

Mona School of Business and Management

3rd Annual Business and Management Conference

"Learning, Knowing, Doing"

Conference Theme:

Driving Transformation – Finance, Enterprise Development and Wealth Creation



**Mona School
of Business &
Management**

MSBM

The University of the West Indies, Mona

The Contemporary Challenges of Employment Relations in the Caribbean Financial Sector: Lessons from the International Arena International Framework Agreements

Presenter: Carla-Anne Harris Roper

November 8, 2017

THE POLEMIC:

GLOBALIZATION AND ITS IMPACT OF WORKERS

- With the continuing proliferation of cross border trade and other commercial activity, there has been increasing outcry from various quarters regarding perceived or actual disadvantages faced by employees and countries through the unregulated operations of some Multinational Enterprises (MNE's) especially in developing nations.



- While some MNE's seek to "self regulate" via implementing instruments like Corporate Social Responsibility (CSR) statements, there is still a generally held view that such provisions provide hollow protection to workers and governments who are desperate for foreign direct investments to prop up their teetering economies.
- Such circumstances perpetuates the proverbial "race to the bottom" where internationally accepted labour standards are ignored in deference to the expected benefits to be derived by the masses from accessing low paying jobs and possible incremental national economic development.

- While this picture may not be painted as starkly in the case of multinational financial institutions as it would be in the manufacturing or agricultural sectors for example, where not only the MNE's operations are in scope but also their “supply chains” the underlying premise still rings true;
- There is an obvious need for an effective regulatory system which will give credence to the basic universally sanctioned rights of workers, even as businesses strive to make profits.



- It is against this backdrop that **International Framework Agreements (IFAs) or Global Framework Agreements (GFAs) or Transnational Company Agreements (TCA's)**, have over the past almost three decades been gaining increased mileage as a basis for regulating MNE's operations across geographic borders.



OUTLINE OF PRESENTATION

- **Concepts used to “regulate” MNE’s**
- **What are International Framework Agreements?**
- **Possible Application in the Caribbean Sphere**
- **Concluding Thoughts**



REGULATORY CONCEPTS

- Social Dialogue
- Corporate Social Responsibility Statements
- Unilateral Codes of Conducts
- Regional Framework Agreements
 - (e.g. European Framework Agreements)
- International Framework Agreements/Global Framework Agreements/Transnational Company Agreements
 - *Note all these are voluntary actions taken by stakeholders having varying levels of impact and effectiveness*

SOCIAL DIALOGUE

- Social Dialogue is a broad construct championed by the International Labour Organisation (ILO) –
- It includes *“all types of negotiation, consultation or simply exchange of information between or among representatives of government, employers and workers on issues of common interest relation to economic and social policy”*
- It can be informal or institutionalized and is often a combination of both
- Its goal is to promote consensus building and democratic involvement between stakeholders in the world of work



CORPORATE SOCIAL RESPONSIBILITY

- CSR is concerned with

“... treating the stakeholders of the firm ethically or in a responsible manner. ‘Ethically or responsible’ means treating stakeholders in a manner deemed acceptable in civilized societies. Social includes economic responsibility. Stakeholders exist both within a firm and outside. The natural environment is a stakeholder. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for peoples both within and outside the corporation.” –

Michael Hopkins



WHY CSR?

- Build good corporate image/ protect company reputation
- Establish the management's commitment to sound ethical behaviour;
- Raise stakeholder confidence;
- Demonstrate corporate prevention rather than response to crises;
- Acknowledge corporate peer pressure for higher standards of accountability and transparency

