

Building Trust in a Changing World of Work



The Global Deal for Decent Work
and Inclusive Growth Flagship Report 2018



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Executive Summary

Globalisation and rapid technological innovation have spurred unprecedented economic growth. But the tide has not raised all boats. Inequalities have increased in many countries or have remained at high levels, affecting social cohesion but also undermining the process of economic growth itself by hindering the ability of disadvantaged groups to fully express their potential.

The global financial crisis has further deepened the divide. Job losses have been concentrated among the low skilled. Income inequality has increased. More people are expressing concern about their future and that of their children. That in turn has fuelled social discontent and raised concerns about political stability. These sources of anxiety also affect large parts of the developing world, where work often remains insecure, poorly paid and informal.

The Global Deal for Decent Work and Inclusive Growth makes the bet that enhanced social dialogue can create “win-win-win” opportunities in which more inclusive labour markets and economic growth lead to better socio-economic outcomes and greater well-being for workers, improved performance for businesses and restored trust for governments.

Launched in 2016 at the initiative of Swedish Prime Minister Stefan Löfven and developed in cooperation with the International Labour Organization (ILO) and the Organisation for Economic Co-operation and Development (OECD), the Global Deal is a multi-stakeholder partnership that seeks to address two of the greatest challenges of our time: to reduce high and rising inequalities in opportunities and outcomes and to restore fading trust in the ability of governments and institutions to make economic growth work for all against a backdrop of rapid changes in the world of work.

Reducing inequality and poverty is critical to the ambitions of the 17 Sustainable Development Goals (SDGs) agreed at the United Nations to improve the lives of future generations in a sustainable way. The Global Deal strives to help governments, businesses and workers come together to deliver on the SDGs, particularly SDG 8 on Decent Work and Economic Growth and SDG 10 on Reduced Inequalities, but also SDG 5 on Gender Equality, SDG 16 on Peace, Justice and Strong Institutions and SDG 17 on Working in Partnership.

Building on a close partnership between governments, businesses and unions, and other organisations, the Global Deal aims to unleash the full potential of social dialogue and sound industrial relations as instruments for fostering greater levels of trust and cooperation, motivation and skills among workers, as well as strengthening the capacity of firms to adapt to new technologies and achieve higher productivity. In doing so, it has aligned its approach with the ILO Decent Work Agenda, the OECD Inclusive Growth Initiative and the new OECD Jobs Strategy.

The Global Deal is also meant to be an operational tool. It calls on governments, employers and trade unions to enhance social dialogue and sound industrial relations by coming up with voluntary commitments within a well-established framework for action. As a growing multi-stakeholder partnership, the Global Deal currently counts around 90 partners representing governments, businesses, employers’ and workers’ organisations and other organisations, including in civil society. These partners are ready to make voluntary commitments to achieve the vision of a world of decent work and inclusive growth, recognising the importance of multi-stakeholder cooperation.

The present report provides an international portrait of the foundations, trends and challenges connected to social dialogue and sound industrial relations. Furthermore, it aims to demonstrate the potential effects of social dialogue and highlights the Global Deal partnership as a vehicle for accelerating change and as a tool for delivering on the SDGs. This is the first of what is meant to be a recurring report, to be published every other year, and serve as the main tool for following up on the Global Deal partnership.

This report highlights the crucial role played by social partners in shaping the future of work, through workplace cooperation, collective bargaining between trade unions and employers, or their organisations, and tripartite social dialogue between the social partners and the government. Social partners can jointly decide what technologies to adopt, and how. They can contribute to manage transitions for displaced workers, help identify skills needs, develop education and training programmes, and participate in the delivery of the latter. They can also play a role in providing social protection for workers and in promoting concerted action to address gender disparities and issues of discrimination – both in the workplace and throughout global supply chains, but also in terms of representation within the institutions of social dialogue – thereby ensuring better social and labour market outcomes for women and greater prosperity for society as a whole.

The Global Deal recognises the central role of collective bargaining for promoting equity and efficiency. Collective bargaining can reduce inequalities in labour markets, improve their functioning and deliver sound and productive labour relations when there are sufficient levels of coverage and coordination. The report suggests that in advanced countries, co-ordinated and centralised collective bargaining systems contribute to higher employment, lower unemployment and lower inequality than fully decentralised systems with weak collective bargaining.

The report also highlights, however, that approximately half of the world's working population

remains outside the coverage of two critical international labour instruments protecting their rights to freedom of association and collective bargaining: ILO Conventions No. 87 and No. 98. Over the past 15 years, challenges in freedom of association and the effective recognition of the right to collective bargaining have persisted in both law and practice.

Furthermore, in too many countries large shares of the workforce are in the informal economy, outside the reach of formal industrial relations institutions, jeopardising the global ambition to foster decent work and inclusive growth. The proportion of employees whose wages and other conditions of employment are regulated by collective bargaining varies enormously across sectors and countries, from less than 5 percent in Thailand and Turkey to near universal coverage, with levels of more than 90 percent in Sweden and Uruguay.

At a time when cooperation between governments, employers and workers is more important than ever, membership of trade unions is declining in most of the advanced economies and remains low in much of the emerging and developing world. Unions and employers' representatives are grappling with the new reality of increasing fragmentation of production processes and the rise in non-standard forms of employment. The growth of the gig economy, new technologies and a demand from enterprises for more flexibility are encouraging trade unions in different countries to organise workers in a wider range of sectors, including the informal economy, and to expand the representation of categories, including own-account workers, women workers and the self-employed.

Despite falls in membership, trade unions remain the largest membership-based organisations worldwide and continue to be the most important voice for millions of workers. In many countries, trade union membership remains many times higher than membership of political parties. The International Trade Union Confederation (ITUC) estimates that 207 million workers are members of its trade union affiliates.

The report highlights the important role that tripartite dialogue and collective bargaining play in delivering inclusive wage policies, expanding the scope of labour protection to migrant workers and those in non-standard forms of employment and in facilitating the transition from the informal to the formal economy.

The report also underlines the strong business case to be made in favour of Responsible Business Conduct and its different components, including due diligence and social dialogue. A study of the *OECD Guidelines for Multinational Enterprises* points to evidence showing that the social score of a firm (a measure of its capacity to generate trust and loyalty among its workforce, customers and wider society) has a highly significant positive effect on its financial performance (measured in terms of return on equity and return on assets).

The realities of international trade, such as increasing investments in emerging economies and the fragmentation of production, have created challenges as well as opportunities to promote social dialogue as a route towards sound industrial relations and improved labour rights. The report suggests that more can be done to enhance the effectiveness and application of the *OECD Guidelines for Multinational Enterprises*. For instance, the spreading of good practices can help strengthen the role of the National Contact Points. The development of general and sector-specific guidance will also provide businesses with a clearer picture of how social dialogue can be leveraged to improve their due diligence and compliance processes.

The Global Deal provides a set of broad principles which partners pledge to uphold and promote through voluntary commitments. This report analyses the voluntary commitments made by over 50 different partners to date. It showcases key examples, including an initiative by the Government of Bangladesh to improve policy on industrial relations and the promotion of social dialogue in the Ready-Made Garment (RMG) industry, which employs more than four million rural Bangladeshi workers, mainly women. This report also highlights an initiative by H&M, the ILO and the Swedish International Development Cooperation Agency (SIDA) to improve industrial relations in the textile and garment industry in Cambodia, Myanmar and Ethiopia.

Finally, the report looks ahead to how partners can promote good practices and rebuild trust in industrial relations. A constructive and continuous dialogue between representatives of employers, workers and governments that leads to shared solutions on key economic and social challenges is a unique tool to create good jobs for all and make growth more inclusive in a changing world of work, with tangible benefits for workers, companies and societies alike.

It stresses the critical role of freedom of association and different forms of social dialogue in spreading the benefits of globalisation by promoting decent work, job quality and inclusive growth.

And it makes clear that the right policies can make all the difference to success.



Introduction

What is the 'Global Deal for Decent Work and Inclusive Growth'?

This is the first Flagship report for the 'Global Deal for Decent Work and Inclusive Growth' partnership – hereafter the Global Deal (www.theglobaldeal.com). The Global Deal is a global multi-stakeholder partnership whose objective is to jointly address the challenges in the global labour market and enable all people to benefit from globalisation. The fundamental idea at the heart of the Global Deal is to highlight and promote the potential of sound industrial relations and enhanced social dialogue as a means to foster decent work, quality jobs, and increased productivity – and by extension greater equality and inclusive growth.

The Global Deal was initiated at the behest of the Swedish Prime Minister, Stefan Löfven, and developed in cooperation with the International Labour Organization (ILO) and the Organisation for Economic Co-operation and Development (OECD). The partnership was launched in September 2016 with an initial core group of states, businesses, trade unions and other organisations. The rationale behind the Global Deal is that cooperation within and across a wide array of stakeholder groups is a key element for coming to terms with some of the complex challenges that impede human prosperity and well-being. The Global Deal thus aims to facilitate and advance that cooperation by providing political impetus, scaling up existing processes, promoting evidence-based research and highlighting the opportunities for “win-win-win” gains that mutually benefit workers, businesses and governments..

In a broader context, the Global Deal can be an effective tool for helping governments, businesses and other stakeholders deliver on the Sustainable

Development Goals (SDGs) – the 17 goals that the members of the United Nations have agreed on to improve life for future generations in a sustainable manner. The Global Deal is a concrete input to several of the SDGs, especially SDG 8 on Decent Work and Economic Growth and SDG 10 on Reducing Inequality within and among countries. In addition, the Global Deal treats gender equality (SDG 5) as a cross-cutting theme throughout all its areas of activity and the Global Deal represents in and of itself a potent expression of SDG 17 – working in partnership for the Goals. Partners in the Global Deal recognise the major role that social dialogue can play in the governance of labour markets and as a lever for rebuilding trust, addressing inequalities and achieving decent work and inclusive growth in line with SDG 8. Furthermore, beyond its primary focus on sound industrial relations and enhanced social dialogue, the Global Deal embodies the systemic approach to sustainable development in which the SDGs were conceived, the type of cross-cutting integrated action they call for and the multi-stakeholder partnerships through which they are meant to be implemented.

Why is the Global Deal partnership needed?

Globalisation has strengthened economic growth and contributed to poverty reduction but not everyone has benefitted from it. Reducing inequality and ensuring that all groups of society can reap the benefits of globalisation are among the greatest challenges of our time. A well-functioning cooperative effort between the different stakeholders in the labour market is essential in this respect. It is all the more so in a context where labour markets worldwide are undergoing transformative changes that are impacting on

society at all levels. Looking ahead, one needs to understand how these drivers of change will affect our societies and how governments, the private sector, trade unions and civil society can develop effective common responses to these challenges and turn them into opportunities.

So why do we need the Global Deal partnership for decent work and inclusive growth? What are the challenges that the partnership aims to address by working to enhance social dialogue and sound industrial relations?

Improve workers' conditions and rights. According to ILO calculations, some 2 billion workers are in informal employment, most of them in insecure employment. Annually, there are 2.78 million work-related deaths and 374 million non-lethal work-related injuries and illnesses. A well-functioning social dialogue that adapts effectively to changes in the world of work, technological developments and fluctuations in demand constitutes an important tool for generating decent work and improved job quality.

Job creation. Creating new and better jobs is key to achieving inclusive economic growth that benefits individuals and societies in general. Effective cooperation with the social partners can lead to macro-economic stability, increased productivity, innovation and opportunities for development, which will translate in turn into more and better jobs.

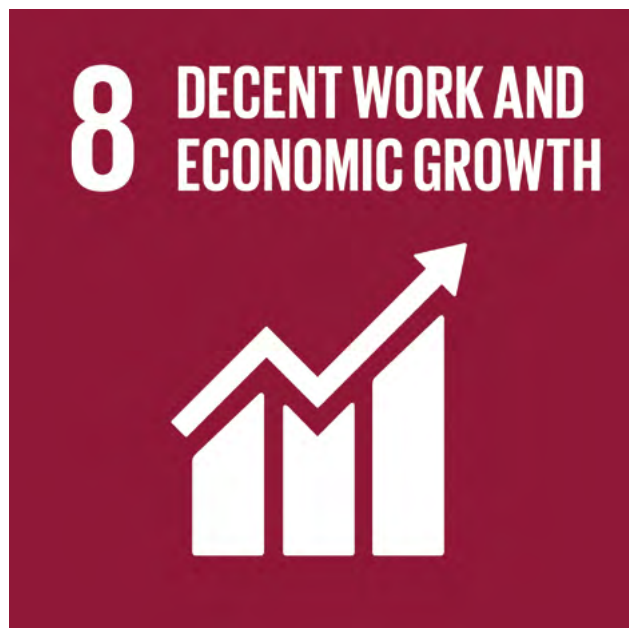
Reduce inequalities, create the conditions for more inclusive growth and promote social cohesion. Inequality, combined with widespread corruption in global value and supply chains, has implications on several levels. In addition to its impact on social cohesion and fundamental human rights, inequality undermines trust in governments and businesses. In turn, this hampers the prospects for growth. Inequality also increases the risk of social unrest. A well-functioning social dialogue can help societies address the problems raised by inequality at all of these levels by fostering social cohesion, building a greater sense of trust and inclusion and reducing the risk of social unrest.

Prepare for the future of work. The rise of the platform economy and the new forms of work associated with it are bringing new challenges for labour relations – on top of those that already exist. These trends are putting additional pressure on the traditional employer-employee relationship and on the associated set of rights and protections this relationship rests on, which had been strengthened over time in advanced but also in emerging countries. Social dialogue and sound industrial relations will be vital to deal with these challenges, seize the opportunities created by digitalisation and manage transition in a changing world of work.

The key elements of the Global Deal and how this report supports them

The Global Deal and the work to achieve its overall objectives build on three key elements:

- **Accelerate action.** Partners are encouraged to make voluntary commitments that, in one way or another, contribute to the Global Deal's vision for decent work and inclusive growth. Partners identify and formulate commitments based on their respective context and capacity. A central aim of this report is therefore to showcase the commitments made so far by Global Deal partners. Accelerating action also includes advocacy and efforts to raise general awareness or galvanise attention at a high level on the potential of social dialogue and sound industrial relations, as these efforts may lead in turn lead to action that further enhances social dialogue.
- **Increase the knowledge base through capacity building and research.** This involves strengthening the knowledge about social dialogue and sound industrial relations, as well as identifying gaps in the existing research. The present Flagship Report fits into this category and will be followed up with the publication of complementary thematic briefs. This second element is also relevant insofar as the Global Deal provides a collaborative venue through which



social dialogue experts and practitioners at all levels can interact. The aim here is to facilitate the provision of tailored support and help build capacity in cooperation with partners, including through technical assistance and support to partners wishing to strengthen institutions for social dialogue and sound industrial relations

- **Provide platforms for sharing experiences and good practices.** The Global Deal stimulates interaction and knowledge sharing among partners by, for instance, arranging seminars and round-table discussions at national, regional or global levels. The intent is to enable and host multi-sector dialogue between governments, trade unions, civil society, international organisations and business. The creation of national Global Deal platforms in partner countries is also encouraged. In addition, peer learning is strongly promoted including through South-South and triangular cooperation modalities. It also aims to create a web-based platform for sharing experiences and good practices on social dialogue, as well as a repository for case studies.

The Global Deal partnership aims to promote social dialogue as a means to achieve equality

for all, decent work and inclusive growth. It is intended to complement and support the efforts of the ILO and OECD in this regard. It seeks to place social dialogue squarely on the international development agenda and harnesses the voluntary efforts and commitments of a broad range of actors including governments, employers' and workers' organisations, businesses and civil society to encourage and support its practice.

How to become part of the Global Deal?

In joining the Global Deal, countries, business, trade unions and other organisations are associated with the principles underpinning the Global Deal and are encouraged to submit voluntary commitments. Membership of the Global Deal is not legally binding and the aim of the partnership is not to develop a new framework or agreement. Instead, the Global Deal seeks to build a platform for highlighting the issue of cooperation between parties and strengthen existing cooperation structures. Joining the partnership enables the associated partners to participate in the exchange of ideas, joint projects, lessons learned and policy advice. The Global Deal builds on already established initiatives and processes and reinforces and strengthens the existing work of different actors in this regard, including the work of the ILO and the OECD as founding partners of the initiative. As of April 2018, the partnership counted nearly 90 partners representing governments, businesses and employer organisations, trade unions and other organisations. These partners are detailed in Annex III. A number of their commitments are highlighted throughout this Report. A full list of the commitments made to date by partners to the Global Deal can be found in Annex II.

The aim of the Flagship Report

This Flagship Report is meant to be a recurring report that will be published every other year and serve as the main tool for following up on the Global Deal partnership. It will report on the partnership's developments and outcomes. The purpose is also to provide an international portrait

of the foundations, trends and challenges connected to social dialogue and sound industrial relations. The report aims to identify challenges, promote exchange of ideas and experiences, discuss joint projects and solutions and provide solid evidence to policy-makers and stakeholders. Furthermore, the report demonstrates the potential effects of social dialogue and highlights the Global Deal partnership as a vehicle for accelerating change and as a tool for delivering on the SDGs.

This report is co-authored by the ILO and the OECD and coordinated by the Global Deal Support Unit. Each report will have a thematic focus; this year it is the role of collective bargaining for inclusive growth (Chapter 2).

Chapter 1 provides an overview of current trends and highlights some of the challenges that remain in ensuring the effective recognition of the fundamental rights that provide the foundations for social dialogue – freedom of association and effective recognition of the right to collective bargaining. The chapter provides an in-depth introduction to the foundations and building blocks of social dialogue, and subsequently describes the actors and processes that support inclusive and effective social dialogue. Finally, the chapter identifies and elaborates on measures that can enhance the inclusiveness of social dialogue.

Chapter 2 explores how collective bargaining, as a key pillar of social dialogue, can support better socio-economic outcomes and enable opportunities for all segments of society, thus delivering inclusive growth. The chapter reviews the literature on collective bargaining as an enabler for social and economic progress and presents a simplified framework and fresh empirical evidence that demonstrates how collective bargaining can positively affect inequalities and help shape inclusive labour markets.

Chapter 3 aims to demonstrate how the Global Deal partnership contributes to enhancing social dialogue and sound industrial relations and in

turn supports the overall objective of making growth inclusive and sustainable. This is done by showcasing the voluntary commitments made by its associated partners, highlighting inspiring examples, and by presenting a number of in-depth case studies from Global Deal associated countries. The chapter also sheds light on what a commitment to the Global Deal entails and provides an analysis of the character and scope of commitments thus far.

Chapter 4 summarises the main findings of the previous chapters and opens the discussion on future perspectives and future areas of work for the Global Deal relating to the role of social dialogue and the contribution it can make to decent work, quality jobs and inclusive growth. It briefly describes changes in the world of work and focuses on the implications they hold for the actors (employers, employers' and business organisations, trade unions and governments) and processes of social dialogue (tripartite social dialogue, various forms of consultation and cooperation at the workplace, industry and national levels and collective bargaining). Drawing on the findings of the report, this final Chapter also seeks to identify promising ways in which the Global Deal partnership can contribute in these different areas.





Chapter I

Social Dialogue and Industrial Relations



Effective social dialogue is key to sound and productive employment relations and decent work. It can play an important role in reducing inequality and enhancing the inclusiveness of labour markets. It is a key mechanism through which common interests can be identified and divergent interests reconciled, thus also contributing to labour peace and social stability.

The concept of social dialogue is broad, encompassing a variety of different institutional forms and processes. These vary across regions, countries, sectors and over time. They take place within, and are influenced by, the national industrial

relations tradition. Nevertheless, at their core, the various forms of social dialogue are derived from the broad guidance provided by International Labour Standards (ILS) and the national regulatory frameworks that allow for the application of these standards.

The aim of this first chapter is to provide an overview of trends and developments in social dialogue. A body of International Labour Standards provides the foundational principles for social dialogue. Opportunities exist for advancing the universal ratification of the fundamental ILO Conventions on freedom of association and collective bargaining. There has been much progress in the realisation of these rights at the national level through laws, regulations and institutions that provide the building blocks for sound industrial relations; nevertheless key challenges remain in law and practice. While these frameworks can enable sound industrial relations, they are not sufficient. Trade unions, employers and their organisations need to be willing to engage in the process and to use social dialogue as a tool. Industrial relations in many countries around the world continue to be characterised by low levels of trust; for medium- and low-income countries, days lost to strike action do not show signs of improvement. Moreover, a significant proportion of labour disputes in these countries continue to occur outside of formal industrial relations procedures.

The chapter examines some of the challenges facing the primary actors in social dialogue: governments and the social partners — trade unions and employers' organisations. It describes some of the efforts aimed at union renewal and the manner in which organised interest representation of businesses is evolving and being strengthened. The chapter also points to recent innovations in labour administration, in particular the introduction of extra-judicial dispute resolution processes including mediation and arbitration. Much can be done to strengthen labour administrations and the critical role these play in shoring up industrial relations institutions and promoting effective social dialogue, particularly in medium- and low-income countries.

The chapter then examines the various processes of social dialogue, highlighting some key complementarities, for example between consultation and cooperation at the workplace and collective bargaining, between collective bargaining and tripartite social dialogue, and between social dialogue at the international and regional levels and enhanced respect for freedom of association, as well as the effective recognition of the right to collective bargaining at the country level. The chapter also examines efforts to improve the inclusiveness of social dialogue and highlights good practices in this regard, including expanded interest representation on the part of unions and employers' organisations; the role of tripartite social dialogue for inclusive wage policies (tripartite minimum wage setting and collective bargaining) and facilitating transition from the formal to the informal economy, as well as the extension of collective agreements to provide labour protection to workers in non-standard forms of employment, in SMEs and migrant workers.

1.1. What do we mean by industrial relations and social dialogue?

The term “*industrial relations*” refers to the laws, processes and institutions that regulate employment relations, as well as the outcomes (e.g. wages and other conditions of employment, employment security, labour peace, gender and wage equality etc.). A variety of industrial relations traditions exist across different country contexts.¹ An industrial relations system includes the regulations, institutions (such as the labour administration, specialised labour courts and/or mediation and arbitration agencies), actors (i.e. trade unions, employers and their representative employers' organisations and labour administrations) and social dialogue processes (e.g. collective bargaining or tripartite social dialogue). Sound and productive industrial relations involve the progressive institutionalisation of employment

relations. In many developing country contexts, it is thus not sufficient to focus only on institutionalised industrial relations, we also need to consider broader *labour relations* involving all who work, either in low quality employment or own account work in the informal economy.

Social dialogue refers specifically to the processes involved in industrial relations. This includes all types of negotiation, consultation and exchange of information between or among representatives of governments, employers and workers on issues of common interest relating to economic and social policy. In its broadest terms, it refers to a process or dialogue between two or more actors in the labour market, including governments, representatives of workers (and their organisations) and representatives of enterprises and/or employers (and their organisations). The term “social partners” is often used to describe two of these actors: trade unions and employers' organisations. The forms of social dialogue vary (see Table 1.1). These may involve ongoing processes of dialogue, as is the case with cooperation and consultation in the workplace or lead to a substantive agreement such as a social pact, collective agreement or a Global Framework Agreement (GFA).

Other actors, such as civil society organisations, may be involved in meaningful conversations or ‘multi-stakeholder dialogue’. This type of dialogue can bring out the perspectives from a more diverse range of stakeholders on needs and policy options and allow issues to be discussed in an open-ended manner. These discussions can inform more formal processes of *social dialogue* involving negotiation and decision-making processes that are qualitatively distinct as they are premised on democratic principles of interest representation and involve a distinct set of actors (typically the social partners – trade unions and employers' organisations).²

Table 1.1: Social dialogue processes

Process	Definition	Instrument
Tripartite social dialogue	<p>Tripartism is defined by the ILO as the interaction of government, employers and workers (through their representatives) as equal and independent partners to seek solutions to issues of common concern.</p> <p>It refers to institutions, mechanisms and processes for consultation, negotiation and/or joint decision-making. These may be done on an ad hoc basis, or institutionalised.</p> <p>Peak-level social dialogue involving governments and nationwide organisations of employers and workers can contribute to the formulation and adoption of social, economic and labour policies and can be applied to any decision-making that affects the workplace or the interests of employers and workers.</p> <p>See: <u>Consultation (Industrial and National Levels) Recommendation, 1960 (No. 113)</u> and the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144).</p>	<p>Social pact, tripartite agreement or declaration, laws and regulations and economic or social policies adopted following consultation with the social partners.</p>
Collective bargaining	<p>Collective bargaining is defined in the Collective Bargaining Convention, 1981 (No. 154), as “all negotiations which take place between an employer, a group of employers or one or more employers’ organisations, on the one hand, and one or more workers’ organisations, on the other, for:</p> <p>(a) determining working conditions and terms of employment; and/or</p> <p>(b) regulating relations between employers and workers; and/or</p> <p>(c) regulating relations between employers or their organisations and a workers’ organisation or workers’ organisations”.</p> <p>See: Collective Bargaining Convention, 1981 (No.154)</p>	<p>Collective agreement</p> <p>See: Collective Agreements Recommendation, 1951 (No. 91)</p>
Workplace cooperation	<p>Workplace cooperation is defined as “consultation and co-operation between employers and workers at the level of the undertaking on matters of mutual concern not within the scope of collective bargaining machinery, or not normally dealt with by other machinery concerned with the determination of terms and conditions of employment”.</p> <p>Collective agreements may nonetheless establish the framework for such consultation and cooperation.</p> <p>See: Co-operation at the Level of the Undertaking Recommendation, 1952 (No. 94).</p>	
Bipartite dialogue	<p>Bipartite social dialogue involves two parties - employer(s) and/ or employers’ organisations, and workers’ organisations (i.e. trade unions) – that agree to exchange information, consult each other or negotiate together. It is often practised through collective bargaining or workplace cooperation.</p>	<p>Bipartite arrangements on occupational safety and health and training; other policies aimed at improving working conditions and enhancing economic and social development; International Framework Agreements</p>

Source: Adapted from ILO, 2018a

1.2. The enabling framework

1.2.1. The foundations

For social dialogue to be effective, it must be based on a solid foundation. This is provided by a body of International Labour Standards, including Conventions, Recommendations and Protocols. Freedom of association and the effective recognition of the right to collective bargaining provide the cornerstones. The normative foundations for these fundamental principles and rights are established in two key instruments, the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No.87) and the Right to Organise and Collective Bargaining Convention, 1949 (No.98). These are considered as instrumental 'enabling rights', the realisation of which makes it possible to promote and realise other workers' rights. These fundamental principles and rights at work are applicable to all ILO member states.³ They apply to all workers in an employment relationship, including in non-standard forms of employment, in the informal economy, the rural economy, in micro, small and medium-sized enterprises (MSMEs), as well as domestic and migrant workers.

These fundamental rights are recognised in the United Nations' Universal Declaration of Human Rights (1948)⁴ and other international and regional instruments.⁵ They are complemented by other ILO Conventions and Recommendations on industrial relations,⁶ governance conventions and recommendations on tripartite consultation,⁷ and also by referencing the key role played by representatives of workers, employers and their organisations – in policy review, formulation and implementation – across a wide variety of different International Labour Standards.⁸

The past decade has seen ratification of Conventions No. 87 and No. 98 by the Maldives and Somalia in 2013 and 2014, respectively; Uzbekistan ratified Convention No. 87 in 2016, and Canada ratified Convention No. 98 in 2017 (see Box 1.1).

Yet despite the paramount importance of freedom of association and the effective recognition of the

right to collective bargaining in labour market governance and social dialogue, the ratification of ILO Conventions No. 87 and No. 98 continue to lag behind the other fundamental Conventions (see Figure 1.1).⁹ While the average rate of ratification among all the eight fundamental Conventions is nearly 92 per cent, with two reaching near universal ratification, the ratification rate of Conventions No. 87 and No. 98 falls well below that rate. Today, approximately half of the world's working population remains outside of the coverage of one or both of these fundamental instruments.

Noting this gap, in 2017 the International Labour Conference adopted a resolution calling on the ILO to, "step up action through development cooperation and other means to campaign for the universal ratification of the eight fundamental Conventions, taking into account the low rates of ratification of Conventions Nos. 87 and 98, by its centenary in 2019 [...]"(ILO, 2017c).¹⁰ Non-ratifying governments identify the following challenges in their annual reports to the ILO: the lack of organisational resources and capacity of their labour administration; legal incompatibilities with the Conventions; the lack of capacity among trade unions and employers' organisations; weak labour administration and lack of enforcement in specific sectors or with respect to specific categories of workers; lack of awareness of the principles, rights and the benefits of these; lack of social dialogue; and social and economic circumstances. (ILO, 2018d).¹¹ Notwithstanding these challenges, several governments have moved toward ratification, and requested ILO support to address some of the obstacles they face.



Box 1.1: Ratification of Convention No. 98 by Canada

Until 2015 the Government of Canada reported that it was not in a position to ratify Convention No. 98 because of a discrepancy between national legislation and specific provisions of Convention No. 98 – particularly regarding the exclusion of certain categories of workers from the right to collective bargaining.

In early 2015, the Supreme Court of Canada issued three important decisions in cases concerning the constitutional protection of freedom of association (*Mounted Police Association of Ontario v Canada (AG)*; *Meredith v Canada (AG)* and *Saskatchewan Federation of Labour v Saskatchewan*). The 2015 ‘labour trilogy’ confirmed that Canadian workers have the constitutional right to join a union of their own choosing. It provided a broad and purposive understanding of freedom of association that includes the right to collective bargaining, and clarified that freedom of association was expanded specifically to include the right to strike.

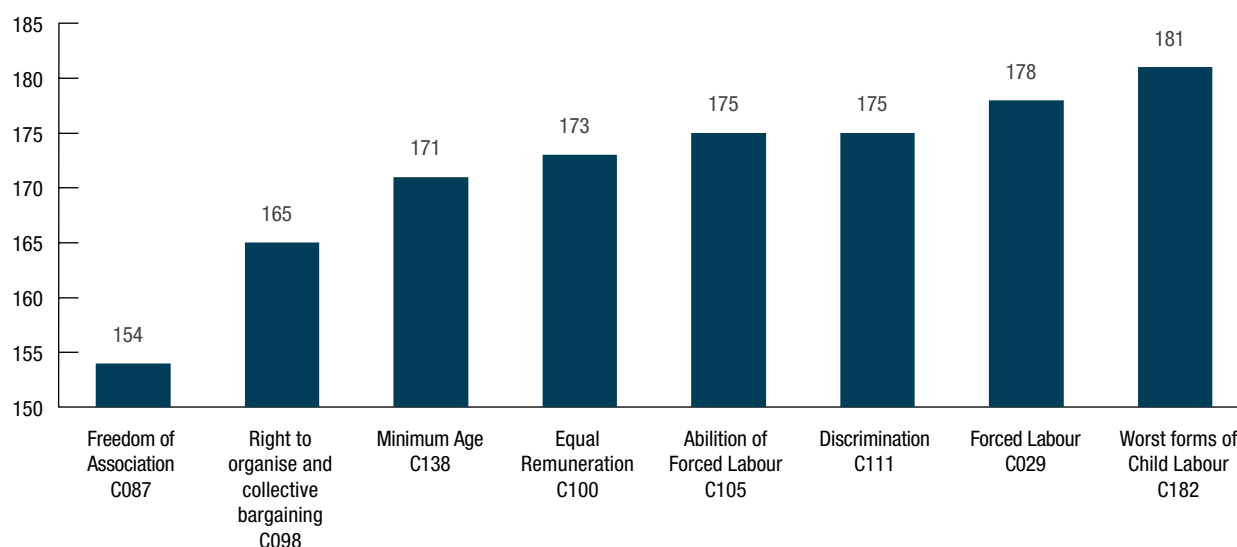
The Supreme Court decisions undoubtedly played an important role in advancing Canada’s ratification of Convention No. 98. Two years later, on the 14th of June 2017, Canada deposited the instrument of ratification of Convention No. 98.

On depositing the instrument of ratification, the Honourable Patty Hajdu, Minister of Employment, Workforce Development and Labour declared that “The Government of Canada is pleased to ratify ILO Convention [No.] 98 on the Right to Organise and Collective Bargaining. This ratification demonstrates our commitment to ensuring decent labour and employment conditions for workers, and respect for human rights and fundamental labour standards. Canada looks forward to working with the ILO and our international partners towards ensuring that the rights of workers are respected, both at home, and abroad.” Moreover, the Government of Canada recognised that ratification “also fulfils one of Canada’s commitments under the Canada-European Union Comprehensive Economic and Trade Agreement (CETA).”

Source: International Labour Office (2017b) and Government of Canada (2017)



Figure 1.1: Number of ratifications of the eight fundamental ILO Conventions



Source: ILO NORMLEX

1.2.2. The building blocks

If the foundation for social dialogue is derived from International Labour Standards, the building blocks for sound industrial relations and social dialogue at the national level are embodied in a country's laws, regulations and institutions. These serve to translate the principles enshrined in International Labour Standards, as well as the commitments made with respect to ratified Conventions, into actual structures, processes and rules within the national context.

To this end, a number of countries have introduced and carried out legal and regulatory reforms with a view to improving the institutional framework for social dialogue. Some countries recently introduced legal changes with the purpose of transforming their industrial relations systems.¹² In particular, new laws allow for the existence of independent trade unions,¹³ and introduce the possibility for trade union pluralism,¹⁴ or extend organisational and collective bargaining rights to workers previously excluded (such as workers in the public sector, migrant workers, domestic workers and seasonal workers).¹⁵ Efforts have also been made in a number of countries to better protect workers against acts of anti-union discrimination.¹⁶

The recognition of representative employers' and workers' organisations for the purposes of collective bargaining is key to the effectiveness of social dialogue and provides legitimacy for social partners acting on behalf of their members.¹⁷ Recent years have also witnessed changes to the laws and regulations governing the determination of representativeness, with regard to the period during which the representativeness of a trade union can be challenged.¹⁸ Requirements for dual threshold (sectoral and enterprise) have also been eased.¹⁹ Further changes have been made to take into account the prevalence of workers who are in non-standard forms of employment within the bargaining unit when determining representativeness of the parties for the purpose of extending a collective agreement.²⁰ Legislative amendments in some countries have been enacted to recognise collective bargaining as the prerogative of workers' and employers' organisations.²¹ In certain cases, laws were amended to ensure that the determination of the bargaining level was left to the discretion of the parties,²² while in others, new legislation enables social partners to engage in sectoral collective bargaining for the first time.²³

An important tool in the promotion of inclusive collective bargaining and peaceful, sound and

productive industrial relations is the regulatory framework set out for the *prevention and resolution of collective bargaining disputes*. A number of states have instituted new extra-judicial processes; conciliation, mediation and voluntary arbitration for collective disputes. At the same time, there has been an increased focus on the strengthening of specialised tribunals and courts, the establishment of special proceedings and judicial remedies for the enforcement of collective rights, as well as the institution of time limitations for dealing with labour disputes to expedite such cases.²⁴ In some countries, the right of workers and employers to engage in industrial action (as a last resort), has been expanded to groups of workers previously excluded;²⁵ compulsory arbitration provisions were reformed to bring these in line with international principles,²⁶ and excessive prerequisites for industrial action were amended.²⁷

Finally, new institutions for national tripartite social dialogue were established by law in a number of

countries, while in others competences and powers of existing institutions were enhanced. Existing tripartite institutions have been reinforced,²⁸ and some new ones have been created (see Box 2).²⁹ These include tripartite labour advisory councils³⁰ as well as institutions playing a role in minimum wage determination³¹ and in promoting productivity.³²

While successful social dialogue is based on a strong regulatory framework, as well as respect for these rights, an examination of trends over the past 15 years shows that challenges remain in realising freedom of association and collective bargaining rights both in law and practice, particularly as concerns collective bargaining rights (Kucera and Sari, forthcoming). Despite notable advances made in the countries cited above, a number of key issues continue to be raised by the ILO supervisory system, including anti-union discrimination³³ and the recognition of workers' and employers' organisations for the purposes of collective

Box 1.2. National Tripartite Social Dialogue in Tunisia for Peaceful, Democratic Transition

In an extremely delicate socio-political context, Tunisia found the strength to unite civil society through social dialogue, improving democracy, representativeness and paving the way for a fairer world of work and economic progress. In 2013, just two years after a revolution which ended an authoritarian regime, a social contract was signed by the Tunisian National Dialogue Quartet – made up of the Tunisian General Labour Union (UGTT), the Tunisian Confederation of Industry, Trade, and Handicrafts (UTICA), the Tunisian Human Rights League and the Tunisian Order of Lawyers – which constituted at the same time a milestone in the path toward the democratisation of the country.

On 24 July 2017 Law no.2017-54 was enacted, establishing a National Council for Social Dialogue, defining its competencies and functioning. This provided an institutional framework for social dialogue and set another milestone in the path of participatory democracy towards social peace that Tunisia had bravely started five years earlier.

National social dialogue was used as a tool to promote and defend democracy. The Tunisian National Labour Union (UGTT) triggered the process bringing together what would later become the 'signatory quartet'. This is a milestone for a new model of governance capable of creating consensus-based employment and public policies, facilitating transition, as well as economic and social stability. For its valuable contribution and example to the whole world, the signatory quartet of the social contract was awarded the Nobel Peace Prize in 2015.

Source: Mouelhi, A. (Unpublished case study) Étude de cas sur les meilleures pratiques en matière de dialogue social pour un travail décent et une croissance inclusive: Le processus du dialogue social national (Study on the best practices on social dialogue for decent work and inclusive growth)

bargaining.³⁴ A number of countries maintain excessive prerequisites required for exercising the right to strike,³⁵ restrict the types of industrial actions,³⁶ and maintain provisions on compulsory arbitration.³⁷

1.3. The actors: governments and social partners

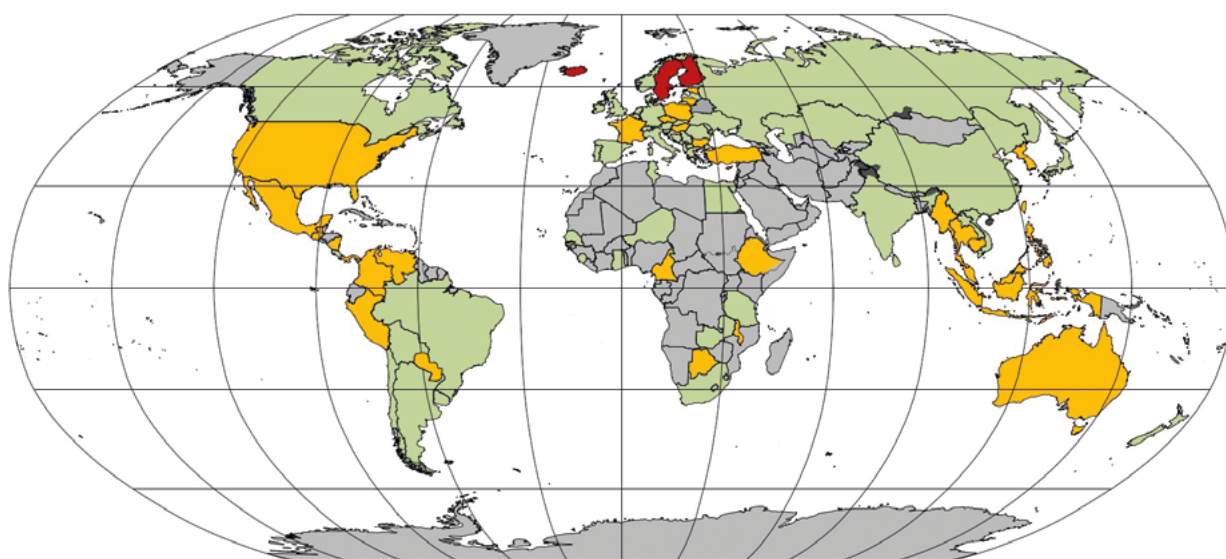
The legal and regulatory framework constructs an industrial relations system that can support the actors as they engage in the different forms of social dialogue and seek to govern labour markets and workplaces. Governments and the social partners (trade unions and employers' organisations) are facing a variety of challenges across all levels of economic development. Some of these arise from external factors, such as the global integration of markets, structural changes in the economy, demographic change and the persistence of poverty and informality in developing countries. Others are a result of internal factors such as rising individualisation and the increasing differentiation of

employers within the workforce which undermines traditional forms of interest representation (Allvin and Sverke, 2000).

1.3.1. Trade unions

The International Trade Union Confederation (ITUC) estimates that 207 million workers are members of its trade unions affiliates. Trade union density, that is the number of employees that belong to trade unions as a proportion of all employees, varies considerably throughout the world (see Figure 1.2). Union density is highest in Europe, particularly in Western Europe and the Nordic countries. Union density remains low in a majority of African states where the long-term decline in public sector employment and large informal economies undermined the organisational base of trade unions (see Koçer and Hayter, 2011). With few exceptions, union density also remains low in much of Asia and parts of the Americas. While dispersion varies considerably across countries according to the level of development, the difference in the median

Figure 1.2: Map of trade union density around the world



The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the International Labour Organization.

- **Low Density Rate:** up to 15%
- **Medium Density Rate:** between 15% and 60%
- **High Density Rate:** 60% +

Source: ILO IRData (ILOSTAT) and OECD/ICTWSS database on trade union density and collective bargaining coverage .

is perhaps not as great as would be expected. The reason for this is more related to the labour market characteristics of countries with lower levels of income and large informal economies in these countries (see Figure 1.3).

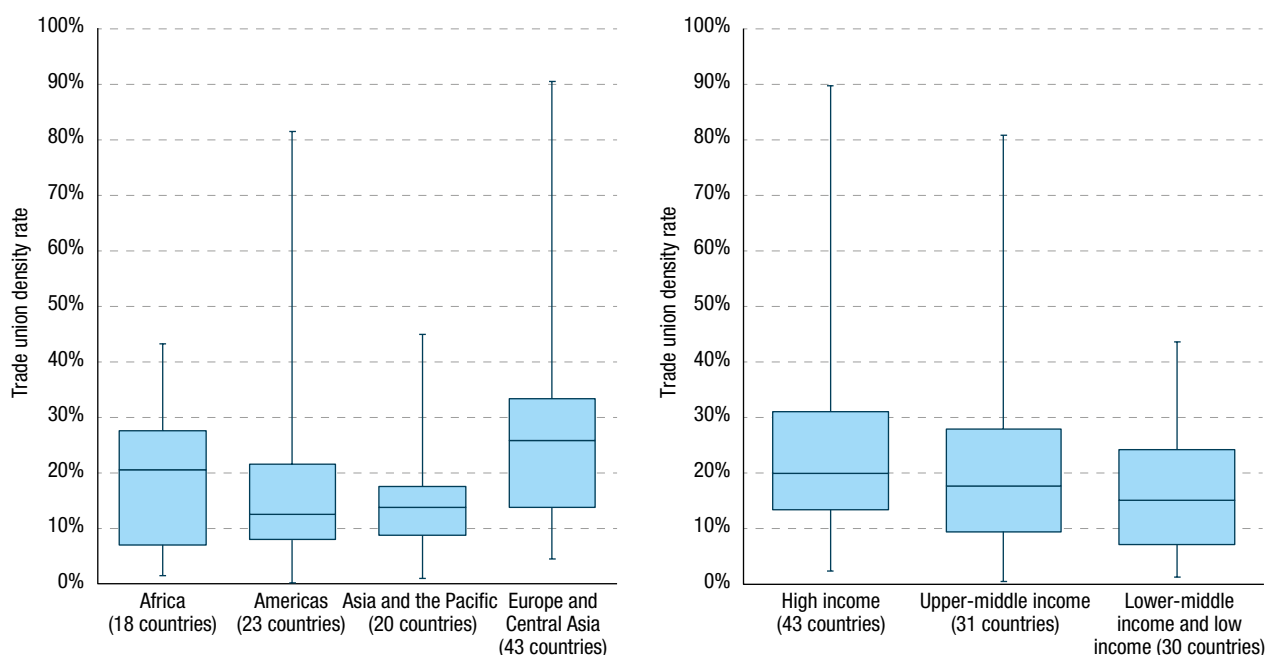
Globally, the low membership of women in trade unions is in part due to the fact that women are frequently employed in sectors of the economy, occupations or in work arrangements with lower rates of union membership and are also less likely to participate in the labour market (OECD, 2017). Female membership tends to be higher in the public sector where the share of females in employment is greater. Nevertheless, even in sectors with high rates of female employment and union membership men continue to occupy trade union leadership positions (Britwum et al., 2012). For example, even within the European Trade Union Confederation (ETUC) – which has significantly higher rates of female participation than other regions – 44% of

union members are women, but they account for only 17% of workers in leadership positions (ETUC, 2011).

