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NATIONAL STUDY REPORT SPAIN

Fundación 1° de Mayo

Case Study Endesa¹

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Introduction

This chapter addresses the application of IFA in *Endesa*, a group company with an important weight in the Spanish electricity sector. In this case, many remarkable elements are exposed for the analysis of the implementation and monitoring of international agreements. With a strong international presence, the company has passed through significant restructuring processes in the last decade, culminating with a modification of the capital structure and changes on the business organization.

With a large period of enforcement, the analyzed international agreement (2002-2012) has being preceded by a relevant trade union initiative at the international level, crystallized in a trade union network. Participatory and communication structures were created from the bottom, having a relevant impact on the agreement application and its results. The outcomes of this case show us the importance of trade union initiatives (at the sector level), reinforcing international agreements, giving structures and facing conflicts and contents, arising from concrete experience.

Company profile, restructuring processes and industrial relations at the group company

Endesa is one of the main companies in the electric and gas sectors in Spain, developing activities of generation, distribution and sales of electricity. It is currently owned by 70% of the Italian *Enel* group, which has presence in more than 30 countries (Europe, North America, Latin America, Africa and Asia). The group generates energy with a net installed capacity of around 90 GW and distributes electricity and gas across a network of 1.9 million km, for around 61 millions of end users². With the highest number of shareholders of all Italian companies, the *Enel*'s largest shareholder is the Italian Ministry for Economy and Finance.

In first 80's, *Endesa* emerged as a company group as a result of the acquisition of public shares of the "*National Institute of Industry*" in various companies in the energy sector., The path of the group was marked by different processes during the 90's. Firstly, *Endesa* carried out an intensive process of internalization, increasing its presence in Latin America, and becoming the largest private electricity multinational in this region. Secondly, the group was diversifying and extending its activities to other sectors, for example, to the telecommunications sector. Finally, it experienced a continuous process of privatization, through which public shares were being reduced³. In 1988, the first public offering of shares of *Endesa* occurred, through which the state reduced its stake in the company to 75.6 percent. In 1998, the process concluded with the selling of the 33 percent of the public shares, with what *Endesa* became a private company.

Concerning the period when the IFA was in power (2002-2012), *Endesa* was the main electric company in Spain and Portugal, with presence in Europe (Italy, France Poland, Turkey), Africa (Morocco), having predominant position in Latin American countries (Brazil, Colombia, Peru, Chile, Argentina, and other centre American countries)⁴. In terms of activities, a diversified model of business was developed during this period,

¹ According to the methodology of the project, this case study has been elaborate from data an public information of the company. Semi-structured interviews have been made to trade union's representatives and managing directors. Specifically, trade union representative of the Federation of Industry of CCOO (who was in *Endesa* during the IFA application) and the General Secretary of the Trade Union Section of CCOO at *Endesa*.

² Data taken from www.enel.com, consulted in October, 2016.

³ Relevant public offerings of sales were registered in 1988, 1994, 1997 and 1998.

⁴Endesa Suitability Report, 2005.

incorporating electricity (generation, sales and distribution), gas, renewable energy and telecommunications activities.

From 2005 onwards, the *Endesa* group began to experience several restructuring processes, derived from the retreating of its non-core activities and changes on the company property, with different attempts of takeover bid. Thereby, the group ended its activity in the telecommunications sector in 2005, selling its Latino-American companies and the most of its stake in Spanish companies. At the same time, a hostile takeover bid was made by *Gas Natural* in 2005, with important economic and political debate. This bid was succeeded by another bid of *E.ON* in the same year, and cascade of movements in business (not far from the political debate), seeking the control of the company⁵. In 2007, *E.ON* left the bid, with an agreement signed by *Enel*, *Acciona* and *E.ON*, whereby it is removed in exchange of *Endesa* assets in France, Italy, Poland, Turkey, as well as, other assets in Spain. The entire process concluded in 2009 with the *Enel* acquisition of the 25% *Endesa* shares (in hands of *Acciona*) by 11,107 millions of Euros, controlling –direct or indirectly- at the end the 92.06% of the group⁶.

As a result of the new ownership, substantial changes were developed within *Endesa*. In 2014, another restructuring process was executed: the selling of the assets of the Latin-American companies owned by *Endesa*, which were transferred to *Enel* group. Thus, *Energis*, the company through which controlled its assets in Latin America was sold to *Enel*. In 2015 *Endesa* stopped having presence in Latin America, focusing its business exclusively in Spain and Portugal. These operations meant a distribution of two historical dividends worth of 14,606 millions of Euros in 2014.

Nowadays, *Endesa* is company controlled by the *Enel* group, through *Enel SPA*, who has the 70% of company shares in 2015. The activity is focused mainly in the electricity and gas sectors, restringing its previous territorial scope of action: electricity generation (Spain, Portugal and Morocco); electricity distribution, renewable energy and gas (Spain); electricity sales (Spain and Portugal). Regarding its results, the company has generated 73.061 GWH in 2015, with a 92.899 GWH of electricity sales in 2015⁷. It has registered also a net installed capacity of 21.207 MW, with a distribution and transport net of 317.675 km. In the gas activity, the company has sold 71.587 GWH, having 1.461 clients. In 2015, the gross operating profit was 3.039 millions of Euros, with net benefits 1.086 millions of Euros⁸.

The workforce of the company is formed by 10.000 workers in 2015, located Spain and Portugal. Over the past years, the number of workers has been reducing dramatically (in 2012, there were 11.504 workers)⁹. In this line, it has also to be noted that compared with the time in which the IFA was being applied, the reduction of the number of workers was even higher. In 2004, there were 13.659 workers in Spain and Portugal¹⁰, who represented the 50% of the staff of the *Endesa* group. The rest was concentrated mainly in Latin American

⁵ On the 21st of February of 2006, a friendly counter-bid was made by *E.ON*; in the 22nd, an offer was made by *Enel* to *Gas Natural* for relaunching its bid. In September (26th) *Acciona* acquires 10% stake in *Endesa*. On November (16th), *E.ON*'s takeover bid is authorized for 100% of *Endesa*. On the 1st of February of 2007, *Gas Natural* withdraws its takeover bid and *Enel* acquires 10% of the share capital. On April (10th), *E.ON*'s takeover bid closes and the October 18 agreements culminating in the success of the tender offer by *Acciona* and *Enel* adopted. In 2008, *Enel* and *Acciona* reach an agreement with *E.ON* on asset values as a result of the agreement of 2007. Finally, in 2009 (21st of February), *Enel* acquired the 25% of *Endesa* shares by 11.107 millions Euros (which where in *Acciona* hands), controlling at the end 92.06% of the company.

⁶ Under the agreement, *Endesa* sold its assets on wind and hydro generation to *Acciona*.

⁷ Data registered at 31st December of 2015 (www.endesa.es).

⁸ *Endesa Annual Sustainability Report*, 2015.

⁹ The number has been reducing dramatically. In, 2012 there were 11.504 workers; in 2013, 11.142 workers; in 2014, 10.500 workers. The most updated data (June of 2016, consulted in September) reveals a workforce of 9.703 workers. *Endesa Annual Sustainability Report*, 2015.

¹⁰ Average workforce, *Endesa Sustainability Report*, 2005.

countries (11.703 workers) and Europe (1.523 workers)¹¹. Regarding gender distribution, women were representing the 21.5% of the workforce in 2015, which was higher compared with the period of the IFA (with a 16% in Spain in 2004). They also represented the 16% of the directive position in 2004 (Spain) and the 14% in 2015 (Spain and Portugal).

Concerning the employee representation, in Spain there are two types of unitary bodies of employee representation (*employee delegates* and *works councils*)¹². *Separate union delegates* of the different unions can be also found in the companies of the group (UGT, CCOO and SIE). The last representative employee elections (2015) have led the first position to *UGT* trade union, with 56% of the votes, followed by CCOO trade union (34%) and SIE (10%). The rest is represented by other trade unions (nationalist, professional or class trade union).

At the European level, trade union representatives of Endesa participate at European Works Council (EWC) of *Enel*, in two meetings that are held per year. In terms of information and consultation, the EWC have addressed issues about business strategy and not specific labour topics and conflicts of the group or company of it, as the trade union representative has expressed. Trade union representatives from Latin America companies have been also invited to participate in the EWC.

Labor relations are articulated under through a framework agreement, which regulates the labor conditions in Spain for the entire group (*IV Convenio Colectivo Marco de Endesa*). It has to be noted that no collective agreement is negotiated in the electric sector in Spain. Signed in 2014, the 4th group agreement has followed the line marked by the first agreement (signed in 2000), emerged from the need of unify labor conditions at company level. Nowadays, there are 16 collective agreements of the companies of the group, and several territorial and specific company agreements. At the group level, other relevant agreements were signed in 2015 on different areas, for example, regarding the transfer of workers between different societies, the reorganization of the distribution control centers or the geographical mobility¹³. When the IFA was signed, a similar regulation of the labor relations can be found: there were also a framework agreement, specific agreements on different issues (to regulate corporate reorganization processes, working time, etc.)¹⁴, and collective agreements at company level (3 collective agreements in 2005 in Spain, 44 worldwide)¹⁵.

In terms of contents, the modification of the company property has produced changes of the labor relations, not in normative terms (the negotiation process continues being articulated through the group collective agreement, the 3th and 4th Agreement was signed in the new period). Trade unions have to face now with the reduction of the workforce, the outsourcing activities and declining wages. In this line, they presume that the company wants to make more steps on the modification of the framework agreement of the group. Company agreements (previous to the group framework), which regulates conditions of older workers are seen expensive for the company in terms of labor costs. Reduction of employment and outsourcing activities were the main measures adopted to face it, as other big companies of the sector. From trade union perspective, the transition

¹¹ *Endesa Sustainability Report, 2005.*

¹² Employee representation at the workplace in Spain has a clear legal framework, provided in the main by the 1980 *Workers Statute* and the 1985 *Law on Trade Union Freedom*. The law provides for elected representatives of the whole workforce in all but the smallest companies. Thus there are two types of unitary bodies of employee representation: *employee delegates*, elected in companies from 11 to 49 employees, and *works councils*, elected in companies with 50 or more employees. There are also *separate union delegates* in bigger companies.

¹³ *Endesa Annual Sustainability Report, 2015.*

¹⁴ It can be highlighted, for example, the following agreements: Second complementary agreement on corporate reorganization processes (2002); Agreement on time management applicable at the new head office of Madrid (2003); Agreement working regulation for personal in "work brigades" in network in Andalucía and Extremadura (2003), etc.

¹⁵ *Endesa Sustainability Report, 2005.*

from being a business group to a company of other group has meant a radical change on the company strategy, being more “neoliberal” and only focused on benefits.

Labour relations have been affected with an absence of empathy, as trade union representative has pointed out. Labour relations are understood in a different way by the new management. Difficulties have been registered about the framework (the group framework was new for them; they were used to negotiate at the sector level). Previous warranty agreements -ensuring labour conditions in case of reorganization processes- were also a novelty. The new management strategy is confined to the current labour laws and collective agreements (for example, health and safety at work), and less over supplementary normative. In this sense, previous experiences at global level (for example, the work done through the IFA in Latin America) were left out, as trade union representative has remarked.

Finally, different references can be found in relation to the industrial relations and labor rights in *Endesa*, when the group had presence in Latin-America. Analyses have been done over the company policies from the local perspective on different issues (like employment, training, wages, trade union freedom and collective bargaining, occupational health, non-discrimination and social corporate responsibility)¹⁶. In connection to the application of the IFA, an international project of trade union cooperation was developed in *Endesa* (and other energy Spanish companies) by the industry sector federation of CCOO. This project had a central role in the implementation of the IFA, strengthening the relationship between trade unions (see above).

The international framework agreement: origin, negotiation and main contents

The international framework agreement (IFA)¹⁷ was signed in 2002 by the President of the Chairman of the Management Board and the Executive Director of ENDESA (from the company), and the Mining and Metallurgical Federation of CCOO, the Industry Federation of UGT and the International Federation of Chemical, Energy, Mine and General Workers’ Union (ICEM). The IFA was signed in line with the international federation criteria, as long as, ICEM was one of its parties.

Regarding the content, the IFA expressed that both parties adopted, “as fundamental principles” the following commitments: “the compliance with international labour standards and in particular the ILO convention on trade union freedom and the right to organized and international standards on the respect of human rights; the strictest respect of standards and required behavior in the area of Safety, Health and Prevention of Occupational Hazards; viewing the vocational training of workers as qualification instrument that is mutually beneficial to the two parties; the commitment to provide a service of the highest quality; and supporting and upholding the *Endesa* expansion plans which enable its activities and employment to grow”.

