



Trade Unions and Multinational Companies: A multi-level challenge

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Editor's Foreword

The Warwick Papers in Industrial Relations series publishes the work of members of the Industrial Relations Research Unit (IRRU) and people associated with it. Papers may be of topical interest or require presentation outside of the normal conventions of a journal article. A formal editorial process ensures that standards of quality and objectivity are maintained.

In this paper, Paul Marginson, who was IRRU Director between 2002 and 2012, presents an exhaustive critical review of the literature on the relationship between trade unions and multinational companies. A version of this paper had been prepared for a planned volume of essays in honour of the contribution of Jelle Visser to the sociology of work and industrial relations. In the end, the volume did not come to fruition, and Paul expanded and updated the paper for publication in this series.

The paper brings together two areas of research that have been central for IRRU: trade unions (since the beginning in 1970) and employment in multinationals (since the early 1990s, with Paul as one of the pioneers in the field). An international workshop IRRU hosted in June 2014 in Paul's honour, experts of international employment relations from eight countries congregated for a two-day discussion that demonstrated the growing importance of the issue of employee representations in multinationals: these are not organisations like all others, and their political, economic and social relevance is only rising. The debate is however open on what the answers could be, from bottom-up mobilisation to international public regulations. A recent comprehensive perspective to address this is that of 'global governance', which is discussed in a recent paper by Paul and myself (*Global labour governance: potential and limits of an emerging perspective, Work, Employment & Society, 2014*), and which falls within the University of Warwick's Global Research Priority group on Global governance, led by IRRU colleague Prof. Jimmy Donaghey. Yet despite all these empirical and theoretical developments, the debate on trade unions and multinationals remains mostly fragmented, with union experts and international business experts on different sides. The merit of this Warwick Paper in Industrial Relations is bringing the broadest range of literature together and clarifying the terms of the discussion.

Guglielmo Meardi

ABSTRACT

Trade unions face major challenges in developing effective responses to the growing international scope, integration and complexity of multinational companies' operations. There is marked variation in trade unions' responses, which may be local and national or cross-border in nature. Focusing on cross-border union co-operation and action, the paper shows that considerations of both structural and institutional contingency and union agency are important in accounting for the marked variation in union responses. In examining contingency, the paper highlights how a series of institutional and structural factors, relating to the national and regional institutional environments in which MNCs are based, and where they locate their operations; sector of operation; and the business structure and strategy of MNCs, tend to shape the nature of union responses. By exploring the role of agency from two perspectives – bottom up and top down – the multi-level nature of the challenge confronting unions in establishing viable forms of transnational cooperation and action is demonstrated. A perceptible shift is underway towards contexts in which local or national responses are no longer adequate or appropriate, and towards those which call for cross-border initiatives.

Introduction

It is a commonplace that trade unions face major challenges in developing effective responses to the growing international scope, integration and complexity of multinational companies' operations. As MNCs' production, service provision and component sourcing have become increasingly internationalised, and with it the management structures that coordinate and control them, their capacity to move activities and jobs across borders has steadily strengthened, and with it the potential to induce local workforces to compete for production mandates and investment. So too has their ability to outsource via internationally organised supply chains, intensifying competitive pressures on directly employed and supplier workforces. It is also well recognised that in order to be effective trade unions have, in their organisation and capacity for action, to match the spatial scope of employers - a principle first enunciated at the time that national markets emerged in the US (Ulman 1955), and which by extension now implies organising and engaging with multinational employers at international level. Yet, Lévesque and Murray (2010b) contend that growing internationalisation of MNCs' activity generates a double dynamic, involving contradictory pressures on trade unions. On the one hand, internationally integrated production systems and international management structures create impetus towards cross-border cooperation and action. On the other, MNCs have been the leading source of pressure for greater decentralisation in collective bargaining structures, creating greater scope for company (and site) level negotiation capable of fashioning arrangements and practices tailored to local competitive requirements (Marginson and Meardi 2009). The growing orientation of local bargaining in MNCs around a competitiveness agenda has underpinned the emergence of micro-corporatism which pushes local unions towards relative isolation. This double dynamic suggests, therefore, that union responses are likely to be varied.

The literature confirms that variation in union responses to the challenges posed by MNCs is along several dimensions. A first dimension is the contrast between defensive, primarily aimed at securing or minimising retreat from the status quo, and pro-active, anticipating developments and proposing alternatives, strategies (Lévesque and Murray 2010 a, b; Meardi et al. 2009). A second is that between local and national, and transnational. Local and national responses tend to be preferred by dominant home workforces with privileged access to global headquarters (Fetzer 2008), or instances where a local workforce can mobilise specific locally-based power resources, as illustrated in Bélanger et al's (1999) study of ABB. Transnational responses tend to emerge when local and national responses are no longer appropriate or adequate, and include the negotiation by Global

Union Federations of International Framework Agreements (IFAs) with multinationals, the mobilisation of transnational industrial relations structures such as European Works Councils by unions – as on several occasions in the European automotive sector, and in the cross-border merger cases examined by Erne (2008). This raises a third dimension, which is the contrast between responses which are explicitly transnational, as with the examples just cited, and those which are implicit in nature. In response to management's deployment of cross-border benchmarks and comparisons of costs and performance, intended to influence the outcome of negotiations, unions and works councils in a few sectors, such as metalworking, are responding with their own comparisons to underpin claims (Arrowsmith and Marginson 2006). A fourth is the contrast between responses which are technocratic in nature (Erne 2008), relying on exercising influence through institutional and regulatory channels, with those that are democratic, involving mobilisation of the membership, engaging in public dialogue and pressure and taking forms of collective action.

