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**Transnationalising Trade Union Strategies  
along Global Value Chains:  
Conceptualizing new approaches to challenging the power of TNCs.**

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Abstract: Economic globalization, in particular with respect to production, has changed the ground rules of action for trade unions in a permanent way: multinational corporations operating at the global level account for 80% of international trade by virtue of their global and regional value-creation chains. Export and import of goods take place primarily within value-creation processes steered by MNCs that have long since ceased to end at national borders or be restricted to industrial parks or the territories of local and regional trade union chapters.

To meet these challenges trade unions are turning to new strategies of transnational cooperation. Building on insights from the rich literature on global value chains (GVC) to map out the context this paper will argue both theoretically and empirically on behalf of the need to reframe transnational trade union strategy, moving beyond a singular focus on individual corporate targets to a more comprehensive GVC approach. For the unions involved, this new strategy represents a paradigm shift to qualitatively new understanding of transnational union cooperation and networking, in particular in regard to the importance of strategic corporate research in regard to global value chains and in regard to the mobilization and cross-country linking of local and regional union activists.

## Introduction

One of the most obvious and far-reaching impacts of globalization is on the world of work. Millions of people are affected directly and indirectly at their workplace, in regard to their educational and training opportunities or on the job market by dynamic restructuring processes across national borders often far removed from their immediate surroundings. "For people in their everyday lives, there is perhaps no sphere of social life so consistently bombarded with globalist accounts as that of production and work" (Amoore 2002: 1), which consistently suggests in glowing terms that there is no alternative to the wonders it works. This economic globalization has not, however, been flanked by adequate social measures; indeed, a lowering of social protection standards in the name of competitiveness and flexibility, and the elimination of protective instruments for the decommodification of labour have been far more commonplace. As early as the mid-1980s, a report on the deployment of labour in British firms concluded that there were already notable signs of an "emerging model ... of horizontal segmentation into a core workforce, which will conduct the organisation's key, firm-specific activities, surrounded by a cluster of peripheral groups." (Atkinson 1985: 3). For millions of workers, that model has become the "standard employment relationship". The term "precarity" has become synonymous with "work" (see also Standing 2011). Today, even those "core workforces" are faced with uncertainty (Madrick 2012), as the deregulation and fragmentation of the labour process reorganizes and redefines workforces within workplaces everywhere, relocating jobs to wherever they can be done cheaper and for greater profit.

A neoliberal triad of privatization, liberalization and financialization, enormously aided by technological and logistical advances has been driving these commodification processes of flexibilization, outsourcing, subcontracting and externalization for the past forty years. For Katz and Darbishire, such processes serve "management's interests by bringing the structure of employment relations into alignment with the decentralization occurring in corporate structures" (2000: 278). Spatially dispersed and network-like economic structures – for which I will use the term "global value networks" (GVN) – have facilitated shareholder value maximization by enabling Transnational Corporations (TNC) to distribute finan-

cial risks and at the same time control the streams of value added (Sydow 1992; Fichter and Sydow 2002; Gereffi, Humphrey and Sturgeon 2005: 85, 93). Manifold forms of flexible work organization and inter-firm cooperation have been an integral part of making it possible for TNCs to externalize labour relations and the financial risks that were formerly carried by a single corporation to a multitude of first-, second- and third-tier suppliers, even extending into the informal economy (Palpacuer 2008; Sydow 1992).

Transnational Corporations are the "prime 'movers and shapers'" (Dicken 2011: 109) of globalization. TNCs have learned how to effectively exert political influence, readily taking advantage of growing market access and using "regime competition" (Streeck 1992) among governments to "shop" for lucrative investments, for labour cost benefits in their production and supply operations and to shield their profits from taxes (Fichter 2014). They have not only reaped enormous benefits from this development, but have been key drivers of a new paradigm of international economic and social power relations beyond the nation state. The growth and dominant role of such global value networks, crossing the organizational boundaries of sectors and industries and going beyond individual firms, has made them the most important structural entity of the global economy. Today, TNCs and their global value networks of extraction, production, supply, distribution and sales that they control account for 80% of international trade (United Nations Conference on Trade and Development (UNCTAD) 2013).

## **The Global Value Chain Model**

As the rich body of academic research shows, global value networks<sup>1</sup> are in themselves dynamic constructions with shifting organizational and operational dimensions, which reflect different power relationships and modes of governance. In 1994 Gereffi opened discussions of the organizational dynamics of this

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<sup>1</sup> In the academic literature the term is controversial. See Bair 2009; Coe, Dicken and Hess 2008; Milberg 2008; Rainnie, Herod and McGrath-Champ 2011; Sturgeon, Van Biesebroeck and Gereffi 2008. TNC-controlled global value networks encompass the full range of activities of that TNC and its business (and political) partners. Such networks may be comprised of a single product chain or multiple (and inter-related) product chains (Beukema and Coenen 1999: 143). In this sense I will also use the term global value chains which provides a more explicit focus on the organizational structures and entities involved.

phenomenon, defining its *governance* as the "authority and power relationships that determine how financial, material, and human resources are allocated and flow" within what he at the time called "global commodity chains" (Gereffi 1994: 97). Since then, researchers have recognized the growing impact of corporate value chains and networks, and have constructed a far more complex and refined model for understanding power relationships among firms (Gereffi, Humphrey and Sturgeon 2005). A review of the basic concepts of this model lays the groundwork for developing an understanding of potential organizing strategies for labour in global value chains.

