

<b>Institution:</b> University of Leicester
<b>Unit of Assessment:</b> 19 Business and Management Studies
<b>Title of case study:</b> Effective labour rights through International Framework Agreements
<p><b>1. Summary of the impact</b></p> <p>Core labour rights have a crucial role in achieving economic prosperity and political stability on a national and global scale. The emergence of complex global trade networks has raised important questions as to how such rights could be implemented and enforced across multiple supply chains and geographical borders. Research at the Centre for Labour Market Studies, School of Management, Leicester has helped the International Labour Organisation (ILO) and the EU understand the advantages and risks associated with International Framework Agreements (IFAs), particularly regarding their implementation in supply chains. IFAs have emerged as a specific instrument to secure core labour rights and shift the onus away from nation states. Between 2000 and 2013 the number of IFAs in operation around the world increased from five to more than 100, directly benefiting more than 10 million workers and indirectly benefiting tens of millions more. Leicester research has played a part in understanding the dynamics of IFAs and developing more effective ones.</p>
<p><b>2. Underpinning research</b></p> <p>An IFA is an instrument negotiated between a multinational enterprise and a Global Union Federation in order to establish an ongoing relationship between the parties and ensure that the company respects the same standards in all the countries where it operates. Leicester academics Dr Nik <b>Hammer</b> (October 2005 -) and Dr Glynne <b>Williams</b> (October 2006-) developed international collaborations with colleagues from the University of Montreal (Canada) and, from 2007, led a research network which involved Cardiff University (UK), the University of Witwatersrand (South Africa), as well as colleagues from the labour movements in Brazil, Malaysia and Ukraine. This networked research allowed the researchers to go beyond the well-regulated European context and understand how IFAs function in countries where they could make a real difference. They tackled four questions, as follows.</p> <p>1. For multi-national corporations (MNCs) it is important to find out “what is the added value of International Framework Agreements compared to established tools of social dialogue at the national level?” Ongoing contacts with the ILO (Hammer was a visiting researcher at the ILO’s International Institute for Labour Studies in 2003 and has been invited to ‘high-level’ and research workshops at the ILO; Williams has taught at the ILO’s Global Labour University) as well as in EU-sponsored activities (Hammer served as a member of steering committees for EU funded research on IFAs) showed that, as more and more IFAs emerged, policy makers began to map their content and procedures and analyse their political significance. Leicester’s research (6,7) provided a comprehensive analysis of existing agreements to date and distinguished between IFAs as ‘rights agreements’ and IFAs as ‘bargaining agreements’. Fragmented value chains required multi-stakeholder coalitions in order to achieve arrangements that establish a social minimum, while more developed management-labour relations in industrial sectors could use IFAs to develop social dialogue at the international level.</p> <p>2. As employers’ and trade unions’ focus turned to the implementation of IFAs, the effectiveness of different types of IFAs was investigated through detailed case studies. Which value chain structures are more conducive to the effective implementation of IFAs than others? The Leicester researchers (2; 5) explored the power dynamics within retailer-driven global value chains and analysed how IFAs could assist the regulation of work and employment in agricultural value chains. Findings stressed the role of multi-stakeholder coalitions in achieving IFAs but argued that sustainable monitoring requires developed management-labour relations at workplace level.</p> <p>3. Once an IFA is concluded, what actually trickles down to the workplace level in emerging</p>

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economies? The researchers investigated the institutional and political features that support or inhibit the implementation of core labour rights along value chains. They explored practices in more depth along the value chains of two multi-national corporations, going beyond subsidiaries to subcontractors. One piece of research was conducted through an international Leicester-led research network, bringing together academics and trade union researchers from Brazil, Malaysia, and Ukraine (3) and found hardly any knowledge of the IFA in subcontractors. Another project, also Leicester led, looked at the subcontracting chain of a French multi-national in South Africa (1). Both projects followed an MNC's value chain upstream, and found that market imperatives took precedence over the social commitment of the IFA because all actors, subsidiaries, subcontractors and local unions stuck with their respective strategies. These findings carry important implications for the way IFAs are implemented in social dialogue in emerging economies. This concern is being explored further on a larger scale in an ongoing international research network (CRIMT, funded by the Canadian SSHRC, with the Leicester network carrying out a sub project).

