

**Work and Employment Relations in a Globalized World:  
The Emerging Texture of Cross-border Labor Regulation**

Ludger Pries  
Professor of Sociology  
Ruhr-University, Chair of Sociology / Organization, Migration, Participation  
Bochum  
Germany  
Email: [ludger.pries@rub.de](mailto:ludger.pries@rub.de)

Martin Seeliger  
Master of Arts  
Ruhr-University, Chair of Sociology / Organization, Migration, Participation  
Bochum  
Germany  
Email: [martin.seeliger@gmx.net](mailto:martin.seeliger@gmx.net)  
July 2012

## **1. Introduction**

“Working Men of All Countries, Unite!” – Viewed from today’s perspective on the challenges brought about by globalization, the rallying cry of Proletarian Internationalism proclaimed by Karl Marx and Friedrich Engels in 1848 implicates an optimistic notion towards the possibilities of cross-border coordination of workers’ interest representation, eventually leading to the class- and stateless world society. Since history has so far not turned out to prove this revolutionary prediction right, the challenge for international labour studies remains to systematically reflect recent cross-border activities on the capital- as well as on the labour-side. A very basic summary of recent trends in social and economic internationalization can most likely be provided through the statement that increased international competition and globalized value chains have caused a shift in patterns of labour regulation in most industries and countries. On the other hand, the new challenges which arose for the labour side have not remained unmet by labour representatives. It is exactly this change in the patterns of international labour regulation, which will be addressed in this paper.

Since the interrelation of economy and society over time has always been lying at the core of sociological interest (Spencer 2003, Weber 2001, Durkheim 1984), insights from historical approaches to the development of this relationship are available within a rich instrumental set of different sociological perspectives. Here, for the second half of the twentieth century contemporary diagnoses and perceptions point at the increasingly dynamic character of this interplay, which leads to new uncertainties for individual as well as collective and corporate actors (Cohen/Kennedy 2000; Beck 1999). In their study on “labour in the age of insecurity” Webster, Lambert and Bezuidenhout propose a perspective on the impact of globalization on local realities of work and employment, deploying the groundbreaking motive of Market Embeddedness, which was originally brought on the academic agenda by Karl Polanyi in the 1940s. According to Polanyi the dynamics of modernization are constituted through an interplay of the market and other institutions of economic coordination, competing as complementary principles to organize production and distribution of goods and services. A developmental model which can roughly be derived from Polanyian thought unfolded in the course of subsequent general academic discussions (e.g. Burawoy 2010, Webster 2010, Altvater/Mahnkopf 1997 as well as the volume by Hann and Keith 2009) and related to international companies and cross-border value chains (Pries/Dehnen 2009; Ruigrok/van Tulder 1995; Spatz/Nunnenkamp 2002; Sturgeon/Florida 1999; Whitley 1992). Here, economic globalization is to be understood as a partial ‘disembedding’ of nationally segmented markets and of production systems structured by national institutions.

In line with Polanyi and his followers, this paper emphasizes, that such movements of economic ‘market-disembedding’ are accompanied by other societal actors’ efforts to defend civil society and public goods from the penetrating forces of the market through looking for new regulative arrangements. Drawing on the developmental scheme sketched out above, we pursue the aim to model what we perceive to be a countermovement to this disembedding-process: While on the one hand the logic of liberal market coordination of action and resources got stronger, an increasing entanglement of mechanisms, levels and collective actors of labour regulation formed up to an emerging *cross-border texture of work and employment*

*regulation* (Pries 2010). Accordingly, emerging measures of cross-border labour regulation can be understood as a broader movement of re-embedding economic relationships, which have been tossed away from their former national settlements.

The paper will argue that the social effects and impact of these different forms of re-regulating labour can only be understood within the framework of their complex interplay between each other. For example, an International Framework Agreement (IFA) in place in one specific multinational company might work where there are strong collective promoters at company level and where social movement activists use the OECD-Multinational Guidelines for submitting queries at the corresponding National Contacts Points. The complementary densification of labour regulation measures emerges as a cross-border network texture with reference and in relation to various actor groups as well as social, political and economic structures beyond the territorially bound power-frame of single nation-states. While such measures of international labour regulation seem relatively weak, when looked at in isolation from each other, a perspective on their interplay promises to give much more fruitful insights on this matter: By drawing on the results of empirical research, conducted on European Works Councils as well as on International Framework Agreements, the paper will empirically base the theoretical approach proposed above.

After once again sketching out the implications and challenges for international labour regulation brought about by globalization, the paper draws on the idea developed earlier (Pries 2010), according to which single cross-border mechanisms of labour regulation have to be understood as part of an emerging texture of various entangled and often complementary measures, which (often unintendedly) strengthen a framework of norms and rules suitable to create order in the challenged field of the international economy. Drawing onto the example of European Works Councils and International Framework Agreements, this basic idea of an emerging cross-border texture of labour regulation will be developed in the following two sections. Finally, we will sum up our findings in a perspectival conclusion.

## **2. Labour Regulation in a Globalized Economy**

Concerning work and employment relations, economic globalization (e.g. Seidmann 2007) points at a development, which made processes of originally nationally segmented constellations of labour regulations subject to increasing international competition. What this means for processes of labour regulation is an erosion of traditional constellations, which were usually framed by institutional settings of nation states. As Egels-Zanden (2009: 3) states, “industrial relations systems have historically been embedded in a context of national tripartistic arrangements, negotiated by actors engaged in ongoing relationships with each other.” According to Burawoy (2009: 90), the United States takes a leading role in this process of economic reorganization:

“It had its epicenter in the United States. Beginning in the mid-1970s, the turn to a market economy led to the decimation of national industries and its labour movements as U-S- industrial capital fled to greener pastures”.<sup>1</sup>

---

<sup>1</sup> For the protagonist role of the United States in global processes of economic modernization also see Kaufmann (2006: 152). However, as Minssen (2012: 178) points out correctly, it would be far-fetched to speak of a neoliberal project in the sense of a well-planned procedure, intentionally carried out by concrete identifiable actors. As social macro-process which, among other impacts, lead to a reconfiguration patterns of labour regulation are

Besides the general axiom that economic internationalization actually has taken place<sup>2</sup>, another widely shared assumption points at the structural weakening of workers bargaining power in negotiations with management actors. Through the development of what could be called a *global market for labour*,<sup>3</sup> the supply side (i.e. the workers) is pressured in lowering their exchange expectations:

“It is a commonplace that, in the past 30 or so years, the transnationalisation of production from the global North to the global South has played a major role in shifting power away from workers to employers” (Wells 2009: 567).

