

**Globalizing or Escaping European Social Dialogue?  
The Worlds that International Framework Agreements Make**

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## **Globalizing or Escaping European Social Dialogue: The Worlds that International Framework Agreements Make**

### **Introduction:**

A specter is haunting global capital: the specter of social dialogue. That such a collaborative approach to governance is considered to be a major concession by capital is indicative of how hegemonic capitalism has become, despite three massive crises during the last fifteen years.

It is with this understanding in mind that this paper explores whether the increasing globalization of European capital is diffusing or escaping European social dialogue. There is strong evidence that most European companies do not hold to the same standards outside of Europe as they do in Europe (HRW 2010). However, a number of them have signed what are known as International Framework Agreements which, at face value, are commitments to transnational social dialogue. It is this subcategory of European multinationals that is the testing ground of a private transition to global social dialogue.

The literature on IFAs is growing, covering a wide range of issues. From early attention to their content we now have more research on their implementation and impacts. Not unexpectedly most of the research asks whether IFAs are having the impacts they are intended to. Building on ongoing research on the implementation and impacts of IFAs I am focusing here on their implications for transnational social dialogue. To the degree that IFAs are not implemented they are certainly escaping social dialogue. Even when they are wholly or partially implemented, however, their impacts of the globalization of dialogue are neither homogeneous nor necessarily positive

This study has both practical and theoretical implications. If this most mature of all dialogues, embedded as it is in public policies, fails to establish a foothold outside of Europe to that degree the prospects of transnational social regulation through private means should be placed in doubt. This is so because collective rights remain a litmus test with respect to the relations between capital and societal forces. In addition to its practical significance, however, this case casts some light on the debates over the impacts of varieties of capitalism as predictors of corporate behavior beyond national boundaries and on the form and social purpose of transnational governance.

In order to explore this question I employ a heuristic scheme that has broader analytical value for the study of multi-stakeholder forms of governance, whether public or private. This multidimensional analytical scheme allows us to more finely capture the quality of a dialogue, something that is often obscured when the focus is on the types and multiplicity of participants. The evidence employed is from the content and record of IFAs at the global level and in a number of specific countries, particularly the USA.

The exposition proceeds in a number of steps. In the first part I clarify and illustrate the growing occurrence of transnational dialogue. I then discuss what is to be globalized or escaped in this case, i.e., European Social Dialogue, and the ways in which this can take place. This is followed by a heuristic scheme that can also be used to compare various forms of dialogue. Using this heuristic I explore whether and how IFAs have led to the globalization, modification or escaping of the European Social Dialogue and the kinds of transnational dialogue that they have engendered in those cases that they have done so. I close with a discussion of the practical and theoretical implications of the findings for transnational social governance.

### **Dialogue as a Form of Transnational Governance:**

Dialogue is a collaborative form of social relations and can thus easily be dismissed by people not familiar with the European tradition as an example of cooptation. And that can certainly be the case in many instances. It is also worth noting, however, that management prefers to avoid the use of the term at the global level because it does imply European Social Dialogue, a practice that is far too formal and restraining for them.

Dialogues, like forms of industrial relations, environmental management, or any social policies are the result of political struggles and bargains. Thus, they can vary a great deal in the same way that industrial relations, rules of incorporation or property rights can vary. Rather than lumping them all together because of their ‘collaborative’ nature it is desirable to identify their characteristics, potential and limitations within the broader context of the world political economy. Analysts informed by the varieties of capitalism approach, for instance, recognize the profound differences between European and Japanese forms of dialogue.

The first step is to provide a heuristic delineation of dialogue. Rather than offer a strict analytical definition that is likely to be compromised by all sorts of exceptions I propose a working delineation that can allow us to map and differentiate transnational dialogues from other forms of collaborative relations. Dialogue does imply that the various parties to it recognize each other as legitimate interlocutors with a right to participate in direct exchange. This recognition is programmatic and long term rather than an ad hoc event.

Empirically, commitments to dialogue may be the enshrined in public policy, as is the case in Europe. They can also be undergirded by contractual agreements of long duration, as is the case with the Kaiser Permanente Partnership in the USA, or the result of practices that have over time achieved strong legitimacy. However, they can also be the result of strategic commitments by key stakeholders to some sort of welfare capitalism. Some of the companies that have signed IFAs may have done so for this reason.

Accordingly, unilateral codes of conduct would not be part of social dialogue, even if there is the occasional stakeholder meeting. Nor would instances in which the participation of some stakeholders is enforced despite their own wish. The ‘purchase’ of civil regulation (whether certification, monitoring or transparency) would also not be an example of dialogue less the stakeholders are involved in the creation of and ongoing implementation of these standards.

An important question, raised by a number of multistakelder initiatives (e.g., Taylor 2005; O’Rourke 2006) is whether participation by some but not all key stakeholders constitutes dialogue. I believe that it does but, also, that the analytical scheme that I suggest allows us to clearly differentiate such dialogues from more inclusive and representative dialogues. Dialogues, in short, are not inherently egalitarian. They can lead to legitimate practices that are hegemonic, exclusionary and downright exploitative. It is for this reason that exclusive focus on the legitimacy of dialogues can be problematic.

Dialogue is not the same thing as negotiations since negotiations often take place amongst entities which do not extend long term recognition to each other. That would be the case with negotiations between unions and management at the end of intense conflict, negotiations which are episodic, and negotiations after violent conflict.