Union density has continued to fall over the last 10 years in countries such as Cyprus, most Eastern European countries, Greece, Ireland, Portugal, the Russian Federation, Slovak Republic, Ukraine, United Kingdom, and the United States (see Figure 1.5). Within Europe, the decline is clearest amongst the crises hit countries of Greece, Hungary, Portugal, Romania and Slovak Republic.

Different studies provide the reasons for this decline, including structural change (i.e. a shift from manufacturing to services), an increase in non-standard and contingent working arrangements, particularly in high-income countries (Ackers, 2015; Gumbrell-McCormick and Hyman, 2013; Freeman and Hilbrich, 2013; Bryson, et al., 2011). But while structural changes in the

Figure 1.3: Dispersion of trade union density: Regional (ILO) and income



Note: The regions refer to the classification by region used for ILO estimates and projections, available in ILOSTAT. The ILOSTAT classification divides the world into five regions (Africa, Americas, Arab States, Asia and the Pacific and Europe and Central Asia); there are no data available for Arab States.

Source: ILO IRData (ILOSTAT)

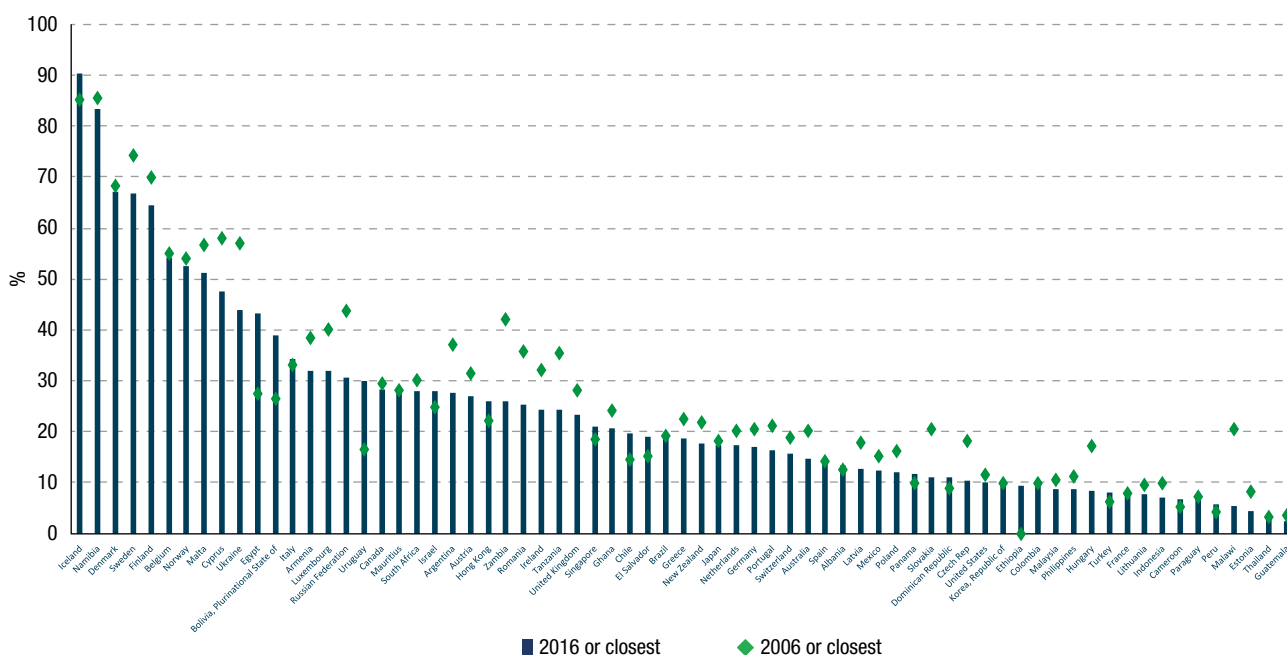
economy may be part of the reason for the decline in union density in industrialised countries and countries in East Asia (Japan, Korea and Singapore), economic structure alone does not explain it. Global economic integration and the increased competitive pressures of export markets have played an important role across countries (Ackers, 2015; Gumbrell-McCormick and Hyman, 2013).

Unions whose organising strategies were developed in response to the prevalence of a manufacturing sector with high levels of unskilled employment in large scale enterprises and the public sector, now face pressure to adapt strategies in the face of an increasingly non-standard and geographically dispersed workforce that predominates the service and knowledge sectors (Ackers, 2015; Gumbrell-McCormick and Hyman, 2013). Unions increasingly face resource constraints and other challenges when attempting to organise and represent vulnerable categories of workers, including some groups of non-standard, migrant and agricultural (seasonal) workers, domestic workers as well as those working in the informal economy (Keune, 2013; Pulignano and Keune, 2015; Kabeer,

Milward and Sudarshan, 2013; Doellgast, Lillie and Pulignano, 2018).

Employer recognition of one or more unions for the purpose of bargaining over wages and conditions of work – whether in manufacturing or the service sector – remains an important factor determining unionisation, just as employer resistance is a reason for stagnation or decline (Belizón et al., 2014; Hickey et. al., 2010; Blanchflower and Bryson, 2008; Freeman and Hilbrich, 2013; Heery and Simms, 2010; Bronfenbrenner, 2009). As mentioned in the previous section, another reason for low levels of unionisation and its decline lies in the legal obstacles that workers continue to face in exercising these fundamental rights, as well as government action directed at discouraging affiliation to trade unions (Freeman and Hilbrich, 2013; Devinatz, 2015). Within Europe, the declines were greatest in Greece, Hungary, Portugal, Romania and Slovak Republic which implemented austerity packages and structural reforms. In the cases of Greece and Portugal, high unemployment – determined by both cuts in the public sector and the effects that the implementation of the austerity measures had

Figure 1.4: Trade union density by country: change 2006 and 2016 (or closest)



Source: ILO IRData (ILOSTAT) and OECD/ICTWSS database on trade union density and collective bargaining coverage



on the economy — also placed downward pressure on union membership (Vaughan-Whitehead, 2015; Schnabel, 2002).

Despite these falls in membership, trade unions remain the largest membership-based organisations worldwide and continue to be the most important form of voice for millions of workers. In many countries, trade union membership remains many times higher than political party membership.³⁸ Workers' demand for unions is strong: studies and surveys highlight the unmet demand for union voice in different parts of the world (Holland et. al., 2009; Freeman and Rodgers, 2006).

Countries in which union density has remained stable include, Brazil, Chile, Italy, Norway, Iceland, Israel, France, Peru, South Korea, South Africa and Uruguay. Sweden, Denmark and Finland also maintained high levels of union density. Some authors attribute this to the 'Ghent' system (also prevalent in Belgium) that facilitates the administration of unemployment insurance by trade unions introducing an inherent selective incentive that raises membership figures (Schnabel, 2002; OECD, 2017). However, as recent experience in

Sweden and Denmark shows, the organisational efforts on the part of unions play an important role. Reforms to these systems in both these countries did have an effect on membership. In Sweden, the reversal of these reforms together with new organising initiatives put a halt to union decline for the first time in 25 years with the result that the Swedish Trade Union Confederation (LO SE) increased its membership. In Denmark, the reversal of reforms was not able to address the decline and there is ongoing competition between unions for members (Kjellberg and Ibsen, 2016).

After a long-term period of decline, figures of trade union membership in the United States showed some promising signs. While total membership grew, and density held stable from 2016 to 2017, three-quarters of the membership gains were among young workers (under 35 years old) (EPI, 2018). While there are insufficient data to point to a trend, this, coupled with a recent survey from the Pew Research Center finding that public perception of trade unions was on the rise, could indicate that efforts to organise young workers in the new economy were beginning to bear fruit.

1.3.2. Employers' organisations

Employers' and business organisations have been faced with an increasingly competitive global market with rising pressure to improve productivity and attract investment. The study of trends in employers' organisations is a far less developed area of enquiry than that for trade unions. Employers' organisations have traditionally sought to organise and advance the collective interests of employers in the labour market, alongside trade associations which organise the interests that business has in other markets. Relevant data and analysis of membership of employers' organisations are very limited, making it difficult to draw firm conclusions. However, membership in employers' organisations, as measured by the proportion of employees employed by their members, has remained stable in about one-third of the countries for which data are available. Six countries saw increases in employer organisation density, ranging from modest gains (3 to 4 per cent) in Spain and

Finland, up to a 21 per cent increase in Latvia. Ten countries registered decreases. Germany, Italy and Bulgaria fell between 5 and 6 per cent, while much more severe drops were seen in countries hit by the crisis with 20 per cent in Portugal and Romania, 40 per cent in Slovenia (Brandl and Lehr, 2016; Zhu et al., 2017; OECD, 2017). Stability and growth were particularly prevalent across Western Europe and the Nordic countries, where employers' organisations remain active in policy (see Figure 1.6). Austria, where membership is mandated by law, displays the highest density of employers' and business organisation (Brandl and Lehr, 2016). The reasons for stability vary and are related to the adaptive strategies of employers' and business associations as they assess different organisational forms, links with members and the provision of services (Brandl and Lehr, 2016; Zhu et al., 2017; Ronit and Schneider, forthcoming; OECD, 2017).

Employers' and business organisations do nonetheless face challenges. The heterogeneity of enterprises, including small, medium and multinational enterprises makes it challenging to articulate a cohesive business voice. In some regions, small and medium-sized enterprises (SMEs) remain the weakest associational representation (Brandl and Lehr, 2016; Zhu et al., 2017; Ronit and Schneider, forthcoming). As for, multinational corporations (MNCs) they have in some instances chosen to influence national policy

and regulatory strategies directly – whether at home or in other countries – rather than through collective forms of interest representation (Crouch, 2004). While the institutional context of multi-employer bargaining and/or extension of collective agreements sustained membership strength in some countries (Traxler, 2006), the erosion of collective bargaining resulted in a change in this 'logic' for collective action. Some employers became reluctant to join an employers' organisation where membership meant that they would be bound by the terms of a collective agreement that would otherwise not apply to them.

In Western Europe, employers' organisations and business associations are adapting their organisational structure as well as their activities to the changing needs of small business (Brandl and Lehr, 2016). A similar adaptation is underway in other parts of the world. This includes the rationalisation of membership through mergers with trade associations and the creation of 'dual associations'. Many employers' organisations in Western Europe have merged with other such business associations; the trend is also true in other parts of the world with recent mergers in the Bahamas, South Africa, Uganda, Swaziland and Nigeria (Brandl and Lehr, 2016; ILO, 2018a). A number of organisations, such as the New Zealand Business Association have opened up new categories of membership to accommodate

Figure 1.5: Employer organisation density



Source: OECD/ICTWSS database on trade union density and collective bargaining coverage

heterogeneous business interests. Faced with declining membership, German employers' organisations began to offer *ohne Tarifbindung* 'OT' membership (not bound by collective agreements) to maintain their strength. This is accompanied by functional adaptations, such as reorienting from narrow labour market governance to broader policy advocacy and promoting an enabling business environment, as well as offering a range of business services (Streeck et al., 2006; ILO, 2018a).

1.3.3. Governments

Another key player in the area of social dialogue is, of course, the public authority. The state acts to support social dialogue on five levels, as a legislator, a policy-maker, a facilitator through labour administration (e.g. labour inspection, dispute resolution services, procedures for the registration of trade unions and employers' organisations etc.), a convenor of tripartite dialogue, and, of course as an employer. Sound labour market governance relies on a degree of autonomous, bipartite regulation by the social partners themselves. Nevertheless, public authorities play an important role in promoting social dialogue. They establish the legal and regulatory framework underpinning labour relations and, in some systems, provide the parameters to be used for the recognition of trade unions considered as "most representative" and as such entitled to engage in collective bargaining.

In the event of a dispute, public authorities have an important role to play in promoting the voluntary resolution of disputes through negotiation between the parties themselves, failing which, through the use of dispute resolution procedures and services. Although dispute management systems vary from country to country, among the main approaches are those where dispute prevention and resolution is the responsibility of the broader national and state labour administrations or where it is the responsibility of bodies funded by the State, but which operate with a high degree of autonomy and independence. Well-known examples of the latter approach include Chile's Mediation Centre for Collective Labour Disputes and Individual

Conciliation; Fair Work Australia created under the Fair Work Act of 2009; the US' Federal Mediation and Conciliation Service; the United Kingdom Advisory Conciliation and Arbitration Service or the South Africa Commission for Conciliation, Mediation and Arbitration. A number of labour administrations have recently instituted new extra judicial processes – conciliation, mediation and voluntary arbitration for collective disputes. There has also been an increased focus on the strengthening of specialised tribunals and courts, the establishment of special proceedings and judicial remedies for the enforcement of collective rights as well as the institution of time barred limitations for dealing with labour disputes so as to expedite such cases (ILO, 2018a). At the same time, the capacity of a labour administration to act as a facilitator of these and other important services is weak and impedes the development of sound industrial relations.

In the face of economic difficulties, as was the case in the wake of the 2008 crisis, governments sometimes adopt a more active involvement in social dialogue. Government intervention was seen to range from an increased investment in dispute settlement, to involvement (either directly or informally) in bilateral interactions between the social partners, to public sector wage restraint and, in the most extreme cases, intervention in bargaining in the private sector (Rychly, 2013). In countries with a stronger tradition of social dialogue, involvement in tripartite social dialogue resulted in important packages that allowed enterprises and workers to better address the consequences of the sudden economic downturn (Guardiancich and Molina, 2017; Papadakis and Ghellab, 2014).

The state also plays an important role as an employer in its own right but there are divergent trends. In some cases, the crisis led to a rollback in social dialogue in the public sector, with public sector reforms – sometimes driven by austerity measures or linked to international financial assistance packages – leading governments to prioritise unilateral regulation over negotiation or consultation with trade unions representing public workers (Vaughan-Whitehead, 2013).

Other countries or governments have adopted a different approach engaging directly with their trade union counterparts (Papadakis and Ghellab, 2014). In practice, recent years have witnessed a resurgence of public sector bargaining in a number of countries. This includes: negotiation of new collective agreements, most of which are carried out at branch level,³⁹ as well as extending negotiated public sector wage increases to the civil service.⁴⁰ Legal challenges have also served to ensure the effective recognition of the right to bargain collectively on wages.⁴¹

1.4. The processes: forms of social dialogue

Social dialogue involves a process of negotiation, consultation and the exchange of information between actors in industrial relations. This can take many forms, as described in Table 1.1 above. The degree to which these processes of social dialogue are institutionalised, that is take place in established and mandated institutions according to certain rules and procedures, varies depending on institutional trajectories on the one hand, and levels of development on the other. This section provides a picture of the extent to which processes are institutionalised around the world and highlights salient trends. In some countries, long-established industrial relations traditions have resulted in autonomous governance of labour markets and work by the social partners with high degrees of trust. In many other countries, particularly at low and medium levels of development, industrial relations remain highly adversarial and weakly institutionalised with low trust.

1.4.1. Workplace cooperation

Workplace cooperation (information sharing, consultation and participation in decision making) can be an important means to elicit the voice and commitment of workers in the day to day operations of the enterprise and develop high-trust models of employment relations. This can have positive effects on both worker satisfaction and enterprise performance (Humborstad, 2014; Mellizo et al., 2014; Xi et al., 2017; Mueller, 2015), as well as on



increased investment in apprenticeship and in-house training (Kriechel et al., 2014; Stegmaier, 2012). Such cooperation also contributes to a better industrial relations climate (Xi et al., 2017), job stability and good working conditions (Pulignano, 2017); and promotes a high-skill, high-discretion 'learning' model of work organisation that is associated with better working conditions (Pulignano, 2017). Despite the potential these forms of social dialogue hold for sound and productive industrial relations, some questions remain about the use of this form of social dialogue and whether 'high-trust' systems can be mandated through regulations.

The modalities for such cooperation differ over time and across national industrial relations systems. Forms of workplace cooperation may be mandated, when their setting and/or functioning is established by collective agreements or legislation, they can be voluntary at the initiative of social partners outside a legal framework, or a mix of these two (see Table 1.2). For example, in the Philippines, multiple cooperation structures exist in parallel, with voluntary productivity improvement and incentives committees co-existing with mandatory health and safety committees and family welfare committees (which are themselves mandatory in enterprises above 200 workers, and voluntary – but encouraged – in smaller workplaces).

Table 1.2: Workplace cooperation and consultation bodies

Type	Definition	Countries	
Mandated	Existence of, and right to a cooperative structure, based on law or CBA. ⁴²	Austria Bangladesh Belgium Bosnia Croatia Cambodia China Denmark Estonia Finland France Hungary India Indonesia Italy Jordan Republic of Korea Luxembourg	Malta Moldova Myanmar Netherlands Norway Paraguay Poland Portugal Serbia Slovak Republic Spain Sri Lanka Sweden Switzerland Viet Nam The former Yugoslav Republic of Macedonia
Voluntary	Existing, possibly reflected in law but not required. ⁴³	Argentina Australia Brazil Bulgaria Cyprus Czech Republic Greece Haiti Ireland Japan	Latvia Lesotho Lithuania Malta New Zealand Nicaragua Romania Russian Federation South Africa United Kingdom
Mixed	Some mechanisms required by law, others encouraged, permitted, or existing without legal requirement.	Canada Germany Philippines United States	

Source: CEELex; Eurofound, 2011; ICTWSS Database Version 5.1; IRLex

In Europe, the following directives informed practices in EU member States: the 2002 Directive establishing a general framework for informing and consulting employees in the European Community (Directive 2002/14/EC) as well as the 2009 Directive on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting with employees (Directive 2009/38/EC). Many of these countries developed dual-channel representation consisting of workers' representation at the workplace through works councils or other

bodies which function within a broader context of enterprise or multi-level collective bargaining. In some countries, cooperation goes beyond consultation to include board-level employee representation.⁴⁴ Outside of Europe, a number of countries in Asia have recently adopted legal reforms requiring the creation of bodies for workplace cooperation.⁴⁵

The extent to which cooperation can be mandated remains an open question. For example, in South Africa, more than two decades after the adoption of legislation giving rise to 'workplace forums', these

structures have only been established in a minority of enterprises (Hayter and Pons-Vignon, 2018).⁴⁶ In Europe, there are concerns that in some countries, a combination of weak regulation and the contested nature of workplace cooperation has resulted in a prevalence of information sharing, rather than more active forms of cooperation and consultation (Hann et al., 2017; Cullinane et al., 2017; Dobbins et al., 2015; Hall et al., 2013; Hertwig, 2016; Skorupińska, 2017).

Cooperation at the workplace is intended to expand the scope of workers' representation beyond the regulatory function it may play through forms of social dialogue such as collective bargaining – to include an additional (not an alternative) organisational function. The latter involves worker participation in and influence over work organisation and production systems – rather than the distribution of productivity gains (Addison, 2016). Whereas the regulatory function of worker representation involves agreeing the basic contractual boundaries of the employment relationship – working time, remuneration and working conditions – the organisational function involves participation in the determination of what happens within those boundaries. The design and implementation of the systems, processes and techniques enable each worker's individual contribution to be aggregated into an organisational whole, with the aim of achieving internal flexibility (Cradden, 2018 forthcoming).

A growing body of literature suggests that the effectiveness of workplace cooperation, as well as the realisation of the effects described above, depend on two institutional complementarities. The first is whether or not workers' representatives are able to articulate a truly independent, legitimate collective voice, and adequately represent worker views in exchanges with management. A study in developing countries of Performance Improvement Consultative Committees (PICCs) – factory-level committees comprised of managers and workers' representatives – shows that their effectiveness increases when worker representatives are freely elected (by workers). Union representation in the Committee is also positively associated with

manager perceptions of the PICC's ability to resolve disputes (ILO and IFC, 2016). The 'amplification effect' of independent, representative workers' organisations is also reflected in the literature in respect of both industrial relations (Ellguth et al., 2014; Kriechel et al., 2014; Sablok et al., 2013; Stegmaier, 2012; Whittall, et al., 2017) and to a lesser extent, occupational safety and health (Walters and Wadsworth, 2017).

The second is the presence of effective collective bargaining institutions. Workplace cooperation is intended as a complement to collective bargaining, not as a substitute.⁴⁷ Complementarity between these institutions ensures forms of social dialogue that can forge high-trust workplaces, as well as the distribution of productivity gains. A study of PICCs in developing countries shows that the presence of a collective agreement is positively correlated with increased positive effects of workplace cooperation (ILO and IFC, 2016). Other studies also show that the combination of bargaining and workplace cooperation can lead to productivity outcomes that are significantly better than those where there is only bargaining or only cooperation (Metcalf, 2002; Black and Lynch, 1997; Ellguth et al., 2014; Kriechel et al., 2014; Sablok et al., 2013; Stegmaier, 2012).

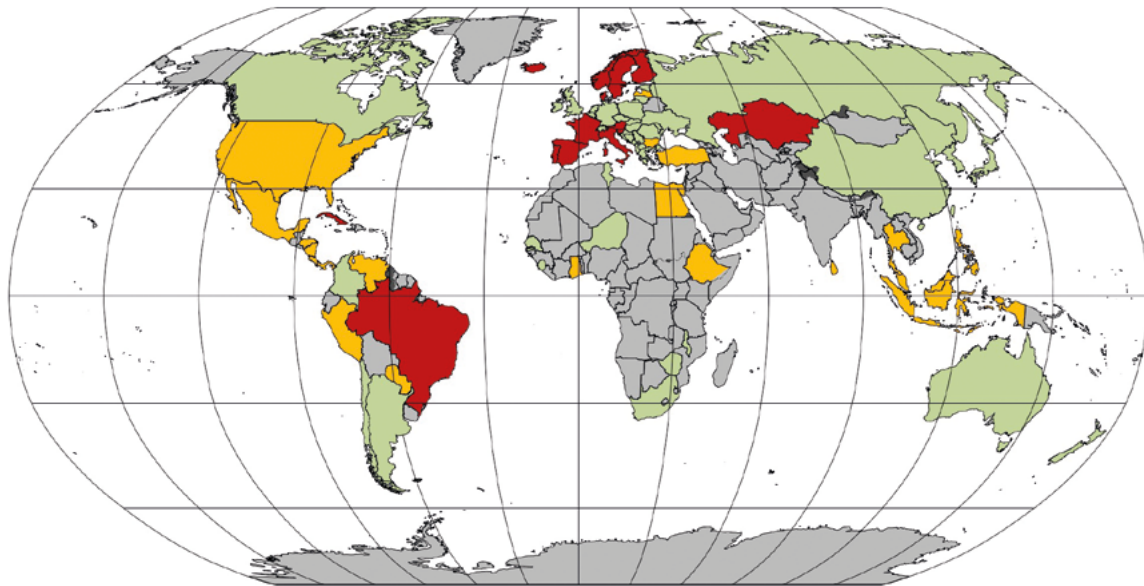
1.4.2. Collective bargaining

Free and voluntary collective bargaining plays a key role for millions of workers and their employers, providing a means of increasing incomes, improving employment conditions, managing conflicts and channeling workplace innovation. Collective bargaining has a protective function (providing adequate pay and working conditions), a voice function (participation in setting of 'joint rules' which lend legitimacy to those rules) and a distributive function (sharing in the productivity gains) (Visser, 2016). It also plays a key conflict management function (Hayter, 2011) It helps address gender inequality by narrowing the gender pay-gap and facilitating the full participation of women in labour markets through agreement to different measures (Berg, 2015; ILO, 2016b). To be effective, collective bargaining requires a number of enabling conditions including a legal and regulatory

framework that allows for the effective recognition of the right to collective bargaining; independent, strong and representative social partners and the willingness of the parties to engage in collective bargaining in good faith. Together these conditions create possibilities for the development of trust and mutual respect.

The proportion of employees whose wages and other conditions of employment are regulated by collective agreements varies across sectors and countries (Figure 1.7), from less than 5 per cent⁴⁸ to near universal coverage of more than 90 per cent.⁴⁹

Figure 1.6: Map of collective bargaining coverage around the world

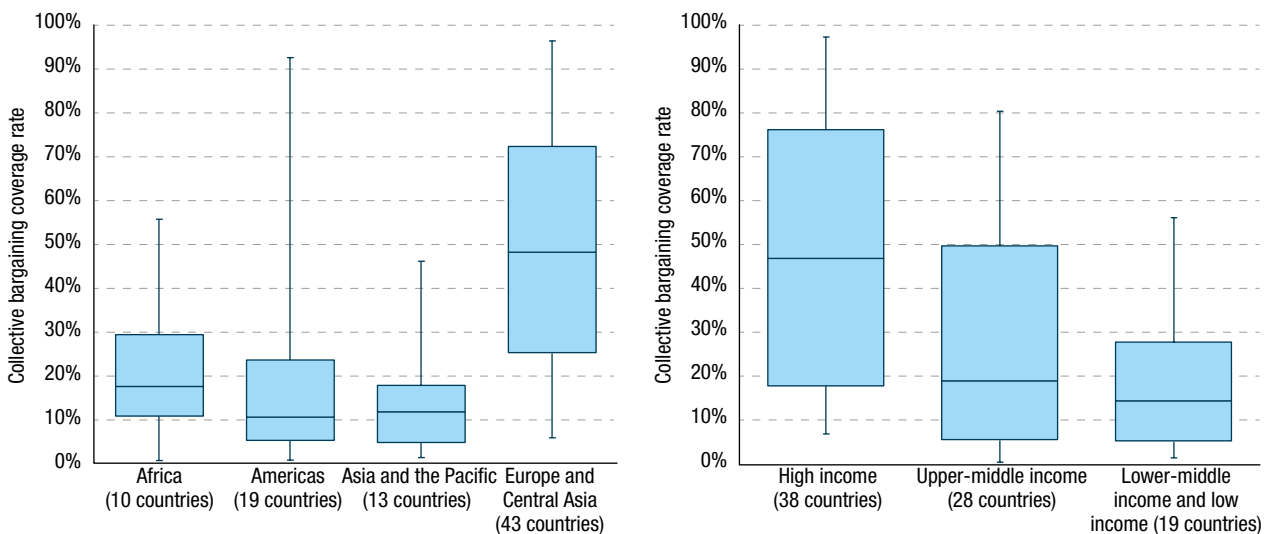


The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the International Labour Organization.

- Low Coverage Rate: up to 15%
- Medium Coverage Rate: between 15% and 60%
- High Coverage Rate: 60% +

Source: ILO IRData (ILOSTAT)

Figure 1.7: Dispersion of the collective bargaining coverage rate by region (ILO) and income



Source: ILO estimates based on ILOData (ILOSTAT) and ILO

This holds true both when looked at from a regional perspective, and across income groups. In much of Asia, Africa and the Americas, coverage by collective agreements tends to be low, reflecting traditions of enterprise-based collective (particularly in Asia) and also due to the large informal economies in some of the countries in these regions. We also see significant differences across income groups, with high income countries continuing to have considerably higher levels of coverage than upper-middle, or lower-middle and low-income countries combined (Figure 1.8). The dispersion within regional groupings and across groups of countries at different levels of income suggests that there is still potential to increase coverage, and that the reasons for low collective bargaining coverage are not primarily structural.

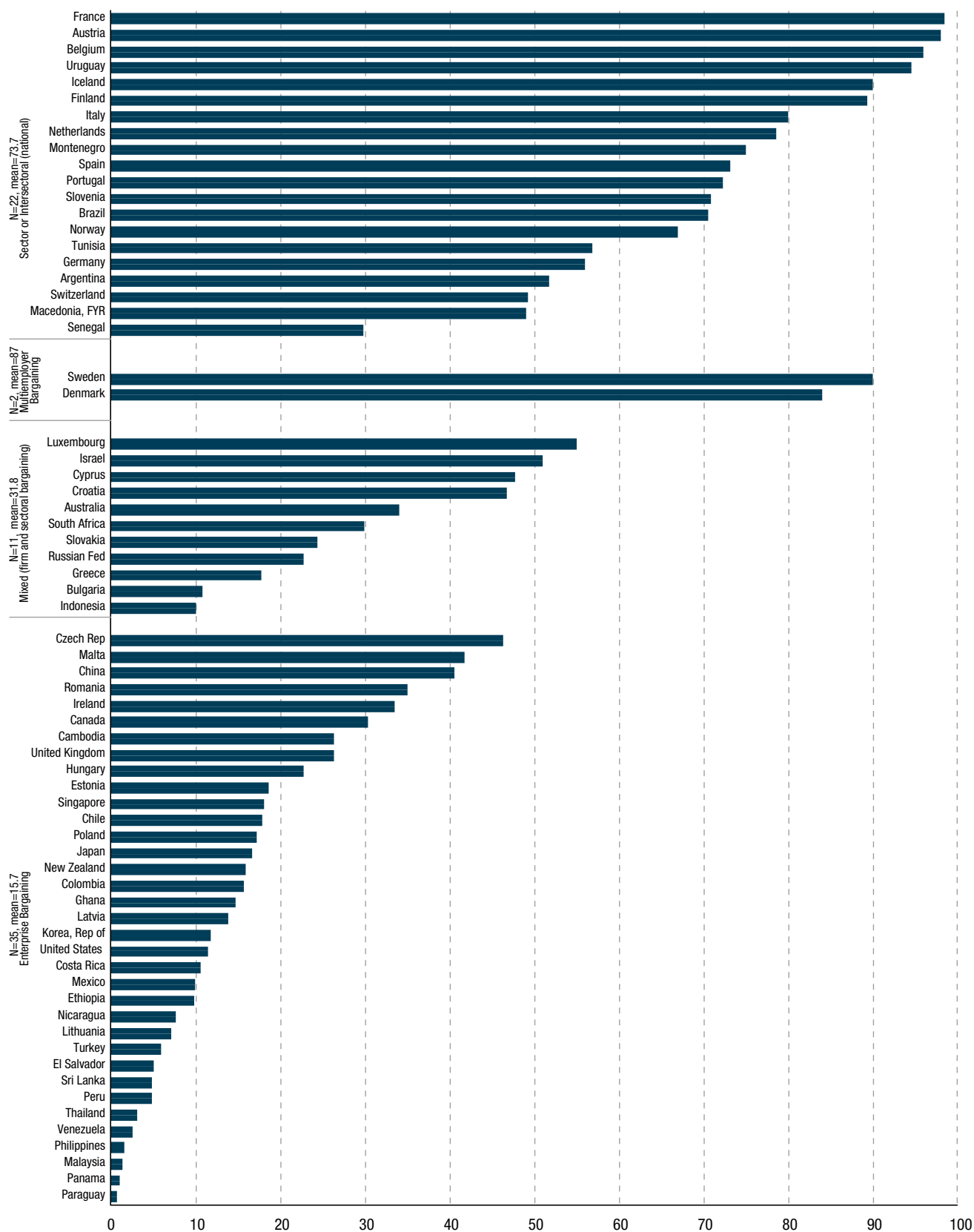
In addition to coverage, collective bargaining systems also vary across countries, both in respect of the level at which collective bargaining takes place, and the coordination (or lack thereof) of wage bargaining. Collective bargaining may take place at enterprise level, and / or at a sectoral and inter-sectoral level. While bargaining at a sectoral or inter-sectoral level involves multiple employers by definition, multi-employer bargaining can also take place between a group of large enterprises (e.g. in mining or auto-manufacturing). Agreements reached at the sectoral and inter-sectoral level apply to all workers in enterprises which are represented by the signatory trade unions and employers' organisations (or signatory enterprises). Subject to certain criteria being met, these may be extended to cover all workers in that sector. While in most countries one of these levels tends to predominate, in some, bargaining takes place at different levels in different sectors (e.g. in South Africa at the enterprise level in the retail sector, at the sectoral level in the clothing and textile sector and in other voluntary arrangements such as those involving large employers in gold mines). There has been an ongoing process of decentralisation within sectoral bargaining systems to the enterprise level, primarily in Europe. The degree to which this has been a social partner-led (organised and vertically coordinated) process of decentralisation, or a state-

led (disorganised and uncoordinated) process of decentralisation (Traxler, 1995) has had implications for bargaining coverage.

In regions where enterprise bargaining predominates, such as in Asia and the Americas (with the exception of Argentina, Brazil and Uruguay), low levels of coverage (below 10 per cent) tend to be the norm. In Africa, despite recent improvements in legal frameworks for collective bargaining, practices remain weak and coverage is low in most countries in the region (with some exceptions such as South Africa and Ghana). In countries where bargaining takes place both at a sectoral and inter-sectoral level, such as in many countries in Western Europe, including the Nordic Countries, coverage is much higher. In Denmark and Sweden, high levels of organisation among trade unions and employers' organisations as well as rich traditions of self-regulation account for the high coverage of collective agreements. Coverage by bargaining agreements is also much more inclusive, as it includes and covers a higher proportion of workers, as well as large and small and medium enterprises where multi-employer bargaining prevails, whether at the inter-sectoral or sectoral levels or between groups of enterprises (Figure 1.8).

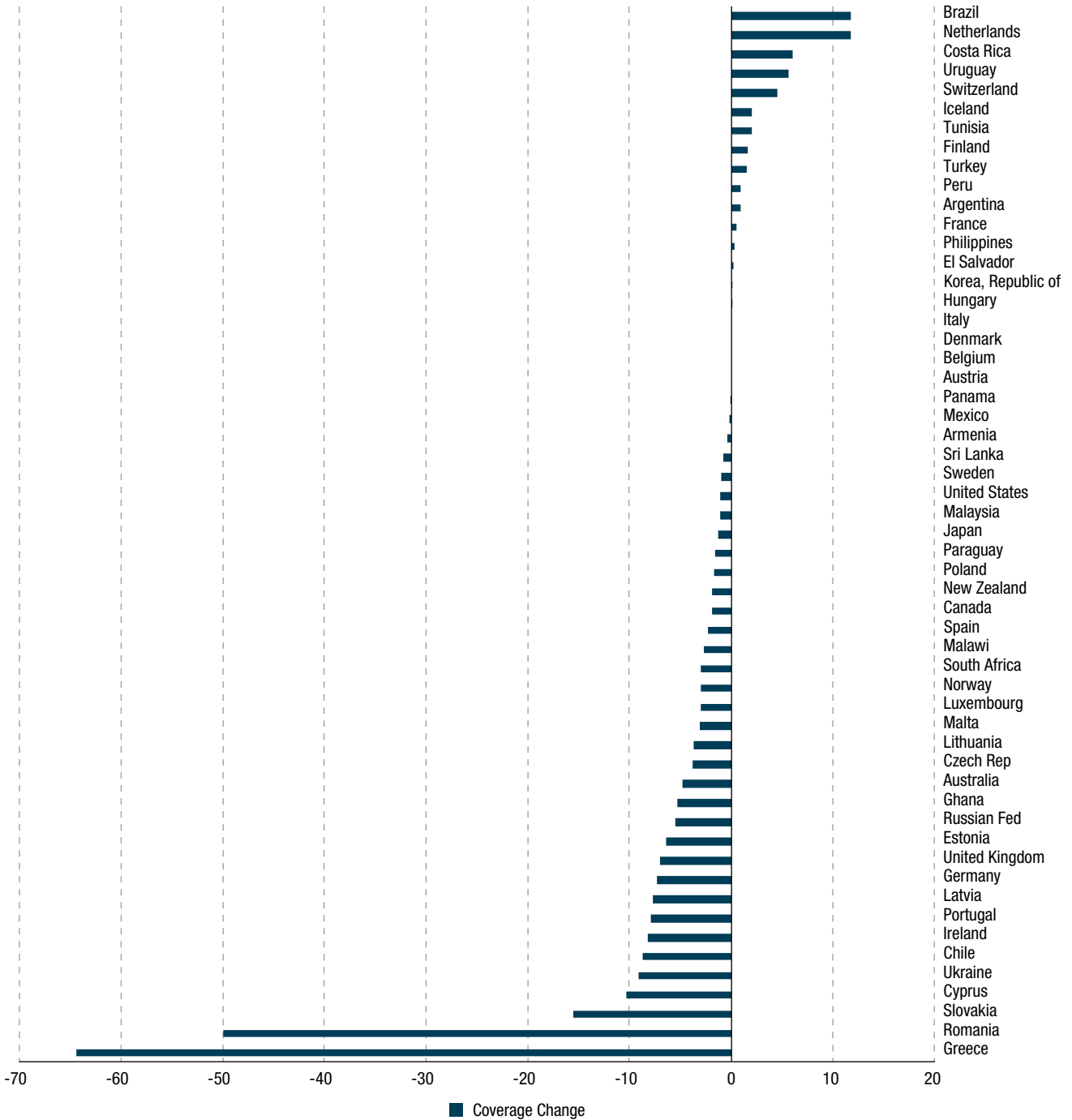


Figure 1.8: Multi-employer bargaining and coverage of collective agreements



Source: IRData (ILOSTAT) and ILO

Figure 1.9: Changes in collective bargaining coverage (2006 and 2016)



Source: ILO IRData (ILOSTAT)

In the last ten years, three patterns of change have emerged in the coverage of collective agreements (Visser, Hayter and Gammerano, 2015). The first is a decline in bargaining coverage in countries, exemplified in recent years in Southern and Eastern

Europe with falling rates in countries such as Greece and Romania.⁵⁰ The second is the relative stability experienced in countries in Western and Northern Europe. The third is an increase in bargaining coverage in countries, such as Brazil,



Netherlands, Finland and Switzerland where both coordination and support for inclusive bargaining has been strengthened (see Figure 1.10).

These changes can be attributed both to the actions of the social partners and deliberate policy decisions. In countries where there were dramatic declines, including Greece, Romania, loan conditionalities invoked policy decisions which rolled back protection for bargaining processes (Marginson and Weltz, 2014). In countries where bargaining coverage increased or remained stable, such as Finland, this can be attributed to a number

of different measures, including national framework agreements or social pacts and adoption of policy measures to enhance the inclusiveness of collective bargaining institutions or agreements.⁵¹ Drops in coverage registered in other countries, such as Germany are linked to changes in the willingness of employers and their organisations to negotiate, or be bound by, multi-employer agreements (Haupter, 2011; Schulten and Bispinck, 2017; Visser, 2016).

The effects of these features of collective bargaining including coverage and structure on various labour market outcomes are examined in Chapter 2.

Table 1.3: Policy changes in countries where bargaining coverage declined and increased

Stability or increase in coverage	Decrease in coverage
Social pacts or national general agreements.	Cessation of national general agreements.
Policy measures to enhance inclusiveness of collective agreements: <ul style="list-style-type: none"> • Lowering thresholds for extension and introduction of public interest considerations (e.g. proportion of nonstandard workers, migrants or vulnerable workers). • Application of collective agreements to posted workers. • Conditional exemption from extended agreement for enterprises by way of negotiated agreement (with adequate minimum standards). 	Weakening of support for multi-employer bargaining: <ul style="list-style-type: none"> • Extension provisions suspended or re-regulated. • Increase of representativeness thresholds (for recognition). • Limiting continuation of agreements. • Disengagement by employers
Social partner-led decentralisation: <ul style="list-style-type: none"> • Framework agreements facilitating articulation of issues across different levels. • Collective agreements include opening clauses allowing variation by way of negotiated agreement. • Recognition of bargaining for non-union representatives <i>only</i> where no union presence. 	State-led decentralisation: <ul style="list-style-type: none"> • Legislation giving company agreements priority over multi-employer agreements (inversion of favourability principle). • Legislation introducing possibility for companies in economic hardship to unilaterally opt-out of sectoral agreements. • Recognition for bargaining of non-union representatives (e.g. associations of persons) at the enterprise.

Source: Visser, J. et. al., 2015 and Marginson and Weltz, 2014

1.4.3. Tripartite social dialogue

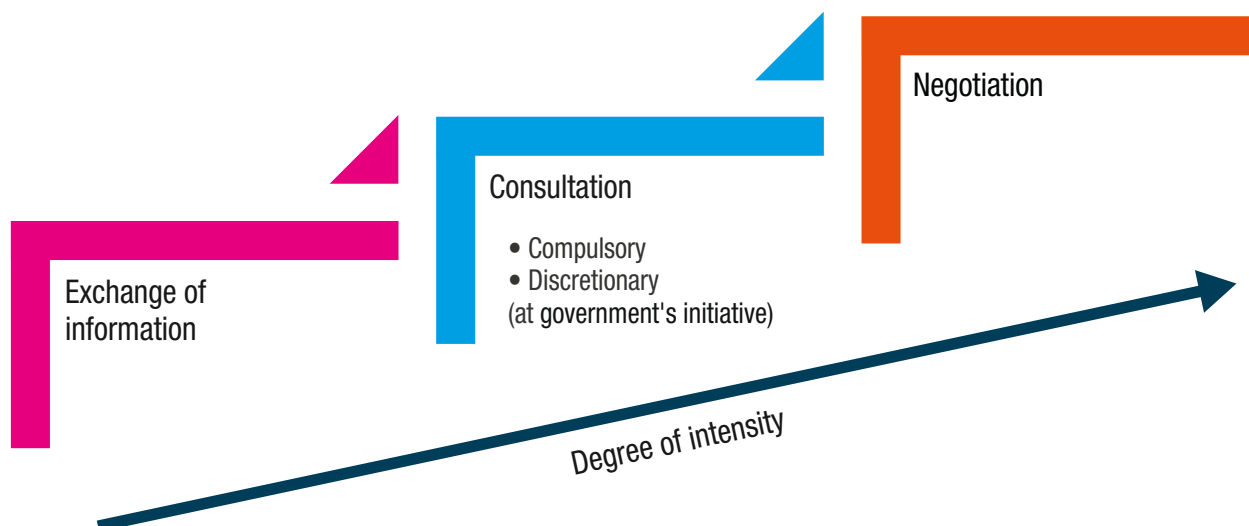
Tripartite social dialogue can take many forms. Governments may involve the social partners in policy-making processes in dedicated institutions or through ad hoc consultations/negotiations. In many countries, national tripartite social dialogue institutions – economic and social councils and similar institutions or tripartite labour councils – facilitate social dialogue between peak trade unions and employers’ organisations and the state. These may enable dialogue and consultation on relatively narrow subjects or provide a forum for consultation and/or negotiation on a wide range of social and economic policies (see Figure 1.11).

At the most basic, the process of tripartite social dialogue may involve little more than the exchange of information between the parties. It may also involve consultation, allowing governments to obtain information on possible reactions to draft public policy measures or draft legislation, without relinquishing their decision-making powers. In other cases, the national tripartite institution may have the autonomy and power to decide the process through which a certain issue will be addressed.⁵² Tripartite social dialogue can also involve negotiations, formal and binding forms of social dialogue aimed at achieving agreements

between the government and the social partners. One such example is policy concertation, involving social partners and governments in the design of economic and social policies through consensus (Trebilcock, 1994). The outcome of this form of negotiation is often a social pact, a widely publicised tripartite agreement in the area of employment and income, the labour market or economic or social policies.

A survey of forty-four Economic and Social Councils found that two-thirds of these played an advisory role in the development of policy and legislation with about half of them also having negotiating power (ILO, 2018c). In recent years, several new national tripartite institutions have been created and others have enlarged the spectrum of their competences or of their powers.⁵³ In Chile a new labour reform approved in 2016 introduced the Superior Labour Council, of a consultative and tripartite nature, that will collaborate in the drafting of policy proposals and recommendations for the promotion of social dialogue and fair labour relations.⁵⁴ The Economic and Social Development Council (CDES) of Brazil was reorganised to include union leaders, researchers, entrepreneurs and professionals of varying backgrounds, taking into account considerations of race, gender and regional balance to enhance representativeness of the

Figure 1.10: Different tripartite social dialogue processes



institution and, as a result, a new tripartite labour council was created at the national level (ILO, 2018c; Berg and Schneider, 2018).

Some innovative social pacts have recently been concluded. In Europe, characterised by a strong tradition of concertation, countries used tripartite social dialogue during the economic crises to arrive at innovative solutions that facilitated adjustment to the economic shock (Guardiancich and Molin, 2017; Freyssinet, 2010). In 2016, Denmark concluded a tripartite negotiation and signed an innovative agreement on the integration of refugees in the labour market. In Sweden and in Norway, a fast track access to the labour market for newly arrived immigrant refugees was agreed on a tripartite base in order to facilitate good job brokerage arenas within industries where labour shortages were identified. Tripartite social dialogue has been used in a wide range of economic contexts to facilitate difficult political transitions and address the adjustment costs of market-oriented

reforms. This has led to agreements to phase in economic liberalisation policies, strengthen social protection systems and provide training to facilitate adjustment. In many countries, particularly emerging and developing countries, this has given rise to more balanced outcomes and smoother transitions than would have been the case had these been implemented unilaterally (Fraile and Baccaro, 2010; Hayter, 2018). Social pacts have also played a key role in wage coordination, avoiding the risk of inflationary spirals (Baccaro and Galindo, forthcoming). In South Africa, in 2017, tripartite social dialogue within The National Economic Development and Labour Council (NEDLAC) led to the adoption of a national minimum wage, as well as measures to strengthen collective bargaining and address protracted and violent strike action (see Box 1.4 below).

