

THE POTENTIAL OF COLLECTIVE POWER IN A GLOBAL PRODUCTION NETWORK: UNICOME AND METRO CASH & CARRY IN INDIA

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Summary: The transnational expansion of large retailers like Metro and Wal-Mart and its consequent power shifts have caused trade unions in the company's host countries of their expansion to react differently. These reactions include the development of international union networks, the organisation of employees in the new supermarkets and resistance against new competitors of old-established retailers. Unions are part of the extra-firm networks of global production networks and influence their development and spatiality. However, to develop collective power in a global production network, unions have to develop strategies that are able to overcome the spatial asymmetry between the transnationally organised companies and the place-bound labour. This paper analyses the strategies of the Indian union UNICOME (the Union for Commerce Employees in India) to develop collective power in a Global Production Network in the retail sector, namely the transnational retailer and wholesaler Metro. The case study shows how a union's greater power in the company's German home market was harnessed in order to develop collective power in India by means of network relationships.

Zusammenfassung: Die transnationale Expansion von großen Einzelhändlern, wie Metro und Wal-Mart, hat zu Machtverschiebungen in ihren Zielmärkten geführt. Die Gewerkschaften in diesen Märkten haben darauf in unterschiedlicher Art und Weise reagiert: Die Entwicklung internationaler Gewerkschaftsnetzwerke, die Organisation der Arbeitnehmer in den neuen Supermärkten und der Widerstand gegen die neuen Konkurrenten für die alteingesessenen Einzelhändler gehören zu diesen Reaktionen. Gewerkschaften sind Teil von globalen Produktionsnetzwerken und beeinflussen deren Entwicklung und räumliche Ausprägung. Um allerdings kollektive Macht in Globalen Produktionsnetzwerken entwickeln zu können, müssen sie Strategien entwickeln, mit denen sie die räumlichen Asymmetrien zwischen transnational organisierten Unternehmen und ortsgebundener Arbeit überwinden können. Der Artikel analysiert die Strategien der indischen Gewerkschaft UNICOME (the Union for Commerce Employees in India) zur Entwicklung von kollektiver Macht in einem Globalen Produktionsnetzwerk im Einzelhandelsbereich, speziell in Bezug auf den transnationalen Einzel- und Großhändler Metro. Das Fallbeispiel zeigt, wie durch die Netzwerkbeziehungen von UNICOME die größere Macht der Partnergewerkschaft VER.DI im deutschen Heimatmarkt des Unternehmens genutzt werden kann, um kollektive Macht in Indien zu entwickeln.

Keywords: Collective power, Global Production Network, India, labour, Metro, retail, union

1 Introduction

Since the 1990s, large retailers such as Metro, Tesco and Wal-Mart have strengthened their activities outside their home markets and have become transnational corporations (TNCs). This has enabled them to acquire “dominant market positions in many countries across East Asia, Eastern Europe, and Latin America” (COE and HESS 2005, 449). These changes in the market situation and its consequent power shifts have caused reactions in trade unions: unions build international networks, organize the employees in the new supermarkets or fight the supermarket chains as new competitors of the long-established retailers and intermediaries. By doing so, they influence the development and spatiality of global production networks (GPNs).

During the last decade “the literature on GPNs has run alongside, but separate from, a developing field of labour geography” (CUMBERS et al. 2008, 371)¹⁾. This is quite astonishing, as labour is central to any production process. Although the GPN approach takes labour, as well as its collective agents (unions), into consideration (HENDERSON et al. 2002; COE et al. 2004, 2008), GPN studies mostly neglect labour despite their fundamental role in GPNs (LEVY 2008; COE et al. 2008).

The most far-reaching attempt to include a labour dimension in the GPN approach was made by CUMBERS et al. (2008). They theorize the agency of labour in GPNs and analyse the case study of the

¹⁾ For a comprehensive review of labour geography see LIER 2007.

