

A stylized world map composed of a grid of grey dots, with several dots highlighted in red. The map is centered behind the title.

Organising In and Along Value Chains

What Does It Mean for Trade Unions?

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- Transnational corporations have profited enormously from investment subsidies, tax breaks and deregulated labour markets. Today, they dominate the global economy, controlling some 80 per cent of world trade through their own operations and those of their business partners, organised in global value chains. These *webs of power* have fragmented the workplace and become the factories of the 21st century.
- Trade unions require bold new approaches to fight the power of Transnational Corporations. To protect the rights of workers and represent their fundamental interests, unions need to secure their local and national power base *within* and *along* global value chains.
- Organising within and 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.
- This 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 need to be built on forming networks based on cooperation, trust and defined rules and responsibilities.



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Introduction

Globalisation has become a household word that for millions of workers means uncertainty, loss of jobs and income, and upheaval. Outsourcing, offshoring, sub-contracting and agency work have taken their toll on union membership. For many, this development is not only threatening, it has taken on a look of being inescapable. But is that really so? Is there no way for workers and trade unions around the world to collectively exercise their democratic rights to form unions, to voice their concerns and represent their interests?

Over the past decades governments around the world have bent over backwards to provide transnational corporations (TNCs) with investment subsidies, tax breaks and deregulated labour markets – often in an openly

anti-union atmosphere endangering democratic workers' rights. Corporate investments flow where governments pursue *competitiveness* (deregulation) while workers' rights and democracy often suffer (Table 1).

TNCs have reaped enormous benefits from this development and constructed a new system of international economic and social power relations beyond the nation-state. Today, TNCs operate through vast networks of extraction, production, supply, distribution, and sales that they control. These *webs of power*, spread across the globe, overlapping and interlocking, account for 80 per cent of international trade. This kind of economic power is massive (see box below), but it can also be vulnerable to disruption in many ways, including concerted, proactively defined policies to protect and represent workers.

Table 1: Country Rankings: Investments, Competitiveness, Workers' Rights, Democracy

Country	FDI Ranking 2014	Global Competitiveness Index 2014–2015 (Ranking among 144 Countries)	International Trade Union Confederation Global Rights Index 2014	Democracy Index 2014 (Ranking among 167 Countries)
China	1	28	No guarantee of rights (5)	144 (Authoritarian Regime)
USA	3	3	Systematic violations of rights (4)	19 (Full Democracy)
United Kingdom	4	9	Regular violations of rights (3)	16 (Full Democracy)
Singapore	5	2	Regular violations of rights (3)	75 (Flawed Democracy)
Brazil	6	57	Repeated violations of rights (2)	44 (Flawed Democracy)
India	9	71	No guarantee of rights (5)	27 (Flawed Democracy)
Chile	11	33	Regular violations of rights (3)	32 (Flawed Democracy)
Mexico	13	61	Systematic violations of rights (4)	57 (Flawed Democracy)
Indonesia	14	34	Systematic violations of rights (4)	49 (Flawed Democracy)
Russia	16	53	Regular violations of rights (3)	132 (Authoritarian Regime)

Note: This chart uses recognised global indices to compare the status of workers' rights and democracy in the countries with the largest sums of private foreign direct investments and the most competitive business climate (according to business sources).

Sources: *FDI (Foreign Direct Investment) Ranking:* UNCTAD (2015): World Investment Report. http://unctad.org/en/PublicationChapters/wir2015Annex_en.pdf; *Global Competitiveness Index:* World Economic Forum (2015): The Global Competitiveness Report 2014–2015. www.weforum.org/reports/global-competitiveness-report-2014-2015; *Global Rights Index:* International Trade Union Confederation (2015): Global Rights Index. www.ituc-csi.org/annual-survey-of-violations-of-271 (Numbers indicate ranking on a scale of 1–5); *Democracy Index 2014:* Economist Intelligence Unit (2015): Democracy Index 2014. www.eiu.com/Handlers/WhitepaperHandler.ashx?fi=Democracy-index-2014.pdf&mode=wp&campaignid=Democracy0115 [requires online registration].