This had led scholars to take on a position which has become known as the so-called race-to-the-bottom-thesis, which applied not only in the field of social policy but also in connection with labour regulation within an internationalizing world economy: “As states decline, so do workers’ rights” (Tilly 1995: 21). If we thus understand this problem against the background of state-centered policy-approaches, which were typical for the 20<sup>th</sup> century, the absence of a superordinate Leviathan, who is basically in charge of everything, the international landscape of collective regulation measures might appear as the neoliberal desert, which we know from the early-1980s end-time-genre (Mad Max, etc.).<sup>4</sup> According to Thomas (2010: 1)

„globalization processes have produced a downward pressure on labour standards that neither nationally based labour laws nor international institutions such as the International Labour Organization have been able to effectively counter.”

As Koch-Baumgarten (2006: 208) states, the establishment of a sufficiently institutionalized industrial relations-system in a corporatist sense on an international (e.g. European) level seems improbable not only among scholars who do research on the topic. While traditional corporatist patterns do not seem to be rigidly transferable to a supranational level, it would be far-fetched to assume that workers’ resistance to measures of liberalization would simply fail to appear.

“Thus, unions and other civil society organizations have pushed for new approaches to the regulation of labour standards, creating pressures for the emergence of new forms of transnational labour rights regulation” (ibid.: 1).

---

governable only to a slight degree, such general acclamations can be suspected to actually belong in the field of conspiracy-theorists.

<sup>2</sup> Differences however remain with regards to the varying degrees of world-market integration which scholars assume for particular countries and macro-regions. While the major share of international trade in the last quarter of the 21<sup>st</sup> century has mainly taken place within the triad of North America, Europe and Japan, the current debate around the BRICs (Brazil, Russia, India and China, sometimes also countries like Mexico or South Africa) effectively illustrates this point.

<sup>3</sup> In so far as not every type of labour can be bought and sold anywhere on the globe, this is obviously an exaggeration. However, the increasing cross-border organizations of labour markets constitute a significant tendency for the analysis of economic developments. Accordingly, human and capital mobility have become structural characteristics of the world economy (see Pries 2010 for the case of labour migration).

<sup>4</sup> Interestingly, the emergence and development of this movie-genre within the Anglo-American context can be traced back as moving parallel to increasing liberalization in politics under the impression of Reagonomics, Thatcherism in the frame of the Washington Consensus. Ecological devastation, political anomy and a collective exhaustion as well as the constant thread of apocalypse serve as an allegory for the danger of a decline of civilization. It does not take a lot of fantasy to interpret this as a popular anticipation of the possible risks and dangers of neoliberal modernization.

While management-induced measures were often directed at weakening workers' bargaining positions through the introduction of competitive elements in the cross-border coordination of labour policy, the reactions of workers' representatives can be differentiated into a substantial and a procedural dimension: On the one hand, unions' (and also shop floor-organs, such as works councils') engagement pursued the goal to concretely deal with certain issues of (threads of) outsourcing. Secondly, and perspective of an ever-growing importance, is the second dimension of arranging the constellation of international negotiations by accumulating social capital and compacting their networks across national and building alliances with other political actors such as social movements or government representatives:

“As a consequence of TNCs' growing flexibility and capacity to shift production from one country to another, trade unions began to attempt to create a social framework for the global economy in order to bridge the growing gap between TNCs' strategic options, which transcend national borders, and their own limited capacity to act, since they are largely circumscribed by national boundaries.” (Telljohan 2009: 5)

It is exactly this newly emerged constellations in which measures of cross-border labour regulation are being brought about by a spectrum of actors, which reaches beyond the classical triangle of (nationally segmented) states, capital and labour representatives. Looking at the broader landscape of cross-border labour regulation, various forms of such regulative measures can be identified (see Pries 2010: 157): Firstly on a global level, wide-ranging minimum standards, such as the ILO-core norms, constitute an ethical framework, suitable to formulate basic requirements of working conditions all around the world. While chances to control companies' compliance of such basic rights seem relatively weak, the general opportunity to relate to such frameworks can serve as a useful point of reference for labour-representatives in calling for decent working conditions. On a more concrete level, the past quarter century has also brought about the emergence of company-related organs like the European works councils and world works councils, which are able to coordinate measures of employees interests representation beyond the shop-floor level. Progressing internationalisation of union activities serve as an additional support. A further important point lies in the appearance of additional actors putting forward an agenda of workers' rights: Social movement activities like the 'Clean Clothes Campaign' e.g. led to new rules of behaviour in corporate business organizations. Supra-national actors more and more try to put forward common frameworks of regulation, as for example to be found in the case of the OECD-Multinational Guidelines. Against this background, it can be clearly stated that – unlike the financial spheres of the economy – within the production sphere measures of labour regulation *do exist*. To understand their dynamic character, which distinguishes them from the classical, fordist patterns of tripartite negotiations, mostly taking place within a nationally segmented framework, we will now explicate the argument of an emerging network-texture of labour regulation, drawing on the examples of two typical measures of cross-border labour regulation.

