

ILERA European Congress
Barcelona, 8-10 September 2022

Stagnation and decline of transnational company agreements (TCAs)

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TCAs

Definitions

- ◆ There are two kinds of TCAs
- ◆ 1) **IFAs** (**international framework agreements**), also called GFAs (**global framework agreements**)
IFA = agreement between a transnational company (TNC) and a **global union federation (GUF)**, until 2002 called international trade secretariat
 - ▶ term “IFA” invented by the GUFs
 - ▶ supplementary signatories are possible
 - ▶ scope: generally global (worldwide),
 - ▶ a few IFAs are limited to Asia or Latin America
- ◆ 2) **EFAs** (**European framework agreements**)
EFA = agreement between a TNC and an employee representation body
 - ▶ signatories: EWC, European trade union federation (ETUF) or others
 - ▶ multiple signatories possible
 - ▶ scope: generally European

IFAs

Evolution of content

- ◆ 1998 **common model** of the GUFs for signature of an IFA:
 - ▶ minimum requirement: recognition of **ILO core labour standards** (ILO “Declaration on fundamental principles and rights at work”, 1998)
 - ▶ Main objective: unionization
 - ▶ IFAs may also treat other themes (CSR, H&S, restructuring...)
- ◆ 2014 **supplementary requirements** (IndustriAll) :
 - ▶ supply chain coverage, “neutrality” of management in unionization campaign,
 - ▶ access to workplaces
 - ▶ effective mechanisms for implementation and monitoring
- ◆ Since 2005 IFAs on **specific themes** (H&S, social dialogue, equality)
 - ▶ only with TNCs which have already signed an IFA on fundamental rights
- ◆ Why “**framework**” agreements?
 - ▶ supposed to be implemented by national agreement
 - ▶ However very few IFAs contain such an obligation (Danone, Volkswagen)

The 1960s and 1970s: The pre-history of TCA

- ◆ three-stage strategic approach of the **GUFs** (Levinson 1972)
 - ▶ from the coordination of collective bargaining and strikes in TNC subsidiaries
 - ▶ to integrated wage bargaining with the management of the TNC headquarter
 - ▶ supported by the creation of “**world company councils**” (since 1966)
- ▶ but: no TNC was willing to negotiate voluntarily

The 1980s and 1990s (I)

Changing strategies of unions and management

- ◆ new **union** strategies in **Europe**:
 - ▶ search for legislation on EWCs
 - ▶ aim: obligation for I&C, in particular on restructuring
- ◆ Different **management** attitudes:
 - ▶ strong opposition to EWCs from Anglo-Saxon TNCs
 - ▶ But: HR management in a few European TNCs more open to social dialogue
 - ▶ Motivations:
 - ◆ creation of an international corporate identity and IR culture
 - ◆ international harmonisation and coordination of HR management
 - ◆ TNC as a communication tool (CSR)
 - ◆ management of transnational restructuring

The 1980s-1990s (II)

The first pioneering TCAs

- ◆ 1985 the first TNC (**EFA**) between Thomson Grand Public and the EMF on “European group committee” (forerunner of EWC)
- ◆ 1984-1994 17 voluntary EWC agreements with French TNCs
- ◆ 1988: the first **IFA** between BSN (now: Danone) and the ICF
- ◆ 1988-1994: 5 further IFAs with Danone
 - ▶ **French “home country effect”**
 - ◆ 192 nationalizations: socialist CEOs and HR managers
 - ◆ legislation on group committees (model for 1994 EWC directive)
- ◆ 1992-2022: **1600 EWC or SEWC agreements** (not counted as TCAs)
 - ▶ some (mainly with French TNCs) co-signed by ETUFs
 - ▶ Some EWCs go beyond consultation and begin to sign TCAs
 - ▶ **The true dynamics of TCAs start after 2000**
- ◆ 1988-2020: **384 TCAs** (**218 IFAs** and **166 EFAs**) identified

IFAs : Dominant role of European TNCs, diminishing role of EWCs

- ◆ 218 IFAs, 187 signed by 114 TNCs from **Europe**
- ◆ Average: 1,4 IFAs/TNC, growing N of IFA **renewals** (1/4)
- ◆ 55 IFAs signed by 26 **French** TNCs, 34 by 28 **German** TNCs
 - ▶ Danone alone has signed 10 IFAs, the first initially limited to Europe
- ◆ other HQs: Spain (12 TNCs), Sweden (11), Netherlands (7), Norway (7)
- ◆ only 5 IFAs from 3 British TNCs
- ◆ Main sectors: metal, building, communication, food,
- ◆ 28 IFAs co-signed by an **EWC** or **GWC**,
 - ▶ 21 in the metal industry (12 by German TNCs)
 - ▶ great majority of IFAs signed by a TNC with a previous EWC
 - ▶ EWC often play a role in the preparation and the monitoring of the IFA
 - ▶ After 2012: diminishing role of EWCs (and of German TNCs...)
 - ◆ 21 IFAs signed by Spanish TNCs without previous EWC
- ◆ Only 31 IFAs by 27 **non-European** TNCs (only 1 new IFA after 2015):
 - ▶ 6 TNCs from Brazil, 5 from the USA, 3 from Japan, Indonesia and South Africa

EFAs:

