



Análises e propostas

International Framework Agreements – a powerful tool for ensuring Core Labor Standards in a globalized world? Insights from Brazil

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Nº 44 | BERLIN / SÃO PAULO - December 2012

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STIFTUNG

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Abbreviations

BWI	Building and Wood Workers' International
CLT	Consolidação das Leis Trabalhistas
CNDRT	National Commission on Law and Labour Relations
CNM/CUT	Confederação Nacional dos Metalúrgicos
CSR	Corporate Social Responsibility
CTB	Confederation of Workers of Brazil
CUT	Central Unica dos Trabalhadores
FNT	National Labour Forum
GA	Global Agreement
GUF	Global Union Federation
IBGE	Instituto Brasileiro de Geografia e Estatísticas
ICEM	International Federation of Chemical, Energy, Mine and General Workers' Unions
IFA	International Framework Agreement
ILO	International Labour Organization
IMF	International Metalworkers' Federation
IOE	International Organization of Employers
MW	Megawatt
NCST	Nova Central Sindical dos Trabalhadores
NGO	non-governmental organization
RSI	Repetitive Strain Injury
SINDLIMPEZA	Sindicato dos Trabalhadores nas Empresas Urbana de Asseio e Conservação do Município de <i>Salvado</i>
TNC	Transnational Corporation
UNI	Union Network International

Foreword

Transnational Corporations (TNC) are important drivers in a globalized economy. Their business strategies and decisions have a massive influence not only on international trade and production networks but also on local work relations. If the big business players cross national borders to pursue their goals, trade unions can't hardly solve the resulting consequences (outsourcing, flexibilization, unfavorable wage policy, etc.) locally but have to defend workers rights where corporations' politics is being decided.

International Framework Agreements (IFA), negotiated and signed as policy documents between TNCs and Global Union Federations (GUF), can become important tools in this context. IFAs lay down basic rules and regulations that have to be followed in all company's sites and organize as well the interactions with the global production network and supply chains. But even with the signing of a content wise progressive IFA, the game is not yet won. To turn

agreements into powerful instruments for the defense of workers' rights unions have to find ways to effectively communicate the contents and monitor the implementation.

The study of Lilian Arruda, Michael Fichter, Markus Helfen and Jörg Sydow offers new insights into the functioning of framework agreements. The researchers investigate the challenges and pitfalls in negotiating, implementing and monitoring IFAs and look thereby especially at the potential of local unions in these processes. As Friedrich Ebert Foundation it is a great pleasure to publish this enlightening piece of research.

May the publication be an interesting read and inspire local unions as well as international trade union networks in their work.

Friedrich Ebert Foundation, São Paulo office

1. Introduction

Since 1980 we have witnessed a massive expansion of global economic activity through the »liberalization of trade« (deregulation) and the growth of investment and production driven by Transnational Corporations (TNCs). In many countries, a decline in trade union »control« over the national environment, a measure of which has been the increase of outsourcing, offshoring, flexibilization and casualization of work, has been one of the marks of this development. To keep up with the globalization of labor relations and to combat the unfettered international race to the bottom over labor costs trade unions are increasingly making efforts to develop cross-border approaches. International Framework Agreement (IFA) could be an important tool to meet the challenges of this new globalized environment.

In contrast to the usually unilateral and voluntary character of corporate social responsibility (CSR), IFAs are based on a bilateral agreement, negotiated and signed as a policy document between TNCs and Global Union Federations (GUFs). As implied by the term »framework«,

IFAs are intended to create a foundation for regulating labor conditions based primarily on the ILO Core Labor Standards and other ILO Conventions and conducting labor relations in a delineated space or arena, i.e. throughout the operations of a TNC and its global production network of suppliers, sub-contractors and other business partners. IFAs also include mechanisms of monitoring and internal procedures of conflict resolution. But the agreements are only effective when their implementation is secured and closely monitored.

The purpose of this study is therefore to evaluate the development and implementation of such IFAs within TNCs in Brazil. The report is based on research from the project "Organization and Regulation of Employment Relations in Transnational Production and Supply Networks. Ensuring Core Labor Standards through International Framework Agreements?". During the past 3 years an international and interdisciplinary academic team has sought to evaluate the relevance of IFAs as instruments of private governance for regulating labor standards and em-

ployment relations within TNCs and their global production networks.¹ In analyzing the existing agreements and through several in-depth case studies of European based TNCs, they have examined not only the motives behind negotiating and signing such agreements, but also the process of implementation within TNCs and across their production networks. Brazil, India, Turkey and the USA have been chosen for case studies. In addition to their economic relevance², all four countries have labor relations systems that differ notably from the general European norm and from each other as well. With this focus, a comprehensive approach to evaluating IFAs has been developed as a genuine step toward building and institutionalizing a transnational arena of labor relations in which actor recognition, interest articulation, negotiation and boundary setting are recognized processes.

This study at hand is divided into four sections: *the first section* introduces the current system of labor relations and trade union organization as well as its historical development in Brazil. It also includes some basic statistical information. *The second section* provides an overview of considerations that guided the research. *The third section* of the report consists of seven cases studies: ConstructCorp, RubberCorp, WireCorp, ChemCorp, ResourceCorp, MetalCorp and ServiceCorp. The case studies include a company profile and provide information and analysis on labor and union relations and local IFA implementation. *The concluding section* of the report finally summarizes the results and presents recommendations on how to improve implementation and turn IFAs into a more effective instrument of constructive labor relations and social dialogue.

¹ See http://www.polsoz.fu-berlin.de/polwiss/ifa_projekt The research has been conducted at the Freie Universität Berlin with generous support from the Hans-Böckler-Foundation, Düsseldorf.

² Our country selection reflects the changing pattern of the global division of labor. Brazil and India (along with China and Russia) are part of the BRIC group with a growing political and economic importance in the world economy. The USA is the second largest regional economy in the world and a prime focus of manufacturing investments among our sample TNCs. And Turkey, with its above average economic growth rates is of particular regional importance for European TNCs.

2. Labor and Union Relations in Brazil: Historical Background and Current Characteristics

The legal basis for labor relations in Brazil was created under the government of Getúlio Vargas, a dictatorship that lasted from 1930 to 1945. During this period, the country experienced a transition process from an economy based on agricultural exports to an industrialized one.

The Brazilian growth model was based on import substitution industrialization. Ianni (1989) has written that the Brazilian industrial expansion evolved around three types of enterprises: coffee producers; manufacturing companies founded by immigrant families' savings; and foreign direct investment companies, stimulated by the Brazilian market conditions (low cost of labor and raw materials), by the high profit perspective and by the monopolistic conditions created by this kind of market.

All these private investments were flanked by state incentives. Since the "New State", founded by Vargas in 1937, the Brazilian state played an important role in industrial expansion and establishment of an industrial base. In

particular, it guided import substitution policies through the import and export regime administered by the state owned Bank of Brazil. Under this industrialization policy, Brazil had average growth rates of 6% a year and became an urban and industrial country. By the late 1970s, Brazil had become the largest economy among the developing countries.

Labor law and industrialization increased employment formalization through "*Carteira de Trabalho*" (working papers) and the establishment of minimum wage through a set of laws. At the same time, Brazil continued to suffer from pre-capitalist forms of labor relations such as forced labor and today still has a large number of informal workers, nearly half the economically active population.

During the Vargas regime, comprehensive legislation regulating labor relations and controlling unions' organization was also implemented which made it impossible for the working class to have autonomous forms of organization. Following the creation of the Ministry of Labor,

Industry and Trade through Decree 19,433, the Vargas regime laid the foundations of corporate unionism, defining a union as a body of cooperation and coordination with the State and giving both employers and workers the right to organize in unions:

- The new union and its statute must be approved by the Ministry of Labor; a combination of three unions, be they of employers or workers, can form a Brazilian Confederation of Labor (for workers) and a National Confederation of Industry and Commerce (for employers), recognized by the Ministry of Labor;
- Trade unions, federations and confederations are required to file annual reports with the Ministry of Labor, documenting, among other things, the financial situation of the organization;
- It establishes the right of unions as legal entities to negotiate agreements or employment contracts for its members with companies and other professional unions of employers.

Decree 19,770 subordinated unions to the State. Unions need to apply to the Ministry of Labor for recognition and the approval of their statutes. The ministry issues permits for union meetings, it audits union financial accounts and may remove union board members or even the union's abolition. The Decree also stipulates in Art. 9 that, when there is more than one trade union or association, only the one with 2/3 of total workforce, and/ or, with more members will be recognized. A subsequent decree also restricts the number of unions that may be created within a certain municipal jurisdiction to one, thus preventing the freedom to establish other trade unions (Decree-Law 1402 of May 7, 1939).

The 1937 Constitution, which implemented this State unionism, was heavily influenced by the right wing political regimes at the time and in particular by the labor laws in Fascist Italy. Article 138 of Decree 19,770 provided that: "...

only the union regularly recognized by the State is entitled to legally represent those who participate in the professional category in question, to defend their rights towards the State and other professional associations, to negotiate collective bargaining agreements for its members, to charge membership fees and to execute functions related to them by the State."

On May 2nd, 1939, the government issued regulations on establishing a Labor Court (through Decree-Law 1237). The Labor Court was given the authority to arbitrate conflicts between capital and labor. The Decree also stated that it would be the role of Ministry of Labor to define, through a Union Framework Plan, the categories and the territorial base of each union, federation or confederation, which was conducted through the "union framework law" (Decree-Law No. 1402). The state also regulated the financial income of unions by issuing a decree in 1940 for levying a tax on all employees.

The 1946 Constitution, despite its more democratic character, kept the established corporate union system intact. The state continued to intervene in union affairs. Communist Party members and other militants in the unions suffered persecution under the government of Eurico Gaspar Dutra. In 1947 alone, the government banned some 400 trade unions for allegedly maintaining close relationships to the Confederation of Workers of Brazil - CTB.