### **3. The Network-Texture Approach**

If we try to break down, what has been discussed up to this point into one simple diagnostic sentence, we can say that in the course of the internationalization of the world economy, the organization of labour regulation has become much more complicated. What this does not imply is that it has become *impossible*, to regulate work and labour relations in a way that protects workers from the commodification of their labour power. While the classical triangle of industrial relations theory implicitly relates to a nationally bounded constellation, we argue

that its simple application on a global level must automatically lead to an insufficient perspective, which does not take into account important measures, taken *beyond* this classical spectre. As has been argued before (Pries 2010), measures of labour regulation on a cross-border level have to be understood in more complex terms.

As pointed out by Karl Polanyi, challenges and threads of marketization are met by societal reaction, which he identifies as ‘countermovements’ brought about by social actors, trying to cope with the implications of these processes. The interplay of the expanding market and the societal reactions can thus be understood as “the action of two organizing principles in society, each of them setting itself specific institutional aims, having the support of definite social forces and using its own distinctive methods” (Polanyi 1957: 132). Taking back up this Polanyian argument of societal development of market-disembedding and market re-embedding, such waves of commodification and de-commodification of labour could be encountered at different points in history (ibid., also Burawoy 2010: 307). It has been due to increased international mobility of capital, that formerly nationally bounded measures of labour regulations cannot unfold a strong enough impact to protect labour from threads of relocation or the top-down implementation of poor working standards in countries or regions with low bargaining power of labour representatives. While focussing not only on the impact of globalization on labour regulation, but also extending his approach to the fields of nature and money, Burawoy (2010: 307) comes to a less optimistic conclusion: Primarily focussing on the latter two (commodification of money and nature), he states that

“So far the third wave has delivered new and wild forms of the commodification of money, turning it from a medium of exchange into a tool of profit making, based in derivatives, futures, and securitization of loans, and operating through hedge funds largely outside the control of states” (ibid.: 307).

As has been argued before, we believe that the classical focus on the state (or other supra-national quasi-governmental actors) is not suitable to capture what is going on in the field of international labour regulation, the figure of the international network texture might turn out to be more promising in this sense.

Facing the broad range and scope of different measures and initiatives, introduced by a broad variety of actors involved, we would like to propose a comprehensive perspective on the following seven types of cross-border labor regulation.

	<b>Origin</b>	<b>Object of Regulation /Topical Range</b>	<b>Time- and Space-related Range</b>	<b>Mechanisms of Implementation and Control</b>	<b>Main Actor-Groups</b>	<b>Examples</b>
<b>Global Minimum Standards</b>	Since 1910's	Broad	Global	Weak	States, Social Partners	ILO core norms
<b>General International Agreements</b>	Since 1990's	Narrow	Global to Macro-Regional	Weak	States	World Bank Guidelines
<b>Labor Regulation in the EU</b>	Since 1980's	Broad	Macro-Regional	Strong	States, Social Partners, NGO's	European Works Councils
<b>Company-Related Agree-</b>	Since	Medium	Following Company-	Medium	Companies, Unions, Company	International Framework

<b>ments</b>	1990's		Structure		Organs of workers' representation	Agreements
<b>Certification and Monitoring</b>	Since 1990's	Broad	Global to Local	Strong	Experts; Social Movements	Fair Trade
<b>Public Campaigns, Social Movements</b>	Since 1960's	Broad	Global to Local	Medium	Public NGO's; Media	Clean Clothes Campaign; Anti-Apartheid Movement
<b>Supra- and Transnational Governance</b>	21 <sup>st</sup> Century	Broad	Global to Macro-Regional	Strong	States, Sozial Partners, NGO's Public	OECD Multinational Guidelines

*Table One: Types of Cross-Border Labour Regulation*

According to our argument, the density of the network texture emerges out of the interplay between various of these different types. For example, unions or union federations might provide logistical support for monitoring initiatives or capacity building of experts involved in social movements (Zajak 2009). Another example can be found within the ongoing discussion on the coupling of country-support granted by the international monetary fund to the guidelines of the ILO. In the following paragraphs, we will develop this argument by drawing on the examples of European Works Councils and International Framework Agreements viewed as parts of the broader international network texture.

### **3.1. European Works Councils**

The general directive on the introduction of European Works Councils (EWCs) was passed by the European Council of Secretaries on the 22<sup>nd</sup> of September 1994 after about ten years of ongoing discussions and prior attempts. It required the national governments which had backed the EWC-directive<sup>5</sup> to create the legal basis for the introduction of EWCs within their states. The respective law in Germany (EWCL) was passed on the 28<sup>th</sup> of October 1996 by the parliament. All companies with locations in at least two EU member states, each with at least 150 employees, and which have more than 1.000 employees distributed amongst EU member states, can institute a EWC<sup>6</sup> on the basis of an agreement between a 'special bargaining committee' and European business management. In 2006 the ETUI-EWC data base registered 773 EWCs in a total of 2.204 companies that would qualify for such a council.<sup>7</sup>

EWC regulation typically distinguishes three periods of EWCs. The first phase runs from the mid-1980s to 1994, and it was a time when voluntarily agreed-upon employee information- and consultation organs were created. In this period 49 EWCs were created in 46 companies (Kerckhofs 2003:15). The second phase reaches from the period of the passing of the EU di-

<sup>5</sup> Great Britain made use of its opting-out option and withdrew from the entire process only to join the EWC plan after Labour's electoral victory in 1997.

<sup>6</sup> As an alternative to a EWC the directive offers the option of defining a procedure of information and consultation.