Dominant role of EWCs and French TNCs

166 EFAs signed by 74 TNCs identified (2,2 EFAs/TNC)

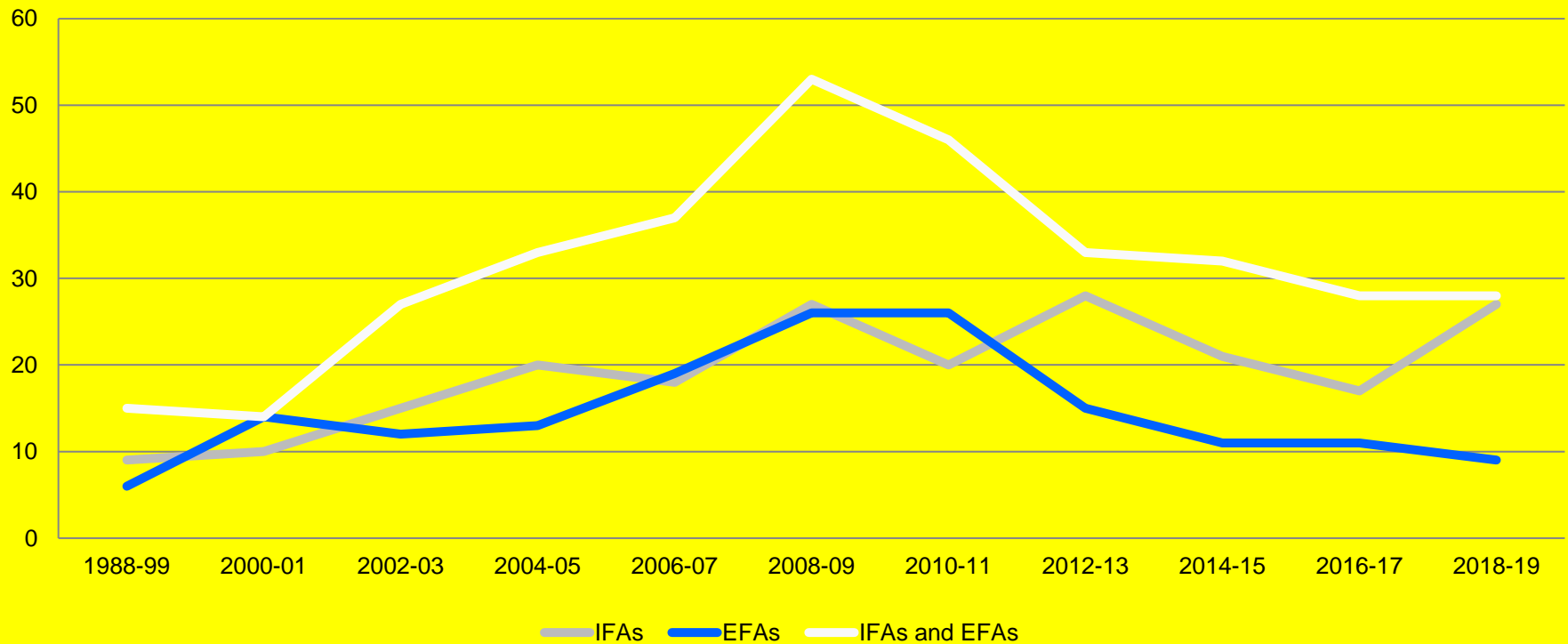
- ▶ Must be considered as a minimal number
- ▶ no legal obligation to report TCAs
- ◆ **More than half** of the EFAs (85) signed by 33 **French** TNCs,
 - ▶ mostly French TNCs formerly nationalized
 - ▶ 27 EFAs by 15 German TNCs, no EFA by Swedish TNC
- ◆ Great variety of themes (restructuring, H&S, CSR; equality,...)
- ◆ Main sectors: metal, finance, energy/utilities, chemical, food
- ◆ 121 of the 166 EFAs signed by an **EWC** or **SEWC** (86 by an EWC alone)
- ◆ After 2006 EMF mandating procedure: 23 EFAs signed by **ETUFs alone**,
 - ▶ almost exclusively with **French** TNCs
 - ▶ many French TNCs prefer to negotiate with unions
 - ▶ most German TNCs prefer to negotiate with EWC
 - ▶ no EFA by ETUF alone after 2017
- ◆ EFAs signed by **EWCs alone** are **still dominant**:
 - ▶ before 2006: 62%, since 2006: 52%

Since 2010: Diverging dynamics of TCAs

- ◆ Fast increase of TCAs after 2000
- ◆ Since 2010: stagnation of **IFAs**, decrease of **EFAs**
- ◆ Result: **decrease of annual number of TCAs**

