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GLOBAL PRODUCTION NETWORKS — ORGANIZING WORK WITH INTERNATIONAL FRAMEWORK AGREEMENTS?

Economic activity is increasingly organized in global production networks which are more often than not strategically led by transnational corporations (TNCs). This organizational form has significant implications for labor conditions and labor relations, in particular at the periphery of such networks. Increasingly, the management of TNCs tries to deal with these potentially 'dark sides' of inter-firm networks by emphasizing corporate social responsibility and adopting a human resource management approach. At least 85 TNCs, most of them of European origin, go beyond this and supplement unilateral statements with a bilateral approach, i.e. by negotiating and implementing an International Framework Agreement (IFA). Based upon a review of the literature on global production networks and insights from empirical research on European TNCs and their IFAs, the possibilities and limitations of such a bilateral approach of organizing work are investigated from the perspective of management as well as labor.

Keywords: *networks, labor relations, union, globalization, working conditions, human resources.*

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ГЛОБАЛЬНЫЕ ПРОИЗВОДСТВЕННЫЕ СЕТИ: ОРГАНИЗАЦИЯ ГЛОБАЛЬНОЙ РАБОТЫ ПОСРЕДСТВОМ МЕЖДУНАРОДНЫХ РАМОЧНЫХ СОГЛАШЕНИЙ?

Экономическая активность на мировом рынке все чаще принимает форму глобальных производственных сетей, стратегическое лидерство в которых, как правило, берут на себя транснациональные корпорации (ТНК). Эта организационная форма экономической деятельности оказывает серьезное влияние на условия труда и трудовые отношения — особенно складывающиеся на периферии таких сетей. Менеджмент ТНК все чаще пытается решить проблему возникновения подобных «темных сто-

рон» сетевых структур, придавая особое значение корпоративной социальной ответственности и развивая интернационализированную систему управления трудовыми ресурсами. По меньшей мере 85 ТНК, большинство из которых когда-то возникли в Европе, не ограничиваются такой однонаправленной политикой, предпочитая двусторонний подход, — в частности, путем заключения международного рамочного соглашения (IFA) с глобальными Федерациями профсоюзов и другими представителями наемных работников. Опираясь на анализ литературы, посвященной глобальным производственным сетям, а также на результаты крупного эмпирического исследования европейских ТНК и их международных рамочных соглашений, мы обсудим возможности и ограничения такого двустороннего подхода к организации работы как с управленческой точки зрения, так и с точки зрения наемных работников.

Ключевые слова: *сети, трудовые отношения, союз, глобализация, условия труда, человеческие ресурсы.*

Introduction

In 2010, Apple faced a slew of bad press following reports of illnesses, deaths, and suicides at Foxconn Technology Co Ltd., one of its Chinese suppliers employing well over a million workers. While this was only the most extreme and by far the most publicized case, modern forms of production and value creation have not been able to eradicate working conditions that are widely considered as inhuman and illegitimate, as they contradict the core labor standards of the International Labour Office (ILO): hazardous working conditions, child and forced labor, discrimination and unequal pay, and lack of freedom of association and collective bargaining. Rather, these kinds of working conditions are not uncommon when global production is not under immediate control of Transnational Corporations (TNCs) but instead, due to outsourcing and offshoring, organized in global production networks (GPNs) that are only strategically led by one or more of these corporations. And it is at the ‘periphery’ of these GPNs that indecent working conditions are most likely to be found: in second-, third- or even fourth-tier suppliers in countries like Brazil, China, India, Vietnam and — in Europe — Russia and Turkey.

Not only due to bad press and activities of non-governmental organizations like WEED or the Clean Clothes Campaign, the management of TNCs increasingly and most commonly deals with these potentially ‘dark sides’ of GPNs by emphasizing corporate social responsibility (CSR) and adopting a human resource management (HRM) approach*. At least 85 TNCs, most of them of European origin, including one

* It is only quite recently that the interplay between CSR and HRM practices has received some attention by researchers (e.g. Preuss et al. 2009; Fichter et al. 2011).

Russian (Lukoil)*, seem nevertheless to go beyond this and supplement the unilateral with a bilateral approach, i.e. by negotiating and implementing an International Framework Agreement (IFA). As a joint statement of commitment, an IFA is intended to secure practices which ensure compliance with basic labor standards, in particular with the core labor standards established by the ILO's (1998) *Declaration on Fundamental Principles and Rights at Work*. But what is the motivation of management and unions, and how do they succeed in implementing such agreements in GPNs? Do they actually help to organize work in a GPN?

