

## CHAPTER II

### METHODOLOGY

#### II.1. Trade union ranking of multinational companies

Davide Dazzi

*From data gathering to positioning. A multidimensional analysis: objectives*

In contrast with the growing tendency to position TNCs (Transnational companies) in rankings based on economic, productive and market performances, a trade union ranking aims at comparing TNCs based on criteria which are able to interpret the social dimension and the attitude towards trade unions of the involved companies. Having a close relation with the document by the European Trade Union Federation on Corporate Responsibility (ETUC Toolkit on Corporate Social Responsibility), this trade union ranking aims at enabling a synergic dialogue among the elements that take part to industrial relations and social responsibility, avoiding the contrast that usually characterizes the relation between these two thematic areas.

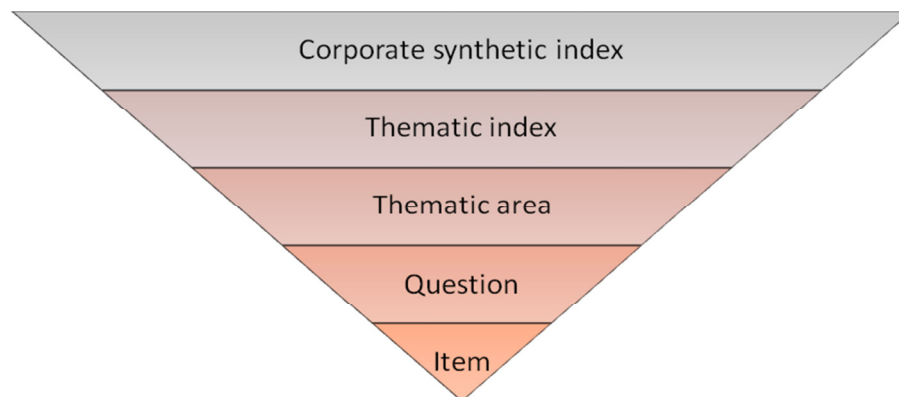
And since it is oriented towards a dialogue among various thematic areas, the development of a trade union ranking is a work in progress, with an experimental phase which included 100 TNCs, that will end with the press conference in Budapest in March 2017, is following an adjustment and tuning phase that will conclude itself after publishing the trade union ranking on 200 TNCs during a press conference in Brussels (November 2017). The experimental phase is useful to gather indications, suggestions and integrations by the company management and the various union expressions, and capitalize as much as possible on the experience gained during the management and procedural process.

*Hierarchical structure and weighing of information*

The structure of the TNC data collection sheet rests on a hierarchical matrix where the smallest information unit is the *item*, or the accurate information on the TNC:

- we may answer a question with one or more *items*,
- a thematic area includes multiple questions,
- a thematic indicator includes one or more thematic sections
- five different thematic indicators correspond in different forms to the univocal indicator.

**Figure 1 – Hierarchical structure of information**



The relation among individual hierarchical levels, meaning the incidence that an inferior level has on a superior one, is determined by attributing a different weight and following different paths based on the relevant hierarchical level. A top down approach, agreed among the group, was decided for the higher levels of the hierarchy to assign a heavier weight to trade union matters when calculating the synthetic univocal indicator, to give more importance to the trade union nature of this ranking process. We therefore decide to assign a weight of 52 (out of 100) to the dimensions which are more directly connected with Social Dialogue (26), social responsibility (16) and working conditions (10). All other dimensions will have a weight of 12 (out of 100). This implies that when the univocal synthetic data is read (and therefore the overall ranking) it is necessary to take in account that the indicator is mainly explained by the dimension that can be influenced more easily influenced by trade union behavior. While the indicators for a single dimension, if taken as distinct indicators, may be compared since they are built on the same scale and equivalent weight. We then agreed with the working group (a team of experts composed by the project manager, thematic experts, the web developer and the head of the research section) to select among all the information *items* only those that were useful to the calculation of indicators and those that were instead only information.