Delineated in this way there are instances of dialogue at the transnational level as well as in parts of the world, such as the USA, not known for their collaborative relations between various stakeholders. At the global level we can point to intergovernmental organizations such as the ILO, the ITTO, the OECD, the North American Agreements on Labor and Environmental Cooperation, Mercosur and other cases. Private and hybrid arrangements include the Forest and Marine Stewardship Councils, Fair Trade, the ISO, the IUCN, the GRI, and various multi-stakeholder arrangements. There are also instances of social dialogue at the national level with important transnational implications. Examples include the ETI in the UK, the FLA in the USA.

**European Social Dialogue:** In actuality there is more than one European Social Dialogue. There are social dialogues at the level of particular countries characterized by corporatist, social democratic traditions and then there is Social Dialogue at the level of the European Union –itself the result of the influence of leading national traditions, particularly that of Germany.

At the national level social dialogue is quite evident in industrial relations and involves various arrangements. These can include national level negotiations between management, labor and, often, the state setting general parameters, such as wages and general economic priorities. They also include provisions that allow workers to participate in the governance of corporations at all levels. This collaborative attitude is not limited to industrial relations but also affects other policy areas, such as the environment. For many analysts, for instance, it is the tradition of social dialogue that has allowed the Netherlands and Germany to become leaders in environmental modernization (e.g., Schlosberg and Rinfret 2008; Jaenicke and Lindemann 2010).

In general terms EU level dialogues range from inter-sectoral dialogue to dialogue at the level of the corporation. As the scale of the dialogue becomes narrower it also becomes more voluntaristic. At its broadest Social Dialogue involves negotiations between inter-sectoral entities representing management and labor. These entities set the agenda and must negotiate a policy less the EU step in and promulgate one. In short, the shadow of authority is quite evident if not heavy-handed. This process has resulted in small number of Directives so far.

Reflecting the increasing fragmentation of industrial relations and the slow pace of intersectoral Social Dialogue, European Industry Federations and sectoral business organizations have increasingly pursued narrower negotiations that have resulted in a number of agreements.

Finally, dialogue is increasingly taking place at the level of the corporation. On one hand this is reflected in the promulgation of European Works Councils and in provisions about labor representation on the Boards of European Companies, i.e., companies incorporated at the EU level. Additionally, however, corporation based dialogue is more voluntaristic. The strong reaction of capital to the promulgation of a EU level guidelines on CSR is indicative of this preference. European Framework Agreements, as they are known, have been growing and it is not surprising that global agreements have been called IFAs.

### **Voice and Choice in Transnational Dialogues:**

Policy analysts, especially in the USA, distinguish between policy outputs and policy outcomes. Policy outputs are the negotiated policies and implementation procedures while outcomes are the actual results of the implemented policy. In this paper I focus on policy outputs and employ a heuristic scheme that fuses procedural and substantive rules at the stage of policy outputs. Because policy outputs do have significant organizational, material and political implications –

and because all policy makers know that- they are always hotly contested. The heuristic employed here recognizes that fusion and pays equal attention to who can participate in decision-making and how and the choices that are possible and legitimate during the policy making process. Not only are these combinations of voice and choice destined to influence policy outcomes but, more importantly, they reflect and influence the overall relations between the various stakeholders and, by extension, the broader political economy. Stated differently, the combinations of procedural and substantive rules are themselves policy outcomes.

In the discussion that follows I propose that voice and choice can be examined in terms of scope and scale with the full realization that these two concepts are mutually constituted. In fact one can use geographic scope and social scope as equally useful terms. Scale refers to whether a particular dialogue covers the whole geographic and temporal range of a relationship or activity. For instance, narrow scale may cover the supply chain within a particular country at a particular point in time while broader scale will follow the supply chain to where it leads in both space and time. Yet, even a global scale can be narrow in scope, whether in terms of the stakeholders participating or the issues discussed. For instance, the dialogue may include only first tier suppliers and may be limited to occupational health and safety.

**Participation:** Participation involves a number of nested questions: What categories of stakeholders or entities are entitled to participation? What specific stakeholders represent these categories? When and how do those specific stakeholders participate in the policy process? Identifying the categories of legitimate participants is a central question that is often obscured by the debates over the specific participants.

Governance is not only about which specific entities will participate in deliberations but also what those participants tell us about the overall organization of the political economy. During the last twenty years or so we have seen the promotion of civil society as a category from which specific stakeholders will be chosen. It is clear that this signifier can be filled with many and competing meanings. What does it mean, however, to employ such a general category over class, wealth, or power? How does the choice of particular categories privilege some scales and scopes, and thus some worldviews, over others?

Nested within and related to the configuration of categories of stakeholders are questions of the specific stakeholders that can participate. A common delineation amongst stakeholders is between internal and external ones. As one moves to the whole supply chains and the broader political economy, however, this delineation is destabilized and challenged. Historically the move of governance from one scale to another has also affected the organization of the social forces contesting governance. Thus, we also need to ask whether and how the rules of participation engender and reconfigure actors as we move from one scale to another?

Participation by the most influential stakeholders suggests that the stakes are high while participation by the most affected that it is inclusive. However, it is often the case that the most influential stakeholders do not participate, or participate indirectly or participate through entities that cannot bind them. That is certainly the case at the ILO. By doing so they withhold recognition to others and escape the possibility that the dialogue may result in consequential regulation. Thus, the nature and capacities of particular participants require close scrutiny.