* The arguments in this publication have benefited greatly from the supportive collaboration of Carsten Hübner.

Corporate Power Unbridled

- Amazon in Germany ignores work stoppages at several of its distribution centres, continuing service to customers from other centres in Germany, Poland and the Czech Republic. Amazon refused to negotiate with the union, preferring to continue paying workers in Germany € 8.50/hr. (minimum wage, 8 hour day) and in Poland € 3/hr. for a 10 hour day.
- Nokia once had a profitable cell phone factory in Germany, heavily subsidised by local tax money, with up to 4,500 employees until it closed down in 2008 and moved to Romania. In 2007 the company and the German factory had made millions in profits. In Romania, same story: That factory was also built with subsidies, employed over 2,000 workers, but was closed in 2011 and production was moved to Asia. Then Microsoft bought Nokia. But that didn't work out. Microsoft announced in 2015 that it was closing down Nokia and laying off almost 8,000 employees.
- Rexam, a British TNC, makes cans for soft drinks and alcoholic beverages in Berlin. In three shifts, seven days a week. Despite running a profit for years, management modelled a new factory in Poland where wages are much lower. Using this model, management shut down operations in Berlin because they were too expensive.

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.

Transnational Corporations have to invest and operate locally where the labour and consumer markets they want to exploit are located. But they exercise their power and make decisions globally. 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.

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 by connecting across borders and *along* global value chains. 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.

TNC-Controlled Global Value Chains

A key initial step in developing new approaches and marshalling the necessary resources is to understand the organisational makeup of global corporate power. As pointed out above, the global economy is run through the global value chains of TNCs, the mass production factories of the 21st Century. Altogether these spatially dispersed and network-like economic structures have facilitated shareholder value maximization by enabling TNCs to distribute financial risks and at the same time control the streams of value added. These networks and the individual value chains within them are constructed strategically for profit. Regularly, they link together sectors of the economy, both in industry and services, cutting across trade union organisational boundaries and in the process defining new categories of workers (i.e. dependent contractor, assemblers in logistic firms). This has put trade unions on the defensive and not seldom also in conflict with each other over membership jurisdictions. Equally detrimental, the spread of global value chains, bringing relocation, outsourcing, offshoring, and whipsawing, has increased precarious employment and undercut local and national trade union bargaining power. The scope of local (and even national) collective bargaining is increasingly set by far-removed corporate headquarters. And the extent of their interest in the future of specific plants is determined less by the immediate profitability of those plants than by powerful investors and global cost calculations.

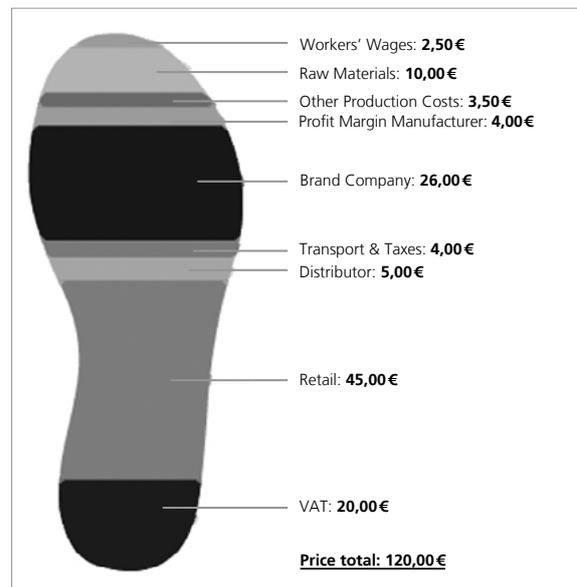
Unions Must Organise Against the Global Power of TNCs