During the period from the beginning of the second Vargas' government in 1951 until the coup of 1964 that brought the military dictatorship, there was a growth in union activity in Brazil. The number of unions increased as did union membership. Several important strikes took place in the years 1953, 1957 and 1963. The 1953 strike was supported by 300,000 workers and led to the foundation of an Interunion Commission for Strike. Another strike wave in 1957 involved some 400,000 workers under the lead-

ership of a similar commission. Finally 700,000 workers participated in the 1963 strike, lasting 7 days. Despite this increasing mobilization of the union movement, the Brazilian union structure remained the same.

From 1964, with the beginning of the military dictatorship, the government adopted restrictive wage policies through decree-laws and legislation and broke off all dialogue with the unions that had been conducted through the Labor Court until then. All room for compromise was eliminated and intervention in union affairs increased³.

Although the violent repression of the military regime continued into the late 1970s, the labor movement succeeded in finding political space to express itself. Through a resurgence of mass strikes that began in ABC (São Paulo metropolitan region), labor built a core stronghold and gained strength throughout the country. A “new unionism” was born, which strongly questioned the corporate system. In particular, the “new unionism” was characterized by its development within the existing union structures without needing to form new organizations, its ability to win mass support for its policy of internal opposition, and its focus on building worker representation in the workplace.

Beyond this internal renewal process, the Central Unica dos Trabalhadores (CUT) was created in 1983, born with an aspiration for an independent, autonomous and democratic class unionism. The basis of its formation was the struggle against the dictatorship and the restrictive wage policy.

The 1988 Federal Constitution was a milestone in country’s history, enabling the transition from an authoritarian to a democratic political system. And it brought some changes to

collective labor relations by explicitly recognizing collective bargaining agreements, the rights of elected union officials, the right to join a union and vote, the right to strike in both the public and the private sector, the right of civil servants to unionize, and the authority of the Labor Court to rule on the collective bargaining process. At the same time, however, union “exclusiveness” and the union tax remained in effect. Criticism of these remnants of the corporate union system remained moderate because one of the most criticized aspects of the corporatist system – the intervention of the Ministry of Labor in the internal affairs of unions – had been eliminated.

Despite the legal changes enabled by the new constitution, labor relations and union structures remained largely unchanged until after the election of the former trade union leader Lula da Silva to the Presidency in 2002. Shortly thereafter, his new government created the tripartite National Labor Forum (FNT in its Portuguese initials), coordinated by the Ministry of Labor, with 600 representatives of workers, employers and the government. The goal was to draft and discuss legislative bills to be sent to Congress. Its working plenary was composed of 72 members – 21 representatives from each group plus nine representatives from micro-sized and small enterprises, cooperatives and other forms of business. The items on the agenda were assigned to nine Working Groups for discussion before being forwarded to a committee for finalization.

FNT consulted the National Commission on Law and Labor Relations (CNDRT in its Portuguese initials), composed of lawyers and created in order to help the Ministry of Labor on issues related to law and labor relations. The topics discussed by the Working Groups were: trade union organization, collective bargaining

³ Between 1964 and 1970, the military regime intervened in 483 unions, 49 federations and 4 confederations. The majority of their leaders were imprisoned without being legally charged.

system, resolution of individual conflicts and collective labor law, administrative and judicial organizations, administrative standards on working conditions, qualification and professional certification, micro and small companies, and informality.

The results, however, were modest. In regard to union legislation reform, the most significant result was, perhaps, the legalization of national confederations – in Brazil called “centrals” – and the guarantee that the State would not require authorization to form a union, so the government cannot interfere and intervene in unions. However, proposals to abolish the union tax, end union “exclusiveness” and ratify

ILO Convention 87 (freedom of association) failed to win majority support.

Labor market aspects

In 2010, according to the *Instituto Brasileiro de Geografia e Estatísticas* (IBGE) data, the Brazilian population was 190 million. In the same year, the economically active population aged 10 and over was 100,223 million and the actual employed population was 93,493 million. The number of formal workers which contributed to the social protection system in Brazil in 2010 was about 54,687 million, 58,5% of the occupied economically active population (IBGE, Pnad 2011) - Table 1.

TABLE 1 – NUMBER OF WORKERS (THOUSAND) - 2010

Sector	Number of workers
Agriculture	14,682
Industry	12,509
Transformation industry	11,787
Construction	7,814
Commerce and maintenance service	16,660
Housing and food	4,570
Transport, storage and communication	5,109
Public administration	5,081
Education, health and social services	8,627
Domestic services	6,653
Other collective, social and personal services	3,538
Other activities	8,120
Badly defined or non declared activities	130
TOTAL	93,493

SOURCE: IBGE – National Household Sample

Union organization data

In 2005, according to IBGE, unionization rate for workers was 18.4% (Table 2).

The number of employers' unions is 4,150 in March 2010, of which 73.54% are urban and 26.46% are rural. In March 2010 there were

8,880 workers unions registered in Brazil. 5,512 of them belong to one of the 11 national confederations. The one with the largest number of affiliates is CUT. The growth in the number of confederations has been a result of their legalization and their subsequent access to financial resources through the union tax (Table 3).

TABLE 2 – UNIONIZATION RATE BY SECTOR - 2005

Sector	Unionization rate
Agriculture	38.0%
Industry	29.6%
Transformation industry	27.3%
Construction	25.4%
Commerce and maintenance service	24.0%
Housing and food	23.5%
Transport, storage and communication	22.2%
Public administration	18.4%
Education, health and social services	11.3%
Domestic services	10.4%
Other collective, social and personal services	9.4%
Other activities	1.7%

SOURCE: IBGE

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TABLE 3 – NUMBER OF UNIONS AFFILIATED TO THE UNION CONFEDERATIONS AND REPRESENTATIVENESS INDEX - 2012

Confederations	Number of affiliates (recognized by ministry of labor and employment)	Rate of union representation
CUT - Central Única dos Trabalhadores	2.210	36,7%
FS - Força Sindical	1.720	13,7%
UGT - União Geral dos Trabalhadores	1.043	11,3%
CTB - Central dos Trabalhadores e Trabalhadoras do Brasil	613	9,2%
NCST - Nova Central Sindical de Trabalhadores	743	8,1%

SOURCE: Ministry of Labor and Employment, 2012

3. What Guided the Research? Methodology and General Insights

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IFAs are agreements between representatives of employees and single employers, initiated and fostered by the Global Union Federations (GUF) which are organized labor's international umbrella bodies of national and regional trade unions from specific industry sectors or occupational groups. While all four core labor standards of the International Labor Organization (ILO)⁴ are the bottom line of IFAs, freedom of association and the right to collective bargaining are the most contentious issues. The first IFA was signed in 1988. At the end of 2010 there were 76 functional IFAs. 90% of IFAs have been negotiated by four GUFs with the central management of TNCs, the vast majority of which are based in the European Union. While all of these TNCs regard IFAs as an element of their policy on corporate social responsibility, labor argues that they represent a means of globalizing labor-management relations.

To extend our understanding of the organizational and institutional environment as being conducive or detrimental to the practical impact of IFAs, the research collected and reviewed elementary data both on TNCs and their operations (including reports on social responsibility) and on GUFs, as well as on the relevant institutional environment of the country of origin and the host country.

The choice of Brazil as a case is owed to the country's relevance for the changing pattern of the global division of labor. Together with China, India and Russia, Brazil belongs to a group of countries that has a growing political and economic importance in the world economy. The strong interest of local and global investors but also the described limitations of the Brazilian trade union system that has been formed by a corporatist vision of the state puts the compliance with core labor standards high on the agenda of Brazilian unions today.

⁴ International Labor Organization (ILO) (1998): Declaration on Fundamental Principles and Rights at Work, <http://www.ilo.org/declaration/the-declaration/textdeclaration/lang--en/index.htm>, (30.04.2009).

The selection of TNC cases was influenced by the following criteria:

- (a) The TNC has signed an agreement with one of four GUFs, i.e. International Metalworkers' Federation (IMF), International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM), Building and Wood Workers' International (BWI), or Union Network International (UNI) (for more details s. Croucher and Cotton 2009). Together these four GUFs account for 90 percent of all IFAs signed in the last 15 years;
- (b) The TNC is headquartered within Europe (85 percent of all firms with IFAs), which is indicative of a European style of HRM policies and labor relations at the HQ level (Preuss et al. 2009);
- (c) The TNC has subsidiaries in Brazil, India, Turkey and the USA. On this count, a few exceptions had to be made due to changing priorities and investment strategies of the selected TNC.

The field research in Brazil was conducted by the *Instituto Observatorio Social* (IOS), initially under the direction of Felipe Saboya and subsequently completed by his successor, Lilian Arruda. Marina Ferro and Vincente Gomes Macedo Neto, as well IOS, contributed to interview conduction and editing. Their work drew on both primary sources (interviews with union representatives and managers of companies) and on secondary sources such as company reports, press releases and the Internet.

The following questions were selected to guide the field research on the implementation of IFAs: Who was involved in the negotiation of the IFA? What contextual factors were relevant, how and to what extent did they contribute to the process? Which actors are responsible for implementing the agreements? Is there a discernible added value in IFAs beyond unilateral and voluntary codes of conduct? How do IFAs impact labor relations at the company and plant level?