When and how specific participants engage in dialogue is also important. Some participants may be entitled to do so along the whole policy process and to the same degree while others may be limited to particular stages and to variable degrees. Thus, the nature of participation can rank the participants, giving more agency and legitimacy to some while taking it away from others.

Attention to specific participants and the forms of their participation is important when dealing with seemingly cohesive entities. We know that participation by states is not tantamount to participation by all stakeholders within a country. The issue becomes more complicated when we look at what otherwise look like cohesive entities. Does participation by the state mean participation by the whole state apparatus or even the whole government? Intra-bureaucratic politics shows that this is not the case even amongst agencies which are part of a hegemonic alliance. The same applies to corporations. A wealth of research demonstrates that corporations can be internally contested whether as a result of the way they are organized or in response to their efforts to adjust to specific national and local realities.

**Content/Agenda:** Dialogues (and negotiations) are based on understandings as to which issues are on the agenda and which are not. An agenda may be very comprehensive or very narrow in scope and scale. A social dialogue or a system of industrial relations may deal, for instance, with the whole organization of the economy or simply the practices of a corporation. If so, it may deal with the proprietary activities of the corporation or its whole value chain. Even then it may cover the whole range of labor rights and standards or may only address occupational health and safety.

In environmental dialogues we can ask whether the agenda focuses on precaution, prevention, or mitigation. Each one of these choices has important scope and scale implications. Mitigation privileges the producer of harm much more so than prevention, and even more than precaution. Moreover, it is something that can take place on a limited scale –at the place of harm –rather than across the whole product cycle.

In general, then, attention to the content of a dialogue cannot be exhausted to the breadth of the issues that can be discussed and negotiated but must also pay attention to their depth. Broad and diverse agendas can often serve to obscure that more fundamental issues have been left off the table as a condition of moving ahead with the dialogue. Thus, detailed transparency, monitoring and verification are as valuable as their goals that they are intended to serve. It is one thing for them to serve to improve the performance of a particular corporation or government and another to be used to take more profound steps, including the development of social alternatives.

**Intensity:** A dialogue may be very inclusive in terms of participants and comprehensive in terms of content but, also, very superficial. The intensity of the dialogue is not limited to whether it can produce binding and enforceable policies, key as this factor is, but, also, on what subjects can it do so. Whether and in what areas there can be binding policies is always the subject of negotiations. A binding policy is certainly stronger than a non-binding one but that is not the whole story.

Accordingly, a dialogue may range very wide to cover relations from the micro level all the way to the structure of the political economy. However, it may do so with the clear understanding that no binding policies can take place or, if they do, that they will have limited scope and scale. In the case of labor, for instance, the North American Agreement on Labor Cooperation as well as the European Social Charter allow somewhat more consequential treatment of standards than they do of rights, such as union recognition and collective bargaining. Similarly, transnational environmental policies seeking to limit the scale and scope of policies are likely to be more assertive with respect to mitigation and prevention than precaution.

Attention to variations in participation, content and intensity is a productive and necessary line of research –provided that it does not exaggerate variability amongst social forces that are organized and constructed by similar structural processes. The varieties of capitalism, approach, does allow

us to better understand why some countries employ dialogue while others not. But, at the end of the day, we are dealing with varieties of capitalism –not varieties of political economy. Attention to micropolitics should serve to better understand the construction and contestation of macropolitics –not to obscure the existence of the latter.

Dialogues, by definition, extend dual voice and choice to the more powerful because they assume that all participants are entitled to their existence and resources. As a result, structurally powerful actors have voice and choice both via their instrumental participation and via the rules of choice and intensity. What social dialogue does is to allow some voice and choice for hitherto marginalized forces in exchange for consenting to a more reformist rather than radical political economy.

## **II. International Framework Agreements: An Overview**

International Framework Agreements are a relatively new form of transnational social dialogue that has attracted increasing attention by practitioners and analysts alike. Their key characteristic is that they are grounded in European labor relations and traditions raising the question explored in this paper: are International Framework Agreements globalizing European style social dialogue or are they leaving it behind? To the degree that they do, what kinds of dialogue are they producing?

The adoption of the IFA<sup>1</sup> strategy by unions reflected a conscious effort to redirect the proliferating private codes of conduct away from discretionary forms of CSR and towards global social dialogue and industrial relations (ICFTU/ITS 1997; Justice 2001; IFBWW 2003; Rüb 2004; Gallin 2008).<sup>2</sup> The first IFA was negotiated in 1988, but 65 of the 78<sup>3</sup> active IFAs reported on Global Union Federation websites (as of March 1, 2011) have been signed since 2002. IFAs are largely in the private sector where globalization has most challenged unionization. While some of the companies that have signed IFAs are partly or largely publicly owned –such as GDF Suez and EDF- publicly owned companies or employers have not been the target of the IFA strategy.<sup>4</sup>

IFAs are agreements negotiated between corporations and unions or employee organizations. The critical characteristic here is that a Global Union Federation be a signatory or co-signatory on the side of labor. In some cases, in fact, GUFs play a prominent or even leading role. In almost all cases, however, labor unions, mostly national but in a few cases European Industry Federations, play a central role. In fewer but significant cases national and European Works Councils are also key players.

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<sup>1</sup> The term ‘international’ or ‘global’ framework agreement is used in a very limited number of cases. The majority of IFAs do include the term ‘agreement’ in their title but their titles vary widely (see European Commission 2008b, pp. 8-9).

