

Chapter 3

Capital and labour on the move: the dynamics of double transnational mobility

Carina Altreiter, Theresa Fibich and Jörg Flecker

1. Introduction¹

The dynamics of transnational value chains and production networks have resulted in highly fragmented and geographically dispersed manufacturing processes in a wide range of industries. In the literature on transnational companies and employment relations the focus is mainly on TNCs relocating or offshoring work with the aim of ‘regime shopping’ or ‘institutional arbitrage’. This implies that companies aim at tapping national, regional or local labour markets with lower wages, higher flexibility or less stringent health and safety standards. There are, however, cross-border restructuring processes that are not motivated by access to local labour markets but, on the contrary, rely on transnational mobile labour. We argue that both the movements of jobs and the movement of workers may undermine working and employment conditions through a dis-embedding of employment relations. Therefore, those circumstances in which mobile capital employs mobile labour deserve our special attention.

In order to grasp the complexity of this dis-embedding of employment relations we look beyond the perspectives focussing either on the movement of jobs or on that of workers, and include both the issue of capital and labour mobility. This constellation, which we call ‘double mobility’, can be found within both the dynamics of complex transnational production networks and in logistic networks in the realm of distribution. The mobility of both capital and labour can be understood as a complex interplay of (spatial) fixity and mobility, and of societal and territorial embedding and dis-embedding.

1. We are grateful for the comments on earlier versions of the paper we got during the ETUI workshops. We are especially indebted to Jan Drahokoupil and Ines Wagner for their detailed suggestions.

We argue that constellations where mobile capital employs mobile workers may alter our assumptions about the consequences of foreign direct investment, outsourcing and offshoring. Moreover, such constellations need to be analysed in detail because new forms of working conditions, employment relations, divisions or solidarities between workers may emerge. It goes without saying that this is highly important for trade unions and their capacities to organize and represent workers.

To illustrate this ‘double mobility’ phenomenon, we draw on cases recently discussed in academic publications but also in the press. On the basis of literature reviews we present four cases: Foxconn, Amazon, the Chinese fashion industry cluster in Italy and the Danish slaughter industry. The paper starts with a short definition of terms (1) followed by the presentation of the four cases (2). It then discusses the consequences for management and control strategies, the role of labour market intermediaries (LMIs) and the dis-embedding of employment relations (3). The paper concludes with a discussion of challenges for trade unions (4).

2. ‘Double mobility’: key concepts and definitions

When discussing ‘double mobility’ the first concept that needs clarification is mobile capital. David Harvey (1982) pointed out the inherent tension between spatial ‘fixity’ and ‘mobility’ when it comes to analyzing capital in its various forms (as a commodity, in forms of money invested in production facilities). Capital, therefore, is always both fixed and mobile to a certain extent. Transnational mobility implies the capacity and actual strategy to move assets across national borders, i.e. to undertake foreign direct investment or divestment, to relocate business functions or to offshore certain activities. Potential capital mobility is important in locational decision-making and in threats of relocation and divestments. Sassen argues that (1991, 2001, 2002) the mobility of capital cannot be reduced to a locational dimension. To capture recent global developments the ‘reorganization of sources of surplus value’, ‘the transnationalization of ownership’ but also the technologies that enable mobility and the sources of ‘maintaining control over a vastly decentralized global production system’ become crucial (Sassen 1991: 22f.). The increased mobility of capital has shaped employment relationships and international labour migration. Research on work, labour and industrial relations has a long tradition of looking at the consequences of the transnationalization of capital (Marginson and Sisson 1994, 1996;

Ferner 1997; Edwards *et al.* 1999; Smith 2006; Arrowsmith and Marginson 2006). Research questions range from changing power relations between capital and labour to the transnationalization of worker representation institutions and the development of work organization and human-resource policies in TNCs. Transnational companies have the potential to weaken local employment relations for three reasons: first, because of their enhanced power position based on their greater mobility and the opportunities for ‘coercive comparisons’ and ‘concession bargaining’; second, because they can introduce employment relations practices from abroad; and, third, because local management often has only limited powers of decision-making.

Mobile labour, the second key concept, is highly relevant in our context because migrant or otherwise mobile workers are often more vulnerable than others, since they are often up-rooted and not familiar with local laws, customs and practices, and because they are less likely to be organized and in a position to resist deviations from local employment relation practices and thus the dis-embedding of employment relations. ‘Regime shopping’ is not only possible through offshoring jobs abroad but also by recruiting workers from other national labour markets (Lillie 2010; Wagner and Lillie 2014). Mobile labour may take various forms which are linked to different mobility or migration regimes and specific legal frameworks and regulations. Its meaning ranges from work migration to undocumented foreign workers but also covers cross-country temporary agency work or the posting of workers. As our cases are located in European countries we will focus solely on relevant aspects for that region. At EU level there are three Directives that play a major role in transnational mobile labour. First, the Employer Sanctions Directive (2009/52/EG) which aims at combating illegal immigration into the EU by prohibiting the employment of third-country nationals without a residence and work permit. Second, the Posted Workers Directive (Directive 96/71/EC) which covers workers being sent to another EU Member State including the posting of temporary agency workers.² While the third one, the more recent Temporary Agency Work Directive (2008/104/EC), does not exclude cross-border temporary agency work, it does not explicitly mention it either. However, the ‘different aim and legal basis’ of the last two Directives ‘are conflicting, creating discriminatory measures for cross-border workers’ (Schömann and Guedes 2012: 58).