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In the following hierarchical phases, the weight every single *item* in relation to a single question and the importance of a question within the thematic area was determined by individual experts working in the group. Each expert was then called to identify for their area of expertise, a hierarchical order among the various *items* (functional to calculation) of a question and among the various questions of a thematic section. Following the hierarchical orders of experts, they were then repositioned and re-proportionated on the same range (base 0-1) to make the information more easily comparable and to proceed homogeneously to calculate the thematic indicators.

The indicators are developed on an ascending scale, meaning that the presence or absence of an element or the intensity of a phenomenon should be seen as positive and contributing to increasing the score of a single thematic indicator and, therefore, also of the final synthetic univocal indicator. The wording or the nature itself of some questions doesn't allow a positive evaluation since the presence of a specific element or the major intensity of a specific phenomenon may only be seen as negative and therefore should not increase the score of thematic indicators (an emblematic example are deadly accidents: the higher the rate, the lower the contribution to the indicator referred to by the question).

This is the reason why we have chosen to identify questions with an inverse direction and act with following a dual modality. In most cases, we proceeded to invert the scale, remaining in the 0-1 range, deciding to assign a lower score according to the presence or absence of an element or the growing intensity of a phenomenon. In addition, concerning some crucially important questions for experts, we have decided to assign a negative score when in presence of an element or the growing intensity of a specific phenomenon, ranging from -1 and +1, therefore highlighting the serious and contradicting nature within a logic of trade union ranking. Following the experimental phase, we have decided to establish logics between questions bringing the indicator of a whole thematic dimension to zero in presence of some specific company behaviors (for example the production of weapons means your environmental and social responsibility indicator will be zero).

### *Multidimensional approach*

We intend to follow a model of trade union ranking that is not developed upon one single synthetic indicator, but on the interaction of more thematic indicators according to a multidimensional approach, appropriate to studying working conditions in Italy. The dimensions of a thematic indicator, which by interaction will result in the synthetic indicator, are 5:

Trade union dimension.

The trade union dimension is composed by three thematic areas complementary to one another:

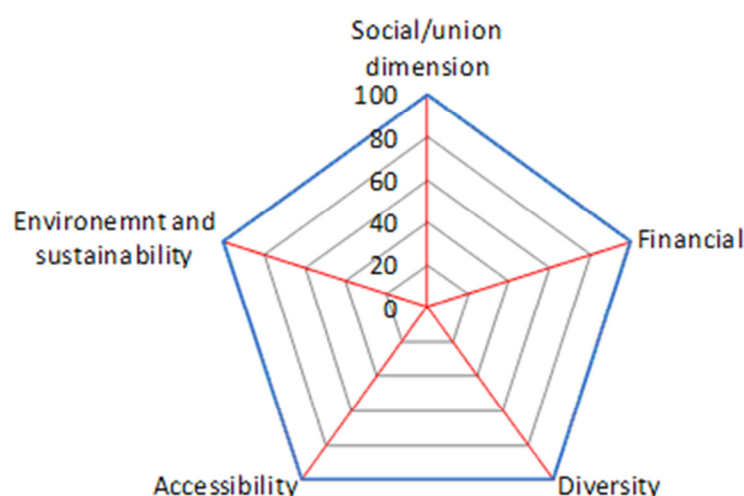
- Social dialogue, aimed at gathering information on the procedures of information and consultation which are active at a European and global level, the presence of transnational agreements, and the various contract levels and information and consultation bodies;
- Corporate social responsibility (CSR). Gathering information on standard implementation, social certifications, presence of social balance and modalities of social reporting, extension of social responsibility policies and tools for monitoring;
- Work conditions present in the TNCs which are called to give information on health and safety, company training, company welfare and accessibility policies regarding the organization of events and internal meetings;
- Financial dimension, where data on company balance is gathered, on its transparency and on the financial investment and fiscal optimization policies.
- Diversity dimension, where we attempt to understand the company profile regarding policies in support of maternity and parenthood, equal opportunities among genders, ethnic origin, religious beliefs and food choices, and the human rights culture and policies to contrast child labor. ;
- Accessibility dimension for people with disabilities, the objective of which is to gather information on inclusive company behaviors and policies, in favor of people with suffering from disabilities, and on the implemented tools to favor a full accessibility of the working place;
- Environmental dimension, the aim of which is to gather information on environmental management models, on the presence of operations in sectors with strong environmental impacts, on the company commitment towards containing the use of fossil fuels, the hydric footprint, waste production and in general on the environmental footprint of workers.