The paper starts by introducing GPNs as an organizational form of economic activity and by asserting that earlier empirical research on GPNs has shown little concern for labor and labor relations. Identifying CSR and HRM (resp. IHRM) as related and relevant fields of management research and practice, we will argue in favor of a bilateral approach that may complement unilateral CSR/HRM policies of TNCs: negotiating, signing and implementing an IFA with global unions. Building upon earlier studies of IFAs we elaborate our research questions and then present our research design and results. The latter are based on a sample of corporations that includes almost all of the signatory corporations, all of which are of European origin and have activities in one of four industries each represented by a specific GUF (Global Union Federation): metalworking (IMF), chemicals (ICEM), construction (BWI), and service industries (UNI). The motivation of their management is as clear — and distinct from that of the unions/GUFs. Most importantly, the implementation of IFAs within the TNCs and, in particular, within the GPN is still rather limited. This may be explained less by differences in motivation than by the initial conditions and the process of negotiation preceding implementation. The negotiation phase may be regarded as a kind of 'early warning system' which is a good predictor of the level of implementation to be expected. Still, there are exceptions to be found. The discussion that follows will highlight the contribution of our study over earlier ones.

On Global Production Networks: Two Discourses Neglecting Labor

The notion of networks, in the framework of a local, regional or national as much as of the global economy, either reflects an analytical perspective or a specific governance structure of economic activities (Grabher and Powell 2004). In the latter case, an inter-organizational network is conceived as a social system in which the activities of at least three formally independent organizations are coordinated repeatedly in time and space. In other words, there is a reflexively agreed-upon inter-organizational division of labor as well as cooperation among the organizations that comprise the network (Sydow and Windeler 1998; Grabher and Powell 2004; Provan and Kenis 2008); more often than not such networks are under the guidance of a lead

* Beyond the IFA concluded between Lukoil and ICEM (and its national affiliate; see Papadakis 2011, pp. 69-70 for details), the Russian subsidiaries of some 28 companies headquartered in Germany (e.g. Daimler, Evonik and Hochtief) or other countries (e.g. Adecco, ISS and Rhodia) are covered by an IFA. Accordingly, almost a third of all IFAs reach into Russia.

firm (Gereffi, Humphrey and Sturgeon 2005; Müller-Seitz 2012). Usually the organizational actors are bound to one another, or at least to the lead firm, on a formal basis, e.g., with the help of bi- or multilateral contracts or as an accredited member of an official network. Thus, from a governance perspective, *global* production networks — GPNs — comprise organizations from different countries that seek economic advantage from the international division of labor (in particular by means of outsourcing/offshoring) and require additional coordination efforts not only from the lead firm but also from other network members (e.g., Ernst and Kim 2002; Henderson, Dicken, Hess, Coe and Yeung 2002; Gereffi et al. 2005; Bair 2008).

Interestingly, research on inter-organizational networks (see Borgatti and Foster 2003 or Provan, Fish and Sydow 2007 for recent reviews) hardly ever refers to labor issues. This is surprising given that labor conditions and labor relations including pay, training and opportunities for participation in decision-making, are strongly affected by this organizational form where possible negative feedback may be disruptive and endanger functionality (see, Marchington, Grimshaw, Rubery and Willmott 2005 and Flecker and Meil 2010 for exceptions). The related, though quite isolated, discourse on “global production networks” (mainly among economic geographers, sociologists and political scientists) at least pays some attention to labor, either as victims of globalization or as sources of value creation and/or resistance (e.g., Frenkel 2001; Coe, Dicken and Hess 2008; Bair 2008; Levy 2008; Rainnie, Herod and McGrath-Champ 2011). Most of these latter studies that acknowledge that GPN “are ultimately networks of embodied labour” (Rainnie et al. 2011: 161), focus on particular industries. Riisgaard and Hammer (2011), for instance, investigated the implications of different GPN governances (hands-on and hands-off ‘drivenness’) and institutional conditions (‘local labour control regimes’) on the possible strategies of organized labor in the global cut flowers and banana industries. Ascribing a much more active role to labor, these authors identify, for instance, the power of “labour coalitions beyond the workplace that have a strategic advantage in a buyer-driven terrain, that is, strategies that link workplaces with local communities (in the South), other social movements, as well as consumer organizations (in the markets of the North)” (Riisgaard and Hammer 2011: 174). In producer-driven GPNs they see significantly more potential for establishing international cooperation across different production locations with the help of an IFA. Similarly, Frenkel and Sydow (2011) argue with respect to GPNs reaching into China, that obligational or quasi-obligational rather than transactional relations offer opportunities for unions to influence working conditions, possibly even at the periphery of a GPN.