2. Chapters 7 and 10 also address the posting of workers in the European Union.

Hence, 'double mobility' denotes constellations in which transnational and potentially or de facto mobile capital does not make use of the local labour market but employs mobile workers. We can assume that the forces undermining employment relations will cumulate in such constellations. Transnational and mobile capital may transfer management strategies from other contexts or gain concessions from the workforce by threatening to relocate jobs. In such situations mobile labour, for several reasons, may be less likely to offer resistance and defend local regulations, customs and practices. We can assume that this will accelerate the dis-embedding of employment relations and hinder union attempts to 're-embed' practices they encounter in transnational value chains.

3. Capitalizing on 'double mobility' in manufacturing and logistics

Case 1: Foxconn Electronics in Europe

Foxconn Electronics, a subsidiary of the Taiwanese company Hon Hai Precision Industry, is one of the world's biggest manufacturers of electronic products and produces for such leading companies as Apple, Sony or Microsoft (Ruckus 2013). In recent years, Foxconn has been criticized for its bad working conditions, and in particular for several suicides of young workers in its Chinese factories in 2010 and 2011 (Andrijasevic and Sacchetto 2013). The company employs some 1.3 million people worldwide. Although most of them work in Foxconn factories in China or South-East Asia, Foxconn has also established production facilities in Europe, for example, in Czechia, Hungary and Slovakia, allowing it to label its products 'Made in Europe'.

In its European plants, Foxconn relies only partly on local labour markets. Instead, it is especially interested in recruiting young and mobile workers independent of their origins as they are considered to be used to adjust to different working regimes quickly and to be able to manage the fast-paced work. In the two Foxconn plants in Czechia (Pardubice and Kutná Hora) we are focusing on, more than 50% of staff are temporary workers, especially from countries such as Slovakia, Poland, Romania, Bulgaria, Mongolia, Ukraine or Vietnam (Andrijasevic and Sacchetto 2013), whereby the majority are recruited by temporary work agencies (TWAs). As the company is characterized by just-in-time production and high demand fluctuations, temporary workers ensure a flexible workforce adaptable to the specific order situation. In addition, forms of

management similar to those in China have been established. To achieve this, Foxconn hired predominantly Chinese and Taiwanese managers at first and sent Czech staff for training to Foxconn factories in China. To achieve production targets, employees face an intense pace of work and constant monitoring during their shifts (Andrijasevic and Sacchetto 2013).

The internal division of labour is differentiated by the types of contracts, by nationalities and gender. There is a clear separation between Czech workers and migrants and between permanent and temporary workers. Czech men often occupy better or leading positions while migrants and Czech women work on the production lines. As the working language is Czech, communication difficulties between workers are common. Moreover, many migrant workers do not even know the content of their contracts (Andrijasevic and Sacchetto 2013).

Most of the temporary workers live in the residences provided by the TWAs, located near the production site. This saves time and effort for the workers as they do not have to look for accommodation on their own and do not have to worry about language skills which may be required when renting a local advertised apartment. Hence, there is no need to come into contact with the local community. Conversely, 'ethnic' divisions within the residences ensure a certain kind of social embeddedness in a community of people with the same nationality. But, as a side-effect, these dormitories provide management with permanent access to the workforce. On this note, a temporary worker from Poland reported being picked out spontaneously for an additional shift in the evening by a coordinator. Furthermore, dormitories allow forms of staff supervision going beyond work-related issues and entering the personal sphere, such as monitoring smoking or alcohol consumption (Andrijasevic and Sacchetto 2013).

Case 2: Amazon warehouses in Germany

Amazon.com is one of the biggest online retailers operating worldwide.³ To meet the demands of a growing online market, the company is constantly opening new sites but also relocating distribution and logistic centres. Locational decisions are guided by available infrastructure and

3. As there are currently no scientific studies available on that case we rely on newspaper articles and reports from former workers.

the accessibility of markets. Fulfilment and distribution centres in Europe are found in France, Germany, Italy, Spain and the UK, and most recently also in Czechia and Poland. In these two countries, the sites are located close to Germany, one of Amazon's main markets in Europe, yet are more profitable as wages are lower. Moreover, conflicts with unions are not expected, as workers are less unionized, with only 12% of workers in Poland and 17% in Czechia belonging to a union.⁴ In the following we will focus on a case in Germany which was broadly discussed in the media after the ARD broadcast a documentary on the working conditions of Amazon workers at its Bad Hersfeld distribution centre, where structures are similar to other sites in the UK or United States. Amazon warehouses have a high demand for workers. At the Bad Hersfeld centre, as elsewhere, only a small percentage of the workforce is recruited from the local labour market. Workers from all over Europe (Spain, Hungary, Romania and Poland) are employed especially to cover distribution peaks. The company relies on TWAs, like Trenkwalder or Manpower, to provide enough suitable workers on time.⁵ In the case of Bad Hersfeld, foreign mobile workers are accommodated in nearby hotels, holiday villages or motels and bussed to their workplace and back again. As the ARD documentary shows, people have to live under degrading conditions, are completely isolated from the local community and under constant surveillance from a private security company in their dormitories.⁶ Workers report similar restrictive conditions at the workplace, with 'pickers' being tracked by GPS and constantly monitored and warned when they are too slow. Talking to co-workers, going to the toilet too often, not meeting expected performance targets or being late lead to workers being given points that can lead to contract termination.⁷

