

Labour standards in MNCs & their contractors



CRIMT, Montreal, June 2011
Williams, Davies and Chinguno

Questions

the relationship between international agreements and local union organising.

the role of country and industry-specific factors in the application and use of agreements

IFAs: distinguishing hype from reality

IFA invisible in this case study

Unnecessary where unions are strong and unworkable where unions are weak – little point in creating agreements that unionists cannot use (Croucher and Cotton, 2009)

Outsourcing provides ‘plausible deniability’

The research

Focus of presentation

Wider study

Main project

Research design – rationale

Lafarge

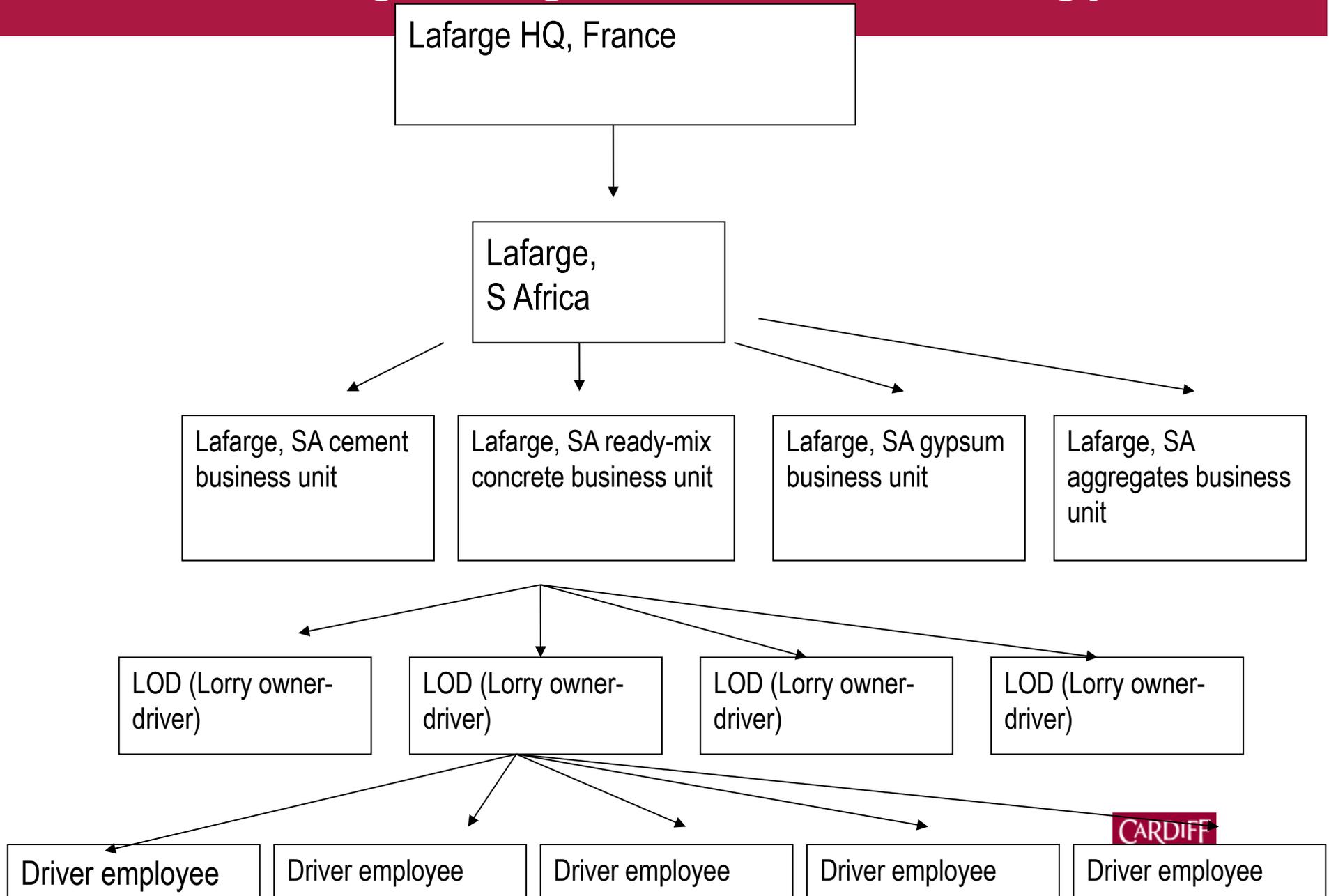
The Lafarge IFA

‘Lafarge will *seek to use* the services of those trading partners, subcontractors and suppliers, which recognise and implement the principles listed’ (Lafarge IFA) (our emphasis)

Lafarge aims to ‘... ensure that fundamental rights are preserved in outsourcing contracts and share good practice’ (2010: 17)

‘A reference group consisting of the Lafarge management and the signatory international federations shall meet at least once a year, or whenever necessary, to follow up and review the implementation of this agreement’ (Lafarge IFA)

Lafarge fragmentation strategy



The core workforce and agency and casual workers

Core workforce

- permanent contracts
- Union organised
- Covered by collective bargaining agreement

