

Strategies to
inspire, organise
and represent
workers.

The Negotiator's Guide

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Trade Unions Negotiating in Value Chains

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This chapter is an introduction to **value chains as a tool for trade unions** to renew their bargaining and organising strategies.

If a trade union is able to start answering the questions that this approach raises, it will have access to a growing map of work and workers, starting with one workplace and leading to other related workplaces and the workers located there. If the union is able to start answering these questions, then the union is creating new links

“Today, transnational corporations dominate the global economy, controlling some 80 per cent of world trade through their own operations and those of their business partners, organised in global value chains.”¹

between workers. Value chain mapping is a way to make the full production process and workers spread across the different parts of the production process visible again.

The answers to these questions will assist greatly in thinking about how and where to direct

the organising and bargaining strategies of the trade union. Knowing where and how a company is situated in value chains can help a trade union understand how to best negotiate for better pay or conditions of work and how best to direct its organising efforts to build power in value chains.

1. Fichter, Michael. 2015. "INTERNATIONAL POLICY ANALYSIS." <https://library.fes.de/pdf-files/iez/11560.pdf>

Value chain mapping is a way to make the full production process and workers spread across the different parts of the production process visible again.

The focus on value chains in this chapter is not calling for building new value chain unions. Rather, it is about recognising and using the opportunities that are on offer when looking at the enlarged context of a value chain.

These opportunities include greater policy insights, broader solidarity, and increased leverage for organising and collective bargaining.²

Trade unions can act at a local, sectoral and global level in their efforts to tackle inequality in value chains. This chapter focuses on trade union efforts to build an understanding at the local level among shop stewards and organisers as a building block for efforts at other levels.

A definition of value chains

A value chain is made up of all the companies in the various stages of the production process for producing a final product, including the company at the end of the value chain that sells the product.

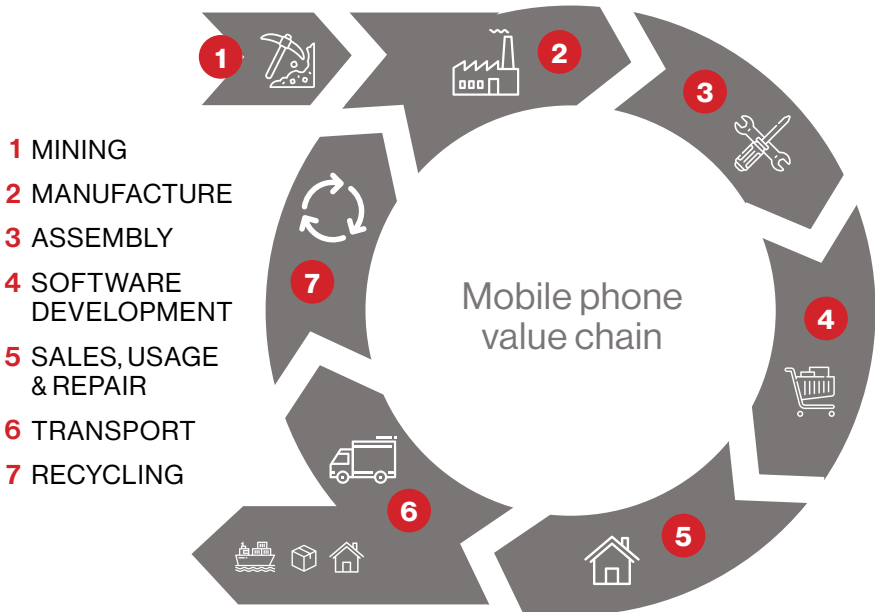
A global value chain is made up of the full range of activities (design, production, marketing, distribution, support to the final consumer, etc.), which are divided up amongst multiple firms and workers across geographic spaces to bring a product from its conception to its end use and beyond.³

2. Fichter, Michael. 2015. "INTERNATIONAL POLICY ANALYSIS." <https://bit.ly/32Q0N0U>

3. Adnan Seric and Yee Siong Tong. 2019. "What Are Global Value Chains and Why Do They Matter?" | *Industrial Analytics Platform*. August 3, 2019. <https://bit.ly/3vNnWeo>

Example: Mobile phone value chain ⁴

Here is an example of a value chain for a mobile phone.



The value chain includes all the companies and workers, formal and informal, involved in the production (making), the consumption (using) and the recycling (re-use) of the mobile phone. It includes:

- **The mining and extraction of metals** and minerals that are inputs to the manufacturing of mobile phone components.

4. Rizos V, Bryhn J, Alessi M, Campmas A., 2019., *Identifying the impact of the circular economy on the Fast-Moving Consumer Goods Industry: opportunities and challenges for businesses, workers and consumers - mobile phones as an example*, European Economic and Social Committee (EESC). CEPS. <https://bit.ly/3GuAGLQ>

- **The manufacturing** of components for mobile phones.
- **The assembly** of the mobile phones.
- **The development** of software for use on mobile phones.
- **The sales**, usage and repair of mobile phones.
- **The collection** and recycling of broken and used mobile phones.