Other tripartite institutions have a narrower scope of action and a mandate that entrusts them with a specific task, such as is the case with councils

Box 1.3: Danish tripartite agreement on integration of refugees in the labour market

After months of tripartite negotiations, a tripartite agreement was signed on 17 April 2016 between the Danish Government and social partners on a platform for the integration of refugees into the labour market.

The tripartite agreement, following a joint proposal launched by social partners in the private sector — namely the Danish Confederation of Trade Unions (LO) and the Confederation of Danish Employers (DA) — set up the innovative integrative vocational training programme (IGU) aimed at including refugees with no special or low qualification in the labour market. The programme targeted their inclusion in the labour market through short-term jobs up to two years at an apprentice salary level of between DKK 50 and DKK 120 per hour (\$8.32 to \$16.13) as well as up to 20 weeks in-company training and language courses and a bonus of up to DKK 40,000 (\$5,375) if the refugees are employed for two years. The IGU is implemented through legislation and does not require further implementation though the collective agreements given that pay rates are identical to basic vocational training (EGU) rates.

The tripartite agreement also provides for a fast track (bypassing the job centre) for those refugees that are viewed as ready for direct integration into the labour market at their arrival in Denmark. The asylum centre is responsible for allocating incoming refugees to the appropriate programme. It scans individual profiles and directs them to the municipality with the relevant job. Once a job is found for the candidate, the municipality then assists in the search of a residence close to the workplace and organises Danish language classes close to or in the workplace.

Source: Eurofound, 2016.

for a minimum wage. In Singapore, the National Wages Council, founded in 1972, is responsible for providing guidance on annual productivity growth, GDP growth and other criteria through tripartite social dialogue. A number of other countries have recently introduced this kind of tripartite wage-setting institution.⁵⁵ National tripartite institutions might also have a specific mandate to deal with occupational safety and health at the workplace,⁵⁶ other tripartite councils deal specifically with vocational training,⁵⁷ or with the promotion and measurement of productivity.⁵⁸

1.4.4. Social dialogue at the regional and international levels

A range of different processes of voluntary social dialogue now exist at the regional and international levels.⁵⁹ This includes social dialogue in the context of regional economic communities; sectoral social dialogue committees at the European level; cross-industry framework agreements on subjects such as inclusive labour markets (2010) and harassment and violence at work (2007) by European social partners; and the negotiation of a global (or international) framework agreement (GFA) between a multinational enterprise and a Global Union Federation (GUF).

The South African Development Community (SADC) social partners adopted a policy framework for the promotion of regional labour market stability, a regime of legal rights and protections, the modernisation of dispute settlement machineries and the prevention of disputes through strategies such as codes of good practices, guidelines, early warning systems and targeted capacity building. SADC organises periodical and regular tripartite technical meetings for the discussion of specific issues within the framework of the two tripartite technical sub-committees on employment and labour and on social protection. Similarly, Mercosur member states are committed to promoting social dialogue both at national and regional level.⁶⁰ The number of trade agreements has been growing exponentially in the last two decades resulting in an increase in the percentage⁶¹ of trade carried out within the framework of bilateral or

multilateral trade agreements. Amongst the “new generation” trade agreements concluded after the 1990s, an increasing number contain labour provisions. Over 80 per cent of the agreements which came into force after 2013 include trade-related labour provisions that seek to stimulate social dialogue at the national level. Many of these involve multiple stakeholders – including social partners – in the making and implementation of these provisions (ILO, 2016c). They include references to respect for fundamental principles and rights including freedom of association and the effective recognition of the right to collective bargaining, promote compliance and/or provide a framework for cooperation as well as dispute resolution mechanisms. A recent ILO study (ILO, 2016c) has found that trade negotiations have become less opaque by involving stakeholders, particularly social partners, in the making and implementation of labour provisions contained in trade agreements. In this respect, most countries set up institutional mechanisms for stakeholder involvement including both, permanent consultative structures with fixed participation and more inclusive mechanisms involving social partners and civil society. Nonetheless, despite the inclusion in trade agreements of provisions promoting the participation of these actors, the use of such mechanisms is still limited in practice.

The GFAs leverage sound and constructive labour relations that exist between actors to promote respect for fundamental principles and rights at work – including freedom of association and the effective recognition of the right to collective bargaining – in all countries where these MNEs may be operating. By entering into these agreements, the parties recognise each other as legitimate partners in industrial relations at the global level and cooperate in the implementation and monitoring of these principles at the country level. They do so by encouraging respect for these principles and for the resolution of any disputes by national industrial relations actors, thus reinforcing and supporting the capacity of national industrial relations systems. These agreements differ from collective agreements at country level in many respects, one of which is that GFAs are

not enforceable in the same way as most national collective agreements (ILO, 2018b, forthcoming). The number of signed GFAs continues to grow year on year and in the last ten years it has more than doubled, passing from 61 GFAs signed in 2007 to 119 signed in 2017.

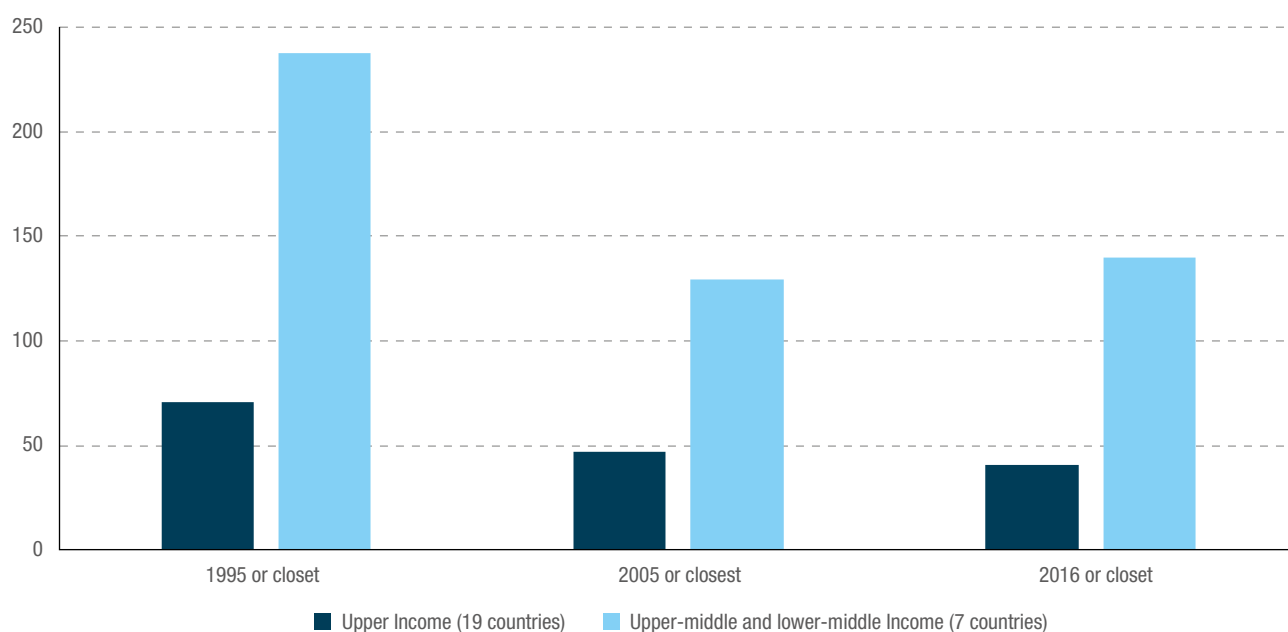
1.4.5. Sound industrial relations

Have processes of social dialogue and the embedding of employment relations in different industrial relations institutions – from works councils to bargaining councils – facilitated good quality, sound industrial relations and trust between social partners? The number of days lost to strike action can be an (imperfect) indicator of the degree to which labour disputes are manifested and resolved through institutional procedures and processes – or the ‘institutionalisation’ of conflict – and thus the quality of industrial relations. Strike activity has declined in most countries over the past few decades, though this trend differs significantly across countries and industrial sectors. This does not necessarily mean that there is less conflict at work, merely that there are procedures for its

resolution. For example, in the United Kingdom, where the level of strike activity has been declining, the number of strike ballots was in fact five times the number of strikes held (Kelly, 2015).

The number of days lost to strike action remains higher in emerging and developing economies than in higher income countries (see Figure 1.14). Despite the lack of adequate data, studies suggest that there is growing pressure on industrial relations systems in large emerging economies and in some developing countries, with a significant proportion of industrial disputes occurring outside the institutional and procedural framework established by industrial relations (Hayter and Lee, 2018).⁶² Inequality and insecurity are increasing across many countries and remain a permanent condition in others. While the disruptive effects of rising inequality and insecurity may not yet be seen in statistics on industrial action, they are being observed at the ballot box, and in the rise of populism (Schäfer, 2012; De Bromhead et al., 2012; Inglehard and Norris, 2016; Rodrik, 2018; Funke et al., 2015).

Figure 1.11: Days lost to strike action 1995, 2005, 2016 by high-income and low, medium income



Source: ILO calculations based on ILOSTAT

Box 1.4: Sound industrial relations and social dialogue

While recognising the diversity of systems in place across the world, the Global Deal's Thematic Brief on Achieving Decent Work and Inclusive Growth: The Business Case for Social Dialogue offers a number of factors that may help to ensure the effectiveness of social dialogue. These include:

- Respect for freedom of association and the effective recognition of the right to collective bargaining;
- Legal and institutional support of labour administration, including dispute resolution (e.g. conciliation or mediation) and means to ensure the effective application and enforcement of collective agreements;
- Independent and representative workers' and employers' organisations;
- Political will and commitment by parties to engage;
- Technical capacity, knowledge and access to relevant information;
- Processes for the effective coordination of collective bargaining by the social partners;
- Frameworks for workplace cooperation that allow for independent and effective workers' representation; and
- Effective coordination by trade unions in multi-union contexts.

In addition, the Brief points to the importance of strong, trust-based relationships – that develop through the process of good-faith engagement – as being of particular importance to enabling innovation, enhancing stability, weathering shocks and reducing the risk of industrial disputes.

Source: The Business Case for Social Dialogue: Thematic Brief - <http://www.theglobaldeal.com>

1.5. Enhancing the inclusiveness of labour protection through social dialogue

The increase in non-standard employment (ILO, 2016a), undeclared work and the fissuring of workplaces as enterprises search for flexibility (Weil, 2015) is placing pressure on these industrial relations systems and their capacity to deliver inclusive outcomes. It is also eroding the core full-time, indefinite and subordinate employment relationship, which raises legal and practical challenges to the full realisation of freedom of association and to collective bargaining. New technologies have changed the organisation of work and working arrangements. Work through platforms is not only geographically dispersed, but also largely considered to be self-employment. Moreover, inequality and insecurity are on the rise in many countries and remain a permanent

condition in others. While the disruptive effects of rising inequality and insecurity may not yet be seen in statistics on industrial action described above, they are being observed at the ballot box, and in the rise of populism (Schäfer, 2012; De Bromhead et al., 2012; Inglehard and Norris, 2016; Rodrik, 2018; Funke et al., 2015). What follows is an examination of the policies and practices that can enhance the inclusiveness of representation, voice and social dialogue so that the coverage and inclusiveness of labour protection can be expanded to all who work.

1.5.1. The actors: expanded solidarities

In order to enhance the inclusiveness of labour relations institutions and strengthen the capacity of social dialogue to address insecurity and inequality, the actors will need to expand their membership base, as well as engage in solidarity action on behalf of workers and enterprises unable



to become members. Trade unions in different countries are organising workers in the informal economy and non-standard forms of employment and taking action on behalf of workers beyond their membership. Employers' organisations are also providing new services across a variety of enterprises, including MSMEs.

1.5.2. Trade unions are extending organisational resources

Despite the decline in union density, unions remain the largest membership-based organisations in many countries as well as globally. Trade unions in different countries are taking action on behalf of those beyond their membership and increasingly address issues faced by workers in non-standard forms of employment and in the informal economy, whether employees, own account workers, or in self-employment.

Unions have sought to reform their own structures to support and promote an inclusive and representative membership among non-standard workers including women workers, who are often underrepresented both in membership and management. Many trade unions are taking measures to increase women's participation in their own structures through recruitment and internal policies, including the introduction of quota systems to increase the presence of women in leadership positions, the creation of additional seats or double nominations specifically for women. Because of the centrality of autonomous, independent and representative trade unions in social dialogue it is of

paramount importance that they ensure both their gender inclusiveness as well as their capacity to shape the agenda of every *fora* of dialogue so as to include policies and practices that are responsive to the needs of both women and men and designed with the structural disadvantages faced by women in mind.

At the same time, important measures have been implemented to include non-standards workers in the scope of action of trade unions. The Korean Metalworkers Federation (KMWF) took steps to reform its procedures to enable it to represent 'non-permanent' workers and changed from a federation of enterprise unions into an industrial union (Holcroft, 2013). The Netherlands of the Confederation of Dutch Trade Unions carried out a targeted recruitment drive to include non-standard workers within their membership, identifying and mobilising particular sectors in which non-standard workers faced high risk. In Germany, the Confederation of German Trade Unions have established 'fair mobility' service centres across the country to provide information on labour standards and social legislation to migrant workers in their own language (Marino et al., 2017), and the German metalworkers' union (IG Metall) developed a determined organising campaign targeting atypical and non-standard workers (Benassi and Dorigatti, 2015). Similarly, Italian labour confederations created representational structures – according to employment classification (rather than sectorial or occupational distinctions) – which enabled non-standard workers to mobilise around the specific issues they had in common (Pulignano, Gervasi, and De Franceschi, 2015).

Building on efforts to expand membership, regulate conditions and support agency among workers in non-standard employment more generally, trade unions are engaging in solidarity action with other groups, and actively supporting organising efforts among gig-economy workers. Various strategies are employed, from the use of online forums (e.g. faircrowd.work, TurkerNation) to direct engagement, at times working together with different community-based organisations such as worker centres (see Box 1.5).

Box 1.5: Organising the gig economy

In many countries, trade unions have developed a variety of strategies to provide workers in the gig economy with collective voice and rights. These can be broken down into three main categories: legal challenges, direct organising and representation, and lobbying for legislative changes. Additionally, gig workers have also been organising through cooperatives and works councils.

In the first category, a series of lawsuits focusing on gig workers' employment status have been filed in a number of jurisdictions. If successful, the objective is to bring these workers – largely classified as independent contractors by the platforms for which they work – under the existing labour laws. In New York, the New York Taxi Workers Alliance has organised Uber drivers for many years, and recently succeeded in attaining recognition of two drivers' eligibility for unemployment compensation (Rivoli, 2016). Legal precedents can serve to expand labour platforms' scope of responsibility vis-à-vis gig workers.

Other unions have set up workers' guilds to promote social dialogue with employers, with varying degrees of success. Also in New York City, the International Association of Machinists and Aerospace Workers union has worked in partnership with Uber to establish the Independent Drivers Guild. The partnership details have not been released publicly, but the guild offers legal services, free classes in safety and health and wellness, and policy advocacy (see <https://drivingguild.org/idg-benefits/> [1 May 2017]). Some restrictions have been placed on the range of actions that the IDG can pursue. Notably, this includes an agreement that they will not pursue claims of worker misclassification.

In addition to these efforts, gig workers are also organising themselves into platform cooperatives, which utilise the same technologies as 'traditional' platforms but ensure democratic control over the business. A Belgian cooperative provides gig worker-members benefits associated with an employment relationship. In Germany, gig workers have worked in cooperation with unions and employers to develop a conflict resolution protocol. Worker centres hold promise for gig workers engaged in geographically localised work-on demand via apps. Online forums have been used to bring together workers – particularly (geographically dispersed) crowdworkers – for the purposes of mutual assistance and have spawned innovative efforts to 'rate' requestors and platforms, and targeted campaigns to push minimum standards governing crowdwork.

Finally, efforts in Europe have come much closer to representing gig workers through collective bargaining and social dialogue. For example, the Austrian union Vida has recently set-up a works' council for Foodora (food delivery) riders and is seeking to conclude a collective agreement covering all bicycle delivery services (Vida, 2017). An innovative agreement in Australia established working conditions above the minima provided for in modern awards. Similarly, in the UK, mobilisation among delivery riders halted proposed pay cuts. And in Sweden, drivers for the start-up Transportation Network Company (TNC) "Bzzt" are covered by the sectoral collective agreement. An agreement in Denmark between Hilfr.dk – a platform for domestic cleaning services – and the Private Services, Hotel and Restaurant arm of the United Federation of Danish workers (3F) have reached a one-year collective agreement, providing for minimum hourly wages, pension, holiday and sick pay contributions. After 100 working hours on the platform, workers are automatically covered by the terms of the agreement. In Seattle, the Teamsters Union has successfully lobbied the municipal government to enact a law promoting collective bargaining between gig workers (despite their independent contractor status) and the TNCs for whom they work. The law has been challenged repeatedly by prominent gig and platform-based companies as well as the US Chamber of Commerce.

Source: Johnston and Land-Kazlauskas, 2018

Worker centres have been an effective mechanism for organising, servicing and promoting agency among workers who have been prohibited, due to their legal status, the fact that they work in sectors where union organising was not permitted, or where unions had yet to penetrate with organising campaigns. (Fine and Gordon, 2010; Rosenfeld, 2006) Where unionisation was legally possible, large-scale union organising endeavors have sought to promote membership – and representation – amongst poorly paid, migrant, non-standard workers; with worker centers playing an important supportive role (Peck and Theodore, 2012; Ness, 2010; Cobble and Vosko, 2000; Heery, 2009; Cranford et al., 2005). Worker centers also exist in developing countries (see Chapter 2.4).

In some countries, self-employed workers in the informal economy have organised these workers and formed workers' organisations and engaged in collective action on their behalf. The National Alliance of Street Vendors in India advocated for regulatory changes. The Street Vendors Act of 2014 provides for the constitution of local town vending committees to formulate regulations improving conditions of work for street vendors through processes of consultation. The organisation of workers in the informal economy in India also resulted in the successful conclusion of agreements on wage rates for home-based worker producing 'beedis' (tobacco rolled in leaves and tied with a string). Unions organised about 1,400,000 such workers across the country and organised a Joint Action Committee (JAC) in the major beedi producing state of West Bengal to coordinate their actions including the resistance to foreign investment in this sector. The JAC has since entered into collective agreements with multiple beedi distributors, setting wage rates per 1000 beedi's produced (Sen, 2012).

On Ghana's Volta Lake in Kpandu district, the General Agricultural Workers' Union (GAWU) has successfully organised union activities amongst the workers and small producers of the Torkor community. Primarily a fishing community,

historically rampant with the use of child labour for untangling nets and processing fish, GAWU's single largest success has been eliminating child labour in the fish supply chain. GAWU's work focused on improving safety and health, providing a voice for women, combatting trafficking, ending child labour and ensuring that every child goes to school. By simultaneously focusing on training adult divers, raising community awareness, liaising with teachers' unions and district authorities to ensure sufficient school places were provided for children and supporting fishers and women's fish processors to form cooperatives, the "Torkor" model has made fishing and fish-processing safer and more productive through collective action by community members. (ILO, unpublished).

The organisation of Thai home-based workers by HomeNet, Thailand with support from WIEGO, has resulted in various policy improvements at the national level benefitting informal workers. One of the most prominent examples is the successful extension of universal health coverage to informal workers through participation in policy design, legislative action and monitoring and evaluation. They also campaigned for the passage of the Homeworkers Protection Act, which grants Thai homeworkers occupational health and safety protection, minimum wage and other fundamental labour rights. (UNDP, 2015). In the inner city of Durban, South Africa a major civil society campaign involving street vendors' organisations, academics, urban practitioners and a local CSO called Asiye eTafuleni succeeded in overturning a city council decision to develop a mall on the market site. The campaign was aided by public interest litigations that challenged both the decision to replace the historical market, as well as the process by which the lease for public land was granted to a private developer. The City Council eventually rescinded its decision to lease the land for the mall development - a major victory for the street vendors' organisation which represents these vendors and the barrow operators (who transport the street vendors' goods). (UNDP, 2015)

1.5.3. Employers' organisations offer new value proposition to MSMEs

As in the case of trade unions, employers' organisations too have taken steps towards more inclusive strategies for improved social dialogue. The successful organisation of informal establishments has led to the creation of employers' associations in the informal economy in countries such as Senegal, Tanzania and South Africa (Koçer and Hayter, 2011). In Kenya, the Federation of Kenya Employers (FKE) has extended its services to informal firms offering information on labour relations, business development as well as occupational health and safety. In an attempt to improve the representation of small and medium-sized enterprises in Ghana, the Employers' Association (GEA) has reserved a seat on its governing council for the Association of Small-Scale Industries. In the Democratic Republic of the Congo, the Confederation of small and medium enterprises (COPEMECO) is addressing the formalisation of SMEs (ILO, 2017a).

1.5.4. The processes: enhancing the inclusiveness of labour relations

The various forms of social dialogue have the potential to enhance the inclusiveness of labour relations, as well as facilitate complementarities between different labour market institutions in order to achieve fair and productive outcomes. For example, as discussed above, in countries where the coverage of bargaining is such that outcomes may have broader macro-economic effects, tripartite social dialogue – whether through guidelines, measures agreed by tripartite institutions, or social pacts – can play an important role in facilitating the coordination of wage bargaining. Cooperation and consultation at the workplace can deliver better performance when there is a dual system for representation involving both a participatory channel (e.g. works councils) and a distributive one (e.g. collective bargaining). Yet in order for these complementarities to be realised, policies are needed that promote social dialogue and collective bargaining, as well as inclusiveness of these institutions.

1.5.5. Clarifying the employment relationship and facilitating transition from informal to formal

Tripartite social dialogue can play an important role in enhancing the inclusiveness of labour markets (and labour relations) through examination and reregulation of labour markets and the employment relationship. In terms of defining who is an 'employee', in order to access collective bargaining rights and other protections, countries such as Canada, Italy, Japan, South Africa, the United Kingdom and Uruguay have engaged in tripartite social dialogue on defining and regulating the Employment Relationship (ILO, 2007).⁶³ In developing country contexts, the dialogue can shape policy and by so doing facilitate transition from the informal to the formal economy (see Box 1.6.). Collective bargaining plays a role in many countries by including in the scope of protection offered by collective agreements, non-standard workers including temporary, casual, seasonal and independent contractors (Xhafa, 2015). In recent years, several States have been revising their labour legislation with the direct involvement of social partners. Such was the case of Nepal, where after more than 10 years of tripartite discussion, the New Labour Act No. 2074 was approved in 2017. The most important feature of the new Act is that it covers all workers regardless of the size of the enterprise, whereas the former Labour Act only covered workers in firms employing 10 or more employees (ILO, 2018a). In 2017, Costa Rica created a tripartite table of dialogue for the signing of a social pact addressing workers' transition from informal to formal economy so as to ensure better working conditions and a decent work environment for these workers.⁶⁴ The tripartite Senegalese High Council on Social Dialogue, highlighting the role of social dialogue in facilitating the transition to a formal economy devoted its sixth plenary session in 2016 to this issue. As a result, the *Plan Sénégal Emergent* addresses the transition to formality and specifically emphasises the role of social dialogue in achieving this.⁶⁵

Box 1.6: Three decades of dialogue to improve working conditions of Indian workers in the beedi production

Social dialogue has proven to be effective, in both developed and developing countries, to contribute in providing formal labour protection to sectors of the labour market where informality prevails, and subsequently improving the living and working conditions for many workers. An example of this is provided by workers in Indian beedi production (traditional hand-rolled local cigarettes), where 90 per cent work from private homes and 95 per cent are women. The improvements introduced through new legislation reached thousands of workers thanks to a thirty-year struggle led by the Self-Employed Women's Association (SEWA) together with the will of the central government to address workers' concerns and needs.

SEWA has been active in the beedi industry since 1978, obtaining several important results. For example, in 1983, the government in the State of Gujarat increased the price paid by factory owners to workers, following meetings between the Minister of Finance of Gujarat and representatives of beedi production workers. Following the establishment of a cooperative society, beedi workers lobbied the Labour Commissioner of Gujarat, who saw that identity cards were issued, that 200 workers who had been illegally dismissed were reinstated to their factory and compensated; provident fund benefits were included.

Since 1985, again with the involvement of SEWA as a member in the Gujarat State Advisory Committee on Beedi Workers, workers gained access to a range of welfare schemes. In 1987 the central government approved a project on housing for beedi workers in Ahmedabad and by 1993 and 110 women working in beedi production received housing. In 1998 following a discussion chaired by the State Provident Fund Commissioner — in which both beedi factory owners and workers participated — the rights of 191 workers to the payment of provident fund benefits was recognised.

Following these achievements, beedi workers' organisations spread throughout the country and in 1996 the central government fixed minimum wages together with welfare schemes. In the following years, through the joint collaboration of SEWA, the government and the employers of beedi factories, working hours were regulated, together with the systems of provident funds and benefits under various welfare schemes and universal access to identity cards necessary to enjoy the benefits was granted. In West Bengal, following negotiations between workers from 13 villages, the Labour Department of the state government and the Indian Tobacco Corporation training courses were provided for SEWA members on the significance of organising, membership in the organisation and its role in understanding and addressing workers' problems. In the state of Madhya Pradesh SEWA contributed to the improvement of working conditions of contractors working as intermediaries between beedi workers and factory owners, leading to these contractors forming their own trade unions and presenting their demands to factory owners in 2005.

Source: Informal workers and collective bargaining: Five case studies (WIEGO, Organizing Brief N.9, October 2013)

1.5.6. Inclusive wage policies: combining protective and participative standards

Social dialogue can play an important role in wage coordination and in forging inclusive wage policies which combine protective and participative standards in wage setting. Protective standards,

such as minimum wages and maximum limits on working time establish basic standards governing employment conditions. Participative standards allow those representing workers and employers to engage in workplace cooperation and collective bargaining, and for these representatives and organisations to be protected from discrimination

(Sengenberger, 1994). This permits the actors in the labour market to regulate their conditions, and for the state to step back and allocate its limited resources elsewhere. However, the state is not absent; in reality the 'shadow of the law' hangs over these negotiations (Bosch and Lehndorff, 2017).

In efforts to address the rise in income inequality, a number of countries have introduced measures aimed at combining protective and participative standards in an effort to achieving inclusive wage policies. In Germany, the introduction of a statutory minimum wage in 2015 marked a transition from an autonomous wage-setting system, to a hybrid system that combines protective and participative standards. Trade unions were part of the discussions to determine the form such a minimum wage would take. Collectively agreed wages serve as the reference points for proposed increases in the minimum wage. The objective is also to use the minimum wage to activate and strengthen collective bargaining (Bosch and Lehndorff, 2017). In South

Africa, lengthy and often violent strike action, along with rising inequality and insecurity led to tripartite social dialogue in NEDLAC to examine the causes and labour market policy responses. This led to the adoption of a national minimum wage, as well as measures to strengthen collective bargaining and address protracted and violent strike action, a strengthening of both protective and participative standards (see Box 1.7).

Tripartite social dialogue has also proven to be an effective tool to address gender-based discrimination and create inclusive work opportunities. Despite the fact that the persistent under-representation of women in social partners- especially in managerial roles- reflects by domino effect the composition of national social dialogue institutions (such as economic and social councils, tripartite commissions and labour advisory boards) a positive trend has been registered at the global scale. Although data in this field is volatile by nature, an increase from 20 to 35 per cent of women

Box 1.7: The making of National Minimum Wage policy for South Africa

The National Economic Development and Labour Council (NEDLAC), South Africa's peak level social dialogue institution was set up in 1994 following the country's first democratic election as a corporatist policy making institution. In addition to the tripartite partners, it provides for the representation of civil society groupings through its 'community constituency'.

The tragic events of 2012 in Marikana culminating in the death of 34 striking mineworkers followed by waves of protracted strikes that year, spurred tripartite action on labour market policy in the country. The social partners under the auspices of NEDLAC were explicitly mandated by the President to look into national minimum wage policy in his state of the nation address in June 2014. The NEDLAC Labour Relations Conference held in Ekurhuleni in November 2014, resulted in the adoption of a *Declaration on wage inequality and labour market stability*. Under the auspices of NEDLAC, the social partners split the issues into two work streams – and technical task teams (one each on wage inequality and labour market stability) were established. After three years of careful deliberations and negotiations, the tripartite partners agreed to a *Declaration on Wage Inequality and Labour Market Stability* in February 2017.

The tripartite agreement includes a commitment to implement a national minimum wage policy by May 2018, an Accord on collective bargaining and industrial action, and amendments to the Labour Relations Act (LRA). The National Minimum Wage Bill, Basic Conditions of Employment Amendment Bill and LRA Amendment Bill were approved by the South African Cabinet in November 2017. This is one of the most important labour market policies to have been addressed by NEDLAC since it first crafted and adopted an inclusive labour market policy in 1995.

Source: Hayter and Pons-Vignon, 2018 and Valodia et. al. Draft Report

presence in national tripartite institutions has been recently observed (ILO, forthcoming). The composition of the institutions affects inevitably their own agenda and priorities. In some cases tripartite social dialogue institutions have proven to be an effective tool to address gender-based violence and create inclusive work opportunities. Such was the case, for example, of the tripartite councils created in Uruguay to promote gender equality whose activity often included training offered to social partners on gender related themes (Espino and Pedetti, 2012).

1.5.7. Inclusive collective bargaining and policy-based extension of collective agreements

In enhancing the inclusiveness of social dialogue governments can take measures to enable the exercise of collective bargaining rights by non-standard workers. For example, in 2004, the Irish Competition Authority nullified a collective agreement which included self-employed voice-over actors, on anti-trust grounds. On 7 June 2017, the legislature of Ireland enacted the Competition (Amendment) Act providing collective bargaining

rights for three categories of non-standard workers,⁶⁶ and also defining a number of key concepts, such as 'false self-employed worker',⁶⁷ and 'fully dependent self-employed worker'.⁶⁸ This seeks to distinguish between 'undertakings' as fully independent economic units, and independent workers who are treated as independent small businesses under the law, but have little control over the terms and conditions of their work. (Johnston and Land-Kazlauskas, 2018).

As shown in Figure 1.9, multi-employer bargaining – whether inter-sectoral, sectoral or relating to a group of enterprises in a sector – provides for the most inclusive bargaining coverage. These agreements typically cover all enterprises and workers in a sector, irrespective of whether the employment is fixed-term, temporary or permanent. Governments also have a role to play in shoring up multi-employer bargaining. One way in which they can do this is by extending the terms of collective agreements to all enterprises and workers in a particular industry or sector. It is not the extension *per se* that determines the coverage, however extension does raise and stabilise bargaining



coverage including of workers in vulnerable categories of work.⁶⁹

In practice, the extension of collective agreements can offer inclusive labour protection to migrant and non-standard forms of employment. In South Africa, for example, given the difficulties unions face in organising workers in sectors with significant numbers of non-standard forms of employment, the Minister is required to consider the proportion of non-standard workers that fall within the scope of a bargaining council in determining whether or not the parties to an agreement can be considered sufficiently representative. Provision is made in a number of countries for those who are to be affected by the extension to either object, and/or apply for exemption from some or all of the provisions of the collective agreement (Godfrey, 2018). In addition, a number of countries now include 'public interest' considerations in this policy decision, such as the maintenance of social and training funds (Hayter and Visser, 2018).

1.5.8. Managing transition

Part of the challenge in ensuring inclusive labour protection is to manage transitions. Social dialogue has an important role to play. In

Sweden, Job Security Councils – the product of collective agreements across a variety of sectors – provide income support, skill development and redeployment services covering some two million employees. (Diedrich and Bergström, 2006) These are seen as critical labour market institutions, complementing public employment services, and with the protections and support offered through the collective agreements, they contribute to the adaptability and dynamism of enterprises and sectors, reducing union resistance to restructuring and job cuts. (Semuels, 2017)

IGMetall, through its "Work and Innovation 4.0" project is engaging with companies to adopt innovative solutions related to transformations in German workplaces. Using a mix of training, qualification courses, company-level projects, and the innovative use of "learning factories"⁷⁰ the initiative is designed to promote tailored, proactive solutions which place a premium on social partnership. These represent important examples of innovations – developed through social dialogue – which hold promise for building a virtuous cycle between workers representation, labour protection and productivity.

Notes

- 1 The term industrial relations is described as "the study of the employment relationship and all the behaviours, outcomes, practices, and institutions that emanate from or impinge on the relationship" (Kaufman, 2004); and as "institutions and processes of social regulation of work and employment, whether by law, collective bargaining or more diffuse norms and standards" (Hyman, 2001).
- 2 The ILO Resolution adopted by the International Labour Conference at its 90th Session, 2002 which highlights the value that civil society organisations could play in assisting the ILO in carrying out its work.
- 3 The ILO Declaration on Fundamental Principles and Rights at Work, 1998, makes it clear that all member states have an obligation arising from the very fact of membership of the ILO to promote, respect and realise, the principles concerning the fundamental rights which are the subject of the fundamental Conventions (Article 2.). The Fundamental Principles and Rights at Work relate to the subjects of: promoting freedom of association and the effective right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and (d) the elimination of discrimination in respect of employment and occupation.
- 4 Art. 20 on freedom of association; Art. 23(4) on the right to form and join trade unions.
- 5 See, for example, the International Covenant on Civil and Political Rights (1966) (Art. 8 on the right to form trade unions for the promotion and protection of economic and social interests, including the right to strike), the International Covenant on Economic, Social and Cultural Rights (1966) (Art. 8), the European Social Charter (1961) (Article 5 on the right to organise and Article 6 on the right to bargain collectively), and the European Union Charter on Fundamental Rights (2000) (Article 12 on freedom of assembly and of association, Article 28 on the right of collective bargaining and action).
- 6 Additional standards address workplace cooperation, consultation at industrial and national levels, communications, and dispute resolution. For a full list of ILO instruments dealing with freedom of association, collective bargaining and industrial relations, see: <http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12030:0::NO §1.1-1.3>.

- 7 Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), Tripartite Consultation (Activities of the International Labour Organisation) Recommendation, 1976 (No. 152).
- 8 See, inter alia, the Employment Policy Convention, 1964 (No. 122), and its accompanying Recommendation; Employment Policy Recommendation, 1964 (No. 122); the Occupational Safety and Health Convention, 1981 (No. 155), and its accompanying Recommendation and Protocol; the Domestic Workers Convention, 2011 (No. 189) and its accompanying Recommendation.
- 9 In addition to Convention No. 87 and Convention No. 98, the fundamental Conventions include, the Forced Labour Convention, 1930 (No. 29), the Abolition of Forced Labour Convention, 1957 (No. 105), the Equal Remuneration Convention, 1951 (No. 100), the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), the Minimum Age Convention, 1973 (No. 138) and the Worst Forms of Child Labour Convention, 1999 (No. 182).
- 10 http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_561873.pdf
- 11 ILO, 2018. Review of annual reports under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work. Governing Body 332nd Session, Geneva, 8–22 March 2018, GB.332/INS/3.
- 12 See, Chile: Ley 20.940, Moderniza el Sistema de Relaciones Laborales (2016); Liberia: Decent Work Act (2015); Nepal: Labour Act, 2074 (2017).
- 13 See, Myanmar: The Labour Organization Law (The Pyidaungsu Hluttaw Law No. 7 / 2011)
The 14th Waxing day of Thadinkyut 1373, M.E. (11th October 2011).
- 14 See, Bahrain: Workers' Trade Union Law (2002, revised in 2011), Bahrain Labour Law (2012); Cuba: CEACR, Observation Convention No. 87, Cuba, published in 2017; Oman: Royal Decree 74/2006 and Ministerial Decision No. 294/2006 on Regulation of collective bargaining, peaceful strike and closure, Royal Decree No. 74/2006 issued on 8 July 2006 together with a Ministerial Decision No.24/2007 on the formation, functioning and registration system of the labour unions and labour associations; see also legislative changes under consideration in Argentina: CEACR, Observation Convention No.87, Argentina, published in 2013; and Lebanon: CEACR, Direct Request, Convention No. 98, Lebanon, published in 2017.
- 15 Public sector in Bulgaria: CEACR, Observation, Convention No. 98, Bulgaria, published in 2017; Colombia: ILO, 2018, §130; Fiji: Employment Relations (Amendment) Act (2016); Kenya: CEACR, Observation, Convention No. 98, Kenya, published in 2011; Mozambique: CEACR, Observation Convention No. 87, Mozambique, published in 2016; Turkey: CEACR, Observation, Convention No. 87, Turkey, published in 2016; Domestic workers in Turkey: CEACR, Observation, Convention No. 98, published in 2016 and Jordan: CEACR, Observation, Convention No. 87 published in 2012; Migrant and Agricultural workers in Jordan: CEACR, Observation, Convention No. 98, Jordan, published in 2015. Whilst recognising the advances made in allowing trade union membership, the CEACR requested the Government to ensure foreign workers could accede to leadership positions in trade unions and employers' organisations; Temporary and Seasonal, casual workers in Chile: Ley 20.940, Moderniza el Sistema de Relaciones Laborales (2016).
- 16 See, Georgia: Organic Law of Georgia No 729 of 12 June 2013 (2013); Kuwait: New Private Sector Labour Law of Kuwait No. 6 of 2010 (2010); Sri Lanka: CEACR, Observation, Convention No. 98, Sri Lanka, published in 2017.
- 17 Recognition may be voluntary, statutory, or a combination of the two. Criteria for determining representativeness should be objective, pre-established and clear to avoid any opportunity for partiality or abuse and should be established in consultation with representative employers' and workers' organisations.
- 18 See, Serbia: CEACR, Observation, Convention No. 98, Serbia, published in 2016.
- 19 See, Turkey: CEACR, Observation, Convention No. 98, Turkey, published in 2016.
- 20 See, South Africa: CEACR, Direct Request, Convention No. 98, South Africa, published in 2016.
- 21 See, Georgia: CEACR, Observation, Convention No. 98, Georgia, published in 2015.
- 22 See, Australia: CEACR, Observation, Convention No. 98, Australia, published in 2012.
- 23 See, Nepal: Labour Act, 2074 (2017).
- 24 Denmark, Japan and several Latin American countries on specialised tribunals and/or courts; Brazil, Cambodia, Canada, Czech Republic, Hungary, Indonesia, Jordan, Namibia, Philippines and Spain on conciliation, mediation and voluntary arbitration processes; China, Ghana, Japan, South Africa and United Republic of Tanzania and six South American countries - Chile, Colombia, Ecuador, Peru, Uruguay and the Bolivarian Republic of Venezuela on timeframes and other measures for expediting procedures and dealing with labour disputes, see ILO, 2013.
- 25 See, Costa Rica: CEACR, Observation, Convention No. 87, Costa Rica, published in 2017 concerning workers engaged in rail, maritime and air transport enterprises and workers engaged in loading and unloading on docks and quays; Germany: CEACR, Observation, Convention No. 87, Germany, published in 2012 concerning 'Beamte' – public servants including postal workers, railway employees and teachers among others; and Swaziland: CEACR, Direct Request, Convention No. 87 Swaziland, published in 2015 concerning "sanitary services" removing these workers from the list of essential services.
- 26 See, Georgia: CEACR, Observation, Convention No. 87, Georgia, published in 2015; Romania: CEACR, Observation, Convention No. 87, Romania, published in 2013; Turkey: CFA, 378th Report, Case No. 3084, [Turkey], para. 81; and the United Kingdom: CFA, 364th Report, Case No. 2383, para. 75
- 27 See, Chile: CEACR, Observation, Convention No. 87, Chile, published in 2017; Costa Rica: CEACR, Observation, Convention No. 87, Costa Rica, published in 2017; and United Kingdom: CEACR, Direct Request, Convention No. 87, United Kingdom, published in 2013.
- 28 See, Tunisia : 27 ; Tunisia: Loi n° 2017-54 du 24 juillet 2017, portant création du conseil national du dialogue social et fixant ses attributions et les modalités de son fonctionnement. Journal Officiel de la République Tunisienne. 61 : 2508-2510. 1 August 2017. Former Yugoslav Republic of Macedonia, Montenegro, Serbia, Tunisia, ILO, 2018.

- 29 Benin, Burkina Faso, Cameroon, Chile, Liberia, Poland, Viet Nam, ILO, 2018. See also, Poland: Eurofound (2015), "Poland: National-level tripartite social dialogue back on track" available at: <https://www.eurofound.europa.eu/observatories/eurwork/articles/industrial-relations/poland-national-level-tripartite-social-dialogue-back-on-track>.
- 30 See, Chile: Ley No. 20.949, Moderniza el sistema de relaciones laborales (2016); Liberia: Decent Work Act (2015). In Liberia, other competences of the NTC include occupational, safety and health, collection and compilation of information and statistics relating to the administration of this Act, policies and guidelines on dispute prevention and resolution, prevention and reduction of unemployment, regulations and codes of good practices.
- 31 See, Liberia: Decent Work Act (2015). While not strictly speaking tripartite, the membership of the Minimum Wage Board is based on recommendations by the National Tripartite Council; Viet Nam: OECD, Development Centre Studies, Social Cohesion Policy Review of Viet Nam, OECD Publishing, <http://dx.doi.org/10.1787/9789264196155-en>.
- 32 See, Mexico: Ley para impulsar el incremento sostenido de la productividad y la competitividad de la economía nacional.
- 33 Involving transfers, dismissals and harassment (29 countries were cited by the ILO supervisory system in 2015, and 36 countries cited in 2012); violence (26 countries were cited by the ILO supervisory system in 2015, and 20 countries cited in 2012); to disappearance and murder (six countries were cited by the ILO supervisory system in 2015, and eight in 2012).
- 34 In 2015, the ILO supervisory bodies made comments on recognition in fifty countries.
- 35 Cases were cited by the ILO supervisory system in 20 per cent of member States.
- 36 See, Australia: CEACR, Observation, Convention No. 87, Australia, published in 2017; Bangladesh: CEACR, Observation, Convention No. 87, Bangladesh, published in 2017; Mexico: CEACR, Direct Request, Convention No. 87, Mexico, published in 2017; Swaziland: CEACR, Direct Request, Convention No. 87, Swaziland, published in 2015; Turkey: CEACR, Direct Request, Convention No. 87, Turkey, published in 2016 and Zimbabwe: CEACR, Observation, Convention No. 87, Zimbabwe, published in 2017.
- 37 See, Australia: CEACR, Direct Request, Convention No. 98, Australia, published in 2017; Fiji: CEACR, Observation, Convention No. 87, Fiji, published in 2017; Kuwait: CEACR, Observation, Convention No. 98, Kuwait, published in 2016 and CEACR, Observation, Convention No. 87, Kuwait, published in 2016; Malta: CEACR, Observation, Convention No. 87, Malta, published in 2017; Mozambique: CEACR, Direct Request, Convention No. 87, Mozambique, published in 2016, and Turkey: CEACR, Observation, Convention No. 98, Turkey, published in 2016.
- 38 See <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN05125> (accessed 4 March 2018); and <https://newint.org/issues/2016/09/01/trade-unions/> (accessed 4 March 2018).
- 39 Colombia, Croatia, Cyprus, Czech Republic, Denmark, Hungary, Ireland, Montenegro, Serbia and Slovenia
- 40 Germany, Montenegro
- 41 Peru, Italy, Lithuania, Portugal, Romania
- 42 These may include: ad hoc instances, whereby the bodies or processes are established for specific purposes (collective dismissals, managing change); may be subject to employment thresholds, and in some countries, it may be the exclusive prerogative of trade unions, while in others not.
- 43 May exist in law, but no sanction or enforcement in practice, or with substantial procedural requirements for workers to request its establishment.
- 44 <http://www.oecd.org/employment/emp/Board-level%20employee%20representation.pdf>; OECD Employment Outlook, 2917.
- 45 Bangladesh: Government of the People's Republic of Bangladesh. 2015, Bangladesh Labor Rules, 2015, Bangladesh Gazette, Extra, September 15, 2015; Viet Nam: Socialist Republic of Viet Nam, Labour – Social Affairs Publishing House. 2013, Labour Code (amended), 2012. See also, Myanmar: Decree 60/2013/NĐ-CP; Myanmar, The Republic of the Union of Myanmar, Pyidaungsu Hluttaw. 2012, The Settlement of Labour Dispute Law (The Pyidaungsu Hluttaw Law No. 5/2012), 28th March, 2012.
- 46 Labour Relations Act, 1995 [No. 66 of 1995]. [§. 79].
- 47 The ILO Co-operation at the Level of the Undertaking Recommendation, 1952 (No. 94) calls for steps to be taken "to promote consultation and co-operation between employers and workers at the level of the undertaking on matters of mutual concern not within the scope of collective bargaining machinery, or not normally dealt with by other machinery concerned with the determination of terms and conditions of employment."
- 48 El Salvador, Lithuania, Malaysia, Mauritius, Panama, Paraguay, Peru, Philippines, Thailand, Turkey
- 49 Austria, Belgium, France, Iceland, Sweden, Uruguay
- 50 In Greece, besides the authorisation of bargaining with 'associations of persons', Law 4024/11 altered the hierarchy of collective agreements by prioritising enterprise-level agreements in case of conflict with a higher-level agreement (except for national collective agreements). As a result, all firms now have the capacity to conclude firm-level collective agreements that derogate *in peius* from sectoral agreements. Similarly, in Spain (previously characterised by a high level of centralisation of collective bargaining) the Government enacted Law 3/2012 that gives precedence to company level agreements over sectoral and provincial agreements in areas such as pay, working time, work organisations and work/life balance (Koukiadaki et al., 2016).
- 51 In Finland, as a result of the financial crisis, representatives of the employers signalled their willingness to return to previously used national framework agreements, marking a return to more centralised bargaining. The main aim was to set guidelines for industry-level negotiators to follow and thus to establish a better coordinated industrial system. In 2013 a second central agreement, the Pact for Employment and Growth was signed (Fulton, 2015).
- 52 For example, NEDLAC in South Africa decides whether a certain issue is being tabled only for consultation, for negotiation or for both. Timeframes are given to NEDLAC, normally so that the issues can be considered before the legislation or policy is submitted to Parliament.