Building on Gereffi's original bipolar governance model of *producer-driven* and *buyer-driven*<sup>2</sup> global commodity chains (Gereffi 1994), Gereffi, Humphrey and Sturgeon (2005) present a model based on five modes or forms of governance of what they labelled "global value chains". They held onto *producer-driven* chains as the hierarchically structured mode at one end of the continuum "characterized by vertical integration. The dominant form of governance is managerial control, flowing from managers to subordinates, or from headquarters to subsidiaries and affiliates." (84) Power is concentrated at the top. Because competent suppliers are not available and asset specificity is high, products are developed and manufactured in-house. As such, explicit control and coordination is systematic, both in-house and in regard to suppliers (87).

At the opposite end of the scale are *market-based* relationships, in which easily reproducible products with low asset specificity are involved. Little or no coordination is required, and buyer-seller relationships may be easily established and terminated (83, 87). Hence, an asymmetry of power between buyer and seller is virtually absent.

Gereffi, Humphrey and Sturgeon postulate that between these two poles three further network-like organizational relationships have developed: Moving from the market-based mode to the hierarchical mode, one can find *modular*, *relational* and *captive* value chains. *Modular* relationships involve products or components that are too complex to be traded in market-based relationships, but

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<sup>2</sup> I will return to the concept of "drivenness" below in discussing the connection between this model and labour strategies.

whose specifications may be codified, achieving a degree of standardization. This allows both buyers and sellers to have multiple (but limited numbers of) business relationships around a product, resulting in a low degree of power asymmetry. While the *relational* mode is also characterized by highly complex transactions, the transactions in this mode are not easily codified. Suppliers have strong capabilities and their relationship to buyers is one of "mutual dependence":

*"In relational global value chains, the power balance between the firms is more symmetrical, given that both contribute key competences. There is a great deal of explicit coordination in relational global value chains, but it is achieved through a close dialogue between more or less equal partners, as opposed to the more unidirectional flow of information and control between unequal partners as in captive global value chains and within hierarchies."* (88)

In the *captive* mode, product specifications may be highly complex and yet may be codified. Because suppliers have fewer capabilities, making it improbable that they would terminate the relationship, they are locked-in to the product scheme and are more dependent on satisfying the buyer. Although a high level of power asymmetry is evident, lead firms may secure supplier loyalty by "providing enough resources and market access to the subordinate firms to make exit an unattractive option." (87)

## **The Global Value Chain Model and Labour**

Analytically, this governance model is quite useful and is the single most referenced theoretical construction of power relationships between single firms and across global value chains as a whole. But it has been rightly criticized by labour scholars for its shortcomings regarding labour, i.e. it leaves open both the question of global value chain impacts on labour and especially the role of labour as a collective actor (e.g. Bair and Ramsay 2003; Rainnie, Herod and McGrath-Champ 2011). More recently however, labour scholars have turned to addressing such questions using this governance model. Both Riisgaard and Hammer (2011) and Lakhani, Kuruvilla and Avgar (2013) find the global value chain model quite use-

ful as an analytical tool for understanding the globalized dimensions of power and on the other hand the importance of embeddedness in shaping labour's role. For these authors, the crucial question is the extent of "drivenness", i.e. the extent to which lead firms have (and can use) power to define and control (govern) employment relationships throughout the global value chain. At the same time, they emphasize the influences of embeddedness, i.e. the local and national context of labour relations systems as a determinant of the impact on labour.

Focusing on the power of lead firms to influence labour conditions and employment relations, both author collectives conclude that the higher the level of "drivenness" is (moderate in relational modes, high in captive and hierarchical modes), the more likely it is that the lead firm has a "hands-on" role (Riisgaard and Hammer 2011: 172). *"In general, the configurational framework predicts that value chain configurations with highly complex and uncodifiable tasks, and thus moderate to high levels of explicit coordination and power asymmetry, will be characterized by supplier employment relations systems with relatively high levels of lead firm influence ...."* (Lakhani, Kuruvilla and Avgar 2013: 456f.) Using these findings, Lakhani et al. go on to discuss the question of their usefulness for devising approaches toward improving working conditions and raising labour standards in global value chains. Referencing several different empirical studies, the authors conclude *"that public campaigns and union strategies targeting MNCs will be less effective in value chain configurations with low lead firm influence, such as in market and modular configurations."* (2013: 462) Riisgaard and Hammer come to the same conclusion using somewhat different terminology:

*"Highly driven value chains, however, also open the strategic option of targeting the powerful actor(s) in the chain, the driver(s), whereas labour will find it much more difficult to systematically tackle less driven chains, particularly when they are characterized by market-based relationships. What unites highly driven value chains, irrespective of the functional position of the drivers, is the power and role of the lead MNC(s) which provide an entry point for labour rights actors as well as potential leverage in conflicts."* (2011:174f.)

