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TNC Motives for Signing International Framework Agreements:
A Continuous Bargaining Model of Stakeholder Pressure

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Abstract

Over the past decade, discussion has flourished among practitioners and academics regarding workers' rights in developing countries. The lack of enforcement of national labour laws and the limited protection of workers' rights in developing countries have led workers' rights representatives to attempt to establish transnational industrial relations systems to complement existing national systems. In practice, these attempts have mainly been operationalised in unilateral codes of conduct; recently, however, negotiated international framework agreements (IFAs) have been proposed as an alternative. Despite their growing importance, few studies have empirically studied IFAs. This paper starts to fill this gap by studying why corporations adopt IFAs, based on a qualitative study of the process leading to the signing of a recent IFA. The study's findings complement existing research into why corporations adopt IFAs, codes of conduct, and CSR policies by demonstrating that corporate motives can be linked to a desire to retain a trusting relationship with the labour union movement. In addition, the findings indicate that the discrete campaign model of stakeholder pressure dominant in previous research should be complemented by a continuous bargaining model of stakeholder pressure. The paper concludes by discussing differences between these conceptual models of stakeholder pressure and avenues for future research.

KEY WORDS: code of conduct, corporate social responsibility, international framework agreement, labour practice, non-governmental organisation, stakeholder, transnational corporation, union

Introduction

Over the past decade, discussion has flourished among practitioners and academics regarding workers' rights in developing countries. As many have noted, national legislative frameworks in countries such as China and Vietnam are well developed (e.g., Warner, 1996; Chan, 1998; Ding and Warner, 1999; Cooney et al., 2002). However, there are large gaps between labour law and corporate *practice* in most developing countries, especially in countries, such as China, with recently amended labour laws (e.g., Zhu and Fahey, 1999; Lau, 2001; Liew, 2001; Cooney et al., 2002; Chen, 2003; Cooke, 2004; Frenkel and Kim, 2004). In practice, this means that when transnational corporations (TNCs) offshore operations, mainly to Asian countries, they are involving themselves in national industrial relations systems characterised by only limited enforcement of workers' rights. This lack of enforcement of national labour laws and limited protection of workers' rights has led workers' rights representatives (both labour unions and non-governmental organisations) to attempt to establish transnational industrial relations systems to complement existing national systems (Esbenshade, 2001; Riisgaard, 2005; Anner et al., 2006; Kuruvilla and Verma, 2006).

Attempts to establish transnational industrial relations systems have mainly taken two routes. First, as early as the 1970s (Gumbrell-McCormick, 2000), but more forcefully in the 1990s and 2000s, workers' rights representatives have demanded linkages between workers' rights and trade – initially in GATT and then in WTO (commonly known as the 'social clause' debate) (e.g., O'Brian et al., 2000; Van Roozendaal, 2002; Fairbrother and Hammer, 2005; Bartley, 2007). However, the limited success of these demands made workers' rights representatives direct most of their attention to individual corporations rather than international organisations, this second approach being operationalised by promoting so-called codes of conduct and international framework agreements (e.g., Braun and Gearhart, 2004; Compa, 2004; Fairbrother and Hammer, 2005). While codes of conduct are the transnational industrial relations system preferred by most NGOs and TNCs (Schlegelmilch and Houston, 1989; Sethi, 1999; Gallin, 2000; Guillén et al., 2002; Nijhof et al., 2003; Compa, 2004; Connor, 2004), most labour unions and a few TNCs prefer an international framework agreement (IFA) system (Gallin, 2000; Connor, 2004; Hammer, 2005; Riisgaard, 2005).

Codes of conduct and IFAs serve the same purpose, namely, to improve workers' rights, but represent different ways of governing workers' rights transnationally. Hence, the code of conduct versus IFA debate is fundamentally about alternative transnational workers' rights governance systems and about what CSR means in practice in the ongoing process of globalization. In this debate, codes of conduct represent a unilateral and corporate-controlled workers' rights governance system, of which labour union representatives are sceptical, seeing it as a system of 'given' rights. Labour unions basically argue that codes of conduct are convenient public relations tools for TNCs, enabling them to prevent and 'crowd out' union involvement in workers' rights issues (e.g., Justice, 2003; Frundt, 2004; Roman, 2004; Lipschutz, 2004). Instead of codes of conduct, union representatives prefer a workers' rights governance system built on negotiated firm–union IFAs that recognise the role of labour unions in promoting transnational workers' rights (Egels-Zandén, 2008). In addition to the symbolically important issue of the labour union movement's role in

transnational workers' rights governance, there are also differences in the underlying logic of the code of conduct and IFA governance systems. First, codes of conduct envision governance driven mainly by consumer pressure (e.g., van Tulder and Kolk, 2001), while IFAs put more emphasis on the traditional union strategy of leveraging control of the labour supply. Second, codes of conduct envision governance driven by pre-established codified principles of workers' rights, while IFAs place a greater extent emphasis on the bargaining logic that underpins national industrial relations systems (cf. Egels-Zandén and Hyllman, 2007). Hence, the code of conduct versus IFA debate involves both symbolic and substantial factors related to emerging transnational governance systems for workers' rights.

Workers' rights are integral to CSR and business ethics more generally, for example, being included in the UN Global Compact principles. Hence, the choice of a code of conduct or IFA transnational governance system has implications not only for workers' rights but also for the future development of related CSR issues, such as the link between human rights and workers' rights, the role of NGOs in business ethics, and the link between national and transnational governance systems. Despite this and the extensive research into codes of conduct, there are only a handful of studies examining IFAs. This almost exclusive research focus on codes of conduct exists even though the number of signed IFAs has been consistently and rapidly increasing (cf. Hammer, 2005), making IFAs an important complement to codes of conduct. The sparse existing research into IFAs has also almost exclusively been conducted from union and NGO perspectives, providing limited insight into the central research question of what motivates *corporations* to sign IFAs. This paper addresses this gap, by explicitly focusing on corporate motives for adopting IFAs. This is done based on a qualitative study of the process leading to a recently signed IFA in a European TNC.

Previous research into international framework agreements

International framework agreements and codes of conduct serve the same purpose, namely, to improve workers' rights in corporations' own and their suppliers' factories (cf. Gallin, 2000; Compa, 2004; Connor, 2004). The main difference between codes of conduct and IFAs is that while codes are unilaterally adopted by corporations, IFAs are negotiated and signed by both the corporation and representatives of the labour union movement. Hammer (2005) and Sobczak (2007) demonstrate in their reviews of existing IFAs that there are various forms of IFAs, making it difficult to pinpoint the exact characteristics of IFAs. However, in terms of content, IFAs build on ILO Conventions and UN Conventions, cover both companies' own and their suppliers' operations, and involve trade unions in negotiation (Hammer, 2005; IMF, 2006; ITGLWF, 2007; Sobczak, 2007). Egels-Zandén and Hyllman (2007) also demonstrate that IFAs include more processual aspects of worker representation than do codes of conduct. The first IFA was signed as early as 1989 between Danone and the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) (Miller, 2004; Hammer, 2005). Despite this early start, almost all existing IFAs have been signed in the twenty-first century.