- 53 Colombia, Jordan, Kenya and Kuwait (ILO, 2017c), Burkina Faso and Cameroon (ILO, 2018a).
- 54 Ley No. 20.949 Moderniza el sistema de relaciones laborales, <https://www.leychile.cl/Navegar?idNorma=1094436>
- 55 Viet Nam established in 2013 a National Wage Council for setting a minimum wage and ensuring its compliance. In 2015 Liberia undertook a major labour reform that, among other things, provided the establishment of a Minimum Wage Board for the periodical revision of minimum wage. In 2010 a Tripartite Labour Committee for EPZ was created in Nicaragua. The institution has concluded in 2013 a tripartite agreement setting out an agreed percentage increase of 8 per cent in minimum wages over 4 years (2014-17).
- 56 The National Tripartite Occupational Safety and Health Council (DK3N) of Indonesia was set up to provide recommendation and advice to the Government at national level on OSH issues; to collect and analyse OSH data at the national and provincial level as well as to organise thematic training and education programmes, (Markkanen, 2004).
- 57 The General Council for Vocational Training in Spain has a consultative function and elaborates the yearly National Programme for Vocational Training.
- 58 The tripartite National Productivity Council in Mexico which was created for improving and democratising national productivity saw its competences extended in 2017. Legal reforms recognise its power to make binding recommendations and the Government's duty to analyse and address even the non-binding ones. Ley para impulsar el incremento sostenido de la productividad y la competitividad de la economía nacional.
http://www.diputados.gob.mx/LeyesBiblio/pdf/LIISPCEN_170517.pdf.
The Japanese Productivity Centre is a tripartite organisation based on three guiding principles: expansion of employment; cooperation between labour and management; and fair distribution of the fruits of productivity among labour, management, and consumers. <https://www.jpc-net.jp/eng/>.
- 59 Examples of regional economic communities include among others ASEAN (Southeast Asia), EU (European Union), MERCOSUR (Latin America), SADC (Southern Africa), UEMOA (West Africa).
- 60 Members of the Mercosur are: Argentina, Brazil, Paraguay, Uruguay, Venezuela, Bolivia, Chile, Peru, Colombia and Ecuador. Declaración Sociolaboral del Mercosur, signed in 1998, http://www.mercosur.int/innovaportal/file/4506/1/cmc_1998_ata02_declaracion_es_sociolaboral.pdf
- 61 Almost 55 per cent of goods were exported in 2014 within the framework of an international trade agreement, compared with the 42 per cent in 1995.
- 62 Brazil, China, India, South Africa and Turkey. See Hayter (2018), Berg and Schneider (2018), Rani and Sen (2018) and Lee (2018).
- 63 Annotated Guide on R. 198.
- 64 See: http://www.ilo.org/sanjose/sala-de-prensa/WCMS_546313/lang--es/index.htm
- 65 Dialogue issue brief on the Transition to formality (p.10).
- 66 Actors engaged as voice-over actors, musicians engaged as session musicians, and journalists engaged as freelance journalists.
- 67 "An individual who – (a) performs for a person ('other person'), under a contract (whether express or implied and if express, whether orally or in writing), the same activity or service as an employee of the other person, (b) has a relationship of subordination in relation to the other person for the duration of the contractual relationship, (c) is required to follow the instructions of the other person regarding the time, place and content of his or her work, (d) does not share in the other person's commercial risk, (e) has no independence as regards the determination of the time schedule, place and manner of performing the tasks assigned to him or her, and (f) for the duration of the contractual relationship, forms an integral part of the other person's undertaking.
- 68 An individual (a) who performs services for another person (whether or not the person for whom the service is being performed is also an employer of employees) under a contract (whether express or implied, and if express, whether orally or in writing), and (b) whose main income in respect of the performance of such services under contract is derived from not more than two persons.
- 69 Policy-based extension of collective agreements is set out in ILO Recommendation No. 91 including: (a.) that the collective agreement already covers a number of the employers and workers concerned, which is in the opinion of the competent authority, sufficiently representative; (b.) that the request for extension should be made by one or more organisations of workers or employers who are parties to the agreement; and (c.) that prior to the extension of the agreement, the employers and workers to whom the agreement will be made applicable by its extension are given the opportunity to submit observations.
- 70 For more information on learning factories, see: Rueter et. al., 2017; Network of Innovative Learning Factories, 2016.



Chapter II

Collective Bargaining for Inclusive Growth



1. Introduction

As advocated in Chapter 1, social dialogue can be a strong enabler of inclusive growth, namely economic growth that creates opportunities for all segments of society. This chapter focuses on the role of collective bargaining for inclusive growth as a key pillar of social dialogue and a key labour market institution. In exploring how collective bargaining can foster good labour market outcomes, this chapter takes an outcome-oriented approach and focuses on the “economics” of collective bargaining. Based on a simplified framework, it shows how social dialogue, and collective bargaining in particular, can shape economic and labour market performance, well-being and inclusive growth, thus contributing to the fulfilment of the sustainable development agenda⁷¹, endorsed by the UN in 2015, and notably SDG 8, SDG 10 and SDG 17.

The chapter reviews the main channels through which collective bargaining and workers’ voice can affect workers’ and firms’ outcomes, as well as labour markets more broadly, based on existing literature on the topic. It also summarises new empirical evidence in order to shed light on the

different ways in which collective bargaining can affect employment, wages and inequalities, building on ongoing OECD work on collective bargaining⁷² and the new *OECD Jobs Strategy*, to be adopted by OECD Ministers at the annual OECD Council at Ministerial Level in May 2018.

Over the last three decades, collective bargaining systems have been facing a combination of major challenges resulting from technological and organisational changes; globalisation, capital movements and the emergence of global value chains, the decline of the manufacturing sector, the expansion of non-standard forms of work and population ageing. Meanwhile, the global economic and financial crisis of 2008 left many firms looking to renegotiate pay and work arrangements in the face of adverse economic conditions: in some economies, reforms of collective bargaining have allowed firms in great difficulty to, on one hand, use derogations and opt-out from sectoral agreements more easily and, on the other, limit the extension of collective agreements (e.g. in Portugal the reform initially froze extensions and then introduced binding criteria, in Greece extensions were scrapped, see OECD, 2017b).

These changes have translated into a shift towards increased firm-level bargaining in most European countries which, combined with a near-general long-term decline in union membership rates and increasing individualisation of the employment relationships, have severely tested the relevance and functioning of collective bargaining systems across most OECD countries. In some countries (e.g. Greece), this led to an almost complete stop to collective bargaining. Other European countries, however, opted to increase job resilience by reducing working time with corresponding reductions in earnings rather than hourly wages. This was achieved by mobilising multi-employer bargaining (e.g. Sweden) in combination with short-time work schemes that partially offset the loss in monthly wage earnings (e.g. Germany, Netherlands, Belgium, Austria). As confirmed by recent OECD research, centralised and/or coordinated collective bargaining of this kind has proved an essential tool for limiting employment loss during the crisis and increasing labour market resilience. Moreover, both inside as well as outside the OECD⁷³, policy has also sought to strengthen sector-level bargaining by using extension as a reflexive regulatory instrument, often in response to the weaker bargaining position of non-standards workers (Hayter & Visser, 2018). However, these policies have not necessarily delivered in terms of inclusiveness, as the use of extensions may also have a negative impact when the terms set in the agreement do not account for the economic situation or for firm-heterogeneity – in which case they may lead instead to unfair competition (OECD, 2017a).

In cases where more adaptable bargaining systems were necessary to adjust more rapidly to wage competition from domestic or international competitors, this may also have contributed to increased wage dispersion. A number of OECD studies (*Employment Outlook 2004, Divided We Stand* in 2011, *Employment Outlook 2012; In It Together* in 2015; OECD Economics Department paper on “Who are the top 1% earners in Europe?”), as well as studies from other institutions (ILO, 2015; 2016; IMF, 2015) and academic researchers (see, among many, Freeman, 1980; DiNardo and Lemieux, 1997; Card, 2001), provide evidence that

high union density and bargaining coverage, and the centralisation/co-ordination of wage bargaining tend to go hand-in-hand with lower overall wage inequality in both OECD countries and emerging economies, although there is some disagreement about the size of these effects and whether they hold for all groups in the workforce.

Well-functioning collective bargaining and industrial relations can play an important role in fostering inclusive growth, even, and possibly more so, in the context of a changing world of work. For this reason, it is crucial to develop a more in-depth understanding of how collective bargaining systems function across countries and how they can contribute to more and better jobs, but also to more resilient and more inclusive labour markets.

2. Collective bargaining as a means to achieve social and economic progress

2.1. The framework

Collective bargaining is a fundamental principle and right at work recognised by the international community (see Chapter 1). It is also a key labour market institution, notably in OECD countries. As such, it is a key instrument for negotiating wages, employment relations and working conditions (such as working time, job security and the quality of the working environment, provision and access to training).

Figure 2.1. outlines the direct and indirect effects of collective bargaining on labour market performance; it illustrates how collective bargaining can affect employment, wages and the quality of the working environment⁷⁴ (hence contributing to the creation of quality jobs and decent work), horizontal and vertical inequalities (i.e. between groups and earnings dispersion), as well as labour market functioning and adjustment to unexpected shocks (acting thereby to absorb part of the effects of economic shocks and limit their social costs, i.e. labour market resilience⁷⁵).

Figure 2.1. Collective bargaining, Labour market performance and Inclusive growth



Source: OECD Secretariat

Through these various channels, collective bargaining can enhance the situation of workers in the labour market in terms of well-being and productivity, improve the economic performance of firms and contribute thereby to inclusive labour markets and growth⁷⁶. This approach to the impact of collective bargaining and social dialogue on labour market outcomes reflects the new OECD *Jobs Strategy*, which constitutes in turn one of the key elements underpinning the OECD *Inclusive Growth Framework* (Box 2.1).

2.2. The economics of collective bargaining

From the standpoint of **economic analysis**, collective bargaining can entail both benefits and side effects for firms, workers and the functioning of labour markets. At a micro-level, collective bargaining can help labour markets function more efficiently by correcting market failures (i.e. the existing asymmetry of information and bargaining power between workers and firms, possibly reflecting monopsony and other sources of labour market friction) and reducing the transactions costs

involved in individual bargaining. For instance, it can ensure workers' requests that wages increase with productivity be heard, prevent excessive turnover of staff, and limit the extent of costly procedures in the case of grievances and complaints. Moreover, collective bargaining can also improve the working environment and the quality of employment relationship between workers and firms, leading to a more efficient allocation of resources, greater motivation and possibly productivity gains. Finally, unions and employers' organisations can provide other important services to their members, in the form of training for instance⁷⁷.

At a macro-level, collective bargaining can have an impact on earnings distribution and inequalities in general (i.e. by affecting employment, but also through its influence on management pay at firm level, and payroll taxes and family and pensions systems at country level). It can also affect unemployment levels and competitiveness, as well as the way in which the labour market responds to unexpected shocks. Moreover, it can represent a useful form of self-regulation for workers and employers and bring about more stable labour

Box 2.1. The OECD Inclusive Growth Initiative and Framework

Persistently high levels of inequality in income, wealth and opportunities together with the slowdown in GDP growth, are undermining social mobility, holding back progress in living standards and well-being and threatening political stability. The OECD is seeking to address these trends through its *Inclusive Growth Initiative*, which was launched in 2012. The work on inclusive growth is organised along four pillars:

1. ***Inclusive outcomes from growth***: seeks to answer the question of whether the economy is currently delivering for people's wellbeing, and notably whether economic growth is translating into an increase in living standards for various groups of the population defined in terms of income, age and region of residence. By examining the distribution of wealth and selected assets (e.g. housing), this pillar also considers sources of pressure building up inside the system and their potential impact on future prosperity. It looks at how inequalities of income can translate into inequalities of opportunities and ultimately into inequalities in outcomes.

2. ***Inclusive Markets***: deals with the structure and functioning of the economy and marketplaces as drivers of inclusive growth. Through the double lens of productivity and business dynamism, this pillar attempts to capture the main economic forces that generate wealth and contribute to improving people's living standards. While doing so, it also attempts to gauge the nexus between productivity and inclusiveness at various sectoral, industrial and geographical levels. "Inclusive markets" considers product and labour markets, focusing on both the aspect of efficiency and equity. Its main proposition is that, through the *Productivity-Inclusiveness Nexus*, economies can become more competitive by ensuring that people, regions and businesses fulfil their potential.

3. ***Equal Opportunities and Foundations of Future Prosperity***: looks at the distribution of selected non-income well-being components – such as health, education, socio-emotional skills, environmental quality of life and child care – that define people's opportunities in life. These non-income components set the foundations of future prosperity, as they condition people's productive capabilities and the chances to realise the capabilities contained in the economy (and society) overall.

4. ***The Governance of Inclusive Growth*** refers to two main ideas: (i) *the transversal nature of the Inclusive Growth agenda*, which cuts across policy areas and calls for whole-of-the-government mechanisms that can coordinate and integrate IG actions, including between levels of government; and (ii) *inclusive policy-making*, defined as the practice of incorporating citizens' views into the design, implementation and evaluation of policies. The role of the State as a force for empowerment is considered in this pillar.

These four pillars offer a comprehensive framework through which the different channels linking collective bargaining, labour market performance and inclusive growth (income inequality; job quality and decent work; productivity; institutional resilience and exposure to economic shocks) can be mapped to outcomes while also taking account of the dynamic effects of these outcomes on opportunities and future prosperity. The Inclusive Growth initiative is also related to groups of people, and pays special attention to children, youth and women.

The new OECD *Jobs Strategy* (2018, forthcoming) informs the *Inclusive Growth Framework* by providing in-depth sectoral analysis and setting out clear policy principles for promoting inclusive labour markets that are resilient and adaptable, while providing more and better jobs and ensuring more equal outcomes. It sets out five areas on which policy efforts should focus: (i) investing in skills; (ii) striking the right balance between employment flexibility and job stability; (iii) strengthening social protection; (iv) improving labour market regulation to safeguard job quality in the new world of work; and (v) promoting social dialogue and collective bargaining coverage.

Source: OECD Inclusive Growth Report 2018 (forthcoming)

Box 2.2. What do economic models say about the “economics” of collective bargaining?

The way collective bargaining influences labour market outcomes depends on the strategies put in place by the social partners, on market structure and on the nature of collective bargaining institutions. The economic impact of collective bargaining also depends also on the degree of competition. With perfect competition in product and labour markets, raising wages above the market equilibrium wage induces unemployment. However, when product market competition is imperfect, higher wages do not automatically induce greater unemployment but may simply reflect the appropriation of a greater share of the rents by workers⁷⁸. Moreover, in imperfectly competitive labour markets, for instance in the presence of monopsony power⁷⁹ (i.e. when firms have the power to set wages rather than take those fixed in the market) or in labour markets characterised by search frictions that slow the matching of jobseekers to vacant jobs,⁸⁰ higher bargaining power and higher wage floors can increase employment, if the wage floor remains at or below the level of marginal productivity.

The link between unions and productivity also depends on the functions allocated to unions by the models. Studies based on models where unions bargain essentially over wages tend to find a negative effect of unions on productivity (Kaufman, 2004). In models where unions also have a voice function and largely bargain over working conditions, such as working time and other organisational aspects, the effects on productivity tend to be mixed and can induce either productivity gains or losses. The positive channel through which unions may impact productivity derives from the fact that they can contribute to improving the organisation of work, introducing new technology, promoting innovation and fostering high performance work practices (HPWP), as well as securing a safe working environment.

What is the role of collective bargaining for productivity? On the one hand, collective bargaining can be positive for productivity by setting higher wage floors (or by making it harder to increase competitiveness by cutting wages), which may force unproductive firms to exit the market – see e.g. Braun (2011). Also, a more rigid and compressed wage structure may provide incentives for innovation, as firms would reap the full benefits of productivity gains – see, for instance, Haucap & Wey (2004) and Acemoglu & Pischke (1999). Collective bargaining can also promote productivity growth via higher “efficiency” wages, better non-wage working conditions and the possibility for workers to *voice* concerns instead of *exiting*. On the other hand, a more compressed wage structure may reduce the benefits of working hard and moving to more productive firms, and hence harm productivity growth (OECD, 1994). Moreover, greater bargaining power for unions, especially when bargaining takes place at firm level and is not coordinated, could result in workers appropriating the benefit of investments made by employers, thereby reducing incentives for costly investment and innovation – the so-called “hold-up” problem, see Malcomson (1997). However, Card, Devicienti & Maida (2014) studied this issue with matched employer-employee data from Italy and find little evidence of hold-up, while uncovering strong evidence for rent-sharing – ie. collective bargaining appears to split rents only after deducting the full cost of capital. Another way in which collective bargaining may undermine productivity is by limiting adjustments in the organisation of work (working time, shifts, leaves, etc.). Finally, company-level bargaining may foster productivity by promoting incentive schemes commonly set by individual firms (such as performance-related pay).

There has been extensive empirical work on the role of unions for productivity. By contrast, very few papers have studied the impact of different bargaining systems on productivity. Overall the sparse existing literature is quite inconclusive and more empirical research is needed to study the link between bargaining regimes and productivity in greater detail. (see Section 2.4.2 below).

Source: OECD Employment Outlook 2018 (forthcoming)

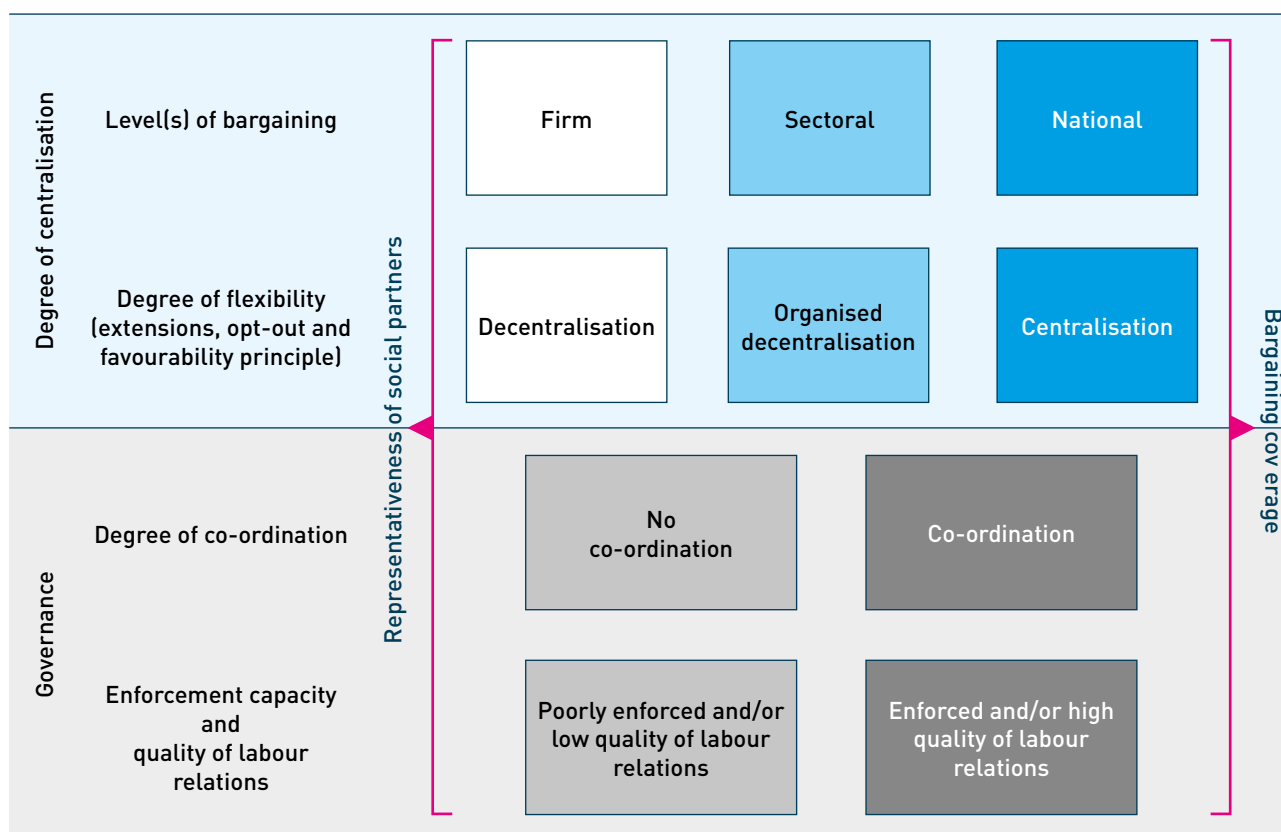
relations and industrial peace. Finally, collective bargaining systems, and social dialogue in general, can constitute an efficient tool for promoting effective consultation and implementation of structural reforms. When collective bargaining is well organised and representative, it can help manage and reduce the extent to which different policy objectives incur trade-offs. Box 2.2 provides an overview of the main existing theoretical arguments regarding the possible effects of unionisation and collective bargaining on labour market and economic outcomes.

2.3. The main features of collective bargaining systems in OECD countries

The extent to which collective bargaining will generate benefits, as opposed to negative side effects, will also largely depend on the features of the collective bargaining systems and their adjustment devices. OECD (2017a) documented

the fact that collective bargaining systems differ considerably across OECD countries, even among those that share similar characteristics. For example, the systems in the Netherlands and Portugal or those in Australia and the United States, although formally similar in many respects, differ considerably in the way they function. Typically, characterising collective bargaining systems according to the (predominant) level at which collective agreements are negotiated (firm level, sector/branch level and the national/cross-sectoral level) and the degree of co-ordination within and between social partners as the sole variables of interest is not sufficient to reflect the granularity of the different systems, especially among those where bargaining predominantly takes place at sectoral level. The main defining features of collective bargaining are the degree of coverage, the level of bargaining, the degree of flexibility and the role of wage co-ordination (see Figure 2.2).

Figure 2.2. The main features of Collective Bargaining



Source: OECD Secretariat

The actual reach of collective bargaining **coverage**, beyond representativeness of unions and employers' organisations, as well as the share of workers covered by collective agreements, is essential to measure the relevance of the system⁸¹. Collective agreements covering a large share of workers can have a more sizeable macroeconomic effect on employment, wages and other outcomes of interest than agreements confined to a few firms. The **level** at which parties negotiate (firm, sector or country) is also critical: sector-level or national agreements can be expected to reduce wage inequality, relative to fully decentralised systems, by lowering wage differentials not only between workers in the same firm but also between workers in different firms, and, in the case of national bargaining, different sectors. Firm-level agreements, by contrast, allow more attention to be paid to firm-specific conditions, potentially supporting investment and productivity.

The **flexibility of the systems** provided by derogations or opt-out mechanisms is also key for assessing how bargaining systems affect labour market and economic outcomes. Sector-level and national agreements may differ substantially in the degree of flexibility they provide to firms. For example, leaving the application of the favourability principle to social partners or the use of opt-out and opening clauses increases the flexibility of the system and may contribute to moderate wage increases in exchange for higher employment but also higher inequality. Finally, the **co-ordination around wages** between sector-level agreements helps negotiators internalise the macroeconomic effects of the terms set in collective agreements. This is typically achieved by keeping wage increases in the non-tradable sector in line with what can be afforded by the tradable sector, or by strengthening the ability of the system to adjust wages or working time in the case of a macroeconomic downturn. Co-ordination can therefore serve as an instrument for working-time reduction, wage moderation and earnings flexibility over the business cycle, with positive effects on employment and resilience⁸².

2.4. Empirical evidence on the link between collective bargaining and labour market performance: A review of the main existing studies

2.4.1 Collective bargaining, wages, employment and inequalities

The economic literature has long been debated the role of collective bargaining for labour market performance but has paid little attention to the system of collective bargaining as a whole. Previous empirical work has mostly concentrated on the presence or relevance of collective bargaining rather than on its functioning. For example, many papers on countries with predominantly firm-level bargaining, such as the United States and the United Kingdom, have focused on the effects of trade union membership (unionisation) on employment and unemployment, wage dispersion or productivity. Overall, except for inequalities, evidence tends to be inconclusive. Beyond a problem of identification for conducting econometric analysis, the lack of clear-cut results may also call for better analysis and suggests that the granularity and key features of collective bargaining systems detailed above would need to be (better) accounted for in empirical work

Early empirical studies trying to assess the effects of collective bargaining (through unionisation) sought to estimate the **existence of a wage premium** for workers covered by collective agreements compared to those not covered. For instance, in a literature review covering 143 studies over the 1967-1979 period, Lewis (1986) finds an average wage premium of about 15% linked to the presence of unions⁸³. The results of these studies are not very robust due to serious identification issues and probably tend to overestimate the impact of unions on pay levels (Blanchflower & Bryson, 2004). More recent work, based on sophisticated methodology that allows to control for unobservable factors, finds weaker effects of unionisation (Di Nardo & Lee 2004).

Moreover, while trade union membership is a reasonable proxy for collective bargaining coverage in countries with predominantly firm-level bargaining, it is not a sufficiently reliable measure of the scope of collective bargaining in countries with multi-level bargaining, as many workers who are not affiliated to a trade union are also covered by collective bargaining⁸⁴ (via *erga omnes clauses* and administrative extensions, see OECD 2017a); hence other important parameters of collective bargaining, beyond unionisation, need to be considered. Accounting for instance for the level of bargaining, a large body of literature finds that national or sector-level bargaining is not linked to higher wages on average – see for example, Dell’Aringa & Lucifora (1994), Hartog et al. (2002), Rycx (2003) and Cardoso & Portugal (2005).

The link between collective bargaining (especially unionisation) and **inequalities** has been also extensively studied, both by international organisations and academic researchers. As mentioned before, the overall effect of bargaining should be to contribute to a reduction in earnings dispersion, depending however on unions’ bargaining power, the share of the working population covered by collective agreements and the

level of decentralisation (each of these parameters inducing different effects, e.g. a potential increase in inequalities *between* covered and non-covered workers, together with wage compression *among* workers covered by collective agreements). Overall, empirical studies (based either on micro- and macro data) generally find that collective bargaining systems which are not fully decentralised are associated with a lower level of inequality: for instance, Blanchflower & Freeman (1993); Frandsen (2012); Blau & Kahn (1999); DiNardo & Lee (2004); Card, Lemieux & Riddell (2004) or more recent studies including OECD (2011), OECD (2015b), ILO (2015) and Jaumotte and Buitron (2015). These results tend to confirm the argument according to which collective bargaining strengthens the bargaining power of low and middle-wage workers and compresses the wage distribution.

The empirical literature has also investigated the relationship between collective bargaining and **employment**, at both micro and macro levels. Many studies have focused on the impact of unions on employment, for instance, based on micro-data, DiNardo & Lee (2004), Sojourner et al. (2012) or Boal & Pencavel (1994) found no effect or a reduction of employment. A number of





studies have also looked at the impact of unions on labour market outcomes at a macro level. For OECD countries, Freeman (1988) found no effect of unionisation on unemployment, while Nickell (1997) and Nickell & Layard (1999) found a positive correlation. Scarpetta (1996) suggested that a high unionisation rate tends to reinforce the persistence of unemployment. Other studies exploited policy reforms in specific countries to analyse the relationship between unionisation and employment: Blanchflower & Freeman (1993) assessed the Thatcher reforms in the United Kingdom, finding no effect on unemployment and the probability of leaving the unemployment pool. Maloney (1997), on the other hand, found that reform in New Zealand which led to a sharp reduction in unionisation caused a significant increase in employment.

As argued above, union membership is a reasonable proxy for collective bargaining coverage in countries with predominantly firm-level bargaining, but not in countries with multi-level bargaining. Bargaining coverage therefore generally provides a more appropriate proxy for the relevance of collective

bargaining. Nickell & Layard (1999), for instance, find a positive effect of coverage on unemployment and a negative one on employment, while Baker et al. (2005) find insignificant effects. At OECD level, De Serres & Murtin (2014) find that bargaining coverage, especially if it is larger than union coverage, can lead to rigid adjustment in wages and may be detrimental to employment. Several studies have also used the difference between bargaining coverage and trade union density – sometimes rather improperly referred to as *excess bargaining coverage* – to study the effect of administrative extensions, while in fact this measure mixes *erga omnes* clauses and administrative extensions. Murtin, de Serres & Hijzen (2014), for instance, studies the interaction of extensions and the tax wedge and finds a negative effect of the tax wedge on unemployment in countries with higher “excess coverage”. Gal & Theising (2015) find a negative effect of “excess coverage” on employment, but the effect appears to be driven by Germany, Spain and New Zealand and is limited to a relatively small effect on the employment rate of prime-age women, with the provision of in-kind family benefits having a substantially higher impact. Egert & Gal (2017) also finds that higher “excess coverage” leads to lower employment rates.

Taking the degree of bargaining coverage into account may not be enough to capture the heterogeneity of collective bargaining systems and their actual role in setting wages. Collective bargaining coverage in Italy is comparable to that in the Netherlands or the Nordic countries. Similarly, Australia has comparable coverage to that of Germany. Yet, as OECD (2017a) shows, these systems are very heterogeneous. It is therefore important to also consider the characteristics of the systems themselves.

The literature and policy debate have long argued over the role of centralisation. In the early 1980s, the corporatist view⁸⁵ suggested that by guaranteeing that wage setters recognise broader interests, centralisation can deliver superior outcomes in terms of macroeconomic and labour market performance. However, opponents retorted that wage increases would be restrained

or resource allocation would be more effective if market forces were allowed to play a larger role, citing the examples of the United States or the United Kingdom after Thatcher to support this view. To reconcile these opposing views, Calmfors & Driffill (1988) proposed the influential “hump-shape” hypothesis which suggested that both centralisation and decentralisation perform well while the worst outcomes with respect to employment may be found in systems with an intermediate degree of centralisation, i.e. sector-level bargaining. In this intermediate case, organised interests are “strong enough to cause major disruptions but not sufficiently encompassing to bear any significant fraction of the costs for society of their actions in their own interests” (Calmfors & Driffill, 1988).

The paper by Calmfors & Driffill had the merit of suggesting that the relationship between the degree of centralisation and performance does not need to be monotonic. This hypothesis was behind the critical stance on sector-level bargaining systems of the 1994 OECD Jobs Strategy, which recommended decentralising collective bargaining in the case full centralisation of the bargaining system were impossible.⁸⁶ However, later empirical studies – e.g. OECD (1997), Traxler et al. (2001), Aidt & Tzannatos (2002) and Bassanini & Duval (2006) – did not provide much backing for this view.

Another key feature of collective bargaining systems is the degree of wage co-ordination across bargaining units. Soskice (1990) suggested that co-ordinated systems of sectoral bargaining may be as effective as a centralised bargaining system (i.e. a system characterised by national bargaining) at adapting to aggregate economic conditions. Subsequent studies – see the review in Aidt & Tzannatos (2002) and the evidence in Elmeskov et al. (1998), OECD (2004), Bassanini & Duval (2006) and OECD (2012) – found that co-ordination plays a key role in improving the performance of sector-level bargaining. The Reassessed OECD Jobs Strategy in 2006 embraced this “augmented” version of the Calmfors-Driffill hypothesis, which entailed that decentralised and centralised or coordinated

bargaining systems result in better employment performance than sectoral bargaining systems.⁸⁷

2.4.2. Collective bargaining and productivity

The *empirical* literature has studied quite extensively the role of *unions* for productivity, coming up with mixed results. Hirsch (2007, 2008) finds for instance in his reviews that unions have, at best, a slightly positive impact on productivity. Meta-analyses by Doucouliagos & Laroche (2003), and most recently, by Doucouliagos, Freeman & Laroche (2017), provide evidence that unionisation generally increases productivity except in manufacturing industries. Following the influential work “*What do unions do?*” by Freeman & Medoff (1984), many studies have also tried to assess the potential “voice” effect of unions on productivity, beyond the monopoly wage effect⁸⁸. Krueger & Mas (2004) finds for instance that the low quality of the social climate and lack of communication with workers led to poor firm-performance and productivity loss. In their empirical studies, Kleiner et al. (2002), Black & Lynch (2001), and Metcalf (2002) confirm the importance of unions’ voice for firms’ performance, showing for instance how good management practices or co-decision led to productivity gains. A recent study by Grimshaw et al. (2017) also concludes that union and workers’ voice is an essential part of the “inclusive business growth strategy” which is contributing to productivity growth, together with high performance work practices (HPWP) and innovation.

In contrast, very few papers have studied the impact of different bargaining systems on productivity. Macro-level data are not well suited to study productivity, but firm-level data usually have limited information on bargaining regimes. Using firm-level data, Andreasson (2017) provides descriptive evidence showing that, in Sweden, companies with a firm-level agreement have a positive and statistically significant relationship with both value added per employee and productivity. Rycx & Terraz (2018) finds a similar result for Belgium: using firm-level data and controlling for potential confounding factors, they also establish a positive link between decentralised bargaining and productivity.

Moreover, forthcoming results by the OECD based on sector-level analysis find direct evidence that collective bargaining is associated with a stronger misalignment between pay and productivity at sub-national level, which in turn may weaken productivity growth⁸⁹. However, Hibbs & Locking (2000) find evidence that decentralisation in Sweden in the 1980s reduced aggregate productivity growth by slowing down the exit of inefficient firms. This suggests that while decentralisation allows for a better alignment between pay and productivity, thus enhancing workers' incentives, this may slow down the exit of less productive firms and therefore does not translate into higher aggregate productivity growth.

Overall, further empirical work seems necessary to assess the link between bargaining regimes and productivity more in depth and capture both the granularity of collective bargaining systems and the way in which they function as a whole. However, work along this line tends to call for combining sectoral agreements with some role for further negotiation at firm level in order to better align productivity and pay, as well as foster productivity by promoting some wage differentiation across firms and workers.

2.4.3. Collective bargaining and labour market outcomes: new evidence from macro data

This section presents new and up-to-date evidence⁹⁰ on the impact of collective bargaining on employment, unemployment and inequalities in 35 OECD countries between 1980 and 2015, accounting for the diversity of bargaining systems. As indicated before, there are significant challenges to the empirical analysis. First, data availability regarding the nature of collective bargaining arrangements is not straightforward. Second, causal identification is particularly challenging as reforms often take place gradually, are relatively rare and typically represent endogenous responses to broader economic developments. Moreover, national systems of social dialogue are highly correlated with other country features that are not fully captured by the analysis.

All this suggests that empirical results have to be interpreted with caution.

Bearing these caveats in mind, empirical results are presented below on the effects of different parameters of collective bargaining systems, based on standard panel analysis data, using the Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts (ICTWSS) database⁹¹. The analysis compares different labour market outcomes, controlling notably for the degrees of centralisation and co-ordination as key characteristics of collective bargaining systems as advocated above (see Figure 2.3). The novelty of this work consists notably in its accounting for two essential dimensions of bargaining systems in a more comprehensive way: i) the **degree of centralisation**, which is characterised by the predominant level of bargaining and the rules and use of derogations, opt-out and the favourability principle; and ii) the **degree of wage coordination** between sector-level agreements.

The analysis also controls for the role of collective bargaining coverage and of the business cycle, the characteristics of the workforce and country-specific features are also considered in the econometric specification. Moreover, the results also account for reforms of other policy instruments that may have occurred at the same time, such as the tax wedge, product market regulation, regulations concerning job dismissals and the use of temporary contracts, the minimum wage and the generosity of unemployment benefits. The relationships estimated may nevertheless be influenced by the state of the labour market or other factors not controlled for; hence, care should be taken not to give the results a strictly causal interpretation.

The evidence suggests that collective bargaining can reduce inequalities in labour markets, improve their functioning and deliver sound and productive labour relations, provided that there are sufficient levels of coverage and coordination. In particular it appears that employment rates tend to be higher in systems that are either relatively more centralised or co-ordinated. This positive link of collective

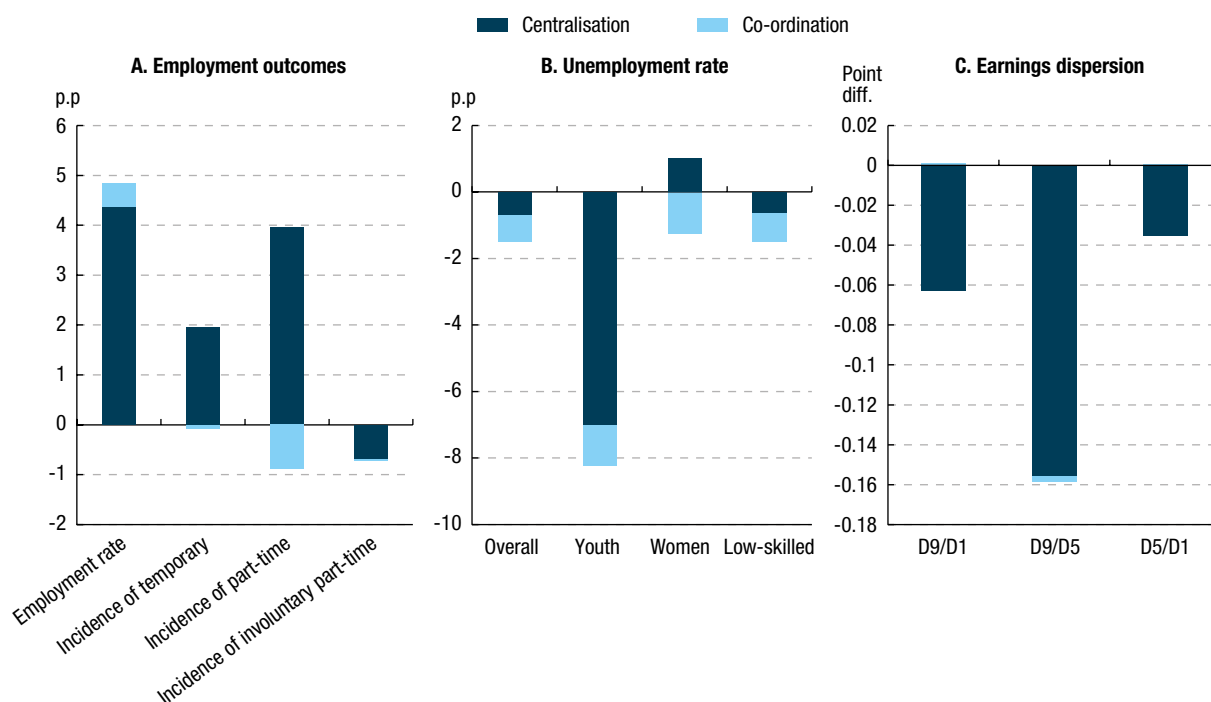
bargaining with employment may reflect effects on both labour demand (e.g. through wage moderation) and labour supply (e.g. via better working conditions)⁹². In addition, co-ordinated collective bargaining systems are also linked with lower unemployment rates (Panels A and B of Figure 2.3). Moreover, the results are also robust (although the estimates are somewhat smaller) when not controlling for collective bargaining coverage which may be endogenous to the different bargaining systems.

As explained before, the insiders-outsiders model suggests that collective bargaining delivers good labour market outcomes for “insiders” (notably prime-age male full-time workers with a permanent contract) at the expense of “outsiders”, such as low-skilled, youth, women and part-time or temporary workers – see Saint-Paul (1996) and Bertola (1999). In particular, by pushing the interests of “insiders”, unions may accept the development of temporary and part-time employment as a buffer for its members, thereby increasing the duality of labour markets⁹³.

The evidence, however, is more mixed when comparing results by groups and workers’ characteristics. It suggests that well co-ordinated and centralised systems are associated with better labour market outcomes for vulnerable groups (e.g. youth, women and low-skilled, see Panel B of Figure 2.3): the unemployment rates of youth, women (for co-ordinated systems only) and low-skilled workers appear to be consistently lower (or at least not higher) along these two dimensions. At the same time, the incidence of temporary and part-time employment tends to increase on average with centralisation and coverage. This however is not robust to different specifications⁹⁴, as OECD (2018b, forthcoming) finds that the impact of any bargaining system on temporary jobs is not significant, while co-ordination reduces the incidence of part-time work and has no effect on temporary employment (Panel A of Figure 2.3).

Panel C of Figure 2.4 presents results for earning dispersion. It shows that more centralised collective bargaining systems are correlated with lower wage inequality for full-time employees as measured by

Figure 2.3. Collective bargaining systems and labour market outcomes



Note: Average effects based on OLS coefficients and mean average of each variable.

Source: OECD estimates

the D9/D1-ratio, i.e. the ratio of the wage at the 90th percentile (or 9th decile) of the wage distribution to the wage at the 10th percentile (or 1st decile). The inequality-reducing effect of collective bargaining seems to stem from a stronger compression of wages both in the top and bottom half of the distribution.⁹⁵

Overall, this analysis using country-level data for 35 OECD countries between 1980 and 2015 suggests that co-ordinated and centralised systems appear to be linked with higher employment, lower unemployment – both overall and for vulnerable groups – and lower inequality.

Besides, while most of the past work on collective bargaining has been largely limited to its role as a “wage-setting institution”, much of the content of collective agreements is dedicated to non-wage working conditions, such as employment protection, working time, health and safety, training and social protection. This final part provides some empirical evidence on the role of workplace employee representation for the quality of the working environment, as defined by the OECD/G20 Job Quality Framework.

Following the seminal work “*What do unions do?*” by Freeman & Medoff (1984), unions and collective bargaining are seen not only as institutional means for articulating and pressing demands for higher wages, but also as vehicles for collective communication and exchange between workers and their employers. In particular, unions can influence job quality directly (e.g. by negotiating non-wage working conditions in collective agreements) or indirectly (e.g. by providing workers with a platform to voice their concerns and requests).

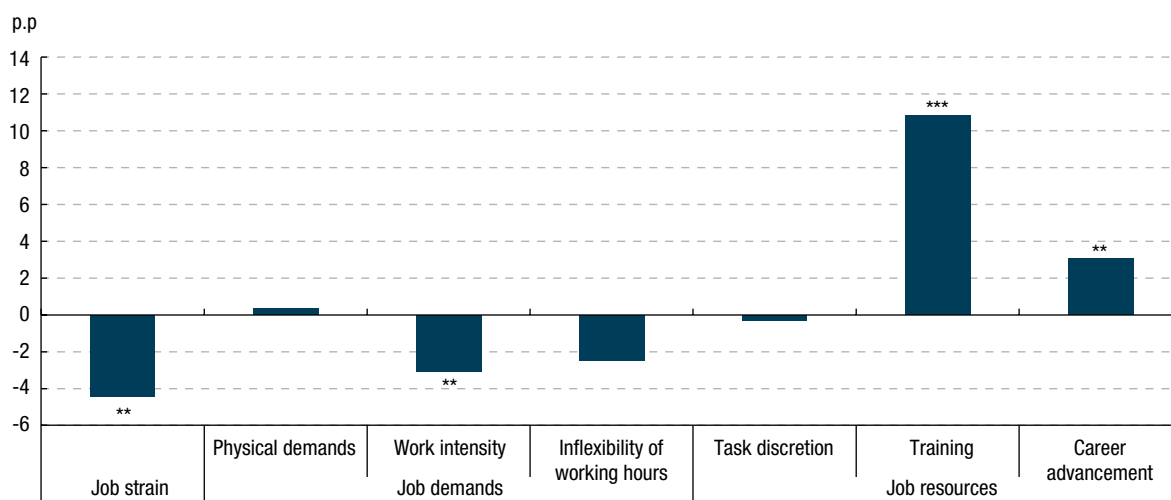
The literature has focused mostly on job satisfaction, in particular to understand the apparent puzzle highlighted by Freeman & Medoff (1984) of a negative correlation between job satisfaction and unionisation. Ensuing studies confirmed this negative link but came to the conclusion that it is a selection rather than a causal effect – see Doucouliagos, Freeman & Laroche (2017) which reviews 59 studies on the topic. People

join a union because they are less satisfied; it is not unions that make them unhappy. Indeed, poor job quality and bad management are strongly linked with the desire for union representation in the United Kingdom and United States; see Bryson & Freeman (2013). Moreover, as Bryson & Green (2015) notes, by offering employees an opportunity to address poor job quality via bargaining and worker voice, dissatisfied union employees are less likely to quit than dissatisfied non-union employees – see also Box 4.6 in OECD (2017a). On the other hand, relatively little is known about the role of unions and collective bargaining for intrinsic measures of job quality. Green & Whitfield (2009) finds that employees in workplaces with recognised unions are more likely to say they have no time to complete tasks and are less likely to agree that they have influence over the pace of work and how tasks are done. Bryson & Green (2015) finds that in the United Kingdom unionised jobs are subject to lower task discretion but higher skill use and increased exposure to learning requirements.

