

Work and Equalities Institute Research Briefing

Transnational Collective Agreements: A space for labour rights and trade union engagement?

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Summary

The internationalisation of labour relations is a growing area of study and Transnational Collective Agreements (TCAs) - which encompass International Framework Agreements (IFAs) and European Framework Agreements (EFAs) - constitute a new set of co-ordinating mechanisms and institutions in the international regulation of employment. In particular, as multinational companies spread their reach across ever more countries, so TCAs have become an important development in cross-border industrial relations.

This briefing examines how trade unions at various levels within the UK use and reference such agreements (even though they are not automatically enforced), and specifically compares the experiences of four multinational companies in the UK which are covered by TCAs.

Between them the companies represent a range of different sectors and different forms of ownership, while each business also features some degree of union/management engagement, and collective agreement at transnational level.

Our analysis addressed one overarching research question. Namely, what factors influence UK unions' capacity to leverage TCAs to gain influence within multinationals? The four cases show how different strategies, institutional configurations, and power resources impact on collective bargaining, union influence and wider corporate behaviour.

We argue that TCAs can, in certain circumstances, strengthen union influence in contexts otherwise characterised by limited union rights, like the UK, via improved networking among worker representatives and international engagement. This networking and engagement can also help unions to gain information and invoke transnational agreements that strengthen bargaining and union influence more locally.

The companies

Bentley Motors

A subsidiary of Volkswagen since 1998, the business was the most formalised and advanced of the four companies in terms of trade union organisation. A range of TCAs have been developed in Volkswagen and German trade unions pushed for such agreements so as to raise standards more generally and avoid job losses in the firm's home country. The first TCA was signed in 2002, a general Social Charter covering ILO conventions relating to freedom of association, minimum wages, limits to working time, prohibiting child labour, and a 'spirit of cooperative conflict management and social commitment . . . [to] the security and development of employment opportunities'.

Santander

Santander was formed following acquisitions by the parent company of three UK building societies – Abbey National, Bradford and Bingley, and Alliance and Leicester. Historically, the first two of these had internal staff associations which gained independent union status in 2001/2, with the Alliance and Leicester union amalgamated into the Communication Workers Union (CWU) and the Abbey National staff association converted into the Advance trade union. Union organisation varied considerably with very high union membership density in some (typically larger) establishments, but minimal presence in others.

G4S

The company focuses on security and outsourcing. A relatively formalised institutional framework for transnational worker representation was established through the IFA, co-signed in 2008 by UNI-Global, G4S and the GMB. This 'Ethical Employment Partnership' claims that these three organisations 'respect fundamental human rights, both in the community and at the workplace, and agree to work together to raise employment standards throughout G4S and the wider market'.

Unilever

Unilever places a heavy emphasis on sustainability, ethics and CSR. The main formalised transnational agreements within the business were established in the 'Barcelona Agenda' signed in 2013. Driven in large part by imperatives to consult over cross-European restructuring processes, this commitment to the 'European-level objective of ensuring sustainable employment' includes agreements on diversity and equal opportunities, workplace health, and a commitment to 'socially responsible restructuring'.

Union receptiveness to TCAs

What we discovered from our analysis of these four companies was that in terms of more informal developments and changes in industrial relations climate that were influenced by transnational dynamics, the structure of management and the institutional position of unions had shifted notably in some cases - particularly in the non-UK headquartered VW-Bentley and Santander.

For instance, following the Volkswagen takeover of Bentley, a new wave of German HR managers, senior executives, finance and engineering staff were introduced and a more consultative, participative and less confrontational management strategy was apparent. These changes marked a shift from the previous regime of UK-led management which was seen to be more hierarchical and reactive in some ways, yet also more inclusive in others.

While the specific content of the TCAs were seen as having a limited effect at Santander, the 2009 Social Rights and Labour Relations agreement was felt to acknowledge the legitimacy of unions within the firm in contrast to management's approach prior to the takeovers, where non-union staff associations had historically been dominant and unions de-recognised in Alliance and Leicester in 2006.