At the same time, the IFA had also opened the door to reach new agreements. Thus, it remarked that “additionally the two parties may agree on and adopt initiatives to achieve the basic objectives and principles that inspire the present agreement, including participation in international programmes that are consistent with the jointly adopted principles. In keeping with this, both parties consider it a matter of priority to work to draw up a code of conduct which is consistent with said principles”.

¹⁶ For example, Silverman, J. (2005): *Estudio sobre los derechos laborales fundamentales en las empresas transnacionales españolas con presencia en Colombia*. Escuela Nacional Sindical. Colombia

¹⁷ It was called as “Protocol of institutionalising dialogue at the international level between the General Management of Endesa and Trade Union representatives”.

Regarding the coverage, no direct reference was made in terms of application, although it is recognized that "Endesa and the trade unions signing the present agreement will disseminate its content to all companies, in the international area, over which Endesa exercises control".

Finally, concerning its validity, the IFA had a concrete end (31 December of 2004), but was extended until 2012. After that, a new IFA came to light with the new management in 2014, being signed by Enel, IndustriALL Global, PSI, Filctem CGIL, Flaie CGIL, Uiltec UIL.

It has to be noted that (at November of 2016), this agreement has not been put on the attention to trade union representatives at the local level (at least in the case of *Endesa*, they do not know about its existence).

Implementation, monitoring and assessment

The agreement had a long period of enforcement within the group company, having relevant results in terms of conflicts solved and social dialogue. Evaluation structures and mechanism were developed under its application, derived from trade union initiatives at international sector level. The agreement at *Endesa* that was positively evaluated by the signatory parties, was followed by new international agreement at *Enel* group, emerging new structures and mechanisms of evaluation.

Implementation and monitoring

Regarding the **implementation** of the IFA, the parties agreed to establish "a channel of dialogue and international trade union consultation within *Endesa* at the highest organizational level, as an effective tool for achieving an adequate exchange of relevant information between the two parties". This channel, named as "forum/committee", was formed by the trade union representatives of the different countries (1 per country in which the group had presence), and was conceived as instrument of interlocution, to promote social dialogue and conflict resolution.

One trade union representative from each country was included in the committee in order to ensure representativeness and to address different socioeconomic realities. Many times –as the sector trade union representative pointed out- difficulties can arise in the process of identification of trade unions representatives at the local level. For them, the IFA was a fruitful initiative in terms of advisement, organizing structures and sharing the knowledge, culture and practices within the group company.

Nevertheless, the implementation of the agreement at *Endesa* was boosted by the project "*Electric Trade Union Net*", developed by the Federation of Industry of CCOO and Latin American trade unions with representation in the subsidiaries companies of *Endesa*, *Iberdrola* and *Gas Natural*. Companies that were direct or indirect established in countries like Argentina, Brazil, Bolivia, Chile, Colombia, Guatemala, Nicaragua, Panama and Peru.

It has to be noted that the project emerged in the framework of the action "*Development international collective bargaining's spaces in electricity companies with presence in Latin America*", developed by the *Fundación Paz y Solidaridad Serafín Aliaga*, the organization of CCOO trade union dedicated to the international cooperation. This initiative was executed during 2009-2012.

Unlike those structures created from above¹⁸, the “*Electric Trade Union Net*” was built “step by step”, linking existing ties and trade union networks (at national level), resulting a international “network of networks” with a sector perspective in the region (inasmuch as was expanded to almost the entire production and distribution Spanish electricity sector). Its main objective was to identify trade union representatives at the local level, creating trade union networks, through which monitoring of the supply chain could be implemented. Meetings were held, with the participation of trade union representatives of the different countries represented. Two main issues were addressed: the information about the company situation (data and management strategy) and collective bargaining in each country, with special reference to conflicts and agreements.

Box 1. The “Electric Trade Union Net” in Latin America: cooperation and participation

The project “Electrical Union Networks” was created within the framework program for international trade union cooperation in the LIS Project II * and was developed by the Federation of Industry of CCOO during the period 2009-2012. The project sought to enhance the international trade union cooperation as well as strengthening solidarity among unions. It counted with the participation of the trade unions where electric Spanish companies had presence (Argentina, Brazil, Bolivia, Chile, Colombia, Guatemala, Nicaragua, Panama and Peru).

Based on the existing literature on monitoring of the transitional companies¹, the project was articulated in three phases. Firstly, the *prospecting and contact*, establishing contact with trade union representatives at the subsidiaries of transnational companies¹. To do this, any source was used, both from the national organization (local union/federation/confederation) and any of the trade unions’ organizations.

Secondly, the *constitution of the network*, which consisted on collective debates, of which the union network was identified as an organized space –in a collective construction process- of stable relations between unions (exchange of experiences, ideas and practices), in order to identify and achieve shared goals.

Finally, the *development and consolidation of networks*, in which, different work lines were launched: the mapping of the transnational companies, specific demands and bilateral contacts between trade unions at international and national level.

Source: Gil et al (2012): *Guía para la formación Sindical. Globalización, negociación colectiva y acción sindical en la empresa transnacional*. Federación de Industria de CCOO.

* The Project “Electric Networks” is on Action No. 10 (“Development of spaces for international collective bargaining in Spanish electricity companies with presence in Latin America) of the Agreement signed by *Fundación Paz y Solidaridad* of CCOO and AECID.

Concerning its specific results, different initiatives were addressed. First, a *map* of the labour, trade union and business was constructed, generating information and data for the monitoring of the transnational companies. Thus, an information collection was launched (through a questionnaire) to know the reality of each country and company. At the same time, *bilateral contacts* took place between members of the network. Trade unionists *requests* from local level were done to the network coordinators. Three types of the main demands were registered: 1) informative demands, about business decisions on production and organizational aspects of the

¹⁸ As *Gil et al* (2012) have pointed out, unlike the initiatives arising at the behest of the international federation or the EWC, the project emerged on the initiative of a sector trade union at national level: the Federation of Industry of CCOO. This implies certain openness, in promoting a global union perspective on transnational corporations and consideration of the involvement of national federations in the formation of international union networks, what can be crucial to help strengthen their unionization, improving coordination channels and trade union leadership.

subsidiaries, as well as about the working conditions; 2) demands for supporting own national demands, such as the unlocking or opening of negotiations or agreements; and finally, 3) demands for help with direct intervention, against unfair or discretionary measures adopted by local management. In this line, training courses were also developed, and a Webpage and an electronic magazine were also launched, with the aim to exchange information and to register the activities of the trade union nets¹⁹.

Among difficulties, the coverage of the chain of subcontractor and the needs of training for trade union representatives were two of the main factors to the extension of these experiences, as the Federation Industry of CCOO has expressed. About this experience they conclude that "the true consolidation of networks will occur when social dialogue in transnational companies is deeper, with which is possible to agree IFAs and to convert global union networks in committees". Here, it is the point where the *Endesa* case raised. The articulation of trade union cooperation and trade union action at the local level, but also with the trade union at national level have had a tremendous impact on the application of the IFA. The existence of these previous trade union networks enabled to identify legitimate representatives of the subsidiaries, knowing the market and labor relations of the group.

Finally, within formal procedures and meetings, it has to be noted that the IFA also recognized the participation of the international federation in other previous agreements. So, for example, it determined that "at least once a year, or whenever required by the relevant nature of the topics to be discussed, an ICEM representative will take part in one of the meetings established in the 'Agreement dated 25/10/2000 between the general management of *Endesa* and the trade union representation', in which the questions provided for in said agreement shall be addressed in an international perspective²⁰".

Different **activities** were developed under the IFA application. Most of them were focused on advising and reinforcing trade union representatives and structures, promoting social dialogue at local level. Several meetings were held in Spain and abroad, with the local and headquarters managements. Latin American trade union representatives exposed their conflicts, giving a more adjusted view of the group in their countries. For national unionist, they achieved to know the industrial group, the union's work at headquarters and their union knowledge. These meetings allowed also evaluating previous experiences, establishing that the duties of the "committee" would be focused on human and labor rights (employment, health and safety, etc.) and not on collective bargaining issues, which remain reserved to the national level and their trade union representatives. Among all of them, employment and collective redundancies, the relationship with public sector or the impact of the clientelist networks, were some of the issues frequently raised. These meetings also allowed valuing the previous work done within the trade union network.

In order to solve **conflicts**, several meetings were also held in Spain (with the participation of the trade union from Latin America). It has to be stressed that in case of non-compliance, under the duties of the "committee", trade unions –both national and local- had the capacity to expose the case to the management at the central headquarters, in order to solve it. Two big conflicts can be remarked. In Colombia, the conflict was generated about social benefits and health care assistance. Other conflict was registered in Brazil, where collective redundancies were planned.

¹⁹ Gil et al (2012): *Globalización, negociación colectiva y acción sindical. Guía para la formación sindical internacional*. Federación de Industria de Comisiones Obreras.

²⁰ Agreement on corporate restructuring and reorganization, resulting the Endesa group. The agreement included a social plan with voluntary leaves.

Looking at the *local level*, the IFA only mention that “the contacts and the information exchanged between the parties under the protection of the present agreement shall not replace or interfere with labour relations at the local level”. Besides the content of the IFA, its application has revealed significant results. From trade union perspective, after the application and having resolved some conflicts, a more dynamic social dialogue was established between parties at the local level, in which functioning of the trade union network had also a relevant impact: it facilitated the communication between the different levels. Before this period, a “wall of difficulties” was a common strategy by the local management, blocking the social dialogue, sometimes reinforced by the central management. As they express, the agreement supposed to jump over it, changing the initial positions of the local managements.

In terms of *information*, the IFA recognized that *Endesa* and the trade unions had to disseminate its content to all companies, in the countries over which *Endesa* exercised control. It is also determined that any information published externally about the present agreement have to be mutually agreed by the parties.

Regarding the *monitoring* process, the IFA established that “at least once every six months, *Endesa's* Corporate Human Resources Management will meet with the highest officials of the signatory trade unions”, and that this meeting was attended by one representative of the international federation for each country (other than Spain) in which *Endesa* had companies under its control.

According to the IFA, these meetings had to be focused on “the analysis and mutual exchange of information concerning the most relevant happenings in the labour area, as well as the short and medium-term outlook, and specifically as regards the evolution of employment”. In any case, it may be agreed that meetings could address other topics that are considered relevant, by either party with sufficient notice. The agendas of the meetings, as is expressed in the agreement, should be distributed in advance by the company management to those attending.

Moreover, the IFA established that the trade union representation could attend these meetings accompanied by “officials who can guarantee that the topics are addressed in an adequate fashion”, in order “to render the objective of dialogue and consultation compatible with the good functioning of the meetings”. It was as well recognized that the company should provide “the communication systems” for those attending these meetings, “enabling them to maintain contact among themselves and with the trade union organizations”. In this line, the company should bear the costs of “organizing and attending” of the meetings, setting the venue of the meetings in agreement with the signatories.

Confidentiality is also recognized in the IFA, which determined that “the information provided by Management at these meetings may be declared by the latter to be restricted and confidential, whenever its dissemination to competitors or to the general public could be detrimental to the economic interests of the enterprise or to the proper execution of the business plans”. It was specified that for these cases, “those attending commit to maintaining confidentiality and professional secrecy on the topics discussed and on the information and documentation provided by the enterprise in such meetings”.

In terms of practices, monitoring activities had little development during analyzed period. Having into account the difficulties of launching interlocution activities at international level, the “committee” started to implement evaluation mechanisms just when the company strategy changed. From trade union perspective, monitoring initiatives are tougher to implement and consolidate than the interlocution and social dialogue initiatives.

Assessment

After almost one decade of application, the IFA at *Endesa* has been positively evaluated, both by trade unions and management representatives. From trade union perspective, the model of labor relations within the group changed substantially, with a significant increase of social dialogue.

The enforcement of the IFA made possible to resolve different conflicts, addressing several social and labor issues. It was established as a “bridge of dialogue”, through with a more constant and fluid social dialogue was reached between parties, at the international and local level. Trade union representative has expressed that the IFA was positively assumed by the company, both at headquarters and local levels. The relevance of having a open way of interlocution with trade union representatives of other countries was a central element to the company.

Difficulties raised during the application of the IFA were related to different elements. From trade union perspective, factors like having different labor relations, forms of representation and culture of work at local level were crucial at this respect. It has been remarked that labor relations are very different between countries. At this respect, the implementation of the agreement had to deal with labor relations and union cultures very different from the European ones. Some analyses has pointed out this situation at the local level (Colombia)²¹, reflecting difficulties at the beginning of the implementation²².