In the industrialised and industrialising countries, workers in manufacturing have historically led the struggle for unionization and workers' voice. And in these unions, the membership basis has been built upon a core constituency of skilled workers. But that basis is eroding. The mass production factory of 19th and 20th century capitalism is being dismantled and fragmented, both internally (agency workers, contractors) and geographically (outsourcing, offshoring). Today, advances in technology combined with widespread business restructuring both within and across national borders are accelerating changes in the labour process and whittling away at even this traditionally stable core of membership. Automation and deskilling have always impacted workers, but today, robotics is changing the nature of work and skill requirements more rapidly and in ways that even recently were generally unimaginable. At the same time, the globalisation of labour markets combined with instant communication and low-cost transportation has enhanced management's flexibility to make short-term decisions and be able to define *core competencies* according to the immediate demands of shareholder value. Cost cutting means outsourcing manufacturing processes to suppliers and service providers, in general, undercutting standards of wages and working conditions achieved by unions in manufacturing and increasing the use of agency and contract workers. These economic and financial developments have been flanked in many

Global Value Chains – An Explanation

- *Global*: TNCs expand to operate around the world, unevenly though, clustering around lucrative local and regional markets in Europe (EU), North America (NAFTA), Asia, Latin America.
- *Value*: TNCs organise and control supply and production to create and capture value – for profit.
- *Chain*: Businesses linked by contracts to produce specific products and provide specific services. TNCs have many chains, often overlapping, that build a *network* of TNC-controlled operations (*webs of power*).

Figure 1: Price Analysis of a Running Shoe



Value and profit are concentrated at the top (Brand name, Retailer) where control is located. Source: www.cleanclothes.org/img/PriceMarkUpShoe.jpg/view

countries by political attacks on unions, all of which have succeeded in changing the complexion of the industrial workforce in factories everywhere, swelling the ranks of *service workers* and in the process generally decimating the ranks of union members.

Unions still have core memberships to rely on, but can they compensate for the losses by organising new workers – youth, women, minorities, contractors etc. – with less secure jobs? And even if individual unions are successful in holding their own or even expanding their membership base at a workplace, throughout a company, or across a certain sector, will that suffice to be able to bargain at eye level with *global players*? Isn't it already high time to be able to challenge management's pursuit of cheaper labour and less regulation wherever it wants to grow?

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 globalisation 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.

Every trade union has its own priorities based on the needs of its members. How those needs are defined and acted upon will be markedly affected by the way unions respond to the challenges of globalisation and in particular to TNCs with their global value chains. Holding on to policies that were successful in the past but do not address the challenges of today has never met with success, and under the conditions that unions face today, will surely not work. Globalisation is continuously redefining the parameters within which trade unions can organise and operate. The power and influence of TNC-controlled global value chains is a defining element of this new context, affecting all workers, even in key areas of the public sector. This is why trade unions need to recognise this shift and the importance of responding to it through new strategies and heightened cross-sectoral and cross-border transnational cooperation.

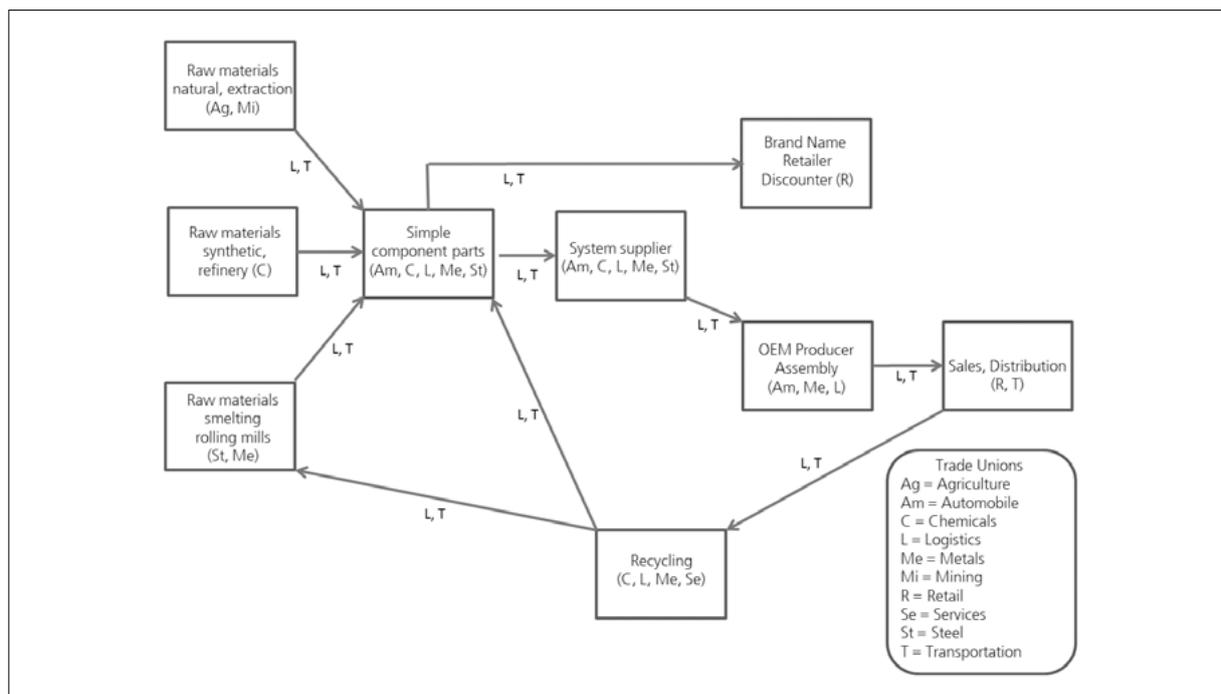
Organising within and along value chains means developing cooperative projects and alliances across TNCs and their *webs of power*. It means bringing in the transnational dimension into organising in global value chains. The International Transport Workers' Federation (ITF) uses the terms »vertical« 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 (see Figure 2). 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.