A Multi-organizational practice perspective on IFA Implementation

According to our definition an IFA is an agreement signed by one (or more) GUFs and the management of a TNC. A closer look at the signatures on the agreement points to the involvement of additional organizations on the labor side. Our analysis of the negotiations and the early stages of implementation (Fichter et al. 2011), together with the work of others (e.g. Hammer 2005; Papadakis 2011), shows that the national unions in the home country of the TNC and (European) works councils are frequently important actors on the "labor" side. On the "capital" side, central management policies regarding the IFA may sometimes be based on information exchanges with a national employers' organization in consultation with the International Organization of Employers (IOE). In signing the agreement central management assumes responsibility for implementing the IFA on behalf of the TNC, although in practice, this responsibility is usually delegated to the local management of subsidiaries.

Throughout the process of implementation, the potential number of organizational actors involved continuously increases. Beyond the signatory organizations, which remain involved via monitoring provisions, national and local representatives of capital and labor are directly charged with putting the agreement into practice. It is true that the implementation of the IFA is first and foremost the responsibility of the TNC, a commitment made by central management in signing the agreement. However, due to the political nature of employment relations in particular and corporate reality in general, we need to consider a much wider range of responses (including non-responses) in regard to implementation. Such examples of "non-response" may occur when corporate management regards the IFA as only a confirmation of existing policies, i.e., in corporations that have adopted a proactive policy of CSR (cf. Waddock 2008). Non-response may also occur when im-

plementation capabilities or resources are lacking or where a symbolic approach to management (Pfeffer 1981) is dominant.

Apart from non-responses we can expect a significant amount of diversity in management's implementation policies and practices. The interplay of such factors as the degree of organizational hierarchy and the more or less active role of subsidiaries, their suppliers, information policies, available resources, and managerial prerogative may all affect corporate IFA policy, and ultimately, the extent of management's pursuit of implementation. Simply put, just as with corporate approaches to social responsibility, such factors can conceivably generate a management policy of pro forma implementation or embedded implementation, or a variety of partial implementation policies and practices in between.

While the thrust of management policy is a crucial and possibly the decisive determinant, our analysis of implementation would be too narrow if we were to restrict it to "management", which is itself characterized by diversity and interest politics. Besides the potential multiplicity of organizational actors in the category of "management", i.e. headquarter and subsidiary managers of a TNC and managers at independent firms in the global production network, we have a significant spectrum of organizational actors representing labor. Based on their involvement in the negotiation phase, GUFs and other representatives of labor such as home country trade unions and (European) works councils are predestined to want to have a say in implementation. Inasmuch as implementation is at the workplace, host country national and local unions as well as employee representative bodies, should they exist, may be involved. This range of "stakeholders" is flanked by state and supra-state agency and non-governmental organizations. In the process of implementation, headquarter as well as regional management may draw on knowledge of not only these organizations and their strategies, but also of consultants and national and/

or global employers' organization. For this reason we think it is useful to adopt a *multi-organizational* perspective on IFA implementation.

The outcome of IFA implementation, then, should be conceptualized as a process of structured and structuring interaction of these organizations in all phases of the process. It represents an interaction occurring in a complex and diverse institutional environment that, at the same time, is reproduced or transformed by this very interaction (Giddens 1984). The result of this interaction, as much as the process itself, is contingent not only upon this environment but also upon the power relationships of the many organizations (collective actors) involved in the "contested fields" (Levy 2008; Amoore 2002) of labor relations in TNCs.

Consequently, the implementation of an IFA will vary substantially, not only from one corporation to another but also within one TNC and its global production network. For example, in comparing TNCs, the extent to which headquarter management has been able to dominate the IFA negotiations based on an existing active policy towards CSR will probably be reflected in the IFA's implementation, possibly even in regard to legally independent businesses in the global production network. On the other hand, in an institutional environment with powerful and active unions, the implementation of the agreement may be more reflective of a strong input from the "labor" side. Indeed, the complexity of the overall process, combined with its geographical fragmentation and the involvement of a large number of autonomous and semi-autonomous organizations interacting in a more or less "heterarchic" (Hedlund 1986) system, will tend to lead to even more varying outcomes within a single TNC and its global production network.

For all these reasons we argue in favor of a multi-organizational perspective that focuses also on the actual and possibly quite diverse implementation *practices*. A practice or social

practice is conceived here as a recurrent pattern of behavior or action, the reproduction of which is made more likely by rules and procedures (Giddens 1984). In the case of IFAs, these practices are (re-)negotiated during implementation continuously, and not only fixated in the signed agreement.

Given these contingencies and the fragility of (inter-)organizational practices in general, the *outcome* of IFA implementation processes may vary widely. On the one end of the scale we find the non-implementation of an IFA in the TNC because of a lack of implementation willingness and/or capacity, or because of severe organizational or inter-organizational constraints or barriers. At the other end we expect an implementation of the agreement in the global production network (i.e. including not only the TNCs and its foreign subsidiaries but also a significant number of their suppliers) that overcomes organizational and inter-organizational obstacles and constitutes some kind of promising, if not “best” practice. All kinds of outcomes between these opposite ends of the spectrum are possible, including such aberrations as active avoidance or delay of the implementation or even the de-implementation of an IFA in parts of or in the entire production network.

Any multi-organizational practice perspective on IFA implementation must allow for the fact that parts of the agreement (e.g. prohibition of child labor) are better implemented than others (e.g. recognition of unions). Towards such a more differentiated understanding of the (inter-) organizational implementation process, the *content of an IFA* and its implementation need to be examined according to the following criteria:

- 1) Recognition of all organizational representatives of “labor” and “capital”. Depending on the stage of implementation, these would be not only central management of the TNC and the responsible GUF(s), but also the responsible national or local union and local management.
- 2) The core labor standards with a global reach set by the ILO and, possibly, additional labor standards concerning for instance working time, pay, workers’ representatives, or health and safety issues.
- 3) Extension of the agreement beyond legally dependent subsidiaries to include for example alliance partners, joint ventures, etc. as well as suppliers and sub-contractors.
- 4) Furthermore, the IFA should have a process-oriented plan of implementation, including a specification of the appropriate resources needed (material, personal, organizational).
- 5) A robust, bottom-up feedback process for complaints.
- 6) Conflict resolution mechanisms.

Taken together, these six elements are the core of how we define and evaluate the content and implementation of an IFA. A “strongly” implemented IFA may go well beyond the core labor standards of the ILO, includes suppliers and possibly even sub-contractors, contains monitoring and sanction mechanisms, and lays out detailed procedures for conflict resolution in the TNC and its network. “Weakly” implemented IFAs, by contrast, may be confined to the core labor standards, not include suppliers, abstain from monitoring and sanctioning, and not contain procedures for conflict resolution.

4. Case Studies

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The following presentation of case studies represents a selection of findings from the overall field research. The information presented below in each of the case studies is based on original research conducted in 2009-2011 using both primary and secondary sources. Each case begins with a general overview of the company and its business activities in Brazil. In the next section of the case study, key elements of the labor relations practices at the company, or at least at pertinent manufacturing sites, are reviewed. According to the interview partners' request the company names have been anonymized in a way that allows the identification of the economic sector but not the company itself. Finally, the state of implementation of the company's IFA is analysed.

4.1 ConstructCorp

A. Country operations

ConstructCorp Brazil's main office is located in São Paulo and was first established in the mid-1990s. ConstructCorp Brazil offers operational and maintenance services for onshore

and offshore oil plants. The company also provides construction services for industrial plants, refineries, power plants, and electrical transmission systems. ConstructCorp Latin America had annual revenue of US\$ 450 million in 2005, of which 25% were generated in Brazil.

In Brazil, ConstructCorp focuses its business activities on energy related construction projects and services. In most cases, its projects are joint operations with other major companies in the field. For example, ConstructCorp owned a 35% share in a company partnership to develop and operate a 160 MW power station in Fortaleza, Ceará State. It was originally built as part of Brazil's emergency energy program. Upon the program's completion, however, the plant was dismantled, divided and relocated as two 60 MW plants in Manaus, in Amazonas state. Another example is a hydroelectric power plant located about 1,500 km northeast of São Paulo State in a region where the economy is dominated by sugar cane, soy and cattle. Three turbines generate 176 MW of electricity, enough to supply a city of 700,000 people.

For this project, ConstructCorp and its foreign partner invested US\$ 180 million in the project. Each company had a 50% share. The specially formed company holds a 35-year concession to build and operate the plant. ConstructCorp has also been contracted under the BOT model (Build Operate Transfer – an arrangement in which the private sector builds and operates a public sector project, and then transfers it to the government) for the construction, operation and maintenance of a diesel generator plant with a capacity of 166 MW. This was also a joint partnership project with ConstructCorp Latin America holding a 40.17% share. Other recent projects include construction work at the Alberto Pasqualini Refinery (Refinaria Alberto Pasqualini-REFAP S.A.) and the construction and servicing of a steam pipeline for Petrobras. Interestingly, this latter project was conducted without a partnership.

B. Labor Relations

According to a union representative working conditions are generally “good” at ConstructCorp.

“The working and the environmental conditions in the ConstructCorp are very good, there is a safety technician, there is technical monitoring and regular medical examination - all that is done with precision, we can not deny that. The conditions are good in terms of safety, working conditions and in terms of the employment situation. There are no informal workers. It is not a company that isn’t holding on to agreements.”⁵

However, there are also a few instances of labor problems at ConstructCorp’s operations in Brazil. One involved subcontracted workers hired by a consortium in which ConstructCorp was a partner. The consortium failed to respect

the law on working hours and ConstructCorp was fined for extending the workday beyond the eight hours permitted by law.

Since ConstructCorp operates in the construction sector always under contract, based on temporary activities, workers’ representation is spread out and their contract is temporary, making union recruiting and representation difficult. When a construction project ends, the workers return home or move on to another construction site.