Different evaluation is made by the trade union if they are asked about the new period. From their point of view, the work done with the IFA was paralyzed. In 2013, trade union representatives of *Endesa* proposed the establishment of a similar “committee” and instruments of previous agreement, taking advantage of the previous experience. Instead of this, a “forum” was created, with a different composition (representation of Latin America countries) and duties (see *Enel* case). In this sense, they perceived that previous experiences were put aside.

From trade union perspective, the current evaluation of the new agreement is that there is not a global policy about this issue. As an example, they mention that they were not aware of the new agreement so far²³, not registering any activity in this regard in Spain. At the same time, they mention that no space of participation have been rejected by them during this period. In fact, the experience at the EWC (with the participation of representatives of Latin America countries) was developed because it was the only way to maintain participation and existing ties with these countries. In this regard, they also perceive a different functioning of the EWC.

According their evaluation, the new strategy has been defined by the sector unionist like a “neocolonial” proposal, without knowing the reality of the company at the local level, what is generating problems in a strategic sector. As an example, it is mentioned the recent case of *Elcogas*, a company with collective redundancy process and strikes, and which has not been addressed either social corporate responsibility or the forum of the IFA²⁴. At this respect, the world forum has not been useful for them.

²¹ Silverman, J. (2005) have pointed out that “since the signing of the agreement, the company has not made many efforts to implement it”.

²² Most severe violations of freedom of association were occurred with subcontractors workers (outsourced *Codensa*), and not directly employed in the *Endesa* group. Silverman, J. (2005), (p. 3.).

²³ The trade union representative has not had any notice about the agreement (on date of 7th of November, 2016).

²⁴ The only way that the Spanish trade unions have found to present this case was the European Parliament, through GUE-NGL. The reply was made in the 23 of October of 2015 by Sr. Arias Cañete, who in name of the Commission answered that “the question of whether the plant is closed or continues operation is not within the Commission's remit. This is rather a decision for the owners of the plant and, if applicable, a matter for the national authorities concerned (respecting any applicable EU rules).

In terms of application, they consider that strong differences can be appreciated between structures and mechanisms created from below to another created from above. Under their perspective, one promotes the participation and social dialogue and the other undermines it. They consider that the "world forum" has not been positioned as a real channel of dialogue, but as an element added to the company marketing policy, representing the substantial change has been registered with the application of the new IFA in *Endesa* (as a part of the *Enel* group). They do not expect to have an initiative like the previous one, because –as they point out–, any initiative on labor relations with economic cost will not be afforded; in contrast, they recognize that marketing ones could have space.

Conclusion

According the objectives of the study, some relevant elements can be pointed out from the analysis of this case, where the agreement has had a long period of application. Firstly, in terms of implementation, the trade union action and the company involvement are crucial to develop it. In this case, the sector trade union action at the international level, -electric trade union networks- had a tremendous impact on this process (representatives were identified before the application), establishing a fruitful relationship between trade unions at local and international level.

Created from the bottom, these kinds of initiatives enable to know the economic and social reality of countries where the group had presence. Different instruments and actions were used to provide information and to build relationships between members of the network. This knowledge was essentials during the application of the agreement. It had impact on the building structures (a committee composed of trade unions' representatives of each country), ensuring representativeness and participation at the local level. Conflict resolution at the local level was also reinforced by these experiences.

Finally, other relevant factors in the application and evaluation processes can be identified from this case. Thus, business changes have had a decisive impact on the path developed on international agreements. The group went from being company to be an enterprise of a new business group, losing all previous initiatives. Here, a second factor arises: the importance of the headquarters (and unions thereof) in the process of the implementation of the agreement. A greatest capacity for trade union action at headquarters is revealed, as well as, the needs of strengthening of the participation of trade unions of other countries.

Case Study OHL²⁵

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Introduction

In many European countries, the economic crisis and the burst of the real-estate bubble have had a negative impact on the construction sector. The appearance of International Frameworks Agreements [IFA] represents in this sense a challenge in this sector, which has specific characteristics. In terms of activity it is linked to public funding and projects limited to a period of time, among others. Concerning organization of labour, it has with a high level of subcontracting, temporary employment etc. This chapter analyses the IFA at *Obrascón Huarte Lain* [OHL], a Spanish construction group with a high level of internationalization.

According to the impulse given by the international federation of construction in favour of international agreements, the IFA at OHL was signed in 2012, counting with its participation and signature. The content includes basic principles on fundamental and labour rights. A certain underdevelopment of a monitoring process has been registered, but significant results can be related to the application of the IFA. The outcomes of the case study point us that international agreements can have a relevant impact on conflict resolution and trade union action, strengthening trade unions in the national and international levels.

Company profile, restructuring processes and industrial relations at the group company

Founded as a result of a merging construction companies process in late 90's, OHL is a Spanish company group dedicated to construction, civil engineering and concessions activities, being involved as well in infrastructure and construction, homebuilding and the operation of toll road and other transport concessions²⁶. With a highly level of internationalization, the group has presence in more than 30 countries around the world²⁷.

The activity of the group is structured in three activities areas: *OHL Concessions* is dedicated to the infrastructure and transport activities, in highways, ports, railways and airports, as well as financial investments in other companies' concessions; *OHL engineering and construction*, includes *OHL Construction* (focused on railways, hospitals, roads and ports construction), *OHL Industrial* (engineering and construction of large industrial installations) and *OHL Services* (services linked to infrastructure such as maintenance, cleaning, energy efficiency, urban services, but also services linked to the health care sector); and finally *OHL Developments*, specialized in project management for tourism and hotel sectors.

Regarding sales, the group's turnover reached 4.368,9 million of Euros in 2015. As expression of its internationalization, the 82.6% of the turnover was generated abroad. Specifically, sales were registered in USA (1.014 millions), Mexico (738 millions), Czech Republic (410 millions) and Arabia Saudi (262 millions), with 73.4% of total turnover. By contrast in Spain the turnover of the group was 759 million of Euros. Regarding different areas, sales were mainly concentrated in construction (74.3%), followed at a large distance by the

²⁵ According to the methodology of the project, this case has been elaborated from data and public information of the group, as well as from semi-structured interviews made to trade union's representatives and management directors. Specifically, three interviews were done: to the Secretary-General of the Building and Wood Worker's International Federation (BWI) and the Director of the Occupational Safety and Health in BWI; to the Secretary-General of the Federation of the Construction and Services sector of Comisiones Obreras (CCOO); and to the Director of Human Resources of the OHL Construction.

²⁶ All data included in this chapter is taken from OHL (2016): *Informe de Sostenibilidad del Grupo OHL 2015* and the webpage of the group (<http://www.ohl.es>), consulted in June, 2016.

²⁷ It can be highlighted its presence in America (manly in Mexico, EEUU, Peru and Chile), Europe (in Czech Republic, Slovakia, Poland, Turkey), Asia (Arabia Saudi, Qatar, among others), Africa (Algeria) and Oceania (Australia).

rest of the areas²⁸. From the financial point of view, in 2015 the group has carried out a capital increase²⁹, with the aim of reducing the debt level³⁰ and looking funds to face capital commitments derived from new concessions (Peru, Chile and Colombia)³¹.

The workforce was formed by 25.978 workers in 2015, of which the 65% were working in abroad companies. By countries, they were located mainly in Spain (9.098), Mexico (4.147), Chile (2.897), Peru (2.615), Czech Republic (2.481) and USA (1.716). In these five countries was concentrated the 53.4% of the total workforce of the group. By areas of activity, most of workers were employed in the construction area (54.6%), followed by services (23.1%) and concessions (8.9%), respectively³². Women were representing the 31.6% of the total workforce and the 8.8% of the managing positions (director).

The international presence of the group has been a key element of its activity along past decades and has been boosted during the economic crisis. It is worth stressing that the Spanish construction sector has been developed traditionally at the national level. Companies' activity (and trade union action, therefore) was focused on an expansive internal sector; which employed around 2.7 million of workers in 2008. Despite of this, the group had a high level of activity abroad. The consequences of the economic crisis and the real-estate bubble in Spain (with an important drop of public investment on infrastructures) have impacted on the group strategy, with a major driver of its internationalization process. Nonetheless, as other companies of the sector, this process was previously initiated³³. During the last twenty years, the group has been increasing its business volume abroad (especially in Latin-American countries), developing its construction field, but also the managing infrastructures and related activities.

In terms of restructuring, the group has recently carried out an internal reorganization of its Human Resources [HR] department. The group had a central HR department, which was in charge the human resources and labor relations competences. The process consisted on the transference of these competences to the different branches of activities of the group. So, strategic issues are adopted at the group level (as payroll, job training and knowledge management, etc.) but decisions on human resources and labor relations are taken at the branch level, with a certain level of autonomy. As a result, this has produced a greater presence of the labor issues at the level branch, leading to a more decentralized internal organization of the group for HR policies³⁴.

In regards of the employee representation, the two types of unitary bodies of employee representation can be found in the companies of the group in Spain (*employee delegates* and *works councils*)³⁵. In *OHL Construcción*, the last representative employee elections have led the first position to *Comisiones Obreras* (CCOO) trade union, with 55.6% of the delegates, followed by *Unión General de Trabajadores* (UGT) trade union (40.7%). The rest is represented by other trade unions (nationalist, professional or class trade union).

²⁸ The rest of the sales were registered in Concessions (10.2%), Industrial (8.1%), Services (4.6%) and Developments (2.9%), respectively.

²⁹ An increase of 999.1 millions of Euros.

³⁰ With an approximated amount of 632 million Euros.

³¹ With an approximated amount of 340 million Euros.

³² With less weight in the overall workforce, it can be mentioned the areas of Developments (7.6%), Industrial (5.1%) and Corporative area (0.8%).

³³ As the representative company have expressed, in this time, the company stooped to develop the business residential activity, in foresight of future sector evolution.

³⁴ As the company representative have expressed it has been registered a "decentralization" process in the HR policies, without "loosing the corporate figure", being reinforced "the business divisions with HR's directives in each one".

³⁵ Employee representation at the workplace in Spain has a clear legal framework, provided in the main by the 1980 *Workers Statute* and the 1985 *Law on Trade Union Freedom*. The law provides for elected representatives of the whole workforce in all but the smallest companies. Thus there are two types of unitary bodies of employee representation: *employee delegates*, elected in companies from 11 to 49 employees, and *works councils*, elected in companies with 50 or more employees. There are also *separate union delegates* in bigger companies.

Labor relations in this company are articulated under the sector collective agreement (*V Convenio Colectivo del Sector de la Construcción*), which is the reference at the national level along 2012-2016. The sector collective agreement is always the minimum reference for conditions to be regulated. It regulates the main labor issues of the sector, which is characterized by a high degree of business fragmentation. Collective bargaining is articulated basically in two levels: from the national level to the provincial one, where particular issues like the working calendar are negotiated. In most of the companies of the sector, even the big ones, the national collective agreement represents the framework of regulation. Despite of this, specific agreements can also be negotiated at company level (plans on equality plans or training, agreements on health and safety, wages etc.). In this sense, *OHL Construction* has negotiated and implanted an equity plan (*Plan de Igualdad 2016-2019*), with strong trade union participation.

The international framework agreement: origin, negotiation and main contents

The international framework agreement (IFA) was signed in 2012 by the HR Director of OHL, the international federation (Building and Wood Workers' International, BWI) and the sector national federations of the main two trade unions (FECOMA-CCOO and MCA-UGT)³⁶.

The negotiation process was initiated by the sector federation of Comisiones Obreras (CCOO) [hereafter, trade union] and lasted one year. This impulse was taken according with the previous call done by the international federation of construction [hereafter BWI] to their affiliates for promoting international agreements with multinationals companies³⁷. The negotiation process began with a sector federation proposal that was in compliance with the BWI contents and procedures established for this kind of agreements. At the same time, BWI developed its own process, contacting their affiliates that an IFA was to be discussed and negotiations were going to start. There was sharing information between affiliates in coordination with the BWI.

From trade union perspective, it had good initial reception by the company, understanding the willing of knowledge. Companies have to face with a different culture and trade unions, which in terms of concepts and practices, are sometimes very different of the European labour relations³⁸. From company position, motivations for having an IFA were linked to establish social dialogue at international level as it has at the national level. Similar motivations are registered from BWI in other companies of the sector, which are interested on going to new markets and building relationships with local trade unions rather than having future conflicts. In our case, the company also has considered the importance that the IFA represents a "guarantee" of a dialogue framework with trade unions.