International Chemical, Energy, Mining and General Workers Federation and its organisational strategies to develop global framework agreements with TNCs. CUMBERS et al. (2008) do not use the analytical categories of the GPN approach to analyse their case study. However, their case study shows the scalar dilemma between the local and national and global level of unionism and their specific interests in GPNs.

With this case study, I attempted to develop an example for the possibility to analyse the relationship of organised labour and capital in globalisation by means of the analytical categories of the GPN approach. Of course the vagueness of such a qualitative analysis could be criticised, but I believe the GPN approach can successfully be used to analyse not only the role of labour in globalisation, but also the network relationships of unions in production networks. I seek to show how a union can use its international networks to develop power along the transnational network structures of a GPN with the case study of the Indian union UNICOME (the Union for Commerce Employees in India) and its activities to organize labour in the Indian branches of the German retailer Metro.

Of course, the analysed case is only one of many in which international worker solidarity comes into play²⁾. However, this case study gives an empirical insight into how this solidarity can be used to develop power alongside the structures of a GPN. UNICOME generates power through its network relationship with its stronger partner union VER.DI (*Vereinte Dienstleistungsgewerkschaft*) in Metro's German home market. This power development is based on the embeddedness of VER.DI in a societal context that allows a strong potential public pressure in Metro's home market. The activities of a TNC in one market can influence the reputational capital of the company in another market and thus its ability to create and capture value.

Due to the aims of the study, I chose a qualitative approach for the research. Quantitative data about labour transnationalism is limited to the number of unions which are affiliated to various networks and the number of members represented by those unions. The paper is based on open-ended

²⁾ E.g.: JOHNS 1998 examined the case of workers at the Lunafil textile plant in Amatitlán which caused a solidarity campaign in the USA in 1987/88. HEROD 2001 wrote about the 1991/92 Ravenshood case in which workers from 28 countries showed solidarity to stop a worker lock out. ANNER (2003) wrote about the 2001 case of the Brazilian unionists who challenged Volkswagen with the help of the German metalworkers' union IG Metall.

in-depth qualitative interviews with representatives of UNICOME in Bangalore and Delhi (five interviews), representatives of the Metro management in Bangalore and Mumbai (five interviews) and representatives of other Indian trade unions and India FDI Watch (nine interviews). Furthermore, three group interviews were conducted in Bangalore with three to five Metro employees at a time to gain background information about the working conditions and experiences of organised workers with Metro. The method of group interviews was chosen as the floor level workers felt under-confident to participate in an individual interview and preferred the group situation. All interviews in India were conducted between September and November 2008. One additional interview with a representative of VER.DI was conducted in May 2010. While the willingness to provide information was generally high among union representatives, most Metro representatives were more reserved.

In the second part of the paper, I outline some of the key arguments within the GPN framework and place them in the context of the role of trade unions. The third part deals with the trade unions in India and their relation to the developments in the retail sector. In the fourth section, the Indian union UNICOME and its activities are presented more generally, before the case study of the relationship between UNICOME and Metro is analysed in the fifth part of the paper. In the last chapter, I draw conclusions from this case study.

2 Unions in the Global Production Networks of the retail sector

As mentioned above, labour plays a fundamental role in GPNs. "Labour in the abstract sense refers to all the work involved in securing continued accumulation in a capitalist system. [...] GPNs are ultimately networks of embodied labour" (CUMBERS et al. 2008, 372). However, in this paper I will focus the analysis on the trade unions as collective actors of labour agency. Trade unions can be part of the firm-external network of companies in GPNs. They can directly influence a company's strategy and performance as well as government policies (HEROD 1997). However, trade unions are not only part of the external network of companies; they are increasingly organised in transnational trade union networks or even wider civil society networks which also include non-governmental organisations (NGOs) (WATERMANN and TIMMS 2004). These different network spheres

of GPNs, international trade union federations and civil society networks overlap and can influence each other.