-
4. Frankfurter Rundschau, 16.09.2014 (<http://www.fr-online.de/wirtschaft/baubeginn-fuer-versandlager-nahe-prag-amazon-liefert-kuenftig-aus-tschechien,1472780,28423394.html> - 20.01.2015); union density and worker participation (Fulton 2013).
 5. Amazon's business model features only having a small permanent workforce. Therefore the majority of employees are temporary agency workers. Among those we can further distinguish between foreign and domestic temporary workers.
 6. Süddeutsche, 20.02.2013 (<http://www.sueddeutsche.de/wirtschaft/arbeitsbedingungen-bei-online-haendler-arbeitsagentur-belastet-amazon-leiharbeitsfirma-1.1605634> - 20.01.2015).
 7. Frankfurter Allgemeine Zeitung, 21.02.2013 (<http://www.faz.net/aktuell/wirtschaft/unternehmen/hinter-den-kulissen-das-tagebuch-einer-amazon-packerin-12089481-p3.html>, 20.01.2015); Focus, 25.02.2013 (http://www.focus.de/finanzen/news/unternehmen/tid-29719/ueberstunden-und-fristvertraege-insider-packen-aus-so-springt-amazon-mit-seinen-buero-angestellten-um_aid_926999.html - 20.01.2015).

Case 3: a Chinese fashion industry cluster in Italy

The third case is not a specific company but a business cluster in the fashion industry in Northern Italy. Back in the 1980s Chinese migrants established ethnic workshops employing Chinese workers to do (sub-)contracting work for Italian clothes manufacturers. Especially in Tuscany but also in Milan and Veneto more and more Chinese workshops popped up as workers went into business themselves. Producing in Italy allows them to label products 'Made in Europe' (Ceccagno 2007; Wu and Sheehan 2011). However, the workshops do not rely on the local labour force but exclusively on workers from China. Ethnic networks function as labour market intermediaries (LMIs) for supplying Chinese workers who are then employed by the shop-owners in Italy. Legal regulations are often flouted and there is a high level of undeclared work. As Wu and Sheehan (2011) point out for Veneto, not all Chinese fashion enterprises are officially registered, companies shut down and re-open frequently, and many of the foreign workers do not hold resident permits (2011: 139). This seems to be – at least to some extent – tolerated by the local authorities. Gaining legal status for Chinese workers usually means they would have to pay (almost) all taxes and social security contributions. Production schedules require almost non-stop availability, leaving hardly any room for activities and duties outside work, for example, childcare. As Ceccagno (2007) reports, workers often remain childless or send babies back to China to be taken care of by grandparents when they are unable to organize childcare in Italy.

To meet the short production cycles in the fashion industry and offer low-cost products, working conditions in these ethnic workshops are rough. 'The Chinese workers work at night, or 15 or 16 hours in a row; in the high season even 30 hours. These stretches of time are only interrupted by short naps leaning on the sewing machine' (Ceccagno 2007: 641). Due to the long working hours workers usually work and sleep in the same place, with regular meals provided by the workshop owners. The Chinese workers form a large ethnic group in these Italian cities and can be described as 'closed communities'; a consequence of the high level of control and dependency. As a result, many of the workers who stay in Italy for a longer period of time – some even decide to stay in the hope of being able to start their own business someday – hardly blend in with the local community.

Case 4: the Danish meat industry on the move

Our last case is the Danish slaughter industry, with a special focus on Danish Crown Corporation, a key player in the international pork industry (Refslund 2012). About 10 years ago, due to increasing international competition, Danish Crown started relocating several production sites mainly to Germany and Poland, offshoring certain activities like deboning or cutting, as these countries have a reputation as low-wage countries in this industry.

The slaughter industry in Denmark is known for its established culture of unionization and militancy. The threat of wage cuts and job relocation sparked off a public debate and national protests, driven by the concern that concession bargaining could spread to other industries. Although the outsourcing threats weakened the unions' negotiation position at that time (Gorm Hansen 2007), in the end, Danish workers and unions did not accept lower wages. Though this led to Danish companies relocating large parts of production to Germany and Poland, the remaining jobs in Denmark were paid without cuts in wages (Refslund 2012).

In its 'new' German slaughterhouses, Danish Crown prefers not to employ the local workforce, with most employees being temporary workers from Eastern Europe subcontracted via TWAs. Refslund (2012) reports that less than 10% of the workforce at Danish Crown's German production sites are employed directly by the company. As a consequence, Danish Crown is able to pay lower wages and avoid paying social security contributions in Germany for most of their workers.

In the German slaughter industry mobile workers live in substandard shared apartments near the production sites and are under constant management surveillance (Wagner 2015). One newspaper report⁸ refers to two workers sharing a bed, using it alternately in line with their shifts. As labour organization traditions are weak in Eastern Europe, temporary workers in Danish Crown slaughterhouses in Germany are often reported to be sceptical about unions, a circumstance which makes it difficult for local unions to get in touch with them and to complain about bad working and living conditions. Nevertheless, Refslund (2012: 123) reports of Polish workers complaining about low wages, inciting

8. Die Zeit, 17.12.2014 <http://www.zeit.de/2014/51/schlachthof-niedersachsen-fleischwirtschaft-ausbeutung-arbeiter/seite-1>, 17.12.2014 – 23.01.2015.

the slaughterhouse companies to substitute them for Romanian and Ukrainian workers. Many of the Poles have since moved on to Ireland or England.