Despite widespread neglect in research, the actual management of GPNs seems increasingly concerned about labor issues. For one, HRM practices are developed and applied reaching from headquarters to subsidiaries and, increasingly, touching upon issues beyond the organizational boundary of the TNC (Preuss, Haunschild and Matten 2009; Fichter, Helfen and Sydow 2011). And the management of TNCs is also increasingly involved in CSR practices (Waddock 2008), though their actual impact upon labor and labor relations is still debatable (e.g., Locke, Amengual and Mangla 2009). Nevertheless, both HRM and CSR practices are considered to create (or at least maintain) economic value for the corporation. At the very least, it makes it easier for organizations to attract and retain a qualified workforce (Greening and Turban 2000).

Despite the importance of such practices for corporate operations, workers and their unions are rarely active participants. And where they are, their role almost always remains hidden. It remains the task of empirical research to unpack the role of labor in organizing work in GPNs.

Research Design and Methods

There is already some research providing insights into the motivation, negotiation and/or implementations of IFAs, which is taken as one possible point of departure for understanding the role of labor in this organizational form. For instance, Hammer (2005) was the first to discuss the status of IFAs between rights and bargaining, and Egels-Zandén (2009) reflected on the motives behind their adoption. Papadakis (2011) had a closer look at the managers' motivations for adopting an IFA in the rather few non-European TNCs. In comparison with European corporations, the author finds that, in contrast to European-based TNCs, the signing of an IFA by corporations based in countries like Japan, Russia and South Africa depends even more upon the individuals involved and how they approach this issue. The major reason for this is the lack of institutional support in these countries.

Although empirical in-depth research on IFAs is less common, a few studies have investigated the motivation and implementation in particular cases. Wills (2002) was the first to study one early IFA in the service industry in depth, the one concluded between the French-owned global hotel chain Accor and the IUF as the GUF covering this industry. She provides a rather optimistic account and considers the negotiation of an IFA a suitable way to defend and advance workers' rights in the global economy and to allow GUFs to position themselves as relevant actors in the global arena (Croucher and Cotton 2009). As mentioned, Riisgaard and Hammer (2011), in their study of GPNs in the cut flowers and banana industries, looked at the impact of an IFA signed by Chiquita and IUF and they unpack how the agreements came about in the first place. They find that buyer-driven GPNs require coalitions of unions with other societal actors such as nongovernmental organizations (see also Riisgaard 2005).

Stavis (2011) provides us with perhaps the most in-depth study of the IFA process so far, also highlighting some promising practices like supplier training in Brazil and Turkey for supporting IFA implementation across organizational boundaries. Stavis studied the respective process at Daimler, where the initial agreement was signed by the TNC and the IMF in 2002. While the IMF was the contractual partner, actual negotiations on the employee side were conducted by the company's World Employee Council, with strong support from IG Metall as the representative national union. These forces were also important for implementing the IFA, not only within the corporation but also in its GPN, including suppliers and other 'business partners'. Despite its in-depth character, Stavis' study is nevertheless silent on actual implementation measures. The major reason is that the IFA was implemented as part of the Daimler's Integrity Code (internal) and the Supplier Guidelines (external) that the corporation integrated into its purchasing conditions. Although the Daimler-IMF agreement constitutes a positive example of IFA implementation, almost two dozen complaints were reported regarding direct violation of the right to unionize; of these,

12 involved a supplier and others business partners. At the time of the study, almost all of them had however been resolved via an established procedure of complaint handling.

Miller (2011) reports similar in-depth findings on one company, in this case the textile TNC Inditex that signed an IFA (called “Global Agreement” in this case) with the International Textile, Garment and Leather Workers’ Federation (ITGLWF) following a factory collapse in Bangladesh killing 64 workers, injuring a further 84 and making about 2,000 lose their jobs overnight. Again, the information on the actual implementation of the agreement is scarce, but some measures like training (in which the ITGLWF was involved) as well as impact on the work conditions at suppliers in this buyer-driven value chain in at least two countries (Bangladesh and Cambodia) are reported.