In recent years, many researchers have noted the existence of IFAs, their potential impact on workers' rights, and the high priority that signing these agreements has for global union federations (e.g., Gallin, 2000; Muller-Camen et al., 2001; Wills, 2001; Connor, 2004; Spooner, 2004; Chang and Wong, 2005; Royle, 2005; Andersen, 2006; Turnbull, 2006; Waddington, 2006; Doellgast and Greer, 2007). Connor (2004, p. 64),

for example, notes that global union federations (GUFs) have "sought to persuade a number of companies to sign international framework agreements", but that "only a relatively small number of companies have been willing to participate in such programmes". While a great many papers note the existence of IFAs and argue that more research is needed into them, few have actually provided any insight into IFAs.

Recently, a handful of empirical studies have started to fill this gap, Jane Wills' (2002) study of the Accor–IUF agreement being the first rigorous research into IFAs. Wills (2002) focused on the implementation of the Accor–IUF agreement and noted that IFAs created a space for local bargaining. However, Wills (2002) did not examine the processes leading to the signing of IFAs and provided limited insight into the motives for adopting IFAs. Miller (2004) partly addresses these gaps by focusing explicitly on the union strategies adopted by GUFs to pressure TNCs to sign IFAs, and noted that despite ample attempts to promote the signing of IFAs, GUFs have achieved only limited success in this regard. Riisgaard's (2005) study expands on both Wills' (2002) and Miller's (2004) studies, analysing both the processes leading to the signing of IFAs and the implementation of IFAs, based on a qualitative study of the Chiquita–COLSIBA agreement. Like Miller (2004), Riisgaard (2005) found that public campaigns and consumer pressure are key strategies employed by unions and NGOs to make TNCs sign IFAs.

Complementing these studies are the more review-based studies conducted by Carley (2005), Fairbrother and Hammer (2005), Hammer (2005), Anner et al. (2006), and Egels-Zandén and Hyllman (2007). Hammer (2005) and Sobczak (2007) are helpful in listing and categorising existing IFAs and in discussing their legal dimensions, while Anner et al. (2006) compare IFAs and alternative transnational union strategies and Egels-Zandén and Hyllman (2007) compare IFAs and codes of conduct. However, due to their broad foci, none of these studies deals in detail with the processes leading up to the signing of IFAs. Hence, the limited existing research into IFAs has only just started to explore, the motives for signing IFAs; when this has been done, it has been done from a union perspective, with Miller (2004) focusing on GUFs and Riisgaard (2005) focusing on both global and local unions. Consequently, little, if any, research has systematically analysed the motives for signing IFAs from a corporate perspective. At best, previous research has led to indirect guesses as to why the corporate counterpart agreed to sign an IFA, as derived from a description of the process from the union perspective. The purpose of the present research is to start filling this gap in previous research.

Given the high priority of IFAs in the labour union movement and the heated debate regarding codes of conduct versus IFAs, it is surprising that so little research has examined IFAs. This gap has likely resulted because IFAs are seen as situated between two research strains, namely, business ethics and industrial relations. In the business ethics literature, union issues and union perspectives have tended to be neglected (Michalos, 1997; Leahy, 2001; Riisgaard, 2005; Provis, 2006). For example, Leahy (2001, pp. 34-35) notes that "it seems odd that one could turn to these texts on managerial ethics for information on labour/management and be left with the impression that unions did not exist, that managers did not have to negotiate with them". Hence, the business ethics literature has likely ignored IFAs, since these are closely linked to union strategies and perspectives. The industrial relations literature, on the other hand, has framed IFAs as part of the corporate social responsibility

(CSR) trend rather than as part of traditional studies of union strategies (e.g., Miller, 2004; Riisgaard, 2005; Shanahan and Khagram, 2006; Waddington, 2006). In turn, the CSR trend has received only limited attention in the industrial relations literature (Egels-Zandén and Hyllman, 2007), with the result that industrial relations scholars pay only limited attention to IFAs.

Plausible motives for adopting international framework agreements

While there is limited research into why corporations adopt IFAs, there is extensive research into why corporations adopt codes of conduct, research that might provide insight into corporate motives for adopting IFAs. Code of conduct research can be summarised into four main identified motives.

First, the most common explanation of why corporations adopt of codes of conduct is that such codes represent a way to restore and/or improve corporate legitimacy/ trust/reputation/image/brand (e.g., Sethi and Sama, 1998; Diller, 1999; van Tulder and Kolk, 2001; O'Rourke, 2003; Roberts, 2003; Graafland, 2004; Wright and Rwabizambuga, 2006; Bartley, 2007; Ählström and Egels-Zandén, 2008). For example, van Tulder and Kolk (2001, p. 268) claim that in "the 1990s, a wave of voluntary company codes appeared, triggered by attention for developments which posed great legitimacy problems to firms". Hence, the adoption of a code of conduct is envisioned as leading to greater acceptance of the corporation in the society in which it operates, in turn yielding financial benefits for the corporation (cf. Meyer and Rowan, 1977; DiMaggio and Powell, 1983; Long and Driscoll, 2008). Legitimacy is also the main reason for the corporate adoption of IFAs presented in the only previous studies of this issue (Miller, 2004; Riisgaard, 2005). Riisgaard (2005) demonstrated that the Chiquita–COLSIBA IFA stemmed from public NGO-driven campaigns in Chiquita's major consumer markets, campaigns affecting consumers, investors, and other stakeholders, and concluded that Chiquita adopted the IFA to improve its perceived legitimacy. The legitimacy threat pushing companies to adopt codes (or IFAs) is mainly exerted by NGO consumer campaigns (van Tulder and Kolk, 2001; Roberts, 2003; Graafland, 2004; Riisgaard, 2005; Ählström and Egels-Zandén, 2008), though such pressure also comes from other stakeholders, such as financial investors (e.g., Schueth, 2003; Guay et al., 2004; Sparkes and Cowton, 2004; Sobczak, 2007).

Second, besides protecting, restoring, and/or improving legitimacy, corporate adoption of codes of conduct has also been presented as a way to avoid governmental interference. For example, Esbenshade (2001) argues that adopting codes of conduct provides a way for corporations both to prevent the enforcement of existing labour laws and forestall future legal reforms. Similar claims are readily found in previous research (e.g., Diller, 1999; Bondy et al., 2004; Royle, 2005; Arya and Salk, 2006), and, as Bartley (2005, p. 212) points out, a common argument is that "one unfortunate effect of the rise of private regulation will be to displace or 'crowd out' public regulation and legal accountability".

