

Organising along value chains:

IG Metall strategy

Organising along value chains, though at initial stages, is likely to change the make-up of unions in Germany in the long run and something similar might happen to South African unions like the National Union of Metal Workers of South Africa (Numsa), writes **Carmen Ludwig**.

Trade unions around the world are faced with a massive re-structuring of global and domestic value chains which form part of capital's strategy to maximize profits, and at the same time attack union power. This process challenges the long accepted definitions of what constitutes an industry or a sector. Accordingly, Numsa decided at its special national congress in December 2013 to broaden its scope of organising along the value chain. However, Numsa is not the only union that sees the need to adjust its membership base in response to the changing nature of major industries.

The Industrial Union of Metalworkers, IG Metall, in Germany initiated a similar process, planning to organise 'every worker that builds part of the value chain.' With around 2.3-million members, IG Metall is the biggest union in Germany and its organisational scope includes the sectors of metalworking, electrical, iron and steel, textiles and clothing, and wood and plastics.

NEW MODE OF CAPITALIST PRODUCTION

About 30 years ago product development, assembly, sales and marketing of a product was integrated into single enterprises. The success of industrial unions, structured according to the

principle of 'one industry, one union' which the Congress of South African Trade Unions (Cosatu) still follows, was based on the assumption that main parts of the value chain consist of vertically highly integrated companies and that leading industries, in which working conditions were negotiated, were clearly distinguishable from each other. This is no longer the case. As a result, inter-union rivalry has been increasing for some time and it's not a new thing.

Today, huge parts of the value chain consist of many different component suppliers and service companies. This development is part of the concept of lean production, which aims at tighter value chains with greater flexibility and cost reduction. As a result, IG Metall is increasingly confronted with outsourcing in all big and medium-sized industrial plants. Similar to labour broking, employees of outsourced companies often work directly in the plant of the client, the Original Equipment Manufacturer (OEM).

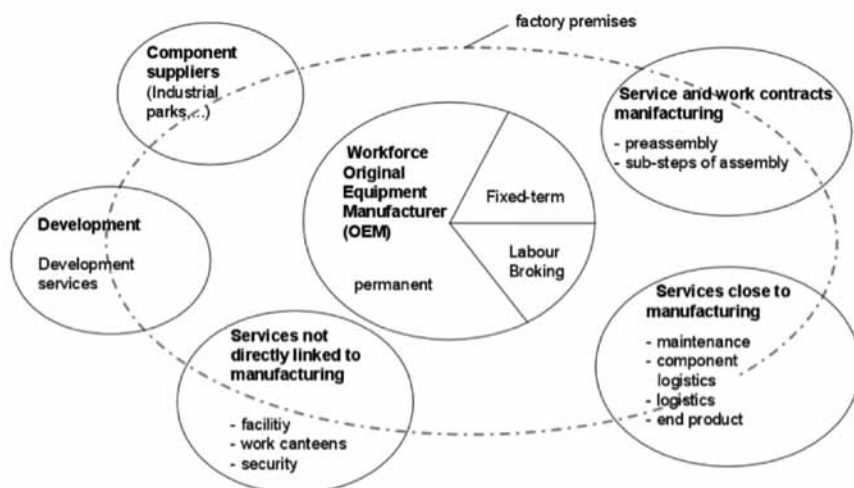
In Germany industrial parks are developing next to big industrial enterprises, which offer their services directly on the OEM's factory premises. It has increasingly become the norm to find workers from different companies working in one production line or assembly.

Lower qualified jobs are affected most by outsourcing, for example, in work canteens and cleaning services. Nonetheless, outsourcing also becomes common in highly qualified jobs like engineering, research and information technology. Nowadays, big companies worldwide are specialising in offering these industry-orientated services, ranging from information technology to high-value development services, maintenance and repair, logistics to in-plant assembly. This process is further accelerated through far reaching processes of transformation in technology, operations and material.

Some of these outsourced jobs are defined as 'non-core' but form integral parts of the automotive value chain.

WORKING CONDITIONS WORSENING

A recent survey of work council members in Germany shows that nearly a third of all workers in the metal and electrical industry are outsourced or working under labour brokers. In the automotive sector 763,000 workers are regularly employed with OEMs, 100,000 through labour brokers and 250,000 outsourced. The ratio of regularly employed to outsourced workers is nearly two to one.



This leads to a division into 'core' and 'non-core' workers in the workplace. On the one hand this division is a fiction created by employers as all the different components are part and parcel of the same production process. On the other hand, being part of the 'non-core' has dire consequences for workers as their working conditions are on a downward slope.

First, outsourced workers earn up to 60% less than in the OEMs. Second, the power of unions and work councils is reduced to alleged core areas and increasing numbers of outsourced workers are without union representation. Third, outsourcing puts pressure on the working conditions of 'core' workers and collective bargaining agreements are being undermined through low-cost suppliers.