As for the impact of the embeddedness of firms, unions and civil society organizations in local and national political systems, both of the author collectives em-

phasize the importance of this factor in understanding labour agency. Transnational corporations exercise power and make decisions globally. But their investments and operations are in labour and consumer markets within individual local and national systems of institutions and regulations. However, Lakhani et al. do not provide more explicit insights into the relationship of embeddedness to the transnational governance (power) factor (Lakhani, Kuruvilla and Avgar 2013: 452). In contrast, Riisgaard and Hammer do address briefly "the key role of labour's specific embeddedness for its capacity to achieve *sustainable* workplace organization" (2011: 185). At the same time, I would submit that they also understate the relevance of embeddedness in light of the historical legacy of trade unionism. I will return to this point later on in the paper.

Turning again to the importance of the "drivenness" factor, I find the explicit conclusion less than convincing that a high level of lead firm influence (Riisgaard/Hammer: the "hands-on drivenness") translates directly into an organizing and campaign advantage for labour. While it is true that trade unions face especially difficult problems in global value chain constellations with little or no lead firm influence (modular, market), a high level of lead firm influence is not necessarily an open door for achieving the implementation of acceptable and negotiated labour standards. In "hands-on drivenness" or more generally "lead firm influence" the authors see an obvious and preferred "entry point", i.e. first as access and a basis for dialogue and negotiations, and later for leverage. The fallacy of this argument is that it equates all too readily the lead firm drivenness in regard to the product with implementing a "labour rights drivenness". Riisgaard and Hammer refer to Global Framework Agreements (GFA) as evidence for their argument. And yet, as broadly-based research on GFAs has shown, the largely cooperative negotiation of such agreements only translates into effective implementation when there is trade union involvement and activity in the global value chain at sites beyond the home country of the lead firm (Fichter and McCallum 2015; Fichter, et al. 2012).

Lead firm influence, complimented by factors such as the skill levels of workforces and the stability of employment at suppliers (Lakhani, Kuruvilla and Avgar 2013: 449) needs to be fully understood, but it should not be interpreted as rep-

representing the only or even the major point of leverage for union organizing strategies in global value chains. As the global value chain model shows, as one moves away from market-based relationships, the inter-dependency of firms in network configurations increases, before notably lessening in the hierarchical mode. Neither of the two author collectives takes into account that a lead firm's product-related influence may be only moderate (for example in the relational mode), while for a variety of other reasons (e.g. proximity, flexibility, cooperativeness) its dependency on particular suppliers may be quite high. Understanding the dimensions of this inter-dependency would seem to be highly relevant for devising appropriate union strategies. Indeed, there may be issues at the workplace – such as health and safety problems or the increasing use of agency workers – that are highly relevant for trade union activity and yet may not be primarily determined by the power relations among the firms in the value chain.

Moreover, there is more to consider in regard to the ability of labour to "systematically tackle less driven chains, particularly when they are characterized by market-based relationships." (Riisgaard and Hammer 2011: 175) Notwithstanding the difficulties, it would be too one-dimensional to argue only in reference to the low level of "drivenness" in such global value chains. Remembering the importance of embeddedness, I would argue that under such conditions, union strategy need to consider different entry points besides the lead firm. Often there are local or regional clusters of suppliers, only one or some of which are under contract to specific buyer/lead firm. Due to the nature of the relationship in this mode, such contract relationships are not especially stable. For unions, then, it is essential to direct attention to the cluster as an object of organizing.

Finally, taking the currently on-going fast food and Wal-Mart campaigns in the USA as examples, I would raise the question as to whether the global value chain model has overlooked the kinds of product-related power structures which labour is facing in these campaigns. In both cases, the lead firms have a high level of influence on employment relations at their suppliers (or franchisees), in particular through pricing policies. This is characteristic of the captive and the hierarchical configurations. And yet, in contrast to these modes, task complexity is low. Indeed, the employment systems at Wal-Mart suppliers and at McDonald's



franchises fit criteria laid out by Lakhani et al. (2013: 449) for the market-based configuration. In the worlds of Wal-Mart and McDonald's that seems unimaginable considering the control systems these corporations have established and exercise.

Taking a step back from the specific challenges for labour as constructed by the five mode global value chain model, it is important to realize that while this governance model is of eminent importance, it is by far not the only governance model in the larger context of the global economy and global labour relations. In terms of labour relations, the most distinctive feature of global value chains and networks, as corporate "webs of power" (Amoore 2002: 128), is their multiple crossing of institutional boundaries of nationally embedded arenas of business and labour relations systems, each of which has its own particular complementarities of legal provisions, norms, industry traditions, bargaining units and regulatory organizations (Coe, Dicken and Hess 2008). And to the heterogenic character of national arenas there has been added a myriad of transnational and global private governance schemes (Fichter 2013). The existence of one or more of such arenas of governance in the global context is however often difficult to discern because a minimum of mutual recognition, contextual agreement and boundary definition is generally lacking. Far more common are "fragmented bargaining arenas" (Kädtler 2006: 312), or situations in which TNCs are the hegemonic actor, trade unions are weak or non-existent, state regulation is not in force, and other actors such as civil society organizations make only sporadic appearances.