In accounting for the marked variation along these different dimensions in union responses to MNCs, the paper will focus on cross-border union cooperation and action. As noted above, the cross-border, or transnational, level is not necessarily the preferred or most appropriate level of response for unions. However building cross-border cooperation, organisation and forms of action remains the biggest challenge confronting trade unions in relation to MNCs. A central characteristic of cross-border union responses is their multi-level nature, requiring articulation of activity across local, national and transnational levels. Moreover, unlike the hierarchical relations which formally characterise the relations between national unions and their local units, the nature of relationships at transnational level is non-hierarchical, either horizontally between different national unions or vertically with international trade union organisations (Keune and Marginson 2013). The last have decidedly limited decision-making and enforcement mandates (Croucher and Cotton 2009; Lévesque and Murray 2010a). After, first, briefly reviewing the literature on transnational trade union cooperation and action and, second, identifying the main structural and institutional contingencies shaping trade union responses, the paper presents two takes on this multi-level challenge. The first take is from the local to the transnational, involving consideration of the capacities required by local and national unions to engage in cross-border cooperation. The second is from the transnational to the local, through an exploration of the challenges of implementing International Framework Agreements.

Oscillating between optimism and pessimism: debates on transnational trade union cooperation

It was concerns over the effects on employment security and employment conditions of growing foreign direct investment (FDI) by US-owned MNCs during the 1960s (e.g. TUC 1970) which first prompted debate about viable trade union responses. In his classic book, Charles Levinson (1972) advocated the development of transnational collective bargaining as an effective response to the pressures on host country workforces from foreign-owned companies. Drawing on Perlmutter's (1969) classification of MNCs according to the cultural influences on their style of management, which proposed an evolution from an 'ethnocentric' via a 'polycentric' to a 'geocentric' management style, Levinson identified three gradual steps that trade unions could pursue towards realising transnational collective bargaining. First, unions could support each other internationally when a union in one country took industrial action, for example through solidarity messages and actions. Second, unions could exchange information related to collective bargaining with the aim of coordinating the claims made in negotiations and their timing. Third, collective negotiations would move to the transnational level with the aim of harmonising working conditions, if not wages. By the 1990s, however, it was clear that transnational collective bargaining with MNCs had not developed (Ramsay and Haworth 1989). Initiatives during the 1970s to establish trade union-based world works councils within large MNCs, mainly in the manufacturing sector, had faltered, and at best trade unions had achieved only the first step of Levinson's evolutionary prospectus. At the same time, Logue (1980) cautioned that trade unions were only likely to turn to transnational cooperation, even in the face of MNC cross-border integration, when national solutions no longer appeared viable. Attention shifted to the vulnerability of MNCs to nationally-based union action, with Ramsay and Haworth (1989) highlighting the problems these companies faced in managing scale, business diversity and space. The resulting tensions in the management structures of MNCs opened up, they argued, opportunities for successful intervention by national and local trade unions.

Pessimism about the prospects for unions to build transnational responses was grounded in three lines of reasoning, relating to actors, institutions and contexts (Ramsay 1999). As actors, workers can and do face powerful opposition from multinational employers. The organisational and financial resources available to unions to support transnational cooperation and action are limited. In particular, the discipline engendered by the hierarchical structures of national unions, on which their ability to exercise 'power over' (as well as 'power for') their memberships rests, is largely absent at transnational level. There are difficulties in identifying shared interests with counterparts in other countries, who are easily perceived as competitors for jobs and incomes and not as similar workers sharing a similar situation. Institutionally, there is no legal basis for transnational trade union action, including strike action, and industrial relations vary significantly across countries, including trade

union rights, collective bargaining and the right to strike. In particular, solidarity strikes with workers in other countries are prohibited under most national labour law jurisdictions. The international economic context, which brings together countries of very different levels of socio-economic development within the production networks of MNCs (and their suppliers) (Henderson et al. 2002), makes it challenging to secure solidarity amongst the workforces involved, who may have rather different concerns. Ramsay also identifies prevailing free-market ideology and the dependence of governments on FDI, and hence reluctance to promote tougher cross-border regulation of MNCs, as unfavourable contextual elements.