As the German sociologist Klaus Doerre argues, vulnerability of the 'non-core' also affects the workforce in the 'core' as it creates a 'disciplinary regime'. The rising insecurity is exploited to achieve concessions and to undermine working standards, so that employment in the 'core' is also only provided on the condition of extraordinary flexibility. Therefore, collective bargaining agreements and working conditions for workers in the 'core' might also decrease if unions are not successful in

developing a joint collective bargaining strategy for regular and outsourced workers.

Fourth, employers increasingly use outsourcing as a strategy to avoid collective bargaining agreements that regulate and restrict labour broking.

Fifth, IG Metall sees the danger that workers in the 'core' and 'non-core' regard each other as rivals and no longer perceive conflicts with employers about distribution and better working conditions as joint struggles. This negatively affects worker solidarity.

Finally, IG Metall fears that its membership, based on a decreasing number of workers working for the OEM, will decline if the union fails to organise workers along the value chain.

IG METALL STRATEGY

IG Metall wants to avoid a situation, where at the end of the day, there are only a few workers left 'responsible for sticking the logo on the car' and everything else is outsourced in low-paid, non-unionised sectors. So the union started studying the value chains and suggesting that the union that is at present responsible for the end product of a value chain should also recruit all workers belonging to the same value chain. For example, if new sectors are developing out of the automotive sector, these new sectors or outsourced companies

should be organised by IG Metall. Therefore, the union is in the process of developing a broad definition of the workplace that accommodates all workers who belong to the same value chain.

As a consequence, IG Metall has started recruiting in new sectors. Its recruitment strategy is mainly based on its work council members and shop stewards in OEMs. The union requests its workplace representatives to approach and organise outsourced workers and expose their working conditions. So far, IG Metall has managed to organise two logistics service providers, to achieve collective bargaining agreements and improve working conditions.

For example, in Schnellecke, a company which provides services to Volkswagen and is located in Zwickau in the province of Sachsen, IG Metall now organises 80% of the 1,200 employees. Previously Schnellecke had been organised by ver.di, a union, which organises in the public and private service sector. The takeover by IG Metall has increased conflicts between the two unions, who belong to the same federation.

In addition, IG Metall aims to regulate the whole value chain. Firstly, the union needs to develop a strategy to prevent or complicate outsourcing in the future. Secondly, it plans to push OEMs to agree to minimum standards as binding pre-conditions for contracts with service providers. Thirdly, IG Metall aims at regulating industry-orientated services through collective bargaining agreements with the aim of integrating or linking these to the main collective bargaining agreements in the industry. An alternative, because of the differing conditions, could be to aim at a new central bargaining agreement for industry-orientated services. However, IG Metall's intention is to ensure co-determination at the workplace and collective bargaining agreements that secure equal working conditions.

BREAKING NEW GROUND

Some unions have responded to the re-structuring of the production process by expanding their scope along the value chain. This is a relatively new approach and IG Metall is still in the process of developing its strategy.

However, organising along the value chain is an approach worth exploring. For one, trade unions need to find and experiment with new organisational forms to respond to changes in the mode of production. An innovative feature is that unions reject the notion of a core and non-core and start seeing the workplace as a whole. Divisions in the workplace which pitch workers against each other only benefit employers. Therefore, to organise along value chains can be a way to create or revive workers' solidarity. As IG Metall assumes, outsourced workers won't be able to fight for better working conditions alone. It's necessary that workers from OEMs, who are better unionised and have a stronger position on the labour market, link up with their struggles. Paying attention to and organising along value chains also strengthens trade unions' bargaining power. It increases their ability to identify and target those parts of the value chain where it hurts employers most and therefore to lead strikes more effectively for the sake of all workers in the value chain.

At present, organising attempts that focus on the value chain are still in experimental stages and more work needs to be done to develop a coherent strategy as this approach also presents its own difficulties and challenges. However, by uniting workers along the value chain, trade unions are indeed breaking new ground. ^{LB}

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Worker centres:

Organising at edge of American dream

In the United States today, millions of workers, many of them immigrants and people of colour, are labouring on the very lowest rungs of metropolitan labour markets, with limited prospects for improving the quality of their present positions or advancing to better jobs. It is an unfortunate but true fact that their immigration status, combined with their ethnic and racial origins has perhaps the greatest impact on the jobs they do, the compensation they receive, and the possibilities they have for redress when mistreated by employers, writes **Janice Fine**.

While employers manifest an enormous hunger for immigrant workers – literally hiring them by the millions – the nation's immigration policy has exacerbated their vulnerability to exploitation. The silent compact between employers and employees is simple: in exchange for corporate indifference to their exact legal status, workers will not make a fuss about conditions or compensation. America's immigration policy has become one of her central *de facto* labour market policies.

The story of exploitation of immigrant workers in America is obviously not a new one. Earlier waves of immigrants faced serious discrimination, took up some of society's dirtiest and most dangerous jobs, looked to their families and fellow immigrants to build economic stability over time, fought to expand workers' rights and establish labour unions. But in contrast to earlier periods in US history, prospects for contemporary immigrant workers' participation at the workplace, integration into