Third, some authors also point to the potential corporate competitive advantages arising from adopting codes of conduct (e.g., Waddock et al., 2002). These advantages could be achieved in several different ways – quite aside from improved legitimacy, as already noted above. For example, Christmann and Taylor (2002) argue that voluntary CSR initiatives can provide learning that allows firms to modify and improve operating routines and policies, while Bondy et al. (2004) identify the

following potential advantages: i) product differentiations in the market place, ii) quality signals, iii) reduced insurance premiums, and iv) maintenance of standards along the supply chain. Regardless of the particular reasons, the overall argument is the same: adopting codes of conduct provides a way to achieve competitive advantages vis-à-vis one's competitors.

Finally, several authors also argue that corporations adopt codes of conduct for ethical reasons. Hence, in this research, corporation decision-making is not framed as solely motivated by shareholder maximisation ideals, but as also motivated by other values. For example, Weaver (1993, p. 48) argues that at "least some managers advocate *code implementation for the sake of ethical action as an end in itself*" (italics in original) (cf. Bondy et al., 2004). This argument is linked to the more general argument that corporations are driven by multiple objectives, for example, as claimed in some research into descriptive stakeholder theory (e.g., Donaldson and Preston, 1995).

These four explanations of why corporations adopt codes of conduct can be linked to the larger body of research into why corporations embrace particular social and/or environmental practices. For example, the often-cited article by Bansal and Roth (2000) outlines a model of why companies "go green" and identifies four main explanations: i) stakeholder pressure (compare with legitimacy), ii), legislation (compare with avoiding governmental interference), iii) economic opportunity (compare with competitive advantage), and iv) ethical motives (compare with ethical reasons). Hence, there are great similarities between the four main explanations offered by previous research into why corporations adopt codes of conduct and by research into why corporations embrace social and/or environmental practices more generally.

Method

To explore why corporations adopt international framework agreements, I make use of material from an explorative study of a European TNC – hereafter referred to as "EuroCorp".[1] The focus on EuroCorp was chosen because it is commonly ranked as one of the best firms globally in terms of CSR. In addition, it is one of the few TNCs that have signed an IFA. Given that the motives for corporate adoption of IFAs are poorly understood, the reliance on a qualitative study is in line with previously proposed methods (e.g., Marshall and Rossman, 1995; Lee, 1999; Maguire et al., 2004).

The study of why EuroCorp adopted an IFA is part of a larger study of EuroCorp's CSR practices in both Europe and Asia. Data for this larger study were gathered from interviews, written documentation, and observations. Between 2005 and 2008, over 100 actors linked to EuroCorp's CSR practices were interviewed. This included EuroCorp top and middle management, members of the EuroCorp CSR department, EuroCorp workers, and local and international stakeholders. In addition, between 2006 and 2007, observations were made at EuroCorp, mainly examining the practices of EuroCorp's CSR department. Finally, EuroCorp has allowed nearly unfettered access to all written documentation regarding their operations, including official and unofficial documents, contracts between involved actors, and all written communication between involved actors. Similarly, the EuroCorp union allowed nearly unfettered access to all its written documentation.

The material used for this paper mainly comprise interviews and documents. All key corporate and union actors involved in the process of adopting EuroCorp's IFA were interviewed (several of them on multiple occasions). This included corporate representatives and enterprise, national, and global union representatives. The interviews lasted on average one hour, were semi-structured, and were taped and transcribed. The written documentation (early draft versions of the IFA and the code of conduct, internal documents, reports, newspaper articles, and web pages) were used both to complement and validate the information provided in interviews.

The collected data were used to chronologically represent EuroCorp's process of adopting IFAs, outlining key decision points and conflicts. There were few inconsistencies between the information obtained from the verbal and written sources. When inconsistencies were identified, either between different interviews or between written and verbal sources, they were discussed with the relevant involved actors and, if still present after this, included in the case description to transparently present divergences of opinions. An earlier version of the empirical section of this paper was then sent to the interviewed representatives, so they could validate the description of the definition process. Finally, the interviewees' suggested changes were incorporated into the final description of the definition process.

Based on this description of the process and on the collected data, various explanations of why EuroCorp adopted the IFA were examined. First, the reasons stated in the interviews were identified. Second, the explanations outlined in previous research into why corporations adopt codes of conduct were examined as plausible explanations of EuroCorp's behaviour. Finally, based on these analyses, probable explanations were identified and additional data were collected to support or refute these explanations. Despite these efforts, it is difficult – perhaps even impossible – to identify exactly why corporations make certain decisions. For example, the involved actors themselves might not necessarily know why they acted in certain ways and multiple motives may be entwined, making it difficult to identify the key motive. Hence, the conclusions presented here should be interpreted with some caution in terms of why EuroCorp adopted an IFA. The conclusions are mainly valuable when compared with the results of previous research into IFAs, codes of conduct, and the adoption of social and/or environmental practices, so as to expand our understanding of why corporations adopt IFAs.

The road to EuroCorp's international framework agreement

Background: The international code of conduct versus IFA debate

The focus on CSR in relation to developing countries intensified in late 1980s and early 1990s, when activist campaigning uncovered the working conditions in TNCs' and their suppliers' operations (e.g., van Tulder and Kolk, 2001; Roberts, 2003; Frenkel and Kim, 2004; Bartley, 2007). Issues such as child labour and sweatshops were readily debated in the mass media, putting extensive pressure on TNCs to justify their operations. In the early 1990s, TNCs such as Levi's, GAP, Nike, and Reebok responded to this criticism and embraced an extended responsibility for workers' rights (e.g., Braun and Gearhart, 2004). This extended responsibility was mainly operationalised through corporate adoption of codes of conduct (e.g., Schlegelmilch and Houston, 1989; Sethi, 1999; van Tulder and Kolk, 2001; Guillén et al., 2002; Nijhof et al., 2003).

Parallel to the mainly NGO-driven emergence of codes of conduct as a way to operationalise corporate responsibility, labour unions started to develop an alternative – IFAs – emphasising signed rather than unilateral agreements. In this way, two competing (or complementary) ways of operationalising corporate responsibility emerged, NGOs and companies mainly promoting codes of conduct and labour unions mainly promoting IFAs (Gallin, 2000; Connor, 2004; Hammer, 2005; Riisgaard, 2005; Egels-Zandén and Hyllman, 2006).

The IFA idea enters into EuroCorp via the union movement

In this turbulent mid-1990s setting, the idea of a EuroCorp IFA emerged. The IFA process was instigated by the global union federation (GUF) responsible for EuroCorp. At that time, the GUF had recently made a policy decision to prioritise and promote IFAs, and as a step in implementing this strategy, GUF representatives raised the issue of an IFA at one of EuroCorp's corporate–union World Works Council meetings.