Agency and casual labour

- ‘cope with peaks in demand and acts as buffer for core jobs’
 - labour brokers
 - labour-only subcontractors
 - ‘recruitment consultants’
- Covered by collective bargaining agreement but usually not organised in the union

Captive contractors



IFAs and MNC fragmentation strategy

Lafarge IFA – potentially covers all workers including those in ‘trading partners, subcontractors and suppliers’

**Lafarge Ready Mix
Core workforce.
Covered by CBA
and organised
by NUM**

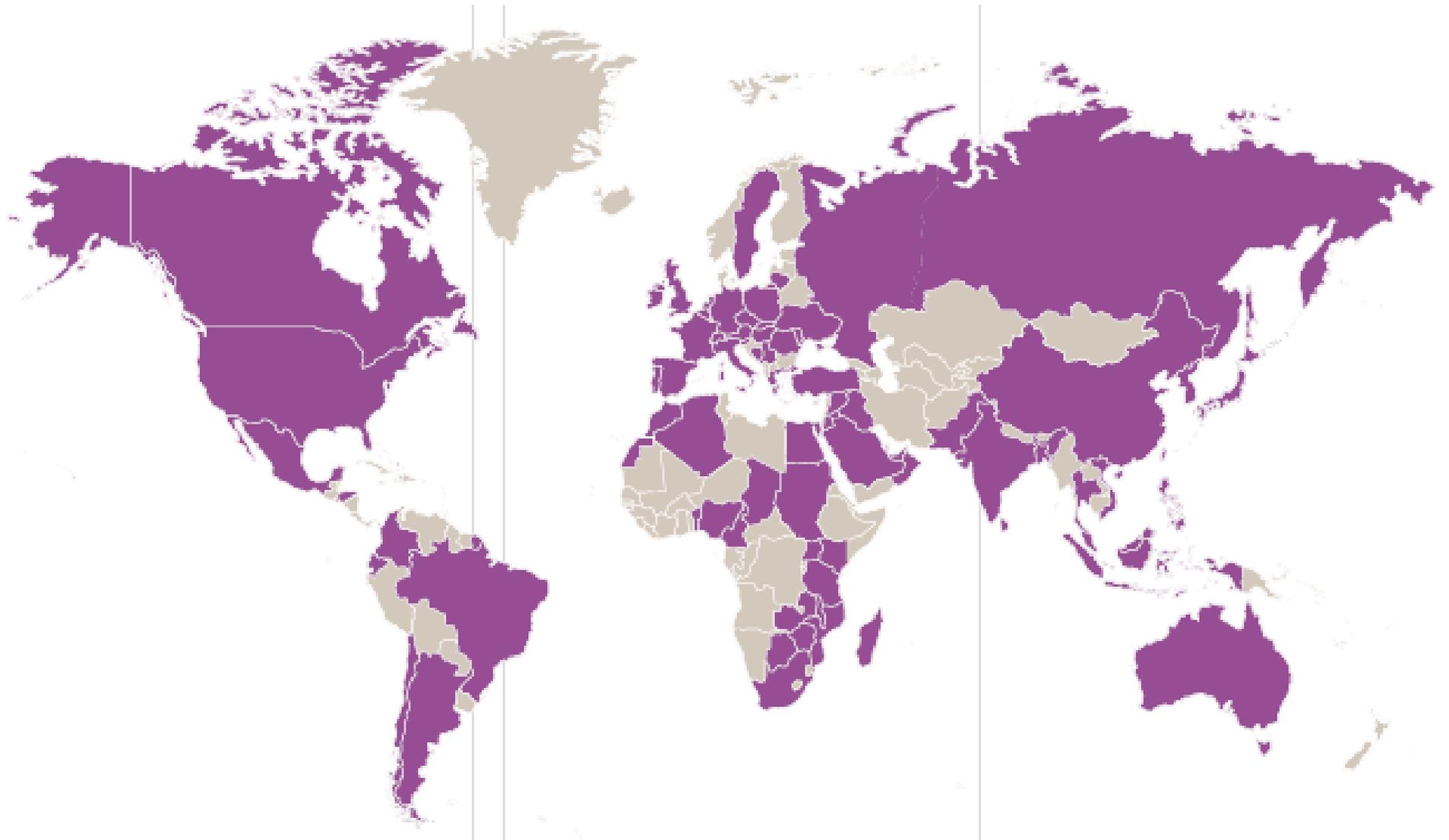
**Transport sub-contractors’ drivers.
Covered by Bargaining Council
Agreement but not members of
SATAWU**