During the course of the experimental phase, the number of items has been greatly reduced if compared to the initial version (around 100 items) and some modifications have been introduced to the content accepting the suggestions advanced by the management of the involved companies, trade union organisations and non-governmental organisations and integrations resulting from a comparison with other initiatives or similar investigations, in particular:

- CEO salary to allow a comparison with average workers' wage
- More precise indication of fiscal optimization procedures
- A more precise indication of the charity activities of the involved subjects.

The multidimensional approach, contrary to a univocal indicator, has an advantage in terms of organization and policy. On one hand, it does not express a single positioning of the involved TNC, but allows to map the positioning on 5 different axis at the same time, identifying the specificities and varying the final interpretation. On the other, the diverse mapping itself produces a useful tool to guide the TNC towards policies that can strengthen the dimension where a bigger delay is identified, and at the same time guide trade union actions, social claims and bargaining.

**Figure 2– The 5 dimensions of the trade union ranking**



### *Transparency indicators*

Together with the thematic and synthetic indicators that allow to map the repositioning of a TNC based on the 5 dimensions of the trade union ranking, the structure itself of the TNC data collection sheet allows to establish three transparency indicators to measure the degree of openness (from which Open Corporation) and accessibility of information.

The indicators on transparency we have developed represent the very first data, partial and merely set up on quantitative criteria – which are the result of the pre-compiling phase by the project partnerships. The three transparency indicators are:

- 1) Web transparency index: it shows the degree of online availability of some information which the project partnership considered to be essential to determine the transparency of information in a company.
- 2) Social reporting transparency index: it is tied to the consultation of social reporting by research institutes which are partners of this project, and it shows the amount of information found on a predetermined set of information resulting from an analysis of different typologies of social reporting. The involved research institutes will be given a common list of information that can be easily found on social reports.

For further information, see paragraph “Pre-compiling 2.0 and transparency indicators”.

### *Compiling process*

The process for compiling the TNC data sheet develops along four lines that are complementary and strictly connected to one another, and preceded by a preparatory activity:

- preparatory activity to generate access credentials for data gathering sheets and activate contacts with the company management. During this phase, a special attention will be dedicated to the various contact modalities with TNC managers (social networks, traditional mail, personal and company emails, linkedin or other forms).
- precompiling by the Filcams work group (project manager) through information gathering on the web and standardized research of online information. Precompiling has the merit of making the task of gathering information easier for the management, and contributes to developing semi-finished products on which it is possible to develop communication and solicitation actions towards the involved TNCs. At the same time, precompiling encounters some formal resistance since it proceeds to gather information from online channels, and therefore not necessarily from “institutional” sources of the TNC;
- to verify the reliability of the information gathered during the precompiling, the research centers involved in the project partnership will take care of verifying the data already loaded on the web platform, and in case enrich it, consulting the various forms of social and financial reporting that are available on the TNCs website: social balances, economic and financial balances, sustainability balances, integrated balances and so on. To standardize the work of the research centers we have produced a map of the available information on a heterogeneous sample of social and financial reports, indicating traceability as well, meaning the location of documents and some key words to make finding them easier;
- after passing through precompiling and control (integration) by research centers, the TNC data collection sheet is sent to the various management components of the TNC with skills and positions that are consistent with the thematic areas of the data sheet. The availability and willingness to fill in the TNC sheets by the management is strictly related to the efficiency of our communication campaign and the contact with the TNC developed during the precompiling phase.
- once completed by the management, the data collection sheet is sent to the European/Global sectoral trade union federation or, as an alternative, to the EWC (European Works Council) President, or other person with a coordination role in the