During the World Works Council meeting, the GUF representatives and enterprise-level union representatives also had the opportunity to discuss how to move forward with a EuroCorp IFA. As one of the EuroCorp enterprise-level union representatives noted, the timing of this GUF initiative was favourable, since the enterprise-level union was looking for a way to handle issues of workers' rights globally in EuroCorp;

> It all started in mid 1990s. The reason was that at that time EuroCorp was being questioned regarding how EuroCorp handled issues mainly related to child labour, working environment, salaries, etc., in different countries. We [i.e., the enterprise-level union] wanted to have a general EuroCorp view of how to treat employees regardless of where production was located.[2]

When discussing what he meant by "being questioned", it became clear that the questioning mainly came from members of the EuroCorp enterprise-level union and the international union movement. At that time, few, if any, other stakeholders were discussing these issues with EuroCorp. The EuroCorp manager then responsible for these issues confirmed this, claiming that at that time there was no pressure from customers, investors, media, or stakeholders other than the unions to adopt either a code of conduct or an IFA.

After some internal union discussion, representatives of the EuroCorp enterprise-level union approached the relevant corporate manager with the IFA idea. As this manager recalled,

> In conjunction with a EuroCorp labour union World Works Council meeting, the question about an agreement arose. It was probably the global union federation that pushed for this issue and then the question came to me. The EuroCorp enterprise-union representatives posed the question: Shouldn't EuroCorp have such an agreement that more formally regulates how we, the union, and you, EuroCorp management, work together? I responded: It is possible. Leave the issue with me and I will consider it.

Internal corporate resistance to codifying responsibilities

Shortly after this approach by the EuroCorp enterprise union, the relevant EuroCorp managers discussed the idea of an IFA. Although the managers saw few direct problems with having such an agreement, there was general scepticism toward codifying workers' rights issues. As one manager explained,

> We discussed it internally, and my opinion was that there was nothing really stopping us from formalising what we were doing anyway. There is always, however, a risk when you start formalising, that things will become too rigid. I mean, it was not that the [EuroCorp enterprise-level] union was trying to fix something that was not working, and it was not that we wanted to fix something that was not working. Rather, I guess both parties felt that things were working very well. At that time, we had rules and agreements at the European level that regulated European corporate–union relations. If you really followed all these rules to the letter, it would become extremely bureaucratic and we felt that we had a more natural and productive way of working. So there was some fear or scepticism regarding what such an agreement would yield. But for some reason I felt that maybe we should have an agreement, because they [the EuroCorp enterprise-level union] would not let this idea go.

Some key top managers also objected that codifying practices and responsibilities would make it very rigid. As one of the involved EuroCorp managers recalled,

> We talked to top management, who were sceptical about the code of conduct idea. They basically reasoned as we did, but as top management they could decide that we should not have such an agreement. It would become too rigid.

This led the process to somewhat of a halt. At the same time, the EuroCorp manager mainly responsible for union relations perceived that the enterprise-level union would simply not accept a negative answer regarding the development of an IFA. This perception seemed correct, with union representatives continuing to inquire regularly into whether it would be possible to develop an IFA.

Moving forward with a code of conduct

In the late 1990s, the process regained momentum with a working group being created to develop a code of conduct. Hence, the emphasis shifted at this time from a negotiated IFA to a unilateral code of conduct. The external actors pressuring for the formalisation of EuroCorp's CSR engagement into a policy document had also broadened from mainly the union movement, so as now to include investors and media. As one EuroCorp manager recalled,

> In the late 1990s, there were more and more discussions about ethics, and I felt that this was no problem for us. We had handled these issues well already. Then I started receiving questions. 'Do you have this in writing', and I'd answer, 'No, it is not necessary – we have worked this way for years'. The answer I got back, for example, from investors analysing companies, was then, 'How do we know that this [i.e., what

you say] is correct when it is not documented? You say so, but we need something tangible'. … The pressure was not only from investors but also from other actors, such as the media, who asked if there were any documents to look at. That was when I thought that we needed to document this. … I received so many calls and had to spend so much time talking about this. And in the end I always got the comment, 'But it is not documented! I don't trust it, because it is only something that you are saying now'. That was when I decided that the external demands were increasing to such an extent that we had to document what we stood for. It was not enough to say it.

At this time, the corporate manager responsible for the code of conduct process had no plan to turn the code of conduct into an IFA.

I did not even consider turning the code of conduct into an agreement. My only idea was to publish a code of conduct that was consistent with what one would expect such a code to include.

In sharp contrast, the enterprise-level union representatives perceived the process of developing a code of conduct as the next step toward reaching an IFA, and were convinced that the workers' rights part of the code of conduct would eventually become an agreement.

They [i.e., EuroCorp] said that when the code of conduct had been developed, they would sign [an IFA]. They said, 'Yes, we will sign – we promise to sign – but we have to do this first. When the code is adopted, we will continue with our process and sign [an IFA]'.

The code of conduct working group consisted of two EuroCorp representatives, one external consultant, and a national-level union representative. Hence, the union movement was represented in the process, but not in the form of either the enterprise-level union or the global union federation. This might be somewhat surprising, given that it was these two actors that had instigated and driven the IFA question at EuroCorp to that point. One of the EuroCorp managers explained why they had chosen a national rather than enterprise-level union representative:

Our idea was probably not to get into negotiations. If it had been the enterprise-level union representative, it would have turned into negotiations. He would have taken the EuroCorp union position, so in retrospect it feels like it was the right choice. The chosen national-level union representative was also the person responsible for EuroCorp in the national union.

The enterprise-level union representatives saw no problems with having this particular national union representative participate in the code of conduct process to represent the union movement's agenda. As one enterprise-level union representative explained,

He [i.e., the national-level union representative] was our union expert. He had an impeccable reputation, was extremely knowledgeable, and had an outstanding network. From my perspective, he might as well

have been at EuroCorp. We were supportive of having him in the working group. It was our relationship with him that made all the difference, so from our perspective there was no big difference if it was he or I who was involved in the process … We talked weekly about all sorts of issues, met at least monthly, and travelled around the world together three–four times a year.

Relatively soon after its establishment, the working group had developed a unilateral code of conduct. The code was largely inspired by other companies' codes of conduct and by international guidelines, such as the UN declarations, the OECD principles for multinational corporations, the ILO conventions, and the UN Global Compact. As one manager recalled,

We discussed: How do you write? What have other companies done? We stole and borrowed sections and sentences from others. Copy and paste you might call it. Really, we were copying and pasting from the UN and the OECD, and that was not difficult. However, we did not simply copy passages without understanding what they meant. So we had to go into detail in all issues, to understand the meaning of what we were copying. We also added things that were appropriate from our perspective … In addition to other companies' codes of conduct, the OECD was important, and after that it was the ILO conventions, the Global Compact, and the UN human rights agreements.