Although these obstacles retain much of their force, differently-grounded, more optimistic perspectives have emerged more recently (Meardi 2012). Applying the political science theory of federalism, Hoffmann (2006) demonstrates its analytical relevance to the experience of central works councils (which in multi-site enterprises federate the local works councils) and to that of European Works Councils (EWCs). These are representative structures of a federal character, which are neither hierarchically organised nor centralised; authority is diffused across independent but interacting constituent units and can be delegated upwards (to the central works council or EWC). Empirically, Hoffmann shows how in the case of a large German-based automotive MNC federal arrangements have been the basis for the development of a highly effective central works council, and subsequently EWC. Put another way, federalism provides a means of creating and legitimising 'power over' at transnational level, and of addressing the multi-level challenge which effective cross-border organisation poses. Greer and Hauptmeier (2012) focus on the role of 'identity work', that is the way in which union representatives frame interests and problems, in underpinning the emergence of transnational responses to problems of a cross-border nature within multinational companies. Forging and sustaining multiple identities – local, national, transnational – is an integral element of successfully responding to the multi-level challenge trade unions face. A number of scholars (e.g. Martínez Lucio and Walker 2005, Dufour Poirier and Hennebert 2015; Helfen and Fichter 2013) have applied social network theory to transnational trade union cooperation. As Meardi (2012) underlines, networks by focusing on communicating and exchange draw attention to the indirect effects of cooperation across borders, as evidenced for example by the use of cross-country comparative data to back up local negotiating claims (Arrowsmith and Marginson 2006). Networks are non-hierarchical organisational forms, which accommodate the difficulty of exercising 'power over' at transnational level, and engaging in them requires fewer resources than the construction and maintenance of formal institutions. They also respond to the multi-level nature of the challenge that confronts trade unions.

Other work has explored the conditions under which unions opt to cooperate and engage in cross-border action, rather than pursuing national action. Echoing Logue's (1980) thesis, a common theme is that unions are only likely to turn to transnational action where tried and tested forms of national intervention have become insufficient or inadequate. Such circumstances are becoming more widespread. Erne (2008) explores the ramifications of cross-border mergers, which also entail substantial, cross-border restructurings within the EU. Cross-border mergers are subject only to Community-level merger policy: national policies no longer have any purchase on these kinds of merger, and in parallel, national managements within the companies concerned are usually detached from the decision-making process at European or global headquarters. Hence trade unions' national repertoires of action are no longer appropriate. Given pre-existing forms of cooperation between unions in different countries, prompted by experience of previous cross-border problems (such as rationalisations and restructurings), Erne shows how unions were able to forge a European-level response to the two cross-border mergers he studied. Fetzner (2008) and Bernaciak (2010) develop differing, interest-based frameworks to account for transnational union cooperation. Viewing the national workforces embraced within a multinational's integrated operations as a risk community, Fetzner argues that transnational cooperation and action will emerge where risks, in terms of the potential consequences of cross-border management decisions for jobs and conditions, are evenly dispersed across countries, and where no national workforce has privileged access to global headquarters (as is often the case with the workforce in a multinational's home country). Empirically, he finds support from the experience of General Motors' European operations from the mid-1990s onwards. Bernaciak contends, on the basis of a study of unions in automotive companies in two countries (Germany and Poland), that transnational cooperation only emerges when national solutions are perceived as being unavailable or insufficient by unions in both countries, enabling cross-border cooperation to be established on the basis of reciprocity. These more recent analytical approaches begin also to explore the contingencies which underpin the marked variation in unions' responses to MNCs.

The contingencies shaping union engagement in cross-border cooperation

Trade unions' propensity to forge transnational responses to the challenges posed by MNCs are shaped, but far from determined, by a range of structural and institutional contingencies (Lévesque and Murray 2010b; Marginson and Meardi 2006; Meardi et al. 2009).

A first consideration is the motive for FDI, whether it is market-, resource- or efficiency seeking. In the case of market-seeking FDI, market access rather than efficiency or cost-saving advantages is the

prime motive, and there is no necessary implication in terms of pressures on employment numbers, employment security, employment conditions or (unit) labour costs. At first sight, trade union concerns are likely to remain at the national and local levels, and not spill across borders. Similar reasoning applies to (natural) resource-seeking FDI, where locations are limited and fixed to the geographical occurrence of natural resources. It is under efficiency-seeking FDI, where MNCs weigh up the relative advantages of different production and investment locations (actual and prospective), that competition between sites in terms of employment numbers, security and conditions and (unit) labour costs is a structured feature of relationships calling for a cross-border trade union response. These differences in FDI motivation overlap with broad sector differences, with market-seeking being more prominent amongst the service sectors, resource-seeking by definition characterising the primary sectors and efficiency-seeking becoming ubiquitous amongst manufacturing sectors.

Even so there is differentiation within the broader picture. For example, efficiency-seeking rationales are evident in financial and business services in the offshoring of back office and customer service operations, whilst within the automotive sector – where efficiency-seeking motives have long predominated – FDI in the components part of the sector is more sensitive to shifts in comparative advantage than that in vehicle assembly given greater fixed costs in the latter. Relatedly, within efficiency-seeking FDI variation can be expected according to the relative prominence of labour costs in total costs, with cross-border union cooperation being inversely related to the proportion of costs accounted for by labour since this intensifies economic competition and reduces the scope for positive sum compromises (Meardi et al. 2009). More recently, pressure on working conditions in the operations of MNCs primarily motivated by a market seeking rationale has become more apparent. Ownership-specific advantages in the form of standardised organisational and work routines and employment flexibilities aimed at reducing costs are resulting in more locally-differentiated arrangements being displaced. Examples have been documented amongst prominent companies in several service sectors, including fast food, retailing and financial services (e.g. Geppert et al. 2014; Hunek and Geary 2015; Meardi et al. 2013; Royle 2010).