Davies, Hammer, Williams, Raman, Ruppert and Volynets (2011) also carried out in-depth research on one TNC in the largely project-based construction industry. The firm under study, Hochtief, is headquartered in Germany and signed an IFA with the BWI as early as 2000. Within the framework of this study, the authors had a closer look at the implementation of the agreement in the corporation’s subsidiaries in Brazil, Malaysia and Ukraine; in the latter case they included even subcontractors which are a very common feature of the construction and building industry. They find that Hochtief operates a kind of “four-tier approach to IFA. The first tier comprises Hochtief’s direct workforce in the home country, where industrial relations reflect the strength of the IG-BAU. Second are the regional subsidiaries and joint ventures, which are allowed considerable latitude to capitalize on restrictive labor legislation. Third are the subcontractors. The evidence suggests that IFA terms are not routinely communicated, and the Ukrainian case demonstrates that, even where relatively few contractors are involved, there is almost no awareness among managers of their obligations. The fourth tier is the informal labor that makes up the bulk of the workforce in all three countries. ... While the IFA does not claim to reach them, their presence represents an existential threat to union organization” (Davies et al. 2011: 135).

Finally, Niforou (2012) investigates the commitment of two Spanish TNCs (Telefonica and Endesa) with strong presence in Latin America and how this translates into local practice in Argentina and Peru. The author finds a paradox: the generic character of the IFAs encourages management to sign them but, regarding implementation, exactly this character “gives precedence to local laws and hence renders the reinforcement of compliance difficult and, in some cases, unfeasible” (p. 352). While this study is similar to others and to our own with regard to investigating TNCs headquartered in Europe, it is — like others — significantly less comprehensive in terms of companies and countries covered. More importantly, this study is confined to the TNCs and their subsidiaries, not including “independent” suppliers embedded in GPNs.

Our own research integrates what has been learned from former IFA studies, not least with regard to the role of labor involved in organizing work in GPN. We focus first of all not only on the interests and motivations which drive unions and firms to negotiate — and finally sign — such an agreement, but more importantly on their actual implementation, in particular in countries that are considered to be economically important but very difficult in this respect: Brazil, India, Turkey, and the USA. Second, we aim at investigating the implementation of IFAs not only within the boundaries of the TNC (i.e. their foreign subsidiaries) but also in their GPNs, including, at the very

least, the first-tier suppliers of the local subsidiaries. Third, we look in more detail into the negotiation processes and how they affected the outcome, i.e. the implementation of the agreement in the TNC and its GPN.

In more detail, we investigated the IFA process at 8 TNCs headquartered in continental Europe (see Table 1). All these TNCs belong to one of the four industries that are represented by one of the four GUFs mentioned earlier. As a group, these GUFs account for ca. 90 percent of all agreements concluded. Apart from analyzing the agreements themselves (and other material available), we interviewed management as well as labor representatives involved in the IFA process. Our interviews at the headquarter level were supplemented by field research on the actual implementation in the four selected host countries mentioned. The findings we will report below are based upon around 150 interviews conducted with management and labor representatives in home and host countries, but most of all upon a comparative analysis of the 8 cases in which we were able to conduct 35 interviews not only with both sides but also in all four of the countries involved.

Table 1

Case Study Information

TNC	GUF	Year of IFA (renewal)	Industry	Employees 2007	Locations 2007	Sub-contracting	Interviews (mgt/labor)
Metal Corp	IMF	2002	Automotive	270,000	17	System suppliers, relational sub-contracting	3/3
Wire Corp	IMF	2003	Cables & wiring	35,000	31	Market contracting	1/2
Resource Corp	BWI/ICEM	2005	Resource extraction	90,000	77	extensive sub contracting	2/4
Build Corp	BWI	2000	Construction & development	53,000	42	extensive sub contracting	1/3
Chem Corp	ICEM	2005 (2008)	Special fibers & plastics	15,000	28	Relational and market contracting	2/2
Rubber Corp	ICEM	2000	Special chemicals & textiles	34,000	53	Market contracting	2/3
Service Corp	UNI	2003 (2008)	Facility services	438,000	62	Minimal sub-contracting	1/3
Sec Corp	UNI	2008	Security services	560,000	120	Minimal sub-contracting	1/2

Findings: Interests, Negotiation, and Implementation

Interests and Motivations of TNCs and GUFs

From the perspective of national *unions* and their GUFs, the interest and motivation for signing an IFA is quite clear and reconfirmed again and again by our interviewees on the labor side. In their development as a corporate-oriented strategy, IFAs have enabled labor to set parameters of focusing policy for its transnational goals. The most important of these are

- ensuring compliance with the ILO's core labor standards within a TNC and throughout its GPN;
- the global institutionalization of viable collective conflict resolution mechanisms;
- the organization of transnational solidarity and the creation of a space for social dialogue.

