Coordinated interest representation along the automotive value chain as a response to social dumping practices

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Europe: from social model to social dumping?

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- Working and pay conditions in supply companies
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Outsourcing and disintegration

- Trend in corporate restructuring towards a ‘concentration on core activities’ and outsourcing of tasks in a range of business functions – vertical disintegration of MNCs
- Decomposition of sectors, companies, and workplaces
- Disorganisation of in-plant and sectoral negotiations
Impact on interest representation

• Suppliers at lower levels: no or lower unionisation; no or different collective bargaining institutions; weaker firm-level agreements

• New organisational boundaries entail disruption of traditional structures of interest representation
Disparity between OEMs and supply companies

• Worse wage and working conditions
• Higher share of precarious work (30 % vs. 11 %)
• Temp work, fixed-term employment
• Use of cooperatives (wage dumping: 25-30 % less for the same work)
• Strong presence of female workforce
Procurement processes

• Low-bid award system
• Cost reduction strategies
• Logistics companies: “immoral pay” – 5.38 €/h
• Anti-union strategies
Challenges for trade unions

- Improvement of working conditions and wages; transforming precarious in stable employment relationships
- to overcome the fragmentation of employee representation and collective bargaining
- a precondition to overcome social dumping practices
New trade union approaches

- To adapt TU strategy to the organisation of the supply chain
- To create new forms of information, communication and cooperation between TU officers and works councils going beyond company and sectoral boundaries
- To combine territorial and global dimension
Trade union strategies

- Setting up of a multisectoral workgroup
- To guarantee TU and codetermination rights (setting up of works councils)
- To introduce collective bargaining
- To develop unionisation strategies
- Integration and coordination: creating a TU network (TU officers, works councils, ...)
- Application of TCA (especially in logistic companies)
Sustainability in supplier relations and social charter

- to ensure a common development of OEM and its suppliers
- to identify and avoid environmental and social problems at suppliers
- to ensure that their own suppliers can guarantee adherence to the standards
- Employee rights (no discrimination, freedom of association, working time, payment, etc.)
First results

• Abolishing immoral pay in German logistics company
• OEM had to care of its image and could not risk to be accused to favour wage dumping
• First-tier supplier of Italian affiliate
• Using TCA to address anti-union strategy and health and safety problems
Conclusions

- Concrete impact of sustainability criteria in supplier relations
- Need to organise interest representation and negotiation processes along the value chain
- Need for integration between different levels
- Limits (1st tier, voluntary) and prerogatives
- Risk of shifting the costs of application of TCAs to subcontractors
- Need to extend TCAs to the whole value chain (to assume liability)