The GPN framework contains three categories to analyse the structures of a production network across different spatial scales (HENDERSON et al. 2002):

Value: As a category of analysis, value includes the creation of value, value enhancement plus value capture within organisations and at localities. In the strongly consumer oriented retail sector, public opinion about a company is an important factor in its ability to create and capture value. In this reputational capital lies an important potential for collective agents to influence the firms inside a GPN. Various authors (e.g. FREIDBERG 2004; GEREFFI et al. 2001, JOHNS and VURAL 2000) have shown how NGOs have used the importance of public opinion for companies to develop power by means of market-campaigning techniques.

Embeddedness: HESS (2004) distinguishes between (1) societal, (2) territorial and (3) network embeddedness. For retail TNCs, a deep embeddedness is one of the main success factors, as they must “be highly responsive to local variations (both national and regional) in cultural tastes, norms, and preferences that define distinctive cultures of consumption in the markets they enter” and “ground their capital in a store base and distribution/logistics infrastructure, with all the associated vulnerabilities that they bring” (TACCONELLI and WRIGLEY 2009, 54). Not only the companies are embedded in societal contexts at different locations and on different scales, but also those organisations which potentially contest the company and the networks they belong to. The activities of trade unions or NGOs can have different spatial occurrences due to their embeddedness in different local, national or even transnational networks, regulations and traditions (e.g. WILLS 1996; CUMBERS et al. 2008; HEROD 2009).

Power: ALLEN (2003) distinguishes three approaches to theorize power. (1) Power in things: In this approach which can be found in much of the Global Value/Commodity Chain and the early GPN literature (e.g. GEREFFI 1994; HENDERSON et al. 2002) “[...] power is considered as something which may be delegated or distributed, almost invariably from a centralized point to various authoritative locations across any given territory” (ALLEN 2003, 15). In this approach, power can appear as “the capacity to influence decisions and resource allocations [...] in the network” (HENDERSON et al. 2002, 450). (2) Power through mobilisation: In the following account,

which is also used by parts of the GPN literature, (e.g. COE et al. 2004) “power is generated through network relationships and thus a ‘collective’ endeavour, with resources being the medium through which power is exercised” (HESS 2008, 455). (3) Power as an immanent affair: In this approach, power is “a series of complex and diverse techniques” (ALLEN 2003, 67). It emanates from practices and thus is not a capacity that can either be utilised or not, but consists of relations that are “constituted through their spacing and timing” (ALLEN 2003, 90). In this paper, I will utilize the second interpretation. The case study will show how UNICOME generates power through its network relationships. Besides this understanding of power, an actor related distinction between different kinds of power is important for this paper: (1) corporate power, (2) institutional power and (3) collective power (HENDERSON et al. 2002).

Unions have lost a lot of their conventional sources of power due to globalisation. The reason is the enormous chasm between the degree of globalised networks of trade and production and the degree of internationalisation of trade unions (DOWNEY and FENTON 2008). “[...] Neo-liberal globalisation implied the [...] weakening of traditional unionism’s century old national-industrial base, the shift of that base to countries of the South [...], the undermining of traditional job security and union rights, and the decline or disappearance of support from social-democratic parties, socially-reformist governments and the most powerful interstate agencies” (WATERMANN and TIMMS 2004, 189). The increased spatial mobility of capital has enhanced the power position of those companies which are able to use this mobility. They take advantage of the opportunity to shift production and services to the most attractive locations to increase their profit and their bargaining power over state agencies and labour (DOWNEY and FENTON 2008). To capitalize on this bargaining power, companies can pressurize unions by the threat of spatially shifting production, even without having a firm intention to do so (WALKER 1999). The scalar expansion of their networks allows companies to generate power. As the unions lag behind in the organisational development of global network relationships, the spatial asymmetry contributes to a power asymmetry.

Unions have often reacted by accepting deteriorating working conditions and stagnant or even declining wages to prevent further outsourcing and off shoring (DOWNEY and FENTON 2008). Such developments have further undermined the power of trade unions in many countries: They have lost not only

bargaining power, but also members (LAMBERT and WEBSTER 2001). However, there are strong disparities between the situations of unions at different locations. While they are losing their base in some countries, they are growing in others and in some countries they are completely outlawed. “[...] this uneven organizational and political geography within the union movement means that some union actors become empowered through GPNs whilst others become marginalized, leading to considerable conflict and tensions internally within global union networks” (CUMBERS et al. 2008, 375).