However, by far the most important interest and motivation of GUFs is their recognition as a negotiation partner.

TNC headquarter *management* also has a variety of motives for negotiating an IFA. In general, it may be seen as a signal to investors, employees, customers, governmental agencies or NGOs that the company has a committed CSR agenda regarding employees (Coleman 2010). This signal, especially if perceived by relevant intermediaries (e.g. analysts) may even have implications for financial performance of the corporation (Doh, Howton, Howton and Siegel 2010). Other interests that showed up in the interviews were the fulfillment of legitimacy requirements, the standardization of human resource practices, and the avoidance of state regulations. Finally, although we have found only general references for this, management may regard the IFA as binding the union into a kind of risk management contract. Nevertheless, only in a very few cases have these interests on the management side actually triggered the beginning of the process. As stated before, negotiations have almost always resulted from the initiative of labor representatives.

While all TNCs with IFAs do indeed have some kind of policy on CSR and regard their IFA as an additional element thereof, the efforts expended by management to ensure the implementation of the IFA depend significantly on the extent to which management has endorsed CSR as an integral element of all of its business operations as well as on its relationships with the trade unions. In light of the fact that the vast majority of IFAs have been negotiated with TNCs with headquarters in the European Union, the legal and institutional environment also seems to have had a significant impact. In this respect, the signing of an IFA may be unlikely to have an additional, not to mention a singular, responsibility for improving labor conditions and labor relations in TNCs and their GPN.

Corporate or even Network-wide Implementation?

In our research, we have focused not only on understanding why IFAs are negotiated, but also on whether and how they are being implemented. Despite an impressive increase in the number of IFAs since 2000, our study indicates that in a large majority of cases, the actual implementation of the IFA within the TNC has progressed slowly or not at all. While not discounting latent or diffuse organizational constraints which may slow the process (Fichter et al. 2011), we rather focus here on several

political aspects of the process which appear to have a particularly strong bearing on implementation in a substantial number of cases.

In signing an agreement, headquarters management has made a commitment and exercised its prerogative of responsibility for the implementation of the IFA. But in most cases, beyond general references to measures for informing company employees of the agreement, no explicit processes and procedures, or resource commitments, have been incorporated into the agreements. This becomes particularly clear in the cases we studied in-depth. Furthermore, the implementation at suppliers in the GPN is not even mentioned in one-half of the IFAs concluded so far. Because of legal problems, management even seems increasingly opposed to including suppliers in these agreements, especially in regard to those at the periphery of GPNs.

The real issues, problems and challenges of implementation have usually been relegated to the post-negotiation phase of the process instead of being integrated into the agreement along with the substantive provisions and procedures for monitoring and for conflict management. Without a jointly negotiated, process-oriented plan of implementation anchored in the agreement as signed, labor's role is curtailed. Headquarters management, whether explicitly or only implicitly, claims sole responsibility for implementation within the TNC's organization. In this scheme, unions are relegated to the role of a watchdog. To be sure, the capacities of unions to fulfill even the role of a watchdog effectively are limited. And our research has shown quite clearly, that the conclusion of IFAs cannot be equated to creating an active role for labor in the organizing of work in GPNs per se; at least not one that goes beyond the initiation of an IFA. But overall, the deficiencies and inadequacies we have found in regard to implementation must be primarily attributed to management's unilateral approach and its unwillingness to engage in the experiment of a jointly negotiated implementation.

In some cases, management has been even ambiguous about the need for an IFA in the first place, or regards CSR programs as adequately fulfilling the requirements of implementation with which it is charged. Another, even more complex problem, involves the question of deficits in managerial power, capacity and resources. We have argued that there are instances in which headquarters management in global corporations does not (or cannot) wield the kind of hierarchically-based organizational power necessary to command a simple "top down" transfer of practice (Fichter et al. 2011). At the least, active personal engagement and leadership from top management is required, along with designated resources to ensure a process-oriented plan of implementation.