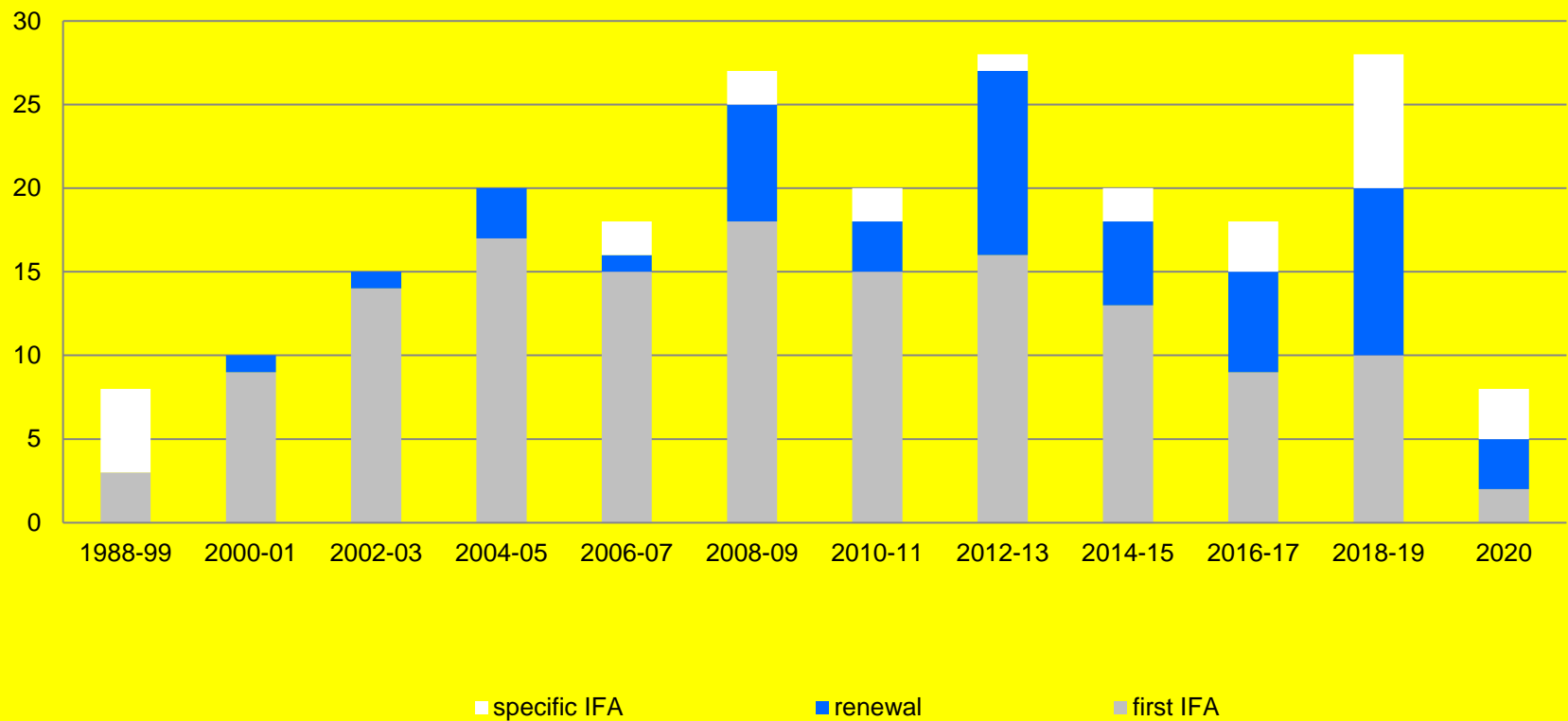
The dynamics of IFAs and EFAs 1988-2019

Graph 1: TCAs 1988-2019



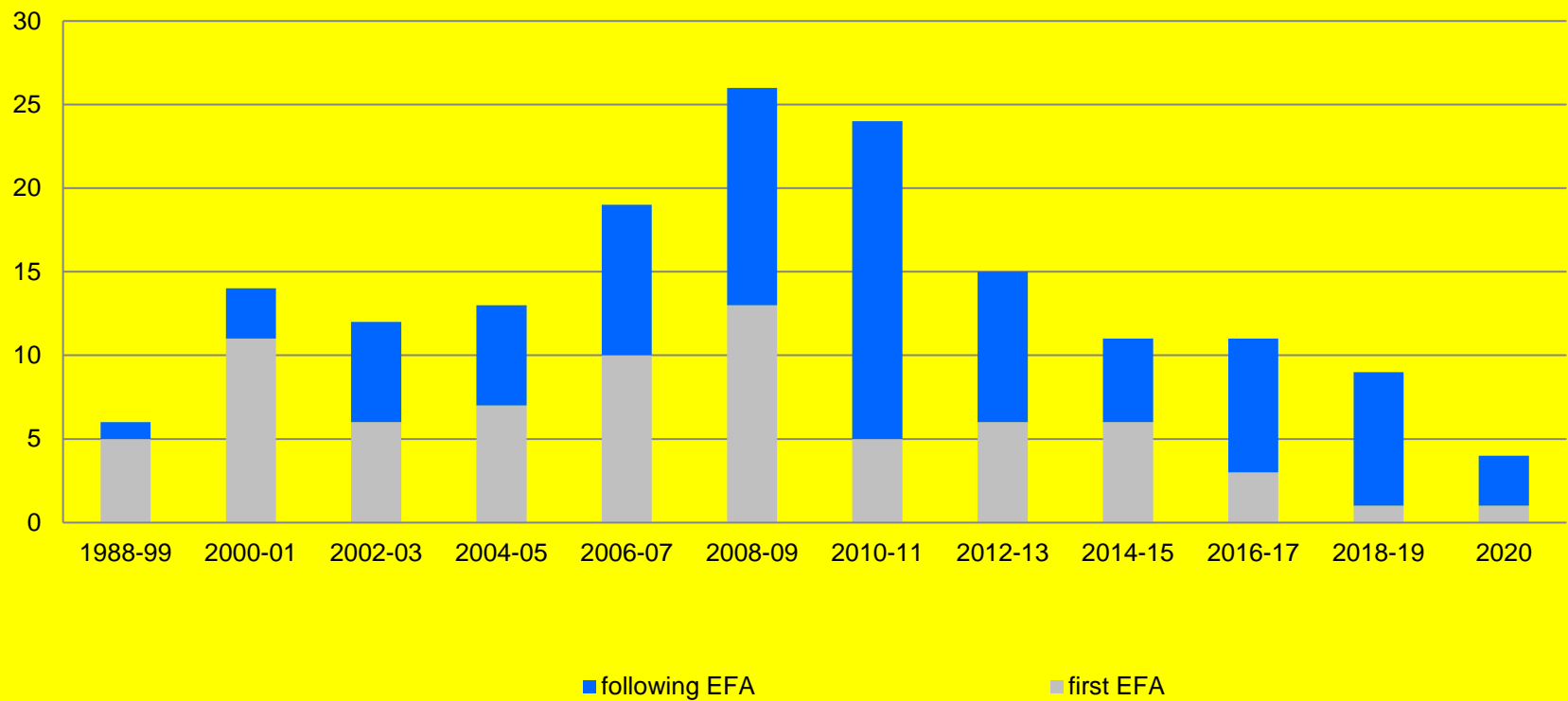
IFAs 1988-2020 by type of agreement