Labour transnationalism³⁾ is one possible strategy unions can use to react on these developments. Scalar union politics can generate power through their widened network relationships. VAN DER LINDEN (1999) distinguishes between four different variations in reasons for transnational workers’ solidarity which have been further illuminated by HEROD (2009): (1) on an ethnic basis, e.g., when migrants or descendants of migrants in one company feel solidarity with the workers in the country of their origin, (2) on the basis of the same historical experience, (3) due to the same ideological background and the aim to support political activities, (4) out of economic reasons. “By supporting groups of laborers abroad, one strengthens one’s own bargaining position” VAN DER LINDEN (1999, 1085). In the last case “spatial interests dominate over class interests” (JOHNS 1998, 256). Solidarity on the basis of the first three reasons can, in contrast, aim to “equalize both social conditions and investment for job creation” (ibidem).

Unions in industrialised countries are in a dilemma between the aim of protecting their members’ interests (jobs, working conditions) on the national scale and the demands for international solidarity (DOWNEY and FENTON 2008). This is a dilemma of “space versus class” (JOHNS 1998, 268). However, in the retail sector, interests are different from those in the manufacturing sector or other services, which can be outsourced or displaced: in retail sales (except by mail order), international outsourcing or displacing is not possible, because retail outlets are strongly linked to their sales market and their embeddedness is needed in order to reach their customers. Therefore, jobs can be shifted only in those areas where retail companies are not involved in a face to face relationship with the customer. These activities include administration (e.g. accounting), other services such as call centres and sourcing activities.

³⁾ For an overview of the history of labor transnationalism see HEROD 2009.

While trade unions suffer from the same dilemma in these fields, they can consider the transnational spread of shop outlets of the companies in which they are active under the aspect of solidarity.

For the trade unions in the host countries of transnational expansion, there are other conflicting objectives: on the one hand, they have their members in the existing retail companies and may want to save them from the new transnational competition; on the other hand, they can also be interested in organising workers in these new businesses.

3 Trade Unions in India and the liberalisation of the retail sector

The Indian trade unions⁴⁾ are embedded in a context of protective labour legislation and a strong connection to political parties. While the labour movements in most democratic countries have rapport to left parties, the political parties in India, regardless of ideological background, have their own trade unions (UBA 2008). There are five major trade union federations and many independent unions. Four of the five big trade union federations are connected to political parties. The trade unions have considerable political influence due to their close network relationship to the parties (KURUVILLA et al. 2002). Despite this supportive institutional framework, they have a relatively small number of members. The proportion of unionised workers in India is only 2%; however, the percentage of unionised wage earners is at 20% (UBA 2008, 867-868).

The relationship between trade unions, the state and companies has been subject to dynamic changes since 1991, the year in which a systematic change in the economic policy towards liberalisation⁵⁾ began. The reforms included opening to FDI (foreign direct investment) and the discontinuation of public monopolies in many sectors, reforms of the capital markets, the domestic business and the trade regime. Due to the increased competition, employers became more aggressive in their behaviour towards the employees. In many key industries and companies, the number of union members declined due to downsizing through voluntary retirements and the increased use of subcontractors. Simultaneously, the differenc-

⁴⁾ For an overview of the history of trade unionism in India see BHATTACHERJEE 1999.

⁵⁾ For a deeper analysis of the liberalisation of the Indian economy see ROYCHOWDHURY 2003 and MUKHERJI 2007.

es between the unions and the parties to which they are connected grew, because the unions fought liberalisation, while the parties supported it (KURUVILLA et al. 2002). Moreover, the public opinion on unions has become increasingly negative. Reasons for this are seen in the numerous strikes in the 1980s, the poor public services and numerous corruption scandals (UBA 2008).