Moving from a code of conduct to an international framework agreement

When the code of conduct process was completed with the adoption of the code, discussions of an IFA came to the fore again. The IFA discussions, which had been ongoing parallel with the code of conduct work, now regained momentum. Specifically, the discussions now concerned converting the section on responsibilities for employees into an agreement. As one EuroCorp manager explained,

The enterprise-level union kept asking if we could move forward and sign an agreement now that we had the code. I resisted because I knew that I would never get top management approval for this. One of the comments I got from top management was: Well, we can do this, but what will we get out of it? I responded that the question was probably not what we would get; it was more a question of retaining what we had. We had very good relations [with the enterprise-level union], so we really had nothing to be afraid of. But they [i.e., top management] thought that this was naïve, and said that we would not sign. It simply remained for me to inform the union that there would be no agreement. Then we changed top management and the enterprise-level union came back and asked again. I raised the question with top management again, and said that to get some peace and quiet we should probably sign an agreement based on the code of conduct. This time my position was supported, and we eventually signed the agreement. It is a document that helped them [i.e., the enterprise-level union] to achieve an agreement that was so important to them, and since the agreement was based on our code of conduct it meant no additional

responsibilities for us and did not change our practices, for better or worse.

As another manager further explained,

> After we had the code, the enterprise-level union wanted an agreement. The code was a unilateral statement really. Although union representatives had been involved in the process, it was our, and not the enterprise-level union's, position. That was why they wanted it signed. I think it is a bit strange, because if we say that we have adopted this policy and put our company name on it, we will live by it – no doubt about that.

Hence, the EuroCorp managers perceived that an IFA – in addition to the already adopted code of conduct – had limited value to the company in terms of either external symbolic importance or changes in corporate processes. This point was further supported with reference to the lack of internal and external communication when the IFA was signed:

> Well, we made an agreement with our union; it is not something that we wrote press releases about.

Before reaching the actual agreement, several difficulties had to be overcome. First, there was debate regarding who in the union movement should sign the IFA, with the GUF wanting to sign. EuroCorp management, however, resisted this, insisting on the agreement being signed by the enterprise-level union.

> The question was who should sign the agreement, whether it should be we [i.e., the GUF], the European union federation, or the enterprise-level union. But it was completely clear, to have an agreement that was legitimate worldwide, the only option was for us [i.e., the GUF] to sign such an agreement. This was the appropriate solution according to us.

> We [i.e., EuroCorp management] did not want to sign an agreement with a global union. It was not that type of agreement. I mean regardless, it was never a possibility. But I know that they raised this matter. It was what they wanted. To this I responded, 'Never'. Our agreements are for our employees, and this [the IFA] specifies a way to act towards our employees. This was not a cunning strategy to avoid any legal responsibility, but rather an emotional decision. Why should we make an agreement with a GUF? Implicitly, the GUF does not really have anything to do with what we do.

The enterprise-level union occupied a middle position in this debate; as their representatives recalled,

> We faced a dilemma as enterprise-level union representatives. We really wanted this agreement and EuroCorp refused to enter into an agreement signed by the GUF.

The GUF claimed to have the right to sign the agreement, because without their signature the document would not be worth anything. We had to try to explain to them that if we did not find a solution there would no agreement at all, and this was not our aim and could not be the GUF's aim either. The alternative was to have no agreement at all. It was that bad. We would then have had to move forward ourselves without the GUF.

The eventual way out of the impasse was for the enterprise-level union to sign the agreement as a representative of both the EuroCorp workers and the GUF. This was more in line with the position of EuroCorp and the enterprise-level union than with the GUF's original position.

Additional difficulties included the level of detail in the IFA content, the issue of supplier responsibilities, and control structures for the agreements. Regarding the level of detail, one EuroCorp manager explained and an enterprise union representative later elaborated, as follows:

Short is good … It was a conscious strategy to keep the text short and general rather than very detailed.

Representatives of the GUF argued that all the details should be regulated in the agreement. Everything that is not regulated is a restriction, while we saw it the other way. The agreement should include as little detail as possible, to give us as much freedom as possible. Their ideas were based on the notion that you [i.e., the company and the union] cannot trust each other so everything should be regulated. Our ideas were based on the notion that you should trust each other. If there are some problems, you have to sit down in a working group and solve them.

Regarding supplier responsibilities, EuroCorp managers were not prepared to include strict paragraphs regarding the applicability of the agreement to suppliers' operations. Again, this was in conflict with the GUF position, placing the enterprise-level union in the middle. As one enterprise-level union representative explained,

I fully understand their [i.e., EuroCorp's] position. To exert control over the largest suppliers is reasonable, because they buy so much and should then make demands. And they [EuroCorp] were not against that. But this was not the demand of the GUF: [they wanted] every supplier and sub-supplier should be included, and it should be possible for the GUF to monitor the working conditions at these suppliers. Of course, EuroCorp claimed: we are doing a good thing here, trying to sign and abide by these rules, and then someone would be able to enter through the back door, throwing more dirt at us than at any other company because we are in the front line. We will be one of the first companies with such an agreement. So there was fear from the corporate counterpart. We [i.e., the enterprise-level union] were telling the GUF to tone down these supplier demands, because it is not going to happen. It was one of the biggest issues in the negotiations.

Finally, there was also conflict regarding the extent to which GUF representatives would be involved in the IFA implementation structures. As one EuroCorp manager recalled,

> The GUF representatives involved in the discussions were of the opinion that there should be a working group with union representatives [i.e., including GUF representatives] that should monitor compliance globally. We [i.e., EuroCorp] basically said that this was never going to happen. Anyone from the enterprise-level union knows that they are allowed to go anywhere they want: EuroCorp has opened and will open all possible doors for them. They can look at whatever they want, whenever, but we are not going to create some sort of task force that attempts to expose non-compliances. This is not the way we want to run EuroCorp. The GUF representatives still felt that it had to be an external working group – this was the only way to provide trustworthy monitoring. And then we simply had to explain that if this was their absolute demand, we would not reach an agreement. Then we would not even have to discuss IFAs any more, since it is we who decide how to run EuroCorp. We have nothing to hide, but we are not going to change our corporate culture into a culture of ambushing.

In all these conflicts, the outcome was almost completely in line with the EuroCorp management and EuroCorp enterprise-level union position. Hence, the GUF had limited success in influencing the content and implementation of the IFA. Interestingly, the conflicts were mainly between the EuroCorp management and enterprise-level union on the one side and the GUF on the other, i.e., EuroCorp management and the enterprise-level union often had similar positions.