4. The consequences of 'double mobility'

Though the cases presented above vary in terms of types of work, workers' nationalities, outsourcing relationships, employment relations, etc., they show several similarities which we would like to explore in the following. Before going into details about the consequences for trade unions we would like to first discuss some crucial aspects of 'double mobility' common to the cases presented above: management control strategies, the role of LMIs and the dis-embeddedness of workers.

4.1 Management control strategies

In the illustrative examples of 'double mobility' presented above, management control and deployment of labour are in many ways characteristic of the respective sectors and types of business activities. Electronics manufacturing, the meat industry, but also distribution companies are often strongholds of Taylorist work organization. But it also became clear that the transnationality and mobility of capital play a role. First, management strategies and the way managers are recruited and trained are influenced by corporate headquarters (Voss *et al.* 2010). Perfect illustrations of this 'home-country effect' are the Foxconn sites in Europe. Second, despite investments in factories and warehouses and thus a 'spatial fix' (Harvey 1982), capital tends to be mobile. Amazon could move its distribution centres from Germany to Poland, should the German trade union (ver.di) continue to be successful in organizing strike actions – as happened when Danish Crown relocated most of its production to Germany because workers refused to accept lower wages.

One very particular 'spatial fix' is the use of migrant mobile labour usually without local family ties. 'Having workers live next door to a factory so that they might always be on call for work' (Rainnie *et al.* 2010: 300) allows for high levels of temporal flexibility and extended working hours. Following Pun and Smith (2007) this specific setting can be described as a 'dormitory labour regime'. The term was established in the context of today's Chinese production regime, even though providing

accommodation for workers has a long history. The function of these dormitory labour regimes is to ‘capture single migrant workers for short periods of tenure in order to maximize the utilization of labour services during the working day’ (Smith 2003: 334). We similarly find this aspect of extended control in our cases when Foxconn workers reported being picked up without notice for an additional shift (Andrijasevic and Sacchetto 2013), in German slaughterhouses (Wagner 2015) or in the Chinese workshops in Italy where due to long working hours workers usually sleep on the premises. Numerical flexibility is further enhanced by the services of LMIs who supply local and foreign labour to cover peak demand.

Control strategies and personnel policies are clearly interrelated: using a mobile and highly replaceable workforce does not allow high-road strategies for work organization and productivity. Instead, hyper-Taylorism – as in Amazon warehouses – is both possible and appropriate for capital under such circumstances. It is possible because workers lack the power to oppose these control strategies, and it is appropriate because management does not have to draw on skills provided by a particular national vocational training system. In relation to management control and deployment of labour, ‘double mobility’ is thus characterized by extreme forms of asymmetry of power between capital and labour and by far-reaching dis-embeddedness with regard to the surrounding society and institutions. Naturally, both asymmetry of power and dis-embeddedness are contested: trade unions are trying to alter the power relations through organizing industrial action and, in this way, to re-embed the employment relations.

4.2 Outsourcing recruitment and employment to Labour Market Intermediaries

In the cases presented above, Labour Market Intermediaries (LMIs) played an important role as the HR function responsible for recruiting and managing the employment contracts of the temporary labour were often outsourced to different kinds of agencies. This prominence of LMIs may be due to the selection of examples and thus a coincidence. We would argue, however, that there are reasons why LMIs are crucial facilitators of ‘double mobility’. What characterizes labour market intermediaries? LMIs broker the relationship between capital and labour, i.e. trying to bring employers and employees together. But LMIs also serve

other purposes, most importantly reducing transaction costs, shaping compensation levels, displacing risks and building networks (Benner 2003). LMIs are not a new phenomenon and we can distinguish between public, membership-based and private ones (Benner 2002; Benner 2003; Enright 2013). We assume that LMIs have a specific position in double mobility constellations, as they enable flexible and location-independent access to the labour force, thereby facilitating and possibly accelerating the double mobility of capital and labour. Generating their profits from selling their services to companies, private LMIs in particular have become key players within transnational production networks as they determine how, where and which people are employed. Following Benner and Enright we distinguish three different types of private LMIs:

- Temporary work agencies (TWAs) and contract brokers:⁹ based on an ILO definition also used by the European Parliament we define TWAs as agencies who ‘provide temporary employees to user enterprises to cover employee absences, skill shortage and varying seasonal workloads. Workers are employed and paid by the agency, but are contracted out to a client for either a prearranged fee or an agreed hourly wage’ (Eichhorst 2013).
- Executive search firms, head-hunters and employment placement agencies: these agencies only refer or place job applicants, acting as intermediaries but not as employers.
- Informal intermediaries: Enright (2013) equates these intermediaries with the so-called ‘gangmasters’ in the UK who broker unskilled workers especially in the agricultural sector. Typically, foreign workers are involved, some of them with illegal status and vulnerable to exploitation and forced labour. Often there is no clear-cut distinction between this and the human trafficking of human beings for labour exploitation.

In our cases TWAs and informal intermediaries are the most important forms of LMIs. In all four cases, recruiting a suitable labour force is outsourced to LMIs (either TWAs or informal intermediaries). But there are also other benefits for companies. As Amazon, Foxconn and Danish Crown only have a small permanent work force and get the majority

9. It is difficult to find a general definition as it is highly dependent on national regulations and statutory provisions.

from TWAs, they can offload the risks and costs associated with regular employment contracts to the TWA, while remaining flexible themselves. In addition, LMIs and security firms play an important role in organizing the specific spatial fix of capital and labour in that they are responsible for the accommodation arrangements and, consequently, for ‘immobilizing’ foreign mobile labour in a strategy to achieve extreme levels of numerical flexibility.