The analysis is based on the information provided by the European Working Conditions Survey for 26 OECD countries to study the link between the presence of a recognised form of employee representation (trade union, work council or similar committee representing employees) and the quality of the working environment, one of the three dimensions of the OECD/G20 Job Quality Framework (OECD, 2014). The quality of the working environment captures non-economic aspects of jobs, including the nature and content of the work performed, working-time arrangements and workplace relationships. The latter variable is measured as the incidence of job strain, which occurs when workers face high job demands with low job resources. The job demands considered are: i) ‘physical demands’; ii) ‘work intensity’; and iii) ‘inflexibility of working hours’; while job resources consist of: i) ‘task discretion and autonomy’; ii) ‘training’; and iii) ‘perceived opportunity for career advancement’.

The results show that the presence of a recognised form of employee representation is associated with lower job strain and hence a better quality of the

Figure 2.4. Employee representation is linked with a higher-quality working environment



Note: ***, **, *: statistically significant at the 1, 5 and 10% levels, respectively.

Source: OECD calculations based on the Sixth European Working Conditions Survey 2015

working environment. In particular, the effect is the result of a negative link between the presence of a recognised form of employee representation and the intensity of the work (working long hours) and a positive correlation with the number of days spent in training over the last 12 months and the perceived prospects for career advancement. No significant link is found with the physical demands (the probability of carrying or moving heavy loads), the inflexibility of working hours and task discretion. These regressions control for age, education, gender, temporary contract, occupation, tenure, firm-size, industry and country dummies.

Although they do not provide causal evidence, these results suggest that employee workplace representation can play a significant role in improving job quality, in particular by reducing work intensity and increasing training opportunities and the (perceived) prospects for career advancement. Indeed, in all countries, even those where sector-level agreements still play a prominent role, bargaining and consultation at the workplace level are key to voicing workers' concern and finding viable and pragmatic solutions for improving the quality of the working environment. These results also confirm the importance of looking at collective bargaining beyond its role as a "wage-setting

institution". More research is nonetheless needed on the role of collective bargaining for the quality of the working environment. Subsequent OECD research will analyse in greater detail the effects of collective bargaining on job quality.

2.5. The role of social dialogue in emerging and developing economies

2.5.1. Labour markets in developing and emerging economies: A rapid overview

Developing and emerging economies are extremely diverse in terms of institutional frameworks and labour market outcomes⁹⁶. Nonetheless, they display a number of specific features which have important implications for the pursuit of inclusive growth and broader access to quality jobs⁹⁷. These features include:

- (i) An economic structure that is often characterised by high levels of informality, a very large proportion of microenterprises and SMEs as well as, in a number of cases, social protection systems that are still relatively underdeveloped and/or fragmented. These factors can prevent workers and firms from organising both at the workplace level and across sectors

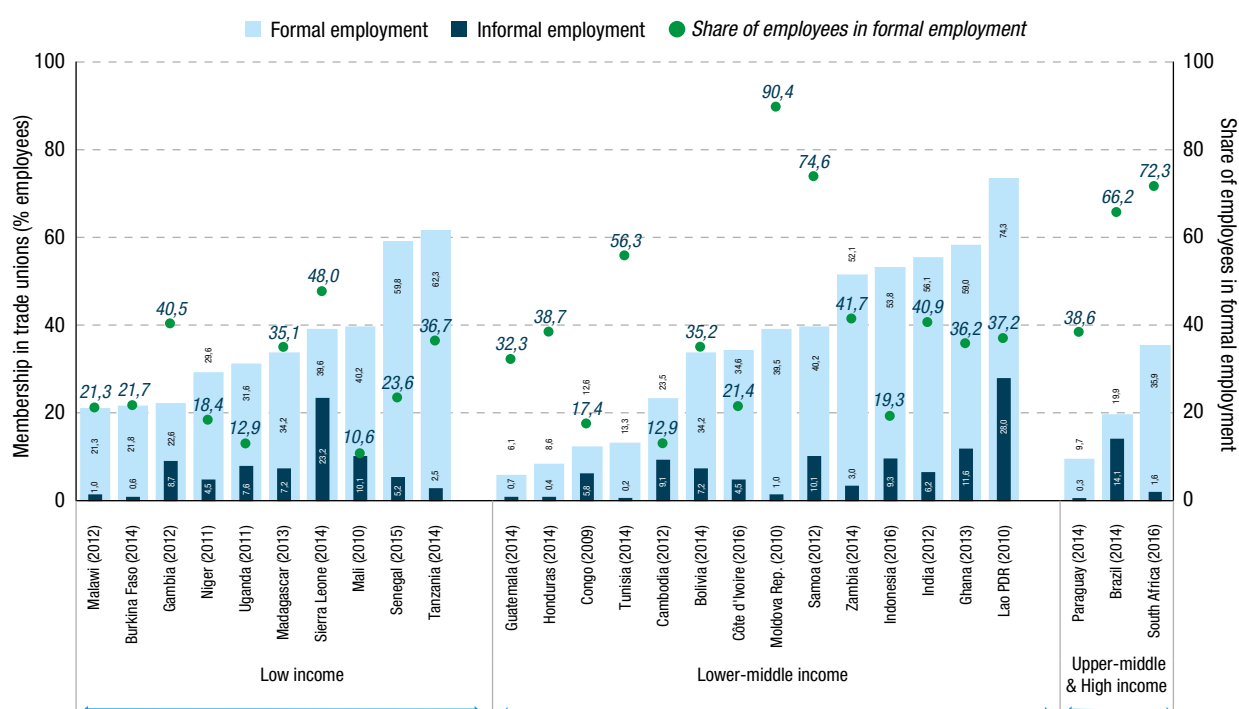
or industries⁹⁸. High levels of informality are associated with low trade union density and reduced collective bargaining coverage, as unions face specific challenges when attempting to organise or represent informal workers [See Kabeer, Milward & Sudarshan (eds.) (2013) and Figure 2.5]. This reduces the impact that trade unions and collective bargaining have on aggregate outcomes in terms of efficiency and equity, unless (i) the effect they have on the formal economy is very large, (ii) there are sizable spillovers from the formal to the informal economy, or (iii) they are located in sectors that have a core role in the country's economic development, such as traded goods⁹⁹ [Freeman (2009)]. Chronic low productivity is also a by-product of high informality, due to lost investment in both physical and human capital.

(ii) Large gaps in administrative capacity, which can weaken the legal protection of workers through patchy implementation or poor enforcement of labour regulations. This problem

is sometimes compounded by a lack of political commitment to upholding labour standards. Furthermore, many labour standards and social protection entitlements apply only to formal workers, though the use of non-contributory elements has helped extend social protection to informal workers in some emerging economies.

(iii) Key actors of social dialogue who tend to be less able to play their role due to greater fragmentation, constraints on their activities and co-optation by various economic or political interests [Alemán (2010)]. For instance, limits on freedom of association and collective bargaining rights may prevent trade unions from organising workers effectively and domestic civil society organisations (CSOs) from operating freely¹⁰⁰. Similarly, lack of independence may reduce the ability of local and national media to highlight labour and social abuses, while international CSOs may be treated with suspicion by public authorities.

Figure 2.5: Trade union density and informal employment



Source: ILO estimates

(iv) Some evidence pointing to the fact that structural change in developing and emerging economies may no longer be producing the same kind or volume of manufacturing jobs as were generated during past waves of industrialisation in OECD countries [UNIDO (2017); Ait Ali et al. (2017)]. The share of manufacturing employment is increasing very slowly across many developing and emerging economies, with the services sector absorbing a high proportion of workers exiting the primary sector – giving rise to a phenomenon of “*premature deindustrialisation*” [Rodrik (2015)]. This trend may further polarise the labour force between low- and high-skilled jobs, with different wage dynamics for the two groups.

These specific features play an important role in determining labour market outcomes in developing and emerging economies. A recent study of labour market performance in 12 selected emerging economies, applying the *OECD Job Quality Framework*, highlights the following stylised facts¹⁰¹:

- Wage inequality is high across the emerging economies studied, with Gini coefficients often nearly twice the level of those found in OECD countries.
- The risk of unemployment is close to the OECD average, partly reflecting the fact that unemployment remains unaffordable for most workers due to the limited scope of social insurance and family-income sharing in many emerging economies. However, overall labour market insecurity tends to be higher than in OECD countries as a result of the greater risk of receiving extreme low pay while employed. The high incidence of so-called “working-poor” populations suggests that workers may need to accept low-quality jobs when better jobs are not available¹⁰².
- Quality of the working environment is also lower compared to advanced OECD countries,

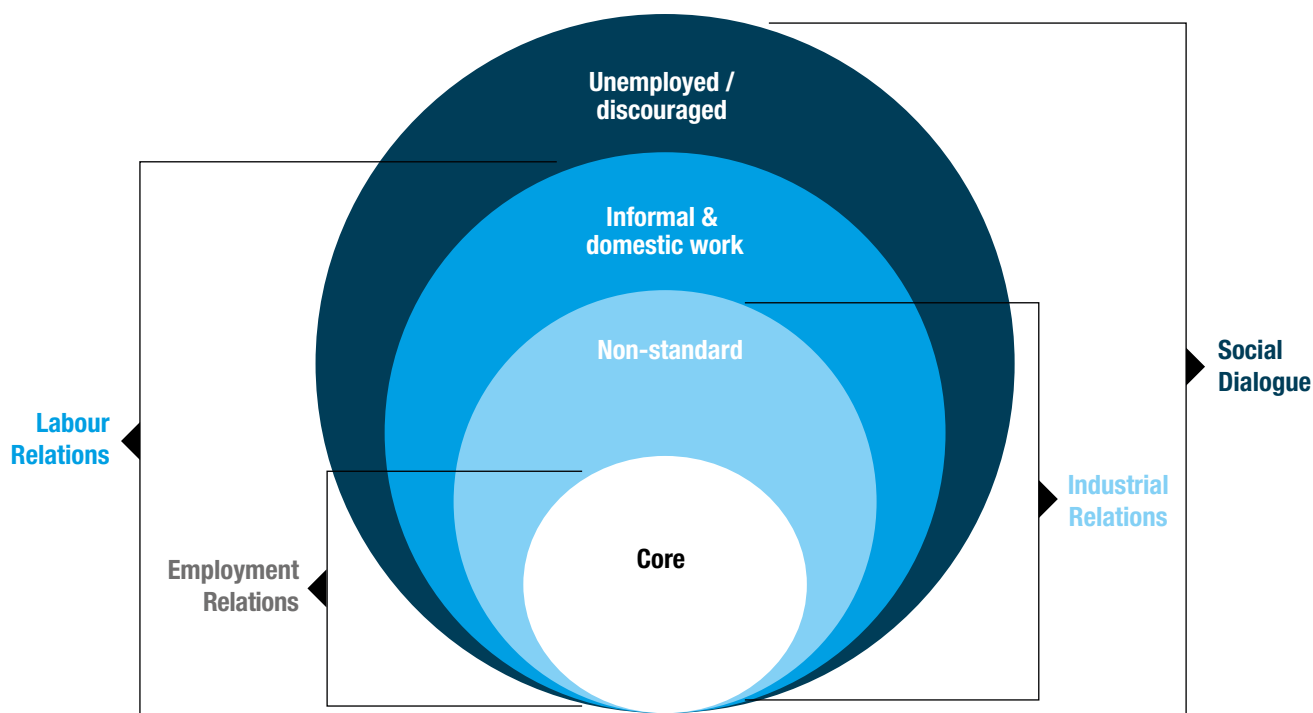
notably because of the incidence of very long working hours, in particular for the self-employed, as well as lower health and safety standards.

- An important gap exists between formal and informal workers along all three dimensions of the *Job Quality Framework*. Informal workers earn significantly less on average than their counterparts in the formal economy, though wage dispersion is similar for both types of workers. The differences in terms of labour market insecurity and quality of the working environment are stark, with informal jobs associated with a significantly higher incidence of extremely low pay in all the countries considered, as well as a higher risk of working very long hours.

- Substantial gender gaps also exist in terms of earnings quality, job quantity and labour market insecurity, as measured by the risk of extreme low pay.

The specific labour market challenges encountered in developing and emerging economies (notably the high incidence of low-quality informal work coupled with under/ unemployment) place significant internal constraints on industrial relations institutions in many of these countries. The broader context of labour relations (the ‘outer layers’ of Figure 2.6) exert pressure on the institutions at the “core”, including collective bargaining and workplace cooperation. As a result, the significance of collective bargaining in shaping working conditions varies considerably across developing and emerging economies. Nevertheless, labour relations institutions such as tripartite social dialogue can and do play an important role in facilitating transition from informal to formal employment and from non-standard employment to regular employment (Hayter, 2018 and see Chapter 1). The focus on Colombia, in Box 2.3 below, provides an interesting example of the challenges facing industrial relations and collective bargaining in emerging economies.

Figure 2.6: Labour relations and segmented labour markets in emerging economies



Source: Hayter & Lee (2018)

Box 2.3: Industrial relations in Colombia

Background:

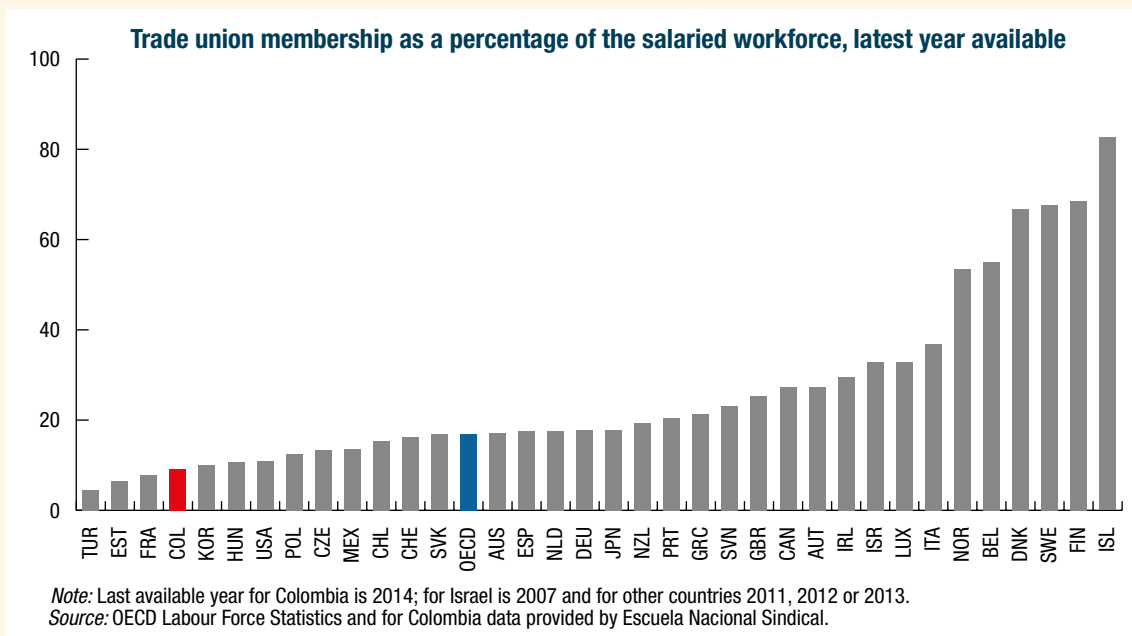
Colombia has made major economic and social advances in recent years. The combination of strong economic growth and policies targeted at the most vulnerable groups have considerably improved the living standards of the Colombian population and the unemployment rate has declined steadily from its 2009 peak. Nevertheless, despite these positive trends, deep structural problems remain. Informality, though declining, is still widespread with 49% of all workers in urban areas not affiliated to social security at the beginning of 2018 and most of those who manage to move into the formal economy work under fixed-term contracts. Similarly, the rate of self-employment is very high at over 50%. Income inequality is also higher than in any OECD country and redistribution through taxes and benefits is negligible. In addition, the aftermath of half a century of internal conflict has left a significant part of the population displaced, with many of them living in extreme poverty. Despite considerable progress and the ratification by Congress of the 2016 Peace Accord, violence continues to be a challenge and impacts on trade union members and activity.

Challenges for enhancing social dialogue and enforcing labour rights:

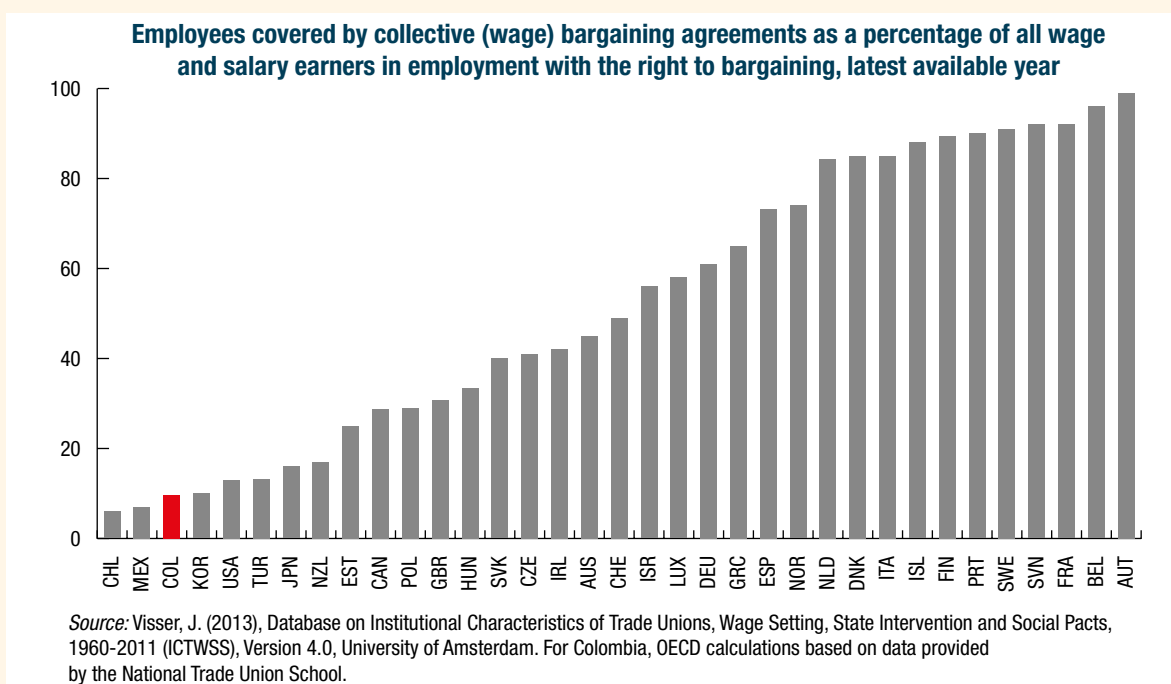
Colombia has ratified all fundamental ILO conventions and freedom of association is recognised in the Constitution and the Labour Code. However, trade union density remains at the lower end of OECD rankings at an estimated 9.2% of salaried workers (formal and informal) and 4.5% of the total workforce (Figure 2.7).

As in most OECD countries, trade union density is much lower in the private sector (estimated at 5.1%) than in the public sector (55.5%). The low trade union density in Colombia is related to a number of factors, including labour market segmentation, violence against trade union leaders and members, and repeated

violations of freedom-of-association rights. To enhance trade union rights, the criminal code was reformed in 2011, establishing higher penalties and possible imprisonment for employers who undermine the right to organise and to bargain collectively. The Ministry of Labour has also been organising media campaigns to improve the perception about trade unions among employers and the Colombian population in general.



Collective bargaining coverage remains very limited at 6.2% of all salaried workers, despite a significant recent increase in the number of collective agreements (Figure 2.8). Contrary to most OECD countries, but similar to Chile and Mexico, the bargaining coverage rate for salaried workers is lower than the trade union density rate, indicating that many local trade union units are too weak to engage their employer in collective bargaining. Important differences exist between the public sector, where real progress has been made following the issuing of two decrees effectively guaranteeing the right to collective bargaining in



2012 and 2014, and the private sector where collective bargaining is affected by a number of legislative restrictions, including (i) the lack of within-firm extensions (trade union representativeness thresholds limit the extension of collective agreements to all employees of a company); (ii) the absence of a regulatory framework enabling sectoral and regional bargaining; (iii) collective accords that undermine the bargaining power of trade unions by allowing employers to negotiate with non-unionised workers if trade unions represent less than one-third of the firm's workforce; and (iv) trade union fragmentation that complicates the bargaining process.

Notwithstanding these limitations, collective dispute settlement mechanisms are increasingly used and contribute positively to social dialogue. These mechanisms include arbitration tribunals, as well as the tripartite Special Committee for the Handling of Conflicts referred to the ILO (CETCOIT) which deals with disputes relating to freedom of association and collective bargaining that cannot be solved by any other instance. CETCOIT was considerably strengthened in 2011 and its efficiency has risen as a result with agreement reached on 64 out of 99 cases by October 2014, many of which were longstanding conflicts (11 years or longer). In 1990, the Colombian Government dropped previous provisions on mediation of industrial disputes in the private sector. The abolition of mediation services is surprising in view of the positive experience some OECD countries have made with assisting the collective bargaining parties by means of conciliation and mediation. Colombia has taken an impressive amount of measures to strengthen its labour inspection system in recent years. However, more efforts are needed to improve the actual implementation of reforms. In particular, the collection of fines for labour law violations remains insufficient enforced.

Source: OECD (2016)

2.5.2. Improving labour market outcomes in developing and emerging economies: What are the main policy challenges and what role can social dialogue play in addressing them?

Three interrelated areas can be identified as key policy challenges for improving labour market outcomes in developing and emerging economies:

(i) First of all, improving labour market outcomes requires that efforts be made to upgrade the quality of existing jobs along the different dimensions highlighted above. Higher health and safety standards, working-time regulation and employment protection are essential for achieving this objective. Similarly, social protection systems need to be strengthened to provide coverage of risks across the life-cycle including unemployment, disability, old-age, maternity and health for workers both in and out of employment. Developing and emerging economies have pioneered, often with some success, the use of non-contributory social protection instruments (conditional cash transfer programmes, employment guarantee schemes, non-contributory pension programmes, non-

contributory health insurance...) that are adapted to a context of high informality and limited fiscal and administrative capacity¹⁰³. However, social protection systems remain fragmented in many developing and emerging economies, reflecting and perpetuating inequalities in society and in the labour market – notably between formal and informal workers. Bringing contributory social insurance to informal workers, in a way that takes account of their financial capacity, circumstances and needs, will be essential to reduce the incentives for informality [Sojo (2015)]. Applying a sectoral and gender-based approach can be particularly effective in addressing this challenge [Holmes & Scott (2016)].

(ii) Secondly, higher labour and social standards must not only be written into law but also effectively enforced, if they are to have real impact. This enforcement challenge is difficult to overcome without building the appropriate legal and administrative capacity, notably with respect to labour law and inspection, and without reducing the size of the informal economy. Broader partnerships, which also include

multinational enterprises, international trade union organisations and CSOs, can potentially help overcome the lack of capacity by domestic actors to enforce respect for labour and social rights in developing and emerging economies, as discussed in Chapter 2.5.3 below.

(iii) Thirdly, policies that facilitate the transformation from informal to formal activity can contribute to progress in both of the areas mentioned above¹⁰⁴. Greater formalisation allows for better monitoring and enforcement of labour standards, as well as an extension of social protection coverage by bringing more workers into the legal framework, while also increasing the potential tax base for financing public goods and services [Slonimczyk (2014)]. By broadening the scope for collective bargaining, formalisation may also give workers and employers a stronger incentive to improve working conditions and invest in productivity-enhancing capital, both human and physical. The use of instruments such as individual unemployment accounts can encourage employers and workers to formalise the employment relationship at an early stage, as illustrated by the experience of Chile. However, the applicability and effectiveness of these instruments is likely to depend on conditions that are specific to countries [Sehnbruch & Carranza (2015)].

As highlighted by Chapter 1, in a context where the levers of policy and social protection instruments used in advanced economies are less available or effective, the promotion of social dialogue and collective bargaining can constitute an important and actionable channel for achieving better labour market outcomes. Tripartite social dialogue and collective bargaining can provide a platform for workers and their representatives, trade unions and employers to articulate their concerns to government and find solutions to the common challenges they face. By integrating workers into the process, it can raise labour standards and help address problems of implementation and enforcement. By fostering trust, cooperation and shared values, it can contribute to improve organisational stability and legitimacy, with potential positive effects on productivity, firm value and wages, quality of the work environment and investment in skills and training [Hayter (2011)]. Ultimately, through these different channels, well implemented and effectively enforced forms of tripartite social dialogue and collective bargaining can help shape policy and by doing so facilitate transition from the informal to the formal economy in developing and emerging countries. Box 2.4 provides an example of how this can be achieved concretely.



Box 2.4: Bargaining in Brazil: The case of informal waste pickers

Social dialogue processes have served to bring gains to informal workers who have succeeded in organising and putting forth their demands across the developing world. One such case is that of the organisation of informal waste pickers in Minas Gerais, one of the 26 states of the Federative Republic of Brazil. Waste pickers have traditionally faced difficulties in Brazil relating to the recognition of their work by public authorities – i.e. as a service falling within the scope of municipal-level public waste management systems. On this basis, one of the demands was that local governments pay waste pickers for their contribution to solid waste management.

Waste pickers demanded to be paid and recognised for their contribution to solid waste management. Negotiations began in 2010 between the waste pickers' organisation (supported by civil society) and members of the Reference Center on Solid Waste (CMRR) – ie. the relevant governmental agency. They agreed that the State would provide a payment for recyclable goods. This “bonus” would also act as a monetary incentive for waste pickers to continue their contribution to the State's waste management and sustainable development objectives. The law passed as a result of these negotiations came to be known as the 'Recycling Bonus Law' since the payment for recyclable material both generates income for the waste pickers – a deprived section of the labour market – and also fulfills a critical function for the State by minimising discarded waste and reducing “environmental pressure”. The state government reserves public funds each year to enable it to contribute to waste pickers' cooperatives and workers associations for their services. In this respect, efforts at organising waste pickers and engaging in meaningful social dialogue have resulted in the recognition and formal inclusion of informal workers into the state policy process.

Source: Negotiating the Recycling Bonus Law: Waste Pickers and Collective Bargaining in Minas Gerais, Brazil, Vera Alice Cordosa Silva, December 2012

Social dialogue and collective bargaining can also interact positively with other levers of labour policy. Berg (ed.) (2015) argues, for instance, that collective bargaining improves the functioning of minimum-wage systems in ways that may have a particularly strong impact on labour market outcomes in developing and emerging economies. In this perspective, collective bargaining complements minimum-wage systems by ensuring (i) that the latter remain primarily an instrument for setting a wage floor, so as to minimise the incidence of in-work poverty; and (ii) that the minimum wage is set at an appropriate level – high enough to eliminate poverty wages, but not so high that it increases the risk of non-compliance and greater informality¹⁰⁵ or gives rise to significant loss of employment by driving a wedge between the minimum wage and the productivity of low-wage workers. Furthermore, collective bargaining can help reduce complexity and fragmentation in multi-tiered wage systems and may have potential spill-over effects to the informal economy by providing an anchor for wage setting in this sector¹⁰⁶.

Notwithstanding these potential benefits, the promotion of social dialogue and collective bargaining remains a vital but difficult task in many developing and emerging economies for the reasons mentioned above (high levels of informality; fragmented production systems with many microenterprises; lack of administrative capacity...). These barriers also underline, however, the advantages of working through partnerships that can engage a broader range of stakeholders, while building on existing forms of social organisation. Despite falling or stagnant trade union density over the past three decades, including in developing countries with a strong history of labour activism such as South Africa and Indonesia (see Fig. 1.5 p.19), workers can still manage to organise and find a voice – even in the informal economy. Often, they do so by forming associations¹⁰⁷. These groups can have a major impact, both in terms of pushing for improved conditions and as a crucial point of contact with governments. As a result, governments in many developing and emerging countries are beginning to recognise the value of associations of

this type in helping them understand and harness the potential of the informal economy. Measures must be taken however to ensure that workers' associations do not remain excluded from bipartite and tripartite social dialogue processes (e.g., participation on national wage or social security councils)¹⁰⁸.

Social partners are adapting in response to these challenges. As previously highlighted in Chapter 1.5.2, trade unions are extending their organisational resources in different countries to take action on behalf of workers beyond their traditional membership, including those in non-standard forms of employment and in the informal economy. Worker centers also exist in developing countries often as components of larger development projects that support poverty reduction, women's employment, and other initiatives. These have been an important component in supporting worker organisation in the informal economy [Chikarmane (2012); Hayami, Dikshit & Mishra (2006)]. Similarly, employers' organisations are also developing more inclusive strategies for social dialogue and creating new value propositions for SMEs, as highlighted in Chapter 1.5.3 above.

Furthermore, these barriers outline the potentially positive role that international actors, including businesses, can play in promoting collective bargaining and social dialogue in developing and emerging economies through framework agreements and platforms for responsible business conduct. An ample body of research supports the conclusion that private and voluntary compliance initiatives (such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the amfori BSCI, or the ILO-IFC Better Work Programme which combines compliance assessment with capacity building) can lead to improvement in the enabling rights for collective bargaining in developing and emerging economies [Barrientos & Smith (2007); Anner (2012); Yu (2015)]. This potentially positive role does not detract however from the key responsibility that national governments have in ensuring legal protection for freedom of association and collective bargaining.

2.5.3. Social dialogue in the context of global supply chains: The role of Responsible Business Conduct

The rise of globalisation and the increase in multinational enterprises (MNEs) operating global supply chains have brought significant investment and growth opportunities for developing and emerging economies, allowing many of them to forge new business links and develop or expand their manufacturing sectors to feed MNE supply chains. Alongside these opportunities, numerous media features and reports by CSOs have raised public awareness of the risks of negative social and environmental impacts (for example, child labour, forced labour and environmental degradation) occurring in supply chains¹⁰⁹. This has led to a call for MNEs to take greater responsibility for the labour, human rights and environmental impacts associated with their business operations and the production of goods and services in their supply chains, especially in countries where global standards may not be properly implemented or enforced. It also challenges governments in the countries where MNEs are based to create legal conditions that can require and enable businesses to take these responsibilities seriously and contribute to the objectives of decent work and inclusive growth. The standards underpinning better practices already exist (ILO and UN conventions) and the *OECD Guidelines for Multinational Enterprises* (updated in 2011) establish a framework clarifying how businesses throughout the supply chain should operate in order to eliminate poor practices and risks based on due diligence and social dialogue¹¹⁰.

Under the OECD Guidelines, firms are encouraged to engage in meaningful social dialogue as part of their due diligence. It is noted that consulting stakeholders can be particularly helpful for decision-making as a company carries out its risk assessments and undertakes to identify, prevent and mitigate actual and potential adverse impacts (as part of due diligence), with proper attention given to the likelihood and severity of those risks and impacts. Furthermore, the *OECD Due Diligence Guidance for Responsible Supply*

Chains in the Garment and Footwear Sector (2017) states that workers and trade unions should be actively involved in due diligence. This means that firms should not only consult with workers and trade unions on the design of the due diligence process but make them an integral part of its implementation at all stages, including supplier assessment, corrective action, monitoring of impacts and operational-level mechanisms for grievance resolution.

OECD work in this area has helped highlight various instruments through which greater social dialogue and worker involvement can contribute to strengthen due diligence in different sectors, operating contexts and facing different types of risk. Global Framework Agreements (GFAs), which are the product of bipartite negotiation between MNEs, global and domestic trade unions constitute valuable tools for improving due diligence, compliance and labour standards throughout the supply chain, as recognised by both the OECD and the ILO. GFAs create a basis for forms of collaboration between firms and stakeholders that are more strategic and effective because they constitute *ongoing*, as opposed to one-off, initiatives and are *forward-looking*, meaning they can act in a preventive manner and not simply in response to reported cases of abuse.

Social dialogue and worker involvement in the due diligence process have the potential to change conditions in the supply chain and progress can be rapid. The garment and footwear sectors, for instance, have seen a number of initiatives arise through which global brands, retailers and importers have come together with stakeholders to solve labour issues and increase the leverage of workers in garment-and-footwear-producing countries: notable examples include the *Accord on Fire and Building Safety* in Bangladesh signed in May 2013 following the Rana Plaza building collapse, the *Honduras Labour Framework*, the *Indonesia Freedom of Association Protocol*, as well as the separate GFAs signed by garment giants Inditex and H&M with the global trade union

IndustriALL¹¹¹. Interesting lessons could potentially be drawn from a more in-depth analysis of these examples of good practices.

Finally, the *OECD Guidelines for Multinational Enterprises* include access to remedy mechanisms that can facilitate social dialogue. Each adherent country is bound to set up a National Contact Point to promote the Guidelines and handle issues relating to their implementation, including non-observance of the Guidelines in firms' supply chains. Currently, National Contact Points are the only state-based non-judicial mechanism which provides a platform for discussion and resolution of a wide range of issues related to business conduct throughout global supply chains. Chapter 2.5 provides a more detailed presentation of the Guidelines, as well as a series of case studies underlining the role of the National Contact Point process as a mechanism for social dialogue.

At a more general level, the OECD Guidelines highlight the fact that, in a context of global supply chains, a wider set of domestic and international actors need to be involved in order to achieve the objectives of decent work and inclusive growth. MNEs have an important role to play here and OECD research shows that there is a robust business case to be made in favour of Responsible Business Conduct and its different components, including due diligence and social dialogue. A cross-country panel regression study with over 6500 observations notably finds that – after controlling for value chain structure, economic and financial factors – the social score of a firm (a measure of its capacity to generate trust and loyalty among its workforce, customers and wider society) has a highly significant positive effect on its financial performance (measured in terms of return on equity and return on assets)¹¹². These results support the proposition that, on average, investing in and properly implementing Responsible Business Conduct practices throughout the supply chain enhances the long-term economic value of firms, while also contributing to social goals.

2.6 A selection of case studies drawn from the OECD Guidelines for Multinational Enterprises

2.6.1 Introduction

The purpose of this section is to explore the role of the National Contact Points (NCPs) in dealing with cases relating to the implementation of the **OECD Guidelines for Multinational Enterprises** (henceforth referred to as the 'Guidelines') with a particular focus on labour issues and social dialogue¹¹³. Historically, a significant number of cases brought before NCPs have involved the Guidelines' Chapter V on employment and industrial relations. As part of their mandate, NCPs often seek to resolve these cases (known as 'specific instances') by using their 'good offices' function, which can include alternative dispute resolution processes such as mediation or conciliation.

The Guidelines play an important role within the broader context of expanding global value chains which employ more and more of the world's workers. The realities of international trade, such as increasing investments in emerging economies and the fragmentation of production, have created challenges as well as opportunities for promoting social dialogue as a route towards sound industrial relations and improved labour rights. Traditional forms of social dialogue – including bilateral

discussions, formalised bargaining, and tripartite consultation – are coming under pressure to adapt in an increasingly international context.

This adaptation process can take many forms and raises difficult issues. Insofar as the Guidelines are targeted at multinational enterprises (MNEs), the NCP process has significant and demonstrated potential to act as an institutional springboard for social dialogue within this shifting global context, particularly in instances which would otherwise remain deadlocked.

Among specific instances filed by trade unions, a majority have dealt with the right to organise and the right to bargain collectively (approximately 61% and 62% respectively).¹¹⁴ The largest number of trade union cases concerns the food, agriculture, and tobacco sector.¹¹⁵ This section presents a number of case studies involving alleged breaches of the Guidelines' chapter on employment and industrial relations, as well as the chapter on human rights where the issues are cross-cutting. For each specific instance, it seeks to highlight how dialogue was promoted and why a particular outcome was achieved. These observations are informed by multiple sources including, most importantly, a number of stakeholder interviews conducted with trade unions, business representatives, and NCP representatives themselves.

	Specific instances referencing the chapter on employment and industrial relations (%, approximate)	Specific instances referred by trade unions (%, approximate)
2017	38%	34%
2016	25%	26%
2015	19%	11%
2014	10%	12%
2013	12%	7%
2012	11%	6%

Source: OECD Annual Reports on the OECD Guidelines for the relevant years

The selected cases are listed below¹⁶:

Parties	Lead NCP	Host Country	Sector
UNI Global Union (UNI)/ International Transport Workers Federation (ITF), and Deutsche Post DHL (DP-DHL)	Germany	Bahrain, Colombia, Guatemala, China (incl. Hong Kong SAR), India, Indonesia, Malawi, Norway, Panama, South Africa, Turkey, United States, Viet Nam	Transportation and storage
Central Unitaria de Trabajadores de Chile and Sindicato de Trabajadores de Starbucks Coffee Chile S.A. and Starbucks Coffee	Chile	Chile	Accommodation and food service

2.6.2 Case studies of specific instances

Background to the OECD Guidelines and the NCP system

60. Throughout the history of the Guidelines, Chapter V on Employment and Industrial Relations has played an important role. Its provisions have been closely linked to the ILO fundamental Conventions and the *ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy* of 1977 (most recently revised in 2017). The 2011 review of the Guidelines led to the inclusion of a standalone chapter IV on Human Rights aligned with the *UN Guiding Principles on Business and Human Rights*. Although the Guidelines are ultimately a non-binding soft law instrument, adhering countries are committed to encouraging their observance by businesses operating in and from their countries. A unique feature of the Guidelines is that they are equipped with a non-judicial grievance mechanism, known as the National Contact Points (NCPs).

Adhering countries are legally required to establish an NCP. While governments have significant freedom in how they organise their NCPs, NCPs are expected to operate in accordance with the core criteria of visibility, accessibility, transparency and accountability. Once established, NCPs are responsible for advancing the Guidelines through their engagement in promotional activities and the addressing of inquiries, as well as for seeking to resolve cases of alleged violation of the Guidelines, which are known as ‘specific instances.’ NCPs are required to handle specific instances in a way that is impartial, predictable, equitable and compatible with the Guidelines. When a specific instance is raised and merits further examination, NCPs can support parties in their efforts to resolve the dispute. This may entail consensual and non-adversarial means of dispute resolution, such as conciliation or mediation, which can be carried out by the NCP or by external professionals.

First case: UNI/ITF and DP-DHL/Bonn

<p>NCP: Germany</p> <p>Supporting NCP(s): Colombia, Turkey</p> <p>Host Countries and Territories involved: Bahrain, Colombia, Guatemala, China, Hong Kong SAR, India, Indonesia, Malawi, Norway, Panama, South Africa, Turkey, United States, Viet Nam</p> <p>Sector: Transportation and storage</p>	<p>BACKGROUND</p> <ul style="list-style-type: none"> • Specific instance submitted 21 September 2012. • The trade unions alleged that Deutsche Post DHL failed to respect the right of workers to establish and join trade unions in several countries, and failed to implement due diligence procedures with respect to these issues. • The German NCP accepted the submissions involving trade union rights in Turkey, India, Colombia, Indonesia, and Viet Nam; allegations in other countries were either deemed insufficiently precise or had already been resolved. <p>OUTCOME</p> <ul style="list-style-type: none"> • Mediation was enabled with the assistance of the Colombian and Turkish NCPs. • Germany's NCP addressed issues on a country-by-country basis: <ul style="list-style-type: none"> ◦ In some cases, legal or administrative developments obviated or limited the need for comment on certain issues (Turkey, India, Indonesia); ◦ In Colombia, the respondent agreed to carry out an industrial relations assessment; ◦ In Viet Nam, DHL agreed to allow union activists to make another call for nominations, and the parties therefore agreed that the issue had been settled. • With respect to the unions' due diligence concerns, DHL submitted that it had industrial relations processes and compliance programs in place, as well as a forum for introducing labour relations issues. The NCP observed that the company's overall sustainability performance was good, however it suggested that the number of union/company meetings could be increased. The NCP also requested that it be provided with reports on these meetings for two years. • Ultimately, the parties agreed that the mediation process had clarified the main issues of contention and that outstanding issues could be resolved through further dialogue. • A protocol was concluded in July 2016 committing the parties to ongoing quarterly meetings and dialogue with the continuous support of the NCP. In September 2017, the follow-up protocol was extended until December 2019.
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Initial issues:

The specific instance involving DHL and UNI/ITF highlights the many challenges which face NCPs, while also underscoring their potential to encourage dialogue. Allegations by UNI and ITF were made in connection with a vast international business network, and concerned different activities in several countries with heterogeneous labour relations standards and cultures. The main thrust of these issues stemmed from DHL's alleged failure to respect workers' rights to establish or join trade unions. It was also alleged that DHL failed to implement due diligence procedures with respect to freedom of association. Following its initial evaluation of the case, the German NCP accepted

the specific instance as regards the alleged violations in Turkey, India, Colombia, Indonesia, and Viet Nam. With respect to Bahrain, Guatemala, Hong Kong SAR, South Africa, Panama, Malawi, USA and Norway, the case was not accepted since the allegations were not deemed sufficiently precise, or had been resolved several years earlier.

Mediation:

The parties saw clear value in having a set of multi-jurisdictional issues addressed in one convenient forum. Given the number of jurisdictions involved, mediation was enabled with the assistance of the Colombian and Turkish NCPs, as well as involvement from the German embassies in Turkey

and India. These supporting actors were important in resolving the dispute, and ultimately took on an active role in the implementation of the agreement. The German embassies were involved in information gathering and provided a more complete picture of the situation on the ground. Recourse to an independent source of information was crucial in a case involving several moving parts. As the case spanned a multitude of jurisdictions, the parties had different levels of information, different histories of engagement and varying degrees of trust in the process. Familiarisation and information-sharing were therefore essential to the resolution of this specific instance. Mediation was conducted by an NCP staff member, and began as a trilateral meeting between the company, unions, and NCP. In this setting, the parties clarified their expectations, shared information and built mutual trust. Following this process, a series of bilateral meetings between the mediator and each party was held in order to probe the possibility of settlement and determine what solutions were feasible. A final trilateral meeting was held in order to develop the Final Statement and monitoring process.

Final Statement and monitoring:

In the Final Statement, it was agreed that both parties accepted that the mediation process had clarified issues and that any outstanding questions could be resolved through further dialogue. The Final Statement offers helpful insight into the strengths of NCP-led dispute resolution. It notably highlights the role that greater clarity can play in helping reconcile positions without having to engage in a lengthy and possibly contested process of fact-finding. Instead of focusing on tangible forms of compensation, dialogue was viewed as a form of remedy in and of itself.

Although a mediation was concluded that set the ground for ongoing discussions between the parties, NCP involvement did not stop there. The German NCP suggested that the number of union/company meetings could be increased to four per year, and that the NCP would receive reports on these meetings. This arrangement was formalised in a protocol that was signed in July 2016, committing

the parties to ongoing quarterly meetings and continued dialogue. With respect to the agreed outcome in Colombia, the Colombian NCP played a role in supporting dialogue and in conducting the agreed industrial relations assessments.

The value of ongoing NCP support was clear to the parties. After the agreement was signed, the parties requested continued NCP engagement to assist with the implementation of the agreement. This helped stimulate further dialogue. Moreover, in September 2017 the parties requested an extension to the follow-up protocol which provides for the continuing of structured dialogue until December 2019, when it may be reviewed again.

Key factors and lessons:

Despite the complexity of the claim, a positive outcome was reached for a number of reasons:

- **Collaboration.** The involvement of other supporting NCPs, as well as diplomatic resources, ensured that the parties were accompanied in their efforts to reach a solution. This involved efforts by other NCPs to encourage dialogue, assistance with carrying out industrial relations assessments and information-gathering.
- **Communication and trust.** The combination of bilateral and trilateral meetings facilitated information sharing and trust-building, while also permitting candid discussions about expectations and realistic solutions. Sharing of information was important to the process due to the complex and wide-ranging nature of the specific instance. The role of a strong NCP, which could transmit information, steer discussions, and project an image of authority and independence was significant.
- **A forward-looking vision.** The NCP setting allowed parties to contemplate a solution which was forward-looking, dialogue-driven and which addressed systemic concerns. By de-emphasising retrospective issues and

wrongdoing, parties were able to find a useful and mutually agreeable resolution.

