

Social dialogue: Promoting sound governance, inclusive growth and sustainable development



International
Labour
Office

Introduction

The present information note on social dialogue aims to inform practitioners in development cooperation of the EU and of EU Member states about the added value of social dialogue in promoting sound governance, inclusive growth and sustainable development. It encourages them to target and fully involve social partners – as key actors of development – in EU and EU Member states projects across the world. This guide is supported by the ILO Bureau for workers' activities and the Bureau for employers' activities within the ILO as well as by the International Trade Union Confederation (ITUC) and the International Organization of Employers (IOE), which provide the Secretariats for the Workers' and Employers' Groups in the ILO Governing Body and International Labour Conference.

I. Decent work, social dialogue, and the international development agenda

Decent work is based on a human rights-driven development vision which aims at advancing opportunities for women and men to obtain decent and productive employment in conditions of freedom, equality, security and human dignity. It is an enabling factor for social justice, economic performance and governance. It aims at covering all workers without distinction. It gives both workers and employers the right to organise, to freedom of expression, and the right to engage in social dialogue, to participate in decisions that affect their lives, guaranteeing equal opportunities and equal treatment for all.

Decent work – and social dialogue as a means to achieve the Decent Work objectives – is explicitly included among the **Millennium Development Goals** (MDG) set in the United Nations' anti-poverty programmes, and thus as an instrument for development cooperation. This was further highlighted in 2010 when a clear commitment to Decent Work and social dialogue was made.¹

At the European level, decent work was formally endorsed by the European Commission, the European Council, the Council, the European Parliament and the European Economic and Social Committee. It is part of the European Consensus on Development and included as a target within the Development Cooperation Instruments (DCI) objectives. It is recognized that freedom of association and the right to collective bargaining and social dialogue are crucial elements in implementing policies to support decent work, through the social partners.²

The **G20** and its social dialogue dimension has similarly endorsed decent work and social dialogue. In 2010, the G20 Ministers in charge of labour and employment issues encouraged the fostering of social dialogue as an instrument for accelerating job-rich recovery.

II. Social dialogue: basic features

What is social dialogue?

Social dialogue refers to all types of negotiation, consultation and exchange of information between or among representatives of, employers, workers and governments on issues of common interest in the field of economic and social policy. It includes bipartite and tripartite consultation,

¹ MDG 2010 Outcome Document, para. 70d.

² COM(2006) 249 final.

collective bargaining and all forms of management-labour cooperation.

Social dialogue is at the heart of both the EU social model and the ILO structure and policies.

Who are the actors of social dialogue?

Social dialogue can be **bipartite**, i.e., between workers and employers and their respective organizations; or it can be **tripartite**, with the direct and formal involvement of the government. Tripartite partners can choose to open the dialogue to other groups of civil society (civil dialogue) in order to gain a wider perspective and consensus on specific issues beyond the agenda of the world of work, such as the protection of the environment and addressing the needs of specific groups. Employers' organizations and trade unions are distinct from other civil society groups in that they represent the actors of the real economy and draw their legitimacy from the broad and large membership they represent.

It is important to acknowledge the specific position of the organisations of employers and workers in the programming of development cooperation and external assistance. This position is both recognised by the ILO's Conventions³ and EU Treaties. Art 152 and 154 of the Treaty on the Functioning of the EU underlines the special position of employers and workers within the EU and provides for specific EU support to social dialogue including through building and strengthening their capacity. In the EU, this actors-based support is organised through targeted call for proposals and direct agreements.

How does it work?

Social dialogue takes place at different levels, from the enterprise to the cross-border level. There are many varieties in between, namely sectoral, national, inter-professional, and territorial/regional, depending on national circumstances and the industrial relations context. Social dialogue can deliver a whole

³ cf, References on 'relevant ILO instruments adopted by the ILC'

range of outcomes such as collective agreements and national tripartite pacts. It can also provide a way to find solutions to social conflicts, including industrial action.

What are the issues dealt with through social dialogue?

The issues dealt with by the dialogue actors vary depending on the level at which the dialogue takes place. For example, in tripartite consultations at the national level, the actors – namely governments, trade unions, and employers' organizations – address issues related to national economic and social policies such as employment promotion, productivity and competitiveness, labour market management and reform, vocational training and education, income distribution and poverty reduction, pension reform or taxation policy. In collective bargaining, trade unions and employers/employers' organizations regulate the terms and conditions of employment as well as the relationship between them.

