bargaining and a modern and inclusive form of trade union structures, are key prerequisites to achieving this objective.