India is still not a liberalised state. For example, the domestic trade channels for agricultural products and the retail sector are still strongly regulated. The Indian retail sector is still dominated by small, mostly family run, shops and street vendors. The country has an extremely high shop density with around 12 million retail outlets (SHAJAHAN 2006, 23). The gradual liberalisation has opened some possibilities for FDI in retail, but the existing regulations significantly limit these possibilities. The biggest step in the liberalisation of the retail sector was taken in 2006, including the allowance of investments in single-brand retail up to a share of 51 % in each company's capital. TNCs are also allowed to invest in wholesale trade and supply management. Companies like Metro, Tesco and Wal-Mart are already operating in that business. A further liberalisation was expected but so far has not happened due to public resistance.

All major trade union federations are represented with affiliated unions in the retail sector. However, their activities to organize labour are almost exclusively focused on traditional trade and neglect the presence of new supermarkets and shopping malls. Although there were individual cases in which workers – because of existing union memberships from jobs prior to the entry into modern retail – tried to establish trade unions at the store level, such activities are the exception and were quickly suppressed by the companies. Instead of organizing labour in the supermarkets and other new retail formats, the unions are actively resisting against a further liberalisation of the retail business. Many of the traditional retailers, middlemen and market workers fear that the changes resulting from the expansion of supermarkets could destroy their livelihoods. Especially since Wal-Mart announced plans to invest in India in 2005, the trade unions have started campaigns against FDI in retail and the large Indian supermarket chains. This resistance of the trade unions and NGOs was coordinated by the campaign organisation India FDI Watch (FRANZ 2009). The engagement of the different trade unions in the movement against FDI in retail and against modern retail formats left a gap in the organisation of labour in the relevant companies. The new trade union UNICOME addresses this problem.

4 UNICOME – the Union for Commerce Employees in India

UNICOME India was founded in 2007 with the aim to organize employees in the modern retail formats. The formation of this new union can be seen as a reaction to the conflicting objectives of unions in the host countries of transnational retail expansion: As they have their members in the existing retail companies and want to save them from the new transnational competition, they are not able or willing to organize the workers in these new businesses. Thus, the aims of the old-established trade unions in the retail business and those of UNICOME differ, as explained by a representative of UNICOME in an interview:

„Actually these people have a conflict with the companies. But now these companies have employed the poor people, the young people. We are working for those young people and these people are working against the companies. Ultimately we cannot say that we are against the companies, but we are for the welfare of their employees.”

UNICOME is embedded in the international trade union network UNI Global Union. UNI, with headquarters in Nyon, Switzerland, was founded in 2000 as a network of trade unions in the service sector. UNI includes 900 unions in 150 countries with a total of twenty million members. In Germany, UNI is represented by the united services union VER.DI, which has 2.2 million members (UNI India 2008). UNI has regional organisations in Europe, Asia-Pacific, North and South America and Africa. UNI India is part of the UNI Asia-Pacific regional organisation (UNI APRO) with an office in Singapore.

UNI has made several so-called global framework agreements with transnational corporations, including Carrefour in 2000 and Metro in 2005. In those agreements, the companies guarantee their employees the right to join a trade union, to bargain collectively and to not be discriminated against. “Such agreements remain voluntary, but they benefit trade unions and workers by opening communications and providing points of leverage when a company is in violation of the agreement or its practices are questionable” (WATERMAN and TIMMS 2004, 191).⁶

The UNI activities in India focus on those sectors of the economy which have grown strongly as a result of liberalisation and globalisation. These in-

⁶ For a critical perspective on global framework agreements see CUMBERS et al. 2008.

clude, besides the retail sector, IT and call centres, telephone companies, the postal and logistics sector, finance and security services as well as the media and entertainment industries. These are also areas in which TNCs have reached significant importance or – as in the retail trade – where an increasing importance is expected.