As a selection of our case studies in Brazil and the US shows (see Fichter and Helfen 2011 for details), resistance on the part of certain departments or subsidiaries is recurrent. Oftentimes local management balks at implementing the IFA by invoking the argument that its responsibility as a corporate citizen is to adhere to local laws and recognized procedures, even if this solidifies the kind of regulation gap between the IFA and the standards of the local environment to which Niforou (2012) refers in her study as well. If central management does not forcefully back the IFA as explicit corporate policy, its implementation, especially in regard to the most controversial

issues, will remain unsatisfactory; obviously, this applies even more so to the first-tier suppliers and sub-contractors of local subsidiaries. While headquarter management can apply economic pressure in some cases, it has no means of exercising hierarchical fiat over legally autonomous entities.

As one of the ILO core labor standards, freedom of association and the right to collective bargaining are a basic element of virtually all IFAs. At the same time, our research has found widespread evidence that the recognition of a union and the commencement of collective bargaining over substantive issues is probably the most widely contested aspect of local implementation. The upshot is that the implementation process only then moves forward, when the labor side constantly pushes management at all levels and in each workplace. All too often, however, labor lacks the (material, personal, and organizational) resources to do so, leading to a signed, but unused document.

The apparent dichotomy between the achievement of agreed upon practices and the lack of defined means of their transfer from the level of headquarters management to all other units in the TNC (and ultimately throughout the GPN) creates what might be called a “hollow document”. And it cannot be resolved by simply delegating implementation to actors outside the headquarter circle who were not involved in the negotiation phase (see below).

IFA implementation as a “top down” process also poses a particular challenge for labor. While it has been essential for the GUFs to assert their role in leading the development of IFAs as a corporate-oriented policy, their affiliates — i.e. national unions — are membership-based autonomous entities with a variety of other priorities. Recognition and use of IFAs requires what has been widely designated in labor circles as “ownership”, i.e. an understanding of the IFA and its use. However, IFAs have been negotiated and signed without the involvement, or sometimes even the knowledge, of the less powerful member unions or those directly affected at the local level. Many unions outside of Europe find it difficult to recognize the proclaimed advantages of an agreement with a social dialogue character, especially if such an understanding of labor relations is not prevalent in their country, or wherever trade union membership is not regarded as a basic human right (cf. Gross 2010).

Impact of Negotiation on Implementation

The manner of IFA negotiations, including the topics of discussion (substantive issues, procedures, coverage), definitively sets the stage for the ultimate strength of an agreement. In the terms of the bargaining concepts developed by Walton, Cutcher-Gershenfeld and McKersie (2000), our research indicates that “integrative bargaining”, conceived here as a result of “institutional work” (Lawrence and Suddaby 2006) on the part of labor to overcome pervasive reluctance of management, dominates the negotiation phase of the IFA process. Integrative bargaining “has the function of finding common or complementary interests and solving problems confronting both partners. It serves to optimize the potential for joint gains” (Walton et al. 2000: 45).

In the large majority of agreements in existence today, negotiations have taken place as an extension of the continental European style of labor relations at TNC

headquarters. This style might be characterized as “conflict partnership” (Müller-Jentsch 2008). In a small number of instances, negotiations have begun only after labor had successfully mounted enough pressure to bring management to the bargaining table. But even in these cases, both sides quickly adjusted to developing an atmosphere of social dialogue and pursuing constructive and mutually acceptable solutions. For this reason, we would generally characterize the successful negotiation of an IFA as an exercise in integrative bargaining in its European variety — and potentially as a decisive step towards company and, possibly, network-wide implementation (Helfen and Sydow 2013).

In many cases the result of this phase of the IFA process has however been an agreement, the content of which is couched in very general terms, especially if the negotiation phase was not preceded by conflict. This can be an expression of an ongoing strong relationship of intense interaction between management and labor representatives at the headquarters (home country union, works councils), but it may just as well be indicative of labor’s weakness. A more robust content of the agreement is more likely to reflect either a mutually reinforcing interest in producing an effective agreement or be the result of the recognition of ongoing differences requiring the need to codify issues and procedures in detail. Problems in conjunction with IFA implementation arise in this connection primarily in regard to three issues: the recognition of trade unions, the conflict management procedure, and the applicability of the IFA to suppliers and sub-contractors.