How can (and do) labour unions respond to such developments? And how can they gain more leverage from their responses? What kinds of policies and strategies are needed to reverse this trend and level the playing field of global labour relations? What needs to be done to contain the spread of precarious employment and make international labour standards into an effective and recognized instrument of employment relations? Most certainly political action is needed on the part of governments (including international agreements) to provide the necessary comprehensive legal framework of institutionalized rules and regula-

tions. And to this end, labour unions need to ramp up their political agenda to push for government action in this direction. But to be successful, politically and economically, unions need to build their power in the workplace and their organisational strength across the globe.

Thus, in the remainder of this paper I will focus on the question of how unions as locally and nationally member-based organizations can strategize and leverage their power towards closing the global "regulation gap" of labour relations? (Greven 2003). In reviewing and assessing various paths of action, the focus will be on the challenges of collective action and the enhancement of union organisational power (Wright 2000) in the context of a globalising economy.

## **Organizing in and along Global Value Chains**

### The Starting Point: National Embeddedness

International solidarity is a time-honoured principle of union and labour movements worldwide. But while the labour movement has espoused this principle since its very inception in the course of industrialization, the main thrust of organization and collective action has been within the particular institutional settings of individual nation states. Historically, labour unions have become nationally embedded organizations, for which "international action is an uncertain means of achieving members' interest" (Logue 1980: 10). Labour unions are membership-based. Their very existence is predicated on their being anchored locally, i.e., at the workplace and in the communities of their members. On this foundation they have built their power base and their strategies around interest representation within the realm of national systems of labour relations. As Logue postulated:

*"The greater the degree of trade union control over its national environment the less likely it is to undertake international activity to achieve its members' goals. Thus we should expect, for example, that trade union success inside the national state in regulating the flow of labour, goods, and capital so as to protect its members and improve their conditions will lead it to reduce its international activities*

*toward these ends. Paradoxically, the stronger the national trade union movement, the less likely it is to be internationalistic.*" (Logue 1980: 21)

As unions began to experience an erosion of their membership and power bases in the 1970s and 1980s under the neoliberal attacks on national regulatory frameworks, their usual reaction was defensive, i.e., they fought to hold on to and protect their collective bargaining gains and institutionalized achievements within their respective national domains. But with the massive expansion of global economic activity through the "liberalization of trade" (deregulation) and the growth of investment, production and services driven by TNCs through their global value networks over the past decades, it has become evident that an exclusively local or nationally fixated policy approach is both short sighted and inadequate.

#### Expanding the Scope: Transnationalizing National Embeddedness

The fragmentation of production, both organizationally and geographically, has undermined the local workplace-based collective power of labour unions. As long as the division of labour inherent to capitalism was integrally linked under one roof governed by a single corporate authority, industrial labour unions found the means to build solidarity and organizational strength. But today, the mass production factory of 19<sup>th</sup> and 20<sup>th</sup> century capitalism is being dismantled and fragmented, both internally (agency workers, contractors) and geographically (outsourcing, offshoring). With that spreading disintegration (Doellgast and Greer 2007), it is insufficient to defensively hold onto a dwindling core of workers for membership. That core of remaining strength needs to be broadened. If unions are to show that they have the power to adequately defend the interests of workers, they need to rebuild that solidarity on a broader plane, across corporate organizational boundaries and throughout the global value chains and networks of TNCs. Isn't it "Labor's Turn to Globalize" (Evans 2010) by augmenting their national strategies through cross-border approaches to combating unfettered international competition fed by a race to the bottom over labour costs?

Trade unions require bold new approaches to fight the power of Transnational Corporations and meet the challenge of global value chains. Trade unions know their own turf, the workplaces they represent and the companies in the sectors

in which they operate. And they need to continually struggle to combat "union-free zones" on their own turf. But increasingly, those workplaces and sectors are only one part of a much larger global operation governed by corporate decision-makers whose first concern is their shareholder value. Trade unions may have secured niches of power at single workplaces or across a sector of industry or services within their own country. In the face of transnational corporate power based in global value chains, those are fragmented and endangered strongholds. As the former CEO of General Electric, Jack Welch saw it, it is management's duty "not to curtail losses but to enhance profitability." (O'Boyle 1998: 71) To protect the rights of workers and represent their fundamental interests in this globalised world, unions need to secure their local and national power base *within* global value chains and *along* global value chains by connecting across borders. Realistically, that is a task that no union can tackle single-handedly. It needs a broadly cooperative effort – across workplaces, firms and union boundaries. And it will take strategically defined steps toward achieving that goal.