The negotiation process was not focused as much on the content but on other aspects, like the recognition of the parties and the possibilities that the IFA would open after its signature. In support of its argument, trade union argued the opportunity to sign an agreement with the international federation, explaining what is BWI and why they/us are promoting international agreements around the world (looking for minimum protection for workers and more democratic labour relations). In that sense, they pointed out the group's capacity with the IFA to have a direct interlocution with the affiliates of the BWI around the world. For the company, the most

³⁶ The agreement is named as *Framework Agreement between Obrascón, Huarte Lain S.A., the International Federation of Wood and Construction, FECOMA and MCA*.

³⁷ In Spain, the six big companies of the construction sector have signed an international agreement. OHL was one of the first to do it. In terms of content, they are very similar.

³⁸ Here, the trade union representative highlights the debate about the presence of trade unions in different regions of the world and differences between trade unions. A similar trade union perspective as Europeans in terms of organization, labour relations and culture can be found for example in Latin-American countries (like in Brazil, Argentina or Chile), while in Mexico or USA trade union movement has other characteristics (more fragmented). In Mexico, for example the international federation ICM has not any affiliated members.

relevant issue was the nature of trade unions. Recognizing the role played by the BWI and Spanish trade unions, from its point of view, the utility of the IFA is linked to have similar relations and trade unions as they have in the European level³⁹.

The IFA was not preceded by any previous international agreement. The key factor was the international federation and trade union interests on starting the process. For the company, the crisis and bubble burst (and the internationalization) were factors, but not the decisive ones. From its point of view, an IFA would have been signed in any context if brings the opportunity to establish a social dialogue in other countries.

In terms of content, the IFA express “the joint commitment of the signatories to respect and promote the principles defined in the Universal Declaration of Human Rights, the ILO Tripartite Declaration, the Guidelines for Multinational Enterprises of the OECD and the United Nations Global Compact”. Company and workers recognize their interest in having sustainable development of the construction industry and the importance of establish democratic and open labour relations, as well as, collective bargaining procedures between workers' representatives and the company⁴⁰.

The principles addressed in the IFA are related to the following areas: freedom of association and right to collective bargaining (ILO Conventions 87, 98); freely chosen employment (not forced labor or forced servitude), (ILO Conventions 29, 105); non-discrimination and equal opportunities; protection of migrant entry workers; no use of child labor (ILO Convention 138, 182); wages enough to live (living wage); no excessive working hours; safety and health at work (ILO Conventions 155, 167); welfare of workers; professional training; working relationship and compliance with social security regulations (see IFA in the annex).

Beyond the content⁴¹, the IFA represents –as interviewed have expressed- a framework in which international labour relations can be placed. In that sense, it is understood as a process or instrument through which conflicts can be solved. This model is based on having a network in which when a conflict arises, trade unions, international federation and company can address it, being priority at the local level (see below).

It is worth stressing that in terms of coverage the application of the IFA is limited for certain parts of the group. So, the IFA recognizes that the parties will work together for verifying the effective application in OHL SA in the exclusive domain of its construction activity. In spite of this, the IFA includes the promotion and encouragement of its principles among contractors and subcontractors and suppliers.

Finally, regarding its validity, this IFA has not a specific deadline, being in force until one of the signature parties want to modify it⁴².

Implementation, monitoring and assessment

Despite of its date of signature, the application of the IFA is still incipient in terms of monitoring, with a long way to do in this field. From 2012, the IFA has been used in different countries around the world, but without any specific structure to evaluate its developments at the group level. The IFA has been put in practice as an instrument to face conflicts and to open the dialogue between the company and trade unions, where has been

³⁹ The IFA is positively valued by the company inasmuch as similar relations with trade unions can be established. It appreciates trade unions with “dialogue”, with “the same characteristics” and “committed with agreements and collective bargaining”, as they do the Spanish ones.

⁴⁰ Specifically, the company expresses its interest of ensuring compliance of the ILO provisions related to child labour, assuming the commitment of “developing business and professional activities according to the legislation of each of the places where operates, promoting and encouraging activities with same recognition and respect among contractors and subcontractors and suppliers”. It also recognises the prohibition of abuse of authority and any form of harassment, the corruption and bribery as obstacles for economic social and democratic development and the importance of not reducing or undermining trade union rights of any member of the ICM or any other union within the group.

⁴¹ The representative of the company interviewed ensures that these principles -for example child labour- are entirely assumed within its human resources policies, extending through all its sections and activities.

⁴² It has a three months' notice.

needed. Signatories' parties have positively evaluated the application of the agreement⁴³ and are opened to develop it further in terms of monitoring.

At this point, it is important to be noted the efforts done by the BWI at the international level, which have concentrated in reviewing and mapping the situation of signatory multinational companies with an IFA. Here, it can be mentioned a specific survey (2015)⁴⁴ focused on knowing what kind of activity, workforce, locations and public information have the companies with an IFA. The analysis is based on the information produce by companies and the trade union information sources (as the ITUC Global Rights Index). Financial and economic data, social indicators, employment and health and safety indicators are combined with the compliance of labor rights (for example, index risk for of labor abuses). The aim of this is sharing information between its affiliates about the presence of companies in different countries. After this, a more specific evaluation could be developed in each case.

At national level, a remarkable initiative of workers' information has been developed in Spain by the Federation of Construction and Services of CCOO, the *Observatory of International Labour Relations*. Jointly with other organizations, the observatory was created in 2014 with the objective of giving information and resources about labour law and labour relations in different countries and regions. Designed as information tool, it has been targeted to working people abroad, and also for those who want to know the labour and social reality of other countries.

Box 1. The Observatory of International Labour Relations: an instrument for workers' information

The *Observatory of International Labour Relations* is formed by a research group of the *School of Employment Relations (Escuela de Relaciones Laborales)* at the *Complutense University of Madrid*. Created in 2014, the Observatory has been developed in collaboration with the *Habitat Foundation* and the *Federation of Construction and Services of CCOO*.

The work of the observatory is focused on a Web-page (<http://www.observatoriorli.org/>) with reliable information about the insertion into the labour market, the potential for business expansion, and knowledge about international labour relations. The provided information is available to all employers, small, medium and large businesses, young graduates and workers in general.

Different kind of information can be found in this tool: labour information of several countries and regions; information and links to official sources on key aspects for working abroad; and economic and social information concerning labour standards, labour relations, as well as organizations or political institutions, like trade unions.

Source: *Own elaboration*.

In the specific case of OHL some results can be mentioned. For example, the mapping of employment in 2015 shows the group's presence in Europe, South America, North America and Africa⁴⁵, marking those countries where violations of rights are registered according to the ITUC index. Regarding IFA indicators, OHL information can be found, for example, on employment (permanent and temporary workers, with regional and

⁴³ For example, the IFA is positively evaluated by company and trade union, but it recognizes that its practical effect has been limited to certain cases.

⁴⁴ BWI (2015): *BWI Review of Signatory Multinational Companies of an International Framework Agreement*. IFA Working Group Meeting. Geneva, 18th November 2015, ILO.

⁴⁵ Data for Europe (45% of which 35% in Spain), South America (26%), North America (20%) and Africa (9%).

country views), while about subcontractors is still partial. In this line, information about labor relations and collective bargaining can be also reinforced⁴⁶.

Taking into account that having information about companies is essential, it has to be mentioned also that public information, only partially fits with the IFA requirements⁴⁷. As BWI representatives have expressed there is a continuous work that has to be done, sharing information between trade unions and coordinating activities, especially on this sector where big projects are developed. At the present time, in line with these research and mapping activities, a global staff for training has been created by BWI for supporting unions in the compliance of agreements.

Implementation and monitoring

As it expressed in the IFA, the agreement represent a “voluntary commitment”, declaring at the same time their interest on the active cooperation for removing any existing violations and avoiding future infractions.

Nonetheless, in terms of *implementation* the IFA does not determine how it has to be adopted within the company and who is in charge of it. A “reference group” is established to monitor its application (see below), but there are no concrete guidelines. In a general sense, it determines that the application should be in line with current national legal frameworks, practices and customs, while these do not entail any prejudice or contradiction.

For conflict resolution, the IFA establish that any disagreement over the interpretation or performance of this agreement will be examined jointly, with the aim of making recommendations to the parties involved. In case of any claim or infringement is applied a concrete procedure: firstly, the claim should be addressed with the local management at the workplace; secondly, any infraction that can not be solved in that level should be addressed with the coordinator of BWI in close collaboration with the BWI affiliates in country of origin and the responsible of the company; finally, if the conflict still persists, the “group of reference” will take the matter up with the objective of giving recommendations to the concerned parties in order to solve the controversy.

In regards of the activities and conflicts, the IFA has been used when a *conflict* has emerged. Two labour conflicts have registered: Turkey and Chile. In Turkey, it was related to the rights of trade unions. A trade union (YO-LIS) that is affiliated to BWI could not access to the workplace for developing its duties and activities, as the IFA and ILO Conventions have recognized. Meetings were held in Spain and Turkey between the parties. The process was initiated by YO-LIS, who call BWI that put them in contact with CCOO. The Spanish trade union transmitted the case to the central management, who talked to the local management⁴⁸. As a result, recognition between parties was generated, which facilitated the redirecting and the resolution of the conflict. In Chile, economic issues were on the basis of the conflict. In that case, the conflict was not related to the content or the application of the IFA⁴⁹. Nonetheless, the IFA was a relevant instrument to face it. Meetings were held between the corporate directive and local management of HR and trade unions at local level. The resolution of conflict and final agreement was boosted by the participation of a trade union that was

⁴⁶ Percentage of workers covered by collective agreement is the information usually included.

⁴⁷ Little information on employment evolution, partial view on local employment, scarce information on subcontracting, poor information on industrial relations and collective bargaining are some of the results of the BWI review.

⁴⁸ Here, they have to be noted also the usual meetings that are held between trade unions. In this case, YO-LIS was invited by the sector federation of Construction and Services of CCOO to its Congress in 2009; an invitation that was later repeated in Turkey by the Spanish trade union.

⁴⁹ In words of the company, the conflict “has not had a direct relationship with the IFA”.

linked to the IFA and associated to the ICM. The company has expressed that supported by the IFA, a new labour relations policy has been developed, based on dialogue and negotiation process.

In both cases, the application of the IFA allowed to open channels of dialogue between the company and trade unions, resolving conflicts. At the same time, it has empowered trade union at the local level, boosting the international trade union relationship.

In that sense, it worth stressing that no specific **activities** have developed under the IFA as such. Company has point out that activities have been done according to the IFA, but not directly developed from it. However, as a consequence of the IFA, relations between trade unions have been established since then. As an example, a meeting was prepared by the sector federation of CCOO with the presence of the Construction, Forestry, Mining and Energy Union (CFMEU) of Australia and the four big Spanish multinationals. In one side, companies wanted to know the economic and social Australian situation and, in other side, the trade union was interested on the projects and future companies' intentions in the country. After that, both trade unions have continuing maintaining the contact⁵⁰. Similar experiences have been registered with other trade unions from Chile, Turkey or England. These kinds of meetings have enable to signatures parties to give the IFA a specific content and practices with continuity, beyond the conflict resolution.

At the **local level**, the IFA recognizes that conflict has to be addressed firstly with the local management at the workplace. If it has not been resolved, then the participation of the international federation and the rest of signatories' parties have to enter in the process. As trade union and BWI have expressed this delocalized model of facing conflicts is based on local trade unions participation. They are in charge of indicating possible or existing conflicts, sharing information about the company with trade unions at origin level in coordination with the international federation⁵¹. Thus, it is a model that needs the knowledge of IFA by all parties and the active participation of the international federation. From company perspective, labour relations might be developed at the local level, understanding that IFA includes general principles of application⁵².

Regarding **employees' representative structures**, no significant conflicts have been produced after the IFA application. In the trade union field, the main issue was finding reference's trade union in countries where the IFA is applied. In many cases, there is a very different trade union reality to the country of origin (for example USA), what results on a lack of interlocution at local level. In some countries, trade union action linked to the IFA at the local level has not been articulated yet (for example Mexico). Trade union action tries to boost international agreements, but also to empower trade unions at local level. A dialogue process could be opened with those affiliates to the BWI, in order to have reference's trade unions to enter in the IFA application. In this line, BWI aim to encourage the use of IFA to organize labour, to reinforce trade unions and to promote social dialogue.

On the other hand, tensions with **local management** level can also be analyzed. In this specific sector, trade union points out that tensions could be addressed in this level from differences between construction management (whose objective deals with the company activity) and human resource management (who has to be concerned about the compliance of labour norms of each country). At the same time, these tensions could

⁵⁰ The sector federation of Construction and Services of CCOO attended to the Congress of the CFMEU in 2015.