Second, the geography of the market matters. ‘European’ or ‘north American’ solutions may be more feasible to forge where the product market is primarily regional in scope and competition is regionally bounded, and where unions have greater depth of relationships through the links which regional organisation promotes, than in markets which are more global in scope, and where inter-regional links between unions are less well developed. Third, considerations of FDI motivation and the geography of markets overlap with sector. Anner et al (2006) demonstrate how three different

sectors are characterised by different modes of transnational union cooperation and action. The automotive sector, which is dominated by a relatively few large multinational manufacturers and where markets and production integration are primarily regional in scope, has been characterised by the development of firm-based transnational union structures and networks. Whereas in clothing, where production is more internationalised and increasingly concentrated in the global South, whilst major markets remain in the global North, unions have attempted to combine organising campaigns in the South with initiatives (together with NGOs) to build consumer pressure in the North for compliance with international labour standards. In further contrast, in the de-nationalised labour market of the global shipping sector, dominated by 'flag of convenience' operators, unions have built on pre-existing transnational relationships to develop transnational, sector-wide collective bargaining. From a different point of departure, Donaghey et al. (2014) analyse the interaction between production relations (between labour and capital) and consumption relations (between consumers and producers). They contrast sectors, such as automotive, chemicals and equipment manufacture, where unions are better placed to exercise pressure on MNCs through extending traditional labour organisation, with sectors, such as clothing and footwear and food products, where consumer pressure is a more viable source of pressure requiring unions to forge alliances with NGOs and campaigning groups.

Fourth, MNCs' country and region of origin shapes the conditions for union responses. MNCs headquartered in continental European and Nordic countries are more prone to engaging with union representatives at transnational as well as national and local levels than their Anglo-American and Asian counterparts, because of well-established structures for employee consultation at national and local levels in the former. At transnational level this is reflected in the appearance of European-wide protest strikes over restructurings in several major manufacturing MNCs, the preponderance of continental European and Nordic based MNCs amongst those where world works councils have been established over recent years, and which have concluded International Framework Agreements with Global Union Federations (Papadakis 2011; Helfen et al. 2016). Differences between global regions matter too, as the EWCs which are potentially available as an institutional structure for unions to network through and mobilise around in Europe, are not available to their counterparts in north America or indeed in other global regions (Kaminska and Visser 2011).

Fifth, host country environments condition the capacity of local unions to engage in cross-border union cooperation and activity. The financial and organisational resources available to unions for cross-border engagement differ markedly even between the advanced industrialised countries within the EU, with unions in the Nordic countries and central western Europe being better

resourced in this respect than their counterparts in the UK and Ireland, the Mediterranean countries or central eastern Europe. Such differences are, however, dwarfed by the gulf between unions in the newly industrialising and developing economies of the global South and those of the industrialised global North (Croucher and Cotton 2009). To this can be added the further constraints of operating under authoritarian regimes, which is the situation of unions in a significant number of countries in the global South. Moreover, the competitive pressures in terms of labour costs and conditions coming from the operations of MNCs (and their suppliers) in the global South on MNCs' workforces in the North are relatively greater than those stemming from cross-site competition within the North, and the possibility of mobilising a transnational response more difficult for interest-based as well as resource-based reasons.

Sixth, whether production or service provision is internationally integrated, and if so how, affects the potential for cross-border union cooperation. Where production is not integrated across borders, the prospects and fate of local operations are shaped by different economic calculus inclining trade unions towards local and national responses. In contrast, internationally integrated production fosters the development of cross-border union cooperation, as Erne (2008) shows in one of his two merger cases. International integration varies in nature, however, and carries differing implications for trade unions' interest in realising cross-border cooperation (Meardi et al. 2009). Under 'stratification' where different kinds of operation are undertaken at different locations, according to considerations of comparative advantage, the impetus for transnational cooperation which flows from inter-dependency is attenuated by differences in skill profiles, work organisation and quite possibly employment conditions. Under 'replication' where similar facilities undertake the same kind of activity in different locations, and compete for product and investment mandates, then skill profiles, work organisation and employment conditions are more similar. Nonetheless the impetus towards transnational cooperation is likely to be offset by pressures to secure local advantage via a micro-corporatist strategy. Even where production or service provision is not particularly integrated across borders, disruption to pre-existing local arrangements caused by the spread of standardised work routines and employment flexibilities can prompt cross-border communication and campaigns by trade unions (Geppert et al. 2014; Royle 2010).

Seventh, the nature of the supply chains that MNCs organise and control (Gereffi and Korzeniewicz 1994; Gereffi et al. 2005) or the networked production that MNCs develop and coordinate (Henderson et al. 2002) differ, with implications for the ways in which unions might effectively engage with the complexities involved. Drawing on the approach elaborated by Gereffi and colleagues, Lakhani et al. (2013) identify five configurations of (global) value chains differentiated

according to the relationship between lead firms and their suppliers; quality and stability of employment in supplier firms; and predominant institutional influences on employment relations in the latter. They go on to identify some of the implications for trade unions. For example, strategies by unions in the lead MNCs towards improving conditions in supplier firms are more likely to meet with success where lead firm influence is based on hierarchical or captive relations than under market relations, whilst local, supplier-based trade union initiatives are more likely to be effective where employment is relatively skill intensive and stable.