<sup>2</sup> The strategy builds on efforts to engage MNEs that go back to the late 1960s (Gallin 2008; Stevis and Boswell 2007b, ch 3).

<sup>3</sup> Please see footnotes 7-14 for clarifications. For useful and authoritative lists see European Commission 2008b and Hammer in Papadakis 2008a, pp. 267-270.

<sup>4</sup> Unionization rates in the public and private sectors have diverged radically in recent decades. In the USA, for instance, the density of unionization in the public sector is above 35% while in the private sector it is below 10%. While globalization is also affecting the public sector its impacts are less pronounced at this point and unions have adopted alternative strategies.

The primary aims to IFAs are to facilitate unionization along the company's production and supply chains and provide institutionalized arrangements for implementation and monitoring. IFAs, however, include additional labor rights and standards and vary in terms of their institutionalization.

After a flurry of agreements from 2002-2006 there has been a relative slow-down since 2007. There are two reasons for this relative slow-down. First, additional corporations approached by unions, such as Boeing, Nestle, Mahle, or Gerdau, have not been willing to negotiate IFAs or the IFAs negotiated were not acceptable to unions. Second, unions have reviewed their strategy and have modified their expectations (IUF 2006; Rüb 2006; IMF 2006 and 2007a; BWI 2007; UNI 2007). These expectations emphasize that the new generation of IFAs must have stronger implementation and dispute resolution procedures and must facilitate unionization rather than simply consent to it (a case in which this is playing out is the effort to get the French Sodexo to sign an agreement with the IUF). While some of the existing agreements come close (e.g., the 2008 ISS agreement), no agreement fully reflecting this new model has been signed yet. Were they to be negotiated, this new generation of agreements would be a major development in terms of moving us in the direction of strong global social dialogue and industrial relations. Given the skepticism about IFAs expressed in various business quarters (Marquez 2006; IOE 2005 and 2007; Bradley 2007; Bonini et al 2007) there may be few if any such agreements. On balance, however, while the number of new agreements has declined their scope has expanded and the number of agreements that have been renegotiated reflect stronger commitments (e.g., Rhodia, Statoil, Freudenberg, EDF, PSA, Faber-Castell; Telefonica; ISS). Renegotiation is evidence of ongoing commitment that contrasts with the unwillingness of some companies to renegotiate (e.g., Accor).

Of the ten Global Union Federations eight have now signed or cosigned the 78 IFAs.<sup>5</sup> The leaders in that respect are the International Metalworkers' Federation (IMF) (20)<sup>6</sup>, Union Network International (UNI) (25)<sup>7</sup>, the Building and Woodworkers' International (BWI) (16) and the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM) (14)<sup>8</sup>. The first to sign an agreement, the IUF, has signed five IFAs and an important Memorandum of Understanding with Coca Cola.<sup>9</sup>

After many years of efforts (Miller 2004 and 2008) the International Textile, Garment and Leather Workers' Federation (ITLGWF) succeeded in signing its first global agreement with Inditex while the International Federation of Journalists (IFJ) also signed its first agreement, both during 2008.<sup>10</sup> Finally, the PSI has co-signed the agreements with EDF and GDF Suez.

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<sup>5</sup> Education International has not signed any IFAs or other global agreements while the International Transport Workers' Federation has negotiated the only global collective contract.

<sup>6</sup> IMF and ICEM have cosigned the Umicore IFA.

<sup>7</sup> UNI has also signed a Memorandum of Understanding with Metro (Germany) and another with an agreement with the Universal Postal Union. In its list of agreements UNI also includes agreements with Allianz, Barclay's South Africa, Nordea, and Skandia. These agreements have special characteristics that differentiate them from the bulk of IFAs and are not counted here.

<sup>8</sup> ICEM has cosigned the Lafarge IFA with BWI, the EDF IFA with PSI and the Umicore IFA with the IMF

<sup>9</sup> The IUF also includes its agreement with Club Med which does have extra-European reach. The IUF is currently campaigning to renew the Accor agreement.

<sup>10</sup> It is possible, however, to consider an earlier agreement between the ITLGWF's European organization and Triumph as that GUF's first agreement.

**The Geography of IFAs:** There are three routes to the globalization of IFAs. The first is via the negotiation of agreements with additional non-European companies; the second is via the negotiation of agreements with ever more global European companies; the third is via the broadening and deepening of involvement by unions and other societal entities across the production and supply chains of any company that has signed an IFA.

Sixteen of the 82 companies that have signed IFAs are now from non-European countries.<sup>11</sup> Twelve of these have signed agreements since 2006. This is an encouraging trend in itself, especially since this group now includes a British, a Canadian, two USA and a Japanese company. Resistance to IFAs in those countries has been strong and these modest developments are worth noting. Here we must also note the Coca Cola Memorandum of Understanding with the IUF, as a promising development. In fact, the Secretary-General of the IUF has suggested that the Coca Cola Memorandum has delivered some important results (Oswald 2008). Amongst GUFs Union Network International has made non-European agreements a priority and has signed agreements with companies in Canada, Brazil, South Africa, Malaysia, Indonesia, Japan and, indirectly, the USA. There are currently efforts at negotiating an IFA with a major USA corporation, in addition to Coca Cola. Such a development, particularly combined with a Coca Cola agreement, could be a turning point for the IFA strategy.