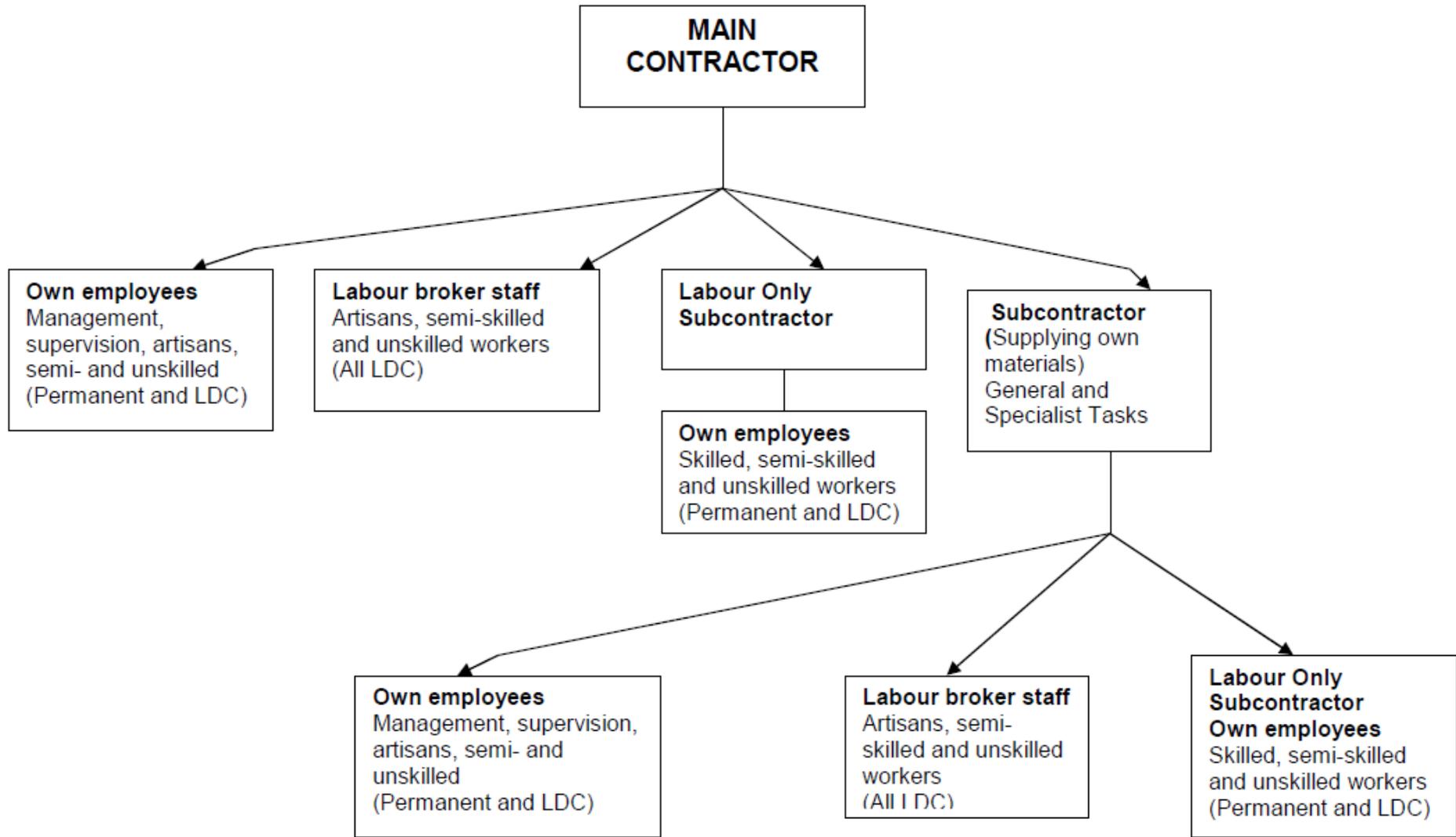
Lafarge's presence in the world



The Royal Bam IFA on subcontractors

‘Royal BAM Group NV considers the respect for workers’ rights to be a crucial element in sustainable development and will therefore refrain from using the services of those trading partners, subcontractors and suppliers which do not respect the criteria listed above (Royal Bam IFA)

Flexible work arrangements in construction in SA



Comparing IFAs

“Lafarge will seek to use the services of those trading partners, subcontractors and suppliers, which recognise and implement the principles listed ...”

“Royal BAM Group NV considers the respect for workers’ rights to be a crucial element in sustainable development and will therefore refrain from using the services of those trading partners, subcontractors and suppliers which do not respect the criteria listed above”

“HOCHTIEF requires that its contractual partners shall support this Code of Conduct and shall also ensure that it is adhered to by any of their contractual partners who are in any way active in connection with the business activity of HOCHTIEF”

Controlling contractors (1)

“The owners have signed a service level agreement saying that 95 or 98% the truck is available for business. We would like all our trucks to be 100% utilised. If there is no income, we are going to have to move them into the next level to say ‘You are going to have to move to this section to make money for yourself’.” (Interview, Sales Manager, October 2010)

Controlling contractors (1)

“...we had a meeting and they said ‘All the trucks that’s been paid up, the contracts are now finished. We are not going to renew the contracts.’ ... Five of my trucks were taken out of the fleet and the mixers were taken off. ... I did not retrench anyone – I just offered them another position in Jo’burg in trucks that I still owe on. So they did do it. There were a lot of trucks taken out of the fleet. Say there were 200 in the fleet, but there was no work for that amount of trucks. ... all the trucks that’s been paid were taken out of the fleet” (Interview, Transport contractor, October 2010).