The lack of expected motives for IFA adoption

Prior research has identified four main plausible reasons why corporations adopt IFAs: i) to retain, restore, and/or improve legitimacy, ii) to avoid governmental interference, iii) for ethical reasons, and iv) to achieve competitive advantages. Of these explanations, the legitimacy explanation is the one best supported in previous research.

However, legitimacy does not seem to account for why EuroCorp adopted an IFA. First, EuroCorp was not the target of any activist campaigns or media 'scandals'. In fact, during the IFA adoption process (1996–2003), there was little, if any, external pressure on EuroCorp to adopt an IFA. The only external pressure EuroCorp experienced during the process was media and investor pressure in the late 1990s to develop a code of conduct. Hence, EuroCorp's adoption of an IFA can hardly be seen as a *reactive* response to activist pressure, which is identified as a key reason for corporate adoption of IFAs (Miller, 2004; Riisgaard, 2005) and codes of conduct (e.g., van Tulder and Kolk, 2001; Graafland, 2004; Wright and Rwabizambuga, 2006).

Although it was not a reactive response, the IFA adoption could be a *proactive* strategy for improving legitimacy (cf. Sethi and Sama, 1998). By signing an IFA, EuroCorp could benefit from being publicly perceived as a responsible corporation. To date, however, EuroCorp has rarely communicated either internally or externally

that it has signed an IFA. This is not related to EuroCorp being passive in communicating its CSR activities. On the contrary, EuroCorp, for example, has a section on its website devoted to CSR, publishes an annual CSR report, and conducts extensive internal worldwide training in CSR. In all these activities, EuroCorp emphasises its various CSR efforts in the form of, for example, participation in the UN Global Compact and World Business Council for Sustainable Development, its community involvement projects, and its rankings in the Dow Jones Sustainability and FTSE4Good indexes. Interestingly, EuroCorp also frequently refers to its code of conduct in both internal and external communications. However, rarely, if ever, is it mentioned that the workers' rights part of the code of conduct is an IFA. Hence, it is implausible that EuroCorp adopted an IFA as a proactive strategy for improving legitimacy – at least if we assume that EuroCorp is not incompetent in communicating its CSR initiatives (existing data actually point to EuroCorp being skilled in such communication).

It is here important to distinguish EuroCorp's motives for adopting the code of conduct from its motives for adopting the IFA. It is possible, even plausible, that EuroCorp adopted its code of conduct at least partly to improve its legitimacy. As some of the involved actors in the process noted, codes of conduct were becoming standard among international TNCs and there was mounting external pressure for EuroCorp to develop such a code. Hence, EuroCorp's adoption of a code of conduct can be understood as an isomorphic response to external pressures to gain legitimacy (e.g., Meyer and Rowan, 1977; DiMaggio and Powell, 1983; Long and Driscoll, 2008). However, isomorphic responses do not explain why EuroCorp took the extra step and also signed an IFA, since few companies at that time had signed them.

If a desire to retain, restore, or improve legitimacy cannot explain EuroCorp's adoption of an IFA, perhaps the second explanation, i.e., avoidance of government interference, can. Although none of the involved actors explicitly referred to potential future government involvement in regulating workers' rights, it is of course possible that this was an implicit reason for EuroCorp's adoption of an IFA. However, while the argument that adopting codes of conduct could serve as a strategy to crowd out governmental regulation is partly reasonable (cf. Bartly, 2005), the argument that the extra step of also adopting IFAs will have any such effect is implausible. Unions' roles and influence in industrial relations systems have been challenged over the past decade by declining membership in Western countries (e.g., Wills, 1998, 2002) and low or virtually non-existent membership in developing countries (e.g., Chan and Ross, 2003; Valor, 2005). In addition, unions' legal and political influence has decreased in the face of the neo-liberal political agenda that dominates Western politics (e.g., Wills, 1998; Connor, 2004; Eade, 2004). This declining influence has been explained by claims that the collectivist ideology of unions has become outdated as work has become individualised (Allvin and Sverke, 2000), roles and identities have been reframed as individual service production (Phelps Brown, 1990; Bassett and Cave, 1993), and individuals have come to be more influenced by their role as consumers rather than as producers (Giddens, 1991; Lyon, 1999). Hence, unions are struggling to retain their legal and political influence, making it unreasonable to assume that without the voluntary corporate signing of IFAs a sharpened legal framework for union rights would emerge. Consequently, while avoidance of government involvement *might* indirectly accounted for EuroCorp's adoption of a code of conduct, it is implausible that it was a reason for adopting the IFA.

The third explanation – ethical reasons – is somewhat difficult to evaluate. The involved actors seemed genuinely concerned about the conditions in EuroCorp's and its suppliers' operations. The interviewed corporate representatives, however, did not seem to regard this as the key motive for adopting an IFA – although the existence of moral reasons certainly did not damage the process. The EuroCorp managers perceived that EuroCorp was already operating in a responsible way and that an IFA would imply few, if any, actual changes as compared with solely having a unilateral code of conduct. Finally, the fourth explanation – to achieve competitive advantages – is somewhat vague and will be returned to after a discussion of the actual plausible reason for EuroCorp's signing of an IFA.

An alternative conceptualisation of stakeholder pressure

Retaining trusting corporate–union relations as a motive for adopting IFAs

The above discussion has indicated that an adequate explanation of why EuroCorp adopted an IFA is not to be found among the main reasons presented in previous research. The findings of this study indicate that this is due to the same reason that there is only sparse research into IFAs, i.e., the neglect of the union perspective in the business ethics literature.

The union movement – in the form of a global union federation – was the instigator of the code of conduct and IFA processes. The union movement – in the form of the enterprise-level union – also between 1996 and 2003 consistently pressured EuroCorp's top management to adopt an IFA, and the union movement – in the form of the national-level union – was part of the working group that developed the code of conduct. Hence, the union movement was a central actor in many different aspects of the IFA process. As evident in this case, EuroCorp managers also argue that pressure from the enterprise-level union was the key instigator of the process and that the motive for adopting an IFA was to retain a positive corporate–union relationship. As one manager framed it,

> The enterprise-level union kept asking if we could move forward and sign an agreement now that we had the code … For some reason I felt that maybe we should have an agreement, because they [the EuroCorp enterprise-level union] would not let this idea go … I raised the question with top management again and said that to get some peace and quiet we should probably sign an agreement based on the code of conduct.

Hence, it is reasonable to conclude that the main, and perhaps only, reason why EuroCorp took the additional step of adopting an IFA was that the enterprise-level union continuously pressured it to do so and that EuroCorp wanted to retain the perceived positive corporate–union relationship. This empirical finding illustrates the importance of including an analysis of the role of unions in studies of CSR in general and of codes of conduct and IFAs in particular (cf. Michalos, 1997; Leahy, 2001; Riisgaard, 2005; Provis, 2006; Egels-Zandén and Hyllman, 2007). It also illustrates that our understanding of corporate motives for adopting IFAs must be broadened – as compared with the four previously identified motives for adopting codes of conduct – also to include the motive of preserving and/or improving corporate relations with the union movement (especially the enterprise level in the union movement).