Finally, trade unions' capacity to fashion cross-border responses is facilitated or constrained by transnational regulation providing representation and rights at cross-border level through transnational industrial relations institutions. The most important instance is the EU's 1994 European Works Councils Directive, which has prompted the establishment of European-level industrial structures within the European operations of just over 1000 multinationals (ETUI 2015). Their role in facilitating cross-border trade union initiatives is contingent, dependent on several factors. The establishment of an EWC has to be triggered by workforce representatives, and EWCs are currently found in only some 40 per cent of MNCs covered by the Directive. Furthermore, trade unions have no formal representational rights within EWCs. Union influence within EWCs rests on successfully securing the election of representatives who are also union activities and/or representatives and providing them with necessary support and expertise. Confirming the importance of these two factors, research finds that whilst the presence of an EWC is by no means a guarantee of transnational union cooperation, it acts as a crucial institutional channel facilitating it: where there is no EWC, cross-border union cooperation is rarely in evidence (Waddington 2010; Meardi 2012). A further consideration that EWCs' rights are limited to the provision of information and consultation; negotiation is beyond their formal remit. This has not prevented a minority of EWCs concluding transnational agreements (see below). There is, however, no EU-level legal underpinning for such agreements, inhibiting their development and wider diffusion. The recommendations of a high-level group charged by the European Commission to address this gap have however been shelved (see Ales and Dufresne (2012)).

From the local to the transnational: local union capacities to engage in cross-border cooperation

According to Lévesque and Murray (2010a: 313), 'the analysis of transnational union cooperation must focus on the capacity of local actors to build cross-border alliances'. The authors, in this and a companion piece (Lévesque and Murray 2010b), explore how particular features of union agency, in combination with the structural and institutional contingencies identified above, pattern the degree

of involvement of local trade unions in cross-border cooperation with their counterparts in other countries within MNCs. Empirically focusing on pairs of plants belonging to MNCs in Canada and Mexico, respectively, Lévesque and Murray (2010a,b) identify three types of local response. Under 'defensive isolation' there is little or no contact with unions in company operations in other countries, and a lack of awareness of the activities of company-based transnational union structures or networks where such exist. The local unions concerned also showed a stronger tendency to be enmeshed in micro-corporatist, or partnership, arrangements with management. A 'risk reduction' response was characterised by local union participation in transnational union structures or networks, but on the basis of selective engagement and an instrumental approach to cooperation. Typically the local union would look to obtain intelligence that could be deployed to strengthen its position locally. Under 'proactive solidarity', the local union was actively engaged in transnational union structures or networks and committed resources to sustain its engagement. Local union strategy was informed by a broader agenda which, through cross-border cooperation, aimed to influence higher-level decision-making within the MNC.

In the context of MNCs' threats in their central east European operations to relocate production elsewhere, Meardi et al. (2009) identify three similar types of response - 'national defence', 'reactive' and 'proactive'- plus a fourth, 'competitive', which is a variant on 'defensive isolation' when combined with micro-corporatism. These different types of response from the bottom up also map onto three scenarios identified by Lecher et al (2001) in their substantial study of the functioning and effectiveness of European Works Councils: 'symbolic', which corresponds to 'isolation' or 'national defence'; 'service-oriented', which corresponds to 'risk reduction' or 'reactive'; and 'participatory', which corresponds to 'proactive'.

The contingencies considered in the previous section offer only a partial explanation of which kind of response was adopted by a local union (Lévesque and Murray 2010a, Meardi et al. 2009). Neither the country (nor region) of origin of the MNCs, nor the host country environment – Canada or Mexico, or Poland, Hungary or Slovenia, respectively – had a straightforward effect. The extent and nature of international integration did, however, emerge as exercising a degree of influence on choice of response in both studies: a cross-border union response being more in evidence where production at different sites was vertically integrated, or where sites compete against each other to undertake the production operations, than where the same production is undertaken at different sites serving different regional markets. Beyond this agency plays a prominent role. Comparing union responses, one embracing a 'Euro-democratic' and the other a 'Euro-technocratic' approach to the respective proposed, large cross-border mergers of ABB-Alstom and Alcan-Pechiney-Algroup,

Erne (2008) establishes that the differing responses cannot be attributed to structural and institutional contingencies. Both cases are in the same sector, the proposed mergers both involved French multinationals which had previously been publicly owned and with an identical major shareholder in the two Swiss groups concerned. The largest European operations were in France and Germany in both cases, and the principal national unions involved were the same. The main sources of difference, according to Erne, lay with management and union agency, including contrasting management approaches to informing and consulting the workforce, both at European and local levels, and union choices about appropriate responses.