“In Brazil, the working conditions vary considerably. There are companies that comply more with the agreements than others, there are still many problems regarding working conditions that vary widely and are sometimes very bad are in our category. I think there are still many deficits. The agreements do not protect a lot, also because we have financial problems.”⁶

Because of the temporary nature of work on a construction site and the geographical dispersion of work, it is difficult to plan and organize a strike:

“It is easier to organize a strike in industry than in the construction sector (...) In addition to the high turnover in the sector, the workers are spread across the construction sites of the city and a company like ConstructCorp works only in one district. However last year the employees participated actively in a strike. They belong to the lower classes and have little to loose.”⁷

C. International Framework Agreement

In 2001 negotiations between ConstructCorp and the Building and Woodworkers’ International (BWI) were completed and an IFA was

⁵ DD-CoBTB 2010-04-20.

⁶ DD-CoBTB 2010-04-20.

⁷ DD-CoBTB 2010-04-20.

signed which extends to all subsidiaries and subcontractors throughout the whole production chain. Five years later, the two signatories negotiated a supplemental agreement for Latin America, giving special coverage to issues such as freedom of association, collective bargaining, occupational health and working conditions. ConstructCorp and its subcontractors explicitly committed to recognize unions and have an attitude of cooperation. The company pledged to support social dialogue, to enter into collective bargaining, and to allow union campaigns for recruiting members for the election of representatives at work sites.

However, according to representative of National Confederation of Trade Unions of Workers in the Construction and Wood Industries (Confederação Nacional dos Sindicatos de Trabalhadores nas Indústrias de Construção e Madeira - Conticom), the agreement has not been implemented. Even worse, the company management in Brazil has not been ready to openly discuss the implementation of the agreement with the union. *“There is limited access. So far I received only some parts of the agreement, even after having participated with them at meetings in the regional office. I just got a copy of it because Conticom has a close relationship with BWI”⁸.*

The difficulty of monitoring the agreement in Brazil is the absence of funds, according to representative of Conticom:

“How will Conticom monitor this? We do not have funds. It is the only confederation in the country that has an interest in international agreements, but goodwill without funds... BWI is big, BWI has funds and should be monitoring this.”⁹

Finally, union representatives pointed out that for implementation of the agreement to

be comprehensive it needs to be communicated to managers at all levels in the company and at subcontractors. Furthermore, a means of informing all workers' unions at ConstructCorp sites about the agreement had to be found. This would not be easy, they said, if management did not cooperate and because many of these unions were not affiliated to BWI.

4.2 RubberCorp

A. Country operations

RubberCorp is a group with diversified activities, operating in the fields of seals and vibration control technology, nonwovens, household products, specialty chemicals and the development of IT Systems. One of its plants is in Diadema, São Paulo State, where it employs some 600 people. The group had revenue in Brazil of R\$ 460 million in 2008 and a total of 1,300 employees in six different factory centers, all in São Paulo State. RubberCorp is family-owned and controlled by 320 shareholders. Its shares are not traded on any stock exchange.

B. Labor relations

Access to information on company operations in Brazil is quite restricted. We interviewed representatives from ABC Chemical Workers Union (Sindicato dos Químicos do ABC), ABC Metalworkers Union (Sindicato dos Metalúrgicos do ABC) and from the National Confederation of Textile Workers (Confederação Nacional dos Trabalhadores do Vestuário – CNTV), all of them affiliated to CUT. Although RubberCorp has plants in their jurisdictional area, none of these unions had any information about labor relations in the company.

Another problem that the unions pointed to concerns the difficulty of inter-union communication and cooperation in regard to a company

⁸ DD-CoBTB 2010-04-20.

⁹ DD-CoBTB 2010-04-20.

such as RubberCorp with its highly diversified businesses. While rivalry among union federations seems to be declining, some unions are still only concerned with their local issues and see no need for regional or even international cooperation. As one union representative stated, many workers at RubberCorp risk dismissal for showing support for unions; especially in such cases, the unions need to cooperate to force the company management to respect agreements and the law and to discuss disagreements at the bargaining table.

The Union of Tyres and Rubber Products Workers of São Paulo and ABCD (Sindicato dos Trabalhadores em Pneumáticos e Produtos de Borracha da Grande São Paulo e ABCD) affiliated to the Força Sindical represents the workers in the Diadema unit. According to the union representative, the company has a hiring policy that discriminates in favour of younger workers. Unfortunately, he added, this is quite common for the entire sector in Brazil.¹⁰ The unionization rate is about 50 and 60%, most of the organized workers are men. None of the union representatives, which includes one woman worker, are given time off by the company to perform union duties. The plant has many health and safety problems, for example, Repetitive Strain Injury (RSI) is quite common. Despite such problems, workers are reluctant to bring up their grievances in plant meetings. This is because the company sometimes adopts an anti-union position and the workers are afraid of some kind of retaliation from the company. According to the unionist *“when the company fires people, those who are fired (I do not know whether it is coincidence or not) are unionized. The company also tells the workers that it is dangerous to be a member of the union”*.¹¹

While contract negotiations with RubberCorp are always difficult, the union has succeeded in

increasing benefits from profit and result sharing (Participação nos Lucros e Resultados - PLR) since the factory of Diadema – as a supplier to the large car manufacturers – has continuously reported substantial earnings.

C. International Framework Agreement

The agreement between RubberCorp and the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM) has been in force since 2000. But as the unions have reported, its implementation leaves much to be desired. According to the union representative of the Union of Tyres and Rubber Products Workers of São Paulo and ABCD the first problem is that the Brazilian unions were not asked to participate in the negotiation of the agreement. In fact, the union only found out about the agreement from the home country union at RubberCorp four years after it had been signed. Today, many unions still do not know that it exists. The biggest problem however is the supervision of the international agreement. As long as there is no tool to supervise it, the agreement can not be effective. The unions tried to set up an international network in order to supervise the agreement. It was made an effort to gather the seven unions (textile and rubber) that represent workers in RubberCorp's factories in Brazil, all of which are in the state of Sao Paulo. However the initiative broke down because the unions could not resolve their political differences in conjunction with their affiliation to different confederations or their being independent unions. There are however hopes that the process has only been suspended and that after time, negotiations may be resumed and be successful¹².

Besides the political problems, monitoring the IFA is a huge problem according to the union. The agreement does not have any monitoring provisions:

¹⁰ MB-RuCTB 2011-4-26.

¹¹ MB-RuCTB 2011-4-26.

¹² MB-RuCTB 2011-4-26.

“The unions sometimes prefer to keep focusing on conventions instead of (international) agreements. The agreement has a clause about a factory commission that has not been discussed since 2000! It is simply not being implemented.”¹³

The unions reports that the company repeatedly pursued anti-union policies. For example, only when a delegation of employee representatives from RubberCorp’s home country came for a visit did the local management allow the union into the plant. Since then, however, the company has accepted having a regular union representative in the plant. Still, the union representative of the Union of Tyres and Rubber Products Workers of São Paulo and ABCD does not believe that the signature of the agreement had a significant effect upon the relation between the union and the company. The company did not change its behavior in relation to the union because of the agreement.

4.3 WireCorp

A. Country operations

WireCorp production units in Brazil are located in Itú, São Paulo State and Juiz de Fora, Minas Gerais State. The main products manufactured in Brazil are cable harnesses for the automotive and agricultural machinery industries. According to its annual report 2011, the Itú facility is currently being expanded to take advantage of significant growth in Brazil’s commercial vehicle market and to accommodate new orders and potential sales from carmakers in Brazil. Worldwide, WireCorp had over 60,000 employees at the end of 2011, an increase of 10% over the previous year.

Beyond this general information we could find nothing published by WireCorp on its ac-

tivities in Brazil. However, from the name and address of its Brazilian subsidiary on the corporate website we were able to contact the local union, which arranged a visit to the Itú plant in February 2010. Accompanied by union representatives we were given a tour the plant by the production manager and had the opportunity to discuss working conditions with a group of workers on their break. After the plant visit, we conducted interviews with union officials at their local office.

B. Labor relations

According to the union representative¹⁴ at the Itú plant, overall employment was around 200 workers, of which 80% were women. 120 employees, almost exclusively women, were assigned assembly line work. On the day of our visit, the temperature in the plant got up to 40°C and inside it was crowded, noisy and hot, with very little ventilation. Some of the assembly lines were moving, others were stationary. On the fastest moving lines we saw only very young women working. In the words of the production manager, women are employed on these lines because they are quite dexterous with their hands and “they like to dance”. The plant manager felt that there was a good working atmosphere among the workers, and that they were happy to be working at WireCorp. This was generally confirmed by the few workers we spoke to at their workplace (in the presence of the production manager) and, later on, in a meeting outside the production hall at which only union representatives were present.

The WireCorp workers are represented by the Metalworkers’ Union of Itú (Sindicato dos Metalúrgicos de Itú), which is affiliated to the National Confederation of Metalworkers (Confederação Nacional dos Metalúrgicos – CNM/

¹³ MB-RuCTB 2011-4-26.

¹⁴ DN-WiMTB, 2010-02-24.

CUT)¹⁵. At the time, the union had about 85 members at the plant. There is no factory committee. The union participates in the negotiations of the gains-sharing committee in an advisory capacity. The relationship between the production manager and the union representatives seemed to be good. According to the union, regular rounds of negotiations take place on wages, working conditions and working time, as well as on a variety of other issues. For example, in January 2009 the local management informed the union by letter that it would have to reduce the number of employees because of the worldwide financial and economic crisis, especially because of its impact on the automotive industry. The company proposed negotiations to the union regarding the process and dimensions of employment reduction.

According to the union representatives, labor relations in the years before had not been good. Prior to 2005/2006, this culture of union recognition and negotiation did not exist. As related to us by the union, working conditions were poor, management was authoritarian in its dealings with employees and the union was marginalized.