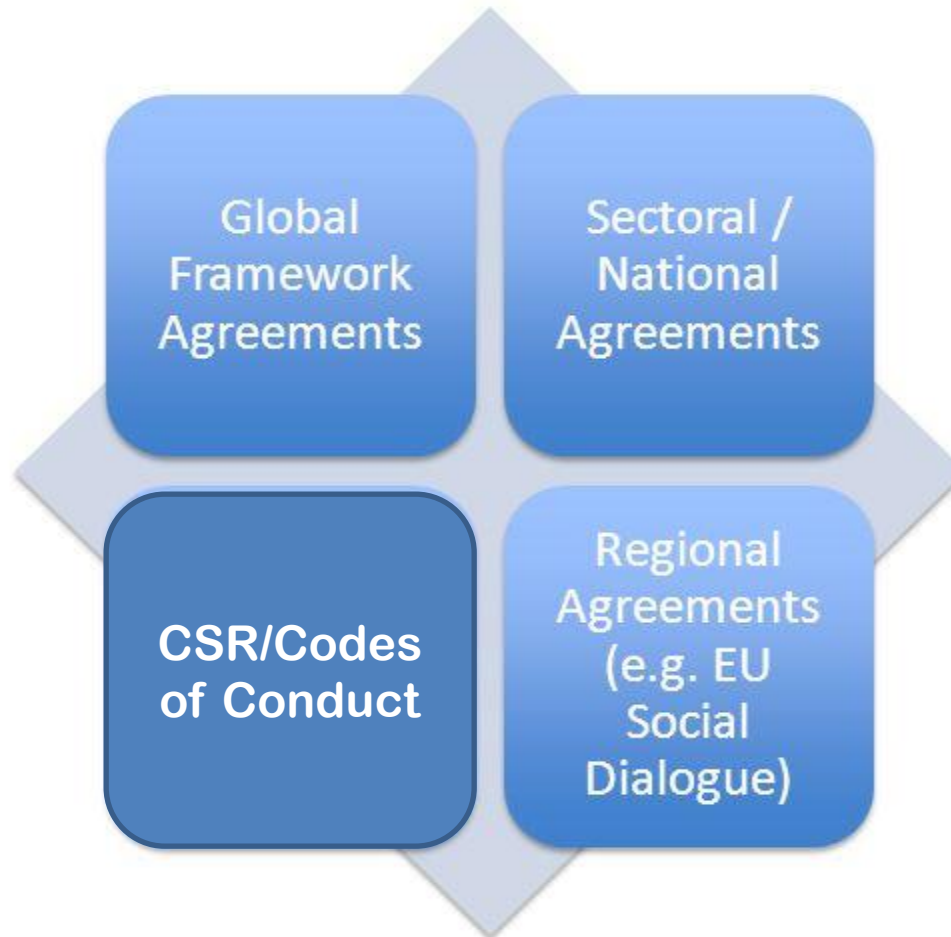


CODES OF CONDUCT

- “Codes of conduct” are described as:
 - “ *written policy, or statement of principles, intended to serve as the basis for a commitment to particular enterprise conduct.*”
 - The Codes available have as their aim some aspect of improving the behaviour of corporations, and more appear to be emerging every day. They are categorized into four main types of initiative:
 - governmental and intergovernmental initiatives;
 - company-led;
 - NGO led;
 - Governance.



At what level?



IFA's, GFA's , TCA's

- An International Framework Agreement is an instrument **negotiated** between a **multinational enterprise and a Global Union Federation (GUF)** in order to establish an ongoing relationship between the parties and ensure that the company respects the same standards in all the countries where it operates.
- In IFA's the role of clearly identifiable and organized civil society players (trade unions, workers) is key.

IFA's, GFA's , TCA's

- IFA's promote the more concrete notion of corporate 'accountability', which is directed at company stakeholders, notably workers in the company and their representatives.
- This provides a higher standard than CSR which is more driven by the MNE's desire to cultivate a good public persona but where there is a relative lack of "enforceability" of commitments undertaken.
- The fact that in practice IFAs are negotiated by core management representatives, unlike CSR which is usually entrusted to a specialized company unit, may result in international industrial relations playing a more proactive role in core management decisions in the future

OBJECTIVE OF IFA'S

- Improve the working conditions of workers in different countries across the globe where the MNE operates or has an ongoing relationship with parties in their supply chain.
- Development of network of unions across borders
- Establish regular mechanism for social dialogue at local, national and global levels.
- Encourage the adoption of the Decent Work Agenda of the ILO across the globe.
- Open the space for recruitment and organizing of new union members at both local and global levels.



STAKEHOLDER VIEWS OF IFA'S...