Building Transnational Union Power: Where to Start?

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

Figure 2: Global Value Chain Model and Trade Unions



they are focusing their own local union organising campaigns. 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. *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 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* we 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 in terms of their claims of striving to reach the highest standards of social responsibility and sustainability. Does the TNC respect the right to union-

ise 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 single 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*)?

Are unions prepared to do this kind of comprehensive research and strategic planning? And then move forward, turning the insights they have gained into campaign strategy? Many union leaders and activists would say no, arguing that this is not normally the way their union operates. Union officials and shop floor stewards take care of everyday problems and respond to new management actions in the service of their members. Strategic research and campaigning are at best tools that are used only occasionally and then defensively to ward off management attacks. But as the workplace and corporate environment changes, becoming more global, the future of an individual union's capacity to represent its members and provide those services is questionable.

Levels and Fields of Action

What are some of ways trade unions are responding to these challenges and what are some of the choices trade unions can make? Keeping in mind the overall focus on TNCs and their global value chains, we offer a number

of ideas of steps trade unions can take to increase their understanding of such corporate power, bring this perspective into the daily work of the union and devise the needed – and doable – strategic responses accordingly.

To structure our arguments we present them at three levels of trade union activity: the local, the sectoral or national, and the global. Our emphasis is on those activities that are part of regular union activities at that particular level and can be directed at TNCs and their global value chains. As the graph (Graph 3) shows, these activities are in an area where the three levels overlap.

The Local Level

Starting at the local level, what can in-plant representatives and union officers do to integrate global value chain issues into their daily routines? And what can union activists at the workplace, already up to their heads in dealing with problems on the shop floor, be expected to do? Recognizing the impact of global value chains on

the normal, everyday activities of interest representation at the workplace means that it needs to be addressed as an issue of priority.