The target group of UNICOME are employees in supermarkets and other modern retail businesses. A representative of UNICOME describes the need to organize these employees:

„Their employees are from an age group of 18 to 35. Most of them are from very poor families. So they employed them on a somewhat OK salary, not a good salary, but for a boy or a girl coming from a really poor family, earnings of 2.500 or 3.000 rupees was like something. And to stand in a good store selling out fruits or groceries was like a dream for them. And those companies are exploiting them. They are using them for 12 hours, 14 hours without proper medical facilities, without any leave, without any insurance. And these employees of this age group they do not know the meaning of unions.”

It is difficult for unions to reach this group: “If we go up to them, either they are blank and a few of them, who know what a trade union is, say we don’t want, because either we will be thrown out or transferred or anything” (interview with representative of UNICOME). The young workers have no relationship to trade union traditions and perceive the union as autonomous from their individual agency. NATH (2007) notes that shop floor workers do not enter into a union mostly for fear of the employer who is against trade union membership, and for fear of having to go on strike as a union member. At the management level, the fear of the employer and the concern about high membership fees are the main reasons. The validity of these fears was affirmed in interviews with trade unionists:

„Companies play a very smart role in this. Like five or ten of the employees who were working along with me. Suddenly in two days all of them were separated, someone thrown out, someone transferred to somewhere else. So they are really afraid of unions after that” (interview with representative of UNICOME).

The companies respond to trade union activities with transfers and dismissals to prevent the union from developing collective power. They often bypass existing lay-off protection in India. Employees often do not know their rights; many workers work without contracts and therefore have no chance to sue against their dismissals. NATH (2007, 17) shows

that, at the lowest hierarchy level in the modern retail, 50% of employees have no contract. In addition, lay-offs of union members are often made under false pretences, e.g. theft.

UNICOME focuses its activities on the companies Big Bazaar and Metro in Delhi, Bangalore and Hyderabad in order to more efficiently develop collective power.

“It will be very difficult to organize everywhere and to bring them into the UNICOME fold. Because we have to organize systematically and make them active. This is why now we have selected to organize Metro workers as a priority with Big Bazaar workers. [...] Whoever comes we will take and also other places we will organize, but priority number one is Metro and Big Bazaar. [...] If you choose 20, 30, 50 companies to organize we do not have that manpower” (interview with representative of UNICOME).

The strategies and activities of UNICOME concerning Metro will be analysed in the next chapter.

5 UNICOME and Metro in India

While Big Bazaar is an entirely Indian company, Metro is a TNC. The German based company is active in India with its Cash & Carry concept. Metro opened its first two Indian stores in Bangalore in 2003. Metro also opened a store in Hyderabad (2006), Mumbai (2008) and Kolkata (2008). In 2008 Metro had 1,772 employees in India (METRO 2008, 17). Other wholesale stores are planned – in the near future it will be six to eight markets and in the long term up to fifty (interview with representative of Metro). Metro’s Indian headquarters are in Bangalore, the Asian headquarters in Hong Kong and the general headquarters in Düsseldorf, Germany. The transnationality of Metro was the main reason why the company was selected as a target of union activities. “It is a global phenomenon. That is why we have these criteria” (interview with representative of UNICOME).

UNICOME deals with significantly different challenges to develop collective power in Indian companies, such as Big Bazaar, and in TNCs, such as Metro. In both companies, UNICOME observed discrimination of union members. However, the further developments differ between the two companies. While Big Bazaar’s management still suppresses any union activities and rejects any dialogue with them, UNICOME has made considerable progress in organizing Metro employees and in establishing contact with Metro’s management.

At the beginning, however, UNICOME faced stiff resistance inside Metro: “When we started unionising in Metro sometimes end of 2006 we received a lot of [...] anonymous calls: don’t unionise!” (interview with representative of UNI). Union members complained of discrimination inside Metro. “Some of the people were treated badly by Metro” (interview with representative of UNICOME).