Within the TNC, an approach is required which addresses this issue in a more comprehensive and integrative manner, and includes process-oriented mechanisms which involve subsidiary (and eventually supplier) management throughout the IFA process. Labor too has been confronted with problems of organizing its collective voice in both the negotiation and the implementation phases. In negotiations, labor has not always been represented solely by the responsible GUF at the bargaining table with management (Helfen and Sydow 2013). Often there has been a constellation of collective actors consisting of the GUF, the home country union(s) and the (European, World) works council. While the importance of the home country representatives in getting management to negotiate and sign an IFA is significant, we have found that the direct involvement of multiple actors on the labor side is not necessarily conducive to achieving a strongly worded IFA. And furthermore, a dysfunctional alliance among the different players on labor’s side considerably weakens implementation practices.

Discussion, Conclusions and Directions

In the foregoing sections we have argued that the implementation of an IFA is strongly predetermined by the constellation of actors and the outcome reached in the negotiation phase of the IFA process. In a nutshell, implementation is contingent upon both the institutional setting and the policies of the many — potential and actual — individual and collective actors involved. Consequently, the scope of an IFA that results from its negotiation as well as the manner in which it is implemented varies substantially, not only from one corporation to another but also within one TNC and its global

production network. For example, it is evident from our cases that the inclusion of local and national unions from the host countries in the negotiation phase of the IFA is essential for generating “local ownership”. On the labor side, such inclusion is primarily the responsibility of the GUF, and while it increases the complexity of the negotiation setting, it may contribute to securing the legitimacy of the GUF as a bargaining counterpart for the TNC management as well as improving the chances of a successful implementation. TNC management, too, has a crucial responsibility in facilitating a transfer of practice, first of all from headquarters to corporate subsidiaries, but also beyond TNC organizational boundaries to suppliers and sub-contractors in the GPN (Fichter et al. 2011).

For a “full scale” implementation of an IFA, we claim that, apart from a strong content and an early involvement of host country participants (management and labor) in the process, *three sets of practices* involving all relevant actors are necessary. The first set concerns the practices relating to dissemination and communication of information. The second set covers training practices while the third is operational, referring to the introduction of routines, rules and procedures as well as related organizational and inter-organizational structures (e.g. an inter-organizational team in charge of coordinating the monitoring process). Again, we would emphasize that in line with the multi-organizational practice perspective that we adopt, implementation should be ideally conceived as a process of combined and joint activity and decision-making by management *and* labor.

We define *information and communication practices* as the intra- and inter-organizational tools used to inform the public and employees (including managers) throughout the TNC and its global production network of the existence and content of the IFA. Our case studies are indicative of the extent to which this basic step toward implementation has been taken. In general, the information and communication practices in regard to the IFAs in all four countries of our case studies have been inadequate: in most of the cases the IFA was still basically “unknown” to the key local actors at the subsidiaries we investigated. Moreover, we can infer from all of our case studies that the suppliers and sub-contractors had not been adequately informed — or not informed at all — about the IFA.

However, we have also found important and instructive exceptions to this general finding. Although differing in their focus, the IFAs of ChemCorp and MetalCorp are prime examples of agreements that have been actively communicated to the actors at the local subsidiaries. In the first instance, management has been the focal actor of communication; in the latter it has been the union. In regard to its operations in Brazil, WireCorp’s IFA falls in this category as well, considering that the use of the IFA by the local union to rectify an unsatisfactory labor situation was the result of the information it received about the IFA through its national union body. In contrast to these cases, the local actors at ResourceCorp and at ServiceCorp in all four countries appear to have received no information (or at least wholly inadequate information) regarding the IFA. And at RubberCorp, the problems of implementation ranged from the agreement being unknown to local actors (India, Turkey), through the incapacity of local labor representatives to reach a common position for using it to interact with management (Brazil), and on to management opposing its implementation (USA).

In regard to the second set of practices, we describe *training practices* as measures used by TNCs and GUFs individually and jointly to train employees and union representatives for IFA implementation in the host countries. The focus would be initially on the TNC subsidiaries, but possibly, such practices could include first-tier suppliers, which in turn may integrate IFA standards into their own strategic “supplier development” (Sako 2004) policies and practices. In this manner, labor standards in significant parts of the global production network could be achieved (see also Frenkel and Sydow 2011).