4.3 Disembedding employment relations

The similarities between the case examples above also relate to the relative importance of the societal context of the business activities and, in particular, its impact on employment relations and terms and conditions of employment. The cases presented illustrate how transnational capital, outsourcing and the use of mobile labour have resulted in disembedded employment relations in the sense of minimising the influence of national, regional or local regulations, customs and practices. As Wagner and Lillie (2014) state, blurred boundaries and deterritorialization enable companies to exit from specific norms and industrial relation systems by using mobile non-domestic workers. But this phenomenon is double-sided: at the same time companies, in taking locational decisions and threatening to offshore activities, basically decide where they employ their mobile workers. This double mobility leads to both societal and territorial dis-embeddedness (Hess 2004: 177f.). More precisely, when capital and labour are mobile, such institutions as customs and practices or regulatory frameworks are less likely to shape the actions of individuals and groups, i.e. they are less attached to particular places. While the literature on embeddedness is more often concerned with the relation between companies and their societal environment, the concept may also be used for workers or, closer to the meaning Polanyi (1944) gave to the term, for the exchange relations between employers and workers.

Looking at the employer side we can draw on extensive research on transnational companies, outsourcing and offshoring and the transfer of forms of human resource management and work organization. Depending on their organizational structures transnational companies are in a strong position to ‘regime shop’ in their locational decisions, to use ‘coercive comparisons’ between subsidiaries or, more generally, units within the production networks and to enforce uniform methods more

easily (Marginson and Sisson 1994, Marginson *et al.* 1995, Thompson *et al.* 1995, Edwards *et al.* 1999). The need for workers' skills and commitment, however, may lead to a certain adaptation to local circumstances (Mueller 1996). As a consequence, there is also a certain 'power of the place' that mainly depends on the emergence of (collective) actors and their strategies (Flecker 2000).

The examples presented above have partially shown the home country effect frequently described in the literature. Turning to labour, mobile workers are per definitionem not rooted in the local community and have not been socialized into the traditions of the regional working class. They therefore lack the source of power local communities and workers' organizations may provide (Rainnie *et al.* 2010: 302). While it would be mistaken to equate 'places' with communities, as today's geographic places should rather be conceptualized as intersections of partly global circuits (Massey 1994), it is still safe to say that localities or geographical proximity support the transfer and thus convergence of workers' demands and the emergence of mutual support or collective action. Recruiting mobile labour can thus be seen as a way to cut off such power resources. A case in point is the replacement of mining towns by 'fly-in / fly-out' (FIFO) labour regimes in the Australian mining industry (Mayes 2014). The effect of using mobile labour is enhanced by strategies to keep individuals or groups of workers divided. In the more extreme cases, mobile workers in particular places are not only separated by language barriers and cultural differences but also by the forms of accommodation and surveillance in, for example, the dormitory labour regimes described above. However, mobile labour is not only characterized *ex negativo* by what they are lacking, and the concept of embeddedness may also be used to denote what they carry with them. Referring to Polanyi, Hess emphasizes 'the history of social networks and the cultural imprint or heritage of actors that influence their economic behaviour 'at home' as well as 'abroad'' (Hess 2004: 177). Disembedding thus should not mean that workers necessarily become powerless. Rather, there is still leeway for individual agency if only because workers may influence work processes through bringing with them particular ways of working, demands and expectations.

In their attempt to open up a geographical perspective for labour process analysis Rainnie *et al.* (2010: 303) argue that 'it is evident that local labour control regimes and how work is organized are shaped significantly by the manner in which workers and capitalists are differently embedded

in the economic landscape. This is important, because when capital and workers are relatively fixed in particular places within the landscape, it is likely that certain traditions of work and ways of organizing the labour process will become congealed in those places, at least until massive economic restructuring and the creation of new spatial divisions of labour begin to erase them.' It is obvious that 'double mobility' means low levels of embeddedness and thus weak traditions and ways of working.

5. Challenges for trade unions

The mobility of capital and labour brings specific challenges for trade unions. They find themselves dealing with a fluctuating, fragmented, socially isolated and non-local labour force including the employment of temporary agency workers while also facing 'coercive comparisons' and pressures on their bargaining power due to actual or threatened relocation or restructuring.

The EU regulatory framework is not only ambivalent in, on the one hand, opening up possibilities to recruit workers from other national labour markets while, on the other, providing some guidelines for regulating the employment of mobile labour. What is more, national differences in the transposition of directives in combination with national law create very diverse legal situations and set the scope for how companies can handle mobile labour. Research suggests that reality deviates from the statutory framework. Companies seem to be very sophisticated when it comes to finding and using legal loopholes to circumvent European regulations and national law (Staples *et al.* 2013; Wagner 2014). Even if employment contracts are correct 'on paper', in practice regulations are often circumvented, for example by undercutting the hourly minimum wage through the manipulation of working hours or by withholding annual leave pay (Wagner 2014). In other cases, there are workers declared as 'posted' by their employers although this is not the case in a legal sense, and we also find very different types of employment relationships which are neither one nor the other: i.e. workers posted by subcontractors, workers posted by agencies, locally hired migrant workers, self-employed foreign workers or posted third-country nationals or others who have a temporary work permit (Berntsen and Lillie 2014). Often these practices go unnoticed and unchallenged either because workers lack sufficient language skills and are unaware of the legal situation in the host country or because they are afraid to lose their jobs if they complain.