Power is what distinguishes a value chain from an ordinary supply chain. The question to answer is this: Who runs the value chain?

These companies perform their role in the value chain on a long-term basis, regularly interacting with the companies that supply them and the companies that they supply to in the next stage of the process.

Power relations between the different roleplayers in the value chain are generally not equal. This power might be wielded moderately by strong companies to coordinate the value chain, but it can be exercised rigorously to exert control over companies in the chain and push prices down.⁵

Power is what distinguishes a value chain from an ordinary supply chain. The question to answer is this: Who runs the value chain?

5. Godfrey S & Jacobs M, 2018, unpublished



Trade unions in value chains

The work of a trade union is to make connections between workers. It starts with making the connection between two workers side-by-side in the same workplace, then the union makes the connection between those workers and workers in other operations of the same company.

From there, the union makes the connection between workers in different companies in the same sector, followed by connections between workers in different sectors of the economy. Ultimately, the trade union movement wishes to make the connection between workers in different economies around the world.

The way that production processes are organised today works against the goals of trade unions. Production is characterised by the spread of activities around the world and the externalisation (outsourcing) of many functions by lead companies.

The production process is fragmented, and so is labour. A single workplace now holds many different forms of employment, including full-time permanent, part-time permanent, contract workers and workers supplied by temporary employment services.

Ultimately, the trade union movement wishes to make the connection between workers in different economies around the world.

Value chain mapping is a way to make the full production process visible and a way to make workers spread across the different parts of the production process visible again.

6. Theron Jane, 2007, *Informalization from above, informalization from below: What are the options for organization? African Studies Quarterly*, 11, Issues 2 & 3. <https://bit.ly/3jlatjk>

The workplace has become a community of service providers or intermediaries, each of which employs its own workforce, but which is nevertheless subordinate to a core business.⁶

Value chain analysis offers the trade union movement a tool for making the picture whole again. Value chain mapping is a way to make the full production process visible and a way to make workers spread across the different parts of the production process visible again.

Value chains operate at local, national, regional and global levels. It is unrealistic to expect shop stewards and event organisers to map vast global or even regional value chains. Value chain mapping can get very complex very quickly and it is important to maintain a clear focus to avoid being drowned in the complexity.



The 4 steps in value chain mapping

The starting point for beginning to integrate basic value chain thinking into trade unions is the local level. It is useful to maintain a focus on the labour or worker component of value chains, since this is the main currency of trade union representatives wherever they may be situated in a value chain.

There are four main elements of value chain mapping:



1) Input-output structure

What materials and labour go into the processes of production? What is produced at the various stages, and who are the producers?



2) Geography

Where are the companies, operations and workers in the value chain?



3) Institutional framework

How do laws and regulations affect companies and workers in the value chain?



4) Governance (power)

What power do the different companies in the value chain have? What power do workers have where they are situated in the production process?

A practical guide for trade union representatives to get started with value chain mapping

Questions about the products and services of the company

- ?** **Where** do the products or services of the workplace go, and who are the (major) customers?

- ?** **How** do they get to the customers (major logistic/ transportation contractors)?

- ?** **Where** do the materials, parts and components used in the workplace come from? Who are the major suppliers of materials? Who delivers products and services to your workplace?

- ?** **Can** these links be followed further upstream (backwards to the suppliers of the suppliers) and downstream (forward to the customers of the customers)?

Questions about the suppliers and customers of the company

- ?** **What do you know about the major suppliers** of the company and the main customers of the company? Think about things like ownership, turnover, profit, number of employees, and types of jobs.
-
- ?** **Can you judge the role** and importance of those companies in the value chain?
-
- ?** **Who** are the main competitors?
-
- ?** **Is the supplier or customer a small or large unit** in a larger corporation?
-
- ?** **What** are the working conditions in those other companies?
-
- ?** **What is the composition of the workforce?**
What is the mix of skilled and unskilled workers, men and women, young and old, permanent and temporary workers?
-

Questions about workers

- ❓ **Are there workers in the main workplace** that are not represented by the union? Why are they not represented, and can this be changed?

- ❓ **Which union(s) represent workers** at the workplaces of suppliers or customers?

- ❓ **Who should be organising workers?**

- ❓ **Is there a collective agreement?**

- ❓ **What possibilities are there** for building solidarity with other groupings of workers? Are there trade unions, worker groups or worker representatives that you can make contact with?

If the union is able to start answering these questions, then it has access to a growing map of work and workers, starting with one workplace and leading to other related workplaces and the workers located there. If the union is able to start answering these questions, then the union is creating new links among workers.

The answers to these questions will assist greatly in thinking about how and where to direct the organising and bargaining strategies of the union.