However, the union began to collect information on problems at the workplace as reported to it by employees. According to the union, the company had changed the working hours of more than 150 workers without the participation of the union and without notifying the Ministry of Labor and Employment. Moreover, the new schedule included shifts on Sundays and holidays, which does not respect the time off periods defined in Articles 66 and 67 of the Consolidation of Labor Laws (*Consolidação das Leis Trabalhistas CLT*). For many workers it also meant that their travel time would exceed the two hours allowed by law. The union filed an emergency complaint with the Public Ministry in 2006 and a regular complaint in 2007 to

force an official inspection. In early 2008, the labor inspector reported that “with respect to working hours, infractions were documented regarding journey excess (article 59 of the CLT), and the minimum time of 11 hours between two workdays (article 66 of the CLT)”. The inspection found no evidence of work shifts on Sundays.

In 2009, WireCorp signed a Profit Sharing Program (*Programa de Participação nos Resultados - PPR*) with the union, which regulates the distribution of monetary bonuses among direct and indirect production workers as well as for administrative employees. Employment at WireCorp is also regulated by the collective bargaining agreement negotiated by the Metalworkers’ Union of Itú and region. The most recent Collective Bargaining Agreement was valid from January 2010 to December 31, 2011 and covered metallurgical, mechanical and electrical categories of this city. In the contract, there are guarantees for wages and pay adjustments, as well as criteria for admission and dismissal. Workday in the production area was divided into three shifts with a total of 8 hours a day, including 1 hour lunch break, Monday to Saturday. However, there was an addendum to this contract exchanging Saturday’s journey for off days during the week, with an addition of 1 hour and 28 minutes per day.

C. International Framework Agreement

WireCorp signed an IFA with the International Metalworkers’ Federation (IMF) and in 2003, This was the fourth international framework agreement signed by the IMF. In accordance with the conventions of the International Labor Organization and the United Nations the agreement recognizes the company’s social responsibility and ensures adherence to human rights and fundamental rights of protection of workers in all of its facilities around the world.

¹⁵ At the Juiz de Fora plant, WireCorp workers are represented by the Metalworkers’ Union of Juiz de Fora, also affiliated to CNMCUT.

Moreover, WireCorp agrees to support and respect the fundamental right of all employees to establish and join trade unions and workers' representatives. The IFA stipulates that ILO Conventions No. 87 (Freedom of Association) and No. 98 (Right to Collective Bargaining) will be respected, even in countries where freedom of association is not protected by law. In addition, the company supports and expressly encourages its contractors to incorporate this approach into their own policies. The declaration also prohibits all forms of child labor or forced labor. Moreover, it is based on non-discrimination and equality of opportunity and treatment regardless of race, color, sex, religion, nationality, sexual orientation, social origin or political affiliation. WireCorp also pledges to select, hire and promote employees according to their qualifications and skills. The IFA is easily located on the corporate website, although not under this name.

As a follow-up to the IMF World Congress in 2005, where the commitment to bring transnational corporations to sign IFAs was reaffirmed, a regional seminar on the implementation and monitoring of IFAs was held in November 2005 in Brazil. The meeting adopted an action plan which included an information campaign on the IFAs and the establishment of communication networks between unions in the same company and others. This brought the IFA to the attention of the local metalworkers' union in Itú around the time of the disputes reported above over arbitrary changes in the work schedule. Moreover, workers had complained to the union of harassment by managers. Even after the local union informed management of the IFA, the company refused to acknowledge its responsibility to negotiate and to address the problems. As a result, the union collected evidence and documented it. Working together with CNM, the union sent the evidence to the home country union at WireCorp's headquarters and to the International Metalworkers' Federation, stating that it regarded local management's treatment of the workers as a

violation of the IFA. At the same time, the union called the workers out on strike. After the home country union and the IMF submitted the complaint to WireCorp, its central management intervened and the responsible manager was replaced. The success of this use of the IFA along with the strike enabled the union to increase its membership density to over fifty percent and gain regular access to the shop floor. Since then, there are regular negotiations between management and the union, and whenever problems arise, local management and the union talk to each other on wages, working conditions and working time, as well as on a variety of other issues. For example, following the outbreak of the global financial and economic crisis in 2008, WireCorp in Brazil lost several large contracts and reacted by cutting the payroll in Itú to around 120 workers. Before making this decision, management contacted the union, asking to negotiate the layoff procedures and severance payments. Jobs for some of the laid-off workers were found at companies nearby. And after business began to recover, the workers that had been laid off were rehired on a priority basis.

To sum up, it can be said that WireCorp's IFA was used by the Brazilian local union in support of its organizing and collective bargaining, and to challenge labor rights violations. A key role in facilitating the use of the IFA was played by the CNM/CUT, which informed the local union of its existence. The CNM/CUT has a strong and active relationship to the IMF and regards IFAs as an important strategy tool.

4.4 ChemCorp

A. Country operations

ChemCorp is no newcomer to Brazil. Since 1919 it has manufactured and marketed a wide variety of chemical products and synthetic textiles for use in both industry and in private households. Today it has some 3,000 employees (ca. 20% of its global workforce) at five

different plants in Brazil: two in Santo André, one in São Bernardo do Campo, one in Jacareí, and one in Paulínia, all of them located in São Paulo State. In 2009, ChemCorp had a turnover of over US\$ 1.2 billion, which represented 17% of global sales. ChemCorp is continually investing in Brazil and has recently begun focussing on energy-saving and environmentally crucial products, both for sale and for use in its own operations.

B. Labor relations

Workers at ChemCorp in Brazil are represented by six different trade unions, two of which are affiliates of CUT. These two unions are at the Paulinia plant and at the Santo André chemical plant). The textile unit of Santo André produces textile for clothes and industrial yarns for tires, belts and ropes. The unit has 1,500 workers, of which 80% are men. The unit operates 24 hours per day and the employees work in shifts of 8 hours. According to the HR Director for Textile Business, all of the employees are under 43 years of age. Turnover, especially among the younger workers, is high because they see their job as being transitional:

"They do not have this kind of commitment with the job and the company anymore, it is just a work relation."¹⁶

The Santo André Textile Workers Union (Sindicato dos Trabalhadores Têxteis de Santo André) represents the workers of the Santo André Chemical plant. The union is affiliated to New Union Confederation of Workers (Nova Central Sindical dos Trabalhadores - NCST), created in 2005 and it is only the fifth largest national confederation, representing less than 7% of Brazilian workers. Compared to CUT, it has much less progressive action and strategies towards workers' organization. ChemCorp is the largest company in the Santo André Textile

Workers Union jurisdiction. It has eight representatives at the factory, of which two are on release-time to be available for union work.

The other plant in our research on the ChemCorp case was the neighbouring chemical unit. Until the 1980s, this was the largest chemical plant in the ABC region, employing around 1,600 workers. But by the end of the 1990s, ChemCorp had begun to withdraw from producing heavy chemical products to focus more on specialty chemicals and on the kinds of textile fibers produced at the other plant. As a consequence, the Chemical Workers Union of ABC (Sindicato dos Químicos do ABC), which affiliated with CUT and is one of the strongest unions in the country, representing some 42,000 workers from 1,000 companies in the region, does not have a representative from ChemCorp on its executive board.

Although the union at the chemical plant has existed since the late 1930s, there has never been a factory committee:

"ChemCorp never had an officially recognized factory committee, irrespective of the fact that the respective trade union already in the 80's organized the first unofficial/ clandestine worker/factory committee. In the 90's, they elected directors to represent the workers, but the company never accepted to turn the committee into an official institution."¹⁷

For its part, ChemCorp management reported that it had close relations with both unions:

"I can say that we have contacts to two unions: we have relations with the Union of Textile Workers of Santo André and the Union of Chemical Workers of ABC, which is the chemical plant across the street. It is the policy of ChemCorp to have close relations with the union. In the end the capital and la-

¹⁶ PR-ChCMB. 2010-7-8.

¹⁷ NF-ChCTB 2010-9-16.

bor relation cannot be ignored or neglected. The collective bargaining is done through employer's federation."¹⁸

This viewpoint of local management is not shared by the representative of Chemical Workers Union of ABC. By the mid-1990s the downsizing of this chemical plant began to contribute to the weakening of the dialogue between management and unions which had existed previously:

*"[I]n the 80's and 90's, with regard to the relationship with suppliers, relationship with the union, business culture, safety politics, there were values that we shared.(...) None of that exists today."*¹⁹

Another union representative was consulted from the ChemCorp plant in Cubatão, São Paulo State. His union is affiliated to the Força Sindical. For him, the main task of the union is to fight for health, safety and environmental standards:

*"In Cubatão, the union monitored the conditions of environmental safety, exposure to chemicals and carcinogens agents, the operating conditions and equipment, job security, with audits and inspections of RN²⁰, and the supervision of experts from the Ministry of Labor in the Cubatão unit, prosecuting the company when needed."*²¹

The plant in Cubatão has 77 workers, 74 are men and three are women, 60 are outsourced workers. In the plant there is a worker committee with four representatives and two workers are union representatives.

C. International Framework Agreement

ChemCorp and ICEM first signed an agree-

ment in 2005. Since then it has been re-negotiated twice, in 2008 and most recently in 2011. Besides references to the ILO core conventions, the agreement also adopts the UN Global Compact principles to respect Human Rights, Labor Standards, Environment, and Anti-corruption. Regarding freedom of association and trade union recognition, the agreement explicitly binds corporate management to a policy of strict neutrality. In other areas, such as job mobility and employment opportunity, anti-discrimination efforts, risk management and environmental protection, or labor management dialogue, the agreement contains specific commitments by ChemCorp. Furthermore, as part of the revision in 2011, a global committee on health and safety was installed. The IFA is prominently displayed on the corporate website as a joint union-management CSR policy declaration.