As UNICOME itself did not have enough members inside Metro to exercise power against discrimination, it generated power through its international network relationships. In October 2007, UNI APRO in Singapore and the UNI headquarters in Switzerland intervened in the conflict between UNICOME and Metro in Bangalore. VER.DI was asked by UNICOME via UNI Global to start a campaign against Metro in its German home market. Such requests are submitted to VER.DI quite regularly from different unions, so that it must decide which cases it should handle and to what degree. The greater collective power of VER.DI makes the German union a sought-after partner in campaigns. The power of VER.DI is partly based on its reputational capital in Germany. VER.DI has to be careful that its commitment for foreign partners does not become inflationary and that wrong accusations do not devalue its reputational capital. Thus each case is carefully tested for seriousness. A representative of VER.DI flew to India to investigate the case.

“We can start such activities only if we have validated information that it is a systematic discrimination. The cases that were the issue [...] are really bad, [...] but the verification that it was systematic discrimination could not be provided. Thus we did not start a campaign, but only published the case on our website” (interview with representative of VER.DI).⁷⁾

UNI Global also denounced Metro India on its website. “Suddenly I had a question from Germany, saying that there is a report in the UNI website that the people in India had threatened the members and stopped them from forming a union,” a manager of Metro India said in an interview. But there was more than just the article: The unions’ concerns were presented to the Metro management in Germany. Due to UNI Global and VER.DI’s greater collective power and VER.DI’s embeddedness in a society with a higher awareness for questions on working conditions, the situation in India became a threat to the reputational capital of Metro and, thus, to its ability to create and capture value in the home market.

The Metro headquarters asked its Indian subsidiary for a report. The Metro management in India stated that it did not discriminate against any union members, as it was not aware of any union activities inside Metro in India. “As far as UNI is concerned or collective bargaining is concerned we as a management are not against it. And we have never been. We did not hear about any union activities at that time” (interview with a representative of Metro India). Individual cases of dismissals or transfers of employees were explained with reasons which were not connected to the union. A manager of Metro India stated in an interview: “In fact I told my German counterpart that if you have doubts, please come here and check it. One of them actually came down.” The fact that a representative of the Metro headquarter in Germany came to India to investigate the case bears witness to the importance such accusations have for the company. The potential to affect the reputational capital of the company, especially in the home market, was too large to take the situation lightly.

After the report was handed over to Metro in Germany, it was passed to UNICOME in India, which gave its comments to Metro in Germany. As a result, Metro India and UNICOME came into direct dialogue. Furthermore, “we got an important achievement that one person was removed from Metro and he was reinstated back through our efforts. So it is a boost to our moral” as a representative of UNICOME stated. More important than this concrete achievement was the establishment of direct contact between UNICOME and Metro in India. This first success also brought new members for UNICOME, on the one hand, because the staff saw that UNICOME’s involvement could lead to success and, secondly, because fears of sanctions by Metro were assuaged.

Today, the representatives of UNICOME are convinced that difficulties with Metro existed primarily because of communication problems within Metro. “It is not because of Metro’s main management, it is because of some communication problem within Metro middle level management” (interview with representative of UNICOME). The sources of discrimination against union members in Metro always have been simple superiors, such as department heads within a store, or other members of the lower management. The reason for this may be related to the unawareness of the lower management about the company’s policy concerning unions and the global agreement, i.e. a lack of communication flow between the different scales of the companies’ activities. However, the higher management did not

⁷⁾ The interview was originally conducted in German. The quote was translated by the author.

prevent discrimination by the lower management, apparently out of ignorance. It could not be clarified whether this was intentional or not. However, the discrimination ended after the intervention in Europe.

UNICOME generated power on the basis of its network relationships and used this power for the development of collective power in India. The greater collective power of VER.DI in Germany was harnessed for the Indian union. The development of power in the case study was a collective endeavour between the network partners in India and Europe. The reasons for the commitment of VER.DI can be seen in the identical ideological background and the aim to support union activities in other countries. The power of VER.DI in this case is not only based on its size in Germany, but also on the greater vulnerability of the company in Germany: A campaign in Germany against Metro would have hurt the company more seriously than in India. The threat for the reputational capital is a strong lever for the unions. Since the intervention of UNI and VER.DI, Metro in India tolerates the activities of UNICOME. The leaders of UNICOME are well aware of the fact that, for UNICOME, the embeddedness in the same network as VER.DI is the major source of power, and that Metro's transnationality was the main reason why the company was selected as a target of union activities.