Graph 2: IFAs by type of agreement 1988-2020



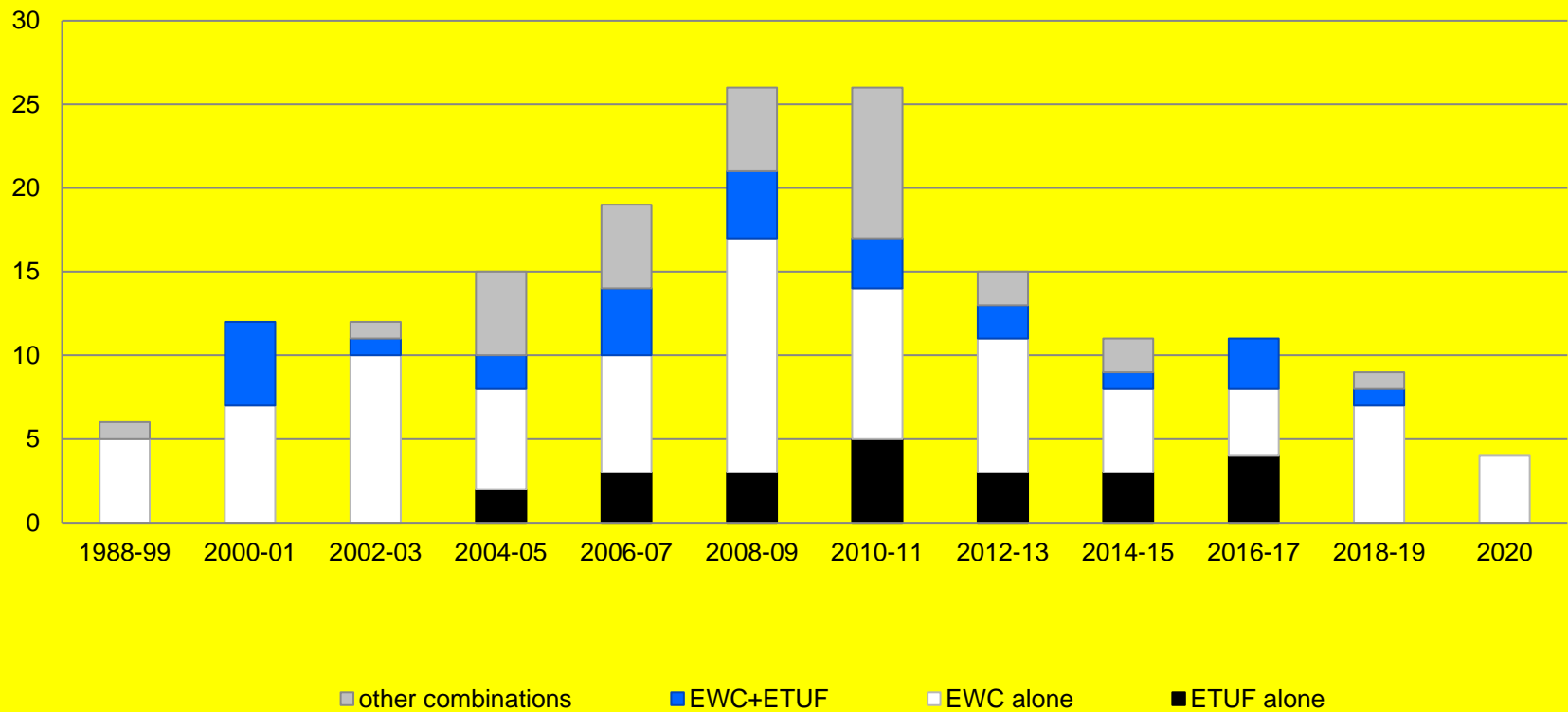
EFA 1988-2020 by type of agreement

Graph 3: EFAs by type of agreement 1988-2020