As we know from various examples the threat of relocation or offshoring puts pressure on unions and can lead to forms of concession bargaining. Often unions yield to companies' demands for flexibility and deregulation in the hope that they can preserve employment in the country. However, there are different ways to handle this pressure. In Denmark for instance, the Danish slaughter industry is known for its high rate of collective agreement coverage and trade union membership. But, with unions and workers refusing to accept wage reductions, companies started to relocate most of their production to Germany, because of the specific German regulatory environment allowing the use of low-paid subcontracted staff. Recently, Amazon Europe has started to look for less unionized locations than Germany (but still close to its main markets), such as Poland or Czechia. This is the result of the pressure exerted by German unions in recent months.¹⁰

Additionally, the segmentation and fragmentation of a company's workforce, including the employment of highly mobile foreign workers from different origins, is also challenging for unions. On the one hand unions are concerned that local employment, social security and wage standards are being undermined. On the other hand it is difficult to organize these mobile workers. As the cases show, the lack of language skills and social isolation make it difficult to get in touch.¹¹ At Foxconn and Amazon, but also in the Chinese workshops, employees live in isolated locations near or on the production site. At the Amazon warehouse in Germany people are shuttled from work to their accommodation where they are kept under surveillance by a private security company. Chinese workers in Italy work and live in the workshops with windows blackened-out and without any contact to the local community (Ceccagno 2007; Wu and Sheehan 2011).

The cases also suggest that this workforce fragmentation leads to rivalry among workers (between different job positions, between different ethnicities etc.) and makes solidarity difficult. Many workers hope to gain a better position or a permanent contract and therefore accept poor

10. Frankfurter Rundschau, 16.9.2014 (<http://www.fr-online.de/wirtschaft/baubeginn-fuer-versandlager-nahe-prag-amazon-liefert-kuenftig-aus-tschechien,1472780,28423394.html> – 26.01.2015).

11. Due to their lack of language skills workers often do not know the content of their contracts. There is a story of a Romanian worker in a German slaughterhouse who signed his dismissal without knowing it – a further sign that it is common to let workers sign documents in a language they do not understand.

working conditions. A high turnover of workers at the sites and workers' scepticism towards unions make it even more difficult for unions to organize employees (Schmidt 2006). Additionally, workers are usually highly dependent on the income which is often higher – although not much – than in their home countries. They are afraid of getting sacked and losing their residence permits if they complain or join a union. In the Danish-German slaughterhouses demands by Polish workers for higher wages led to Romanian and Ukrainian workers being employed instead (Reflund 2012).

In all our cases a flexible and cheap workforce is essential for the production process. Managers often praise migrant workers as 'good workers' with a strong 'work ethic' and compliance (MacKenzie and Forde 2009), willing to work flexibly, to accept low wages, manage fast-paced work and work extensive hours. For transnational companies they are thus a valuable alternative to the local labour force. Using temporary workers and thereby opening up the possibility of 'a consistent renewal of the workforce is a strategy to maintain the favoured quality of work ethic' (MacKenzie and Forde 2009: 150). In general, while *capital mobility* enhances capital's power resources vis-à-vis labour as it, for example, enables concession bargaining, *labour mobility* tends to weaken collective labour through dis-embedding labour and dividing workforces.

However, labour mobility does not necessarily mean that workers bring with them the desired work ethos. They may transfer traditions of both quiescence and militancy to other geographic regions (Rainnie *et al.* 2009). Employers might have a certain workforce in mind but there are always aspects of uncertainty about how people come to grips with work settings. Research shows that the 'willingness to accept low pay and low-status work diminishes as individuals and migrants communities become more settled in the receiving country (...)' (MacKenzie and Forde 2009: 145). In our example of Chinese workers in Italy, new communication technologies like the social media and mobile phones support a mutual exchange of information, allowing mobile workers to disseminate 'information about labour market and working conditions, and make judgments about whether a boss was good or bad' (Wu and Liu 2014: 1403). Similar occurrences have been reported from Foxconn where we see a high labour turnover because mobile workers have no commitment to the company and are willing to make use of the options offered by the global labour market. Hence, labour mobility and the insecurity it involves for employers may also be seen as a source of power

for workers which they can use to protect their rights and bargain for the improvement of working conditions (Smith 2006).

6. Conclusions

In this chapter we first presented examples of cross-border production networks and outsourcing relationships in which transnational and thus mobile capital employs migrant mobile labour. Foxconn Electronics, one of the case examples, operates not only in China and South-East Asia but also has production sites in Europe. While Foxconn has taken over plants and employs a local workforce, more than half of its workers in Czechia are temporary workers originating from a wide range of countries. A rather different constellation is found in the Chinese ethnic workshops that act as (sub-) contractors for Italian clothing manufacturers. There, Chinese workers are subject to extremely hard working conditions in particular caused by flexibility demands to achieve short production cycles. The third case described is the online retailer Amazon. To meet the demands of a growing online market the company is opening (but also relocating) warehouses and logistic centres all over the world. Newspaper and television reports document the appalling living and working conditions of a largely migrant mobile workforce. Successful industrial action organized by German unions has been answered by the company relocating warehouses from Germany to Poland. A fourth case in point is the Danish slaughter industry which has offshored several activities like deboning and cutting to Germany where subcontractors employ low-paid Polish workers.