The agreement also says that ChemCorp and ICEM should monitor the agreement annually based on company indicators. These indicators were created as part of ChemCorp's CSR (Corporate Social Responsibility) program. This program is marked by a sustainability policy that includes a management guideline and a self-assessment tool that guides all actions of the group worldwide.

According to the HR Director for Textile Business, in the textile plant of Santo André, the IFA is widely publicized; every employee receives a copy of the agreement, which is entitled "The ChemCorp Way". However, handing over the IFA to new employees is apparently inadequate for impressing its importance.

"A difficulty that I ultimately did not talk about is the capacity of people's retention, we always need to remember this, given the high turnover. Each employee who joins the

¹⁸ PR-ChCMB 2010-7-8.

¹⁹ NF-ChCTB 2010-9-16.

²⁰ Regulatory Norm of Ministry of Labor.

²¹ JN-ChCTB 2011-4-19. Questionnaire answered by e-mail.

*company receives the agreement. But when we call the people to make a discussion ... "but what would I do there?" – Do you remember a little book that I gave you? – "Ah ... I know"...So he participates. But I think it's a bit of Brazilian [culture]."*²²

Another difficulty seems to be in management's policy toward its implementation. In spite of the joint union-management character of the IFA, local management prefers to rely on its CSR approach and avoid involving the unions in a dialogue. During our visit to ChemCorp sites in Brazil, presentations by management and their explanation of the self-assessment process made it clear that they see no role for the union in this process. Instead, individual workers are selected by management based on the criterion "leadership skills", to provide input on selected indicators. This reflects their intention to develop a holistic approach to managed sustainable development, while conceding a minimum role to the union. It does not envision developing more comprehensive policies of collective bargaining, social dialogue and interaction on the part of the collective actors.

On the other hand, there also seem to be implementation problems on the union side. The IFA was negotiated exclusively by the ICEM with the company Board of Directors:

*"The framework agreement is a union umbrella organization thing (...). In my assessment that agreement never trickled down effectively. (...) There were directors that said that the agreement was an opportunity. It never arrived here, not even through the union channels, through the ICEM itself."*²³

"Never arrived" may be interpreted to mean that the local unions were not provided with

the kind of information about the agreement that the CNM/CUT offered to the regional and local metalworkers' unions. But it could also mean that a weak local union is unable to develop a policy as to how to assert its role and to use the IFA for its own benefit. According to the regional representative of the Chemical Workers' Union of ABC, during the plant restructuring process just after the IFA had been signed, there was some dialogue between the company and the union. Many union leaders initially regarded the IFA as a good opportunity for improving working conditions:

*"I remember, we had some dialogue. There were good managers, there was an excellent manager of Human Resources Department. However, in spite of this initial movement, I have never heard that the agreement was based on a "let's meet today, let's discuss these points", never."*²⁴

Furthermore, he corroborates with the analysis that nowadays the agreement is merely a CSR tool used unilaterally by the company:

*"Let's have a look at the facts. The company states "ah, we behave ourselves, and it is because of the agreement, ah we would have done it differently if there wasn't the agreement". But we as the union, for our part, think, the company only says that they changed something or developed a new behavior based on the agreement. (...) The chemical plant was abandoned, so the agreement was not working very well."*²⁵

The company still has a great environmental issue to be solved. Since 1992, there is a legal case being pursued against ChemCorp regarding the contamination of workers with Hexachlorobenzene (HCB) in the Cubatão plant.

²² PR-ChCMB 2010-7-8.

²³ NF-ChCTB 2010-9-16.

²⁴ NF-ChCTB 2010-9-16.

²⁵ NF-ChCTB 2010-9-16.

The union has little information about what the company has done after several court decisions and deals, and the representative also says that he regrets that the IFA has never been used in regard to this issue.

"The union has not that kind of information. It is the responsibility of the company, there are a lot of people working there and they deal with dangerous substances. So, this is still an open issue. Well, the environmental issue today is being more considered, if the framework agreement deals with environmental issues, it should be properly applied".²⁶

This is the same concern of Cubatão representative, but this representative does not have any information about the IFA implementation.

4.5 ResourceCorp

A. Country operations

ResourceCorp is a global leader in construction materials (cement, concrete, aggregates and gypsum). It has done business in Brazil for more than 50 years. It employs over 1,000 workers at factories in the states of Rio de Janeiro, São Paulo and Minas Gerais.

According to the HR Manager in Latin America²⁷, Brazil is the country of main priority for ResourceCorp in the region. In Brazil, ResourceCorp has continually expanded its holdings by acquiring a number of small and medium-sized domestic cement producers. According to its own report in 2011, ResourceCorp had a market share of 11-12%, and its revenue had increased more than 20% over 2010 to more than 650 million. Besides its operations in Brazil it has small business units in Ecuador

and Honduras, as well as in Chile, where it relocated from Venezuela after Hugo Chavez came to power. Throughout Latin America, ResourceCorp employed less than 3,000 people in 2011, a decrease of almost 25% from the previous year. Employment in Brazil is concentrated in Minas Gerais state, in Rio de Janeiro state, in Pernambuco state and in Sao Paulo state. Women comprise only 16% of the workforce. The company has a Youth Apprentice (Jovem Aprendiz) program for youth in the range of 16 to 24 years.

B. Labor relations

The Brazilian laws on unions and labor relations restrict union organization to a specific municipality. This means that workers at each individual site of ResourceCorp must form their own union if they want union representation. Since there are no more than 250 workers at any of the production sites, unions have not been able to develop in many places. According to the HR Manager of ResourceCorp in Brazil, the 230 workers at the plant in the Rio de Janeiro State are represented by the Cement Industry Workers' Union²⁸. Within the plant there is no factory committee which means that workers have only representation through the union, which, due to legal restrictions, operates only outside the plant. In contrast, at one of the plants in Minas Gerais State, local ResourceCorp management has not interfered with union activities on the shop floor. According to the president of the responsible union, there was no problem in holding meetings with workers on the job. But there is no factory committee in the unit. The unionization rate is 70%, and two trade union leaders are released from work to engage in union activities. One problem cited by the union president is the company often delays the collective bargaining process²⁹.

²⁶ NF-ChCTB 2010-9-16.

²⁷ CG-ReBMB 2010-7-13.

²⁸ CG-ReBMB 2010-7-13.

²⁹ Sindicato dos Trabalhadores nas Indústrias da Construção do Mobiliário e da Extração de Mármore, Calcário e Pedreiras de Pedro Leopoldo, Matozinhos, Prudente de Moraes, Capim Brando e Confins - SINTICOMEX.

At all of the ResourceCorp production sites, employees work in shifts (three or four shifts) and the workday ranges from six hours to eight hours, in order to sustain a non-stop production. For example, at a plant in the Rio de Janeiro State there are four shifts of six hours, with two extra hours of overlap. According to the HR manager, overtime is a common practice and is paid at the rate of a 50% to 90% addition to the regular salary. The company does not provide pay supplements for especially hard and dangerous work or for working in an unhealthy environment³⁰.

For the unions, for example in Minas Gerais State, subcontracting is a major problem.

*"It is terrible. In many sectors of its core activity we have subcontracted workers, such as maintenance, industrial cleaning and loading. We have already reported this to the Public Ministry of Labor, but still this has not been solved".*³¹

Furthermore, outsourced workers are reported to receive lower wages than direct workers and are exposed to hazardous waste: *"Another negative point is the burning of tires and industrial waste to generate energy in the furnace, the company uses outsourced workers that are dangerously exposed, apart from paying wages below the minimum wage offered by the company."*³²

Unions find it difficult to develop an adequate response to such problems. Because of the presence of multiple, autonomous unions, with which the company negotiates separately, the unions have not been able to devise a common strategy:

"The Company deals with various unions at the same time and tries to close the agree-

*ment with the weaker union that the company has greater influence on the workers. This causes a stalemate in other plants, because the company claims that it cannot alter its proposal because it has already a deal with the union from that other plant. As well the Company uses another tactic which is to delay the process. It spends months to start the negotiations."*³³

C. International Framework Agreement

The IFA was signed in 2005 by corporate management and two Global Union Federations, the Building and Woodworkers' International (BWI) and the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM). It includes explicit reference to the core labor standards of the ILO as well as to ILO Convention 135 which prohibits discrimination against workers representatives, and to the ILO Convention on health and safety (No. 155). Working conditions and wages should be in agreement with national standards and the appropriate legislation. The IFA provides for annual meetings of the signatories to review the agreement's implementation. In contrast to WireCorp and ChemCorp, the IFA is nowhere to be found on ResourceCorp's website.

In Brazil, union leaders and the company representative interviewed did not have any information regarding the IFA. Apparently, there were even problems in attaining an official copy of the agreement in Portuguese. Unions regarded the IFA as being something distant, existing on another level and not applicable to the local situation. According to the HR and Administrative Manager of ResourceCorp, the company headquarters had not pursued the distribution of the agreement diligently. Nevertheless, even without detailed knowledge of its

³⁰ CG-ReBMB 2010-7-13.

³¹ WS-ReBTB by email 2010-06-08.

³² WS-ReBTB by email 2010-06-08.

³³ WS-ReBTB by email 2010-06-08.

content, he commented in the interview that company practices reflected the content of the agreement³⁴.

4.6 MetalCorp

A. Country operations

MetalCorp has been manufacturing commercial vehicles in Brazil since the 1950s. Currently, it has three production sites and employs around 15,000 workers. While most of its output is for sale on the Brazilian market, a significant portion is also exported to other countries, primarily in Latin America, but also to other countries across the globe. Over the past decades, the manufacturing of commercial vehicles has been concentrated in one plant, at a second plant components are manufactured and sourced from suppliers for distribution, while the third plant is charged with the production of one of MetalCorp's line of autos. Two of the plants are in Sao Paulo State, one is in Minas Gerais State. Major investments in expanding the main plant in São Bernardo do Campo will enable MetalCorp to increase its annual production capacity by 15%. Through further investments the corporation also in the process of modernizing its production, logistics and service units.