4. Given the number of IFAs, Leicester researchers have turned their attention to the complex realities of policy when aimed at suppliers and subcontractors. What are the implications of IFA implementation beyond the remit of the MNC and what, if any, unintended consequences can result from implementation in the wider labour market? Findings highlight the role of segmented market structures in the global economy. Improvements in particular subcontractors lead to further outsourcing, that is, attempts to escape the core labour rights of the IFA (1, 2, 4, 5).

The implication is that the IFA can achieve social minimum standards but that states need to come back into the equation in order to secure them in a sustainable way.

### 3. References to the research

- [1] Williams, G., S. Davies and C. Chinguno (2013) Subcontracting and Labour Standards: Reassessing the Potential of International Framework Agreements, *British Journal of Industrial Relations*, <http://onlinelibrary.wiley.com/doi/10.1111/bjir.12011/pdf>
- [2] Riisgaard, L. and Hammer, N. (2011) 'Prospects for Labour in Global Value Chains. Labour Standards in the Banana and Cut Flower Industries', *British Journal of Industrial Relations* 49(1): 168-190.
- [3] Davies, S., Hammer, N., Williams, G., Raman, R., Ruppert, C. S. and Volynets, L. (2011) 'Labour Capacity in Global Subcontracting Chains: Evidence from a Construction MNC', *Industrial Relations Journal* 42(2), 124-138.
- [4] Hammer, N. (2013) Labour standards in segmented markets: The construction industry in Delhi and Moscow, in Fairbrother, P, Hennebert, M. and Lévesque, C. (eds) *Transnational Trade Unionism: New capabilities and prospects*. Routledge.
- [5] Riisgaard, L. and Hammer, N. (2008) *Organised Labour and the Social Regulation of Global Value Chains*, pp.42, DIIS Working Paper 2008/09. Copenhagen: Danish Institute for International Studies. Available online at: <http://www.diis.dk/sw58640.asp>
- [6] Fairbrother, P. and Hammer, N. (2005) 'Global Unions: Past Efforts and Future Prospects', *Relations Industrielles/Industrial Relations* 60(3): 405-428.
- [7] Hammer, N. (2005) 'International Framework Agreements: Global Industrial Relations between Rights and Bargaining,' *Transfer* 11(4), 511-530.

### 4. Details of the impact

Because of this research, the ILO and EU now better understand the relations between different forms of outsourcing and different logics of establishing core labour rights: clearly, outsourcing has given rise to new challenges in coordinating complex supplier networks as well as in the area of employment relations. Hammer's research is cited by the ILO Director General, and in various EU documents.

At the national level Hammer concludes that the state is responsible for implementing and enforcing labour regulation but this enforcement mechanism is absent in the case of global employment relations. IFAs concluded between MNCs and trade unions have the potential to fill

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this gap by implementing core labour rights along MNCs' supply chains. In practice, however, there are various challenges involved with realising this potential. As core labour rights 'travel' from MNC headquarters in the Global North to distant and sub-contracted workplaces in the South, a range of actors and interests become involved. These are the MNC at headquarters level and the Global Union, the trade union(s) and works council in the home country, the subsidiary and trade union(s) in the host country, as well as the tiers of subcontractors (mostly without employee representation) in the host country. The challenges in the policy process are to raise awareness of IFAs among all those actors as well as to develop implementation strategies that take account of the particular subcontracting arrangements.

Research at Leicester has helped address these issues in two ways.

- It has contributed to initiatives which have raised the awareness of the value of IFAs to the potential beneficiaries. These beneficiaries include organisations such as the ILO and EU, as well as workers' groups and companies.
- It has provided critical in-depth evaluations of IFAs that identify the key challenges involved with implementing individual IFAs. Research was conducted together with trade union actors from Brazil, Malaysia and Ukraine and identified the interface of subsidiaries and first-tier subcontractors as the critical hinge in the implementation process. The actors' involvement in the research allowed in-depth evidence to be collected and raised awareness and credibility.

### Dissemination and Evaluation

First, as IFAs are voluntary agreements, it is important to demonstrate their value. The ILO and the EU have supported this process through a series of evidence-based workshops, bringing together senior HR managers from leading companies and global and national trade union representatives as well as researchers and civil servants. The central goal was to highlight the spread of IFAs, their key provisions, as well as best practice, in order to give legitimacy to this form of social dialogue. Hammer was invited to numerous high-level ILO workshops to showcase and disseminate IFA practices. These took place in 2006, 2008 and 2009. His work offered the first complete overview and analysis of IFAs and made an important contribution to this process of validating and legitimising the agreements firstly within the ILO and EU and then, through the workshops, to both companies and trade unions.