Efforts at negotiating agreements with additional European companies continue. Key companies, such as Siemens and Nestle, have been resisting for many years. The campaign to get Sodexo to sign an IFA is at a crucial point. Success would be important in this case as it would be one of two instances when a company signs an agreement as a result of a transnational campaign (the other being the British G4S)

IFAs will only be incompletely globalized if they do not involve non-European labor unions (Stavis and Boswell 2007b). Such engagement can take place at various stages from negotiation to implementation. The existing agreements with non-European companies reflect the interest of some national unions in a number of countries, i.e., Australia, Brazil, Japan, Malaysia, New Zealand, Indonesia, Russia, South Africa, and UK<sup>12</sup>. While not well represented amongst the original negotiators and signatories there is strong evidence of USA unions engaging the strategy, despite some serious misgivings (Herrnstadt 2007; USW 2006) The SEIU, for instance has been actively pursuing IFAs; the USW is playing a leading role in the ArcelorMittal Global Joint Health and Safety Committee as well as in a similar global committee for Rhodia.<sup>13</sup>

Also, a number of IFAs provide institutional arrangements that allow for the formal participation of unions in addition to those of the country of corporate origin. This is particularly so with respect to the emerging global works councils and similar arrangements in companies that have

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<sup>11</sup> These numbers refer to companies (not agreements, of which there are 73). Inditex has signed two agreements and the CIETT Memorandum involves six companies.

<sup>12</sup> The IMF's Brunel agreement is worth noting here because it involves a Dutch company but the signatories are the IMF and an Australian union.

<sup>13</sup> Closer to the implementation of IFAs is necessary as it can reveal all kinds of intended and unintended results. While there is some strong research on the subject (Wills 2002; Riisgard 2003 and 2005; de Haan and Oldenziel 2003; Rudikoff 2005; de Haan and Dijk 2006; IFBWW 2004; IMF 2006; Egels-Zaden and Hyllman 2007; Stevis 2009 and 2011; Niforou 2011; Fichter ???) we certainly need more systematic case studies.

signed IFAs, such as Daimler, VW, SKF, Renault, ArcelorMittal, Falck, France Telecom, and PeugeotCitroen (in process) (more on these councils in the subsequent section).

### **III. Transnational Social Dialogues in International Framework Agreements**

#### **Who Participates and How?**

IFAs broaden the categories recognized in global labor politics by virtue of including workers collectively (GUFs, national unions, employee organizations). In that sense they are not a narrow exercise in HRM, although that may be the intention of some managers. They also reconfigure the scale and scope of the economic unit by virtue of covering the whole supply chain. Still, there is a great deal of resistance by management in terms of actively engaging subsidiaries. IFAs also do not extend recognition to unions and management along the supply chain as legitimate participants, keeping them at the level of wardens. Finally, IFAs rarely extend recognition to societal entities affected by the practices of companies, whether these are communities or other affected parties.

The key characteristic of IFAs is not that they are negotiated. A number of other multistakeholder agreements are also negotiated. Their key characteristic is that MNEs *recognize* a global actor that represents workers, whether that is a Global Union Federation or a global employee organization. This is a major break from the previous era during which MNEs refused to even have informal interactions with unions at the global level lest they legitimize them (for a historical overview by a participant see Gallin 2008; Northrup and Rowan 1979). It is for this reason that a number of analysts have pondered the implications of IFAs for global social dialogue and industrial relations (Bourque 2005; ORSE 2006; Ales et al. 2006; Drouin 2006; Descolonges and Saincy 2006; Müller et al 2008; Schömann et al. 2008; Schömann 2008; Papadakis 2008a and b; European Commission 2008a and 2008b; Telljohann et al 2009). Worth noting from our empirical research is the fact that some corporations want to have a global interlocutor and prefer that it be the relevant GUF. In very few instances they have asked GUFs to temper local demands and more militant unions. GUFs, with the support of strong national members, have played that role.

In addition to extending recognition to labor formally employed by a corporation as a global partner, IFAs also extend recognition to workers along the supply chain. IFAs routinely, if unevenly, address the responsibility of the corporation for its suppliers and business partners with this issue often becoming a major point of contention. Some IFAs also address other societal stakeholders, but that is largely symbolic. Almost without exception unions in the supply chain have not participated in the negotiation of the agreements nor do they have a formal role in the institutions set up by these agreements. A number of them have become involved in the process of the implementation, largely by bringing disputes to the attention of global and national union organizations. In general then, the IFAs expand the universe of stakeholders but, also, rank amongst them.

Almost all IFAs involve Global Union Federations as signatories and, in many cases, key negotiators. While GUFs are the only signatories in a number of cases, national unions or employee organizations are also always involved. Depending on the balance of influence there emerge a number of scenarios. Where GUFs are the primary movers then we can talk about a move to global social dialogue. It indicates that the relevant GUF has gained some

supranationality and that key member unions are consenting to this development. This does not mean that GUFs have the resources to act as global unions. Rather, that they play a leading role in coordinating national unions. Research suggests that there are instances in which global union organizations are playing such a role but that is not the case across all IFAs, even IFAs in the same sector.