B. Labor relations

In São Bernardo do Campo, workers are represented by ABC Metalworkers Union (Sindicato dos Metalúrgicos do ABC); in Campinas the workers are represented by Metalworkers Union of Campinas (Sindicato dos Metalúrgicos de Campinas); in Juiz de Fora, the workers are represented by The Metalworkers Union of Juiz de Fora (Sindicato dos Metalúrgicos de Campinas); all affiliated to the Central Única dos Trabalhadores - CUT.

In São Bernardo do Campo, in addition to ABC Metalworkers Union, workers are represented also by the factory commission, an internal organization at the workplace, and by the workers' committee, which is external. They are generally referred to as the Plant Commission and the Union Committee. The first is composed of both members and non-members of the ABC Metalworkers' Union, whereas the committee is composed only of union members. In practice, all of these structures work together and form a unique organization composed of 21 members, of which six are union's representatives. This represents a very concise, powerful and respected workers' representation, well-integrated into the ABC Metalworkers' Union, which is considered to be the strongest union of the country. Although such a close relationship between the union, the commission and the committee is an essential basis for a strong workers' organization, it is nevertheless quite rare among companies in Brazil. According to coordinator of the Plant Commission, *"the commission, the committee is the union, it [the committee] is close by, organic, the representation is visible for the workers as well as the union. The commission drafts policies with the union."*³⁵

Moreover, according to Brazilian law, workers have also to be organized in the Internal Commission for Accident Prevention (Comissão Interna de Prevenção de Acidentes - CIPA), which has 14 members, half of them elected by workers, half appointed by company management.

In São Bernardo do Campo, the unionization rate reaches 90% (among production workers) and 70% (administrative workers), much higher than both the national and the sector average. Collective bargaining is done between the Metalworkers State Federation of São Pau-

³⁴ CG-ReBMB 2010-9-16.

³⁵ AS-MeMTB 2010-5-19.

lo (Federação dos Sindicatos dos Metalúrgicos da FEM-CUT) and the National Association of Motor Vehicles (Associação Nacional dos Fabricantes de Veículos Automotores-Anfavea). There are, however, weekly negotiations (every Wednesday) between the workers' committee members and company directors. These meetings – dubbed “quatra estra” – began as a means of resolving overtime issues. Today, according to the responsible manager for labor relations, all changes in the production processes or restructuring on the assembly lines in São Bernardo do Campo are subjected to such negotiations with the workers' committee.

The relationship of the union to MetalCorp extends beyond the plant level. For one, the director of the National Confederation of Metalworkers (Confederação Nacional dos Metalúrgicos - CNM), affiliated to CUT, is currently a member of MetalCorp's Supervisory Board. As a member of the Board, he participates in investment decisions which affect the whole company. In addition, he is also a member of MetalCorp's global employee council, which includes worker representatives from the major production sites of the company around the world.

C. International Framework Agreement

MetalCorp has had a code of ethics since 1999, and after it signed on to the UN Global Compact, workers' and union representatives from the corporation's home country and two subsidiary host countries succeeded in negotiating an IFA, which was signed in 2002 by representatives of the global employee council, the International Metalworkers' Federation (IMF) and corporate management. Under the agreement, MetalCorp recognizes its social responsibility and declares that it supports the principles of human rights for workers and environmental protection that form the basis for the United

Nations and its Global Compact initiative. The IFA does not explicitly reference the core labor standards and the ILO conventions from which they are drawn. However, it does clearly acknowledge the right to form unions and guarantee corporate neutrality during union organizing campaigns. MetalCorp is also committed to granting freedom of association to its employees even in countries in which this human right is not protected by law. Importantly, the agreement extends this protection to employees of its suppliers.

MetalCorp in Brazil is an exemplary case of IFA implementation. According to the labor relations manager at the main plant, the IFA has undergone an intensive process of implementation and monitoring. This has taken time because it introduced new elements into MetalCorp's values and code of ethics. These needed to be implemented slowly and gradually in order to respect local traditions³⁶.

In contrast, the union representatives we interviewed emphasized the comprehensiveness of this process and the importance of developing a broad understanding of the importance of this new instrument. While the IFA went into effect immediately, despite some differences over its translation into Portuguese, it took much time and effort was spent making the IFA known and understood on a broader societal basis outside of the corporation. *“The discussion has already been made with international NGOs, government levels, various entities, I even participated in a seminar organized [by the] governments of Brazil and Germany.”*³⁷ In the World Social Forum 2008, in Belém do Pará city, a workshop on IFAs was organized.

Within MetalCorp at the main plant, the same union representative explained that the implementation of the IFA is completely in-

³⁶ EP-MeMMB 2010-7-19.

³⁷ AS-MeMTB 2010-5-19.

tegrated into the daily activities of shop floor representatives, who deal with ongoing labor issues of production:

"In the factory there are eight large areas, and we have one representative per area, covering morning-shift, late shift and night shift. One representative per shift. There are also representatives who walk around the other areas. There are also complaints that arrive at the central office of the commission and at other offices. My cellphone and the walkie-talkie are called and there is the internal E-Mail of MetalCorp, too."³⁸

This is also the position of management at the main plant, which regards the IFA as a fully accepted part of routine operations. As we were told, that is a significant improvement over earlier years when there was much greater resistance on the part of management to workers' voice³⁹. This improvement was acknowledged by a union representative as follows:

"IFA is considered as the guideline of the company's management, it became a rule that guides the capital-labor relations. Nevertheless, the implementation of the IFA doesn't affect the relation between management and workers, as the management understands that the IFA works like a company's guideline that must be applied."⁴⁰

Because of the strong position of the union at the main plant and the maturity of labor-management relations, the IFA is not need explicitly to guarantee labor standards and workers' rights. Working conditions at the plant are the subject of regular consultation and collective bargaining. However, this does not mean that the IFA is no longer relevant, as can be illustrated by two cases involving suppliers to

MetalCorp. In the first case, which occurred in 2003, members of the union committee at a nearby supplier were all fired as a result of a strike. When the union at MetalCorp's main plant, along with the ABC Metalworkers' Union, found out about this, they invoked the IFA in a protest to the sourcing department and immediately contacted the IMF in order to involve the GUF as one of the IFA signatories in this process. When the supplier's local management tried to avoid any dialogue with the unions, the unions at MetalCorp and the supplier joined forces. Action was taken to block delivery of parts from the supplier to the MetalCorp main plant, forcing MetalCorp's local management to pressure management at the supplier to resume reinstatement negotiations. The result was that the union members were rehired and the committee was reinstated.

In a similar case two years later at another supplier, a worker was fired after having successfully organized a worker committee in the plant. The union at the MetalCorp main plant organized a sit-down strike around the supplier's machines on the shop floor. At first, management claimed that it had no means of forcing the supplier to rehire the unionist. But the strike convinced management that the IFA was applicable and within a very short time, the worker had been rehired. However, MetalCorp management decided to deduct the strike time from the workers' next pay check, which prompted an immediate response by the union:

"We said give the money back because you are violating the agreement and if you do not do it we will go to the labor court against you. That solved the problem."⁴¹

According to the union representatives at MetalCorp, these successes in using the IFA

³⁸ AS-MeMTB 2010-5-19.

³⁹ AR-MeMMB 2011-08-17.

⁴⁰ AS-MeMTB 2010-5-19.

⁴¹ VS-MeMTB 2010-02-22.

to ensure that labor rights recognized by the agreement are upheld has had a twofold impact. For one, it has established the union as a force to be reckoned with in the implementation of the IFA at MetalCorp and at its suppliers in Brazil. This has contributed to avoiding the kinds of violations which led to the adversarial confrontations described.

Secondly, the active support of the IFA by the union at the MetalCorp main plant and its solidarity with unions in other plants has facilitated communication and cooperation with other unions. One important example of this is the fact that the service workers employed by outside contractors at the MetalCorp main plant have attained the right to join a union and have their own union representatives onsite (Fichter and Helfen 2011). At the same time, unions at the other two MetalCorp plants, which are not affiliated to the ABC Metalworkers Union (Sindicato dos Metalúrgicos do ABC) have shown less interest in an active implementation of the IFA.

4.7 ServiceCorp

A. Country operations

ServiceCorp Brazil is a subsidiary of one of the world's largest service providers with more than 125,000 clients in the fields of cleaning, catering, administrative support, facilities management and security. It has been doing business in Brazil since the 1970s. As explained to us, ServiceCorp provides services on a fixed-term contract basis that clients have outsourced:

"We are a service company. We offer services to the market. If a particular client already outsourced or is in the process of outsour-

*ing one of his/her service areas, (...) we are the ones to be hired and take care of this. We are providing services in the segment of cleaning or gardening or other areas like decoration, administration, concierge work all in all everything which is not the main activity of the client."*⁴²

According to the Human Resources Manager of ServiceCorp Brazil, the company has expanded through acquisitions in a variety of business sectors, especially in industrial and building maintenance and in logistics. But its core business is still cleaning and gardening or landscaping.

In this kind of service business, ServiceCorp must bring its operations to the client:

ServiceCorp has many sites. Sites may be a factory, a building, a bank. We work on the national level on corporate contracts and have branch offices amongst others in Rio de Janeiro, Curitiba, Embu, São Paulo, Valinhos e São José dos Campos.⁴³

B. Labor relations

According to published company data, ServiceCorp has 6,000 employees in Brazil. However, due to the characteristics of the business, i.e. temporary contracts, the total number of direct and indirect employees could reach as many as 19,000. The age of the ServiceCorp workforce as well as the number of male and female employees depends on the contract and the kind of service performed: *"in maintenance, 70% of our employees are men, because it's maintenance. But our main business is in cleaning and landscaping. I do not have the statistics but certainly the number of women in those segments is much higher."*⁴⁴

⁴² AM-SeSMB 2010-7-23.