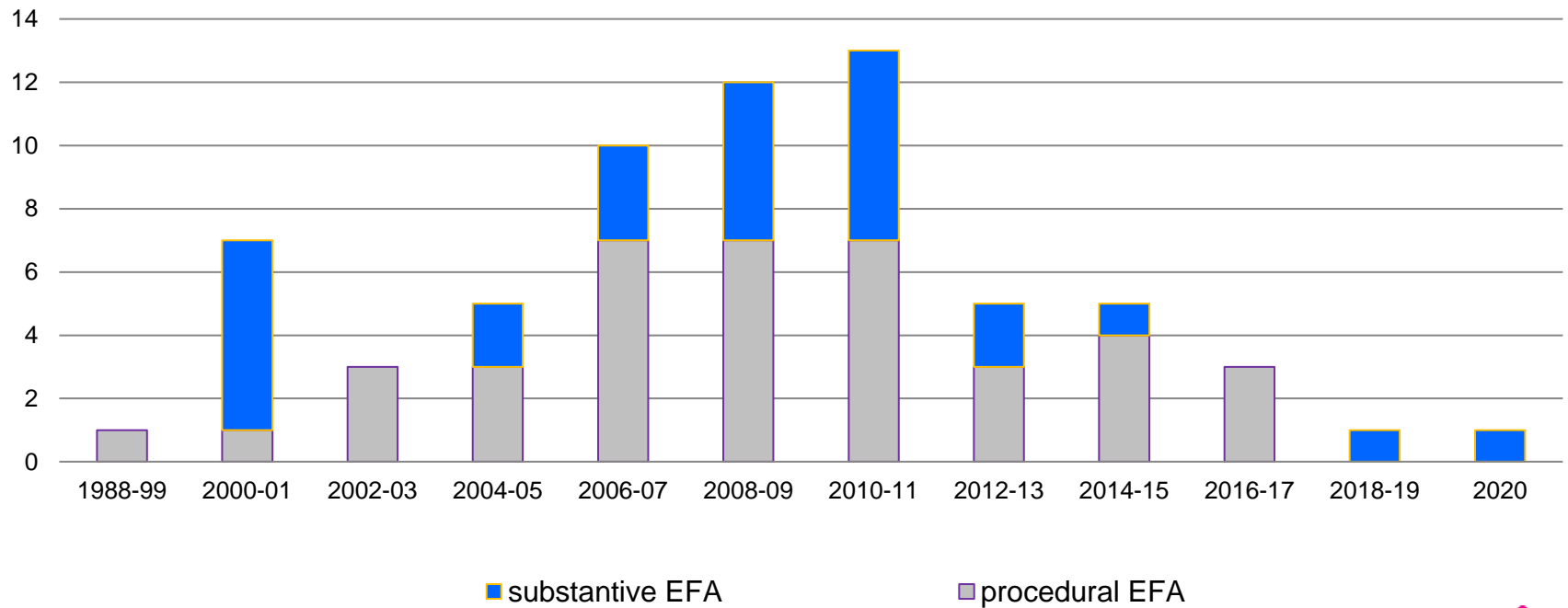
EFAs 1988-2020 by signatories

Graph 4: EFAS by signatories 1988-2020



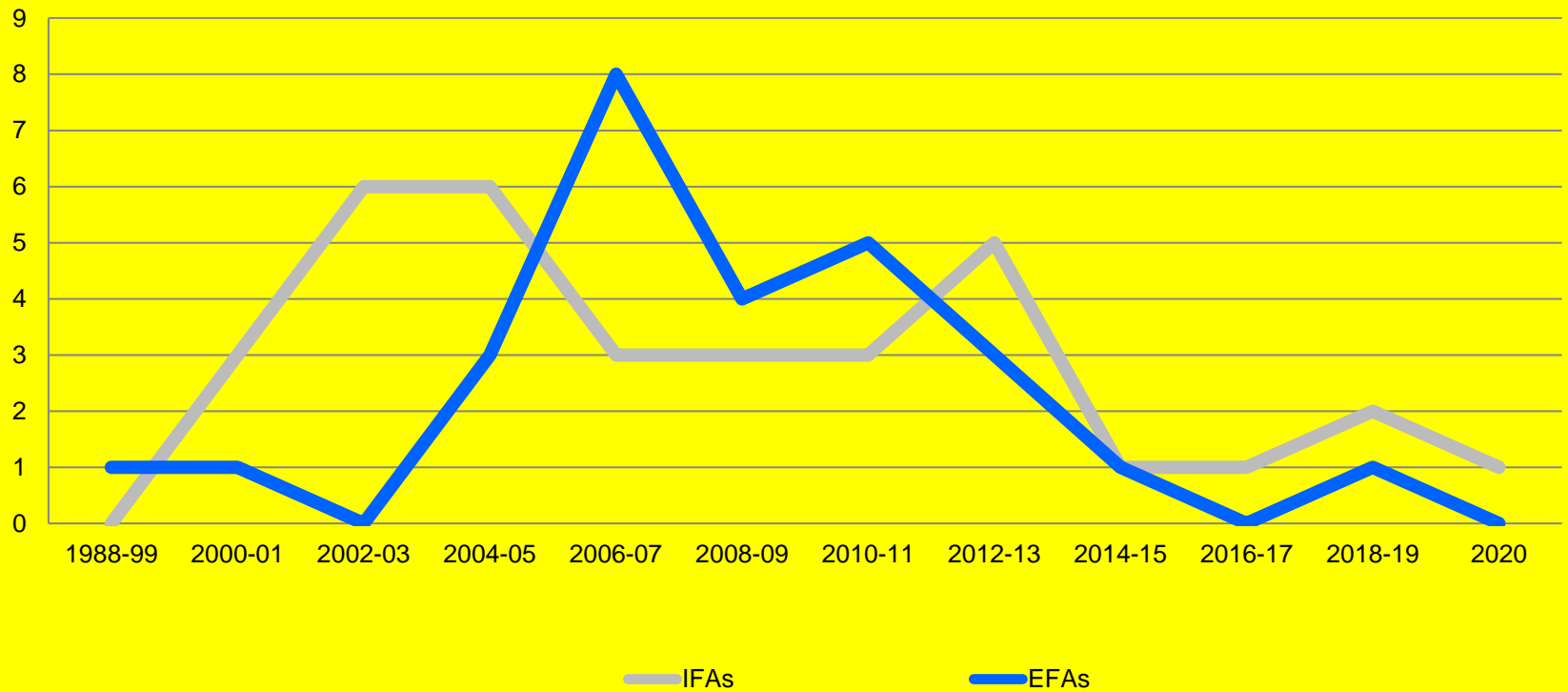
EFA on restructuring 1988-2022