There is no question that many unions are trying to turn the tide of membership loss by devoting considerable resources to organising strategies. That is important and necessary – but will it be enough for unions to tackle this individually? The challenge facing the organising efforts of unions today is that of increasing globalization and constant dynamic change driving corporate decision-making. For unions to increase their membership base and leverage their organisational power in the struggle with TNCs they need to expand their horizon of activities and forge new alliances of transnational cooperation.

As Diagram 1 shows, unions are organizationally anchored in particular segments of global value chains; while corporations fragment organizational structures to optimize profitability, union fragmentation slices into their capacity to leverage their strength and negotiate at eye-level.

Organising within and along value chains means developing cooperative projects and alliances across TNCs and their "webs of power". It means bringing in the transnational dimension into organising *in* global value chains. The International Transport Workers' Federation (ITF) uses the terms "vertical" and "horizontal" for organising "along" and "within" value chains. "Vertical" and "along" refer to

trade union networking across different segments or operations of a global value chain, while "horizontal" or "within" are concerned with specific workplaces, hubs or clusters. Collaborating to collect and exchange information and set goals will help select the most likely organising targets, i.e. a single just-in-time operation, a community-backed workforce, a sub-contractor, or even a regional cluster of competitors in a single segment of a global value chain. Organising along value chains is not calling for building new "value chain unions"; nor does it mean that organising is limited to the contracted firms of a particular value chain. It is more about recognizing and using the opportunities that referencing the enlarged context offers: greater policy insights, broader solidarity, and increased leverage for organising and collective bargaining.

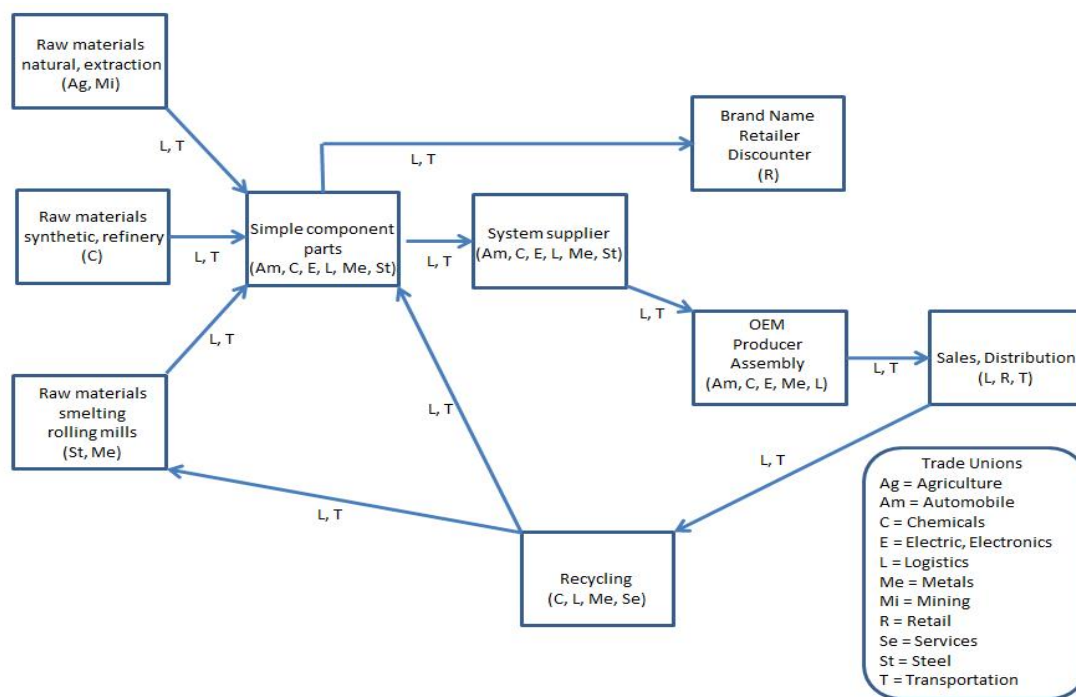


Diagram 1: Global Value Chain Model and Trade Unions

### Building Transnational Union Power: Four Issues

Unions need to collaborate on researching or mapping global value chains. Unions in different countries have increasingly begun to do more thorough research on the individual workplaces and corporations on which they are focusing their own local union organising campaigns (Juravich 2007; Schwetz 2013). Building

union power in global value chains presents challenges on an even greater scale, requiring a broader and more complex assessment of the opportunities and risks involved.

Understanding the challenge – building union power in global value chains – requires a systematic look at how such value chains operate (for example: Kaplinsky and Morris 2002). The governance model presented above provides important insights, but it is lacking in regard to many aspects of corporate power pertinent to union organizing strategies. To start with, I would suggest focusing on the following four points:

First of all, who runs the value chain? How is it managed and where are strategic decisions made? Is production in the hands of a lead firm such as in the automotive industry: GM, Ford, Volkswagen, Toyota etc.? Or is the lead firm a discounter or brand name firm that has outsourced its production, such as Wal-Mart, Nike or Apple? What kinds of processes and businesses are crucial to the successful operation of the global value chain? Are there locations (places, processes) that are vulnerable to disruption? Conflicts within the value chain are harmful to profitability and operating efficiency – but can be necessary in the face of management anti-unionism to gain union recognition and bargaining power.