The second scenario involves a number of national unions from the country of origin playing the dominant role in the negotiation and implementation of the agreement. If the relevant GUF plays a significant role and if these national unions set up global networks that give voice to unions in other parts of the world then we are moving towards the same direction as in the first scenario. On the other hand, jealously guarding national primacy can and has negatively affected IFAs. In such a case we can talk about a global projection of national forms of participation that are likely to work at cross-purposes. There is evidence that this is a serious problems in some cases but there is also evidence that one of the most contentious cases is being addressed positively. If this case is addressed successfully then we are likely to see more globalization of social dialogue. Also, there is a heartening example of a leading USA union adopting an aggressive effort at promoting the IFA strategy.

This brings us to the most interesting and problematic form of participation. A number of agreements involve employee organizations –and in very few cases these are the dominant partners. The relationship between unions and employee organizations is another important question (Whithall 2005; Brewster et al 2007). While existing global employee organizations are controlled by union members they can develop relative autonomy the same way that European and national works councils have. Moreover, there is enough evidence that various European and national councils are closer to management than to unions. This is a particularly important question in light of the findings by Marginson and his collaborators (2008) regarding the growth of “consultation-based forms of employee representation as an alternative to traditional union-based arrangements focused on negotiation amongst a key group of employers.” While institutional arrangements, such as works councils, are more profound than any of the alternatives at the global level, there are good reasons why they do not project very well globally. First, they are grounded in national and European laws and practices and reflect particular industrial relations. Liberal systems of industrial relations cannot easily accommodate such institutional arrangements. On the other hand, paternalistic industrial relations where enterprise-level unions play a dominant role cannot adjust easily to the fact that sectoral labor unions are frequently the dominant force behind employee organizations.

The nature of the dialogue that emerges in implemented IFAs is also affected by intra-corporate dynamics. Corporations are complex organizations, the more so as they globalize via acquisitions of mature companies. There is no evidence, so far, that subsidiaries have participated in the negotiations of IFAs and very few have been consulted. As a result they are often unaware of the IFA and its implications. In other cases they have been hostile, a significant problem if they have a transnational presence of their own and significant operational autonomy. The problem is compounded with respect to suppliers and business partners. In short, negotiation from the point of view of companies has been centralized, with central headquarters often unable or unwilling to force their subsidiaries to respect the agreement while suppliers are not informed in a timely fashion. To the degree that MNCs manage to successfully insulate their overseas subsidiaries from the requirements of the IFA and to delay bringing their suppliers on board, to that degree we can say that they are escaping even the modest obligations that IFAs require. To the degree that they ensure that the IFA obligations are internalized at all levels we can say that they are projecting European social dialogue, whether that of the country of origin or that of the EU. So far, it is fair to say that many IFA signatories have not implemented their IFA. A number have

done so in an uneven fashion, leaving out particular countries or particular subsidiaries. There are instances, however, of constructive efforts to implement the IFA along the whole production and supply chains (there are no instances yet of suppliers being included as formal participants, however). Even amongst these best practices there are serious gaps in implementation while the ways in which they globalize social dialogue does vary. Some, for instance, do so through world works councils, others through institutionalized networks, and still others through less institutionalized procedures.

Variability amongst companies that do try to implement IFAs often reflects sectoral and national dynamics. Yet, in some instances this is not simply an instance of corporations seeking to adjust their human resource management to local circumstances in a good-faith effort to balance their global priorities and local demands. Rather, here we also encounter strategic choices by corporations to situate themselves within networks that will protect them from having to engage in social dialogue. A prominent example is the choice of siting facilities in the Southern USA. Local interests then take on the tasks of preventing unionization. European companies in the USA South have then argued that they are not opposed to unionization but that local dynamics make it prohibitive. The use of siting and local dynamics to escape social dialogue is a worrisome development, particularly since it can have a boomerang effect on the countries of origin.

### **What is the Dialogue About?**

IFAs are centered around a few core labor standards and rights, particularly the rights of association and collectively bargaining, aiming to enable workers to unionize (for useful summary tables see Papadakis 2008a, tables 2-4). The inclusion of collective rights, in fact, distinguishes IFAs from other codes of conduct. Provisions against forced labor and discrimination are also present in almost all IFAs (and corporations are more likely to consent to them). Many agreements also include occupational health and safety provisions (also an area where unions and corporations can easily find common ground). Questions of wages, work organization and restructuring are not central to any of the agreements, although there are increasing references to them in the more recent agreements. Environmental provisions are also emerging in newer agreements.

Compared to national industrial relations IFAs leave a great deal to be desired as far as content in concerned. They are also much narrower than EU level intersectoral and sectoral dialogues. They also fall behind the most developed cases of corporation-level dialogues. In a number of cases, for instance, EWCs have taken on a bargaining role in addition to being informed and consulted in cases of restructuring. A corporation that signs an IFA, even a strong one, commits itself to allow unionization but not to discuss restructuring. However, most corporation-level dialogues in the EU are weaker than well functioning IFAs. While they have higher potential their performance to date has been marginal.

There is no doubt that restructuring is of primary significance for unions and employee organizations and the fact that it is not one of the IFA's major provisions is a shortcoming (explicable due to resistance by corporations, disagreements amongst unions, and strategic considerations). It is easy to see why corporations would resist the inclusion of restructuring policies on the agenda as it would limit their managerial discretion. Unfortunately, it is also easy to see how national unions may reject collaboration on the subject. Under the circumstances, initiators of IFAs have often sought to bypass this contentious issue. Some IFAs, however, do now include language about restructuring (e.g., EDF, GDF Suez). These and other agreements

(e.g., the renegotiated agreement with Peugeot-Citroen) also include significant environmental provisions. In short, there is a evidence that the content of IFAs is becoming broader.