- **Ongoing support.** The agreement to engage in continuing dialogue, which included ongoing NCP support and follow-up, allowed parties to address issues as they arose while creating a mutually agreeable

forum for solving deadlocks. The request for an extension to the follow-up protocol demonstrates the value of this mechanism. A structured process for dialogue, combined with firm NCP-led recommendations where necessary, has led to progress and action when needed.

Second case: Central Unitaria de Trabajadores de Chile, Sindicato de Trabajadores de Starbucks Coffee Chile S.A. and Starbucks Coffee

<p>NCP: Chile</p> <p>Host Country: Chile</p> <p>Sector: Accommodation and food service</p>	<p>BACKGROUND</p> <ul style="list-style-type: none"> • In May 2014, the union Central Unitaria de Trabajadores de Chile (CUT), together with the union Sindicato de Trabajadores de Starbucks Coffee S.A. (STSCSA), submitted a complaint to the Chilean NCP claiming that there had been alleged anti-union practices by Starbucks Coffee Chile S.A. • It was alleged that Starbucks had interfered with the right to organise and bargain collectively by running anti-union campaigns, terminating union members and refusing to recognise the union. • In early 2015, the parties agreed to start a mediation process led by the Chilean NCP. After holding joint and individual meetings with the parties, the NCP found that progress could not be made due to allegations of breaches of good faith and confidentiality. <p>OUTCOME</p> <ul style="list-style-type: none"> • The NCP closed the case and issued a Final Statement on 1 June 2015 where it made a number of recommendations, including: that Starbucks should not refer to workers as partners if they are not shareholders or do not receive direct profit; that worker representation is positive and that statements that unions were unnecessary were unhelpful; and while the fact that the company delivered various benefits was beyond question, that did not imply that workers should have no say in how those benefits were delivered. • Following the closing of the case, the company and the unions independently reached an agreement on a new collective bargaining agreement in the weeks following the final statement.
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Initial issues:

The complaint to the NCP in this instance came from national trade unions regarding events that allegedly happened in the country itself. They covered broad allegations, which were refuted by the company, about various ‘anti-union’ activities. The NCP first had to decide whether Starbucks Coffee Chile S.A. was a multinational company for the purposes of the OECD Guidelines. They decided that the company was horizontally integrated and

included the US parent and Chilean subsidiary which shared the same strategy, administration and policies. On the question of the relationship between national law and the Guidelines, the NCP pointed out that the Guidelines were not the same as national legislation, and that there were situations which could be in line with national law but not with the OECD Guidelines. Furthermore, in considering the relationship between the process initiated under the Guidelines and parallel national proceedings, the NCP stated that it would not

interfere with national legal proceedings on the same issues, but would rather use its good offices function to promote a sustainable solution.

Mediation

The NCP in this instance carried out some preliminary meetings with the parties independently of each other to build trust and understanding of the issues. Subsequently, it held a joint meeting with the parties to clarify the issues and seek ways to move forward. Problems arose when CUT discussed the specific instance at an event with external participants. The company viewed this as a breach of confidentiality and good faith. As a result, the NCP concluded that the company had lost confidence in the process and closed the case.

Final Statement and subsequent agreement between the parties

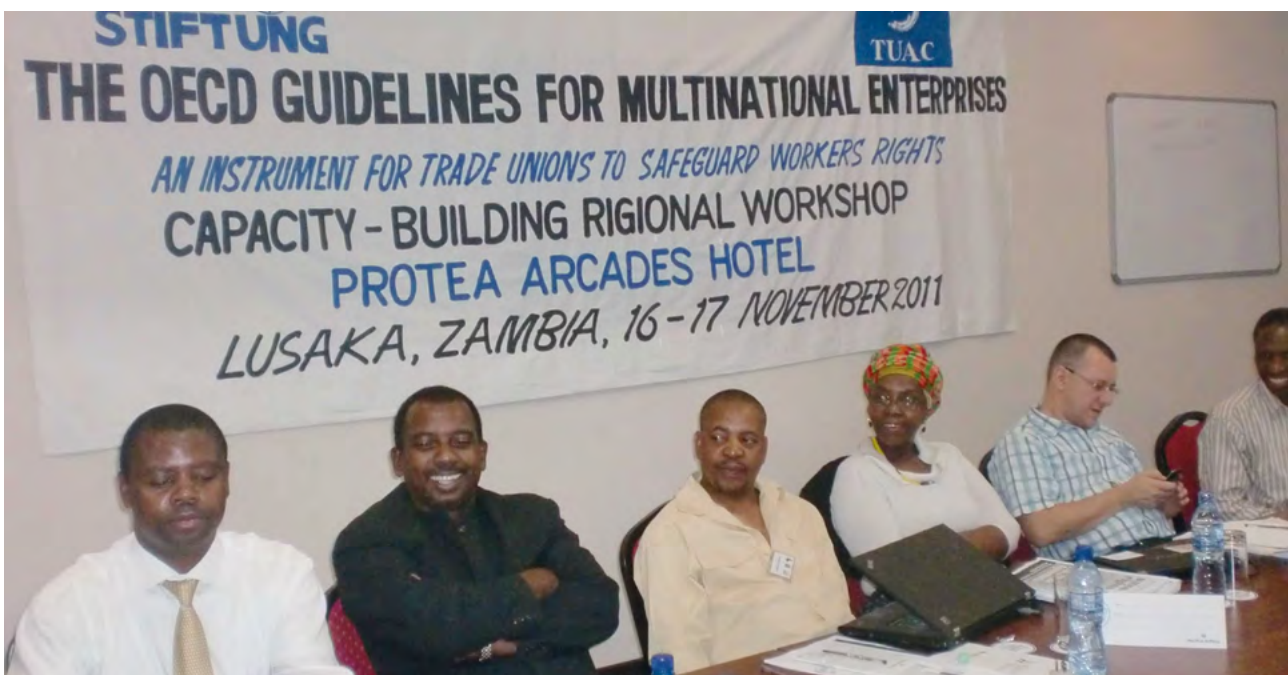
The NCP issued a Final Statement setting out findings and recommendations to promote compliance by Starbucks with the OECD Guidelines' provisions regarding freedom of association and collective bargaining. In addition with regard to the closing of the case, the NCP also clarified that the obligation of confidentiality does not extend to the fact that the specific instance exists or the reasons

that the good offices of the NCP have been sought. It further noted that "parties are free to make public statements about the case provided that information raised and discussed during mediation is safeguarded."¹¹⁷ The issuing of the Final Statement by the NCP was followed almost immediately by the workers declaring the start of a legal strike. Subsequent to the conclusion of that strike, the company and the unions concluded a first collective bargaining agreement. This agreement included the setting of new basic rates. Additional negotiations have taken place and further collective agreements have been agreed in the following two years.

Key factors and lessons

Though the mediation process did not lead directly to agreement between the parties in this instance, it did contribute to the parties reaching agreement between themselves and a number of lessons can be highlighted from this case:

- There was a significant level of distrust between the parties. The NCP endeavoured to "filter" comments made by each party and communicate them in a productive manner. This reduced tensions and allowed discussions to start, but a number of problematic issues remained. Not least of



these were the issue of confidentiality and the degree to which it applied to the facts of the case before the NCP, as opposed to the details of the complaint. The NCP needed to strike a careful balance between encouraging parties to submit to voluntary dispute resolution and satisfying the need for public accessibility and sharing.

- The parties managed to reach an agreement with one another upon the issuance of a final statement which provided an analysis of the issues raised in the submission and the process to date. This agreement represented an important step towards recognition and engagement of Starbucks Coffee Chile S.A. with the company union, something which had previously not been possible despite several legal proceedings on this issue between the trade union and company. This achievement was attributed to the NCP-led mediation and publication of the final statement. As such, this case demonstrates the potential value of the NCP process as a precursor for agreement between parties outside of the NCP mechanism.

2.6.3 Discussion – The NCPs as a mechanism for enhancing social dialogue

The case studies demonstrate that the NCP process can lead to positive outcomes with respect to labour issues and social dialogue. Furthermore, a number of overarching themes and common features can be identified. While the outcome of a specific instance will invariably depend on the parties involved and the issues at stake, the NCP contribution was crucial in all the cases considered. NCPs can successfully act as a mechanism for resolving labour disputes and as an institutional springboard for social dialogue due to a number of characteristics:

NCPs can bring parties together at the right level

As opposed to state-focused mechanisms, the Guidelines specifically contemplate MNEs, their role and their remedial power. This is particularly

important in disputes or disagreements which primarily concern the actions of an MNE as opposed to alleged state behaviour or regulatory shortcomings. When an underlying issue is multifaceted (i.e. has private and public elements), NCP proceedings can coexist with other processes, whether they be domestic or international¹¹⁸. The ability of NCPs to bring parties together is conducive to dialogue and problem-solving for obvious reasons. However, in the context of a system that is specifically targeted at MNEs, NCPs are important as a mechanism for uniting plaintiffs with representatives from senior international management. Whereas organisations bringing cases may deal with local employers or local management, involvement at higher level may encourage dialogue and resolution due to increased capacity, willingness or exposure to public scrutiny. In many cases, international management may not be fully aware of what has been happening in countries of operation. Furthermore, this approach supports due diligence obligations under the Guidelines.

NCPs can focus on dialogue

Unlike processes which rely primarily on fact-finding and corrective measures or processes which assess national legal frameworks against international standards, NCPs can focus on establishing dialogue in a less adversarial or State-focused setting. This is particularly useful in labour cases where dialogue is often, in and of itself, the outcome being sought (for instance in cases involving trade union intimidation or refusal to bargain). The advantages of this 'good offices' function may explain why certain cases are referred under the Guidelines, perhaps in parallel to or instead of more formal adjudicative processes.

NCPs can support the right mediation process

Specific instances involving labour issues and MNEs require an understanding of business relationships, global value chains, international labour and human rights norms, and the realities of industrial relations in advanced and developing countries. Within this context, knowledge of national

labour laws, industrial relations cultures and challenges may be insufficient. The importance of an experienced and knowledgeable mediator was a common thread throughout the cases examined. Successful cases were driven by mediators who had prior exposure to the Guidelines and who were able to adopt an international perspective. Mediators must support an outcome which is consistent with the Guidelines, while remaining sensitive to the realities and complexities of international business operations.

NCPs can contribute to an ongoing dialogue process and follow-up

Labour disputes generally involve dynamic and long-standing relationships between employers and workers. Specific instances can be brought in connection with factual circumstances which

are 'live' or ongoing. NCPs also have a capacity to focus on forward-looking solutions as opposed to retrospective wrongdoings. When the NCP process can respond to the fluidity of events, there is an increased possibility that outcomes will be relevant, sustainable, and satisfactory. The relative flexibility of the NCP procedures allows NCPs to provide ongoing support and supervision, even after mediation has led to an agreed outcome. This ability to offer follow-up through continuing advice and monitoring allows NCPs to match the parties' realities of dispute resolution: even the best agreements can give rise to disputes relating to meaning or implementation. This is particularly true when an agreement negotiated at a higher level has to be implemented by local or national management. Whenever an impasse is reached, NCPs can offer a convenient forum to all parties to move forward.

Notes

- 71 In recent years, increased political interest in and commitment to broader approaches to well-being and measures of economic progress have put the notion of job quality and decent work at the forefront of the international policy debate, as highly relevant to inclusive growth and sustainable development. The OECD, ILO, the G20 initiative and other international organisations have developed various conceptual and statistical frameworks along these lines (see for example "*Measuring and assessing Job quality*", OECD (2015a). The OECD's Inclusive Growth Initiative is looking at the dynamics that have contributed to increased inequalities of income and opportunities, including developments in the labour market, and at the policies that can help remedy them.
- 72 The first major output of this OECD project consisted in a comprehensive review of collective bargaining systems in OECD and accession countries in the 2017 OECD Employment Outlook. The OECD Employment Outlook 2018 will provide an analysis of the role of collective bargaining for good labour market performance. Forthcoming work will analyse the role of collective bargaining for the future world of work, with a focus on new forms of work and job quality.
- 73 For instance, Argentina, Brazil, Germany, Netherlands, Norway, Switzerland and South Africa.
- 74 The OECD Job Quality framework measures job quality along three dimensions: i) *Earnings quality*; ii) *Labour market security*; and iii) *The quality of working environment*. This framework has been widely endorsed (for example, by the G20 at the Ankara summit in September 2015) and was adopted as a key component of the labour market performance measurement framework for the new OECD Jobs Strategy.
- 75 Labour market resilience is defined as the capacity of the labour market to withstand temporary adverse shocks, which is particularly important for low-income and low-educated workers who tend to be most affected in periods of economic crisis.
- 76 Inclusiveness in this chapter is assessed in terms of outcomes, e.g. the extent to which inclusive social dialogue actually contributes to reduce labour market inequalities.
- 77 See also the Global Deal Thematic brief: *Achieving Decent work and Inclusive Growth: the business case for social dialogue*, 2017 which details further insights on social dialogue's contribution to improving the design of training systems and skills retention.
- 78 Rent seeking behaviour refers to the ways by which individuals or groups benefit from rents (special advantages) due to their situation, at the expense of other groups or individuals.
- 79 Recent evidence from the United States suggests that monopsony power may be higher than previously thought – see Azar, Marinescu & Steinbaum (2017) and Benmelech, Bergman & Kim (2018).
- 80 Frictions can be related to missing or poor information on the jobs available, to the location of the jobs proposed, to skills mismatches, etc.
- 81 This includes the rules and the spread of administrative extensions of collective agreements.
- 82 Another key – yet difficult to measure – element relates to the enforcement capacity and the quality of labour relations, in particular the level of trust between social partners, the degree of enforcement of the terms set in collective agreements and the ability of employer organisations and trade unions to control the behaviour of their constituencies at lower levels can result in differences between formally similar systems (see OECD, 2017a).

- 83 For the United-Kingdom, Booth (1995) finds an average premium of 8% at a lower level than the United States, going up to 20% according to Hirsch (2004).
- 84 The case of France is an extreme illustration of this phenomenon, combining one of the lowest trade union densities among OECD countries and a coverage rate of almost 100% due to the automatic extension of collective agreements to basically all workers.
- 85 As defined in Cameron (1984), corporatism is a “system of social organisation that has at its base the grouping of men according to their community of natural interests and social functions, and as true and proper organs of the state they direct and co-ordinate labour and capital in matters of common interest”.
- 86 In the original *Jobs Strategy*, centralised or coordinated bargaining arrangements were viewed more positively than sector-level bargaining, but not explicitly supported. While countries with such systems typically managed to sustain relatively high employment levels, the empirical evidence based on country panels was judged to be weak. Moreover, strong employment performance in those countries reflected, to an important extent, developments in the public rather than in the private sector. More fundamentally, the ability to foster fully centralised bargaining systems or systems that are effectively coordinated so as to promote resilience and contain wage spirals was put in doubt.
- 87 The Reassessed Jobs Strategy also acknowledged that collective bargaining arrangements are deeply embedded in a country’s social fabric. This was seen as the main reason why so little progress was made since the original Jobs Study of 1994.
- 88 From the “unions as voice” perspective, unions and collective bargaining are seen not only as institutional means for articulating and pressing demands for higher wages, but also as vehicles for collective communication and exchange between workers and their employers. In particular, unions can influence job quality directly (e.g. by negotiating non-wage working conditions in collective agreements) or indirectly (e.g. by providing workers with a platform to voice their concerns and requests).
- 89 OECD Employment Outlook 2018.
- 90 This is based on macro-data; ongoing complementary work based on micro-econometric findings (using sector and employee-level data) will be released in the forthcoming 2018 *Employment Outlook* of the OECD.
- 91 This database on Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts (ICTWSS) was initially developed by J. Visser and is managed by the Amsterdam Institute for Advanced labour Studies (AIAS) at the University of Amsterdam. It can be found at <http://www.uva-aias.net/en/ictwss>.
- 92 Forthcoming OECD work, using a taxonomy of collective bargaining systems based on the dashboard presented in the OECD 2017 Employment Outlook, will be released in July 2018. Results point in the same direction.
- 93 Moreover, unions may also indirectly contribute to make temporary contracts more attractive for firms, by increasing the labour cost of “insiders”, through bargaining over severance payment for instance; and firms may also react to union wage pressure by employing workers at lower cost through flexible forms of employment such as temporary work agencies or on-call contracts
- 94 E.g. when based on the taxonomy mentioned before (OECD, 2018, forthcoming).
- 95 An important caveat is that while decreasing wage inequality among full-time workers, collective bargaining may also contribute to increase earnings inequality between full-time employees and other workers, in the spirit of an insider-outsider model. However, this chapter does not provide evidence in favour or against this hypothesis.
- 96 For evidence on the diversity of labour market institutions in emerging economies and the extent to which industrial relations have been shaped by country-specific economic and political dynamics, see the comparative analysis in Hayter (2018) of 5 large emerging economies (Brazil, China, India, South Africa and Turkey) covering 42% of the global labour force, notably Table 1.2.
- 97 For an in-depth overview of labour markets in developing countries, see Cazes & Verick (eds.) (2013).
- 98 As indicated in OECD (2017c), SMEs are least likely to be covered by unions or collective bargaining agreements, which are themselves much weaker than in previous generations.
- 99 The garment sector in Cambodia, for instance, provides conditions in which sectoral coverage may have an outsized effect of this type.
- 100 Restrictions to freedom of association in developing and emerging economies are discussed in Chapter 1.2.1.
- 101 See OECD (2015c) Chapter 5. The following countries are studied: Argentina, Brazil, Chile, Colombia, (urban) China, Costa Rica, India, Indonesia, Mexico, the Russian Federation, South Africa and Turkey. ILO (2016) presents similar results regarding the wage distribution in developing and emerging economies, while also providing data on wage inequality *between* firms and *within* firms.
- 102 This trend is highlighted notably by the fact that the decline in vulnerable employment, as defined by the ILO, has stalled since 2012 despite the return of global unemployment rates to their pre-financial crisis levels. According to ILO (2018), 46% of the global workforce – amounting to 1.4 billion people – are estimated to be in vulnerable employment. The figure rises to 76% of the workforce in developing economies. Vulnerable employment is likely to remain a long-term challenge in many African countries, where high rates of population growth are putting a strain on the supply of quality jobs and the vast majority of workers will be employed in the informal economy for the foreseeable future [OECD (2017d)].
- 103 Examples include the *Seguro Popular* and the *Programa 70 y más* in Mexico, the *Bolsa Familia* in Brazil, the *Plan de Inclusión Previsional* in Argentina and the *MGNREGA* in India.
- 104 See for instance OECD (2016), notably pp.62-71, for an in-depth analysis of the impact the 2010 *Formalisation and Job Creation Law* and the 2012 tax reform have had in reducing informality and promoting the formalisation of labour in Colombia.
- 105 While the relation between the level of the minimum wage and the rate of informal employment in an economy is complex, some evidence points to the fact that an increase in the minimum wage can under certain circumstances lead to an increase in informality [Mora & Muro (2016)]. Conversely, see Hohberg & Lay (2015) for the study of a case where increases in the minimum wage did not translate into higher rates of informality.
- 106 See Boeri et al. (2011) for evidence of these “lighthouse effects” in emerging economies.

- 107 See for example Box 2.3 above.
- 108 ILO Recommendation 204 on the transition to the informal to formal economy, for instance, provides useful guidance on how to develop representation mechanisms for informal workers.
- 109 For a review of the literature on the impact of MNEs on economic and human rights in developing countries, as well as an attempt to measure these impacts using micro-level empirical evidence, see Giuliani & Macchi (2014).
- 110 The *OECD Guidelines for Multinational Enterprises* address all areas in which business intersects with society. Other instruments providing guidance to business on human rights, social policy and workplace practices include the *UN Guiding Principles for Business and Human Rights* and the *ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy* – both of which are aligned with the *OECD Guidelines*.
- 111 For more detail on the GFA between H&M and IndustriALL, see Chapter 1.4.4 above and Chapter 3.3.3 below, as well as H&M's commitment to the Global Deal in Annex II.
- 112 See OECD (2017e) p.91-92.
- 113 The full study from which this section is drawn, including the analysis of additional instances, can be found on the Global Deal website.
- 114 TUAC, Key Statistics, *Trade union cases in numbers*.
- 115 *Ibid*.
- 116 In order to examine the way in which the NCP process can promote social dialogue in specific instances involving labour issues, case studies were selected based on a range of criteria including: nature of the labour issues raised, geographical spread, outcomes achieved, industries and parties involved.
The results presented in this section are based on the analysis of these case studies, including desk research and interviews with relevant stakeholders. Interviewees had experience with the NCP process and, for the most part, were directly involved in the specific instances chosen for analysis. The individuals interviewed included NCP employees, trade unions and representatives from the business community. No individuals are attributed here and the process was careful to respect any confidentiality agreements which pertained to the specific instances.
Throughout the interviews and desk research, the aim was to identify: (i) what were, in each case, the positive social dialogue or labour outcomes achieved; (ii) The extent to which there were distinct factors throughout the handling of the specific instance that led to improved outcomes; and (iii) stakeholders' views on the practices that could be replicated to promote dialogue.
- 117 <https://www.direcon.gob.cl/wp-content/uploads/2014/06/DECLARACION-FINAL.pdf>
- 118 This type of interaction, present in the Starbucks case above, is illustrated to a greater extent in the FIFA case, available in the full study on the Global Deal website.



Chapter III

Showcasing Global Deal Commitments



3.1. The Global Deal: Voluntary commitments to promote social dialogue for decent work and inclusive growth

The Global Deal is a multi-stakeholder partnership which focuses on understanding, developing and harnessing the potential of sound industrial relations and social dialogue as an instrument for achieving decent work, quality jobs and inclusive growth. As such, it constitutes a concrete input to SDG 8 on Decent Work and Economic Growth. Beyond this immediate objective, the Global Deal also has the potential to contribute directly to the realisation of SDG 3 (Good Health and Well-Being), SDG 10 (Reduced Inequality), SDG 12 (Responsible Production and Consumption), SDG 16 (Peace, Justice and Strong Institutions) and SDG 17 (Partnerships for the Goals). Furthermore, it can help contribute indirectly to the realisation of SDG 1 (No Poverty), SDG 4 (Quality Education) and SDG 5 (Gender Equality).

Partnership in the Global Deal is open to a broad range of actors including governments, trade unions, businesses, employers' organisations,

international organisations and civil society organisations¹¹⁹. Partners are asked to enter into association with the Declaration of Support, which forms the basis of the Global Deal, and to make voluntary commitments that either initiate new actions or reinforce existing ones. The Declaration of Support calls on stakeholders to state their approval of the Global Deal as a shared vision for promoting decent work, quality jobs and inclusive growth through enhanced social dialogue and sound industrial relations. The Global Deal provides a set of broad principles which partners pledge to uphold and advance through their voluntary commitments.

For governments, this includes recognising social dialogue and facilitating a policy and institutional environment that can enable it, ratifying (or making sustained efforts towards ratification of) and respecting the ILO's fundamental Conventions. **For employers' organisations and businesses**, this means acting in a way that is socially responsible by committing to respect fundamental principles and rights at work and promote social dialogue within their own operations and throughout their supply chains. It also implies, as responsible social partners, a willingness to engage with relevant

stakeholders locally, nationally, regionally or globally. **For trade unions**, this means fulfilling their social responsibilities when they negotiate, but also contributing as responsible social partners to the development of the company or organisation of which they are part. **For all partners**, this means recognising inclusive growth and sustainable development as shared objectives and acting through the Global Deal to move together towards their realisation.

Partners recognise the importance of the Global Deal as a platform for (i) accelerating action through voluntary commitments by partners; (ii) increasing the knowledge base on social dialogue and sound industrial relations; and (iii) facilitating the exchange of experiences and good practices. As part of their efforts to implement the Global Deal, partners may refer to the *OECD Job Quality Framework* and the *ILO Decent Work Agenda* as useful tools for promoting social dialogue in the labour market. It should be noted furthermore that the Declaration of Support is not a legally binding document, but a voluntary declaration of support that will be reviewed over time to take account of developments in the Global Deal partnership.

The **modalities** for pledging and formalising commitments recognise as a valid commitment any concrete action by partners contributing – in one way or another – to realise the objectives of the Global Deal. Commitments can cover a number of different actions, areas and levels, taking into account partners' differing capacities and the respective contexts in which they operate. In practice, this can imply the following:

1. For governments, a commitment can mean strengthening institutions of social dialogue at the national level; implementing or reviewing policy and legislation to bring this in line with International Labour Standards; promoting access to training and engaging in capacity building; or creating a national Global Deal platform to gather stakeholders, exchange good practices and promote social dialogue. A commitment can also aim to enhance social dialogue in the context of a government's

international action. Countries with strong traditions of industrial relations may thus commit to support social dialogue through international development cooperation, trade policies, initiatives relating to corporate social responsibility, as well as technical assistance and support to partners seeking to promote social dialogue or reinforce their own national institutions.

2. For employers' organisations and businesses,

a commitment can consist in promoting social dialogue within the context of their own operations or throughout their supply chains. Commitments may cover various issues such as engaging in social dialogue to improve wages and other working conditions; encouraging consultation, cooperation and negotiation within the company or on labour market-related issues; better information and communication; support to staff and management. Businesses can also support the Global Deal through their involvement in public-private partnerships designed to enhance social dialogue and sound industrial relations.

3. For trade unions and other stakeholders,

a commitment can consist in launching campaigns on workers' rights; the use of advocacy to influence policy-makers; holding seminars on capacity building; or conducting research on issues related to social dialogue and inclusive growth. Engaging in partnerships with other stakeholders in order to advance these issues represents another possible form of commitment available to trade unions and other stakeholders.

Commitments can be made at the local, national and/or international level. The Global Deal does not impose any new reporting requirements and will base its follow-up of commitments on the existing reporting processes used by partners. The translation of commitments into concrete, tangible outcomes is central to the Global Deal's objectives. Future editions of the Global Deal Flagship Report will look at the commitments made by partners

with a view to highlighting areas of progress and showcasing good practices. A commitment template is provided as an illustration in Annex I.

3.2. Overview of the commitments received

For the purposes of this report, we analysed the voluntary commitments made by 51 different partners to promote social dialogue as a means for achieving decent work, quality jobs and inclusive growth. The partners have been classified along the following lines: national governments (Section 3.3.1); trade unions (Section 3.3.2); employers' organisations and businesses (Section 3.3.3); and other stakeholders including international organisations, civil society organisations and sub-national governments (Section 3.3.4). Their voluntary commitments have been formulated in a way that reflects the partners' own institutional context and capacity. These commitments fall into six broad categories: (i) advocacy; (ii) policy development; (iii) corporate practice; (iv) partnerships; (v) knowledge development and research; and (vi) knowledge sharing and capacity building.

Advocacy: Many partners commit to promote sound industrial relations and social dialogue through campaigns that raise awareness of the value of these institutions and structures. For example, the **Icelandic Confederation of Labour (ASÍ)**, together with its affiliates, launched a campaign to prevent undeclared work, aimed in particular at young people and migrant workers. In cooperation with relevant authorities, their campaign for "*Equal Rights – No Exceptions*" includes publications that inform workers and employers about workers' rights as set out in collective agreements. It also seeks to improve the legal and regulatory framework for the protection of workers' rights.

Policy development: Various governments committed to promote sound industrial relations by improving relevant policies, institutions and legislative frameworks for social dialogue. For example, the **Government of Chile** has committed to continue advancing social dialogue through the



creation of a permanent tripartite Labour Council, the establishment of sectoral bodies for labour certification, as well as tripartite commissions tasked with implementing the National Policy of Health and Safety at Work in line with ILO Convention No. 187.

Corporate practice: A number of companies have made pledges which contribute to promote social dialogue as a means of ensuring decent work and quality jobs within their own operations or throughout their supply chain. This includes measures such as improving workplace safety, wages and other conditions for workers, or providing the necessary capacity building and training to staff and management. For example, the international banking group **BNP Paribas** has committed to negotiate a global framework agreement by the end of 2018. The agreement, which will apply to more than 200,000 employees, will cover a range of key topics such as conditions of employment, diversity, inclusion and workplace equality, and will represent an important step towards enhancing social dialogue within the group's operations.

Partnerships: Several Global Deal partners have pledged to launch new partnerships and put in place instruments that promote better social dialogue and more inclusive growth. These include public-private

partnerships, GFAs and development cooperation. Some unions have also committed to strengthening their partnerships with country-level affiliates, as well as governments and other actors. For example, the **Swedish Industrial and Metal Workers Union (IF Metall)** has pledged to promote social dialogue as a tool for sustainability and profitability for workers, companies and societies, in partnership with representatives from Swedish industry, governments and international organisations. IF Metall is also engaged in facilitating the local ownership and implementation of the GFA it has signed with the multinational clothing-retail company **H&M** and the global trade union federation IndustriALL, with the objective of promoting well-functioning industrial relations within H&M's garment supply chain.

Knowledge development and research: A few partners have committed to undertake additional research, often with the practical goal of helping build capacity. For example, **Women in Informal Employment: Globalizing and Organizing (WIEGO)** has committed to examine the deficits in terms of decent work faced by the working poor in the informal economy, with the aim of strengthening the capacity of informal worker organisations to effectively engage in social dialogue. WIEGO's

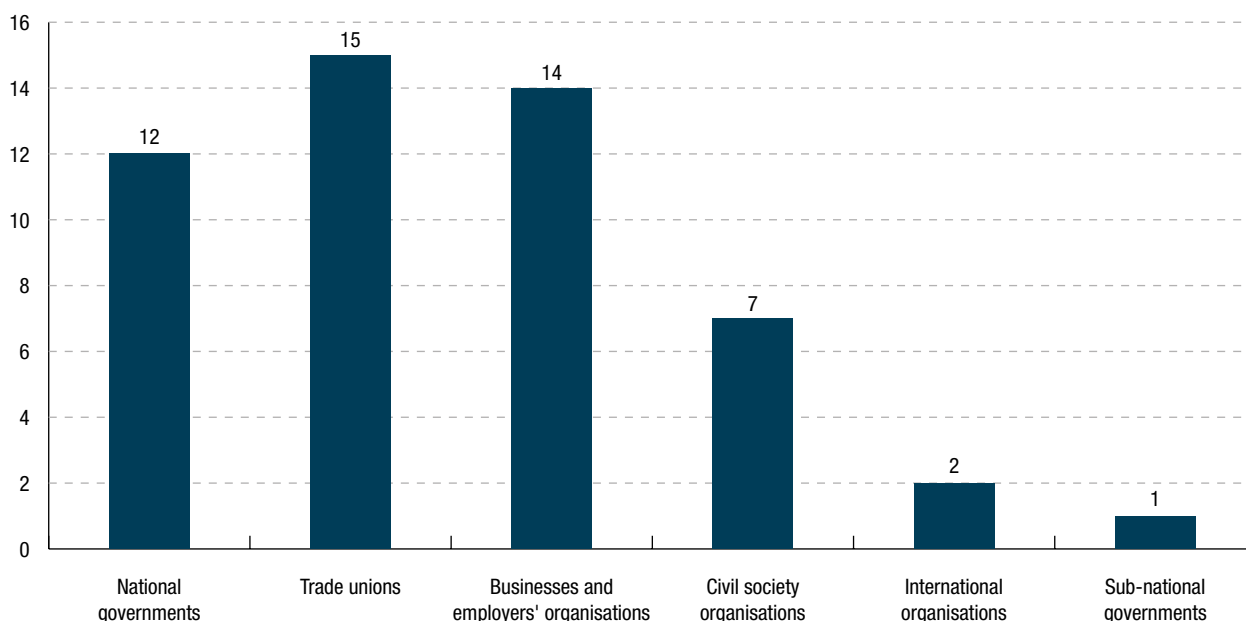
commitment also focuses on policies and market regulation to help secure more favourable terms of employment for informal workers or, in the case of self-employed workers, improve their terms of trade.

Knowledge sharing and capacity building: A number of partners have committed to organising conferences, meetings and other events as channels for exchanging best practices and disseminating information on social dialogue and industrial relations. For example, the **Government of Colombia** has pledged to organise a regional seminar in order to promote the principles of the Global Deal in Latin America. The seminar, which will involve representatives from governments as well as social partners, will provide an opportunity to share experiences and discuss the key role that social dialogue can play in fostering more stable workplaces and societies through the improvement of labour relations and the management of conflict.

3.3. Commitments by type of actor

This section includes a selection of commitments made by Global Deal partners. A full list of the commitments received, as of April 2018, can be found in Annex II.

Figure 3.1: Number of partners who have made Global Deal commitments, by type of actor



See annex II for full detail of commitments

3.3.1 Commitments by national governments

National governments partnering in the Global Deal have made a range of commitments to action including in the areas of policy development; partnerships; knowledge development and research; as well as knowledge sharing and capacity building.

For example, the **Government of Bangladesh** has pledged to take concrete action to improve policy on industrial relations and the promotion of social dialogue in the Ready-Made Garment (RMG) sector, which currently employs more than four million rural Bangladeshi workers,

mostly women. This includes the establishment and institutional strengthening of the National Tripartite Consultative Council and the RMG Tripartite Consultative Council. The Government is receiving technical assistance from the ILO and is being supported by Sweden and Denmark in its efforts to promote social dialogue and build harmonious industrial relations. With support from the ILO, the Bangladeshi Ministry of Labour and Employment has developed terms of reference for the Tripartite Consultative Councils (TCCs), as well as for a Support Unit for the TCCs. In addition, it has adopted standard operating procedures with respect to trade union registration and unfair labour practices (including anti-union discrimination).

Box 3.1: Focus on the French Global Deal Platform

France's engagement with the Global Deal partnership was announced by the country's President Emmanuel Macron at the Social Summit for Fair Jobs and Growth in Gothenburg, Sweden, on 17 November, 2017. At a national Global Deal meeting in Paris, hosted by the French Ministry of Labour on 21 December 2017, the Government further cemented its commitment to the Global Deal and its core objective of social dialogue, building on support from stakeholders within the country. This event brought together 14 companies and four trade unions, all of which declared their support for the Global Deal partnership.



At this meeting, the Government announced the launch of a national platform for the exchange of best practices and the dissemination of information on social dialogue. The platform will be an instrument for benchmarking innovative practices, and for facilitating the analysis of such practices. It will also allow partners to exchange experiences and discuss the added value of these practices. Through this platform, France is

committed to furthering its belief in social dialogue as a tool of corporate social responsibility serving to raise labour standards in cross-border supply chains. The Global Deal is strengthened by France's vision of a *better regulated* globalisation that benefits everyone, proposing a new compromise between work and capital to combine business performance and human rights development.

« Le dialogue social est un outil puissant pour articuler performance économique et développement social. C'est cela que nous voulons dire en adhérant au Global Deal. »

(“Social dialogue is a powerful tool for articulating economic performance and social development. This is the point we want to make by joining the Global Deal.”)

Muriel Pénicaud, French Minister of Labour

This is supplemented by Government-led initiatives to enhance the capacity for labour inspection and grievance handling.

The **French Government** has pledged to create a national Global Deal platform for the exchange of best practices and the dissemination of information on social dialogue (see Box 3.1).

The **Government of Ethiopia** has committed to reform labour laws in order to ensure an effective regulatory framework for social dialogue and sustainable development. In line with its Second Growth and Transformation Plan (2015-2020), the Government will set up tripartite advisory boards at the sub-national level, extend labour and safety support services to small and medium enterprises, and improve services on the prevention and resolution of labour disputes. It is also committed to implementing programmes designed to reduce occupational injury rates, to developing a national level labour information management system and to scaling up labour inspections.

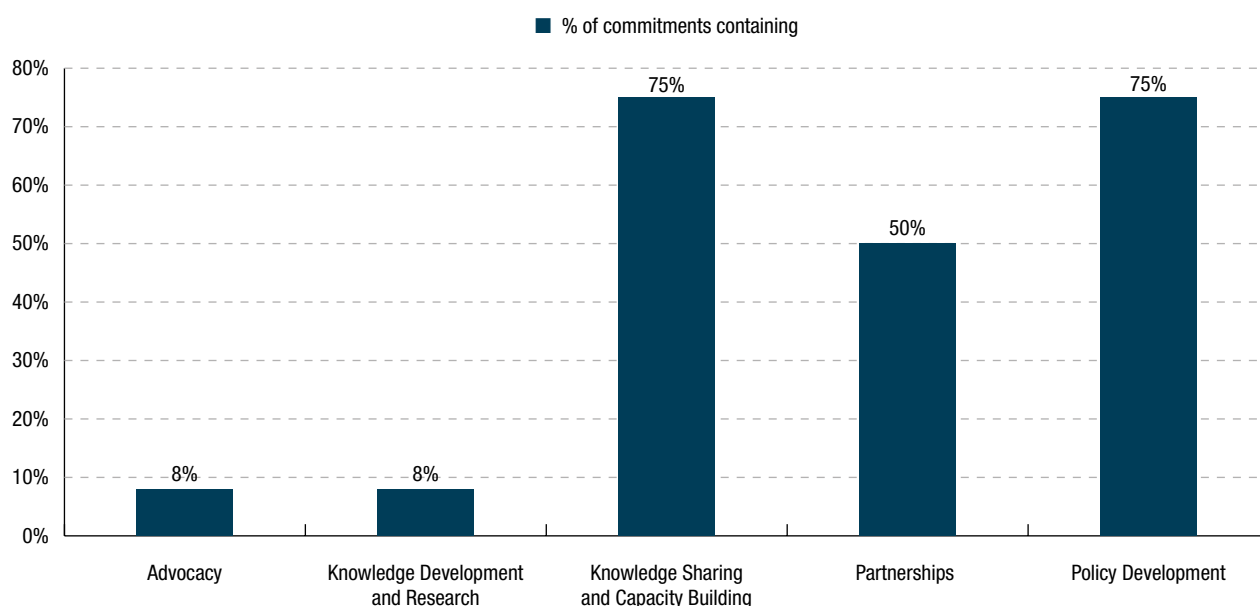
The **Dutch Government** has made a variety of commitments in support of the Global Deal, ranging from the building of partnerships, advocacy, knowledge sharing and capacity building, to knowledge development and research. Of these many commitments supporting social dialogue, special attention should be given to the pledge made towards the conclusion and implementation of multi-stakeholder sectoral agreements for Responsible Business Conduct (RBC). The existing agreements cover sectors such as textile and garment, banking, gold, sustainable forestry, vegetable protein and natural stone, while additional agreements for the sectors of food insurance, metallurgy, floriculture and tourism are currently being negotiated. These agreements address a variety of challenges concerning the promotion of social dialogue, living wages, occupational safety and health, decent working hours, combatting child labour, forced labour and gender discrimination in the supply chain of Dutch companies, based on their due diligence. In addition, the Dutch Government has committed to share its experiences related to the RBC agreements with Global Deal partners. It

has also entered into partnership with Alliance 8.7 to fight and prevent child labour throughout supply chains more effectively and with the Fair Wear Foundation to promote social dialogue, living wages and combat violence against women in the textile sector.

The **Government of Argentina** has affirmed its commitment to social dialogue as a driver of sustained and inclusive economic growth, pledging to maintain and strengthen a series of social dialogue institutions within the country. These institutions address a wide variety of topical issues, ranging from employment, labour productivity and minimum living wages, to agricultural labour, occupational risks, child labour, gender and equal opportunities. One of these institutions, the Tripartite Commission for Work and Equality of Opportunities (CTIO), seeks to promote gender equality at work through awareness and training actions targeted at the business sector, trade unions and society in general. The CTIO contributes to the design and coordination of policies that promote gender equality and equal opportunities at work through tripartite social dialogue. Overall, to strengthen these social dialogue institutions, a series of national, regional and international level tripartite meetings and activities have been planned by the Government of Argentina for the period 2017-2018.

The **Government of Canada** has taken action promoting social dialogue, decent work and inclusive growth in a number of areas and through a number of channels, notably labour, employment and trade policies, partnerships and capacity building. First of all, as of June 2017, Canada has ratified all eight of the ILO fundamental Conventions (Convention No. 98 will enter into force on 14th June 2018) and is making concerted efforts towards ratifying the 2014 Protocol to Convention No. 29 on Forced Labour (see Box 1.1). The ratification process involved consultation with the social partners. More generally, tripartite social dialogue plays a part in the formulation of labour and employment policies, through formal mechanisms or ad hoc committees, as well as in the negotiation of labour provisions in Canada's trade agreements, where the social

Figure 3.2: Commitments by national governments



See annex II for full detail of commitments

partners help identify ways in which the economic and social benefits of these agreements can be maximised. Canada's Labour Funding Programme further supports the implementation of these agreements, notably by financing capacity building projects in a variety of countries. Canada is also committed to advancing Responsible Business Conduct (RBC) through its National Contact Point (NCP) for the OECD Guidelines for Multinational Enterprises and through two initiatives launched in January 2018: the creation of an independent Canadian Ombudsperson for Responsible Enterprise (CORE) and the setting up of a multi-stakeholder Advisory Body on RBC.

Further interesting points to note regarding the commitments made by national government partners include the following:

- The actions taken by national governments are diverse across all categories, reflecting the wide range of tools at their disposal to promote social dialogue.
- Policy commitments are often accompanied by partnerships with international organisations, for instance with specific references to development cooperation projects implemented by the ILO.

- Pledges from governments often make reference to the 2030 Agenda for Sustainable Development and in particular to SDG 8 on Decent Work and Economic Growth, as well as to the ILO fundamental Conventions and other International Labour Standards.

3.3.2 Commitments by trade unions

Most trade union partners have made concrete commitments to advocacy and partnerships, as well as knowledge sharing and capacity building activities.

For example, in November 2017, the **Swedish Trade Union Confederation (LO SE)** organised a Swedish Institute Sustainability Forum (SISF) session, entitled "*Let's Talk!*", inspired by and organised within the framework of the Global Deal, with the intention of enhancing social dialogue to enable all people to benefit from globalisation. The event brought together 100 participants from 39 countries representing companies, trade unions, governments and civil society to discuss ways in which to use social dialogue as a tool for decent work, equality, diversity and inclusion, and governance. Building on the results of "*Let's Talk!*", LO SE intends to further promote social dialogue in its international outreach, with a particular focus on Asia and Africa.

Box 3.2: Focus on PSI's commitments in support of the Global Deal

One of the commitments made by PSI focuses on promoting and supporting social dialogue and collective bargaining between the Government of the Philippines and trade unions representing public sector workers. Since the implementation of PSI's project, the Philippines has ratified the ILO Labour Relations (Public Service) Convention, 1978 (No. 151) addressing the right to organise and bargaining collectively in the public sector – the first country in the Asia region to do so. PSI continues to support the efforts of its affiliates in the Philippines, to apply the Convention through the creation of enabling legislation and the creation of an institutional environment for effective social dialogue. By building strong partnerships to effect this change, PSI affiliates and other public sector unions in the Philippines have contributed to sound industrial relations in the country.

The second of PSI's pledges aims to address the challenges of health workers in post-Ebola Liberia, where the severe lack of personal protective equipment caused Ebola infection among health workers. Public sector trade unions were banned in Liberia, meaning health workers themselves had no avenues to collectively address problems, compounding problems in the country's already weak health system. By seeking to establish long-term social dialogue between the Government and the newly-formed health workers' trade union in Liberia (NAHWUL), PSI sought to improve working conditions in the health sector, promote health and safety and ensure universal access to quality public health care in the country.



PSI has also been engaged in facilitating effective and informed social dialogue on tax policy by educating workers and the public on current aspects of tax policy, the effects of tax policy on their lives and credible alternatives. It seeks to open up the tax policy debate to citizens and workers who are often not encouraged or given opportunities to participate in this debate, taking it beyond the realm of powerful countries, organisations and individuals that usually dominate this policy space. In this way, PSI is committed to ensuring that workers understand and have all the necessary information regarding

tax policy and practices, so that the latter may better reflect the needs and interests of all social partners.

“Real social dialogue means that all social partners enjoy their human rights and benefit from society's common wealth. Public sector workers, who serve us all, must have the right to form unions, bargain collectively and not be subject to unilateral cuts to their rights and conditions. PSI is proud of its commitments under the Global Deal – working with health workers in Liberia and public sector workers in the Philippines – to guarantee they have the legal and practical ability to exercise their trade union rights.”

Rosa Pavanelli, PSI General Secretary

Public Services International (PSI), a global trade union federation representing workers in social services, health care, municipal services, central government and public utilities – has made three distinct commitments to the Global Deal (see Box 3.2).