Secondly, it is equally important to understand the situation of the unions representing workers in different segments or firms in the global value chain. Where are locations of union power, both at the workplace and industry-wide? And where can such bases of local or industry-wide union power be connected across workplaces, firms, industries and countries to build transnational union networks in support of organising drives and collective bargaining?

Thirdly, to build on this networked power base unions need to take a hard look at "union-free zones", i.e. workplaces without unions or where there are unions that are standing alone and too weak to exercise power effectively. What does it take to build and strengthen unions in such cases? And how can the potential of community support be mobilized? Can alliances be built with local activists or organisations outside the unions? And how can the media be reached?

As a fourth question I would suggest that trade unions consider how to deal with the way corporations and firms in the global value chain present themselves to the public, especially those that claim to strive to reach the highest standards of social responsibility and sustainability. Does the TNC respect the right to unionise in practice? Do its claims fit to the reality of working conditions on the shop floor? Or is there a difference between the public claims and the reality within the corporations in a global value chain that can be confronted, either internally or publicly, or both? On working conditions and employment practices? On investment policies? On taxes?

Global value chains are a common phenomenon across all industries and sectors of the economy. For trade unions, it all boils down to understanding where the power lies and what that power relies on to be exercised. Power will be concentrated in the dominant or lead TNC, whether it is a manufacturer, a discounter or a brand name. But throughout the global value chain there are power relations that exist between the firms involved. These can vary from one point in the chain to another; and the global value chains of a TNC's various products may exhibit very different power relations. For unions to leverage the power they can mobilise they need to understand where to strategically focus their campaigns and organising efforts. For example, is it best to mobilise workers and unions at TNC operations around the globe (i.e. "within" or "horizontal") or is it more effective to focus on selected TNC customers and suppliers (i.e. "along" or "vertical")?

Transnational union networks are a means of leveraging union power across national borders and multiple corporate entities (Helfen and Fichter 2013). The goal is to harness the power of unions throughout a global value chain, not just within a single corporation. In doing so, unions are banding together in the interest of readjusting the asymmetric balance of power that trade unions increasingly face when dealing with TNCs. Instead of one trade union facing one TNC, multiple trade unions are involved, thus expanding the scope of interest representation (ownership) and increasing the leverage of trade union power. As the political scientist Elmer Schattschneider wrote over 50 years ago

*Every change in the scope of conflict has a bias; it is partisan in its nature. That is, it must be assumed that every change in the number of participants is about some-*

*thing, that the newcomers have sympathies or antipathies that make it possible to involve them. By definition, the intervening bystanders are not neutral. Thus, in political conflict every change in scope changes the equation. (Schattschneider 1960: 4f.)*

Schattschneider referred to this change in scope as a struggle over the socialization or privatization of a conflict. Applied to our topic, it is in the interest of the TNC to privatize the regulation of labour standards, for example through its own voluntary code of conduct, but also through a kind of exclusive and limited arrangement with a home country union, a works council or a negotiated agreement with a GUF in which none of the concerned affiliates was involved. In contrast, it would further the cause of achieving higher standards of working conditions for unions to socialize (i.e. politicize) the conflict by enlarging its scope.

## **Transnational union networks**

The International Union of Foodworkers (IUF) has been particularly effective in building such networks and forcing management at such global corporations as Coca Cola and Unilever into regular negotiations. In the construction industry, the Global Union Building and Woodworker's International (BWI) has networked unions in conjunction with major sports events such as the World Soccer Cup and the Olympics, bringing public attention to bear on working conditions at construction sites in such countries as South Africa, Brazil and Qatar. The International Transport Workers' Federation (ITF) has been avidly developing educational material and recently published an organizing manual<sup>3</sup>. And the Global Union IndustriALL coordinates a number of transnational union networks in various sectors.

For its part, UNI Global Union has led the way in focusing on organizing – "the well organized helping the less organized and local actions producing global strength"<sup>4</sup> – in the fight against precarious work; and in a recent joint campaign

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<sup>3</sup> <http://www.itfglobal.org/en/resources/training-education/organising-manual-%281%29/organising-manual/>

<sup>4</sup> <http://www.uniglobalunion.org/sites/default/files/attachments/pdf/UNIRepOrganising-En.pdf>



with the International Transport Workers' Federation (ITF) both global unions emphasized the need for cross-border union cooperation in a "global delivery network" "to fight for rights and **standards** for all workers"<sup>5</sup>. The successful campaign against Deutsche Post – DHL, the German-based logistics TNC, in support of a Turkish union (Tumtis), is a good example. Not only did it achieve recognition for Tumtis, the company also agreed to talk regularly to the two GUFs about labor issues, opening the possibility of negotiating a Global Framework Agreement (GFA)<sup>6</sup>.