<sup>7</sup> For general information on EWCs see the EWC data base (also available as CD-ROM) at [http://www.etui-rehs.org/workers\\_participation/projects/european\\_works\\_councils\\_database\\_1.f](http://www.etui-rehs.org/workers_participation/projects/european_works_councils_database_1.f).

rective in September 1994 to its transformation into national law in September 1996. During this phase a number of so-called 'voluntary agreements' were reached on the basis of Article 13 of the EWC directive. As these did not necessarily have to accord with the procedure laid down by the directive and it was possible to deviate from the envisaged design, many companies were interested in grabbing the opportunity to reach a voluntary agreement on the procedure of information and consultation before the directive took effect (Hoffmann 1997:120; Lecher et al. 2001: 194). During this 'bargaining under the shadow of the law' the number of agreements grew rapidly. Almost 400 so-called Article 13 agreements were finalised (see also Kerckhofs 2003). The third, so-called Article 6 phase signifies the period after September 1996, that is after the implementation of the directive in national law, and with it the institution of EWCs according to 'standard legal procedure'.

In the expanding social science research on EWCs since the second half of the 1990s very different theses on the possible meaning, effectiveness and development perspectives of EWCs have been put forward, with mainly sceptical views predominating. On the one hand, Streeck (1997) criticises the lacking regulatory power of EWCs which lags far behind that made possible by the German model of employee participation. On the other hand, he criticises the deficient link between the EWC institution and Europe. He considers EWCs to be mainly extensions of the lobbies of the respective headquarters' home country whose structural principles and modes of operation are conveyed to other parts of the company via the EWC. In this spirit EWCs are (dis)qualified as "*neither European nor works councils*" (Streeck 1997: 328). In view of the danger of 'social dumping' the EWC as an employees' committee is not an appropriate instrument, neither in intra-company, nor in cross-country competition (Keller 2001). Locational competition has even intensified since 1996 and 'EWCs have failed to become a pan-European vehicle for trade union coordination' (Hancké 2000: 55).

According to the point of view of some scientists close to labour unions there exists a 'danger of a European neo-syndicalism' (Schulten 1997: 97). EWCs are viewed with some criticism, especially because they present themselves as potential partners for collective contracts and therefore directly compete with labour unions as national or even pan-European wage bargaining partners. The argument goes that the increase in company-related regulation of tariff matters on a European level might lead international companies to withdraw from national contract relations, thereby additionally accelerating the erosive tendencies affecting national bargaining systems. Another point of criticism is the voluntarism regarding the concrete form of EWCs. The 'political effectiveness' of an EWC accordingly depends on the (single) company power relations and the backing of labour unions (Schulten 1999: 201).

Rather optimistic views, in contrast, emphasize the evolutionary dynamic of EWCs which has still to be considered a „search and orientation process“(Platzer/Rüb 1999). Besides, it is argued, the behaviour of some EWCs clearly surpasses the degree of participation provided for by the directive, and that this should lead to positive effects for the European and national systems of labour relations (ibid.).

The very nature of EWCs is quite unique in the World and in the landscape of European organisations, because they are effectively (1) European law-based non-profit organisations, (2) based on the different national transposition laws of the countries where the corresponding companies are active, (3) working on the basis of an agreement negotiated at the European level between management and labour representatives, and (4) directed towards European wide active companies as profit organisations embedded exclusively in the corresponding national law systems. At a first glimpse, by this complex national, supranational and company

level related organisational network, EWCs are a promising answer to the problem of interest regulation in times of increasing economic internationalisation.

But the EWCs are not only very interesting and particular in organisational and institutional terms. Meanwhile, they are also very important in practice. Despite the fact that only about one third of all companies falling under the EWC directive actually have a EWC, their significance and impact upon labour regulation at the European level should not be underestimated. In times when the European Union consisted of fifteen member states they represented a total of about 17 million people working in companies with a EWC. Taking into consideration the new EU member states, the number of people receiving direct representation is even higher. As the EWC coverage increases with the number of employees and of countries in the EEA the companies are active in, almost two third of all workers and employees engaged in European wide active companies actually are represented by a EWC.

Therefore, it is not surprising that there exists a broad stream of scientific research and debates about EWCs. Especially the European automobile industry is of crucial interest, first, due to the high concentration of companies falling under the Directive and, second, because of the significance of some explicit debates and conflicts which touched the European level of labour regulation (like the General Motors case or the Volkswagen-Porsche conflict). Scientific debate on EWCs concentrates on the character, function and reach of the EWC: Is this new Europe wide active body an unsuitable instrument to cope with economic internationalisation? Will it mainly function as an information and communication channel for the management side? Or can it develop towards a powerful and effective means of organising and expressing workers' interests at a supranational level? Are the EWCs just mere extensions of the labour regulation patterns and dynamics of the country where companies' headquarters are located? Or can they actually introduce a genuine European dimension of labour relations and a new logic of transnational labour negotiations?

Empirical research aiming at answering these questions is focused mainly on two issues: first, to develop an adequate typology of EWCs (based on their internal structure, the pluri-local plant relations as well as their relations to management and unions) and, second, to control for the variables (like sector, age of the EWC, country of company's headquarters) influencing these types of EWCs and their corresponding output and efficiency as means of interest mediation and conflict regulation. There is some empirical evidence of the impact of (1) country of headquarters, (2) sector characteristics and (3) period of negotiating and signing the EWC agreement on the figure and outcome of EWC's working dynamics. Until now, little attention has been paid to the impact of company structures on the corresponding structure and activities of EWCs. However, previous studies have pointed out that EWCs vary extremely regarding their activities and their ability to effectively influence company decisions and represent employee interests. While some EWCs operate on a low level (as simple 'tools' for the distribution of selected management information), others play an important role in the overall communication and interest regulation of the company at European level. To explain these variations of EWCs' cooperation structures and characteristics, the majority of literature is based on (extended) industrial relations approaches. This dominant research perspective on EWCs could be widened by an organization research approach. It could be proven that one has to pay special attention to the specific figure of distribution and coordination of resources, power, culture, and knowledge at the European *company* level (Hertwig et al. 2010). In this perspective the *organizational fit* between the cross-border company structure and the structure of the corresponding EWC explains at least partially its output. By this, EWCs could be

considered as a tool for re-embedding cross-border active companies into a supranational framework of labour regulation. When, apart from this, EWCs also are crucial cross-border actors for developing European or International Framework Agreements – as was shown e.g. by Dehnen/Pries 2012 – the entanglement of different mechanisms and logics of cross-border labour regulation becomes obvious.