Hammer was asked by the Directorate General for Employment as well as the European Foundation for the Improvement of Living and Working Conditions to serve on the steering committees for various pieces of research which were to support the deliberations of social partners, policy makers and researchers in workshops. This process was central to the European Commission's efforts to develop a framework Directive on transnational collective bargaining. Taking the EU policy process in this matter further, the Commission launched a multi-stakeholder consultation on transnational company agreements in the second half of 2012.

Specifically, Dr Hammer was an invited expert to the following organisations:

- Hans-Böckler-Foundation (Düsseldorf) project on 'Organization and Regulation of Employment Relations in Transnational Production and Supply Networks. Ensuring Core Labor Standards through International Framework Agreements?', 2008-2012
- European Foundation for the Improvement of Living and Working Conditions (Dublin) project on 'International Framework Agreements: A stepping-stone towards the internationalisation of industrial relations?', 2007/08
- European Foundation for the Improvement of Living and Working Conditions (Dublin) project on 'Codes of Conduct and International Framework Agreements', 2006/2007

Leicester researchers have informed and shaped policy debates and built an understanding of IFAs. This has also helped in raising awareness at high, and official, level to the point that IFAs were either formally embraced (ILO) or considered as a template (EU). Leicester's research-led involvement contributed to this process. The legitimisation of IFAs through these institutions and

workshops has generated further momentum, contributing to a rapid growth of IFAs (currently around 110). This work has also been taken up by the ILO's training centre (pointing trade unionists from all over the world to the potential benefits of IFAs) as well as in reports by the European Trade Union Confederation.

The second line of contribution and impact is through evaluations of existing IFA policy and implementation. Practical research (3) with trade union stakeholders in Brazil, Malaysia and Ukraine identified the key stumbling blocks for successful implementation of IFAs. In particular, it points to the limits of existing approaches to implementation and 'ad-hoc' complaint resolution, instead directing the emphasis onto dynamics of stakeholder coalitions and participation (as opposed to top-down implementation).

Changes taking place

A consequence of the Leicester research is the increasing differentiation of substantive and procedural provisions in a second generation of IFAs over the last five years. This means that actors negotiated more detailed implementation practices right from the start, rather than dealing with complaints in an ad-hoc way once they arose

In addition, trade unions within the companies, as well as Global Unions, have developed more efficient ways of supporting, implementing and monitoring existing IFAs. Combining awareness raising with action-oriented evaluation research, a specific benefit of the Leicester work stems from exploring topical issues together with trade union stakeholders from the Brazilian CUT, the Malaysian TUC and the Ukrainian labour movement (3), thereby underscoring its credibility, both, with regard to international policy makers as well as practitioners at the national level.

The relevance of Leicester's findings, calling for broader participation and more active organising activities in implementing IFAs, has been referred to and underlined by the ILO Director-General when he stated that 'outreach', capacity building and implementation issues have become the critical issue in developing IFAs further (ILO 2008 Director General's report, see source <sup>a</sup> below). This influence and other similar instances is evidenced in several ILO and EU working documents, which cite Leicester's research findings.

**5. Sources to corroborate the impact**

Presentations made at ILO multi-stakeholder workshops can be provided.

Workshop outputs in ILO and United Nations Research Institute for Social Development publications.

Citations of Dr Hammer's work in several ILO and EU working documents which outline policy including (indicative list below, more can be provided).

<sup>a</sup> ILO (2008) *Freedom of association in practice: Lessons learned*, Report of the Director-General, Global Report under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work, International Labour Conference, 97th Session 2008 Report I (B) (Geneva: ILO)

ILO (2006) *Realizing Decent Work in Asia*, 14th Asian Regional Meeting, Report of the Director-General (Geneva: ILO)

European Commission (2008) *Mapping of transnational texts negotiated at corporate level*, EMPL F2 EP/bp 2008 (D) 14511 (Brussels, DG Employment, Social Affairs & Equal Opportunities)

European Commission (2006) Working document *Transnational texts negotiated at corporate level: facts and figures*, Study seminar "Transnational Agreements", 17 May 2006 (Brussels: DG Employment, Social Affairs and Equal Opportunities)