Considerations of union agency are central to Lévesque and Murray's account. At local level these include the nature of local management-union relationships, which can be either contested or micro-corporatist, and the union's power resources, which comprises three relevant dimensions. First, internal solidarity, which relates to the state of workplace democracy and the cohesion of the workforce. Second, external solidarity, which is the extent of coordination with other levels of the union, and other local union organisations and community and social movement groups. Third, discursive capacity which concerns the ability of the local union to frame and advance its own agenda. Local unions which have strength in all three respects are those which are more likely to adopt a 'proactive solidarity' approach, whereas which have strength on the first but lack the second and third are more likely to adopt one of 'defensive isolation'. But since the context is a multi-level one, local level resources, whilst necessary, are not sufficient to ensure engagement in cross-border union cooperation. Crucial also are resources at the national and the transnational levels (see also Hennebert and Dufour Poirier 2013). At national level, which represents a bridge to the transnational level, much depends on whether the national union is integrated into transnational union structures and networks, and its orientation to transnational cooperation. Lévesque and Murray (2010b) show how national union orientation and integration can variously foster or impede local union attempts to reach out across borders. At transnational level, the organisational strength of the main international trade union federations, the GUFs, varies markedly according to sector (Fichter et al. 2011). In particular, the existence and capacity of MNC-specific transnational trade union networks is highly variable within as well as between sectors. Hennebert and Dufour-Poirier (2013) contrast the nature of cross-border trade union alliances within two MNCs in different sectors, highlighting differences in the role of both national unions (from the headquarters country) and GUFs. The presence and robustness of transnational regulation applying to MNCs is an additional factor, with the situation in the EU, where EWCs provide unions with a transnational institutional platform around which cooperation can be built, differing from that in other global

regions. At transnational level too, local union initiatives can founder or thrive according to the organisational institutional and resources available. In sum, engaging in transnational union cooperation is a multi-level challenge.

From the transnational to the local: the variable implementation of international joint regulation

Although not involving transnational collective bargaining with MNCs over the distributive issues of wages, working time and other conditions of employment envisaged by Levinson (1972), the first decades of the 21st century have seen the spread of agreement-making at transnational level between trade unions and other forms of workforce representation, such as EWCs, and MNCs. Two main types of transnational agreements are distinguishable (Telljohan et al. 2009): International Framework Agreements (IFAs) and European Framework Agreements (EFAs). IFAs are global in the scope of their application and have mainly been concluded between MNCs and GUFs, whereas EFAs are regional i.e. European in scope and have been variously concluded with EWCs, national unions and the European counterparts of GUFs, the European Trade Union Federations.

Papadakis (2011) identifies 82 IFAs known to have been concluded by the end of 2010, a total which had increased to over 100 by the end of 2014 (Helfen et al. 2016). Almost all had been negotiated since 2000, and whilst GUFs are almost always a signatory, national trade unions (from the headquarter country) and also EWCs feature in a number. Most IFAs address core labour standards as specified in the ILO's 1998 Declaration on Fundamental Principles and Rights at Work (prohibition of forced and child labour, non-discrimination in employment, and freedom of association and collective bargaining), as well as upholding locally determined minimum standards for wages and working time. Agreements aim to ensure compliance with these standards across the worldwide operations of the MNC. The majority also refer to suppliers. Although global in their scope, the overwhelming majority of IFAs have been concluded by MNCs headquartered in EU countries. Amongst European-based companies, French and German-owned multinationals are particularly prominent. IFAs are concentrated amongst MNCs which are inserted into producer-driven supply chains; rather few have been concluded by multinationals controlling buyer-driven supply chains. Accordingly, they are concentrated in particular sectors, including construction, energy, food manufacturing and metalworking, and also private services (Marginson and Meardi 2012).

The European Commission's (2015) inventory of transnational company agreements listed 86 EFAs by late 2015. These have been concluded with over 50 MNCs, with repeat instances within the same company reflecting their tendency to be more issue-specific than IFAs. European-level negotiations

appear to have particularly taken root amongst a core group: ten companies accounted for almost 50 of these agreements. Previous research based on the 73 EFAs which had been concluded by the end of 2008 (Telljohan et al. 2009) found the employee-side signatories to be more varied than for IFAs. EWCs were most numerous, being the signatories to two-thirds of agreements. National unions and ETUFs were signatories to a minority of EFAs, sometimes autonomously and sometimes as co-signatories with EWCs. EFAs are spread across a range of sectors, with some concentration in metalworking. They cover a range of issues of which the most frequent are restructuring, social dialogue, health and safety, employment/personnel policy, data protection, fundamental rights and corporate social responsibility.