One of the characteristics of a number of European national industrial relations and of European Tripartite Social Dialogue is that the negotiated rules apply to the whole society. Autonomous framework agreements tend to be a bit narrower in scope because it is left up to the social partners to implement them. EWCs agreements and even 'joint texts' are even narrower as they tend to apply to a company's production chain. The scope of IFAs is certainly narrower than public policies but its scale is wider than autonomous agreements and EWC agreements in that IFAs focus on the whole supply chain. As a result they explicitly recast the unit of organization from the formal corporation to the broader networks within which it is embedded. As far as constituencies are concerned, therefore, IFAs are broader than collective agreements in almost any country. Developing creative ways to place the priorities of workers and unions along the supply chain on the agenda would broaden and deepen transnational social dialogue. More so than participation the agenda of IFAs does include workers in the supply chain, albeit as wardens of those formally represented.

What is significant from the point of view of the central questions of this paper is also the source of inspiration of the labor rights included in IFAs. Many IFAs clearly identify the ILO but some give equal position and even primacy of place to the Global Compact. These choices are not accidental but reflect the ongoing debate between public and private social regulation (for management views that highlight this concern see BDA 2006; IOE 2007). To the degree that the ILO or other public instruments are specified as the inspiration for and the arbiters of the meaning of the labor standards and rights specified in IFAs to that degree IFAs contribute to the emergence and legitimacy of a global public domain (Drachos 2001). References to the Global Compact or other private organizations and initiatives, on the other hand, add legitimacy to the privatization of social dialogue and, thus, of authority (for different views see Ruggie 2004 and Shamir 2008; see, also, O'Rourke 2006; Schömann 2007).

While the tension between the ILO and Global Compact is between public and private domains, a different kind of tension emerges when national or regional standards are given primacy over global ones. This is very evident when an IFA commits to respecting national labor laws, as these may be very weak and thus lead to a race to the bottom. On the other hand, strong attachment to national laws can also divide unions. Laws allowing worker representation in supervisory or similar boards, for instance, often specify the nationality of employee representatives. Clearly, global arrangements can work only if unions find creative always around such provisions.

In general, then, the content of IFAs can vary in terms of issues that can be addressed (despite a common core), the angles from which these can be approached, and the scale of stakeholders that are covered. As and when the range of issues subject to dialogue increases to include restructuring, wages, the environment, and occupational health and safety issues (many IFAs already do) and that restructuring and wages will also be included in more agreements. At this point in time, however, the primary focus of unions is to ensure that IFAs facilitate dialogue that expands unionization and collective bargaining and, thus the range of recognized actors.

### **How Strong Is the Dialogue?**

The weakest dialogue would include the communication of information while a bit more profound would be that of consultation. An example would be the European Works Councils which are set up for the consultation and information sharing - the latter being more frequent than the former (for overviews of EWCs see Beinaert 2006; Patriarka and Welz 2008). Transparency

based initiatives largely fall in this weak intensity category. Their most profound implications occur when financial entities use them for fund allocation choices which, however, do not involve the affected stakeholders –whether unions, communities or environmentalists. Some IFAs have not reached that stage of implementation and should, for all practical purposes, be considered problematic.

Negotiation would be the next level of intensity. Negotiation implies that corporations see unions or workers' organizations as active counterparts rather than recipients of information or submitters of views as would be the case under consultation. IFAs clearly involve negotiations between workers and management at the global level (Hammer 2005; BEERG 2007; Gerrard 2008). Any binding commitments or actions that come from such a social dialogue are the result of the dynamics between the negotiators and only them. With the exception of an ITF-negotiated collective contract (Lillie 2006) and the possible exception of the recent ArcelorMittal health and safety agreement (USW et al. 2008), IFAs are the only instruments of direct global negotiations between capital and labor. For that reason alone they are a new and interesting phenomenon.<sup>14</sup> However, while negotiated, IFAs are not legally binding policies such as the national or EU-mandated social dialogues or collective agreements.

This general account of the intensity of IFAs is formally accurate but may not be complete. A closer look at IFAs reveals the possibility of significant intensity in some cases. Here I want to outline the most prominent scenarios. As noted in the previous part, the pace of new IFAs has slowed in recent years because national and global union organizations have decided that IFAs have to be stronger, particularly with respect to dispute resolution. There is good evidence that some of the new agreements, as well as the renegotiated agreements are now stronger in that respect. The negotiation of IFAs that do provide for stronger institutional arrangements, particularly with respect to dispute resolution, is worth noting (e.g., provision for arbitration in 2008 ISS agreement). The Global Joint Health and Safety Committee in ArcelorMittal is also considered formally binding.

While the mechanisms provided for by IFAs themselves are not legally binding they can very well lead to legally binding results or can operating in the shadow of hierarchy. Our research has identified instances of IFAs leading to union recognition, itself a binding outcome. There are also instances where they have led to national agreements between unions and corporations with significant formal implications. There are also cases of IFAs of headquarters pushing a subsidiary or a supplier to negotiate a collective agreement or rehire fired unionists. More and more cases like these will certainly blur the boundaries between 'soft' and 'hard' law and will develop a dynamic of their own (Stevis 2010). The most promising route here is IFAs becoming the springboards of national agreements that lead to unionization and collective bargaining.