⁵¹ As BWI has pointed out, cases are identified "in that country, they report to us, they inform the company and they normally try to fix it. If is not fixed, the logical is... you both go there and fix it. This is really important because many of cases it is misunderstanding in the local level" (REVISAR).

⁵² From its point of view, the content of the IFA has be defined by general principles and not by the local levels/demands; in this sense, they express that labour relations at local level have their own space of development.

be registered also at the level group. Nonetheless, the company has remarked that no significant conflict has been registered with local management in connection with the IFA application. With last organizational changes, the HR corporate HR department has reached a significant weight within the group. In this sense, it is considered that IFA application has reinforced the HR action, with a greater involvement in the construction activity.

In terms of **information**, the IFA establish that the company will provide verbal or written information with reference to the agreement for the entire organization. For this task, both parties recognize that effective local knowledge has to include the local management, workers and their legal representatives (as well as health and safety representatives and local trade unions). As the trade union and company has expressed, information and participation is important for the IFA, but no specific action has been develop yet. Both recognize that there is a lack of publicity and information of the IFA. In the case of BWI, information is given to its affiliates when the IFA was signed.

For the **monitoring** process, the IFA establish the constitution of a "reference group", which is composed by members of members of the OHL SA management and of the BWI, FECOMA-CCOO and MCA-UGT, respectively. It required to be meeting once per year for monitoring the implementation. For this, the company will offers the necessary support for the meeting. Trade union organizations (BWI, MCA-UGT y FECOMA-CCOO) will participate in the meetings at their own expense, except those amounts that are made at the request of the company (in which case are assumed by it). In order to guarantee the role of the local and national trade unions affiliated to BWI in the monitor process, the company will ensure their access to workers, as well as to the necessary rights of information. In this scheme, visits to workplaces and other mechanisms are also considered, as BWI have expressed. Regarding coverage, all subsidiaries might be included in the monitoring and suppliers are stimulated to do so.

In terms of results, an annual report it is considered in the IFA, which should be included in the corporate memory after the approval of both parties. Up to now, no annual report has been elaborated for evaluating the IFA development. In the last corporate memory (2015), only two mentions have been done to the IFA and none of them in terms of monitoring. As is expressed by parties, no evaluation process has been set to monitor its application, because is has been used as "intermediation service" to resolve concrete conflicts, but without any monitoring as recognized in the IFA.

Despite of this, they have positively valued the possibility to go further in the monitoring process. Diverse factors can be addressed to this lack of development. From the company perspective, there has been a need of resources aimed to the evaluation process. It has expressed that during last years of crisis, it has not been possible address means to support this duty.

From trade union point of view, other elements can be identified: the traditional activity and trade union action at national level; low trade union culture on transnational agreements; difficulties to follow the application of agreements in the supply chain (and their needs of means and training in this issue).

Beyond these factors, it is also mentioned difficulties of the construction sector for being an activity which is developed in a limited period of time (projects abroad could have an extension of one year or two, for example). As the company has expressed, beyond its permanent structures, construction is a temporary and itinerant activity. Thus, a centralized structure of monitoring –as in other sectors- could not be able to face conflicts because when it could start the work will be finished. The BWI has point out the relevance of having

this model in the construction sector, where company's projects are developed in a certain time. Monitoring has primarily to be done by local trade unions in coordination with trade unions at origin and the international federation⁵³, what also empowers them in their labour relations.

In the debate of monitoring, trade union and BWI also mention the need to visualize conflicts and share information, especially in a decentralizing model. Here a question arises, does the agreement works because there are not conflicts from local level or because they are solved and not transmitted to the national level? Against this, they point out the importance of having a coordinated action, with the participation of the international federation and local trade unions. It has to be shared and registered that the agreement has been relevant to establish dialogue, to reach agreements and to empower local trade union actions.

Assessment

In general terms, the IFA has been positively valuated by the signatory parties, although there are still pending issues to cover in the way of its application and monitoring. All parties of the IFA have expressed the utility of the IFA as a framework/instrument of recognition.

The IFA is identified as a useful instrument during economic crisis, but no only. The company has been positively valuated the agreement. From its point of view, the contained principles have been easily exceeded, without any non-compliance and when a conflict has been raised, it was due to reasons beyond it. For the company, the IFA has make possible to generate a more reliable labor relations abroad, based on dialogue between parties. Under its perspective, the most important thing of the IFA is that it represents a "guarantee" of recognition and dialogue. It seen as an "audit mechanism of parties", in which signatory trade unions have to follow the principles and dialogue, in line with European syndicalism. Under the company perspective, the IFA is an useful tool for economic crisis, but a tool. It does not resolve conflicts by itself (it is not a "magic wand". The parties are those who have to solve conflicts. The IFA represents a "guarantee" of interlocution and dialogue between them.

For trade union, in a context of economic and social changes, the international recognition of labor across countries is one of its most relevant aspects, especially in a scheme where national institutions have less capacity of intervention and international institutions are not able to cover this field.

From their point of view, having an IFA should be evaluated by three relevant elements. Firstly, they point out that with the IFA acceptance the company recognizes the existence of sort of "world trade union governance", which overflows the national borders and where international trade unions organizations are the legitimated subjects to negotiate. Secondly, dialogue between parties is also a central element. In that sense, they remark that labor norms could be different but with the agreement local trade union have the possibility to develop similar negotiation procedures as they do in their origin countries. And thirdly, they highlight the impact for trade unions at the local level. Here, it is mentioned the capacity of the IFA to empowers local trade unions that make possible a dialogue framework in their countries. They have perceived that with the IFA a great knowledge and direct relation between trade unions have been reached.

In this line, BWI considers that the results of the international agreements have to be seen in terms of building organizations and trade union action. First, they value their application on conflict resolution, watching if there

⁵³ The expressed that if a centralized model would be established, when the time you tried to evaluate the project is done. Our intention is to place the mechanism to solve problems by themselves (local trade unions). This is how we see it; otherwise you miss time to solve problems.

have been cases that have been solved⁵⁴. At the same time, they point out their impact on the empowerment of the trade union at the local level⁵⁵. The BWI recognizes the IFA as an open door for trade union action and not a substitute of unions and collective bargaining at national level⁵⁶. Thus, the evaluation and results are linked to trade union membership and collective bargaining, which have been reinforced with these agreements⁵⁷.

The empowerment of unions through the IFA is seen as a continuing process, in which unions (at origin and local level) have their own role, in coordination with the international federation⁵⁸. According with its experience, BWI has seen how companies used to see right to have an organize labour and to deal with it, if they want to have a reliable workforce and to reduce risks⁵⁹. A diagnosis shared with the company, who considers that IFA represents a “guarantee” of dialogue.

Nevertheless, trade union and company also consider that the IFA has not been boosted enough. It has been used as instrument in conflicts resolution but has not been develop to its full extend. They consider that steps have to be done in this sense. Thus, company expresses the needs in terms of publicity and training. In this line, trade union also mention the lack of information (IFA has to be disseminated to all local trade unions, about its content and possibilities), activities (developing regular meetings on different issues –health and safety, training, etc.-) and international interlocution (there are countries without trade union representatives).

The monitoring process is seen also as a common duty that is still pending to be developed. Here, specific assessments and proposals are mentioned. From company point of view evaluation is seen very positive. For the future, company has expressed its interest on having regular meetings about the IFA (as is recognised on it), but with a “practical sense” and working scheme. Additionally, trade union also mentions the possibility of having meetings on different issues (health and safety at work, training, etc.) with an international perspective.

For the evaluation, trade union considers that it would be very useful to know the group’s projects on different countries before they begin. With this, trade unions (especially local trade unions) and international federation would have enough time to monitor the activity. Before works begins, they would know what the project is about, workers employed and its duration. This previous step –as the BWI also remarks- would be very important to open the dialogue, to coordinate activities and to evaluate the application of the agreement. For providers, they also consider that it would be desirable to extend the monitoring process

However, needs of means and structure are also mentioned as relevant obstacles. Company and trade union have expressed a lack of resources for this duty, what is not fully carried out by the signatory’s parties. In this line, trade union has point out that –at this time- they do not have the capacity of doing this work for all companies (local trade unions sometimes do not know that there is an agreement). International federation is carrying out part of these duties, as has been expressed before. The existing tasks and results attributed to the “group reference” in the IFA are seen positively by parties, but they agree that they have not been enough developed.

⁵⁴ In the debate on content, they remarks that agreements have benefits beyond specific compliance of the IFA (instrument to be used by local trade unions to resolve conflicts and improve labour relations).

⁵⁵ From their point of view, in a sector with infrastructure projects, these agreements have made possible to open doors to the trade unions, to have recognition, to have collective agreement and to organize labour.

⁵⁶ From BWI perspective, “we can not replace, the global union do not want to replace local unions (...) we want them to be empower to fight for their rights”.

⁵⁷ In terms of results, they mention that “half of the new membership growth of last year (and part of this one) have been registered in multinational companies”.

⁵⁸ In words of the BWI “we bring the table to get there, but is the union who has to organise (...) we support them to do doing it”.

⁵⁹ As they point out, “if you treat people with poor conditions, poor remuneration, you can not expect to have them for work the next day”.

At the same time, trade union has also mentioned a change on existing culture and practices. Within the trade union action, a step forward is demanded on the international culture of trade unions, passing from an international labour relations conception to international practices, where current international federation has to play a central role. Having the organizational capacity and legitimacy, sharing information and knowing the reality and conflicts of other countries, are elements to be considered for boosting these international practices, especially within international agreements. In this line, specific training activities on IFAs are demanded. Finally, they also express the necessity of improving trade union coordination, pointing out that the agreement will be a dead letter if not is followed by trade union action.

In terms of proposals, the BWI's world board on international agreements has exposed recommendations to their affiliates. BWI have remarked that is central to have strong unions in the application and monitoring processes.

For extending the IFA application, they propose to make the companies inform about IFA, ensuring that it is understood by their task forces in all their operations; to interchange information of the company, mapping of company's activities and projects; to do mapping of the trade union situation in each country where the company operates; to organize meetings between management and local trade unions; to inform, to do training and to support trade unions for obtaining the trade union recognition, the recruitment of members, union representatives and prevention delegates and the collective bargaining. In this line, other proposals are suggested in terms of specific mechanisms⁶⁰.

Regarding constraints and opportunities, the BWI remark the handicap of not having affiliates in some countries what makes difficult the application of the international agreements. In addition to this, other factors can be mentioned in terms of capacity. There are countries where trade union movement and sectors are weak, being highly fragmented. In big projects other agents beyond companies (governments, different ministries, development banks, etc.) have to be taken into account. For them, difficulties of appeared in the coverage to the supply chain and the risk of creating different types of workers.

On the other hand, international agreements are seen as challenges, where it can be identified its potential for trade union movement. Here, its results in terms of resolving conflicts, organizing labour and increasing trade union membership are positive valued. A more systematic way of monitoring is desirable, having the capacity of inspecting all sites. From its point of view, if the BWI could extend that role (in coordination with national trade union) then more workers will benefit from it. For this, training activities have been done (especially on health and safety). Activities about IFAs of monitoring process are demanded. They see their witness as their capacity to help union at national level.

Conclusion

In accordance to the objectives of the study, some relevant aspects can be highlighted from the analysis of this case. First, it should be noted that –despite being recent- the agreement has involved an impulse of the social dialogue and the strengthening trade union action, at the national and international level. Positively valued by the signatory parties, the agreement has enabled to face and to resolve conflicts in different countries.

⁶⁰ In terms of mechanisms, meetings of the EWCs and the reference's groups have to be held in mutual coordination in order to guarantee political coherence; the EWC information's rights should be used for helping in the IFA implementation, promoting the monitoring process; global trade union networks should be established on each case; and to visits to workplaces have to be done by the reference' group, including visits with both local and union at the home country.

It is worth stressing the role played by the international federation, who has had a presence in the different phases of the agreement (from its signature to the monitoring process). Jointly with the national trade union, their active participation has been revealed decisive in this process.

The development of the agreement is articulated through a decentralized model, where the local trade union and management have a relevant role. As it has been mentioned before, this kind of implementation is designed according to the specificity of construction activity abroad and the understanding of the agreement as "instrument of intervention" or "guarantee" for social dialogue. International federation, trade union and company have valued the importance of the agreement in this sense.

However, the application of the agreement has not exploited all its potentials. No significant activities have been directly developed as a result of the agreement. There are important areas to be covered, mainly information and monitoring. In terms of information, the agreement has to be extended to the supply chain, to workers, trade unions and local managements. Regarding the monitoring process, there are still pending issues to do (meetings and annual reports, for example), but they are positively evaluated by the parties for being developed in the near future.