The focus here is on IFAs because of their more straightforward status as a trade union response to MNCs: in the great majority of cases, negotiations leading to the conclusion of an IFA were initiated by one of the GUFs or, in a few instances, national trade unions in the headquarters country (Fichter et al. 2011). Given the extensive involvement of EWCs in their negotiation and implementation, the status of EFAs as trade union responses is, in comparison, less clear cut (even though in a minority of cases they evidently are (Rueb et al. 2013)). The objectives of GUFs in concluding IFAs are, in broad terms, four-fold (Fichter et al. 2011): ensuring compliance with ILO core labour standards throughout the operations of an MNC, and also along its supply chain: recognition of the GUF as a negotiating partner and interlocutor for transnational social dialogue; institutionalisation of a viable, transnational mechanism for resolution of conflicts, including at local level; and building transnational union cooperation and improving conditions for union organising and recognition at local level. As the numbers of IFAs grew over the 2000s, so too did the realisation that attaining these objectives was by no means guaranteed as a result of the signing of the agreement. Substantial issues of applicability, dissemination and implementation reaching beyond the signatory parties remained to be addressed, issues which stem from the multi-level nature of the interdependencies and power relations involved (Keune and Marginson 2013).

On both the management and union sides multiple actors at a variety of levels are involved, and for both relationships between these different levels are not necessarily hierarchical thereby limiting the potential for unproblematic transmission from the global level downwards. For management, these actors include headquarters management, management of international business divisions and/or global regions, subsidiary and local management, and also the management of suppliers and sub-contractors. Typically headquarters management will negotiate the IFA, but its implementation involves the other levels of management within the MNC and the management of suppliers as well. The relationships between these different levels of management is to some degree hierarchical, with

headquarters able to exercise formal but variable decision-making and economic power over subsidiaries, and a measure of economic power over suppliers. But subsidiaries often possess a degree of autonomy from headquarters, drawing on their own local power resources, and suppliers – which may also themselves be multinationals – are able to resist, to varying extent, interference in the conduct of their own business. On the union side, whilst the GUFs are normally involved in negotiating IFAs other actors, as already indicated, can also be involved. Implementation involves a wider range of national and local trade union organisations and can also involve works councils. National trade union organisations may not always be affiliated to the GUF concluding the agreement, a complicating factor which applies even more so at local level, in terms of the national affiliation of local union organisations. Moreover, although national unions may be able to exercise authority over their local organisations, the position of GUFs in relation to their national affiliates is not at all similar. GUFs are accorded decidedly limited decision-making powers by the national trade unions affiliated to them under what is essentially a non-hierarchical, inter-dependent relationship (Keune and Marginson 2013).

At least four multi-level challenges are entailed in securing the effective implementation and enforcement of IFAs. The first relates to the union-side signatories of IFAs. Whilst national unions are sometimes involved alongside GUFs, indeed Croucher and Cotton (2009: 62-3) cite cases where national unions or works council structures have led and the GUF is described as 'joining the agreement at the point of signing', trade unions from developing countries which are to be formally covered by the prospective IFA are very rarely involved. From the outset, these unions are often unaware of the purpose and implications of the IFA, and by no means committed to them. Union organisations locally and nationally, as well as the GUFs, need to sense ownership of IFAs. Second, reflecting the different power relationships involved, the application of IFAs as between MNCs' subsidiaries and their supply chains differs. In virtually all cases, the IFA formally applies to all wholly- and majority-owned operations of a MNC. The majority also apply to suppliers, although 30% do not make reference to suppliers in the agreement (Telljohan et al. 2009). Even where suppliers are expressly included, in some cases this only applies to first-tier suppliers and not further down the supply chain, whilst in many others it is left unclear. Only 10% of IFAs clearly indicate that coverage extends to the whole supply chain. Moreover implementation requirements are typically weaker: only a minority include a commitment to enforce the agreement amongst suppliers, with the less onerous obligation on MNCs to inform suppliers of the IFA and encourage them to apply it being much more common (Telljohan et al. 2009). As yet there has been no analysis of the incidence and nature of IFAs by type of supply chain (Lakhani et al. 2013).

Third, there has been a strong tendency for implementation of IFAs to be assigned (or assumed) as a central management responsibility. Yet, as indicated above, central management can rarely command implementation at national and local level even amongst the MNC's directly owned operations: subsidiaries have a degree of autonomy, capacity to mitigate and re-frame central direction, and hence need to be engaged and persuaded. For example, Niforou (2012) reports instances where subsidiary management in Latin America held that IFAs only applied to unionised operations; Helfen et al (2016) report a similar finding amongst the north American operations of some European-based MNCs. Amongst suppliers, central management is reliant on engagement or persuasion and the threat of economic sanctions (which may not always be credible). Assigning responsibility for implementation to central management also leaves trade unions on the sidelines, exercising a watchdog role. Fichter et al. (2011) argues for agreements to provide for joint responsibility for implementation, and the inclusion of mechanisms to realise this, and this has become a feature of some more recent and revised IFAs.