- From a **union perspective**, union coordination across borders and between the local and global levels is at the centre of IFAs, not only for negotiation purposes but also for effective implementation. Ideally, such union coordination can lead to more democratic industrial relations, and hence to the improvement of working conditions across global value chains.
- From a **management perspective**, IFAs can help raise levels of trust in labour/management relations, and boost the company's credibility *vis-à-vis* shareholders and other investors.

DATA STUDY

In 2016 the Global Industrial Relations Network documented that there were

111 Active IFA's operating Worldwide



Of this number **5** were related to the Financial/Banking industry operating in Australia, Denmark, Netherlands, France and Latin America;

- In all cases the global union partner (GUF) is Union Network International (UNI)



CONTENT OF INTERNATIONAL FRAMEWORK AGREEMENT

- Agreements usually address these areas:
 - ILO Core Conventions
 - Decent Work Agenda Principles
 - Scope and Supplier IFAs
 - Non-Discrimination clauses
 - Violence and Harassment
 - Health and Safety
 - Skills Development and Training of employees



CORE LABOUR STANDARDS

- Core labour standards refer to ILO Conventions dealing with *inter alia*:
 - Freedom of Association and Collective Bargaining (Convention 87 and 98),
 - Forced Labour Convention (Convention 29 and 105)
 - Child Labour (Convention 138 and 182),
 - Discrimination (Convention 100 and 111).



DECENT WORK AGENDA

- Many IFA's contain clauses which promotes the concept of Decent Work.
- ILO definition of “Decent Work” as *“...work that is productive and delivers a fair income, provides security in the workplace and social protection for workers and their families, and gives people the freedom to express their concerns, to organize and to participate in decisions that affect their lives.”*



SCOPE OF IFA'S

- While the idea of a global agreement seems to imply that the agreements all cover every operation of the signatory company this is often not the case.
- Local conditions and legislation are also very important to the operation of an IFA
- Also a lot will depend on exactly what the parties agree to in the negotiations so that IFA's texts can vary widely across industries and also based on the peculiarities of stakeholders.



IMPLEMENTATION OF IFAs

- Dissemination of the signed IFAs to stakeholders
- Educating relevant workers at national and local levels as well as company operatives
- Provide platform for on-going discussions (periodic meetings)
- Include Dispute resolution mechanisms
- The role MNE's and the GUFs should be clearly outlined



CARIBBEAN IMPLICATIONS

- Strong history of active Trade Unionism
- Trade union representation is currently to most MNE financial institutions in some Caribbean countries – i.e. unions represent workers at Royal Bank (**countries**) , FCIB (11 countries), Scotiabank(7 countries)
- *Caribbean Congress of Labour (CCL)* active coalition of Caribbean unions representing financial institutions
- CCL has active association with UNI most prominent GUF in the worldwide financial industry



CARIBBEAN IMPLICATIONS

- Research has not indicated that there may only be 1 any IFA applicable in the Caribbean (G4S)
- It should be noted that most Caribbean countries have ratified the ILO core Conventions and as well as embraced the Decent Work Agenda. The need for this type of regulatory intervention in the form of a IFA may be reduced.
- Some of the main IFA principles of consultation, negotiation and social dialogue among MNE's and GUF's may still be considered to foster a culture of collaboration in a **“CARIBBEAN REGIONAL”** sense



CIBC FIRST CARIBBEAN & CARIBBEAN UNIONS

- June 2017 CIBC First Caribbean and 11 Caribbean Trade Unions signed a unique agreement which sees the signatories committing to following a set of principles to guide them in their engagement. The Agreement also outlines the roles and responsibilities of the parties and their behaviours.



CONCLUDING THOUGHTS/RECOMMENDATIONS

- IFA's espouse lofty goals of in their own way redressing the imbalance created by globalization ,advances in technology and transportation making the “world” so much closer are in many respects continues to be aspirational.
- For IFA's that have been executed the major gap appears to be the strength or lack of enforceability of negotiated agreements as by the nature of Industrial Relations much will depend on the good faith of the parties – the court of public opinion or industrial action being mainly relied upon
- There is room for a more indepth study of the area and a juxtaposition of IFA principles against Caribbean norms to appreciate its possible worth in these jurisdictions.