When trying to understand the phenomenon of EWCs with a broader context, a strong interwovenness within the multidimensional network of the network texture introduced above becomes apparent: Firstly, the European legislation provides a framework in which EWCs (if demanded by the employees) become a mandatory element of company structures. As can e.g. be found in the case of caterpillar<sup>8</sup> such cooperation between unions and/or international union federations points to another cross-dimensional reference in the social reality of cross-border labour regulation. A third interconnection, which will be further highlighted below, can be found in EWC's involvement into company-wide measures of labour regulation, such as international framework agreements.

### **3.2. International Framework Agreements**

Since their first application the late 1980s a relatively broad body of literature has emerged around International Framework Agreements as an innovative form of cross-border labour regulations.<sup>9</sup> According to a general definitions proposed by Fichter et al. (2011), IFA's can be understood as “a tool for enforcing the recognition and implementation of minimum labour standards and as a contract between unions and transnational corporations”. Through their implementation, the actors involved (usually management, inner-company workers' representatives as well as international unions) pursue four different and often complementary goals:

1. Ensuring compliance with the ILO's core labour standards
2. The recognition of Global Union Federation as a negotiation partner
3. The global institutionalization of viable collective conflict resolution mechanisms
4. The organization of transnational solidarity (see *ibid.*).

In December of 2010, over 80 IFAs existed which covered a total of 6.3 million of the 77 million workers employed in multinational companies on a global scale (Papadakis 2011a).<sup>10</sup> While this is only a small portion of the entire workforce in MNCs, the last twenty years have come along with a significant numerical development of IFAs, growing from only 23 IFAs between 1988 and 2002 to 56 in 2007 (*ibid.*), most of which were signed in the metal sector. As can be derived from the general description of IFAs as a social phenomenon, shaping the reality of cross-border labour regulation given above, the main focus of this instrument is – as in the case of the European works councils – on the company level. However, as the involvement of various status groups (unions, shop-floor organs, management actors) illustratively

---

<sup>8</sup> See <http://www.imfmetal.org/index.cfm?c=26954&l=2> It has to be noted that cooperation between European union federations and European works councils has – up to this point – only managed to tap its full potential. As is noted by Rüb (2009), internationalisation efforts on the basis of European-wide organization can be encountered as one of the major challenges of unions' representative work.

<sup>9</sup> See for example Thomas (2010), Fichter et al. (2011, 2011a), Papadakis (2011); Rüb et al. (2011).

<sup>10</sup> This number does not include suppliers and sub-contractors.

shows, their particular dynamics cannot be simply reduced to one-sided intentions and ambitions. Instead, what a functioning implementation and monitoring of an international framework agreement requires is the cooperation between the actors introduced. As Rüb et al. (2011: 21) point out, a low degree of organizational and informational networking between unions and shop floor representations raises the probability of taking actual influence on policy measures taken within the framework of a particular MNC. Although the central measures addressed through International Framework agreements relate to inner-company issues, attempts to transcend this 'shop-floor-focus' of the instrument can generally be encountered: In a document analysis carried out in late 2008, Welt (2011: 54) finds that 46% of existing IFAs inform suppliers and encourage them to adhere to the content of the IFA. Moreover, 14% take measures to assure suppliers compliance and another 9% even assume responsibility for the entire supply chain. Another significant relational element that constitutes the particularly relational character of IFAs as instruments of cross-border labour regulation is the designated reference, which is given to comprehensive standards as the ILO-norms or CSR-approaches such as the United Nations Global Compact:

“What distinguishes IFAs as a policy tool beyond their labour relations character is their acknowledgement of CSR approaches, such as the United Nations Global Compact or the Organization for Economic Co-operation and Development Guidelines” (Fichter/Helfen 2011: 86).

This very same conclusion can also be drawn from a finding provided by Thomas (2010: 11):

“Some companies with framework agreements [...] may engage in thirdparty monitoring processes through their broader CSR programs, though framework agreements do not establish these kinds of processes themselves.”

As becomes clear, the value-based reference points of IFA's by no means plainly emerge from inner-company negotiations or dispositions but function in close orientation in a global moral framework, which is constituted by multipartite actors such as the International Labour Organizations or even within broader discursive arenas.

It is not surprising that the constellation within which an International Framework Agreements gains its shape and meaning presupposes the existence of relatively strong organs of workers' representation involved in the process. These can both be located on company- as well as on broader union level.

For Hennebert and Bourque global union federations

“are at the junction of complex social and political interactions in which they are only one actor. Their role must thus be conceived in relation to other local, national and regional levels where union organizations have historically been rooted and, at times, endowed with substantial resources.”

In their seminal work on global unions Platzer and Müller (2009) point out how crucial these federations are for the cross-border coordination of workers' representatives. However, recent empirical developments have also shown the central meaning which shop-floors organs of interest representation can take on in the development of such framework agreements. Here, e.g. the Volkswagen Works Council takes a leading role. In signing an IFA on the international implementation of co-determination measures in all countries, represented within the World Works Council, together with Volkswagen management and the International Metalworkers Federation, a step towards a new level of workers participation in cross-border contexts could be taken (Wannöffel 2010; Baum-Ceisig/Osterloh 2011).