Finally, the analysis of this case allows us to highlight the importance of the agreement for the trade union movement. At this respect, the trade union action at national level has been boosted in some countries, with relevant results. At the same time, interrelation between trade unions (of the origin country and abroad) has been launched as a result of the agreement and conflict resolution. As a consequence, the articulation of trade union action at the international level has been reinforced with these processes.

Case Study ThyssenKrupp⁶¹

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Introduction

Over the past decades, corporate restructuring processes have been a widespread phenomenon in the European Union. International Framework Agreements (IFA) are starting to have an important role on them. This chapter addresses the implementation and evaluation of the IFA at *ThyssenKrupp*, a company that has been involved in several organizational changes and restructuring process all over the world during last years, having particularly relevant cases in Spain.

With previous transnational experiences, the IFA at *ThyssenKrupp* came to light in 2015, after an intense process of negotiations. Its content, which includes the recognition of fundamental and labor rights, has to be applied worldwide for all subsidiaries. Despite its recent application, relevant progresses have been made in the monitoring and evaluation process. The findings of this case study allow highlighting the importance of the necessary workers' participation and trade union action during the whole process, from negotiation to application and evaluation.

Company profile, restructuring processes and industrial relations at the group company

ThyssenKrupp is a multinational conglomerate corporation dedicated to the steel production and the provision of components and systems for the automotive industry, elevators, escalators, material trading and industrial services⁶². It has presence in 77 countries (with 497 subsidiaries and 23 investments accounted), operating in North and South America, China, India and the Asia-Pacific and Middle-East regions. In Spain, the group has 17 companies in different productive activities and locations: Components Technology (Zaragoza and Navarra), Elevator Technology (four companies in Asturias and four in Madrid), Industrial Solutions (Barcelona and Madrid), Material Services (Barcelona, Valencia and Vizcaya) and Steel Production (with two plants in Valencia)⁶³.

The global workforce was formed by 154.906⁶⁴ employees in 2015, distributed mainly in Germany (39%), but has presence in the rest of the Europe (20%), North and Central America (14%), South America (8%), Asia-Pacific (18%) and Africa (1%). Women represent the 14.9% of the total workforce and the 10.2% of the managing positions. In Spain, the workforce is formed by 5.112 workers. The general group's turnover reached 42.778 millions of Euros in 2015, of which around 1.400 of millions are generated specifically in Spain.

Along past decades, the group has experienced both investment and restructuring processes, reconfiguring its production chain all over the world. In recent years, several changes have been registered. In the steel section,

⁶¹ According to the methodology of the project, this case has been elaborated from data and public information of the group, as well as from semi-structured interviews made to trade union's representatives and management directors. Specifically, it has been interviewed the vice-president of the European Work Council of ThyssenKrupp (Secretary of the inter-union section of the group of CCOO) and the President of the European Work Council, member of the World Work Council and the Supervisory Board of ThyssenKrupp AG.

⁶² All data included in this chapter is taken from ThyssenKrupp (2015): *Annual Report 2014/2015* and the webpage of the group (<https://www.thyssenkrupp.com>), consulted in April, 2016.

⁶³ Specifically, they are located as follows: *Components Technology* (Rothe Erde Iberica SA, Zaragoza, Defontaine Iberica SA, Viana-Navarra), *Elevator Technology* (TK Elevadores SL, Madrid, TK Elevator Manufacturing Spain, Móstoles-Madrid, TK Norte SA, Mieres-Asturias, TK Aiport Services SA, Mieres-Asturias, TK Aiport Systems, Mieres-Asturias, TK Encasa, Madrid, TK Elevator Innovation Center, Gijón-Asturias, Asel Ascensores, Madrid), *Industrial Solutions* (TK System Engineering SA, Rubí-Barcelona, TK Industrial Solutions SA, Madrid), *Material Services* (TK Materials Ibérica SA, Martorelles- Barcelona TK Plastic Ibérica, SL, Massalfassar-Valencia, Laminacer SA, Munguía-Vizcaya) Steel Production (TK Galmed SA, Puerto de Sagunto-Valencia, TK Ros Casares, El Puig-Valencia).

⁶⁴ Data registered at 30 September, 2015. In December of 2015, the workforce increased until 155.387 employees. See, *Current key. First quarter 2015/2016*, in <https://www.thyssenkrupp.com>.

the group built a large steel plant in Brazil in 2010⁶⁵, with an investment that was finally quadruplicate^{d66}. As a result of this operation, as well as others made in other countries (Alabama/USA)⁶⁷, the group sought liquidity, selling several non-core companies and high valued assets, and at the same time relocating other activities. This strategy has had impact on the different segments of the group (from steel to the industrial services)⁶⁸. On the whole, it is seen as a continuous process of change and restructuring of the group worldwide. Recently, in 2017, 300 of dismissals in the steel section have been announced by the company, opening a new era of restructurings in Europe.

In Spain, the group has registered also significant restructuring processes during recent decades. It could be mentioned the cases of *Blistein Ibérica* that was closed in 2006 and the *TK Elevator Manufacturing* (Valencia) 2009 that was also closed, relocating its production in Germany and other locations in Spain (Madrid). In 2006, the production of *TK Electronic- Engineering and Systems* located in Madrid, was transferred to a new plant in a new location in Andoain (Guipúzcoa). At the same time, attempts of relocations trying to translate its production to China, but it was finally declined; and in *TK Airport Services*, was the first attempt of selling of the whole airport business worldwide, with a plant in Asturias and a network of services in different European airports. In both cases, the pressure of trade unions played a decisive role, avoiding the sale and reaching the commitment, not only in the maintenance of the business within the group but also investments and growing of the business.

In 2017, the new era of restructurings is also affecting Spain, especially in the elevators section (with 5 dismissals). To this respect, two actions have been done: a strike was called in ThyssenKrupp Elevators during 8th and 9th of May of 2017; and concentrations at the entrance of the plant of *Villaverde* were developed (4th and 8th of May) by CCOO at ThyssenKrupp demanding the end of dismissals, collective bargaining and employment⁶⁹.

Nonetheless, one of the most known restructuring processes in Spain was placed in *TK Galmed*, a company dedicated to the galvanization of steel coils. In 2013, even with benefits, the management made the decision to close the plant and to translate the production. The negotiated social plan included the relocation of 66 workers/families from Spain to Germany (36 are still there). In 2016, according to the demands of steel in the automotive sector, the group has decided to invest and to reopen the plant and now is currently incorporating former employees (with a reopening in May of 2016, the production officially started in December of 2016 with a workforce of 90 persons). It should be noted that both processes -the relocation in Germany and the reopening in Spain- have been articulated within the international framework agreement/principles of the group⁷⁰. Specifically, as trade union representative has expressed, these agreements were used to give more weight to their initiatives. Thus, agreements and trade union action were key elements for ensuring employment and recovering previous lost jobs.

⁶⁵ Initiated in 2005 and finished in 2010.

⁶⁶ The final investment increased from 1.3 to 5.3 Billions of Euros. Data from Morschett, D. et al (2015): *Strategic International Management*. Springer Gabler (p. 423).

⁶⁷ For example, the building of a carbon steel and stainless steel plant in Alabama, USA.

⁶⁸ It can be mentioned, for example, the impact on the stainless steel section located in Finland and USA (Inoxum was sold to Outokumpu in 2012 and to ArcelorMittal and Nippon Steel in 2013), on the shipbuilding section in Sweden (that was sold to Saab in 2014), on the material services in Italy (intentions to sell Berco in 2012), on the technologies section, being affected the automotive components in USA and Germany (TK-Waupaca was sold to KPS Capital Partners, in 2012) and part of the production of Germany was relocated in Lichtenstein). Relocations were also registered in the elevators section of the group (from Angers-Frances to New Hampshire-United Kingdom and Madrid-Spain 2015).

⁶⁹ Videos of the concentrations: https://www.youtube.com/watch?v=n_PkhVXVTac
<https://www.facebook.com/FederacionIndustriaCCOO/videos/1770738536274936/>

⁷⁰ *Principles of Social Responsibility in Labour Relations, 2007; International Framework Agreement, 2015.*

Box 1. Restructuring processes and employment commitments: the *Galmed* case

80's - 90's and 2000's

During 80's, a big industrial restructuring process was developed in Altos Hornos del Mediterráneo, a steel industry located in Sagunto (Valencia). Strikes and high social response were registered in response, both locally and nationally. Thousands of jobs were lost as well as a big reduction of the industrial activity of the region. With this previous context, Galvanizaciones del Mediterráneo (*Galmed*) was constituted in 1992 with the participation of Ensidesa, Sollac and ThyssenKrupp. A volume of production of 250 thousands of tons of galvanized steel was produced per year, destined mainly for the automotive industry. In 2003, ThyssenKrupp controlled the 100% of the company shares by buying the part of Arcelor group.

2013. Closing and Social Plan

Despite of having benefits, in 2013 the management of *ThyssenKrupp* group decided to close *Galmed* plant, with the aim of relocating its steel production. Work stoppages and different protest's initiatives were developed by workers and trade unions. The negotiated social plan included early retirements and relocations. 65 of the 165 workers of the company accepted to be transferred to Germany (Duisburg). In 2016, 36 workers are still there.

2016. Reopening Plan

Due to the increasing demand of steel of the automotive sector, in 2016 the group has decided to open the *Galmed* plant. Nowadays (Nov. 2016), the company has incorporated part of the former employees (administrative staff), for the launch process. In next months, it will count with other former workers, according to the previous negotiated plan. It has been planned that the plant will produce galvanized steel at the end of 2016. A fully operational scheme will be adopted for 2017.

Source: *Own elaboration.*

Regarding employee representation, at the national level, two types of unitary bodies of employee representation can be found in the companies of the group in Spain, as recognised in the legal framework: *employee delegates* and *works councils*⁷¹. There are also *separate union delegates* of the different unions, organized in union sections other bodies of representation (inter-union section). According with last available data, Comisiones Obreras (CCOO) has reached the 56% of the legal representation of workers in the group. The second position is held by UGT, with a 30% of the representation. The rest is held by other trade unions (ELA, LAB, USO, CIG, CSI and SITA). In terms of affiliation, the 26% of the workers of the group are membership of CCOO, and the 10% to other trade unions, with makes a total of 36% of workers affiliated. At the European level, there is a *European Works Council* (EWC), created in 1995. It is articulated through a "Buró" (1 president, 1 vice-president, and 2 more vice-presidents) which has a direct relationship with ThyssenKruppAG. This is a reduced body of the Presidency of the EWC that is formed by representatives of each section of the group (elevators technologies, steel, material services, technologies components and corporation), being 14 representatives in total. The "Buró" has to deal with the day to day issues and to prepare the Presidency of the EWC meetings, two each year (March and October). At the global level, there is an *International Committee* (IC) integrated by the chairperson of the Group Works Council (GWC) and two deputies of the chairman of the GWC, the chairperson of the EWC, the IGMetall officer for ThyssenKrupp and a representative of the IndustriALL Global Union.

⁷¹ Employee representation at the workplace in Spain has a clear legal framework, provided in the main by the 1980 *Workers Statute* and the 1985 *Law on Trade Union Freedom*. The law provides for elected representatives of the whole workforce in all but the smallest companies. Thus there are two types of unitary bodies of employee representation: *employee delegates*, elected in companies from 11 to 49 employees, and *works councils*, elected in companies with 50 or more employees. There are also *separate union delegates* in bigger companies.

Graph 1. European Works Council of ThyssenKrupp



Source: *Own elaboration.*

In these transnational bodies of representation, there were two members of the Spanish union CCOO (as vice-president of the EWC and representative of the elevator division at the EWC). But relevant changes have been happened on the election of the EWC during 2017. A significant breach of the IFA has registered. The case is now in the judicial area, and the CCOO representatives are out of the EWC (see below).

Concerning the industrial relations, it worth stressing that collective bargaining in the metal sector in Spain takes place at the company level, due to the historical refusal of the employer to reach a sector-level agreement. In the field of social dialogue, different bodies have been set: a national commission on social dialogue (CNDS) in the sections of elevators (*TKE*) and elevators manufacturing (*TKEMS*) -with capacity of negotiation between group companies- and a health and safety intercentres committee (CISS) at national level for the elevators section (*TKE*).

The negotiation process in the group has been crystallized along past decades in company agreements. Wider negotiation frames can also be located within the structure of the industrial relations. At present, for example, a negotiation process is opened to reach a framework agreement covering two companies of the group with related activities (*TKE* and *TKEMS*)⁷². In 2016, there are registered 49 collective agreements in the companies of the group, covering each section of activity (40-TKE, 2-TKEMS, 3-TKASV, 1-TKASY, 1-TKN, 1-TKEN and 1-REI). It can be found also agreements on specific issues, as the equality and labour conciliation⁷³ or the maintenance of employment⁷⁴.