Graph 5: EFAs on restructuring 1988-2020



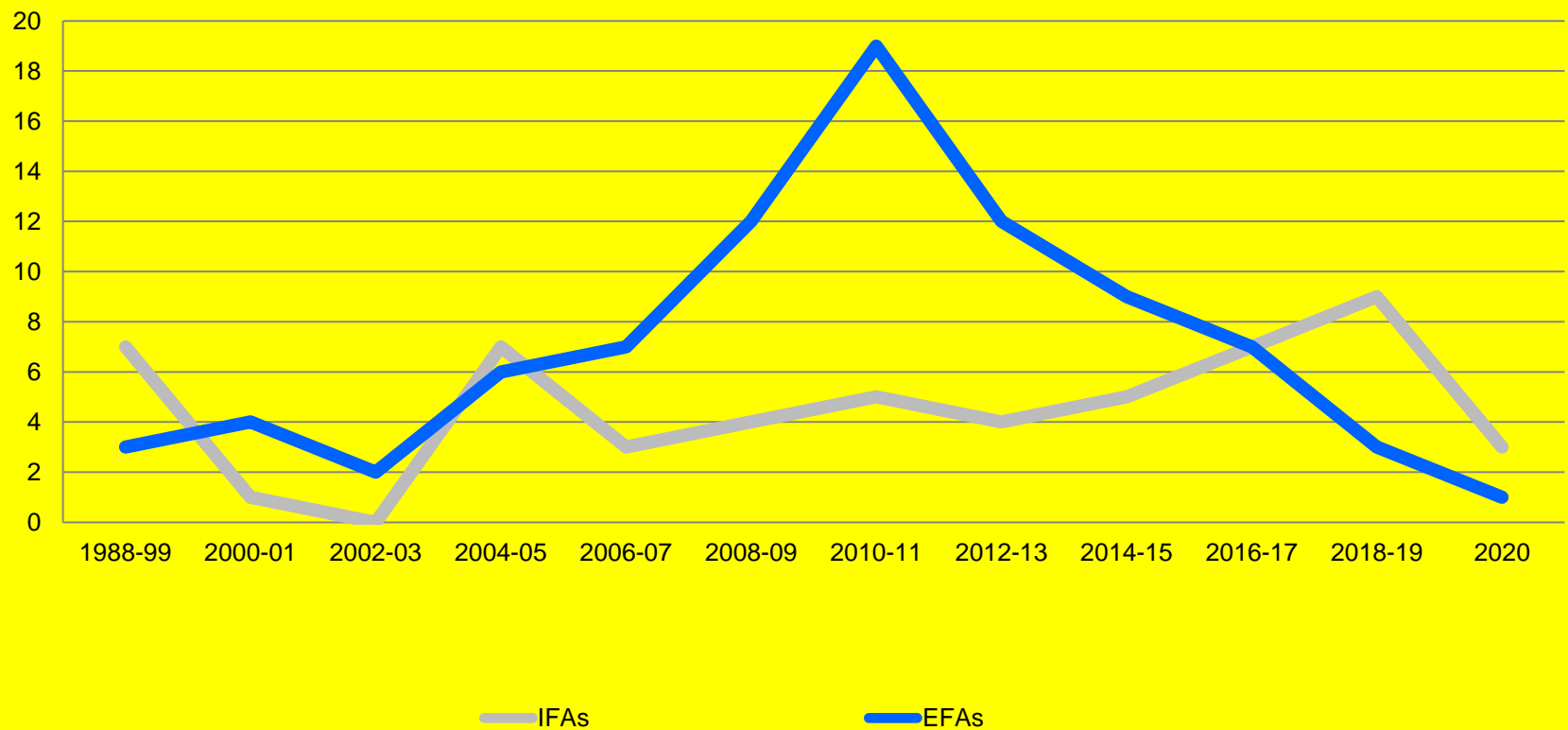
TCAs of German TNCs 1988-2020

Graph 6: TCAs of German TNCs 1988-2020



