Implementation of global framework agreements in transnational value-creation networks: A collaborative approach?

Prof. Dr. Markus Helfen,
Professor of Human Resource Management and Employment Relations,
University of Innsbruck

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Transnational value-creation networks and industrial relations: Background

**Situation:**
A progressing network-based reorganization of value creation challenges the enforcement of labor standards.

**Research question:**
How can global framework agreements contribute to enforcing labor standards in value creation networks?

**Thesis:**
*Global framework agreements support the enforcement of labor standards if they create a space for management-union negotiations on implementation.*
Overview

1. Transnational value-creation networks

2. Global framework agreements

3. Challenges and options
Transnational value creation networks: Illustrative case car manufacturing

Lead firm (OEM)

Core OEM
System suppliers 1-n, Knowledge intensive services 1-n
Parts suppliers 1-n, Labour intensive services 1-n
Coordinating units, brokers
Supplier of raw materials

OEM subsidiary 1

System & knowledge intensive services
Parts/labour intensive services/intermediaries

Platform

R1

S1

S2

S3

P1

P2

P3

P4

P5

P6

P7

market

relational

captive

hierarchy

(Source: Helfen, Schüßler & Sydow, 2018)
Transnational value creation networks: A transnational arena of employment relations?

(Source: Helfen & Fichter, 2013)
Overview

1. Transnational value-creation networks

2. Global framework agreements

3. Challenges and options
Global framework agreements are...

...agreements between Multi-National Corporation (MNC) and the Global Union Federations (GUF) that

• imply a mutual recognition as negotiation partners of both parties,

• specify the rules of a regular social dialogue and conflict resolution mechanisms regarding

• a set of standards according to ILO conventions,

• within a defined organizational domain.

GFAs are an regulatory instrument between unilateral self-restriction and international law (ILO).

But: there is only a relatively small number of GFAs (73+), compared to ~103,000 MNUs (UNCTAD 2011) or 994 EWCs for example (ETUI 2015)
Global Framework Agreements:  
FU Berlin research on GFA implementation, 2008-2011

- Implementation and resources rarely an issue in the negotiations
- GFAs in subsidiaries and unions at local sites often unknown
- Where GFAs are known, actors lack an understanding of how to use the agreement locally
- Attempts to use the GFAs often problematic, because connections to other unions are missing or GFA is used for corporate CSR
- But: Single cases and instances of a successful and innovative implementation of GFAs

Core data: 22 multinational firms from the European Union in the domain of BWI, UNI and IndustriAll with locations in Brazil, USA, India & Turkey, 146 interviews (headquarter and local level actors: management and labor representatives)
Overview

1. Transnational value-creation networks and labour standards

2. Implementation of global framework agreements

3. Summary
Summary

Value-creation networks provide considerable problems for the functioning of traditional approaches in employment relations

Implementation deficits of global framework agreements:

1. Multiplication of negotiation relationships, variety of actors with common, but also diverging goals according to position in the networks, ...

2. Institutional distances have often a negative effect: Local regulation, HQ-subsidiary relationships, industry and union cultures,...

3. Organizational reasons: Few changes in business operations, weak monitoring and lack of enforcement,...

Not a mere transfer of practices by a single actor, but a negotiated „translation“ (Sahlin-Andersson & Engwall 2002) into multiple contexts for a collaborative implementation
Helfen: Transnational value-creation networks and global framework agreements
**Global framework agreements:**
*Research project FU Berlin, 2008-2011*

<table>
<thead>
<tr>
<th>Region of origin</th>
<th>Sector and global union federations (GUFs)</th>
<th>Production sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>![EU flag]</td>
<td>![IndustriAll] ![UNI] ![BWI]</td>
<td>Brazil, India, Turkey, USA</td>
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</table>
| MNCs from the European Union (~90% of all active global agreements) | 3 GUFs:  
  - IndustriAll (IMF + ICEM)  
  - UNI  
  - BWI | Four countries:  
  - Brazil  
  - India  
  - Turkey  
  - USA (according to FDI, economic development and system of industrial relations) |

**Core data:** 22 multinational firms, 146 interviews (headquarter and local level actors: management and labor representatives)
## Global framework agreements: Implementation practices

<table>
<thead>
<tr>
<th>Transnational Corporations (TNCs)</th>
<th>Global Union Federations (GUFs)</th>
<th>Joint Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Information and Communication Practices</strong></td>
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<td><strong>Joint I &amp; C Practices</strong></td>
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</tbody>
</table>
| • Internet/Intranet, translations, distribution to employees commentaries, other publications | • Internet/Intranet, translations, commentaries, other publications | • Press conferences  
  • joint web page  
  • roundtables |
| **Training Practices** | **Training Practices** | **Joint Training Practices** |
| • manager training, group/individual (HQ, Divisions, Subsidiaries, Suppliers) | • joint GUF training  
  • affiliates, union workplace reps  
  • supplier unions | • HQ, Subsidiaries  
  • Country-specific  
  • Suppliers |
| **Operational Practices** | **Operational Practices** | **Joint Operational Practices** |
| • organizational restructuring  
  • formalized complaint procedures  
  • incentive schemes  
  • supplier contracts  
  • Quality-Management | • organizational restructuring around IFAs  
  • redistributing resources  
  • company networks  
  • support for local union organizing | • Joint task forces  
  • joint rollout program  
  • joint evaluation |

(Source: Sydow et al., 2014)
Outlook & trends: New developments in global agreements

Rana-Plaza-Agreement (2013)
- Implementation:
  - Material and legal resources
- Multi-Stakeholder-Agreement

Siemens Agreement (2012)
- Decentralized coordination of local activities
- Local implementation agreements (USA, China)

Asos Agreement (2017)
- New type of corporate party:
  - electronic retail platform (2017)