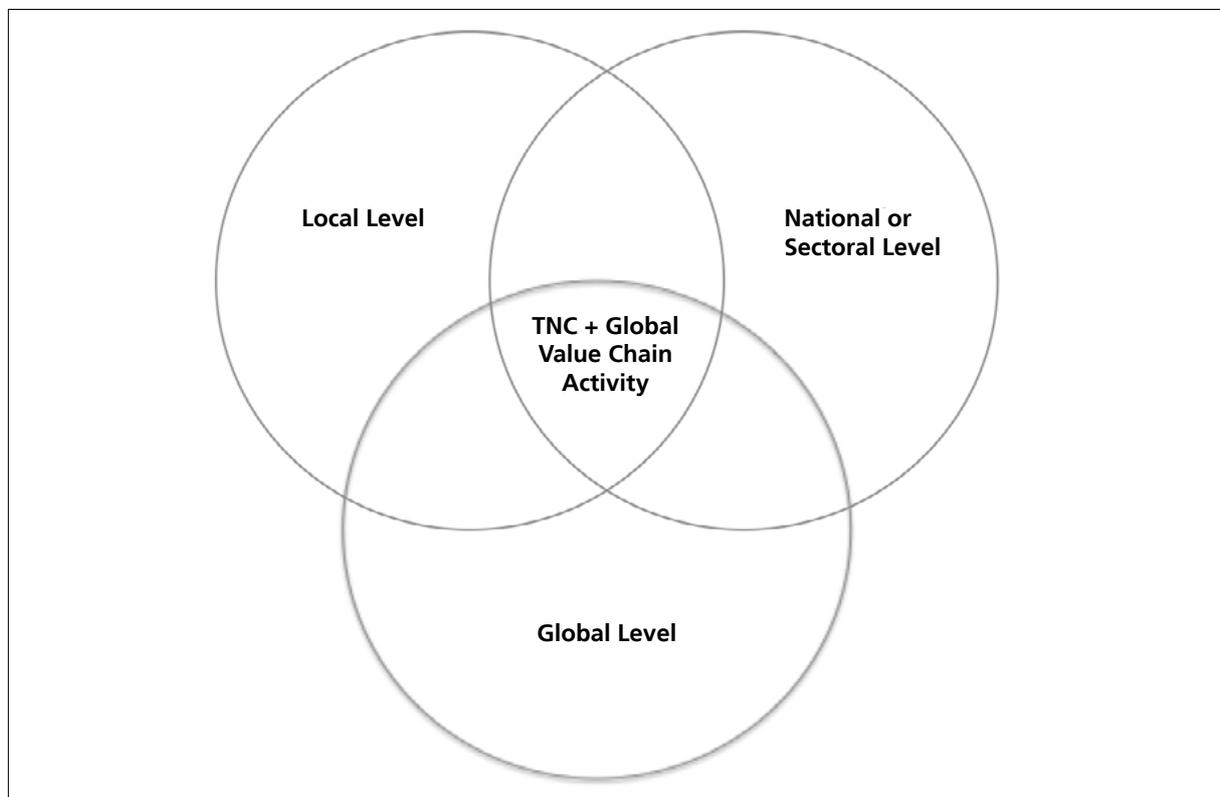
Local unionists and workplace representatives can start by using the following checklist to collect information that can be helpful in negotiations with management and shared within the union and collated with other sources to piece together a full picture of one or more global value chains.

Checklist on Global Value Chains

■ *Products and Services*

Where do the products or services of the workplace go, who are the (major) customers? How do they get to the customers (major logistic/transportation contractors)? Where do the materials, parts and components used in the plant come from? Who are the major suppliers of materials? Who delivers the parts to your plant? Different parts, different delivery services?

Figure 3: Levels/Fields of Action



Can these links be followed further upstream (backwards to the suppliers of the suppliers) and downstream (forward to the customers of the customers)?

■ *Business Partners in the Global Value Chain (Suppliers, Customers)*

What do you know about the major suppliers and business customers at your plant? (ownership, turnover, profit, number of employees/agency, contract workers, etc.) Can you judge the role and importance of those companies in the global value chain? Are there relevant competitors? How important is their product that you use to them? Is the supplier/customer a small/large unit in a larger corporation? What are the working conditions in those companies? What is the composition of the workforce (skilled/unskilled, men/women, permanent/temporary, etc.)?

■ *Interest Representation*

Which union(s) represent employees at plants of suppliers, customers? Is there an employee representative body? Is there a union contract?

Some of this information is already available, some of it can be readily accessed. But some of it will take time to gather, and may lead to questions or resistance from management if it is expected to provide the information.