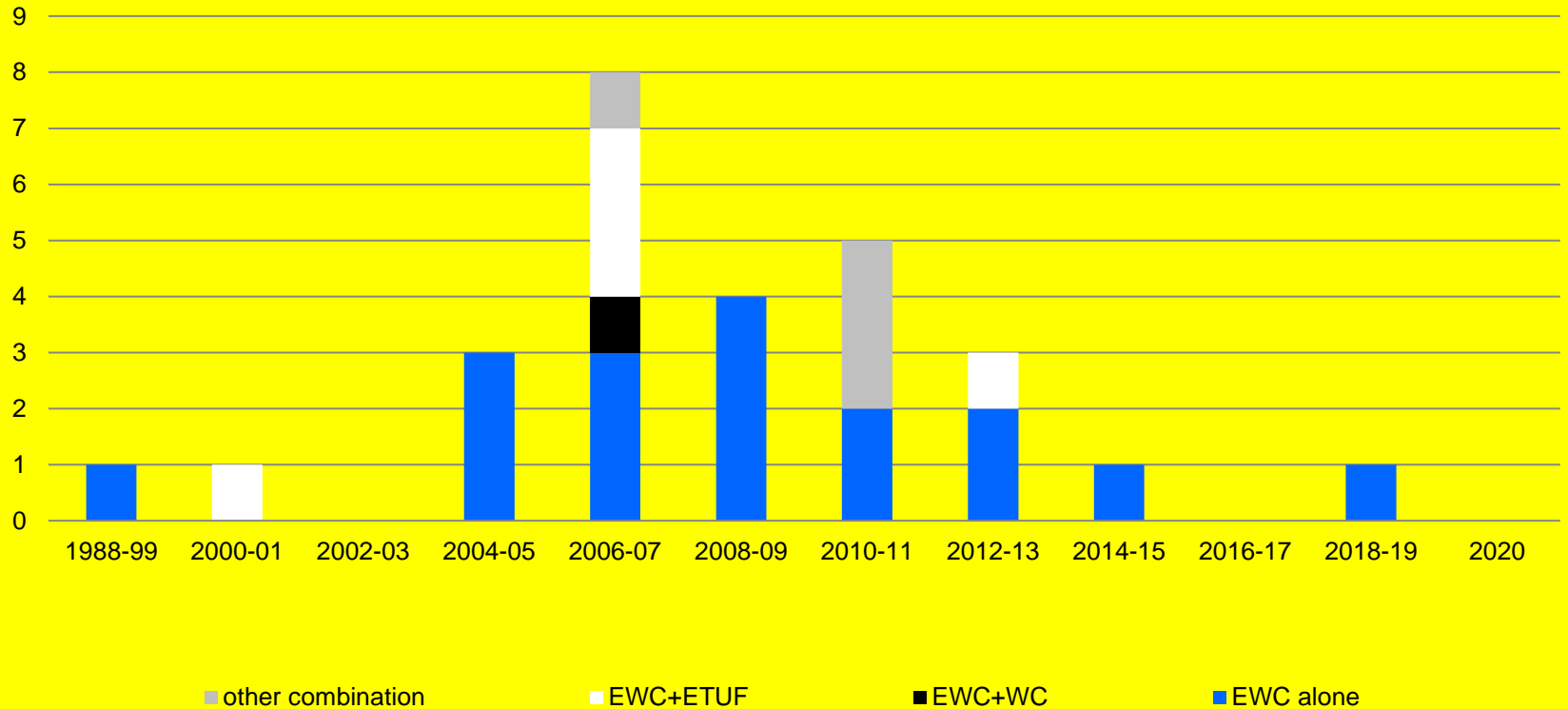
TCAs of French TNCs 1988-2020

Graph 7: TCAs of French TNCs 1988-2020



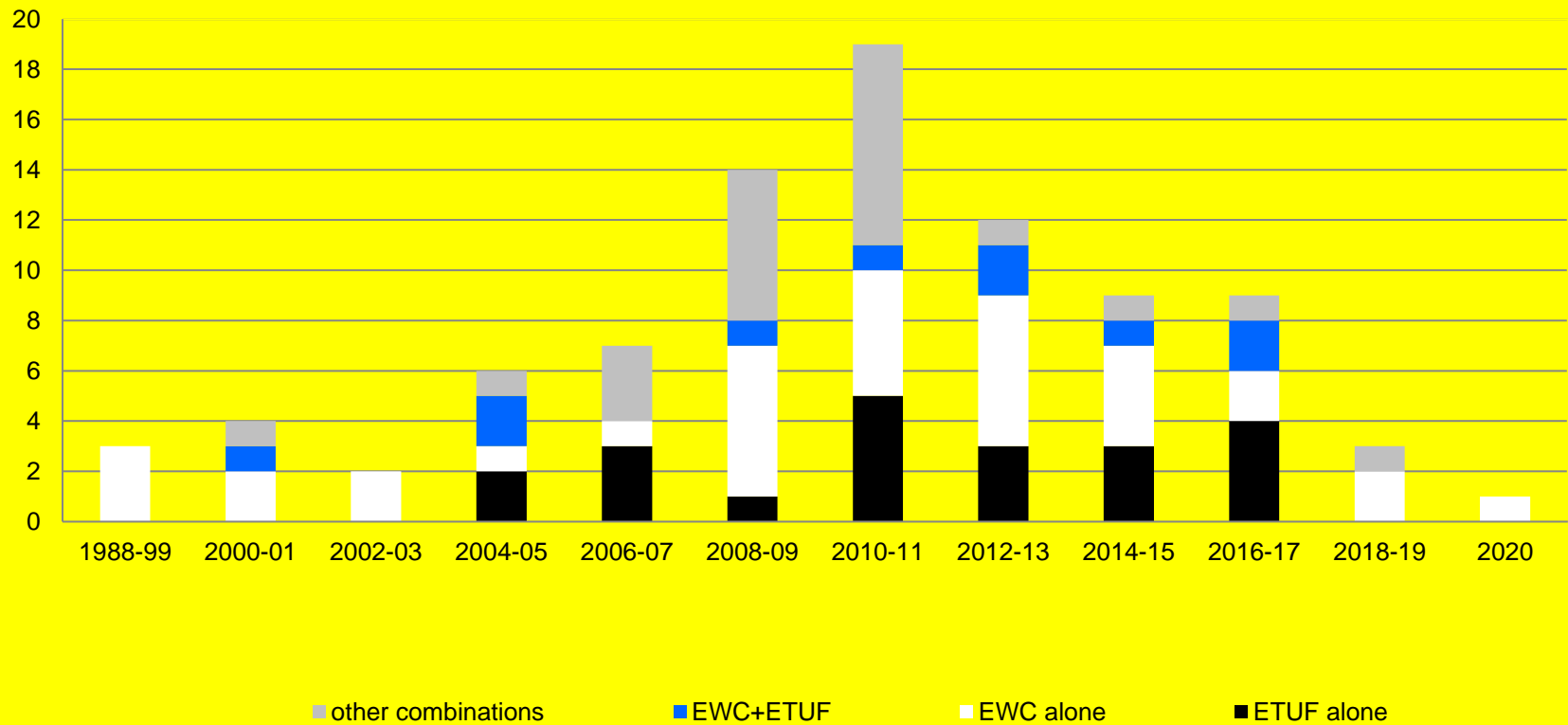
EFAs of German TNCs 1988-2020 by signatories