Without a doubt, linking GFAs to networking and campaigning against precarious work with a single TNC target focus are important and necessary steps toward building transnational union power "through new kinds of governance struggles, a strategy that enhances the potential for global unionism to empower workers locally." (McCallum 2013: 11) Other campaigns, not necessarily GFA-related, such as at Walmart, are taking the network approach beyond a focus on a specific segment of the TNC-controlled global value network (such as retail) to encompass other segments (such as logistics/distribution or supply) as well. In another networking approach, national unions from different sectors and countries have come together to organize workplaces in a specific region. The most developed example of this approach is the Baltic Organizing Academy (BOA) in Estonia (Häkkinen 2013)<sup>7</sup>. The BOA has GUF backing, but no direct GUF involvement and no reference to GFAs. It is an organizing and membership development project whose core activists come from the Nordic and Baltic unions most closely affected by the offshoring policies of TNCs.

A third example of how GUFs are moving to cooperate within a global value network across their own particular sectorial jurisdictions is the Bangladesh Accord<sup>8</sup> signed in 2013 following the Rana Plaza disaster in which a garment factory building in Dhakar collapsed killing over 1,000 workers and injuring countless more. The two GUFs, IndustriALL representing workers in garment manufacturing, and UNI representing retail workers at brand name TNCs, cooperated with

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5 <http://www.itfglobal.org/global-delivery/index.cfm/newsdetail/7338>

6 <http://www.uniglobalunion.org/news/uni-itf-turn-page-dhl>  
<http://www.itfglobal.org/campaigns/respectatDHLturkey.cfm>

7 <http://www.balticoa.org/joomla-BOA/index.php/story-of-boa>

8 <http://bangladeshaccord.org/>

key labour-related NGOs to lead a massive union effort to spotlight the responsibility of these TNCs as buyers. The effort resulted in getting some 180 of them to sign this collective agreement (the Accord) on recognizing and improving fire and building safety standards in the garment industry of Bangladesh (Anner, Bair and Blasi 2014; Haar and Keune 2014).

Finally, several GUFs are working on plans to build transnational union networks in relation to specific commodities. In some cases, such as with bananas and cut flowers, the value network has been researched and some networking already exists (Riisgaard and Hammer 2011). In other cases, for example with airports, automobiles or oil and gas, research and planning are still in their initial stages. For some of the products – bananas, autos – GFAs exist for individual lead TNCs. That is of course helpful as a starting point for such very large and complex projects involving several lead TNCs as well as a much larger number of suppliers, sub-contractors and other business partners.

## **CONCLUDING REMARKS**

Capital has long become globalised. Isn't it time for trade unions to do the same by building networks and alliances along global value chains? As one unionist put it: "Divided we march – together we lose." This is underscored by the fact that today only 7% of the global workforce (2.9 billion) is organised in bona fide unions. That might seem discouraging, and yet, unions have always shown that they can mobilise the resources and that they have the goals, the vision and the motivation to do just that. And in today's globalised economy that means cooperating across borders, along global value chains, transnationally connecting the local with the global.

Transnational union networks are a means of leveraging union power across national borders and corporate entities. The goal of such networks is to synergize and increase the power of unions throughout a global value chain or network, not just within a single corporation, in the interest of redressing the existing transnational imbalance of power between capital and labour. In the words of Peter Evans this can be called "reverse whipsawing" (Evans 2010). In pursuit

of this goal, labour will need to address directly major challenges of coordination and collaboration, i.e. the issue of the transnationalisation of union policy under the condition of embeddedness in national arenas. As expressed succinctly by Richard Hyman, "international trade unionism ... is essentially a construct of *national* trade union organizations", which raises the question as to "whether internationalism is essentially an extension of national experience, or whether in key respects it can be regarded as a distinctive social phenomenon." (Hyman 2005: 138) As the collective voice of employees, unions organize at the workplace to represent both immediate on-the-job interests as well as broader social and political ones. Thus, the strengths and weaknesses of trade unions are grounded in the economic and social environment of their members. Obviously, different unions will represent policies and politics, which, subject to the logic of competition in capitalism, may be divergent and contradictory. But there may also be common roots and interests upon which the organization of cross-border solidarity can be built. For unions in general, collective bargaining has always entailed finding common ground and presenting a unified position toward the employer (Walton, Cutcher-Gershenfeld and McKersie 2000). And as we have argued elsewhere (Fichter and Sydow 2012), transnationalism is presently not a question of building new super-organizations but rather one of building alliances and networking. Those individual national experiences, to which Hyman refers, shaped by specific institutional frameworks and by ideological-cultural understanding, are intertwined with one another and at the same time interact with the structural determinants and cross-border reach of TNCs and their global value networks. In devising transnational networking strategies for building union power there will always be a need to ground such strategies in the workplace experiences of the members, while being able to challenge TNCs at the global level.

Many important questions are still open. Trade unions organise single professions, workplaces, or companies, and sometimes local markets (like cleaners in a city) or production clusters. They may organise segments within, but not along a whole (global) value chain. But those can be the jump-off points for linking organisational footholds and strongholds in different segments and geographic regions.