All these companies neither restrict themselves to the local labour market nor depend on it. Instead, they rely on a mobile workforce consisting of migrant workers from various European countries, China or other Asian countries. This enables them not only to lower wages, but also to introduce extreme forms of flexibility via a workforce accommodated in dormitories close to the sites and under close surveillance by the company or a security firm. Transnational companies regularly outsource the recruitment, employment and often the accommodation of mobile workers to LMIs such as cross-border TWAs. Often more than half of a site's workforce consists of temporary agency workers. In particular, just-in-time production and highly seasonal online retailing rely on external numerical flexibility provided by TWAs. The boundaries between formal and informal, legal and illegal are sometimes blurred (see also

Wagner 2014). In the case of Foxconn, Amazon or the Danish slaughterhouses different TWAs recruit workers and also employ them. In the case of the Chinese workshops ethnic networks ensure a supply of new workers from China, though these are then employed by the shop-owners in Italy.

We argue that the ‘double mobility’ presented in this chapter is a particular challenge for employment relations. Both the mobility of capital (in particular the threat of relocation and the ensuing concession bargaining) and the mobility of labour (in particular through its dis-embeddedness and divisions along language and ethnic lines) point to high levels of dis-embedded employment relations. The challenge for trade unions is not only to take on footloose transnational companies but also to organize mobile migrant labour. The situation is aggravated by outsourcing relationships, i.e. the fact that workers are not employed by the core companies but by subcontractors or TWAs.

References

- Andrijasevic R. and Sacchetto D. (2013) Integration verschiedener Arbeitsregime? Foxconn in Tschechien, in Pun N. et al. (eds) *iSlaves. Ausbeutung und Widerstand in Chinas Foxconn-Fabriken*, Wien, Mandelbaum Verlag, 219-246.
- Arrowsmith J. and Marginson P. (2006) The European cross-border dimension to collective bargaining in multinational companies, *European Journal of Industrial Relations*, 12 (3), 245-266.
- Batt R., Holman D. and Holtgrewe U. (2009) The globalization of service work: comparative institutional perspectives on call centers, *Industrial and Labor Relations Review*, 62 (4), 453-488.
- Benner C. (2003) Labour flexibility and regional development: the role of labour market intermediaries, *Regional Studies*, 37 (6-7), 621-633.
- Benner C., Leete L. and Pastor M. (2007) *Staircases or treadmills? Labor market intermediaries and economic opportunity in a changing economy*, New York, Russell Sage Foundation.
- Berntsen L. and Lillie N. (2014) Hyper-mobile migrant workers and Dutch trade union representation strategies at the Eemshaven construction sites, *Economic and Industrial Democracy*, 1-17. doi: 10.1177/0143831X14537357
- Ceccagno A. (2007) Compressing personal time: ethnicity and gender within a Chinese niche in Italy, *Journal of Ethnic and Migration Studies*, 33 (4), 635-654.
- Coe N.M., Dicken P. and Hess M. (2008) Global production networks: realizing the potential, *Journal of Economic Geography*, 8 (3), 271-295.

- Dicken P. (2005) Tangled webs: transnational production networks and regional integration, SPACES 2005-04, Marburg, Philipps-University of Marburg, Faculty of Geography.
- Edwards T., Rees Ch. and Collier X. (1999) Structure, politics, and the diffusion of employment practices in multinationals, *European Journal of Industrial Relations*, 5 (3), 286-306.
- Eichhorst W. (2013) The role and activities of employment agencies, IP/A/EMPL/ST/2012-06, European Parliament. <http://www.europarl.europa.eu/studies>
- Enright B. (2013) (Re)considering new agents: a review of labour market intermediaries within labour geography, *Geography Compass*, 7 (4), 287-299. doi:10.1111/gec3.12035
- Ferner A. (1997) Country of origin effects and HRM in multinational companies, *Human Resource Management Journal*, 7 (1), 19-37.
- Flecker J. (2000) Transnationale Unternehmen und die Macht des Ortes, in Dörrenbächer C. and Plehwe D. (eds) *Grenzenlose Kontrolle? Organisatorischer Wandel und politische Macht multinationaler Unternehmen*, Berlin, Sigma.
- Flecker J. and Meil P. (2010) Organisational restructuring and emerging service value chains: implications for work and employment, *Work Employment and Society*, 24 (4), 680-698.
- Fulton L. (2013) Worker representation in Europe. Labour Research Department and ETUI. Produced with the assistance of the SEEurope Network, <http://www.worker-participation.eu/National-Industrial-Relations>.
- Gereffi G., Humphrey J. and Sturgeon T. (2005) The governance of global value chains, *Review of International Political Economy*, 12 (1), 78-104.
- Gorm Hansen G. (2007) Come Together? Organisational case study on production in the food industry – Denmark, Internal Working Paper, WORKS Project.
- Harvey D. (1982) *The limits to capital*, Oxford, Blackwell.
- Hess M. (2004) 'Spatial' relationships? Towards a reconceptualization of embeddedness, *Progress in Human Geography*, 28 (2), 165-186.
- Huws U., Flecker J. and Dahlmann S. (2004) Status report on outsourcing of ICT and related services in the EU, Dublin, European Foundation for the Improvement of Living and Working Conditions.
- Lillie N. (2010) Bringing the offshore ashore: transnational production, industrial relations and the reconfiguration of sovereignty, *International Studies Quarterly*, 54 (3), 683-704.
- MacKenzie R. and Forde C. (2009) The rhetoric of the 'good worker' versus the realities of employers' use and the experiences of migrant workers, *Work, Employment and Society*, 23 (1), 142-159.
- Manky O. (2014) Negotiating the margins: the trajectories of subcontracting in the Chilean and Peruvian mining industry, Paper presented at the 32nd International Labour Process Conference, Kings College, London, 7-9 April 2014.