Fourth, there is considerable variation in enforcement of IFAs, most evidently between local operations where unions are organised and recognised and those where they are not. Instances ranging across different sectors, continents and countries where unions have successfully invoked IFA complaint and review mechanisms to address and resolve local problems and conflicts are cited in the literature (e.g. Fichter et al. 2011, Niforou 2012, Riisgaard 2005). But there are also instances of unionised operations where this has not been the case, and for various reasons: the local union concerned is not part of a national union which affiliates to the GUF (Niforou 2012); global and local unions are in a weaker position in franchise than directly-owned operations (Riisgaard 2005); local management insists that compliance with local labour laws needs to take a precedence over the international standards that the IFA aims to uphold. Niforou (2012) identifies this tension as particular challenge for the credibility of IFAs and their signatories. A further tension, which has emerged as the most frequent source of contention in the enforcement of IFAs (Fichter et al. 2011), is that between IFAs' commitment to ILO standards on freedom of association and collective bargaining and often adverse prevailing conditions on the ground for union organising in order to secure recognition and establish collective bargaining. Both tensions highlight the gap that can exist between the 'global rhetoric' embraced by central management and the 'local realities' (Niforou 2012) framed by local management, within MNCs and their supply chains. This has led observers to conclude that IFAs need to be accompanied by union initiatives to build parallel transnational structures, such as global union networks or world works councils, which have the capacity to pressure management across the different transnational, national, local and supplier levels

(Croucher and Cotton 2009; Fichter et al. 2011; Niforou 2014; Rueb et al. 2013). This is increasingly happening, although the financial and organisational resources required are considerable and the resulting global union networks varying in their governance structures and effectiveness (Helfen and Fichter 2013).

Conclusions

Both contingency and union agency have been shown to be central in accounting for the marked variation in trade union responses to the challenge posed by growing international integration of the geographically dispersed production operations and supply networks of MNCs. In examining contingency, the paper has highlighted how a series of institutional and structural factors, relating to the national and regional institutional environments in which MNCs are based, and where they locate their operations; sector of operation; and the business structure and strategy of MNCs, tend to shape the nature of union responses. By exploring the role of agency through two takes or perspectives – bottom up and top down – the multi-level nature of the challenge confronting unions in establishing viable forms of transnational cooperation and action has been brought to the fore.

In addressing this multi-level challenge, neither a top down nor a bottom up approach should be privileged. Instead unions need to identify ways of articulating the two. IFAs, or EWCs, provide institutional and regulatory resources for trade unions, but, as has been increasingly recognised, realising their potential requires building effective trade union networks which link across levels as well as across countries (Greer and Hauptmeier 2012; Helfen and Fichter 2013; Mueller et al. 2011). These networks are also vital to creating more favourable conditions for union organising, representation and recognition at local level and facilitating the resolution of local disputes which focus on issues addressed by transnational regulation. For unions at local level, engaging in transnational union networks offers access to the institutional resources of transnational structures, such as IFAs and EWCs, and the opportunity to broaden their repertoire of potential responses to MNC decisions, both actual and prospective.

The networked nature of the production and service provision which MNCs organise and control, as distinct from the sub-set of operations which they directly own, further complicates the challenge trade unions face. In addition to linking across countries and levels, global production networks impel trade unions to reach across the boundaries between firms. As Lakhani et al. (2013) demonstrate, the architecture and power relationships – between MNCs and suppliers – within these networks vary, and with it the implications for successful union engagement. The ways in

which IFAs, and the international and national trade unions negotiating these, have attempted to include MNCs' suppliers within the coverage have been shown above to have shortcomings in their reach, intended regulatory effect and enforcement. Yet an even bigger challenge for unions lies in fostering, and connecting to, bottom up initiatives which reach up from suppliers and sub-contractors to the controlling multinational at the apex, or nodal point, of the production network. Organisation of disadvantaged workforces in MNCs' suppliers in developing countries into newly formed, local unions not infrequently comes from outside established union structures, and involves community organisations supported by NGOs campaigning around initiatives to secure implementation of international labour standards (Jenkins 2013).

Overall, a perceptible shift is underway towards contexts which render national and/or local responses to MNCs' decisions or actions insufficient or no longer appropriate, and towards those which call for the elaboration of a cross-border response by trade unions. Insofar as transnational regulation plays a part in this shift, impetus has come more through measures concerning product markets, such as the supranational regime governing cross-border mergers within the EU (Erne 2008) than through new initiatives directed at the labour market. On this, the EU's failure to progress proposals for a legal measure to underpin transnational collective agreements (Ales and Dufresne 2012) stands out. In contrast, and in the context of addressing the complex issues arising under networked production through MNC-controlled supply chains, the legal underpinning of the Bangladesh Fire and Safety Accord, negotiated between multinational retail brands and two GUFs with ILO involvement in the wake of the Rana Plaza disaster (Reinecke and Donaghey 2015), marks an innovation which could subsequently acquire more general significance. Wider economic conditions matter too, and there is some evidence that one impact of the crisis within Europe at least has been, in general terms, to refocus trade unions' attention towards national and local actions and initiatives and away from cross-border ones (Erne 2015).

Formidable as the challenges posed by internationally integrated MNCs and their supply chains for trade unions might be, it has been contended that labour standards are even more threatened by other forms of international economic flow or exchange, including conventional trade and labour migration (Mosley 2011), and even more difficult for trade unions to respond to. Following Erne (2008), although often presented as the result of market pressures, management decisions are intentional actions of a hierarchical organisation which is the firm or MNC. "It is easier [for unions] to politicize corporate decision making, and thus to create transnational intrafirm solidarity, than the modes of operation of a transnational market" (p198). Continued internationalisation of production

through MNCs is, therefore, likely to remain the most prominent dynamic pushing trade unions towards transnational cooperation.

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