Besides the workers' representatives on a local shop-floor- or on a national or international union-level, as well as the civil society actors engaging in NGO-initiatives such as the Clean Clothes Campaign, a general interest in International Framework Agreements can also be noted as deriving from the managements' side:

„In line with the GUF's main objective of establishing an ongoing dialogue with transnational companies through the conclusion of an IFA, the GUFs usually try to settle any violation of the provisions of an IFA in cooperation with management (Welt 2011: 58)“

While especially due to the Marxian inheritance in industrial sociology capital-labour-relations are often describes as genuinely conflictual, the coordination of IFA-measures comprises cooperation between the two actor-groups which might even lead to a blurring of the traditionally perceived demarcation line.

Interestingly, this conceptual argument can also be supported by a study conducted by the ILO, the management side can take an interest in engaging in International Framework Agreements. This general assumptions is here based on the finding that an increased trust in labour relations on company-level can be encountered with regards to shareholders and other investors (ILO 2010).

While the ILO-study introduced above measures the impact on shareholders' trust into companies, management actors could moreover generally be assumed to be interested in a proper image towards customers and stakeholders. This is were one out of four perspectival points of critique with regards to such framework agreements can be formulated: While *firstly* the regulation of core labour standards can be said to be generally desirable, it is important to note that a simple window-dressing approach, pursued by the management will not help to bring about according measures in the mid-term or long run. While an IFA might make sense as an idea or sound suitable as a rhetorical figure, its implementation must be actually carried out, to take effect. *Secondly*, as could be shown, the integration of global union federations is crucial for the coordination of IFA's in a cross-border context. But what also must be clear is that this could require major engagements, which starting from a certain point might overstretch their scarce resources. A *third* potentially weak point of IFA's is their generally voluntary nature. As Thomas (2010: 15) notes, a stronger foundation within supranational legislation might seem desirable in this context: According to him,

“transnational labour rights regulatory strategies must move beyond binary approaches to regulation based on state-based versus voluntaristic, privatized methods”

A *fourth* open question finally points at the inclusive character of International framework agreements. While IFAs generally help to create acceptance for measures suitable to decommodify the character of wage-labour on a global level, one must acknowledge the fact that they do not yet address the major share of workers who are somehow integrated in global production chains. One might thus perceive the danger of privileging strongly unionized workers in international original equipment manufacturers or first-tier-suppliers, leaving out all those who are unable to organize sufficiently. A strong syndicalism alone cannot be the only answer for a sustainable regulation of international labour.

“In sum, IFAs are the most participative category and also the one closest to a traditional understanding of industrial relations – in the sense of negotiation, consultation or simply exchange of information between employers and workers on issues of common interest relating to socio-economic policy – and to the notions of collective bargaining, dispute prevention and resolution, as well as respect for labour law.” (Papadakis 2011a: 3)

We can thus conclude that – as usually – International Framework come along with certain risks and chances for cross-border labour regulation. What seems important to note is that

they gain their particular significance not in isolation from other measures taken in this sense, but are to be understood in a close working-relationship with the broad portfolio of cross-border-regulation initiatives. A first obvious interconnection can be found in the fact that company-level regulation in the form of an IFA is often a measure complementary to or promoted by a company level-organ, such as a European or even World Works council. Moreover, as is e.g. noted by Fichter et al. (2011a: 602), IFA's are moreover strategically striven for and used by global union federations, aiming to secure their own acceptance, using organizing potentials on the local level and achieve recognition of the ILO's core labour standards. In this explicit reference to the comprehensive framework provided by the ILO lies a third important example for the structuring power of the cross-border-network texture.

After introducing to our approach on based the examples of European Works councils International Framework Agreements within their particular contexts of (international) labour regulation, we will now finally discuss potentials, challenges and limitations of the cross-border network texture.

#### **4. Re-Embedding the Global Market?**

Although economic globalisation represents a kind of dis-embedding of markets and value chains out of the exclusive control of nation states and national settings of institutional arrangements such as labour regulation, there actually also do exist counteractive mechanisms of re-embedding economy into emerging textures of transnational labour regulation. Global minimum standards for work and employment conditions as defined by ILO, the integration of national and regional union confederations in Global Union Federations, the mechanism of imposing the OECD-Multinational-Guidelines to cross-borderly active companies, the foundation of World Works Councils in some important Global Players, transnational labelling and branding strategies like Fair Trade or Decent Work are strings as well as EWCs and International Framework Agreements of a transnational texture that increasingly enmeshes and re-embeds the globalised economy.

There could be a myriad of examples and arguments against the efficiency of such a transnational texture of labour regulation. Mainly when looking at one of the before mentioned mechanisms in an isolated manner there always could be a lot of doubt: ILO minimum standards do not work when there is no collective actor or sensitive public opinion – and this is just the case where much they would be needed; OECD-Multinational Guideline are almost unknown and not working in many companies; EWCs are often weak in comparison to the local or national representation bodies like shop stewards or Works Councils; International Framework Agreements have no legally binding power of enforcement. But when having a closer look at how these different cross-border threats could be combined and intertwined, the emerging transnational texture of labour regulation is actually gaining more and more contours. The abovementioned example of International framework agreements illustrates this point quite well: Viewed in isolation from matters of their concrete implementation and monitoring, the ILO-core norms (or the content of IFA's in general) can – in many cases – with good reasons be considered an open invitation to humanist window dressing. What constitutes the dynamics of the network texture in this context is the interplay of an *idealist* framework for *materialist* political processes of labour regulation. As Walby (2011: 141) notes, „‘Human Rights‘ do not form a theory of how society functions, they are merely a list of goals.“ If

however, these goals become within the framework of a legitimate symbolic (as in the case of the ILO), they can be referred to by political actors involved in the concrete adaptation and negotiation by political actors on the lifeworld- (i.e. shop floor-) level.<sup>11</sup>