The Sectoral and National Level

At the sectoral or national level, trade unions can use their information and knowledge of the branches or sectors they organise as a basis for focusing more specifically on the lead firms and their business relationships (customer-supplier, competitor) to other firms within the union's organisational jurisdiction. Mapping these relationships only within this context and within national boundaries will prove to be limited, leaving many business activities of a TNC and its global value chain uncovered. Some trade unions may be able to draw on information resources of their national federation. But even more crucial, it seems to us, trade unions must try to cooperate more closely and exchange needed information across existing jurisdictional boundaries. As for researching those business activities beyond a trade union's national borders, the Global Union Federations offer the possibility to make contacts to trade unions in other countries and gain access to information from other parts of the world.

This is not just an exercise in information gathering, but needs to be pursued interactively with the development of a campaign strategy that reflects the power relationships within a TNC and its global value chains. It may mean campaigning at different sites of a global logistics provider (*just-in-time*) or marshalling support in key countries for an organising drive at supplier sites in a regional cluster. To this end, effective and resourceful campaign strategies will hinge on the possibility and opportunity for trade unions to collaborate – across organisational divides and national borders. This is not only a necessity in the face of massive corporate power it is a step toward enhancing the resources and expertise each trade union has in its own particular branch or sector. Different unions have different priorities – that we recognise. In fulfilling their obligations as member-based organisations, differences will remain. But by finding common or at least complementary goals for action, trade unions can more effectively leverage their strength and win improvements that would otherwise be beyond reach for each union separately.

Transnational Cooperation and Networking is Successful!

- 2008: G4S, the largest security company in the world with over 600,000 employees, signed a Global Framework Agreement (Ethical Employment Partnership) with UNI Global Union as a result of a massive campaign by unions around the world.
- 2012: After Ikea, the giant Swedish furniture retailer, refused to recognise its responsibility for the dangerous working conditions at its in-house supplier in the USA, the global union BWI supported its US affiliate and unions at other Ikea production and retail sites to force the company to recognise the US union and to negotiate a collective agreement.
- 2013: After 30 months of global union actions against DHL Deutsche Post, a logistics global player with over 400,000 employees the trade union representing DHL workers in Turkey signed a collective agreement that included the reinstatement of most of the 37 workers who had been fired for union activity. The campaign was organised by the Global Unions ITF, IUF and UNI.

The Global Level

Many trade unions are already actively involved in global union policies that seek to strengthen unionism and workers' voice on a broader level. Take for example the Global Framework Agreements (GFAs) that have been negotiated with more than one hundred and ten Transnational Corporations to set minimum labour standards and promote union recognition wherever that corporation and the businesses in its global value chains have operations. Global Framework Agreements (GFAs)¹ are negotiated at TNC corporate headquarters by the Global Union Federations, the international organisations of craft, professional, sectoral, branch and industrial unions from around the world. In many cases, the national union dealing with that TNC in its home country has been strongly involved. Like a collective bargaining agreement, GFAs are negotiated between the recognised representatives of the employer (central management) and the employees (the unions). They contain procedures for handling alleged violations and monitoring the application of the agreement. And they designate the boundaries of the agreement's coverage. This always means all of the worldwide operations of the signatory TNC. In most of the agreements, reference is also made to applying the agreement to suppliers, i. e., to the companies in the TNC's global value chains.

GFAs do not regulate wages and working conditions, but they do set minimum standards based on the Core Labour Standards of the International Labour Organization (ILO)². These include freedom of association, i. e., the right to form and join a trade union; the right to collective bargaining; the prohibition of discrimination, forced labour and child labour. Not all states that are members of the ILO have ratified the conventions on which these Core Labour Standards are based. And so it is a step forward for workers and their unions to have been able to negotiate agreements in which TNCs that operate globally and through their global value chains employ many millions of workers have pledged to uphold these standards.

1. Global Framework Agreements can be accessed at <http://global-unions.org/+framework-agreements-+> and through the individual homepages of the Global Union Federations.