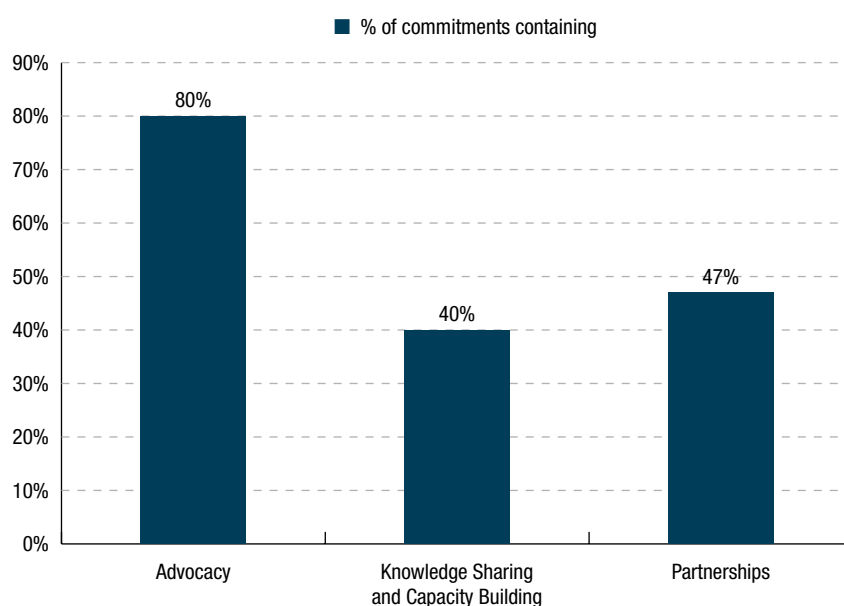
UNI Global Union's support to the Global Deal comes in the form of its ongoing commitment to work with multinational companies for the promotion of social dialogue as an instrument for decent work and inclusive growth. In this regard, they have concluded over 50 agreements with a variety of multinationals ensuring fair standards and decent working conditions for over 10 million workers worldwide. Social dialogue is a key component of these agreements, as has been highlighted in particular by the Bangladesh Accord which aims to create a safe Bangladeshi garment sector. UNI Global Union is committed to engage in particular with European employers and companies to include the framework of social dialogue and decent and fair working conditions for all those involved within their global supply chains.

The **Swedish Commercial Employees' Union (Handels)** has also committed to supporting the Global Deal, pledging time and resources to the greater dissemination of information on the

Partnership, amongst its own membership as well as its international partner unions. In particular, it will encourage its other Swedish and Nordic sister organisations to join the Global Deal. Handels is committed to promoting social dialogue within the framework of international development cooperation projects financed by the Swedish International Development Cooperation Agency (SIDA) and implemented by Handels, in cooperation with solidarity organisation **Union to Union** and the **Olof Palme International Centre**. This includes strengthening collaboration with Swedish retailers to promote the principles of the decent work agenda.

The **International European Trade Union Confederation (ETUC)** has pledged to continue supporting the efforts of European Trade Union Federations (ETUFs) to promote the negotiation of transnational company agreements. ETUC is focused on ensuring an adequate framework to implement these agreements. These agreements, in addition to promoting social dialogue in the course of the restructuring of companies, also address specific subjects such as health and safety at work, equality in employment, training and mobility, planning of employment and skills needs, and measures to avoid layoffs in the case of company restructuring.

Figure 3.3: Commitments made by trade unions



See annex II for full detail of commitments



Further interesting points to note regarding the commitments made by trade unions include the following:

- Pledges made by trade unions are focused on advocacy and partnerships to advance social dialogue.
- Trade union commitments make frequent reference to International Labour Standards, as well as to the OECD Guidelines on Multinational Enterprises and SDG 8 on Decent Work and Economic Growth.

3.3.3 Commitments by businesses and employers' organisations

A large proportion of the commitments received from the private sector partners, including businesses and employers' organisations, deal with actions relating to corporate practice. Most of these actions take place in the context of businesses' own operations, but a significant number cover corporate practice and social responsibility in the context of regional or global supply chains. Private sector partners also pledged to enhance advocacy, promote partnerships and, in a few cases, engage in activities relating to knowledge development and research.

For instance, **Veolia** is engaged in a process aiming to transform practices within the company by strengthening the implementation of its corporate policy on social responsibility. Three commitments taken in the context of its broader sustainability

agenda are particularly relevant to the objectives of the Global Deal: (i) using social dialogue to ensure the provision of a safe and healthy environment; (ii) the promotion of professional development for all employees; and (iii) respect for fundamental human and social rights and diversity. Veolia has defined performance and monitoring indicators for each of its commitments. These indicators include coverage by social dialogue, the number of collective agreements and the percentage of employees benefiting from training. They are all audited and discussed by the Veolia Group's bodies of social dialogue. Furthermore, Veolia's approach to transforming corporate practice is supported by the use of "social initiatives" which aim at sharing good human resources practices in terms of health and safety, diversity, corporate and social responsibility.

As mentioned in Chapter 2 and in Section 3.2 above, **H&M** has signed a Global Framework Agreement (GFA) with the **Swedish Industrial and Metal Workers Union (IF Metall)** and the global trade union federation IndustriALL, with the objective of promoting well-functioning industrial relations and social dialogue as a means to improve wages and working conditions throughout the garment supply chain, including by encouraging their direct suppliers and their sub-contractors to engage in social dialogue. Their GFA is part of a coherent strategy for transforming corporate practice in global supply chains. H&M will also renew their public-private partnership agreement with the ILO, in the context of a memorandum of understanding with SIDA (see Box 3.3).

Box 3.3: Focus on H&M's use of partnerships as an instrument for promoting sustainable supply chains in the garment industry

H&M and ILO signed a public-private partnership agreement which aims to promote sustainable global supply chains in the garment industry through a multi-pronged approach. This approach centres on fostering sound industrial relations, encouraging social dialogue on wages and promoting gender equality. H&M has also created synergies with development partners, including the Swedish International Development Cooperation Agency (SIDA), to facilitate a common approach to advancing the decent work agenda in the supply chain of the garment industry.

H&M, the ILO and SIDA also collaborate at the country level to improve industrial relations in the textile and garment industry in Cambodia, Myanmar and Ethiopia. H&M and SIDA co-financed ILO technical cooperation projects that deliver technical assistance to governments and specific capacity building activities for social partners, as a basis for strengthening industrial relations. The ILO works with labour administrations and inspectorates to improve dispute resolution services and conciliation skills, clarify rules and procedures concerning industrial relations, promote collective bargaining and workplace cooperation, and facilitate the design of grievance procedures, among others. These efforts contribute to social and labour compliance through improved labour market governance, allowing the industry to expand in a socially sustainable manner and create decent jobs in the global textile and garment sector.



Capacity building activities targeting members of the newly established committees to promote women leadership in the work of trade unions in Ethiopia, organised by ILO and CETU within the framework of the project "Improving industrial relations for Decent Work and sustainable development in the Textile and Garment Industry", supported by SIDA and H&M.

Considering that the large majority of garment workers in these countries are female, these partnerships and activities also advance gender equality. For example, in Myanmar the ILO conducted a gender assessment of the garment industry. The assessment identified barriers to gender equality, opportunities for skills and career development for women working in factories; as well as other issues that needed to be addressed such as harassment and abuse while at work or travelling to and from work; and the need to improve the sexual and reproductive health of female employees through capacity building.

In Ethiopia, while they constitute the majority of the workforce in the textile and garment sector, women are often under-represented in union leadership structures. The SIDA and H&M-funded ILO project there has established committees within the trade union structure, in collaboration with the Confederation of Ethiopian Trade Unions (CETU), to promote greater access for women to leadership positions in unions and ensure gender-related issues are placed on the bargaining agenda.

"For us at H&M group, it is key to address systemic industry related issues in a collaborative way with our partners, to find lasting and sustainable solutions going forward."

Anna Gedda, Head of Sustainability, H&M Group

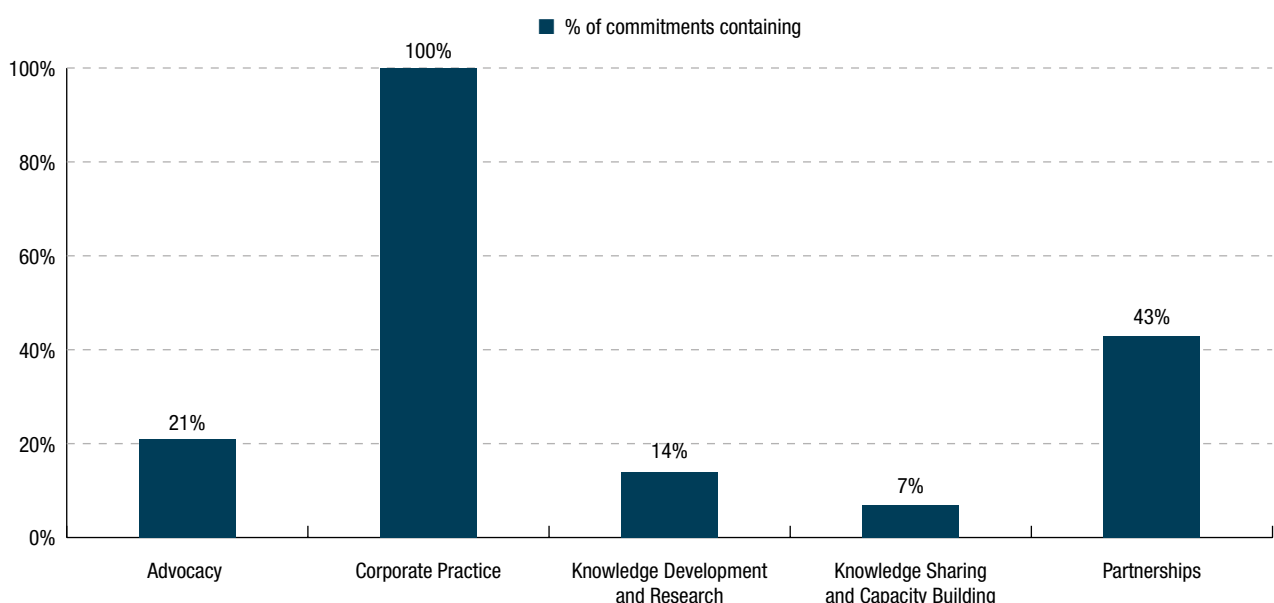
Schneider Electric provides an innovative example of a commitment by a company in the domain of knowledge development. The company is planning to launch a decent salary survey, designed to calculate living wages in 30 different countries, which can support efforts to improve wages and working conditions through social dialogue. Schneider Electric's other commitments aimed at enhancing social dialogue and improving working conditions throughout its supply chain include the signing of a European agreement on the anticipation and development of competences and employment.

Telia's commitment illustrates the fact that businesses can also harness the power of advocacy in support of inclusive growth and sustainable development. Telia has initiated a process of continuous improvement through Telia Sourcing, focusing on bribery and corruption, which contributes to spreading good business practices. In addition, Telia is committed to identifying ways in which information and communication technology can act as an enabler for the Sustainable Development Goals. To this end, it is collaborating on responsible sourcing with major peers within the Joint Audit Cooperation (JAC) and, on a wider range of issues, with the Global System for Mobile Communications Association (GSMA).

Telecommunications have a role to play in reaching almost all of the SDGs. The strategic objectives of this collaboration focus in particular on SDG 3 (Good Health and Well-Being) and SDG 4 (Quality Education), among others.

In addition, **Vinci** has developed framework instruments for promoting and implementing social dialogue within the company group. These instruments – which include Vinci's Manifesto as a responsible employer, a Code of Ethics and Conduct, and a Guide on Human Rights – cover the quality of social dialogue, health and safety of employees, employee engagement, rules of conduct to prevent fraud and corruption, and impact on human rights. Within this general framework, Vinci promotes social dialogue at the closest possible level to the field in order to achieve operational responses that are adapted to each context. One example of this approach can be seen in the framework agreement on workers' rights signed in November 2017 with the Building and Wood Workers' International (BWI) and Qatari Diar Vinci Construction (QDVC). VINCI's approach then relies on a continuous improvement process and the sharing of experiences and good practices among stakeholders.

Figure 3.4: Commitments made by businesses and employers' organisations



See annex II for full detail of commitments

Further interesting points to note regarding the commitments made by private sector partners include the following:

- Partnerships and advocacy are often used in conjunction with commitments aimed at transforming corporate practices and may constitute effective complementary instruments for achieving this objective.
- A number of businesses, particularly large multinationals, have reporting tools in place for measuring progress on their commitments. In most cases, they rely on general reporting methods (Annual Sustainability Reports or Communications; auditing), but some have adopted more specific instruments which sometimes include social dialogue and stakeholders in the monitoring process.
- Commitments include relatively frequent references, most notably to the SDGs (for instance through the UN Global Compact and the World Business Council for Sustainable Development) and the UN Guiding Principles on Business and Human Rights, but also to ILO and OECD instruments (such as the 1998 ILO Declaration on Fundamental Principles and Rights at work, the ILO Fundamental Conventions, the Seoul Declaration on Safety and Health at Work or the OECD Guidelines on Multinational Enterprises), as well as industry codes of conduct (such as the Business Social Compliance Initiative).

3.3.4 Commitments by other stakeholders

The commitments made by other stakeholders – including international organisations, civil society organisations and sub-national governments – cover actions related to advocacy, partnerships, knowledge development and research, as well as knowledge sharing and capacity building. They are fairly evenly spread between these different categories, with partnerships being the most common form of commitment. Most of these commitments are international in scope, as

opposed to country-specific, reflecting the nature and activities of the civil society organisations and international organisations engaged in the Global Deal.

For instance, the Decent Work in Global Supply Chains Action Platform, launched by the **United Nations Global Compact** in 2017 for a period of two years, provides a powerful forum that can help enhance social dialogue between management and workers in global supply chains through advocacy and learning (see Box 3.4).

ACT (Action, Collaboration, Transformation) is a multi-stakeholder initiative between the global trade union federation IndustriALL and international brands and retailers in the garment and textile sector. The purpose of this initiative is to fundamentally transform the industry by promoting social dialogue in wage setting, whether through tripartite minimum wage setting or collective bargaining. The aim is to ensure that the purchasing practices of global brands and retailers support broad and encompassing wage policies at the country level. As part of its commitment to the Global Deal, ACT works in partnership with national actors to identify effective and sustainable ways to promote social dialogue and collective bargaining. ACT is committed to ensuring that the right market conditions exist in order to support social dialogue on wage policies at the country level between the main actors in the industry.

Oxfam provides a contribution in terms of knowledge development and research through the inclusion of labour metrics in its *Commitment to Reducing Inequality Index*, which is produced in partnership with Development Finance International. The aim of this index is to challenge governments to protect labour rights and drive up incomes for the poorest through effective design and implementation of policy. Beyond this, Oxfam is engaged in the implementation of a new multi-country campaign focused on transparency, labour rights, social dialogue and incomes in the agri-food sector, and is actively involved in the *Workforce Disclosure Initiative*, collaborating with governments, investors, workers and businesses

Box 3.4: Knowledge Sharing and Capacity Building commitment from the UN Global Compact

The United Nations Global Compact is an initiative aimed at encouraging businesses worldwide to adopt sustainable and socially responsible policies. The UN Global Compact continuously supports companies to align their strategies and operations with the Ten Principles through learning, action and advocacy. This includes Principle 3, which states that “businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining”, incorporating social dialogue into its principal tenets.

In 2017, the UN Global Compact launched the Decent Work in Global Supply Chains Action Platform, the work of which will contribute to enhancing social dialogue between management and workers in global supply chains through advocacy, learning and capacity building. The Action Platform is an alliance of companies committed to respecting human rights, as well as fundamental principles and rights at work by leveraging their supply chains and taking collective action to address decent work deficits.



It focuses on fostering leadership, sharing experiences across sectors, and identifying good practices, encouraging innovative solutions, and measuring the impact of actions to address decent work deficits in global supply chains. By launching a business-led advocacy for workers' rights and facilitating partnerships and collaboration at the local level, the platform aims to contribute to the 2030 Agenda through a human rights-based approach.

“Social dialogue is embedded in the United Nations Global Compact, not only in our Ten Principles, but also through our emphasis on multi stakeholder collaboration in all our work. As part of our Decent Work in Global Supply Chains Action Platform, we will promote the mission of the Global Deal partnership as we believe it is central to sustainable poverty reduction and is a means for achieving sustained and inclusive economic growth.”

Lila Karbassi, Chief of Programmes, United Nations Global Compact

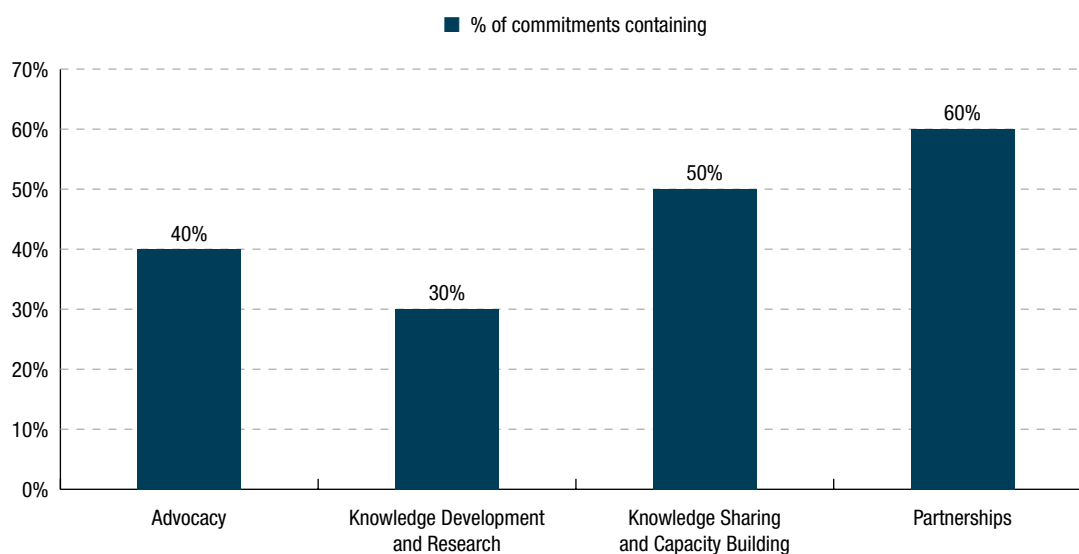
to demand transparency on labour rights issues. Oxfam is also committed to tackling the political, social and economic barriers that prevent greater labour market participation by women, notably through the further development of its WE-Care programme.

The **International Trade Centre** (ITC) also contributes to the development of knowledge on the good use of trade for inclusive and sustainable growth through its research and publications. Through its advocacy activities and partnerships, ITC gives added resonance to this research, notably

through the organisation of major events (including the World Export Development Forum, the She Trades Global initiative, the Trade for Sustainable Development Forum, and the Trade Promotion Organization Network World Conference and Awards) and the hosting and facilitating of multi-stakeholder platforms that can in turn inform social dialogue between governments and the relevant partners (Alliances for Action, SheTrades, and T4SD).

In addition, **Fairtrade International** is committed to amplifying the collective voices of farmers and

Figure 3.5: Commitments made by other stakeholders



See annex II for full detail of commitments

workers in decision-making. In doing so, it seeks to support their efforts to address and remedy policies that impede fair trade and sustainable business at the national, regional and global level. In collaboration with producers, Fairtrade International and its member organisations will advocate for government policies and corporate commitments that create an enabling environment for fairer trade in areas such as procurement policies, sustainable produce and taxation, trade negotiations, business regulation which enables human rights compliance in global supply chains and living wages/living income.

Further interesting points to note regarding the commitments made by international organisation and civil society organisation partners include the following:

- Commitments by international and civil society organisations often cut across or combine different categories of action, typically associating advocacy with forms of partnership, knowledge development or knowledge-sharing and capacity building. While not always directly engaged in social dialogue as actors, the commitments of these organisations can nonetheless contribute by promoting social dialogue

between governments and the social partners and seek to inform that dialogue.

- International and civil society organisations partnering in the Global Deal include references to the SDGs in their commitments with relative frequency, most notably SDG 8 on Decent Work and Inclusive Growth. In the case of Oxfam, part of its commitment is directly aligned with the SDGs through its participation in the *Workforce Disclosure Initiative*.

3.4 Follow-up to Global Deal commitments

There are a variety of different ways in which the Global Deal can assist its partners to meet current and future commitments, in line with the strategy document for 2017-2018 and its three main areas of work: (i) accelerating action; (ii) increasing knowledge through capacity building and research; and (iii) sharing of experiences and communication. The translation of these commitments into concrete, tangible outcomes is central to the Global Deal's objectives. This implies turning commitments into good practices which can be highlighted in future editions of the *Global Deal Flagship Report*. This section outlines the support available through the Global Deal partnership which can help deliver on the commitments made.

Several commitments relate to potential **labour market reforms**: reviewing and potentially reforming laws, regulations, and labour market institutions, with a view to aligning them with international labour standards, improving their functioning, or enhancing the impact that social dialogue can have on labour market outcomes. In cooperation with partners, the Global Deal can facilitate the provision of tailored support to improve compliance through labour administration, labour inspection, dispute settlement and collective bargaining. In this regard, the ILO has a constitutional mandate to provide, upon request, “all appropriate assistance within its power in connection with the framing of laws and regulations [...] and the improvement of administrative practices and systems of inspection [...]”. This can extend from technical assistance in support of the actual review process (using social dialogue),¹²⁰ to technical advice and memoranda, gap analyses of laws in relation to international labour standards, to making use of the convening power of the ILO to bring the tripartite constituents together to discuss draft legislation.

The Global Deal may also facilitate **knowledge development** and **research**. Tools such as the ILO’s Industrial Relations Data (IRData) can assist Global Deal partners in achieving commitments by undertaking top-quality, evidence-based studies and tracking progress using reliable data.¹²¹ Research products such as the ILO Legal Database on Industrial Relations (IRLex) can help partners with a view to supporting specific policy actions.¹²² These knowledge products could then be developed into training materials, used by Global Deal partners in capacity building endeavours within a country or supply chain. Moreover, the production of the bi-annual Global Deal Flagship Report will, in of itself, serve to contribute and disseminate knowledge, as it builds on existing research, identifies and communicates good practices, and reports on trends.

Knowledge sharing and capacity building can be supported by the Global Deal partnership through the provision of technical advice and training, in cooperation with partners themselves. These efforts



aim at incubating good practices, strengthening institutions as well as improving the knowledge and ability of actors for social dialogue and sound industrial relations, based on respect for freedom of association and the right to collective bargaining. This could comprise efforts to improve and promote sound industrial relations, through the ILO’s Industrial Relations training curricula and toolkit,¹²³ or to address due diligence or company-union dialogue within supply chains, as supported by the *ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy*¹²⁴ and by the *OECD Guidelines for Multinational Enterprises*.¹²⁵

The partnership will also provide a forum for the **exchange of information**, as well as **communication** in support of commitments. In the former case, open exchanges of experience and expertise from partners in different countries or operating within different industrial relations systems could inspire reforms or improvements, adapted to the needs, practices, and traditions of different parties. The Global Deal can also play a key role in identifying and communicating best practices from among the partners’ commitments. This would necessarily include an assessment of the factors contributing to success. Knowledge gained from research and on-the-ground experience would contribute to the production of widely-disseminated **advocacy and awareness-raising tools**. These tools could galvanise and focus high-level attention on the potential of social dialogue and sound industrial relations for promoting decent work, quality jobs and inclusive growth, highlighted by specific examples of where good practices in social dialogue have led to real and sustainable improvements.

Notes

- 119 See Annex III below for the full list of partners in the Global Deal (as of April 2018).
- 120 Using, for example, the recent publication and associated training materials entitled, *Collective bargaining: A policy guide* which in cooperation with the social partners supports the public authorities to strengthen their industrial relations legal and regulatory framework.
- 121 Such as the database on trade union density, collective bargaining coverage and strikes and lockouts maintained by the ILO (IRData).
- 122 For example, the ILO Legal Database on Industrial Relations (IRLex) can serve to develop capacity building training curricula, as well as produce information on legal reforms through comparative international examples.
- 123 The ILO, including through its International Training Centre, offers fact sheets and training curricula on subjects such as: freedom of association, collective bargaining policy and practice, negotiation skills, labour relations in the public sector, conciliation / mediation of labour disputes, building effective labour dispute prevention and resolution systems, grievance handling, and workplace cooperation.
- 124 ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) - 5th Edition (2017)
- 125 The OECD Guidelines for Multinational Enterprises are recommendations addressed by governments to multinational enterprises operating in and from adhering countries. They provide voluntary principles and standards for responsible business conduct consistent with applicable laws. The Guidelines are the only multilaterally agreed and comprehensive code of responsible business conduct that governments have committed to promoting.



Chapter IV

Looking Ahead – Promoting Good Practices and Rebuilding Trust



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This concluding chapter draws some key conclusions from the report with a view to the new opportunities and challenges created by a changing world of work. Based on the Report's findings, it also identifies areas where the Global Deal partnership could have a special role to play going forward. The Global Deal encourages governments, businesses and their representative organisations, trade unions and other organisations to make commitments to promote decent work and inclusive growth through social dialogue. It seeks to focus the attention of the international community on the importance of multi-stakeholder partnerships in general, and social dialogue in particular, for achieving the Sustainable Development Goals. It reflects an appreciation of the real contribution that the tripartite partners can make, by working together and with civil society organisations, to the 2030 Agenda. The Global Deal and its members believe that much of the potential of social dialogue has been left untapped and that bringing this potential to light can help better address common challenges – be it through international development cooperation or through corporate and multi-stakeholder initiatives. They are also

convinced that placing social dialogue at the heart of labour market governance is essential in order to rebuild trust, address inequalities and achieve decent work, quality jobs and inclusive growth. As such, the Global Deal and the present Flagship Report are intended to complement and promote the efforts of the ILO and OECD in this direction.

4.1 Key conclusions from the Report

Despite noteworthy advances, a renewed effort is needed to promote, realise and ensure the respect of freedom of association as well as the effective recognition of the right to collective bargaining

Ensuring the effective recognition of and respect for the fundamental rights that provide the foundations for social dialogue – namely freedom of association and the effective recognition of the right to collective bargaining – is critical to the successful delivery of decent work, quality jobs and inclusive growth. While noteworthy advances have been identified, challenges remain in many countries (Chapter 1). Ratification of the fundamental ILO Conventions which underpin these

principles and rights lags behind that of the other fundamental Conventions, and renewed efforts to promote ratification have been called for. Beyond ratification, much is also needed to promote the application of these fundamental Conventions – ensuring that these rights are realised in both law and practice. The report shows that the barriers preventing the effective application of these rights are seldom structural, rather they often result from policy action or inaction. There is still much that governments, the social partners and businesses can do to promote respect for these fundamental principles and rights at work, with valuable contributions from civil society. Creating an enabling legal and institutional framework for – and promoting – all forms of social dialogue includes setting up effective mechanisms for preventing and resolving labour disputes. While action on the part of governments is necessary to create this enabling environment, effective social dialogue requires that social partners and businesses engage in dialogue in good faith.

Social dialogue can play an important role in advancing decent work and inclusive labour protection, but there is a need to strengthen representative organisations and ensure their independence

As the primary actors of social dialogue, governments and the social partners (trade unions and employers' organisations) face considerable challenges. After many years of decline, trade unions are engaging in various efforts to renew their structures and increase membership, with promising signs, and the organised representation of business interests is being strengthened. Much still remains to be done to strengthen labour administration and their role in shoring up industrial relations systems and promoting effective social dialogue. The Report outlines a wide variety of measures adopted by governments, trade unions, employers' organisations and businesses to enhance the inclusiveness of labour protection through social dialogue. These includes actions on the part of trade unions and employers' organisations to expand their membership base and representativity, as well as

engage in solidarity action with other organisations; tripartite social dialogue to facilitate the transition from the informal to formal economy and clarify the employment relationship and associated protections; and inclusive and effective wage policies. Social dialogue can also be a powerful tool for addressing issues of gender inequality and securing the equal participation of women in labour markets, provided that they are represented at the bargaining table and in tripartite institutions. The extension of collective agreements can help ensure fair competition by providing a level-playing field and extending coverage to all workers, including those in non-standard forms of employment, SMEs, migrant and posted workers, and by considering the economic situation. Employers and workers to whom such an extended agreement applies should be afforded the opportunity to submit their observations and concerns regarding, for example, the competitiveness of the sector, SMEs and the viability of start-ups. It is also important that the parties negotiating the agreements represent the collective interest of all groups of firms and workers. This can be achieved by including criteria that assess whether the social partners are sufficiently representative (which could be achieved, for example, through representativeness criteria, or verifying the representation of SME interests in bargaining arrangements); a meaningful test of public interest and providing well-defined procedures for exemption in case of economic hardship.

Collective bargaining can reduce inequalities in labour markets, improve their functioning and deliver sound and productive labour relations

Collective bargaining is a key pillar of social dialogue to promote equity and efficiency (Chapter 2). The evidence suggests that collective bargaining can reduce inequalities in labour markets, improve their functioning and deliver sound and productive labour relations, provided that there are sufficient levels of coverage and coordination. In particular, it appears that countries with co-ordinated collective bargaining systems consistently outperform fully decentralised systems in terms of unemployment, employment and the integration

of vulnerable groups such as youth, women and low-skilled workers. Centralised systems without co-ordination hold an intermediate position in terms of labour market performance: they are associated with similar unemployment outcomes as fully decentralised systems, but perform better in terms of employment, possibly reflecting make-work-pay effects. While the report does not provide direct evidence on the role of collective bargaining for productivity, it discusses the potential mechanisms and reviews the limited literature available.

Furthermore, the report outlines the importance of analysing the outcomes of collective bargaining and highlights its contribution as a strong enabler of inclusive labour markets and inclusive growth. Along these lines, it is important to promote the inclusiveness of collective bargaining systems and their capacity to facilitate adjustment to aggregate shocks and structural change. The best way of ensuring the inclusiveness of collective bargaining systems is by having well-organised social partners based on broad membership. Governments also have an important role to play in creating an enabling regulatory and institutional environment that promotes collective bargaining, facilitating social dialogue at all levels based on strong, independent and representative social partners.

Enhanced social dialogue a key element for responsible business

Social dialogue represents a potentially key element in the broader case for Responsible Business Conduct (RBC). As mentioned above, the business case for RBC is supported by robust evidence¹²⁶. This Report has argued that social dialogue and sound industrial relations contribute to it through different channels. First of all, they can do so by promoting stability both in the workplace and society at large, by increasing ownership and inclusion and facilitating the resolution of disputes and remediation of grievances. Social dialogue can also trigger broader processes of dialogue involving other stakeholders, thereby deepening democratic participation and facilitating peaceful transitions. Secondly, social dialogue provides an opportunity for companies to improve their due diligence

activities by engaging with workers' organisations. This can be broadened to involve other actors in multi-stakeholder dialogue. The implications are significant as better due diligence can help companies in their efforts to manage the risk of business interruption¹²⁷, as well as facilitating compliance with national laws and respect for the principles established in international labour standards across supply chains. Furthermore, this Report provides concrete illustrations of these points based on the commitments and actions of Global Deal partners. In addition to the cases already highlighted in Chapter 3, the commitments made for example by **Groupe PSA** and the **Ethical Trading Initiative** also offer interesting insight into how these objectives can be achieved through social dialogue (see Annex II).

Voluntary and renewed commitments from different stakeholders are needed

The Report has highlighted the wide variety of commitments made by partners within the framework of the Global Deal. These commitments reflect the range of different tools for enhancing social dialogue that are available across stakeholders, countries and sectors. It also shows that there is no "one size fits all" when it comes to social dialogue and that different approaches need to be combined. The Report does however underline the importance of advocacy, policy development, corporate practices, partnerships across stakeholder groups, as well the need for increased knowledge development, capacity building and sharing of good practices. Section 4.3 further develops the role of the Global Deal partnership going forward.

4.2 Looking ahead – The role of social dialogue in the future of work

The rise of the platform economy and the new forms of work associated with it are creating additional challenges for labour relations, on top of those that already exist. These trends are putting increased pressure on the traditional employer-employee relationship and the associated rights and protections which had been strengthened over

time in advanced but also in emerging countries. While these new forms of work can expand choice in terms of where and when people work, they also raise concerns insofar as they may be shifting risks and responsibilities away from employers and onto workers. Many gig and on-call workers are not covered by standard labour regulations and institutions (including minimum wages, health and safety, and working time regulations) and this carries potential negative consequences in terms of job quality and inequality. These developments in the world of work also pose new challenges for freedom of association and the right to collective bargaining. Many workers in the platform economy are considered to be self-employed, meaning their collective organisation and negotiation may be seen as breaching competition laws.

Changes in the world of work go beyond the platform economy. With changes in business organisation, the share of the dependent self-employed has increased in many parts of the world, in some cases in the form of disguised employment relationships (ILO, 2016). In many instances the place of work itself has changed, and with it the collective identities and communities of trust that were forged through the broad-based organisation of workers in their places of work and related leisure activities. The organisation of production in global supply chains also presents new challenges for effective labour protection, as well as new opportunities to promote the effective recognition and respect for fundamental workers' rights. In much of the developing world, many people continue to work in the informal economy, either in informal enterprises or in self-employment with limited protection or opportunities for collective representation and voice. Despite these challenges, there remains an appetite for the development of collective agency, voice and representation.

In order to face some of the challenges ahead and contribute to shape the future of work, it is necessary for the role of collective organisation and action to adapt to technological, climate related, demographic and other transitions to the future of work. The social partners play an important role in shaping the future of work through workplace

cooperation, collective bargaining, and tripartite social dialogue with government on broad policies. Social partners can jointly decide what technologies are adopted, and how. They can play a role in managing transition for displaced workers, help identify skills needs, develop education and training programmes, and participate in the delivery of the latter. They can also play a role in providing social protection for workers.

Collective bargaining can be used as a regulatory tool to provide inclusive labour protection to workers in non-standard forms of employment and facilitate their transition to more secure forms of work. This includes engaging in tripartite social dialogue to clarify the employment relationship, in line with the ILO Employment Relationship Recommendation, 2006 (No. 198). In emerging economies, social dialogue can be part of a broader strategy to facilitate the transition from the informal to the formal economy and improve job quality.



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Innovative approaches to enhancing the inclusiveness of social dialogue are not only theoretically possible; they are happening. Organisation and bargaining are expanding into new areas: among migrant workers, non-standard workers including in the gig economy, as well as those engaged in the rural and informal economies (as highlighted in Chapters 1 and 2). This is taking place both through traditional unions extending their scope to cover emerging sectors or activities, and through the establishment of new unions among non-standard workers. These processes may involve expanded solidarities. Worker centres – often in partnership with trade unions – have enabled non-standard, migrant and other traditionally under-represented groups to access services and have provided a space for the development of collective agency. Cooperatives have also been used effectively to offer benefits to non-standard, freelance and gig workers, while platform cooperatives offer democratic, worker-run alternatives to ‘traditional’ platforms (Johnston and Land-Kazlauskas, 2018). Trade unions and inclusive forms of collective bargaining are offering protection to non-standard forms of employment.

These good practices should be documented and shared, with a view to inspiring innovation in policy and practice. And it must be recognised that these approaches are not mutually exclusive. Where they work best, initiatives often adopt a variety of complementary and adapted strategies. Beyond these good practices, governments need to ensure an enabling regulatory and institutional environment where freedom of association and the effective recognition of the right to collective bargaining is enjoyed by all those who work, whether employed, working as independent contractors, or in self-employment in the formal or informal economy.

4.3 What role for the Global Deal partnership?

Decades of globalisation and technological innovation have produced unprecedented economic growth, but the tide has not raised all boats. Moreover, the global financial crisis has taken a toll on the labour markets, in some cases hurting the quality of existing jobs and widening the gap between the rich and the poor. This, together with low or reduced social mobility and a growing anxiety about the future, is fueling social discontent and affecting economic and political stability. In much of the developing world, work continues to be carried out in conditions of poverty and insecurity. These conditions create significant risks for businesses, undermine investors’ confidence and ultimately result in lower growth which reduces well-being and opportunities for all.

The Global Deal partnership aims to place social dialogue squarely on the international agenda, bringing together the mutually reinforcing decent work, job quality and inclusive growth agendas, and demonstrating the critical role that can be played by well-functioning social dialogue. It does this by promoting shared solutions to create more inclusive forms of economic growth, in line with the sustainable development goals (SDGs), especially SDG 8 on Decent Work and Economic Growth and SDG 10 on reducing inequality within and among countries. The SDGs also stress the importance of global partnerships, cooperation, and a rules-

based, equitable system of trade, as means to achieve the other goals. The Global Deal is a key multi-stakeholder partnership, in line with SDG 17, and there are few, if any, other initiatives working to enable multi-sector dialogue on this topic and at this scale. Given recent developments in the global economy, the Global Deal can also seize on the opportunity to promote solutions that respect the 'trade-employment nexus', by ensuring that trade and employment policies are developed in tandem, and by encouraging responsible business conduct throughout global supply chains (Dewan and Suedekum, 2017).

By leading to the forging of shared solutions on key economic and social challenges, constructive and continuous dialogue between the representatives of employers, workers and governments can be a unique tool for creating better jobs for all and making growth more inclusive, with tangible benefits for workers, companies and societies alike. Thanks to its unique ability to generate tailor-made consensual responses, social dialogue can become a vehicle for harnessing, to the benefit of all, the transformational changes in the economy and labour markets entailed by the transition from the informal to the formal economy, the transition to a digital economy, but also as a result of other factors such as demographic changes, globalisation and climate change.

The Global Deal constitutes a valuable platform through which governments, trade unions, businesses, employers' organisations and civil society organisations can come together to address common interest. The **Government of Uruguay's** initiative on the Culture of Work for Development provides a useful illustration in this respect (see Annex II). In addition to multi-stakeholder dialogue, the Global Deal partnership can help facilitate 'peer to peer' and business-to-business dialogue. It can notably encourage businesses to share good practices and compare experiences organisational innovations and ways to promote and implement social dialogue within their own operations. In doing so, the Global Deal can contribute to demonstrate the social value of responsible business by showcasing more widely how the different levers

of companies' action contribute to the objectives of decent work, quality jobs, more inclusive growth and more cohesive societies. **Axfood's** partnership with **Oxfam** and **Unionen** on the *Living Wage Strategy* offers an example of this (see Annex II).

4.3.1 Continued work within the three key elements of the Global Deal

There are a variety of tools which could help the Global Deal and its partners in their efforts to meet current and future commitments within the three key elements of the partnership. Continued work by the Global Deal will build on the interest and requests from partners.

Accelerating action

An important feature of the Global Deal partnership consists in accelerating action. This is done primarily through the voluntary commitments undertaken by partners but also, as highlighted in the Report, by raising awareness about the role of social dialogue through advocacy, thereby reinforcing action and contributing to further enhance social dialogue and sound industrial relations. The diversity of the commitments and good practices showcased throughout this Report can inspire a wide range of actors to join in or to do more. It places social dialogue firmly on the international development agenda and leverages support for the efforts of actors to strengthen social dialogue. The Global Deal will continue to promote the importance of enhanced social dialogue in light of the "win-win-win" opportunities it presents. The Global Deal partnership will also work to bring social dialogue and sound industrial relations into the agendas of international organisations and platforms, where they may be of relevance, notably in the context of the UN and the G20.

Increasing the knowledge base through capacity-building and research

The Global Deal can play an important role in facilitating knowledge development and research. Various tools can help Global Deal partners achieve their commitments by providing top-quality,

evidence-based studies and tracking progress using reliable data¹²⁸. Research and databases produced by both the ILO and the OECD can support the Global Deal process in this regard and help to design specific policy actions¹²⁹. These knowledge products could then be developed into training materials and used by Global Deal partners in capacity-building efforts within a country or supply chain. Moreover, the production of the bi-annual Global Deal Flagship Report will, in and of itself, serve to increase and disseminate knowledge, as it builds on existing research, identifies and communicates good practice, and reports on trends. Indeed, the knowledge gaps identified in the present Report, as well as the areas for future research selected during discussion of and debate over the present Report, will help determine the agenda for the next biennial Report.

Knowledge sharing and capacity-building efforts can be enhanced by the Global Deal partnership through the provision of technical advice and training – in cooperation with the partners themselves. These efforts aim at incubating good practices, strengthening institutions as well as improving actors' knowledge of and ability for social dialogue and sound industrial relations, based on respect for freedom of association and the right to collective bargaining. The Global Deal will also develop further thematic briefs on areas which are of interest to partners¹³⁰.

Knowledge gained from research and on-the-ground experience will contribute to the production of widely-disseminated advocacy and awareness-raising tools. These tools can in turn help galvanise attention on the potential of social dialogue and sound industrial relations, highlighted by specific examples where good practices in social dialogue led to real, sustainable improvements. The Global Deal can also illustrate the type of technical assistance made available by organisations such as the ILO to support the efforts of social partners and governments, as well as work to expand this assistance where needed.

Provide platforms for sharing of experiences and good practices

The partnership will also provide a forum for the exchange of information and communication in support of commitments. In the former case, open exchanges of experience and the sharing of expertise between partners in different countries or industrial relations systems could inspire reforms or improvements, adapted to different needs, practices, and country contexts. The Global Deal can play a key role in supporting these types of exchange within and across regions. Identifying best practices, including but not limited to those relating to partners' commitments, and using the convening power of the partnership to create a forum for exchange, learning and the showcasing of relevant activities, represents a unique value-added by the Global Deal. This will also include analysis of the different factors that contributed to success in their particular cases.

4.3.2 The role of the Global Deal partnership in rebuilding trust

Among the key ingredients of successful social dialogue is the ability for all labour market actors to exercise their voice and be heard, together with the mutual respect and trust that create favourable conditions for collaboration between employers, workers and governments. Trust, co-operation, and other social norms conducive to the delivery of social justice and good economic outcomes for all cannot be built in the space of a few years; they are shaped by decades of history and social change. However, governments can do a lot to ensure the effective recognition of freedom of association and of the right to collective bargaining, to encourage cooperation between social partners and to promote social dialogue in a way that allows labour relations to adapt to emerging challenges.

The Global Deal can contribute to build trust in an economy that works for all. By bringing together various stakeholders at different levels, the Global

Deal provides a platform to develop joint solutions while still promoting the interests of all the parties. As shown in this Report, the characteristics and functioning of social dialogue differ widely across countries. These differences are deeply rooted in national institutional traditions. However, one of the most salient features of successful industrial relations systems is their ability to adapt gradually to changing economic conditions within these national traditions. The Global Deal partnership can spur social dialogue's capacity to keep pace with new economic challenges. Indeed, the Global Deal holds the promise of improving the reach and effectiveness of social dialogue at all levels of economic development. In addition, the Global Deal Partnership can provide a framework for operating in the globalised economy, one that is responsive to the needs of countries, workers and employers' organisations and allows them to work together effectively to make labour and trade flows a source of increased prosperity for all.

4.4 Conclusion

By sharing experiences, establishing basic facts and summarising the evidence available on good practices and successful adaptation of social dialogue to changes for a more inclusive growth and decent work, this first Global Deal report aims at opening a discussion at global level and

encouraging more partners to join and bring their voice to the table. Enhanced social dialogue provides opportunities the world cannot afford to ignore. It is both morally right and economically smart. It is time to make globalisation work for everyone.

17 PARTNERSHIPS FOR THE GOALS



Notes

- 126 OECD (2017e) finds for instance that, after controlling for value chain structure, economic and financial factors, the social score of a company (which captures its capacity to generate trust and loyalty among the workforce, customers and wider society) has a highly significant positive effect on its financial performance as measured in terms of return on equity and return on assets.
- 127 Business interruption, which includes supply chain disruption, has consistently featured as a major concern in the *Risk Barometer* compiled by insurance giant Allianz. It is notably identified as the main threat to companies, alongside cybersecurity, in the *2018 Risk Barometer*.
- 128 These tools include the databases on trade union density, collective bargaining coverage and strikes and lockouts maintained by the ILO (IRData), the OECD collective bargaining database and the ILO legal database on Industrial Relations (IRLex).
- 129 For example, the ILO Legal Database on Industrial Relations (IRLex) can serve both to develop capacity-building training curricula and to support legal reforms through comparative international examples.
- 130 Thematic briefs on the following thematic areas are already in the pipeline: (i) Social dialogue and the future of work; (ii) The Global Deal as an input to Agenda 2030; (iii) Social dialogue and the informal economy; (iv) The gender perspective on social dialogue.



Annex



GLOBAL DEAL
TOGETHER FOR DECENT WORK
AND INCLUSIVE GROWTH

Annex I: Global Deal commitment template

Welcome to the Global Deal!