Therefore the arguments made here is that the single elements of the network texture can only be understood in relation to each other. To pick single measures out of this network texture<sup>12</sup> would equal to the attempt to watch a soccer-game by focusing only on one of the twenty-two players. By on the one hand rejecting this – as we think – narrow focus we would on the other hand like to propose what we would consider a more fruitful attempt to understand the internationalization of labour regulation. As we think the idea of an international network texture (as well as the empirical findings underlining it) for the establishment of a sociological perspective of international labour relations lead to a relational approach which does neither see actors as principally isolated units (Sitkin/Bowen 2010), nor as phenomena which are simply brought about by structural conditions (Meyer et al. 1997).<sup>13</sup>

If one looks at the current debate on global governance, various problems and challenges are being addresses with regards to the democratic legitimacy of an international governance system, which is said to privilege decision-making processes in a top-down manner. Here, Krajewski (2009) points to three aspects which he perceives a potentially problematic. Firstly decision-making relevant on a global scale is practically taking place among representatives of only a few states involved. Since these decisions are additionally only taken through some representatives and experts, the actual populations of those countries do secondly not really have a voice in these committees. Thirdly, Krajewski perceives these negotiations to lack a complementary societal discourse with actual deliberative potentials, dealing with questions of international economic governance. Since the design of international organizations such as the European Union does not exactly favour according bottom-up-initiatives, it now seems reasonable to ask, whether the emerging texture of cross-border labour regulations can take the place of such a bottom-up approach. Through giving a conceptual overview about the cross-border network texture of labour regulation as a structure growing more and more dense in the course of workers´ representatives´ internationalization, we of course acknowledge that there are difficulties and challenges, which have to be met by the initiatives engaging in this process.<sup>14</sup> While we thus perceive a lot of coordination work to be done between representatives of workers, managements and civil society, speaking up for the major share of the population, we think that the shifting patterns of international governance can – democratically speaking – nothing but profit from such an initiative. An optimistic look into the future should therefore definitely be dared.

---

<sup>11</sup> Moreover, the same sceptical arguments against the single mechanisms also could be made for the national level; there are many collective bargaining agreements which, although legally binding, have not such a strong actual regulatory power.

<sup>12</sup> As for example Streeck (1997) does with regards of the perspectives of European Works Councils.

<sup>13</sup> This theoretical basic assumption can be traced back along a long line of sociological thinking, taking its root in the rejection of the Cartesian dualism of body and spirit, see Mead (1967), Simmel (1972), Dewey (1922), White (1992), or Joas (1997).

<sup>14</sup> As a core problem, known from research on cross-border governance mechanisms, the emergence of structures perceived as e.g. “transnational communities” (Djelic/Quack 2012), a core problem lies, for example in the establishment of trust relations between the actors involved. Since such constellations in an international context consists of actors, who are drawing on different institutional conditions (e.g. welfare-state-structures) or cultural background (e.g. stocks of knowledge among themselves and their local reference groups), coordination efforts arising in this context comprise – on the other hand – challenges beyond most experiences, traditionally made on a national level (Hall/Soskice 2001; Frege/Kelly 2004).

## **Bibliography**

Altwater, Elmar; Mahnkopf, Birgit (1997): The world market unbound. In: Review of International Political Economy 4 (3), 448-471

Baum-Ceisig, Alexandra; Osterloh, Bernd (2011): Wirtschaftsdemokratie in der Praxis – Die erweiterte Mitbestimmung bei Volkswagen. In: Meine, Hartmut (Hg.): Mehr Wirtschaftsdemokratie wagen! Hamburg: VSA, 123-137

Burawoy, Michael (2010): From Polanyi to Pollyanna: The False Optimism of Global Labour Studies. In Global Labour Journal 1 (2), 300-313

Burawoy, Michael (2009): The Global Turn. Lessons From Southern Labour Scholars and Their Labor Movements. In: Work and Occupations 36 (2), 87-95

Baumann, Zygmunt (2000): Liquid Modernity. London: Blackwell

Beck, Ulrich (1999): World Risk Society. London: Blackwell

Cohen, Robin; Kennedy, Paul (2000): Global Sociology. New York: New York University Press

Dehnen, Veronika/Pries, Ludger (2012): International Framework Agreements: Window-Dressing for Trade Unions or Efficient Instrument of Cross-Border Labour Regulation? (forthcoming in Industrial Relations Journal)

Dewey, John (1922): "Morality is Social" Human Nature and Conduct: An Introduction to Social Psychology. New York: Modern Library

Djelic, Laura; Quack, Sigrid (2012): Transnational Communities. Shaping Global Economic Governance. Cambridge: University Press

Durkheim, Emile (1984): The Division of Labour in Society. London: Macmillan

Egels-Zanden, Niklas (2009) Transnational Governance of Workers Rights: Outlining a Research Agenda. In: Journal of Business Ethics 87 (2), 169-188

Fichter, Michael; Helfen, Markus (2011): Going Local with Global Policies. Implementing International Framework Agreements in Brazil and the United States. In: Papadakis (ed.), 85-115

Fichter, Michael; Helfen, Markus; Sydow, Jörg (2011): Regulating Labour Relations in Global Production Networks. In: IPG (2), 69-86

Fichter, Michael; Helfen, Markus; Sydow, Jörg (2011a): Employment relations in global production networks. In: Human Relations. 64, 599-622

Frege, Carola; Kelly, John (2004): Varieties of Unionism. Oxford: University Press

Hann, Chris / Keith Hart (eds.) (2009): *Market and Society: The Great Transformation Today*. New York: Cambridge University Press

Hennebert, Marc Antonin; Bourque, Reynald (2011): *The International Trade Union Confederation (ITUC): Insights from the Second World Congress*. In: *Global Labour Journal* 2 (2), 154-159

Hertwig, Markus/ Pries, Ludger/ Rampeltshammer, Luitpold (Eds.), 2010: *European Works Councils in complementary perspectives*. Brussels: ETUI

International Labour Organization (2010): *1 Assessing the social impact of IFAs: An ILO online Survey (2008-2009)*. Source: <http://lempnet.itcilo.org/en/tcas/about-tcas/background-papers/ifa-survey-2008-09.pdf>

Joas, Hans (1997): *The Creativity of Action*. Chicago: Chicago University Press

Koch-Baumgarten, Sigrid (2006): *Globale Gewerkschaften und Industrielle Beziehungen in der Global Governance*. In: *Industrielle Beziehungen* 13 (3), 205-222

Kaufmann, Bruce E. (2006): *Global Industrial Relations. Events, Ideas and the IIRA*. Geneva: Ilo

Krajewski, Markus (2009): *Die Demokratisierung von Global Economic Governance*, In: Hauke Brunkhorst (Hg.): *Demokratie in der Weltgesellschaft. Sonderband 18 Soziale Welt*, 215-230.