TCAs had a limited impact on UK-level union-management relations within Unilever, reflecting the plant-level bargaining that was prevalent and the limited role of union representation within formal institutional structures such as the European Works Council (EWC).

There was a broad UK-wide collective agreement, but most conditions were negotiated at workplace level with headquarters maintaining tight control over remuneration. Increasingly, there were moves towards more individualised pay setting and performance management. Internal league tables were displayed in factories comparing production rates across the group, further fostering this sense of competition between workplaces.

Use of TCAs in negotiations

Although the impact of TCAs on establishing rights appeared limited on initial inspection, they helped to frame local agreements and developments relating to their content.

At VW-Bentley, outcomes deriving from transnational union activity and IFAs included improved union access to recruit agency workers supported by the 2012 Temporary Agency Work agreement, and changes to a proposal to develop a new model that was to be assembled in a Volkswagen plant outside the UK. Concerned to protect jobs, pressure was applied by the union locally with proposals taken to higher levels of the firm with the support of the Global Works Council (GWC), which ultimately saw this new model being assembled in the UK plant, along with considerable recruitment of new employees.

At Santander, the invocation and referencing of TCAs around particular disputes was evident in some instances, although their concrete application had been problematic. In Isban, a wholly owned IT subsidiary within Santander that took over similar functions from within Alliance and Leicester, unions had been derecognised in 2006. The management climate in such subsidiaries was reportedly more confrontational and the influence of the EWC, TCAs and a broadly consultative management ethos were less apparent.

In G4S within the UK, the IFA had been referenced in negotiations. For example in Northern Ireland local management attempted to force workers to pay for their own licenses and training, unlike in the rest of the firm's UK operations. Lengthy negotiations involved the GMB referencing the IFA and other agreements, with the payments required deemed to breach the agreement due to the unequal treatment that this group of UK workers would face. The dispute was settled following a meeting at G4S headquarters with the firm intervening to overrule the decision.

The TCAs in Unilever were not generally viewed as providing rights that unions could deploy within negotiations, and the other examples given above demonstrate the limitations apparent when attempting to invoke principles such as freedom of association deriving from transnational agreements. They were, however, used in a way that allowed for pressure to be applied on the headquarters of MNCs. Rather than representing a 'hard' form of enforceable regulation, TCAs formed part of a repertoire of power resources that indirectly supported multi-dimensional union employer dialogue, providing scope for further negotiation and to engage with headquarter-level management around more local disputes.

Conclusions

Transnational agreements are part of a broader process of engagement and trade union strategy. This is dependent on the orientations, internal resources and historical development of unions, the nature of their international activity, approaches to campaigning, and their politics.

Strengthened union influence deriving from TCAs within multinationals is in part dependent on the co-ordination of firm-level institutional power resources held (both formally and informally) by unions, union engagement with EWCs and GUFs, and union access to headquarter management.

However, the relatively strong institutional presence held by some unions meant they had more to lose by adopting openly critical campaigning tactics which have otherwise proved to be effective in forcing MNCs to change their actions. The particular nature and structure of individual MNCs, while constraining in many respects, can create spaces within which labour can apply pressure on management in a broader sense than implied within the formal framework of TCAs.

Further Reading

The research for this briefing was conducted in 2014-15 and was published in Mustchin, S. and Martínez Lucio, M. (2017) Transnational collective agreements and the development of new spaces for union action: the formal and informal uses of international and European framework agreements in the UK. *British Journal of Industrial Relations*, **55**(3), 577–601.

Hammer, N. (2005) International framework agreements: global industrial relations between rights and bargaining. *Transfer: European Review of Labour and Research*, **11**(4), 511–30.

Whittall, M., Martínez Lucio, M., Mustchin, S., Telljohann, V. and Rocha, R. (2017) Workplace trade union engagement with European Works Councils and transnational agreements: the case of Volkswagen Europe. *European Journal of Industrial Relations*, **23**(4), 397–414.