Trade unions have different traditions, resources and priorities. As TNCs restructure work regimes and the labour process in their global operations, jobs are removed from established organisational areas and boundaries, for example in logistics, or between "industry" and "service" work, are redrawn. One union's loss may be another union's gain, as has become evident for example in the tensions that have arisen between industrial and service unions in Germany<sup>9</sup>. This is a highly sensitive issue and a potential barrier to cooperation. It must be addressed directly and openly. Organising in and along global value chains calls for new types of cooperation that aim for win-win arrangements and long-term gains for all unions even when members are ceded to another union. The alternative – lack of cooperation – may mean that all unions lose because the work is done by non-union workers.

Can trade unions forge the bonds of cooperation along global value chains that are needed to combat such trends? Can stronger and weaker unions agree on how to work out common strategies?

In developing transnational strategies along global value chains trade unions will need to find ways to address and mitigate the dangers of competition, whether resulting from outsourcing, offshoring or relocation. Because in the end, wherever corporate management is successful in operating its global value chains "union free", it will be modelling its next rounds of cost-cutting and attacks on union standards. Strong unions, on the other hand, are a basis for collective bargaining at eye level, for taking wages and working conditions out of competition, fighting the spread of precarious work, avoiding social dumping, and protecting workers' rights and democratic values.

Is that what trade unions stand to gain from reframing toward organising along global value chains? We think that trade unions need to seriously consider this approach because it can be a game changer (Brookes 2013). Up to now, it's the TNCs that are calling the shots, while trade unions remain separated by tradition

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<sup>9</sup> See the recent Kooperationsvereinbarung (Cooperation Agreement) announced by four industrial unions (IG Metall, IG Bergbau, Chemie, Energie, Eisenbahn und Verkehrs-Gewerkschaft, and IG Bau-Agrar-Umwelt) asserting their claims to organizing "industrial services" and logistics. At the least, the latter sector, has always been under the jurisdiction of the service union ver.di.

and organisational egoisms. And while the stronger unions may be doing well by their members at original equipment manufacturers (OEMs), that wellbeing often comes at the expense of weaker unions. But now, even they are beginning to wonder how long they can hold on to their past gains.

We think that trade unions can turn the tide by embarking on a new course of organising within and along global value chains. There is much to be gained by working together on new policy insights, expanding the basis of solidarity, and strengthening collective bargaining leverage.

This will not be easy and will require serious reassessments of organisational structures and resource allotments. And it will require setting new priorities and devising the means for increased union cooperation. Strategies for transnational (and national) action along global value chains need to be built on forming networks, networks based on cooperation, trust and defined rules and responsibilities. Basic principles are eye-level partnership and membership involvement, a multi-level task linking the local to the global.

In some places, trade unions are beginning to build long term, strategic transnational relationships, in Europe for example around European and World Works Councils. Another example is the recently created Transnational Partnership Initiative (TPI) initially involving the German Metal Workers' Union (IG Metall) and the US automobile union United Auto Workers (UAW)(Fichter and Mund 2015). For many years, relations between these two key unions in the global auto industry were tense and even at times non-existent. But when former UAW president Bob King became convinced that the UAW needed the support of other automotive unions to successfully organize foreign automakers in the Southern states of the US, he turned to the IG Metall. After some deliberation, the IG Metall responded positively. Union chairman Detlef Wetzel realized that TNCs could easily undercut union organizing successes at home (Wetzel 2013: 27) wherever they were able to operate in "union-free zones"<sup>10</sup> in other countries. The IG Metall saw that German automakers and suppliers were investing heavily in the US South, a recognizably "union-free zone". Working first together in support of the UAW in its organizing drives at the Volkswagen plant in Chattanooga Ten-

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<sup>10</sup> Detlef Wetzel in a speech at the IG Metall Congress 2011.

nessee and at the Mercedes plant near Tuscaloosa Alabama, both unions have since moved on to finalizing plans for a broadly based organizing campaign at German-owned auto supply plants in the US. Not only will the IG Metall provide support on the ground in the US, it will also build support among its local officials and works council representatives in Germany.

Through the Global Union Federations trade unions in many different countries are already participating in networks, a handful at the sectoral level (i.e. autos, aerospace, oil and gas), but mostly still limited to production sites within single TNCs (i.e. Coca Cola, Ford, Ikea) (see also Croucher and Cotton 2009). Over the past several years, numerous transnational campaign networks (i.e. Ikea, Unilever, DHL, G4S, just to name a few) have secured important gains for the workers involved. And in the past, trade unions have shown that they can band together and be a force to reckon with in combatting human rights violations, as with apartheid in South Africa.

Mistrust of TNCs is widespread, and many workers feel helpless in the face of their power and size. Trade unions can offer another, a collective action perspective, but only if they can muster the power and conviction that commands respect and enables eye-level bargaining. The challenges are formidable, and there is no one-size-fits-all way ahead. Finding the right mix of organisational change, resource input, member mobilization, campaign focus and alliance politics will not come easy. But it can be done. The time is ripe for change.

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