We would like to encourage you to fill in the commitment template below and return it to the Support Unit at globaldeal@gov.se

The purpose of the template is to identify your main contact person for the Global Deal and describe your voluntary commitments in a simple, uniform way. Your contact could be a senior person with good insight into relevant issues and an ability to liaise with others involved.

The voluntary commitments may – subject to your consent – be published on the Global Deal website as examples of best practice to inspire other partners.¹³¹

News and updates about the Global Deal are also available on www.theglobaldeal.com.

Please fill in the template using the guidelines below. And do not hesitate to contact the Support Unit at globaldeal@gov.se should you have any questions.

We look forward to hearing from you!

¹³¹ Please note that any information sent to this address may become public under Sweden's Public Access to Information and Secrecy Act.

Commitment Template – Global Deal

Main contact for the Global Deal:

Name:

Title:

Country/business/organisation:




Email:

Phone:




	New or ongoing commitment(s)
1. Brief description of the commitment	
2. Challenges addressed by the commitment	
3. Main objective(s) and goal(s). How does the commitment contribute to fulfilling the objectives of the Global Deal?	
4. Other actors/partners involved (businesses, trade unions, multilateral or other organisations)	
5. Existing reporting that can be used for follow-up (links to websites, reports etc.)	



1. Global Deal partners may choose to initiate new Global Deal commitments (activities) or continue/improve existing, ongoing activities. Each commitment should be no more than a few paragraphs in length. Should you wish to describe more than one commitment, please copy the template for each new commitment and number each one.
2. Specify the challenges the commitment addresses.
3. Specify the main objectives of the commitment and the goals you aim to achieve.
4. Specify other actors/partners involved in the commitment.
5. Specify existing reporting that can be used to follow up the commitment. Please note that there will be no new reporting requirements; existing reporting will suffice.



Annex II: List of Global Deal commitments received as of April 2018



Name of Global Deal partner and country or region	Type of Global Deal partner	Type of commitment	Short summary of commitment
<p style="text-align: center;">Axfood (Sweden)</p> 	Business	Corporate Practice / Partnerships	<p>Axfood's commitments include:</p> <ul style="list-style-type: none"> - <u>The use of social dialogue as a key instrument in its Living Wage Strategy</u> with the objective of promoting better incomes for workers and smallholders in its agricultural supply chains. In addition to the application of its amfori Business Social Compliance Initiative (BSCI) Code of Conduct, Axfood is seeking to develop strategic cooperation with Global Deal partners Unionen and Oxfam to better implement its Living Wage Strategy. - <u>The introduction of a QuizRR Workers Engagement e-module in its Bangladeshi and Chinese supply chains</u> to develop the skills of workers and managers for social dialogue with the objective of improving working conditions and upholding the principles of Axfood's Code of Conduct. <p>Both of these commitments are monitored through Axfood's annual sustainability reporting and the company is developing a measurement framework for its Living Wage Strategy.</p>
<p style="text-align: center;">BNP Paribas (France)</p> 	Business	Corporate Practice	<p><u>BNP Paribas has committed to negotiate a worldwide Global Agreement, covering more than 200000 employees</u>, linked to its corporate social responsibility (CSR) and human resources (HR) policies by the end of 2018. This follows the conclusion of three collective agreements on employment, workplace equality and prevention of work-related stress at the European level.</p> <p><u>The Global Agreement will cover: social dialogue; employment; health and quality of life; diversity and inclusion; workplace equality; sexual harassment; CSR and solidarity.</u> Reporting will take place through an Annual Monitoring Report.</p>
<p style="text-align: center;">Essity (Sweden)</p> 	Business	Corporate Practice	<p>Essity's ongoing commitments include:</p> <ul style="list-style-type: none"> - <u>Safety Week</u>: An every-year global project to foster a culture of safety awareness and ensure compliance with and improvement of standards. Communication is designed to inspire and create an emotional connection to safety, as well as raising standards. All employees are involved in their workplaces, with good practices, messages and results being shared broadly in as well as outside the company. - <u>The WASH pledge</u>: A commitment to provide access to WASH (Water, Sanitation and Hygiene) at the workplace. The WASH pledge sets a clear "Essity standard" for water, sanitation and hygiene. All Essity's production sites should meet the standard within three years.

Name of Global Deal partner and country or region	Type of Global Deal partner	Type of commitment	Short summary of commitment
<p>H&M Hennes & Mauritz GBC AB (Sweden)</p> 	Business	Corporate Practice / Partnerships	<p>H&M's commitments include:</p> <ul style="list-style-type: none"> - <u>The signing and implementation of a public-private partnership (PPP) agreement with the ILO.</u> - <u>Specific global framework agreements (GFA) with Industrial and IF Metall.</u> - <u>A Memorandum of Understanding with the Swedish International Development Cooperation Agency (SIDA).</u> <p><u>The main objective of these agreements is to promote sustainable global supply chains in the garment industry through a multi-pronged approach, with a focus on industrial relations, wages, freedom of association and gender. By working in partnership, H&M seeks to build well-functioning industrial relations within its own operations, those of its direct suppliers and those of their subcontractors so as to cover the entire chain of supply involved in the production of merchandise sold through H&M Group's retail operations. Complementing this approach, H&M also relies on functioning and sustainable public-private sector engagement in developing countries to strengthen national frameworks and policies.</u></p>
<p>ICA Gruppen AB (Sweden)</p> 	Business	Corporate Practice	<p><u>ICA aims to improve working conditions throughout its supply chains, with a focus on human rights challenges linked to SDG8 and SDG10. Working with suppliers, trade unions and other companies, notably through the Business Social Compliance Initiative, ICA is committed to ensuring that all suppliers in high risk countries are socially audited, of which at least 90% will have a valid re-audit by the end of 2020.</u></p>
<p>Groupe PSA (France)</p> 	Business	Corporate Practice / Partnerships	<p><u>PSA renewed its Global Framework Agreement (GFA) on Social Responsibility in 2017 with IndustriALL Global Union and IndustriALL European Trade Union. The GFA has two parts:</u></p> <ul style="list-style-type: none"> - <u>Providing a formal framework for PSA's Social Responsibility practices;</u> - <u>Introducing a new international Human Resources policy aimed at developing quality of life and well-being in the workplace.</u> <p><u>The GFA is aligned with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and refers to the ILO fundamental Conventions. Signatory unions and other unions and employee representatives inside Groupe PSA are involved in the monitoring of the GFA. Initiatives taken through the GFA include: social dialogue and stakeholder involvement as part of the monitoring process; addressing all claims made under the GFA and facilitating their amicable resolution; stakeholder involvement in the due diligence process.</u></p>




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QuizRR (Sweden) 	Business	Corporate Practice / Partnerships	QuizRR has undertaken the following commitments: <ul style="list-style-type: none"> - <u>Raising awareness on social dialogue</u> by supporting brands and factories in their efforts to educate employees on topics such as efficient dialogue, worker representation, election and roles and responsibilities. - <u>Encouraging brands to go beyond audit</u>, aiming to ensure decent jobs, workers' rights and greater equality through capacity building. This also includes showcasing the business case for social dialogue.
Saint Gobain (France) 	Business	Corporate Practice / Knowledge Sharing & Capacity Building	As part of its membership of the Global Deal, Saint Gobain is committed to: <ul style="list-style-type: none"> - <u>Further develop its OPEN programme (Our People in an Empowering Network)</u> which aims to promote diversity, inclusion and participation in the workplace. The OPEN programme relies on social dialogue to produce decentralised solutions which are responsive to the specific needs of workers, but guided by the common values embedded in Saint Gobain's Principles for Behaviour and Action. - <u>Promote the exchange of experiences and good practices</u> to improve the quality of social dialogue in the different countries in which the company operates, including by strengthening existing initiatives and encouraging its partners and suppliers to join the Global Deal. Reporting is done through Saint Gobain's Annual Report.
Scania (Sweden) 	Business	Advocacy / Corporate practice	Scania's commitments include: <ul style="list-style-type: none"> - <u>The Skill Capture programme</u>, which aims to broaden the scope of diversity and inclusion in the workplace and clearly link them to business results through fuller and more innovative use of employees' skills and a better ability to relate to customers' needs. - <u>The People Perspective programme</u>, which involves the description of Scania's labour relations structure and minimum standards for health and safety in its global eco-system when dealing with people working in or for Scania. Reporting is done through Scania's Annual and Sustainability Report.

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<p>Schneider Electric (France)</p> 	Business	Corporate practice / Knowledge Development & Research / Partnerships	<p>Schneider Electric's commitment to decent working conditions within the supply chain includes:</p> <ul style="list-style-type: none"> - <u>The promotion of social dialogue through a European Agreement</u> at the level of the European Works Council and of local countries. Employee representative bodies will be set up in countries that do not already have one, in line with national legislation. Standards relating to the governance of national employee representative bodies shall be jointly defined with social partners in countries where none exist. - <u>The launching of a decent salary survey in 30 countries</u>, designed to calculate living wages. - <u>The on-site auditing of 300 suppliers under vigilance</u>, with the objective that 100 per cent of suppliers under vigilance be trained on business ethics, human rights, environment, health and safety.
<p>Systembolaget (Sweden)</p> 	Business	Corporate Practice / Partnerships	<p>Systembolaget is committed to:</p> <ul style="list-style-type: none"> - <u>The continued application of its amfori Business Social Compliance Initiative (BSCI) Code of Conduct.</u> - <u>Strengthening social dialogue with an emphasis on increasing workers' voice all throughout the beverage global supply chain.</u> The main actors with which Systembolaget is working in partnership include Unionen; the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF); other Nordic alcohol monopolies; and local organisations and initiatives. <p>The main objective is to use the Global Deal as a platform for establishing systematic collaboration and open communication channels with relevant stakeholders to strengthen worker's involvement, address and remediate 100 per cent of reported potential violations within Systembolaget's global supply chain.</p>


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<p>Telia Company (Sweden)</p> 	Business	Advocacy / Corporate Practice / Knowledge Development & Research	<p>Telia has made commitments in the following domains:</p> <ul style="list-style-type: none"> - <u>Identifying ways in which information and communication technology (ICT) can act as an enabler for the Sustainable Development Goals</u>, working in collaboration with peers in the industry on responsible sourcing within the Joint Audit Cooperation (JAC) and on a wider range of issues in and the Global System for Mobile Communications Association (GSMA). The strategic objectives of this commitment focus in particular on SDG3 (Good Health and Well-Being) and SDG4 (Quality Education). - <u>Initiating a process of continuous improvement for responsible sourcing throughout its supply chain through Telia Sourcing</u>, focusing on bribery and corruption, which contributes to spreading good business practices. <p>Telia monitors progress on its commitments through its integrated Annual and Sustainability Report, which has set the following objectives: (i) all suppliers to comply with its sustainability requirement; (ii) all suppliers to have signed its supplier code of conduct; (iii) 75 per cent of assessed suppliers compliant with the supplier code of conduct; (iv) a 25 per cent reduction in the supplier base (from a 2015 baseline).</p>
<p>Veolia (France)</p> 	Business	Corporate practice	<p>Veolia has strengthened its social responsibility policies through nine commitments made to sustainable development. Three of these commitments directly affect Veolia's workforce within its territories:</p> <ul style="list-style-type: none"> - <u>Guaranteeing a safe and healthy environment.</u> - <u>Encouraging the professional development and commitment of each and every employee.</u> - <u>Ensuring respect for fundamental human and social rights and diversity.</u> <p>Veolia has defined performance and monitoring indicators for each of its commitments (including social dialogue cover rates; number of collective agreements; percentage of employees benefiting from training), all of which are audited and discussed by the Veolia Group's bodies of social dialogue. Veolia has started supporting this approach with "social initiatives" aimed at sharing good human resources practices in terms of health and safety, diversity, corporate and social responsibility.</p> <p>Veolia is a member of the UN Global Compact and has signed the ILO Seoul Declaration on Health and Safety at Work.</p>



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<p>Vinci (France)</p> 	<p>Business</p>	<p>Advocacy / Corporate Practice</p>	<p>Vinci is committed to working towards the promotion and implementation of social dialogue within the Group and among stakeholders using the following instruments:</p> <ul style="list-style-type: none"> - <u>Its Manifesto as a responsible employer;</u> - <u>Its Code of Ethics and Conduct;</u> - <u>Its Guide on Human Rights.</u> <p>These instruments apply to all VINCI Group entities and notably cover quality social dialogue, health and safety of employees, employee engagement, rules of conduct to prevent fraud and corruption, and impact on human rights. VINCI's approach is based on a continuous improvement process and is field oriented. Through the sharing of experiences and good practices among stakeholders, membership of the Global Deal Partnership will support VINCI in continuing improving its approach and tools for promoting social dialogue.</p>
<p>ACT (Action, Collaboration, Transformation) (International)</p> 	<p>Civil Society Organisation</p>	<p>Partnerships</p>	<p>ACT is a multi-stakeholder initiative involving the trade union federation IndustriALL Global Union and global brands and retailers in the garment and textile industry.</p> <p><u>It is committed to partnering with national actors to identify effective and sustainable ways of supporting living wages and industry-wide collective bargaining through purchasing pledges.</u> These pledges reflect rising labour costs and aim to ensure that countries seeking to achieve living wages become preferred destinations for sourcing.</p>

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Ethical Trading Initiative <i>(International)</i> 	Civil Society Organisation	Knowledge Development & Research/ Knowledge Sharing & Capacity Building / Partnerships	<p>The Ethical Trading Initiative (ETI) is committed to promoting and implementing models of social dialogue in the key sourcing sectors and countries in which its members are active. It does so through a number of different channels: (i) tripartite supply chain programmes based on social dialogue in Bangladesh, Turkey and South Africa; (ii) multi-stakeholder engagement on social dialogue for decent work; (iii) research and impact measurements on decent work; (iv) technical input and advisory contribution on projects relating to social dialogue.</p> <p>ETI is committed to achieving the following objectives by 2020:</p> <ul style="list-style-type: none"> - <u>Monitor and sustain the impact of the Joint ETI Social Dialogue Programme</u>, while expanding training and support to 50 ready-made garment and home textile factories in Bangladesh. - <u>Facilitate the development of a Turkish Ethical Trade Platform</u>, bringing together local and international garment industry stakeholders to address challenges relating to business and human rights due diligence (including the protection of Syrian refugee workers), as well as purchasing practices and their impact on working conditions. - <u>Build on the platform created by the Decent Work in Agriculture project in the fruit and wine sector in South Africa</u> to connect social dialogue initiatives in the region and promote knowledge sharing through the 4Dialogue blog. - <u>Collaborating with partners in a Productivity, Work Environment and Social Dialogue project in Myanmar</u> aimed at ensuring decent work by increasing sector-wide awareness and technical capacity around improvement processes among suppliers and brands.
Fairtrade International <i>(International)</i> 	Civil Society Organisation	Advocacy	<p>Fairtrade International is committed to amplifying the voice of farmers and workers in key decision-making fora, supporting their efforts to confront policies that impede fair trade and sustainable business at the national, regional and global level.</p> <p><u>In collaboration with producers, Fairtrade International will advocate for government policies and corporate commitments that create an enabling environment for fairer trade in areas such as procurement policies, trade negotiations and business regulation.</u></p>

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<p>Olof Palme International Center (Sweden)</p> 	<p>Civil Society Organisation</p>	<p>Knowledge Sharing & Capacity Building</p>	<p>The Olof Palme International Center (OPC) is committed (i) to promoting better and more constructive social dialogue in partnership with trade unions and other civil society organisations; and (ii) to work through the Global Deal in order to highlight the benefits of well-functioning social dialogue. It will do so by:</p> <ul style="list-style-type: none"> - <u>Contributing to increase knowledge on formal systems for social dialogue</u> in the countries in which it operates. - <u>Building capacity and strengthening the organisational resources of trade unions</u> in areas pertaining to labour relations. - <u>Supporting platforms for dialogue between trade unions and employers' organisations.</u>
<p>Oxfam International (International)</p> 	<p>Civil Society Organisation</p>	<p>Advocacy / Knowledge Development & Research / Partnerships</p>	<p>Oxfam's commitment to strengthening respect for labour rights and improving workers' and small-scale producers' income in global value chains includes:</p> <ul style="list-style-type: none"> - <u>The implementation of a new multi-country campaign focused on transparency, labour rights and incomes in the agri-food sector</u>, based on research conducted on the distribution of value within this sector. - <u>Active participation in the Workforce Disclosure Initiative</u>, working with governments, investors, workers and businesses to demand transparency on labour rights issues. - <u>The inclusion of labour metrics in its Commitment to Reducing Inequality Index</u>, produced in partnership with Development Finance International, with the aim of challenging governments to protect labour rights and drive up incomes for the poorest through effective design and implementation of policy. - <u>Tackling the political, social and economic barriers to greater labour market participation by women</u>, notably through the further development of its WE-Care programme.
<p>Union to Union (Sweden)</p> 	<p>Civil Society Organisation</p>	<p>Knowledge Sharing & Capacity Building / Partnerships</p>	<p>Union to Union is committed to:</p> <ul style="list-style-type: none"> - <u>Contribute to increase insight and knowledge concerning trade union development cooperation and the Global Deal.</u> - <u>Partner with global trade union federations to strengthen and develop social dialogue</u> within the framework of SIDA-funded development projects. - <u>Encourage all partners in our development cooperation to communicate their work and results</u> as a contribution to the Global Deal. - <u>Spread knowledge and support for the Global Deal in the different national and international civil society organisations</u> that Union to Union cooperates with.



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<p>Women in Informal Employment: Globalizing and Organizing (WIEGO) (<i>International</i>)</p> 	Civil Society Organisation	Knowledge Sharing and Capacity Building	<p>Women in Informal Employment: Globalizing and Organizing (WIEGO) is committed to integrating organisations of informal workers into social dialogue, and in doing so build a link with the Global Deal partnership. This will be done through:</p> <ul style="list-style-type: none"> - <u>The identification and analysis of deficits in Decent Work affecting the working poor in the informal economy.</u> - <u>Strengthening the capacity of organisations of informal workers to engage effectively in social dialogue in order to secure more favourable terms of employment, terms of trade in markets/ supply chains, policies and regulations.</u>
<p>Argentina</p> 	Government	Knowledge Sharing & Capacity Building / Policy Development	<p>Argentina is committed to maintaining and strengthening a wide variety of national and sectoral dialogue fora. This includes holding:</p> <ul style="list-style-type: none"> - <u>A regional meeting of MERCOSUR social and labour bodies;</u> - <u>A tripartite meeting in preparation for the International Labour Conference;</u> - <u>Regular meetings with social actors to apply ILO Convention No.144 on Tripartite Consultation.</u>
<p>Bangladesh</p> 	Government	Knowledge Sharing & Capacity Building / Partnerships / Policy Development	<p>Bangladesh is committed to the following objectives:</p> <ul style="list-style-type: none"> - <u>Implementation of the ILO project "Promoting Social Dialogue and Harmonious Industrial Relations in the Bangladesh Ready-Made Garment (RMG) Industry",</u> funded by SIDA and the Government of Denmark (timeline: 2016-2021). The project aims to build institutional capacity that facilitates social dialogue and industrial relations between government, employers and workers in Bangladesh, with a primary focus on the RMG industry. - <u>Institutionalisation of a National Tripartite Consultative Council,</u> as well as of the Ready-Made Garment Sector Tripartite Consultative Council, developed with support from the ILO.
<p>Cambodia</p> 	Government	Policy Development	<p>Cambodia is committed to the following objectives:</p> <ul style="list-style-type: none"> - <u>Strengthening the implementation of the Law on Trade Union and preparing to amend the Labour Law</u> with the aim of securing better working conditions and harmonious industrial relation in the country. - <u>Strengthening the implementation of additional laws and mechanisms</u> related to freedom of association, minimum wage, dispute resolution, labour inspection and social protection.




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Canada 	Government	Knowledge Sharing and Capacity Building / Partnerships / Policy Development	<p>Canada is committed to action in the following areas:</p> <ul style="list-style-type: none"> - <u>The promotion and application of the ILO fundamental principles and rights at work.</u> As of June 2017, Canada has ratified all of the ILO's Fundamental Conventions. Convention No.98 will enter into force on 14 June 2018 and concerted efforts are being made to ratify the 2014 Protocol to Convention No.29 on Forced Labour. The ratification process involves consultation with the social partners. - <u>Consultation with social partners in the formulation of labour and employment policies,</u> either through legislated tripartite mechanisms or ad hoc tripartite committees. The Canadian National Contact Point (NCP) for the OECD Guidelines for Multinational Enterprises (MNEs) constitutes an additional mechanism for tripartite social dialogue. - <u>The negotiation of comprehensive and enforceable labour provisions in all of Canada's trade agreements.</u> Canada's Labour Funding Programme supports the implementation of these agreements, notably by financing capacity building projects in a variety of countries. Social partners are consulted in the process in order to help define Canada's interests in Free Trade Agreements and identifying ways of maximising the economic and social benefits of these agreements. - <u>Support for apprenticeship training and access to skilled trades,</u> for under-represented groups, including women. A new Union Training and Innovation Programme has been implemented to strengthen union-based apprenticeship training, innovation and enhanced partnerships. - <u>Advancing Responsible Business Conduct (RBC),</u> through two initiatives launched on 17 January 2018: (i) the creation of an independent Canadian Ombudsperson for Responsible Enterprise (CORE); and (ii) the setting up of a multi-stakeholder Advisory Body on RBC. The CORE will be mandated to investigate human rights abuses linked to Canadian corporate activity abroad in the garment, mining and oil and gas sectors. The Advisory Body will assist the Government on the effective implementation and further development of its laws, policies and practices regarding human rights and RBC in all sectors.

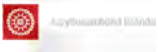
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Chile 	Government	Knowledge Sharing & Capacity Building / Policy Development	Chile is committed to the following objectives: <ul style="list-style-type: none"> - <u>The promotion of social dialogue and decent working conditions</u> through a permanent tripartite Labour Council, as well as the establishment of sectoral bodies for labour certification and tripartite commissions tasked with implementing the National Policy of Health and Safety at Work in line with ILO Convention No.187. - <u>Continued sharing of experience</u>, building on the participation by a high-level tripartite Chilean delegation in the Seminar on Social Dialogue hosted by Sweden in June 2017.
Colombia 	Government	Knowledge Sharing & Capacity Building	<u>Colombia is committed to organising a regional seminar designed to promote the principles of the Global Deal in Latin America.</u> The seminar will present the Global Deal partnership and serve as a forum to share experiences and best practices on social dialogue and sound industrial relations among representatives from governments and social partners.
Ethiopia 	Government	Policy Development/ Partnerships	Ethiopia is committed to promoting effective social dialogue and sustainable development in the country through the reform of its labour laws. The objective of the reform is to: <ul style="list-style-type: none"> - <u>Strengthen industrial relation institutions and foster a culture of social dialogue.</u> - <u>Build the capacity of social partners and relevant stakeholders</u> to better contribute to decent work, increased productivity and competitiveness. - <u>Ensure equality at work.</u> The reform process, led by the Government in cooperation with social partners and other key actors, and technical support from the ILO, is currently in its final stage.
France 	Government	Knowledge Sharing & Capacity Building / Partnerships	<u>France is committed to establishing a platform on international social dialogue which will be dedicated to the exchange of information and good practices.</u> This platform will bring together stakeholders (including major trade unions and firms) committed to social dialogue, with the aim of jointly addressing the challenges raised by globalisation and the future of work. <p>The platform is designed as a tool for (i) <u>strengthening commitment to social dialogue</u>; (ii) <u>analysing and benchmarking innovative social practices</u> through the mobilisation of academic experts and international organisations; and (iii) <u>the exchange of knowledge on international social dialogue.</u></p>




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Republic of Macedonia 	Government	Knowledge Sharing & Capacity Building / Policy Development	<p>The Former Yugoslav Republic of Macedonia is committed to developing a Decent Work Country Programme (DWCP) for the period 2019-2021. A DWCP is the main vehicle for delivery of ILO support to countries and constitutes a distinct contribution to UN country programmes. It is negotiated through social dialogue between the government and relevant social partners. FYR Macedonia has pledged to include the promotion of effective social dialogue as one of the priority themes of its new DWCP. The Government also aims to share information on the implementation of the DWCP and seek cooperation with the Global Deal partnership in the delivery of social dialogue-related activities.</p>
The Netherlands 	Government	Advocacy / Knowledge Development & Research / Knowledge Sharing & Capacity Building / Partnerships	<p>The Netherlands are committed to the following objectives:</p> <ul style="list-style-type: none"> - <u>Promoting compliance with labour standards in global supply chains, through the conclusion and implementation of multi-stakeholder sectoral agreements for Responsible Business Conduct (RBC).</u> Existing agreements cover sectors such as textile and garment, banking, gold, sustainable forestry, vegetable protein and natural stone. Additional agreements are currently being negotiated for the sectors of food insurance, metallurgy, floriculture and tourism. - <u>Sharing experiences and best practices on the implementation of RBC agreements with Global Deal partners.</u> Notably by helping companies better identify risks related to child labour in their supply chains through their due diligence process. The Netherlands are also engaged with Alliance 8.7 (a new ILO-led partnership aimed at ending forced labour, modern slavery, human trafficking and child labour) and its working group on Global Supply Chains. - <u>Raising the visibility of development cooperation projects in the textile sector,</u> in collaboration with the ILO, as well as lobbying for and advocating living wages, freedom of association and combatting violence against women in the textile sector. - <u>Financing an ILO research project</u> entitled "Promoting decent work in global supply chains through cross-border social dialogue in selected sectors". This research aims to expand and disseminate knowledge on cross-border social dialogue focusing on human rights due diligence, particularly in the food retail, garment and chemicals sectors.





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Sweden 	Government	Partnerships / Policy Development	<p>Sweden is committed to the following objectives:</p> <ul style="list-style-type: none"> - <u>At the international level</u>: promoting the Global Deal and its values in development cooperation, notably through SIDA. This involves the implementation of projects and activities to promote social dialogue and sound industrial relations at global and country levels, in collaboration with national and international stakeholders, including the ILO. - <u>At the national level</u>: establishing fair working conditions as a domestic policy priority. The government is also investing in strengthening labour market measures and the integration of new arrivals. - <u>At the EU-level</u>: promoting fair jobs, inclusive growth, equal opportunities and gender equality through high-level political representation and engagement. Sweden will actively support the European Council in its work and conclusions on Agenda 2030 and on responsible business conduct in the context of global value chains. Furthermore, it will seek to emphasise the role that social dialogue can play in the Action Plan for the EU-African Partnership.
Uruguay 	Government	Knowledge Sharing & Capacity Building / Policy Development	<p>Uruguay is committed to promoting social dialogue and collective bargaining at the domestic level. Its overall objectives are to (i) raise real wages and improve the country's pension system; (ii) promote social justice and sustainable development. To achieve these objectives, Uruguay will:</p> <ul style="list-style-type: none"> - <u>Strengthen collective bargaining as implemented in both public and private sector through its Wage Councils</u>, building on the exchange of good practices enabled by the Global Deal partnership. Special emphasis will be given to improving the quantity and quality of gender clauses. - <u>Continue to facilitate the transition from informal to formal activity</u>, in line with ILO Recommendation 204. Special focus will be given to developing strategies targeted at vulnerable populations in collaboration with the social partners. The effectiveness of transition policies will be evaluated. - <u>Promote the "Culture of Work for Development" strategy and adapt its Decent Work to the challenges raised by the Future of Work</u>. This will involve analysis of new forms of employment and participation by the social partners and other stakeholders (notably youth) in the process of reflection on the Culture of Work for Development.




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<p>International Trade Centre (ITC) (<i>International</i>)</p> 	<p>International Organisation</p>	<p>Advocacy / Knowledge Development & Research / Partnerships</p>	<p>The International Trade Centre (ITC) is committed to facilitating social dialogue with development partners on the good use of trade for inclusive and sustainable growth, with a particular focus on vulnerable populations and countries. This objective will be achieved through:</p> <ul style="list-style-type: none"> - <u>The organisation of ITC events throughout 2018</u> (World Export Development Forum; She Trades Global; Trade for Sustainable Development Forum; and World Trade Promotion Organisation Network Conference and Awards). - <u>Communication and dialogue at other events</u> at which the ITC is invited to speak. - <u>The hosting and facilitation of ongoing multi-stakeholder platforms</u> (Alliances for Action, SheTrades and T4SD). - <u>Projects based on a social dialogue approach</u>. These projects involve producers (MSMEs), trade and investment support organisations, policy-makers and buyers. - <u>Publications addressing the theme of trade for inclusive and sustainable growth</u>, including ITC's annual flagship reports.
<p>UN Global Compact (<i>International</i>)</p> 	<p>International Organisation</p>	<p>Advocacy / Knowledge Sharing & Capacity Building</p>	<p>In late 2017, the UN Global Compact launched the <u>Decent Work in Global Supply Chains Action Platform</u> which will, over the next two years, help enhance social dialogue between management and workers in global supply chains through advocacy, learning and capacity building.</p> <p><u>The platform will be a tool to develop solutions and pathways to achieve SDG 8 on Decent Work and Economic Growth</u> and will encourage businesses to work with unions and other organisations to make commitments that enhance social dialogue.</p>

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Paris Regional Council / Conseil Régional d'Ile de France (France) 	Sub-national Government	Partnerships	<p>The Paris Regional Council's commitment includes the signing of the following agreements:</p> <ul style="list-style-type: none"> - <u>A Charter for the recognition of unionised employees' professional development</u> designed (i) to take account of the skills acquired as part of a trade union mandate in the context of career progression and (ii) to improve social dialogue and strengthen the capacity and representativeness of unions by changing employees' perceptions of union action and social relations. To achieve these objectives, the Charter notably provides for specific training at the ILO International Training Center in Turin, as well as quality training from 2019 onwards with leading French universities and the establishment of a specific "competence framework" to validate professionally the know-how and skills they acquired as part of union activities. - <u>A framework agreement on the professional integration of people with disabilities.</u> - <u>A framework agreement on Gender Equality in the workplace.</u> - <u>A framework agreement on quality of life and well-being at work.</u> - <u>The negotiation and implementation of a framework</u> entitled "Towards a more efficient public service through quality of life at work, autonomy and responsibility".
CFE-CGC Energies (France) 	Trade Union	Knowledge Sharing & Capacity Building	<p>CFE-CGC Energies is committed to:</p> <ul style="list-style-type: none"> - <u>Actively participate in European and global social dialogue within the energy sector</u>, on its own behalf and as a member of IndustriALL Global Union, through the (i) negotiation of European and global social agreements; (ii) consultation and the sharing of information within the framework of the European Works Councils; and (iii) its involvement in European sectoral social dialogue committees in the electricity and gas industries. - <u>Share experiences drawn from the European Caerus "Reinventing social dialogue with and for young people" project</u> and making its collaborative platform more widely available. - <u>Contribute to the exchange of good practices on social dialogue as a lever for responsible growth</u> and promote the Global Deal among our members and stakeholders within the energy sector.
European Trade Union Confederation (ETUC) (Europe) 	Trade Union	Advocacy	<p><u>The International European Trade Union Confederation (ETUC) is committed to working with its constituent European Trade Union Federations (ETUFs) to promote transnational company agreements.</u> This commitment focuses more specifically on ensuring that the necessary legal and procedural frameworks are in place to support ETUFs and address the issues that may emerge as part of the implementation process.</p>

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<p>Icelandic Confederation of Labour (ASÍ) (Iceland)</p> 	Trade Union	Advocacy	<p><u>ASÍ is committed to promoting social dialogue and decent working conditions through its “Equal Rights – No Exceptions” campaign.</u> This advocacy campaign is targeted more specifically at young people and migrant workers in the Icelandic labour market and is conducted in partnership with relevant authorities. The campaign includes publications to inform vulnerable workers and relevant companies on collective agreements, rights and obligations, in line with national legislation and with the objective of improving the legal framework surrounding the protection of foreign workers’ rights.</p> <p><u>ASÍ is also committed to facilitating the participation of the Icelandic Government as well as the Confederation of Icelandic Employers (SA) in the Global Deal.</u></p>
<p>Federation of Somali Trade Unions (FESTU) (Somalia)</p> 	Trade Union	Advocacy	<p><u>FESTU is committed to conducting an advocacy campaign designed to promote the establishment of all-inclusive State Social Dialogue Committees (SSDCs) and a Federal Social Dialogue Committee (FSDC).</u> The Committees will serve as fora for advancing peaceful industrial relations and social stability, as well as boosting economic progress through consensus-building and democratic involvement by the main stakeholders.</p>
<p>Industrial and Metal Workers Union (IF Metall) (Sweden)</p> 	Trade Union	Advocacy / Partnerships	<p>The Industrial and Metal Workers Union’s (IF Metall) commitments include:</p> <ul style="list-style-type: none"> - <u>Raising awareness of and support for the Global Deal</u> and encouraging Swedish companies to implement its fundamental principles within their own structures worldwide, in cooperation with trade unions. - <u>Promoting development cooperation projects focused on social dialogue.</u> - <u>Cooperation with representatives of Swedish industry on projects that use social dialogue as a tool for dealing with workplace issues and future challenges.</u> - <u>Developing knowledge on negotiations</u> and how to deal with grievance handling/dispute/conflict resolution in a result-oriented process. - <u>Implementing and strengthening local ownership of the Global Framework Agreement</u> signed between H&M, IndustriALL Global Union and IF Metall, with the overall aim of promoting well-functioning industrial relations within H&M’s garment supply chain.

Name of Global Deal partner and country or region	Type of Global Deal partner	Type of commitment	Short summary of commitment
Nordic IN (<i>Scandinavia</i>) 	Trade Union	Knowledge Sharing & Capacity Building	<p>Nordic IN's commitment focuses on the consequences of <u>digitalisation</u> and on identifying methods for transforming industrial production in a way that benefits enterprises and workers. Nordic IN will present its findings and submit them to <u>broader discussion through its European and Global platforms</u>, with the aim of finding common solutions that can pave the way for improved social dialogue.</p>
Public Services International (PSI) (<i>International</i>) 	Trade Union	Advocacy / Knowledge Sharing & Capacity Building / Partnerships	<p>PSI's commitments include:</p> <ul style="list-style-type: none"> - <u>The launch of a project to foster social dialogue and ensure trade union rights for health workers in Liberia</u>, as part of PSI's Ebola Response Strategy. The project brought together the health workers' trade union (NAHWUL) and the Government to (i) improve working conditions in the health sector; (ii) promote health and safety; and (iii) ensure universal access to quality public health care in the country. - <u>The promotion of social dialogue and collective bargaining between public sector trade unions and the Government of the Philippines</u>. As part of this process, the Philippines has ratified the ILO Convention concerning the Protection of the Right to Organise and Procedures for Determining Conditions of Employment in the Public Service (No. 151). PSI and its affiliates are now working with the Government to complement the national legislation with appropriate bargaining machinery to reduce conflict and facilitate negotiated outcomes. - <u>Country-level workshops and seminars</u> to educate workers and the wider public on how just tax policies can help tackle inequality, fund quality public services and contribute to a healthy growing economy. The aim of this commitment is to contribute to effective and informed social dialogue on tax policies, with a specific focus on corporate tax practice.
The Swedish Commercial Employees' Union (Handels) (<i>Sweden</i>) 	Trade Union	Advocacy / Partnerships	<p>The Swedish Commercial Employees' Union (Handels) is committed to <u>spreading the values of the Global Deal within the organisation and with national and international partners</u>, including the Swedish Retail and Wholesale Council, the Swedish Trade Federation (Svensk Handel) and the Swedish Co-operative Employers' Association (KFO).</p> <p><u>Handels is also committed to raising the profile of social dialogue in the country-level development cooperation projects implemented by the Swedish Commercial Employees' Organisation</u>, in cooperation with solidarity organisation Union to Union, the Olof Palme International Centre and SIDA. This includes renewed collaboration with Swedish retailers to promote the principles of the Decent Work agenda within the framework of development cooperation.</p>

Name of Global Deal partner and country or region	Type of Global Deal partner	Type of commitment	Short summary of commitment
<p>The Swedish Confederation of Professional Associations (SACO) (Sweden)</p> 	Trade Union	Advocacy	<p>Beyond its immediate activities as a confederation of professional associations, the Swedish Confederation of Professional Associations' (SACO) commitment to social dialogue includes:</p> <ul style="list-style-type: none"> - <u>Contributing to promote the Global Deal at the World Economic Forum</u> in New York (18-19 of September 2017) at the invitation of the Swedish Prime Minister. - <u>The development of specific contacts with French trade union organisations</u>, eg. the Confédération Française Démocratique du Travail (CFDT), to discuss joint activities aligned with the Global Deal.
<p>The Swedish Confederation of Professional Employees (TCO) (Sweden)</p> 	Trade Union	Advocacy / Knowledge Sharing & Capacity Building	<p>The Swedish Confederation of Professional Employees (TCO) is committed to investing resources into the development of the Global Deal partnership, with a specific focus on highlighting the topics of gender and social dialogue. This entails a commitment to:</p> <ul style="list-style-type: none"> - <u>Spreading the values of Global Deal</u> with national and international partners. - <u>Discussing the development of new Global Deal-related country-level initiatives with TCO's partners</u>, notably through the annual Sustainability Forum organised by the Swedish Institute and the Swedish Trade Union Confederation.
<p>The Swedish Trade Union Confederation (LO SE) (Sweden)</p> 	Trade Union	Advocacy / Knowledge Sharing & Capacity Building / Partnerships	<p>The Swedish Trade Union Confederation (LO SE) is committed to promoting the Global Deal and its principles with national and international stakeholders, including at the EU level, by:</p> <ul style="list-style-type: none"> - <u>Developing and strengthening the Global Deal, in collaboration with ITUC, as a tool to implement, measure and report on SDG8.</u> - <u>Continuing its cooperation with the Swedish Institute and building on the "Let's Talk!" session on social dialogue</u> it organised at the Institute's 2017 Sustainability Forum (SISF). - <u>Supporting country-specific Global Deal activities</u> with a focus on Macedonia, Somalia, Tanzania, Colombia, Nepal and the USA. - <u>Launching a Global Deal development project with affiliated unions</u>, with the aim of developing social dialogue at company level.
<p>The Swedish Union of Forestry, Wood and Graphical Workers (GS-facket) (Sweden)</p> 	Trade Union	Advocacy / Partnerships	<p>The Swedish Union of Forestry, Wood and Graphical Workers (GS-facket) is committed to:</p> <ul style="list-style-type: none"> - <u>Signing more global framework agreements.</u> - <u>Providing information on best practices</u> and work to ensure that as many of our counterparts as possible understand and support the Global Deal. - <u>Increasing collaboration with our global union.</u>

Name of Global Deal partner and country or region	Type of Global Deal partner	Type of commitment	Short summary of commitment
Trade Union Advisory Committee to the OECD (TUAC) <i>(International)</i> 	Trade Union	Advocacy	<p>The Trade Union Advisory Committee to the OECD (TUAC) is committed to advancing social dialogue, including collective bargaining, in the OECD policy recommendations on labour market reform, inclusive growth and productivity at firm-, sector- and national-level, as well as at the level of multinational enterprises (MNEs). As part of its policy advocacy function at the OECD, the TUAC will work towards:</p> <ul style="list-style-type: none"> - <u>A review of the OECD “Jobs Strategy” and “job quality framework” that recognises the pivotal role of collective bargaining.</u> - <u>The embedding of “Just Transition” principles in OECD recommendations on the passage to low-carbon and digitalised economies.</u> - <u>Strengthening the role of the National Contact Points of the OECD Guidelines for Multinational Enterprises.</u> - <u>Advocating for social dialogue in G7 and G20 fora.</u>
UNI Global Union <i>(International)</i> 	Trade Union	Advocacy / Partnerships	<p>UNI Global Union’s commitments include:</p> <ul style="list-style-type: none"> - <u>Engaging with employers within UNI sectors to secure and implement the right to bargain and organise</u>, at the national and local level, through global agreements and actively implement these agreements in coordination with affiliated unions. - <u>Advocating with policy makers on the importance of collective bargaining as a mechanism to achieve inclusive growth and to address income and wealth inequality.</u> - <u>Building capacity among affiliated unions to organise and bargain</u>, through training and ongoing support in specific campaigns.
Unionen <i>(Sweden)</i> 	Trade Union	Knowledge Sharing & Capacity Building / Partnerships	<p>Unionen is committed to:</p> <ul style="list-style-type: none"> - <u>Continuing its work on social responsibility with Swedish export-oriented enterprises and with the Swedish Government.</u> The objective is to review and improve the mechanisms and procedures used for corporate social responsibility (CSR). - <u>Developing tailored training materials focusing on labour market and trade union rights.</u>

Annex III: Full list of Global Deal partners

Global Deal partners to date 2018-05-04. In total: 88 partners

States:

- Angola
- Argentina
- Austria
- Bangladesh
- Belgium
- Cambodia
- Canada
- Chile
- Colombia
- Ethiopia
- France
- FYRO Macedonia
- Indonesia
- Paraguay
- South Africa
- Sweden
- The Netherlands
- Tunisia
- Uruguay

Businesses, business organisations and employer organisations:

- Air France
- Axfood
- BNP Paribas
- Business Confederation of Macedonia (BCM)
- Carrefour
- Crédit Agricole
- Danone
- Essity
- Groupe PSA
- H&M
- ICA Group
- L'Oréal
- Michelin
- QuizRR
- Saint-Gobain
- Scania
- Schneider Electric
- Société Générale
- Sodexo
- Solvay
- Swedfund
- Systembolaget
- Telia Company

- The B Team
- The Somali Chamber of Commerce & Industry (SCCI)
- Total
- Tunisian Confederation of Industry, Trade and Handicrafts (UTICA)
- Veolia
- VINCI
- The Swedish Commercial Employees' Union
- The Swedish Confederation of Professional Associations (SACO)
- The Swedish Confederation of Professional Employees (TCO)
- The Swedish Trade Union Confederation (LO SE)
- The Swedish Union of Forestry, Wood and Graphical Workers
- Trade Union Advisory Committee to the OECD (TUAC)
- Tunisian General Labour Union (UGTT)
- UNI Global Union
- Unionen

Trade Unions:

- Council of Nordic Trade Unions (NFS)
- CFE-CGC Energies
- Eurocadres – Council of European Professional and Managerial Staff
- Federation of Somali Trade Unions (FESTU)
- French Confederation of Management – General Confederation of Executives (CFE-CGC)
- French Democratic Confederation of Labour (CFDT)
- General Confederation of Labor - Workers' Force France (FO)
- IG Bergbau, Chemie, Energie
- Industrial and Metal Workers Union in Sweden
- IndustriALL European Union
- IndustriALL Global Union
- International Trade Union Confederation (ITUC)
- Nordic IN
- Public Services International (PSI)
- The Danish Confederation of Trade Unions (LO DK)
- The European Trade Union Confederation (ETUC)
- The French Confederation of Christian Workers (CFTC)
- The Icelandic Confederation of Labour

Other stakeholders

- ACT
- Ethical Trading Initiative (ETI)
- Ethical Trading Initiative Norway (IEH)
- Fairtrade International (FLO)
- International Labour Organization (ILO)
- International Trade Centre (ITC)
- Olof Palme International Centre (OPC)
- Organisation for Economic Co-operation and Development (OECD)
- Oxfam
- Paris Regional Council
- UN Global Compact
- Union to Union
- Women in Informal Employment: Globalizing and Organizing (WIEGO)



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The Global Deal for Decent Work and Inclusive Growth is a global multi-stakeholder partnership whose objective is to jointly address the challenges in the global labour market and enable all people to benefit from globalisation. The fundamental idea at the heart of the Global Deal is to highlight and promote the potential of sound industrial relations and enhanced social dialogue as a means to foster decent work, quality jobs, and increased productivity – and by extension greater equality and inclusive growth. It is conceived as a concrete input to the UN 2030 Agenda and is aligned with the Sustainable Development Goals (SDGs).

The Global Deal was initiated at the behest of the Swedish Prime Minister, Stefan Löfven, and developed in cooperation with the International Labour Organization (ILO) and the Organisation for Economic Co-operation and Development (OECD). The partnership was launched in September 2016 and now brings together around 90 different partners representing governments, businesses and employers' organisations, trade unions and civil society. The rationale behind the Global Deal is that cooperation between these stakeholders is a key element for coming to terms with some of the complex challenges that impede human prosperity and well-being. The Global Deal aims to facilitate and advance that cooperation by providing political impetus, scaling up existing processes, promoting evidence-based research and highlighting the opportunities for “win-win-win” gains that mutually benefit workers, businesses and governments.



GLOBAL DEAL

TOGETHER FOR DECENT WORK
AND INCLUSIVE GROWTH