In terms of results, many restructuring processes have been negotiated resulting agreements and social plans, in which outplacements, early retirement programs and voluntary leaves are included. Here it should be

⁷² At *ThyssenKrupp Elevator* and *ThyssenKrupp Elevator Manufacturing*.

⁷³ There is an *Equality Agreement* in TKE and TKEMS that improves the Equality Law conditions.

⁷⁴ The *MIDDLE Agreement* supposed the preservation of the employment after measures adopted in the lift maintenance section.

mentioned the cases of *TK Galmed*⁷⁵, *TKE Madrid*⁷⁶ and *TKEMS*⁷⁷. In other conflicts, the pressure of trade unions at the European and national level has avoided divestment and delocalization process (*TK Airport System and TK Airport Services*⁷⁸, *TK Encasa*⁷⁹ and *TK Ros/Casares*⁸⁰).

From the trade union perspective, in the near future, the following issues will have to be addressed: collective bargaining and wage recovery, the reopen processes of plants, employment and precariousness, professional promotion and equality and the labour and personal conciliation.

Finally, in reference to the labour relations, it should be pointed out also the influence of the model of co-management that it is implanted in the Germany companies of the group. All decisions made are subject to co-decision, where unionists are involved in all business decisions because the law mandates that are part of the Steering Committee. This is a central element of the labour relations model of the group that has been influencing on the ways of facing social conflict at the national and international level.

The international framework agreement: origin, negotiation and main contents

The *International Framework Agreement* (IFA) was signed in 2015 by the CEO, the HRD; the Group Works Council and both national and global trade union federations (IGMetall and IndustriALL) in the 16th of March of 2015⁸¹.

The process of negotiation lasted four years. The initial proposal was raised by the Group Work Council (GWC) with a European agreement. After several meetings and proposals, the negotiation was stopped. Trade unions considered that the transnational agreement should have included all regions in which the group had presence. Then, a new proposal came from the new HR responsible, focused on a more wide perspective, an international agreement. A discussion based on amendments was initiated between the various unions and the HR responsible.

Having the final content, the agreement was almost not signed. The composition of the monitoring committee was a central issue of the debate. The management proposed a committee composed by 3 members of the GWC and 3 members of the management ThyssenKrupp AG. This was seen as a lack of participation and representativeness of the rest of the regions. The company argued the impossibility to have one representative per country, while unions considered that there were regions with important trade union presence (America, Asia Africa), proposing at least one representative per continent. Given the refusal to this proposal, trade unions argued that at least the presence of the EWC was guaranteed. The final composition (see below) was a result of a negotiation where trade unions tried to increase participation in its origins, understanding that it has effects in its implementation and further evaluation. The delay of the process was not related to the content of the agreement if not for the composition of the committee.

⁷⁵ In *TK Galmed*, plant was closed with 164 jobs; the social plan had relocations in companies in Spain, early retirements, retirements and redeployment of 66 workers in Germany and voluntary leaves above the legal dismissal conditions. Currently it is negotiated the reopening of the factory by the end of the year, with a possible recovery of 85% employment.

⁷⁶ In *TKE Madrid*, the social plan includes early retirement from 52 years old, relocations and voluntary severance above the legal dismissal.

⁷⁷ In *TKEMS*, a social plan is negotiated without collective dismissals with early retirements and voluntary redundancies from 52 years old and voluntary compensations upper to legal dismissal.

⁷⁸ The sale of the plant and maintenance services of airports in Europe is avoided, getting investments and maintaining employment.

⁷⁹ A collective dismissals is avoided and also a wage reduction of 15%, maintaining economic conditions, voluntary leaves and the commitment to negotiate a collective agreement that would regulate all labour conditions, consolidating salary and benefits paid. Leaves are voluntary and affected 5% of the workforce.

⁸⁰ In this company (50% between Ros and ThyssenKrupp), in the court has been demonstrated its viability and the need of maintaining employment.

⁸¹ *International Framework Agreement between ThyssenKrupp AG, the Group Works Council of ThyssenKrupp AG, IG Metall and IndustriALL Global Union* (2015).

From the origin, the active participation of the EWC in this process has been evaluated by trade unions as a key factor, being also remarkable the support of the German trade union federation (IGMetall). In this line, is noteworthy the international articulation of conflicts. As an example, a labour conflict in Spain (Asturias) was actively supported by the president of the EWC and the president of one section and the secretary of the GWC, a situation that rarely happened before and was replicated in other cases (Madrid, Spain and Italy). So it is not surprising that the negotiation process and the content of the agreement have followed the guidelines of the union federations (national, European and international)⁸². This compliance is seen also, for example, in the *Galmed* restructuring process, where workers have maintained their seniority and affiliation in Spain and Germany, according to the ETUC principles.

The IFA was preceded by a social responsibility agreement named *Principles of Social Responsibility in Labor Relations in the ThyssenKrupp Group (2007)*, signed by the Executive Board of ThyssenKrupp, the group Work Council and the European Work Council. Based on conventions of the International Labor Organization (ILO)⁸³, the agreement addressed different labor issues⁸⁴. In terms of implementation, these principles were valid worldwide for all subsidiaries. The group had to ensure that the agreement is brought to the knowledge of the employees, customers and suppliers. The signatory parties had to monitor its compliance and the responsibility for its implementation was carried on the management boards and directors of the subsidiaries. The violations were reported to the ThyssenKrupp and the GWC. In this regard, the EWC was informed at least once per year of them.

According to the trade union perspective, this instrument had an important relevance in the origin of the IFA, in terms of experiences and practices, because it was used in many social conflicts. The value arise on the group's expressed commitment for its responsibility for/with workers in any restructuring process, what has been defended by trade unions as a central issue and has been used in different cases (for example, in the *Galmed* process of workers' relocation in Germany).

The IFA is based "on the general obligation of all actors involved in business to recognize and respect the fundamental rights that are established in the Declaration of Human Rights of the UN and ILO Declaration on Fundamental Principles and Rights at Work". Specifically, the agreement points towards the so-called "core-labor standards", which are compiled at the ILO Conventions nos. 29, 87, 98, 100, 105, 111, 138, 182. Most of them were included in the previous social responsibility agreement⁸⁵. The principles addressed the following areas: no discrimination or intimidation in employment, working time, remunerations, health, safety and working conditions, the promotion of vocational training, the freedom of association and right to collective bargaining and negotiations, the free choice of employment and the prohibition against child labor (see IFA in the annex).

In this regard, the content of the IFA could be seen as an important regulation in labour rights in certain countries where there is a permissive regulation (for example, in terms of child labour), and not in those with – in theory- a higher regulation. However, under a critical perspective, trade unions have pointed out that many European countries are affected by this agreement, because there are many rights that are still being eroded (in terms of free association, employment, freedom of the extending working hours, etc.). So it remains in effect. Some conflicts were channeled through the IFA (see below). In Spain, under the IFA there have been

⁸² Before the signature of the agreement, consultations were made with the national trade union federation, the international trade union federation as well as with the different trade unions of the group in other countries (proposals were discussed with CGIL and CGT)

⁸³ ILO Conventions n° 87, 98, 100, 105, 111, 138 and 182 (included in the German version of the IFA).

⁸⁴ Equal opportunity, working time and vacations, remunerations, health, safety and working conditions, the promotion of vocational training, the right of association and the rejection of forced and child labor.

⁸⁵ Unlike the previous one, this agreement includes the convention no. 29, regulating forced labour.

registered conflicts in the field of labour conditions⁸⁶ and the restructuring processes⁸⁷. No relationship has been established between collective agreements in force and the agreement. Until now, no specific implementation of the IFA has been included in the renewed national collective agreements.

Regarding coverage, the IFA establishes that its content has to be valid worldwide for all subsidiaries, but not supplies, which have to be informed about its content, encouraging them to consider the principles contained in the IFA in their own company policy. The group has signed some compliance agreements with different suppliers, which are ethic codes or codes of conduct (Supplier Code of Conduct), which however were not negotiated with the social part.

Finally, in terms of validity, it worth stressing that the IFA has not a specific deadline, being in force until one of the signature parties want to modify it. Nevertheless, the two parties may terminate the Agreement within three months period. Moreover, no individual legal rights can be extracted from the Agreement, having no legal effects between the contracting parties⁸⁸.

Implementation, monitoring and assessment

In spite of its recent implementation, different mechanisms and procedures have been set in to monitor the development of the IFA within the group. The results of these procedures linked to the practical knowledge generated by the trade union and corporate management have produced a valuable assessment about the initial IFA effects.

Implementation and monitoring

According to the IFA content, the responsibility for the *implementation* rests on the management boards and directors of subsidiaries, although it also recognizes that responsible persons and employees can be also involved in this process. In this regard, different mechanisms have been established. To identify conflicts and possible violations, it is determined that the persons concerned can use two mechanisms: to address the responsible person on the site (especially supervisor, responsible employees' representative, possible compliance manager); and to send information about possible violations via e-mail, through internal company communications channels to a central e-mail address. Both mechanisms can be used in parallel and persons who report violations must not be subject to any disadvantages.

Specifically, the IFA regulates that justified complaints must be assumed by the responsible directors or management boards (and responsible person in regional headquarters, if necessary), taking necessary steps to remedy them. At this point, they and employees and their representatives have the autonomy to resolve the conflict locally. In case of complaints or information with essential significance that can not be solved through the local mediation, the headquarters of the group are in charge of investigating the information with involvement of the board member for human resources in a dialogue with the International Committee (IC), the body in charge of tracking the IFA. When a complaint or violation is detected, this is canalised through the IC, who receives the information and visit the local plant (talking with person/s involved), with the objective of evaluating and resolving the conflict.

⁸⁶ A labour conflict was emerged in the companies of the group with the precariousness of the employment (at one point, there were more scholars/temporary workers than permanent). Trade unions could face this strategy with the agreement.

⁸⁷ Here, it can be remarked the re-opening process of *Galmed* in 2016.

⁸⁸ The validity of the Agreement is extended until it is considered terminated by one of the parties, by notifying in writing, in a three calendar month period of notice prior to the end of a month. Moreover, it is established that no individual or third party claims may be based on the Agreement, including the undersigned parties (the agreement has no legal effects between the parties).

In this sense, as the President of the EWC has mentioned, “notifications are discussed in each specific case. If a notification does not comply with the contents of the Agreement, it has to be dealt in the framework of the International Commission, advising to which body within the Group can send the notification with the consent of the informant. An attempt is made to ensure compliance with the Agreement by communicating it to the Group through different channels. Also on the part of the employer, the Agreement has been distributed through the management structures in all the countries of the world”. In case of a conflict between the employees and employer within the IC, the Agreement has drafted a section on joint compulsory examination and joint search for solutions.

Regarding **activities and conflicts**, no specific measure has been derived from the content of the agreement. Only through individual solutions can emerge general improvement measures (i.e. services instructions or local agreements on-site).

Nevertheless, it can be mentioned that the IFA development has been used as an argument to ensure employment within restructuring processes, being evaluated as a key factor for trade unions. Due to its recent implementation, they point out that many issues have been not launched yet. This is explained by the short period of application but also by other factors. It has to be mentioned that specific agreements were agreed and applied in parallel with the IFA, as a global agreement on health & safety at work, with a tighter regulation. So, efforts of the IFA application made by the EWC and trade unions were concentrated on conducting the employment commitments of the restructuring processes.

Nonetheless, conflicts have been addressed in different countries. In Portugal, the content of the IFA was used to protect the health’s rights of a worker; in Chile, to solve a conflict related to the right to strike; and in the case of USA (Alabama), to enforce the creation of local trade unions. In Spain, some complaints have been registered with reference to work permits and suitable working conditions of the posted workers.

However, the most important case has been emerged from the breach of the **article 7 of the agreement**, concerning the freedom of association, the right to collective bargaining and negotiations. Ten complaints have been registered (vía web system) on this breaching of the IFA. The case is still open at the time of the research, being developed in judicial area, and with the result of the no participation of the CCOO representatives on the EWC.

