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
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’
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

Lafarge HQ, France

Lafarge, S Africa

Lafarge, SA cement business unit
Lafarge, SA ready-mix concrete business unit
Lafarge, SA gypsum business unit
Lafarge, SA aggregates business unit

LOD (Lorry owner-driver)

Driver employee
Driver employee
Driver employee
Driver employee
Driver employee
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
IFAs and MNC fragmentation strategy

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

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

Transport sub-contractors’ drivers. Covered by Bargaining Council Agreement but not members of SATAWU
Lafarge’s presence in the world
‘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

MAIN CONTRACTOR

- Own employees
  - Management, supervision, artisans, semi- and unskilled (Permanent and LDC)

- Labour broker staff
  - Artisans, semi-skilled and unskilled workers (All LDC)

- Labour Only Subcontractor
  - Own employees
    - Skilled, semi-skilled and unskilled workers (Permanent and LDC)

- Subcontractor (Supplying own materials)
  - General and Specialist Tasks

- Labour Only Subcontractor
  - Own employees
    - Skilled, semi-skilled and unskilled workers (Permanent and LDC)
“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”
“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)
“…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).