2. ILO Core Labour Standards in the 1998 Declaration on Fundamental Principles and Rights at Work. www.ilo.org/declaration/thedeclaration/textdeclaration/lang--en/index.htm

The record of TNC management's efforts to implement GFAs has to be rated as being poor to failing. Where GFAs have been made to function, it has been because of trade union action at the local level in combination with a transnational strategy of networking. Examples from Brazil, Turkey and the USA show this clearly.³

GFAs are not legally binding contracts that can be enforced in a court of law. But they are negotiated and signed agreements. That is a big step up from management designed codes of conduct, voluntary guidelines of the OECD or the UN Guiding Principles⁴. In any case, enforcement is a function of trade union power. The measure of that power lies in the ability of trade unions at the global, national, sectoral and local level to build transnational alliances of support.

The Global Union Federations have not only concentrated on building cross-border trade union alliances in support of GFAs. In many TNCs that do not have a GFA, the Global Union Federations have worked closely with their national affiliates to build Transnational Union Networks.

Transnational Union Networks are a means of leveraging union power across national borders and multiple corporate entities. 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. The Global Union of Foodworkers (IUF), has been particularly effective in building such networks and forcing management

3. Fichter, Michael/Dimitris Stevis (2013): *Global framework agreements in a union-hostile environment: the case of the USA*, Friedrich-Ebert-Stiftung, Berlin; <http://library.fes.de/pdf-files/id/10377.pdf>. Fichter, Michael/Kadire Zeynep Sayim/Özge Berber Ahtas (2013): *Organization and Regulation of Employment Relations in Transnational Production and Supply Networks. Ensuring Core Labour Standards through International Framework Agreements?*, Friedrich-Ebert-Foundation, Ankara; www.fes-tuerkei.org/media/pdf/Partnerpublikationen/layouts%20web%20english.pdf. Arruda, Lilian/Michael Fichter/Markus Helfen/Jörg Sydow (2012): *International Framework Agreements – a powerful tool for ensuring Core Labour Standards in a globalized world? Insights from Brazil*. Análises e propostas. Sao Paulo/Berlin. Friedrich-Ebert-Stiftung; <http://library.fes.de/pdf-files/bueros/brasilien/09531.pdf>.

4. OECD Guidelines (<http://mneguidelines.oecd.org/>); UN Guiding Principles (www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf).

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. And the Global Union IndustriALL coordinates a number of transnational union networks in various sectors.

Building transnational union networks in the interest of developing and pursuing effective campaign strategies is a complex and time-consuming task with additional inter-cultural and language challenges. And the end result is not always predictable. But with unions around the world on the defensive, isn't it time to consider and test working together along these lines?

Conclusions

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 seven per cent 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.

We have argued that the time is right. And we hope that our arguments will stimulate a broader discussion, above all, around the question of what trade unions need to do. 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.

This will take time, effort and resources. It will mean devising and revising strategies for organising campaigns

as research is done and turns up new pieces in the puzzle of global value chains. Where to focus the campaign where it can be most effective? How can my trade union become organisationally prepared for such a transnational campaign? How do we mobilise the material and personnel resources? Partnering with other trade unions along a global value chain will spread some of the burden. But it will also raise a number of questions that may not be easily answered.

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. 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. Up to now, it's the TNCs that are calling the shots, while trade unions



remain separated by tradition and organisational egotisms. 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 transnational relationships, in Europe for example around European and World Works Councils. Through the Global Union Federations trade unions in many different countries are participating in networks within single TNCs (i. e. Coca Cola, Ford, Ikea) and at the sectoral level (i. e. autos, aerospace, oil and gas). 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.



About the author

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About us

Trade unions, works councils and other forms of workplace representation of interests are fundamental as an expression of democratic freedoms in a society. They enable a significant segment of the population to articulate its interests and contribute to the social and equitable development of societies in so doing.

To strengthen the representation of interests of wage and salary earners is therefore an integral part of efforts undertaken by the Friedrich-Ebert-Stiftung towards the promotion of social democracy across the globe.

The Friedrich-Ebert-Stiftung therefore seeks to ensure that trade union positions are included in political and economic decision-making at the workplace, at the national level, in regional as well as in international contexts.

Yet trade unions, works councils and other forms of workplace representation of interests can only achieve this if they are representative, democratic, autonomous, competent and efficient. To promote and advise trade union organisations in this manner constitutes an important part of the international support provided by the Friedrich-Ebert-Stiftung.

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