EWC, or if absent, to the representative of the European/Global trade union sector federation. In this case, the trade union functions as a "sentinel", which can verify the truthfulness and correctness of information provided by the company management and/or available online. If the verification by the trade union should discover inconsistencies, omissions or a weakness in information, and if obviously were it possible to demonstrate and/or integrate this, the individual indicators and as a consequence the final ranking, would be appropriately corrected based on a "complaint" system" shared and predefined together with the project group members and the legal expert. The "complaint" system causes a decrease in score proportional to the seriousness of the information deficiency and the strength of the support evidence presented (press articles, court rulings, agreements, inquiries...).

## **II.2. Pre-compiling 3.0 and transparency indicators**

Gabriele Guglielmi

The process of gathering data on a multinational company starts with a precompiling phase. The "Company compiler" receives a sheet with some already precompiled data, which can be modified or integrated. This precompiling serves also as a transparency factor, since it allows to understand the level of "accessibility" of information of general interest related to a multinational company.

Precompiling 3.0 has developed as follows:

The project staff, helped by research centers, has identified first 50, then 100 companies and finally 200; to better compare them, they have divided them in homogeneous groups: Nace doce, brand.

The following **public sources** were then consulted:

### **1. Public data base:**

- a) ETUI data base<sup>1</sup> on the establishment of an EWC, public availability of agreement, confirmation of negotiation process;
- b) data base<sup>2</sup> on transnational company agreements on the presence of a transnational agreement, the publishing of the text and the confirmation of the negotiation process;

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<sup>1</sup> <http://www.ewcdb.eu/>

<sup>2</sup> This database is managed by ILO and the European Commission. GUFs in some cases publish texts and/or lists of subscribed agreements, recognized by them; in connection with our facebook page

- c) “Societas Europea” (SE) data base <http://ecdb.worker-participation.eu/> on the negotiation process followed and the public availability of the agreement;
  - d) the NACE CODE<sup>3</sup> database for the supposable classification of productive and/or service activities of the company;
  - e) GRI <sup>4</sup>(Global Reporting Initiative) database for confirmation of standard implementation;
  - f) The United Nations Global Compact <sup>5</sup> for confirmation of standard implementation.
  - g) SA8000 standard<sup>6</sup>: confirmation of having acquired this social certification in at least one country and one company of the Group.
2. At least two company web sites favoring those in English:
    - a. Official web site;
    - b. Website dedicated to company information, e.g. “sustainability” or “about”;
  3. **Wikipedia page** dedicated to the company in English;
  4. following websites:
    - a. <https://www.unglobalcompact.org/> for confirming the participation in the “United Nations Global Compact” at least in one country and at least one company of the Group;
    - b. Applicability of “OECD guidelines” for multinational companies”
    - c. Ranking The Brands to confirm the presence in the last year in at least one of the examined rankings;
    - d. Owlser <sup>7</sup>to compare competitors;
    - e. Four platforms to test the usability and accessibility of the two examined company websites:
      - To test if the website is readable and adaptable to all new devices, from smartphones to tablets;
      - Validatore to test site accessibility

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<https://www.facebook.com/OpenCorporationRanking/> (Log in with your account to access the page) we have established the EWC Open Group, where we published all documents containing both the ILO-EC lists and the information given by ETUFs and GUFs

[https://www.facebook.com/groups/324488001346210/?ref=br\\_rs](https://www.facebook.com/groups/324488001346210/?ref=br_rs)

<sup>3</sup> Statistical Classification of Economic Activities in the European Community, Rev. 2 (2008)

[http://ec.europa.eu/eurostat/ramon/nomenclatures/index.cfm?TargetUrl=LST\\_NOM\\_DTL&StrNom=NACE\\_REV2&StrLanguageCode=EN&IntPcKey=&StrLayoutCode=HIERARCHIC](http://ec.europa.eu/eurostat/ramon/nomenclatures/index.cfm?TargetUrl=LST_NOM_DTL&StrNom=NACE_REV2&StrLanguageCode=EN&IntPcKey=&StrLayoutCode=HIERARCHIC)