Graph 8: EFAs of German TCAs by signatories 1988-2020



EFAs of French TNCs 1988-2020 by signatories

Graph 9: EFAs of French TNCs by signatories 1988-2020



Various explanations for the slow-down

- ◆ saturation: majority of TNC not interested
- ◆ hostility of employers' organisations towards legal framework
- ◆ negotiations of IFAs becoming more difficult with new demands of the GUFs:
 - ◆ neutrality of management during unionisation campaign
 - ◆ access to subsidiaries
 - ◆ efficient monitoring and conflict resolution mechanisms
- ◆ small N of GUF officials for negotiations and monitoring
 - ◆ less a problem for ETUFs, because EWCs can assure follow-up
- ◆ incidence of the economic crisis?
 - ◆ Growing renationalisation of negotiations
 - ◆ less substantive EFAs on restructuring
- ◆ uncertain incidence of the COVID crisis:
 - ◆ less TCAs in general
 - ◆ 1 EFA and 3 IFAs on COVID

Involuntary effects of the mandating procedures

Does more prescription lead to less formal agreements?

- ◆ **growing informality** of negotiations
- ◆ frontier between consultation and negotiation often difficult to establish
- ◆ agreed outcome of EWC consultation generally included in minutes of EWC meeting
- ◆ one-third of EFAs of German metal TNCs not made public, neither by the EWC nor by the management (Müller et al. 2013)
- ◆ ETUI survey of EWC representatives (De Spiegelare et al. 2022):
 - 23 % of respondents (from **166 EWCs**) report conclusion of “joint text” in **2015-17**
 - 34 % of respondents (from **169 EWCs**) report EWC “involvement” in negotiation of a “formal (signed) TCA” in **2013-17**, 21 %: EWC alone, 40 %: ETUF also “involved”
 - If ETUF coordinator present, still 15 % EWC alone involved. (if not: 28 %)
- ◆ our inventory: in **2015-17: 10 TCAs** (9 EFAs, 1 IFA) **signed by EWCs** (4 alone),
in **2013-17 74 TCAs** (28 EFAs, 46 IFAs) signed by **European TNCs**,
27 % signed by EWCs (19% alone), 21 % by ETUFs (11% alone), 62% by GUFs
- ◆ ETUI survey confirms growing **informality** and **difficulties to implement ETUF guidelines**, in particular in **dual channel models**

Changing French management attitudes

- ◆ **French TNCs** initially supported ETUF mandating procedures for EFAs
- ◆ now prefer to negotiate IFAs
 - ◆ GUF procedures are less restrictive, make negotiations easier
 - ◆ simple majority needed for TCA adoption, instead of unanimity or 2/3 majority

In search for a new trade union approach at European level

- ◆ 2012 ETUC recommendation: unionized EWC members should be part of the negotiation team, but mandated by their national unions
- ◆ 2019 ETUC congress in Vienna considers mandating procedures as a failure
 - ◆ search of legal framework abandoned
 - ◆ instead: search for “tripartite agreement”
 - ◆ demand to exclude TCAs signed by EWCs from EC-ILO database

Sources

- ◆ **TCA database** of the European Commission and the ILO:
 - ◆ <http://ec.europa.eu/social/main.jsp?catId=978&langId=en>
 - ◆ terminated mid-2018,
 - ◆ contains only TCAs authorized by at least one signatory party
- ◆ **Global unions database** on IFAs (common website of all GUFs)
 - ◆ www.global-unions.org/framework-agreements.html?lang=en
 - ◆ no longer accessible after 2016
- ◆ **Sources for updating 2018-20**
 - ▶ *Planet Labor* www.planetlabor.com
 - ▶ *Liaisons Sociales Europe*
 - ▶ Individual GUF websites
- ◆ Udo Rehfeldt, « Stagnation des accords d'entreprises internationaux et recul des accords européens », ***Chronique internationale de l'IREs*** n° 174, juin 2021. www.ires.fr
- ◆ Udo Rehfeldt, "A mapping of the transnational company agreements: inventory and dynamic", in: F. Guarriello and C. Stanzani (eds), *Trade Unions and Collective Bargaining in Multinationals. From international legal framework to empirical research*, Milan: Franco Angeli 2018.