A continuous bargaining model of stakeholder pressure

The case findings illustrate the importance of including an analysis of the union movement in CSR studies in general and in studies of corporate motives for adopting IFAs in particular; as well, it points to an important conceptual limitation of previous code of conduct, IFA, and more general CSR research, regarding how to conceptualise stakeholder pressure. From a general perspective, the EuroCorp case findings could be interpreted as supporting the argument that companies adopt IFAs in reaction to stakeholder pressure to restore, retain, or improve legitimacy, which would support the main argument made in previous research into corporate motives for adopting codes of conduct and IFAs (e.g., van Tulder and Kolk, 2001; Graafland, 2004; Miller, 2004; Riisgaard, 2005; Wright and Rwabizambuga, 2006). However, when these previous studies discuss stakeholder pressure and legitimacy, they mainly refer to pressure in the form of consumer campaigns, media tactics and 'scandals', and legitimacy in the eyes of the public. This is also why the notion of corporate brand is so closely linked to reasoning as to why companies adopt codes of conduct, IFAs, and CSR policies (e.g., Sethi and Sama, 1998; Diller, 1999; van Tulder and Kolk, 2001; O'Rourke, 2003; Roberts, 2003; Graafland, 2004; Wright and Rwabizambuga, 2006; Bartley, 2007; Ählström and Egels-Zandén, 2008).

The EuroCorp case illustrates a very different dynamic. While the corporate adoption of an IFA was driven by stakeholder pressure, this pressure did not take the form of discrete campaigns and the expected corporate gain from signing an IFA was not an improved brand or improved legitimacy in the eyes of customers or the public. Instead, in the studied case, stakeholder pressure was embedded in a long-term continuous corporate–union relationship, and the purpose of signing the IFA was to retain this trusting relationship. Hence, the findings imply a different model of stakeholder pressure from that identified in previous research.

Previous research has not identified the possibility of a complementary long-term embedded stakeholder pressure model, likely because most empirical processes for adopting codes of conduct and other CSR policies in response to stakeholder pressure have been instigated and driven by non-governmental organisations (NGOs) rather than labour unions (e.g., van Tulder and Kolk, 2001; Roberts, 2003; Graafland, 2004; Wright and Rwabizambuga, 2006; Ählström and Egels-Zandén, 2008). Hence, the empirical basis on which conceptual frameworks of stakeholder pressure have developed has been fairly homogenous (at least in this respect).

Although NGOs and labour unions often share the same objective of improving workers' rights (cf. Braun and Gearhart, 2004; Compa, 2004; Egels-Zandén and Hyllman, 2006), there are central differences between how they operate, leading to different stakeholder pressure strategies. NGOs usually have relatively unstable financial resource bases, with financial support from governments and other funders being determined on a yearly basis. This causes NGOs to concentrate on influencing corporations in highly visible discrete campaigns (cf. Braun and Gearhart, 2004). Furthermore, NGOs have not traditionally been involved in ongoing negotiations in industrial relations systems, making NGOs outsiders when it comes to workers' rights issues (cf. Dunlop, 1958; Bamber and Lansbury, 1998). Hence, researchers studying processes led by NGOs find and conclude that codes of conduct, IFAs, and CSR policies are more generally motivated by stakeholder pressure in the form of discrete

(often highly visible) activist campaigns with the purpose of achieving improved legitimacy in the eyes of consumers and the public.

In contrast, when stakeholder pressure primarily comes from the union movement – especially from influential parts of the union movement, as was the situation in the EuroCorp case – it has a different character. Unions, together with corporations and governments, are the key actors in industrial relations systems (Dunlop, 1958; Bamber and Lansbury, 1998), and are consequently involved in long-term continuous relationships with corporations. In addition, unions have relatively stable financial resource bases stemming from their memberships, and union officials are held accountable to their constituents over a longer time period. All this leads to union influence strategies being embedded in a well-established tradition of continuous bargaining regarding many local, national, and international issues, of which codes of conduct, IFAs, and CSR policies are often not even among the most important.

These differences lead to two different conceptual models of stakeholder pressure. Table 1 illustrates the differences between: i) a model dominating previous research (e.g., as illustrated in the research into corporate motives for adopting codes and IFAs), which stresses that stakeholder pressure stems from discrete, highly visible activist campaigns evoking corporate responses aimed at restoring or improving corporate legitimacy in the eyes of customers, investors, and the public, and ii) a proposed model stressing that stakeholder pressure is embedded in long-term, continuous bargaining corporate–stakeholder relationships.

Characteristics	Traditional model of stakeholder pressure	Complementary model of stakeholder pressure
Issues	Single issues	Multiple issues
Frequency	Discrete campaigns	Continuous bargaining
Public visibility	High	Low
Purpose	Improved legitimacy	Retained trusting relations

Table 1: Differences between a traditional and a complementary conceptual model of stakeholder pressure.

As seen in Table 1, there are four main differences between these conceptual models of stakeholder pressure. First, the traditional model frames stakeholder pressure in relation to single issues, such as the adoption of codes of conduct and responsibility for suppliers' operations. In comparison, the proposed complementary model frames stakeholder pressure in relation to multiple issues; issues such as codes of conduct, IFAs, and supplier responsibility are but a few of the many issues covered in the firm–stakeholder relationship – and not necessarily among the most important matters involved in the relationship. In the studied case, this difference is illustrated by the fact that investor and media pressure (in relation to workers' rights issues) focused on making EuroCorp adopt a code of conduct, and even more specifically, primarily to develop a policy regarding child labour. In contrast, labour union movement pressure focused on codes of conduct, IFAs, and many other related workers' rights issues (e.g., staffing, workers' shifts, working hour regulations, and salaries).

Second, the traditional model conceptualises stakeholder pressure as discrete activist campaigns, while the proposed complementary model conceptualises such pressure as long-term continuous bargaining. In the studied case, this difference is illustrated by the discrete – sometimes cyclic – attention paid to workers' rights issues by the media and investors. Although workers' rights issues have been a 'hot topic' since the late 1990s, it still only receives piecemeal attention, at least in relation to specific companies. In comparison, union movement pressure in relation to workers' rights had been ongoing and systematic since the founding of EuroCorp. An institutionalised bargaining relationship had developed over the years, allowing the matter of an IFA to be consistently discussed from 1996 to 2003 and the implementation of the IFA to be linked to EuroCorp's global World Works Council founded in the 1970s.