<sup>4</sup> <http://database.globalreporting.org/>

<sup>5</sup> <https://www.unglobalcompact.org/what-is-gc/participants>

<sup>6</sup> <http://sa-intl.org/>

<sup>7</sup> Log in with your account to access the page



- Achecker and/or Tawdis to confirm or in substitution of validator when not available;
5. The most recently published **integrated or sustainability balance** on the website. The used documents are available in the company folders at the following address: <http://opencorporation.org/en/documenti>

### **II.3. Communication campaign and approach to management**

Norman Di Lieto

There are three main actors in the Open Corporation project

1. Transnational Companies (from now on TNCs);
2. European Works Councils (from now on EWCs);
3. Trade union organizations (from now on TUs).

The selected TNCs are multinational companies that are present in Italy, Europe and beyond. During the test phase, we had selected a “EWC dimension” meaning at least 1000 workers and presence in at least two EU countries; during the final phase we have inserted also companies operating on digital platforms, and with an amount of workers inferior to the 1000 limit. The 200 companies that will participate to the Open Corporation Ranking possess the following characteristics:

<b>SE</b>	9
SA8000	11
Web Accessibility policy	48
GFA 2015 04	54
Global Compact	106
GRI	138
EWC	140
RANKING	145
DIVERSITY POLICY	149
ENVIRONMENTAL POLICY	169
AVAILABLE REPORTING	178

Less than 5% of Societas Europaea, and even less certified SA8000. Less than one fourth have a web accessibility policy in place; 70% has an EWC but little more than 25% has subscribed a global agreement. GRI (69%) is preferred to the Global Compact (53%). Around

three quarters participate to the ranking; highly engaged in the environmental dimension but also diversity; around 10% does not publish its sustainability report.

#### *Operating method*

The observed TNCs have received a communication through traditional email to their legal offices; an email has been sent to the President and CEO, to the HR, finance, CSR managers. The same message included the access credentials to the portal's reserved area: <http://opencorporation.org/en/> to complete/modify the data gathering sheet.

Press releases referred to the publishing of the transparency indexes have been sent to the press offices of the involved companies; they have also been published on the project's facebook page <https://www.facebook.com/OpenCorporationRanking/> and on the twitter profile <https://twitter.com/CorporationOpen> .

## **II.4. Involvement of European and Global trade union federations**

Norman Di Lieto

The **European Union Federations** (ETUFs): *EFBWW, EFFAT, EPSU, ETF, IndustriAll-europe, UNI Europe* and the **Global Union Federations** (GUFs): *BWINT, IUF, PSI, ITF, IndustriALL Global Union, UNI Global Union* and **ETUC** have been informed of the companies involved in the project and verification phase, which we called "sentinel", verifying the correctness of data on the information questionnaire.

## **II.5. Involvement of European Works Councils**

Stefania Radici

If the ETUFs and/or GUFs are not able to perform the "sentinel" role, the project will try to involve EWC members, where an EWC is present, starting from the President and/or Secretary of the European Works Council.

The President and/or Secretary of the EWC is also asked to fill in the EWC sheet, created to verify transparency and accountability capacity of the EWC activities. Such a request comes from the idea that transparency is a right, but also a responsibility.

## **II.6. Notes on how to use the platform**

Vittorio Alvino

The web platform follows two main typologies of activities:

Gather structured data on TNCs through access modules reserved only to administrators and individuals responsible for TNCs and EWCs; this part is not going to be made public.

Publishing of the ranking, of data (open data) and relative content (methodology and toolkit). This is the public part of the platform that from now on will be called website.

### **1. Data collection**

Data collection on multinational companies are collected through online questionnaires. Two questionnaires have been developed, they are intended to be data collection sheets:

TNC sheet: company data collection

EWC sheet: collection of data on European Works Councils.

The data of the TNC sheet will be collected using two modalities:

- web search of official sources and documents (company website, sector websites, economic and financial institutions etc.), the so called precompiling;
- online questionnaire for company managers, so called compiling.