Another way in which the intensity of IFAs can deepen is as a result of their institutional provisions. In very few cases, involving world company councils, IFAs are 'legalized' as a result of the legalization of the bodies entrusted with the operation of the agreement, including the payment of the costs of the operation of the council by the corporation. The proliferation of works councils that are legalized and which involve the commitment of resources by the corporation is a development worth following in its own right since their existence is independent of IFAs (there

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<sup>14</sup> "Joint texts" that have been negotiated between European Works Councils and corporations often have global implications but are not negotiated by global union organizations nor, often, by global corporations (see EWCB 2005; European Commission 2008b). On 'European Framework Agreements' negotiated by EWCs and European Union Federations see European Commission 2008b; also Telljohann et al 2009.

is at least one world works council in a company without an IFA). Legalization can also take place with the involvement of a European Works Council. While a signature by a EWC does not make an IFA binding it provides a much stronger shadow of hierarchy and brings IFAs closer to 'joint texts'. This scenario, however, remains strongly anchored in European industrial relations.

Finally, soft legalization is taking place via other institutional arrangements, such as global union networks recognized and funded by the company. While fewer these are likely to become more prominent due to renewed emphasis on networks by certain GUFs and because they are more easily adapted to non-corporatist systems of industrial relations.

#### **IV. Implications**

This paper reflects two long term research interests: transnational labor politics and policies and egalitarian transnational governance. In this concluding part I would like to address the lessons learned from the study of IFAs to address some of the related practical and theoretical issues that have emerged.

**Practical Implications:** The practical implications of IFAs are multiple. With reason, unionists ask whether there are having positive impacts on facilitating unionization, in particular. In that sense they can be evaluated in terms of their outcomes and there is increasing work on the subject. In this paper, however, I have focused on whether IFAs globalize or escape European social dialogue. The record, so far, suggests that many companies that have signed IFAs do not implement them in any profound fashion, especially in countries, or localities within countries, where labor rules and unions are weak.

The evidence also suggests that even the successful cases of IFAs do in fact promote diverse forms of global social dialogue. The dialogues vary in terms of key participants. In some cases these are global union organizations, in others national unions, in other workers' organizations and, in fewer, union networks. There is also variability at the level of the corporations. In some cases central headquarters brings all subsidiaries along while in other cases companies have been successful in insulating particularly powerful (and largely anti-union) subsidiaries. In summary, then, participation indicates that IFAs promote variable forms of dialogue. In order to understand this variability one needs to attend to the micropolitics of unions and corporations.

Where IFAs have been successful they are promoting a broadly collaborative approach to industrial relations. The question is whether this attitude is limited to the level of the corporation or whether it has or may have a broader impact. To the degree that IFAs gain footholds in particular countries to that degree they can contribute to a change in attitude towards public policies that even the playing field. Stated differently, corporations and unions engaged in social dialogue may be more amenable to the inclusion of labor provisions in trade agreements in order to prevent less regulated companies from gaining a competitive advantage.

While the above may be a possibly positive contribution there have to be more successful IFAs. Alternatively, it is more likely that the globalization of European companies will not have a positive global impact but, rather, will reinforce more predatory industrial relations, especially in countries and regions that already lean in that direction. This negative impact will not be limited to the rest of the world but will also exert downward pressure within European countries as corporations use one location against another.

While a focus on micropolitics provides us with important insights there is broader picture. IFAs are negotiated agreements that are not mandated by a public policy. Their goal is not to challenge global capital in any profound fashion but, rather, to enhance the role of unions to negotiate with capital within a collaborative framework. In the absence of transnational public policy or national policies with extraterritorial reach IFAs are likely to remain few and unevenly dialogic. It is for this reason that in order to magnify their positive impacts they must be inserted into public policy. This can take place through national policies that provide incentives and disincentives. That corporations are sensitive to such policies is evident by the debates over the EU social responsibility proposals.

**Theoretical Implications:** The proliferation of collaborative forms of governance over the last twenty years ought to be cause for concern. I agree with those analysts who argue that CSR is not simply a reaction to public scrutiny and societal pressures but increasingly a strategic choice by corporations. This is not to say that the adoption of CSR is simply public relations. And there is evidence that in some cases CSR has found its way into the organization of corporations and is not wholly contingent on profitability. Rather, corporations have become more proactive in setting the broader rules of social regulation (in collaboration with elements of the state and civil society). One key element of this turn is the adoption of dialogues amongst the willing. While the constellation of the willing is never stable (with erstwhile CSR leaders abandoning their commitments in fits of financial orthodoxy) there are enough corporations, unions, environmentalists and other social entities that find some form of dialogue as the best route to more social regulation.

If these assumptions are accurate then we will see more instances of dialogue (more so than unilateral CSR and third party certification). Such a development requires that we further develop our analytical tools since, in its general configuration, this outcome seems more democratic and deliberative compared to most other forms of private regulation. Such an analytical scheme should allow us to both recognize the limits of dialogue as well as the differences amongst dialogues. This is particularly pressing in response to two strands of thought. First, it can serve as a corrective to the increasing emphasis on the legitimacy of policies and dialogues as a criterion for their desirability and stability. The analytical scheme employed does not reject the possibility that exclusive and weak forms of social dialogue can be legitimate and stable. It does ask, however, at whose expense and does so beginning with process. Second, it makes social purpose a central element in the study of governance, a study that is increasingly focusing on architecture devoid of social power.