- Marchington M. et al. (eds) (2005) *Fragmenting work: blurring organizational boundaries and disordering hierarchies*, Oxford, Oxford University Press.
- Marginson P. and Sisson K. (1994) The structure of transnational capital in Europe: the emerging Euro-Company and its implications for industrial relations, in Hyman R. and Ferner A. (eds) *New frontiers in European industrial relations*, Oxford, Blackwell Business, 15-51.
- Marginson P. and Sisson K. (1996) Multinational companies and the future of collective bargaining: a review of the research issues, *European Journal of Industrial Relations*, 2 (2), 173-197.
- Marginson P. et al. (1995) Extending beyond borders: multinational companies and the international management of labour, *The International Journal of Human Resource Management*, 6 (3), 702-719.
- Massey D. (1994) *Space, place and gender*, Cambridge, Polity Press.
- Mau S. (2007) *Transnationale Vergesellschaftung: die Entgrenzung sozialer Lebenswelten*, Frankfurt, Campus Verlag.
- Mayes R. (2014) Fly-in, Fly-out work and the matter of choice: household decisions, labour agency and the tyranny of distance, Paper presented at the 32nd International Labour Process Conference, Kings College, London, 7-9 April 2014.
- Mueller F. (1996) National stakeholders in the global contest for corporate investment, *European Journal of Industrial Relations*, 2 (3), 345-368.
- Polanyi K. (1944) *The Great Transformation: the political and economic origin of our time*, Boston, Beacon Press.
- Pun N. and Smith C. (2007) Putting transnational labour process in its place: the dormitory labour regime in post-socialist China, *Work, Employment and Society*, 21 (1), 27-45.
- Rainnie A., McGrath-Champ S. and Herod A. (2009) Geography and worker organisation: do spatial approaches change our theories of union praxis? http://www.iler-directory.org/15thworldcongress/files/papers/Track_2/Poster/CS2T_23_RAINNIE.pdf
- Rainnie A., McGrath-Champ S. and Herod A. (2010) Making space for geography in labour process theory, in Thompson P. and Smith C. (eds) *Working life: renewing labour process analysis*, Basingstoke, Palgrave Macmillan, 297-315.
- Refslund B. (2012) Offshoring Danish jobs to Germany: regional effects and challenges to workers' organisation in the slaughterhouse industry, *Work Organisation, Labour and Globalisation*, 6 (2), 113-129.
- Ruckus R. (2013) Das Foxconn-Imperium, in: Pun N. et al. (eds, in Pun N. et al. (eds) *iSlaves. Ausbeutung und Widerstand in Chinas Foxconn-Fabriken*, Wien, Mandelbaum Verlag, 219-246.
- Sassen S. (1991) *The global city: New York, London, Tokyo*, Oxford, Princeton University Press.

- Sassen S. (2001) *The mobility of labor and capital: a study in international investment and labor flow*, Cambridge, Cambridge University Press.
- Sassen S. (2002) Locating cities on global circuits, *Environment and Urbanization*, 14 (1), 13-30.
- Schömann I. and Guedes C. (2012) *Temporary agency work in the European Union: implementation of Directive 2008/104/EC in the Member States*, Report 125, Brussels, ETUI.
- Smith C. (2003) Living at work: management control and the dormitory labour system in china, *Asia Pacific Journal of Management*, 20 (3), 333-358.
- Smith C. (2006) Beyond convergence and divergence: explaining variations in organizational practices and forms, in Ackroyd S., Batt R., Thompson P. and Tolbert P.S. (eds) *The Oxford handbook of work and organization*, Oxford, Oxford University Press.
- Staples R., Trinczek R. and Whittall M. (2013) 'Posted Workers': zwischen Regulierung und Invisibilisierung, *Arbeit*, 22 (4), 271-286.
- Taylor P. (2010) The globalization of service work: analysing the transnational call centre value chain, Thompson P. and Smith C. (eds) *Working life: renewing labour process analysis*, Basingstoke, Palgrave Macmillan, 244-268.
- Thompson P. et al. (1995) It ain't what you do, it's the way that you do it: production organisation and skill utilisation in commercial vehicles, *Work, Employment and Society*, 9 (4), 719-742.
- Voss H., Buckley P.J. and Cross A.R. (2010) The impact of home country institutional effects on the internationalization strategy of Chinese firms, *Multinational Business Review*, 18 (3), 25-48.
- Wu B. and Liu H. (2014) Bringing class back in: class consciousness and solidarity among Chinese migrant workers in Italy and the UK, *Ethnic and Racial Studies*, 37 (8), 1391-1408.
- Wu B. and Sheehan J. (2011) Globalization and vulnerability of Chinese migrant workers in Italy: empirical evidence on working conditions and their consequences, *Journal of Contemporary China*, 20 (68), 135-152.
- Wagner I. (2014) Rule enactment in a Pan-European labour market: transnational posted work in the German construction sector, *British Journal of Industrial Relations*. doi: 10.1111/bjir.12053
- Wagner I. (2015) EU posted work and transnational action in the German meat industry, *Transfer: European Review of Labour and Research*, 21 (2), 201-2013.
- Wagner I. and Lillie N. (2014) European integration and the disembedding of labour market regulation: transnational labour relations at the European Central Bank construction site, *Journal of Common Market Studies*, 52 (2), 403-419.