The two collection modalities will use the same method (THC sheet) for data collection. The web search will allow to sort out the available data and start inserting the in the module. Therefore, the precompiled TNC sheet will submitted to the company representative to obtain the missing data and confirmation or modification of the already inserted data. Once the data collection is over (web + company) the collected information is evaluated by the EWC representative that validates each information from a trade union point of view.

The data in the EWC sheet will be collected through an online questionnaire aimed at the head of the individual company EWC.

TNC data collection sheet procedure and involved roles:

WEB PRECOMPILING (SUPER USER) > COMPANY COMPILING (TNC REPRESENTATIVE) > UNION CONTROL (EWC REPRESENTATIVE)

EWC data collection sheet procedure and involved roles:

EWC COMPILING (EWC representative)

### **1.1 TNC sheet**

The following users are expected:

- a SUPER USER (precompiling): may insert data in the module of any company before this is submitted to a company representative and in any moment he can verify the progress towards compiling the sheet.
- a user representing the TNC: may modify and insert data in the module concerning his own company
- a user representing the EWC: he may evaluate (but not modify) the data present in the module of the company he works for (reliable/not reliable) and add a comment (text + link).

### **1.2. The EWC sheet**

The following users are expected:

- a SUPER USER: he may verify the progress towards completion of compiling in any moment
- an EWC user: he may insert data in the module

### **1.3. Functions of the web module**

- authenticate the user authorized to compile data (send credentials via email).
- saving and subsequent modification/addition of data by a single user (multisession)
- saving of data by user, necessary to reach the next phase of the process.
- languages: ITA and ENG
- data collection stored and divided for future rankings (2016,2017,2018)
- no obligatory fields will be present

### **1.4. Data extraction and parameters of indicators**

The implementation allows to download data in a structured way (spreadsheet) that allows to subsequently regulate the parameters (weights) to be assigned to a single indicator (calculations to be applied to single question or combination of multiple questions). Calculating the indicator of a single thematic area, we obtain the area ranking, calculating the sum of all thematic areas we obtain the global synthetic indicator, based on which the main (or global) ranking is developed.

## **2. Website**

The site answers the following needs:

- publish ranking of corporations
- publish data on individual corporation

- publish data that was collected
- publish content and information relative to the project

### **2.1. Publishing the corporation ranking**

The adopted methodology foresees different thematic dimensions (employment, accessibility, transparency, diversity, etc.) for the evaluation of company behavior, or indicators, and a comprehensive synthetic dimension. Each of these dimensions determines a specific thematic ranking, just as the synthetic indicator determines the general ranking.

These are therefore the possibilities of representing data on corporations through the website:

- Representation of the general ranking
- Representation of thematic rankings
- Corporations filtered by sector (NACE code)
- Corporations filtered by country
- The search engine allows to find a single corporation thanks to autocompleter.

### **2.2. Publishing data on single corporation**

Each corporation is assigned a sheet where essential personal information and the position in the general ranking and in the thematic ones (environment, transparency, diversity, etc.), the comparison with companies from the same sector and therefore competitors, are included.

### **2.3. Publishing collected data**

All data collected through the data collection modules will be published in an open format to make reusing it easy. In particular:

Data collected through questionnaire modules will be published in a tabular format when possible (csv) and other structured format (xml, json) and/or pdf.

Data relative to indicators which are object of the parametric calculations (weights) defined in the methodology

Information on figures and of other kind (personal and context info) collected through the modules in the questionnaires that are not being used for calculations and that in any case have value as information and for the sake of transparency (page on the individual corporation).

### **2.4. Publishing of project content**

The main contents to be published:

Texts relative to project presentation;

Texts and contents to inform and communicate on the developments of the project.

The first contents are published in specific sections of the site (project, who we are, methodology, toolkit, etc.) to present and explain the various aspects of the project (aims, methodology of ranking etc.) while the information and communication content is published on the blog (news, events, presentations, photos, videos, etc.)

*Multilanguage function*

All content on the website is available in Italian and English