Again, our case studies document the existing inadequacy of IFA implementation policy in this regard. Without completing the first step of information and communication, as is evidenced in most cases, the second step of training cannot take place; nor can it be extended to suppliers and sub-contractors. At ChemCorp, we did find evidence of a quite sophisticated training policy within the Brazilian subsidiaries. However, it was clearly embedded in the company’s CSR policy, focusing exclusively on training management. The IFA as a negotiated labor policy between a GUF and management was not visible. Instead, the process was management-driven, while the union had not been able to counteract its marginalization. This, we would note, is a clear diversion from the joint labor-management dialogue approach cultivated at the headquarter level. At MetalCorp, training practices at the subsidiary we investigated in Brazil were quite comprehensive, albeit pursued separately by management and labor. As for their extension to suppliers, the apparent absence of such training practices led to conflict. Labor had to exert pressure that was subsequently transferred through MetalCorp management to suppliers to ensure compliance. In our other countries, we found that the MetalCorp CSR training program for management was a required activity, but that labor issues were only a minimal part of this exercise.

Lastly, *operational practices* are defined as the actions taken to change local conditions and practices that provoke violations of labor standards. The development of such practices is also a clear indication of the willingness and/or capability of management (and unions, works councils etc.) to actually improve working conditions and labor relations throughout the TNC subsidiaries and possibly even its suppliers. In our research, we found only very limited evidence of different forms of operational practices. Using the Brazilian cases to highlight our results, we found that ChemCorp management in Brazil has successfully integrated the corporate approach to social responsibility into its daily operations. This includes policies conforming to the labor standards of the IFA, albeit without — as the conclusion of an IFA would suggest — an active participating role for the local unions. At WireCorp, union intervention locally and globally initiated a change in management’s labor relations policies. Evidence of this can be seen in the labor-management consultations over redundancies in the financial and economic crisis of 2008. Finally, weekly joint meetings between management and union representatives at our MetalCorp subsidiary testify to the incorporation of the IFA into operational practices.

As our case research shows, the process of IFA implementation is far from being completed. Indeed, MetalCorp is a highly instructive example of a completed process — but it is exceptional. And while ChemCorp is making a concerted joint effort

together with the GUF toward implementation, we still found resistance (USA) on the one hand, and union marginalization (Brazil, India) on the other hand.

As such, we would conclude with the following observations:

1. IFAs are a joint labor-management policy statement and must be communicated to the actors at the subsidiaries and the suppliers accordingly. To be understood and referenced by the local actors, the IFA needs to be visible and represented separate from its integration into management's CSR policy. Unions, and the GUFs especially, should be aware that the recognized value of the IFA for affiliates is diminished when its corporate joint policy character is not emphasized.
2. IFAs require the promotion and development of "local ownership". As the case of MetalCorp, in particular, shows, the early involvement of host country actors in the IFA process, i.e. in the initiation and negotiation phases, is highly conducive to furthering its eventual implementation. Both labor (GUFs, home country unions) and management will find it difficult to carry the IFA process forward if the representatives of management and labor from the host countries who are expected to implement the IFA are not recognized participants of the previous stages.
3. The institutional setting in of the national systems of labor relations is often a difficult hurdle to a widespread IFA implementation. In Brazil, due to legal restrictions, unions are organizationally fragmented. Policy development across different workplaces even within the same company requires a special effort. As such, while an IFA may be fully implemented at one subsidiary due to a particularly favorable constellation of actors, its implementation at another subsidiary, or at any number of suppliers, might be completely inadequate. In the USA and in Turkey, legal requirements are prohibitive for union recognition. Similar problems exist in India as well. As such we can argue that IFAs are an essential but insufficient step toward securing basic labor standards and must be complimented by a more comprehensive legal framework of labor rights.

For local unions, evidence points clearly to the importance of an internationally oriented strategy of engagement. Here again, it is the multi-level approach of referencing the IFA in discussions with local management, while also seeking to leverage local management through initiatives directed at central management, that appears to lead to better results. Indeed, in some cases, a committed headquarters management might be an important ally for local union ambitions. By adopting such a proactive course, unions could signal that the IFA will be used as a yardstick for measuring labor relations and as a means of curtailing and preventing management policies that are at odds with the IFA. Wherever we found cases of successful application of IFAs in our research, this was a key contributing element of that success. In all such cases, local unions could rely on union input at headquarters level to voice their local grievances. However, more research is needed to gain a more general understanding of the underlying mechanisms of such cross-national processes.

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Раздел III. Межорганизационные сети в глобальном и локальном контекстах

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