There has been a breach of the IFA (article 7) about the neutrality of the company in the elections processes. The origin of the case was focused on the last EWC election, in which there was a tie in the voting (number of delegates), but where CCOO resulted as majority (in terms of in votes and workplaces representation)⁸⁹. A statement was presented by the HR responsible at TK Elevator Manufacturing Spain, indicating the validation of the other candidature (UGT), breaking the neutral position of the company in the process as is recognised in the IFA⁹⁰. It was a discrimination and a breach of protection of trade union right within the Spanish legal system, but also a conscious choice and breach of the 7th article of the IFA. The aim was to put the process in the judicial area, in order to force the president to not inviting any of the two possible nominees, until the conflict was resolved. Thus, the current vice-president could not be submitted to re-election. Two mediation attempts were developed to clarify the situation, but the company did not appear and there was no mediation. According to the workers' representatives of CCOO, the company did not have interest for its clarification. However, an external evaluation of the situation has been done in March by the request of headquarters (Germany),

⁸⁹ CCOO is the trade union with more votes in TKEMS and the only one that has representation in both workplaces (Andoain and Móstoles).

⁹⁰ Specifically the IFA recognizes that “the company and management shall remain neutral and will not interfere with the employees’ free choice exerting pressure and intervening in any impermissible way” (art. 7).

confirming the position of CCOO representatives⁹¹. A delegation of Inter-Company Trade Union Section of CCOO went to Essen to the plenary of the EWC to inform about the interference of the company (16th of April). In May of 2017, a sentence of the National Court came out to light (22nd of May), but without a clear position on the dispute, according to the workers' representatives of CCOO, who have appealed to high judicial bodies. From their point of view, the company has carried out a clear alteration of the election process of the EWC, with certain level of ambivalence of headquarters (Germany). As a result of this, the vice-president of the EWC and the vice-president of the elevator section can not stand for re-election, until the process would be solved with a final judgement⁹². As they have expressed, this process and the company response on it have been produced because of the more combative position of CCOO in facing dismissals and restructuring processes of the company.

In terms of performing at the **local level**, the IFA recognized that the local or national level actors have capacity to propose preventive measures in order to solve conflicts, but the IC can take action if they have not been remediated. In this case, the responsible of HR at the local level have to be consulted before having any final decision. However, trade union representative points out that -in the practical implementation- most of the times are involved the social part (European and Global) and the headquarters of group (*ThyssenKrupp AG*). In a centralised way, the final results at the local level depend on the implication of the headquarters.

The application of the IFA has not generated conflicts within the **employees' representative structures**, registering high level of collaboration with the local trade unions. The IC does not replace the local bodies of representation of interests. Incidents are addressed jointly by the IC and the local body of representation (or are transferred to this body for its management).

Nevertheless, some tensions can be addressed at the local level in Spain. As an example, it has to be mentioned that the vice-president EWC, who participates in the IC is a member of CCOO, one of main trade unions of the group in Spain. From its point of view, the position for negotiating and the information about the group have being questioned, generating tensions with other trade unions. Somehow, its participation in the European and Global structures has being seen as an obstacle for their interests: the level of participation and results of dealing problems have affected the relationship with other trade unions at the local level.

The function and capacity of German trade unions to monopolize the representation can not be omitted in this analysis. Derived from the German co-determination tradition, the role of the German trade unions is crucial from the local trade union perspective because their decisions are taken for Europe and world as a whole. In this context, existing employee representative and participatory structures are valued by local trade unions, reinforcing the representativeness of the local trade unions at the European and global bodies (EWC and GWC). On the other side, tensions have been also registered also with the **local management**. Cases in which agreement cannot be reached on the site level, can generate some degree of tensions. Nevertheless, the case is addressed in the IC, giving the procedures of implementation to the local employer, so that in only in few occasions a direct contact is established between the IC and the local management.

On the other hand, the level of access and information to any plant of the group reached, for example the EWC, could be perceived as an obstacle for the local management. However, the last big restructuring process of the group (changing from a business country-area to business section model), which has been produced in parallel to the IFA application, has reduced differences between the headquarters and local management.

⁹¹ The report was done by Sargadoy Abogados. It confirms the tie situation between CCOO and UGT in the number of delegates (7), but at the same time shows that CCOO is the union with more votes in TKEMS and the only one that has representation in both centres (Andoain and Móstoles). For that reason and the legal definition on the elections (and also an agreement between CCOO and UGT on CEE), the report defines CCOO as the majority union.

⁹² The judicial process is still open at June Of 2017 and it is expected to be lasting one more year.

Regarding industrial relations at group level, the German model of facing problems could be seen as a lack of conflicts with a wide range of consensus (with a similar diagnosis and proposal from social and management parts). From trade union perspective, this is possible because there has been a previous debate between parties, expressing different interests. This way has had a relevant impact on dealing conflicts at group level, influencing at the end at the local level.

In general terms, the IFA has promoted participatory approaches, inasmuch as the interest's representation structures at local level are taken into account for the case solution. At the same time, it provides to the employees a notification channel for possible infringement of the agreement.

In respect of **information**, the IC only has the rights formulated in the agreement, not being classified as association in the German Business Law or the European Directives on information and consultancy. The IFA has been translated into the eight most spoken languages, being available to all employees and their representatives. Within the Intranet' group, an "employee area" has been set with the information about agreements signed and commitments reached. Despite of this, trade unions have pointed out that this not covers all staff, understanding that there are lines of production and employees with no computer access. Nonetheless, information activities in companies of the group are being carried out by the EWC and national trade unions to disseminate the content of the IFA.

For the **monitoring** process, the IC is established "with the purpose of additional control and for regular exchange on adherence to and implementation" of the Agreement. The monitoring process is done applying a double control, between employer and employees. The IC composed by "the chairperson of the Group Council, and two deputies of the chairman of the Group Works Council, the chairperson of the European Works Council, IGMetall officer responsible for ThyssenKrupp and a representative of the IndustriALL Global Union". Thus, the IFA is monitored by the same actors involved in its signature, although –as the IFA recognised- it can be called further participants if it is required.

Four meetings are set in order to monitor the IFA, and one of them with a supervision trip (a specific issue or incident is analyzed on-site, in the workplace and country) . At the end of the year, a report should be published about the group's situation. Suitable documents are reported by the HR responsible to the IC about the implementation and adherence to the IFA, reporting registerd violations and obtained results. The IC holds several meetings during the year, but with a reduced structure (two memebers of the company and two of the social part). Based on documents and visits to work centers, the report of the IC tries to give a worldwide social map of the group.

The results of the researches treated in the IC and modifications adopted, are also sent to the one who notified the incident, receiving a written answer and information about the current situation of the case. The monitoring process is defined by the process of the IC. Depending on the level in which the case is placed and the specific characteristics of it (persons involved, anonymous notification or not, etc.), responsible unities are consulted, requesting proposals of solutions.

The trade union representatives in the IC have the capacity of visiting production sites of the companies of the group in a region/country of their choosing, in consultation with the member of the HR responsible. They receive all the information and documents they require to perform their task. Meanwhile, the group has to grant the access to these production sites and to cover costs related to this task.

From trade union perspective, one of the most relevant element contributing to the effectiveness in monitoring the IFA is its level of participation. It is necessary to ensure a strong presence of the employees' representatives in the process, understanding that their action should be linked to the workforce and workers'

demands. Having presence and the capacity of influence in the decision-making and monitoring processes are necessary conditions to reach results under a transnational agreement. But these elements have to be connected with conflicts at the workplace, in all of the countries. As stated above, many visits have been done in Spain (Asturias, Madrid,...), with the active participation of EWC, in order to identify conflicts, but also to follow-up their developments. Trade union participation in the monitoring process has to be linked to their action at the workplace.

Finally, regarding monitoring process, all subsidiaries might be covered and suppliers are motivated to do that in their own activity.

Assessment

The agreement has not been in power enough time to evaluate its efficiency in the long-term. In spite of its recent application, the impact of the IFA is positively evaluated. Nevertheless, the frequency of notifications and cases addressed, and their origin from all over the world show that the IFA is being used, reaching many employees at the international level.

From the trade union point of view, it is still too early to make a supported evaluation of its impact. According to the publication of the IC report, it will be possible to measure the extension of the IFA and the results derived from the commitments assumed. In this moment, from their perspective, it will be revealed the real interest of the company with the IFA. But, for the moment, as is expressed by them, the IFA is well valued.

Specifically, in terms of its content, it can be difficult to measure the accordance with the local situations, where there are different national labour relations. For the President of the EWC "the agreement should not be considered as an enlargement or improvement of the national norms, but a complementary agreement with trade unions at international level". In other hand, it has been highlighted the relevance of its application to certain regions or countries where there is identify a substantial gap between ILO conventions and national laws (especially, out of the European framework). However, as it has been expressed, if one makes a detail review of the content in the European countries, then many issues could be addressed to the IFA, as the trade union freedom, working time, holiday leaves or labour safety. Most of them are not complied totally. Out of the European framework, there are countries where there is an enormous distance with the ILO conventions (for example, USA and the trade union freedom).

The IFA is identified as an useful instrument to face the economic crisis and restructuring processes, but having into account that it is not a "magic wand" to resolve problems by itself. The President of EWC points out that the IFA is agreement signed with trade unions, and so only can be used in a limited way as a direct instrument for facing economic crisis. Nevertheless, he also mention that the increasingly imposition of ILO labour basic norms in all the world through IFAs certainly are contributing to the improvement of working conditions, and so indirectly to the stabilization of the economies.

In the local level, the IFA has been used in their social conflict to confront the management decisions. In this line, the launch of the IFA has involved a significant reduction of the collateral damages produced by the management decisions, as pointed out trade union representative.

All levels (company, sector) are important to implement international agreements, as the President of the EWC has expressed. It depends on the contents (if they are viable) and their application. The agreement determines that it is not a substitute for the interest representation of trade unions at sector and transnational level. Each level of negotiation has its importance.

Highlighting relevant elements of the IFA, it has been emphasised the importance of bringing into forefront the employment and workers rights, remarking that in any company agreement/decision should prevail the interest

of workers rather economic benefits. This is the pillar of the IFA, or at least, the value granted by them. In terms of application they remark the possibility of finding a distance between "content" and "practices" of the IFA. The content has to be put in practice and this depends on the actors. In this regard, it has been expressed that two company's "souls" over the IFA would have been recognized: one, in which the IFA and their results are seen in marketing terms, and other, supported by HR managers (with a unionist background), who have a more social perspective. In any case, it is manifested that "content" and "practices" have contact when trade union actions and workers demands are present.

The IFA also recognizes that differences emanating from the interpretation and implementation of it can be reviewed by the signatories' parties. In a future scenerio, some elements could be improved, but no further renovation will be done in a recent time. The IFA was signed in 2015 and now has to take effect within the group, as the President of the EWC has expressed. In the long run, some issues of the IFA could require a specific regulation (with a more centralized regulation), which would be addressed by the IC.

A more inclusive an participatory agreement has to be developed. For the Spanish unionist, the experience in the constitution of the IC, with the initial proposal of the body and the final inclusion of the EWC has stressed the importance of participation and the transnational perspective. In this regard, union representatives should be included from other regions of the world. This has not been possible at the beginning and could be addressed in the next future. At the same time, this participatory scheme of the IFA is seen also an opportunity of strengthening the relations between the trade unions of the group (manly, with those from South America, Japan or Russia).

In terms of monitoring, to be able to handle cases faster, the IC should have meetings with more frequency. Nevertheless, this sometimes it is not possible because of time and economic reasons.

Finally, in terms the dissemination, the content of the IFA and its implications has to be extended to all parts of the group. Beyond the European region, trade union representative has noted the need of expanding the knowledge of the agreement other regions, as South America or Asia.

Conclusion

According to study objectives, relevant lessons can be learnt from the analysis of this specific case. It worth stressing that the application of the agreement has been a useful instrument in different restructuring processes registered in the recent times. Based on the human and labour international rights, the agreement has been positive valued by trade union representatives and managers.

The results of restructuring processes and social plans agreed (relevant in terms of maintaining employment and early retirements) and the reopening plant process (with former workers) should be understood under the application of the agreement and the willing of both parts to give it a central role in theses processes. The trade union initiative (developed through EWC) has been essential on linking the application with results, giving it direction and content along the group labour relations.

Nevertheless, the application of the agreement has still a long way to go. The breach of the IFA in relation with the election process of EWC is a clearly example of how the content of the IFA should be still adopted within the group. This kind of company practices, breaking its neutral position, are running against the content of the agreement, but also against the rights of freedom of association and collective bargaining, which are recognised in the national and international laws.

In terms of information, the knowledge of the agreement should be extended to the whole value chain. In this sense, for example, many suppliers should be informed about the agreement and its implications at the national level.

With a centralized model of implementation, different mechanisms have been launched in order to monitor its impact. The analysis have pointed out that the participation of workers is a key factor not only to reach the signature of the agreement but also to perform the evaluation process. Workers participation and trade union action help to reduce the distance between the agreement and the final practices, bringing the content to the application and evaluation of results.