Marx, Karl, and Friedrich Engels, 2008 [1848]: *The Communist Manifesto*. In: Naazneen H. Barma and Steven K. Vogel (eds.): *The political economy reader*, New York: Routledge, pp. 41-62

Mead, George Herbert (1967): *Mind, Self, and Society: From the Standpoint of a Social Behaviorist*. Chicago: University of Chicago Press.

Meyer, John et al. (1997): *World Society and the Nation-State*. In: *American Journal of Sociology*, 103 (1): 144-81.

Minssen, Heiner (2012): *Arbeit in der modernen Gesellschaft*. Wiesbaden

Papadakis, Konstantinos (ed.) (2011): *Shaping Global Industrial Relations. The Impact of International Framework Agreements*. New York: Palgrave Macmillan

Ders. (2011a): *Introduction and Overview*. In: Ders. (ed.), 1-18

Platzer, Hans-Wolfgang; Müller, Torsten (2009): *Die globalen und europäischen Gewerkschaftsverbände*. Berlin: Sigma

Polanyi, Karl (1957): *The Great Transformation*. Boston: Beacon Press

Pries, Ludger, 2010: Internationalisierung von Arbeitsmobilität durch Arbeitsmigration. In: Böhle, Fritz et al. (Hg.): Handbuch Arbeitssoziologie. Wiesbaden: VS, 729-747

Pries, Ludger; Dehnen, Veronika (2009): Location tendencies of the international automotive industry: 'Footless companies going East and South' or 'regionalisation of value-chain profiles'? In: International Journal of Automotive Technology and Management, Vol. 9, pp. 415-437

Ruigrok, W. / van Tulder, R. (1995): The Logic of International Restructuring. London und New York

Rüb, Thomas (2009): Die Transnationalisierung der Gewerkschaften. Berlin: Sigma

Rüb, Thomas et al. (2011): Transnationale Unternehmensvereinbarungen. Berlin: Edition Sigma

Seidmann, Gay (2007): Beyond the Boycott: Labour Rights, Human Rights and Transnational Activism New York City: Russell Sage Foundation

Simmel, Georg (1972): On Individuality and Social Forms. Chicago: University of Chicago Press

Sitkin, Alan; Bowen, Nick (2010): International Business. Challenges and Choices. Oxford: University Press

Spatz, J., and P. Nunnenkamp (2002b). Globalization of the Automobile Industry: Traditional Locations under Pressure? *Aussenwirtschaft* 57 (4): 469–493.

Streeck, Wolfgang (1997): Neither European Nor Works Councils: A Reply to Paul Knutsen. In: *Economic and Industrial Democracy*, 18 (2), 325-337

Sturgeon, T.J., and R.L. Florida (1999). *The World That Changed the Machine: Globalization and Jobs in the Automotive Industry*. Massachusetts Institute of Technology, Cambridge, MA.

Telljohan, Volker (2009): European and international framework agreements: Practical experiences and strategic approaches. European Foundation for the Improvement of Living and Working Conditions.

Thomas, Mark P. (2010): Global Industrial Relations? Framework Agreements and the Regulation of International Labour Standards. In: *Labour Studies Journal* 10, 1-19

Tilly, Charles (1995): Globalization Threatens Labour's Rights, in: *Journal of International Labour and Working Class History* 47, 1-23

Walby, Sylvia (2011): The Future of Feminism. Cambridge: Polity Press

Wannöffel, Manfred (2011): Auch für „Old Opel“ gilt: Europäische oder keine Lösung. Gerlach, Thomas et al. (Hg.): *Solidarität über Grenzen*. Berlin: Sigma, 95-109

Weber, Max (2001): *The Protestant Ethic and "The Spirit of Capitalism"* Oxford: Oxford University Press

Webster, Eddie (2010): *From Critical Sociology to Combat Sport? A Response to Michael Burawoy's 'From Polanyi to Pollyanna: The False Optimism of Global Labour Studies'*. In : *Global Labour Journal* 1 (3), 382-387

Webster, Edward et al. (2008): *Grounding Globalization. Labour in the Age of Insecurity*. Oxford: Blackwell

Welt, Christian (2011): *A Qualitative Analysis of International Framework Agreements: Implementation and Impact*. In: Papadakis (ed.), 38-60

Wells, Don (2009): *Local Worker Struggles in the Global south: reconsidering Northern impacts on international labour standards*. In: *Third World Quarterly*, 30 (3), 567-579

White, Harrison C. (1992): *Identity and Control: A Structural Theory of Social Action*, Princeton, NJ: Princeton University Press

Whitley, Richard (1992): *The Comparative Study of Business Systems in Europe: Issues and Choices*. In: Whitley, R. (Hg.): *European Business Systems. Firms and Markets in their National Contexts*. London: 267-284

Zajak, Sabrina (2009): *Polanyi, labor activism and transnational governance structures: The role of "the counter movement" in two different industry fields*. In "Shaping Europe in a Globalized World? Protest Movements and the Rise of a Transnational Civil Society" Marie Curie Conference Reader, University of Zürich.