"Metro's headquarters is in Germany and there is VER.DI and VER.DI is affiliated to UNI. So in case of any problem we have here with the local management we are confident that our strong affiliates in Germany will come to express their solidarity" (interview with representative of UNICOME).

From Metro's perspective, the union UNICOME is still too small to be a serious discussion partner. As a representative of Metro India points out, "We do not work with them in full scale that we should be working. Basically because I don't think they have established a basis yet."

UNICOME and Metro both view these developments as first steps: "Unfortunately we have started on a wrong footing" (interview with representative of Metro India). For UNICOME, the organising labour in Metro should function as a catalyst for the development of collective power in Indian retail companies, as Indian companies may imitate Metro: "If we organize successfully Metro, then other companies will definitely think 'When they allowed a union in Metro the union must be very professional'" (interview with representative of UNICOME).

6 Conclusions

Since the 1980s, a crisis among trade unions has often been postulated as being caused by the chasm between the degree of globalisation in trade and production and the degree of internationalisation in trade unions. It is often stated that capital is generally more mobile and internationally easier to coordinate than labour, giving it more bargaining power. Yet the retail sector is relatively immobile, at least at the consumer end, due to its strong dependency on local embeddedness. Thus the conventionally assumed spatial asymmetry between transnationally organised companies and place-bound labour is smaller in the retail sector than in other service industries. The spatial binding of companies in retail is stronger than in other industries, because retail outlets are strongly linked to their sales market. Therefore, their territorial and societal embeddedness are the basis to successfully reach the customers. This gives the activities of unions in retail a greater potential for developing and exercising power. There is rarely transnational dislocation of jobs in the core business of retail. Thus trade unions can consider the transnational spread of shop outlets of the companies in which they are active under the aspect of class solidarity.

The trade unions in the new host countries of the expansion of retail TNCs have an ambivalent relationship to these companies: On the one hand, they must serve the interests of their members in existing retail companies and try to protect their jobs by saving them from the new transnational competition. On the other hand, they can also be interested in the organisation of workers in the new supermarkets, shops and malls. In the Indian case study, the established unions in the retail trade focus their activities on protecting traditional trade stakeholders and trying to organize resistance against the new transnational competition. As they neglect to organize labour in the new supermarkets and shopping malls, the new union UNICOME tries to fill this gap.

The management (in the case of Metro the lower management) in retail companies to UNICOME's activities was very hostile at the beginning. In face of the management's defensive reactions, UNICOME was forced to develop a strategy to develop collective power inside the companies. The possibilities to do so differ between TNCs and national companies. In the case of the TNC Metro, UNICOME used its affiliation with the transnational union network UNI to develop collective power. The Indian union harnessed the collective power of the union VER.DI in Metro's German home market. This is not possible

in a company that is only active in the Indian market.

Although the development of collective power in UNICOME is still in its early stages, it is a very dynamic process that was enabled by the relationship to a powerful partner. Power was developed as a collective endeavour of the Indian and European partners on the basis of VER.DI's embeddedness in a societal context that strengthens the potential public pressure in the TNC's home market. Due to the retail sector's strong consumer orientation, reputational capital is an important factor for the ability of a company to create and capture value. Metro feared a public campaign in Germany by VER.DI and thus reacted quickly when concerns about the situation in India reached the headquarters in Germany.

Not only the public opinion in the target market of their investments, but also the public opinion in their home market (and possibly in other target markets) can be essential for TNCs. Thus it can be said that firms may carry a 'baggage' of collective power-potentials with them when they invest in other markets. The ability of TNCs to create and capture value is more vulnerable due to the company's embeddedness in different places, in which potential consumers have different sensitivities and moral demands. Economic practices that receive little attention in one market can produce large public attention in other markets with other ethical traditions and different actors that are willing and able to contest the company. Trade unions can actively use this vulnerability by building network relationships between activists at different scales and at different nodes of a GPN.

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