⁴³ AM-SeSMB 2010-7-23.

⁴⁴ AM-SeSMB 2010-7-23.

Working time and hours are highly flexible and within the limits of the law depend strongly on the particular needs of the client:

*"If the client asks for, my team will work two shifts, morning and late shift. We have a limit of 44 hours per week according to the Brazilian law. If the client says: I want a part-time receptionist, it will be part-time. We provide customer service according to the customer's need. We have our corporate staff, the administration of business is in the main office, and here we work only business hours from Monday to Friday. This is only a small number of employees. The biggest part of our employees is directly attending the client's needs."*⁴⁵

Despite the importance of flexibility for the company, its management states that its business model is not dependent upon employing temporary workers:

*"No [we do not have temporary workers], as we work inside the client [company and this is sensitive], I need to have my own employee. If I need a temporary, it's just for a specific situation: vacation, a gap or something alike. We hire a person according to the Brazilian labor regulations. If I offer a 12 month contract, then the person is hired annually. If the contracting period finished, I can offer the same person another contract, so the person can be transferred from one sector to the other, so the duration of employment of one person is not connected to the duration of one certain contract."*⁴⁶

Because ServiceCorp provides outsourced services wherever it finds a client, its business is very spread out, the work sites are quite fragmented and usually not linked to one another. That makes union activity very difficult.

Within the CUT, ServiceCorp workers are represented by the Cleaning Workers Union of Santos, Cubatão, Guarujá, Praia Grande, São Vicente and Bertioga (Sindicato dos Trabalhadores nas Empresas de Asseio e Conservação de Santos, Cubatão, Guarujá, Praia Grande, S. Vicente e Bertioga - SINDLIMPEZA), the Service Workers Union of Brasília (Sindicato dos Trabalhadores de Serviços - Sindiserviços) and the Cleaning Workers' Union of Salvador (Sindicato dos Trabalhadores nas Empresas Urbana de Asseio e Conservação do Município de Salvador - SINDLIMPEZA).

Overall, SINDLIMPEZA has some 4,600 members. About 20% of the employees of ServiceCorp are members of the union. The union has been able to achieve this relatively high density by employing a staff of four to work solely on organizing campaigns. Every time ServiceCorp begins a new contract, the union tries to be on-site for the transition of the workers from the previous to the new client. In addition, the union provides services for job-seekers.

Collective bargaining is not conducted directly with ServiceCorp but with the employers' union. In addition, negotiations with the companies that hire ServiceCorp may also take place.

C. International Framework Agreement

ServiceCorp negotiated and signed its Global Agreement⁴⁷ in 2003 with UNI Global Union. With the expansion of the company and consequently of union activities, ServiceCorp agreed to review the global agreement with UNI in 2008 to better reflect conditions in the markets in which it operates. Both the corporation and UNI recognized the importance of the role of unions in maintaining standards for those workers who traditionally have low wages. ServiceCorp also acknowledged the obstacles to

⁴⁵ AM-SeSMB 2010-7-23.

⁴⁶ AM-SeSMB 2010-7-23.

⁴⁷ An IFA in the terminology of UNI.

establishing trade unions in the sector. Under the agreement, ServiceCorp is committed to respect laws and public policies in each country where the company operates and to respect the rights of the ILO conventions, including those covered by the Fundamental Rights at Work and Convention 135 of ILO (concerning the protection of workers' representatives).

ServiceCorp also pledged to respect the right of all workers to form or belong to a union and bargain collectively (ILO Convention 98 and No. 187 of the ILO), without retaliation, repression or any other kind of discrimination. If a trade union affiliated to UNI notifies its intention to organize, both parties will negotiate a process of recognition based on the following principles: Permission for UNI representatives to meet with local workers and provide benefits of joining the confederation (including recruiting materials); that the meetings will be arranged before or after working hours and, if UNI or its affiliates wish to meet with workers at the premises of a client, ServiceCorp will seek to obtain permission from the client.

The implementation of the IFA in Brazil, however, is flawed. The representative of the

Cleaning Workers Union of Santos, Cubatão, Guarujá, Praia Grande, São Vicente and Bertoga reports that they have no information about the agreement.

"We do not know anything about the international framework agreements that ServiceCorp has. It would be important to have this information and as well to know more about different conditions of workers in the ServiceCorp in Brazil, so that we can compare the condition in the different sites. I think there are more unions in the state of São Paulo involved, but as they are affiliated to other federations, the contact is not that good. We will continue trying to get in touch with the other unions on this issue."⁴⁸

At ServiceCorp Brazil, the responsible manager has also no information about the IFA. According to this person, maybe the information was given to a higher level of management and was not communicated any further: *"I do not know these agreements. If the information on those agreements has been sent here, it stayed on the director's level."⁴⁹*

⁴⁸ DS-SeSTB 2010-5-10.

⁴⁹ AM-SeSMB 2010-7-23.

5. Conclusions

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International Framework Agreements (IFAs) are increasingly drawing the attention of academics and practitioners. The foregoing presentation of the research in Brazil has shown that the implementation of an IFA 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 will vary 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, in particular MetalCorp, ChemCorp and ResourceCorp, 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”. 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 improve the chances of a successful implementation.

For a “full scale” implementation of an IFA, we claim that, apart from a strong content and the early involvement of host country participants in the process, *three sets of practices* involving all relevant actors are necessary. The first set concerns the information dissemination and communication practices. The second set is marked by 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). Furthermore, in line with the multi-organizational practice perspective, 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 in Bra-

zil 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 of our seven Brazilian 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.

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. The IFA at WireCorp falls in this category as well, considering that the use of the IFA by 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 appear to have received no information (or at least wholly inadequate information) regarding the IFA. At ConstructCorp, despite the awareness among local actors of the existence of a supplemental agreement to the IFA for Latin America, its policy relevance has not been communicated to them. And at RubberCorp, the local labor representatives are aware of the agreement but have been incapable of developing a common position for using it to interact with management.

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” policies and practices.

In this manner, labor standards in significant parts of the global production network could be achieved.

Our Brazilian 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, giving exclusive preference to 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 were quite comprehensive, albeit pursued separately between 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.

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 evidence of different forms of operational practices in only three cases: ChemCorp, WireCorp and MetalCorp. As with the previous step of training, ChemCorp management in Brazil has successfully integrated the corporate approach to social responsibil-

ity into its daily operations. This includes policies conforming to the labor standards of the IFA, albeit without 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 in Brazil is far from being completed. Indeed, MetalCorp is a highly instructive example of a completed process – but it, together with the less spectacular example of WireCorp is exceptional. And while ChemCorp local management has taken the initiative in integrating the substantive principles of labor standards embodied in its IFA into its operational practices, the local unions have only a marginal role. 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, and to a certain extent WireCorp as well, 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 manage-

ment 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 Brazil is a hindrance to a widespread IFA implementation. 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. This problem looms especially large in such sectors as construction or private services, in which workplaces are not spatially fixed. As such we can argue that IFAs are an essential but insufficient step toward securing basic labor standards and must be complemented by a more comprehensive legal framework of labor right.

For local unions, evidence points clearly to the importance of an internationally oriented strategy of engagement. For Brazil, the primary lesson we draw is that unions need to establish reliable inter-plant links with one another (and sometimes across organizationally and ideologically separated union jurisdictions) before they attempt to use the agreement in their local context.

The most outstanding example of effective use of an IFA is the case of MetalCorp. A strong local union, well embedded in national and international union networks, and represented at the original negotiations of the agreement (untypical for most IFA cases), actively and strategically introduces the IFA into the local context, making it an integral element of normal union activities. Moreover, at least in regard to one of the MetalCorp plants in Brazil, the union succeeded in a rather far-reaching and sophisticated way in bringing suppliers under the IFA umbrella.

In many ways, the MetalCorp case illustrates how unions in host countries in general can take ownership of the IFA. When they do not, or cannot, as in the ChemCorp case, they have no basis to claim an active or participatory role in the evolution of its implementation. Ownership can be claimed, for example, by building an organizing and collective bargaining strategy around the IFA (WireCorp). 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.

Similarly, cases of successful application of IFAs from the other countries in our research point in this direction, since in all these 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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Since 1980 we have witnessed a massive expansion of global economic activity through the “liberalization of trade” and the growth of investment and production driven by Transnational Corporations (TNCs). In many countries, a decline in trade union “control” over the national environment, a measure of which has been the increase of outsourcing, offshoring, flexibilization and casualization of work, has been one of the marks of this development. To keep up with the globalization of labor relations and to combat the unfettered international race to the bottom over labor costs trade unions are increasingly making efforts to develop cross-border approaches. International Framework Agreement (IFA) could be an important tool to meet the challenges of this new globalized environment.

In contrast to the usually unilateral and voluntary character of corporate social responsibility (CSR), IFAs are based on a bilateral agreement, negotiated and signed as a policy document between TNCs and Global Union Federations (GUFs). But the agreements are only effective when their implementation is secured and closely monitored. This study therefore aims at evaluating the development and implementation of such IFAs within European TNCs in Brazil. What are the motives behind negotiating and signing such agreements? Who is involved in these negotiations? What contextual factors are relevant? Is there an added value in IFAs beyond unilateral and voluntary codes of conducts? What is their real impact at the company and plant level? These and other questions are guiding the research.

ISBN 978-85-99138-22-9



Fundação Friedrich Ebert (FES)

Av. Paulista, 2001 - 13º andar, conj. 1313

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