Third, in the traditional model of stakeholder pressure, public campaigns, media coverage, and 'scandals' are important, while in the proposed complementary bargaining model, conflicts are often kept out of the spotlight. As several of the interviewed union representatives noted in the studied case,

> Our [the corporate–union] relationship builds on [the assumption] that you nurture the relationship and do not discuss conflicts externally. We would never 'trash talk' the corporation externally or in the media. Internally, there could be extremely heated debates, but externally – never ever. We could be furious with them, but if the media called, we would say nothing of our conflicts.

Fourth, as noted above, the traditional model of stakeholder pressure conceptualises the purpose of stakeholder pressure as threatening the legitimacy of the firm in the eyes of its customers and the public, while the complementary model emphasises the endeavour to retain a trusting relationship – in this case, a trusting corporate–union relationship – as the main purpose.

Two quotations from the conducted study illustrate well how the four aspects of the complementary model of stakeholder pressure interlink in practice. The multiplicity of issues, continuous bargaining nature, and trusting relations are illustrated in a quotation from one EuroCorp manager, reflecting on the legal status of IFAs:

> I don't know if it is legally binding. Well, I don't think so. Maybe I am naïve if I ask 'Does it matter?' If EuroCorp formally codifies something, it should be followed. And I cannot imagine a situation in which would say that we did not wish to follow such and such a document simply because it was not legally binding. I know that some managers were scared of exactly such questions, thinking that they [i.e., the enterprise-level union] would use them against us. However, if you have lived with EuroCorp you understand that the EuroCorp union is not sitting and waiting for an opportunity to drive a dagger into your back because you agreed to something. It is not that kind of relationship that we have, and we need to be careful that we do not create such a relationship either. You have to put aside your suspicions regarding what they [i.e., the union] mean and why they are doing this … Since the 1980s – well really long before then – there has been very productive collaboration between the management of EuroCorp and the enterprise union. I think that many can testify that this is the case.

Interviews with union representatives provide a similar illustration of the complementary model of stakeholder pressure:

> I think that it is relatively unique, even internationally, to have the type of relationship that we have [with corporate management]. This relationship has been nurtured over the years – it is not something that emerges from one year to another. Historically, we have had an understanding of one another's differences and have respected one another. The goal has always been the same, but we have been very aware of one another's roles.

In a continuous bargaining model of stakeholder pressure, even the boundaries between the firm and the stakeholder are sometimes less clear than traditionally envisioned. This is especially so in relation to enterprise-level unions made up of the corporation's employees. As one manager put it, "The enterprise level union is absolutely an integral part of us [i.e., EuroCorp]."

These quotations depict the logic of a complementary continuous bargaining model of stakeholder pressure. In such firm–stakeholder relationships, the relationship itself can be seen by the firm as a valuable resource. Several EuroCorp managers claimed that the trusting corporate–union relationship was key to EuroCorp's ability to do business successfully, and the relationship was seen as a source of competitive advantage vis-à-vis EuroCorp's competitors. Hence, EuroCorp's motive for adopting an IFA was to retain the trusting corporate–union relationship in order to retain one of its competitive advantages. This study's findings support the claim that CSR activities can provide competitive advantages, although this was achieved differently than is proposed in previous research (cf. Waddock et al., 2002; Christmann and Taylor, 2002; Bondy et al., 2004).

In sum, stakeholder pressure can take many forms, and the study of why EuroCorp adopted an IFA indicates that we need to complement existing research with a continuous bargaining model of stakeholder pressure to capture this diversity more fully. As shown in the above discussion, the traditional discrete campaign model and the proposed continuous bargaining model of stakeholder pressure can co-exist in practice, as firms are pressured in different ways at different times. In the specific EuroCorp case, the traditional model of stakeholder pressure led to the adoption of a code of conduct, while the complementary model led to the adoption of an IFA. The important thing here is not this end result, which could certainly differ in other cases, but the recognition of another conceptualisation of stakeholder pressure that broadens our understanding of firm–stakeholder relationships.

Conclusion

This paper has started to fill the research gap regarding why corporations adopt international framework agreements (IFAs), based on a qualitative study of the process leading to a recent such agreement. The study's findings challenge existing findings as to why corporations adopt IFAs, codes of conduct, and/or CSR policies/practices, by indicating that corporate motives can be linked to retaining a trusting relationship with the labour union movement (especially at the enterprise level). Hence, our understanding of corporate motives for adopting IFAs must be broadened – as compared with the four previously identified motives for the adoption

of codes of conduct – also to include the motive of preserving and/or improving relations with the union movement.

This paper's findings also indicate that how enterprise-level unions (and the union movement more generally) influence corporate decision-making differs from how stakeholder pressure has been conceptualised in previous research. While previous research has been based on a discrete campaign model of stakeholder pressure, this paper demonstrates that such a model needs to be complemented by a continuous bargaining model of stakeholder pressure. These models differ in four important respects: i) issues included in stakeholder pressure (single versus multiple issues), ii) frequency of stakeholder pressure (discrete campaigns versus continuous bargaining), iii) public visibility of stakeholder pressure (high versus low), and iv) the purpose of corporate responses to stakeholder pressure (improved legitimacy in the eyes of customers and the public versus a retained, trusting firm–stakeholder relationship).

This paper has several important implications for future research. First, it provides empirical and conceptual support for the claim that business ethics scholars need to pay increasing attention to labour union involvement in CSR issues. Second, it demonstrates the need for business ethics and industrial relations scholars to shift their focus from purely unilateral codes of conduct to negotiated international framework agreements. Third, it demonstrates that future research is needed to explain why motives for adopting IFAs differ between companies (for example, between EuroCorp and Chiquita), and why corporate motives differ between the adoption of IFAs and of codes of conduct. Fourth, while this paper starts to tease out why corporations adopt IFAs, future studies could analyse why corporations do *not* adopt IFAs (analysing, for example, failed IFA negotiation processes). Fifth, future research is also needed to determine whether the proposed continuous bargaining model of stakeholder pressure is unique to the workers' rights realm and to corporate–union relationships, or whether it could be expanded into other realms and other firm–stakeholder relationships. Sixth, future research needs to address the question of stakeholder influence strategies more generally (cf. Frooman, 1999; de Bakker and den Hond, 2008), and explain when and why stakeholders' choose a continuous bargaining strategy as compared to a discrete campaign strategy. For example, are continuous bargaining strategies more likely in high-, as compared to low-, interdependence firm-stakeholder relations (cf. Frooman, 1999), and are primary stakeholders more likely than secondary stakeholders to use this strategy (cf. de Bakker and den Hond, 2008)? Finally, more research is needed into corporate practices following the signing of an IFA, in other words, more research is needed into the intricate process of actually implementing IFAs.

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[1] "EuroCorp" is an anonymised name that has no reference to either the studied TNC's name or any firm and/or organisation actually named "EuroCorp".

[2] Interested readers can contact the author for access to transcripts of the conducted interviews.

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