What are the conditions for effective social dialogue?

The ILO Resolution concerning tripartism and social dialogue⁴ invites governments to ensure that necessary preconditions for effective social dialogue exist, including respect for the fundamental principles of freedom of association and the right to collective bargaining,⁵ a sound industrial relations environment, and respect for the role of the social partners.

Strong, representative and independent employers' and trade union organizations (see Annex A), as well as functioning social dialogue institutions are also important conditions for effective social dialogue. Labour administration, as the main arm of the

⁴ ILO (2002): "Resolution concerning tripartism and social dialogue", ILC 90th Session, Geneva.

⁵ The fundamental principles of freedom of association and the effective recognition of the right to collective bargaining are enunciated in the 1998 ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up. They are further detailed in two international labour Conventions, namely the Freedom of Association Convention, 1948 (No. 87) and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98).

government responsible for social dialogue and industrial relations, also plays a key role in the promotion of social dialogue. It provides direct support to the social partners in their bipartite relationship and contributes to the creation of an enabling environment for sound bipartite and tripartite social dialogue. The necessary conditions to allow social dialogue are underpinned by international labour Conventions Nos. 87 and 98 on freedom of association and the right to organise and bargain collectively. Laws and practices should be in line with the provisions of the Conventions.

III. The added value of social dialogue

Social dialogue contributes to the promotion of sound governance and, inclusive growth...

The main goal of social dialogue is to promote consensus building and democratic involvement among the main stakeholders in the world of work. Social dialogue has the potential to:

- resolve major economic and social issues;
- advance social and industrial peace and stability;
- boost economic performance and social progress;
- promote and consolidate representative democracy.

The experience of the ILO and the EU show that social dialogue is a powerful tool for dealing with labour market challenges such as promoting employment and fair income distribution, combating poverty and enhancing productivity. In a context of increasing concern about social inequalities and economic imbalances, social dialogue is key to achieving the balance between economic growth and social equity, and to enhance ownership by the main actors involved.

Social dialogue and sound industrial relations are key instruments of crisis management. In many countries, developed and developing alike, the intensification of tripartite cooperation between the government and the

social partners and strengthened collective bargaining between unions and employers have contributed to the acceleration of economic recovery. Through improved governance, social dialogue and sound industrial relations help to pave the way for shared prosperity and stability in the long run. Strengthening social dialogue, the social partners and labour administration and inspection, is often part of decent work country programmes⁶.

At the enterprise level, social dialogue and collective bargaining helps to:

- prevent and resolve disputes in a manner that sustains social peace at the work place;
- promote workers' rights and enterprise sustainability;
- manage enterprise restructuring in a socially responsible and effective manner.

...and to sustainable development

Securing the participation of employers' organizations and trade unions in shaping national policies and development agenda ensures that such policies and agenda are appropriate, fair and legitimate. There are many examples which support this assertion. For example, in Africa an increasing number of countries resort to social dialogue and tripartism as instruments of consensus building on national development strategies (see Annex B).⁷ In this region, the involvement of social partners in policy-making enabled the countries concerned to extend the scope of development policies including social protection and poverty reduction to the informal sector, and to avoid violent conflicts.

In the countries of Central and Eastern Europe, the involvement of the social partners in policy-making during the transition period from the 1990s to 2000 enabled governments to design and implement drastic economic,

⁶ Decent work country programmes define the national priorities on decent work and are agreed upon by government, by employers and by workers organizations.

⁷ I. Barry (2010): "Dialogue social en Afrique: Pratiques et expériences" (ILO/PRODIAF; DWT/CO Dakar).

welfare and institutional reforms in a peaceful manner, thus setting the stage for a smooth transition of these countries towards democracy and the market economy.

The international financial institutions themselves have increasingly been recognizing the importance of the participation of the stakeholders in the promotion of economic development and poverty reduction strategies.⁸ In a recent joint statement the IMF and the ILO have underlined the importance of effective social dialogue in responding to the economic crisis⁹.

As stipulated by the ILO Declaration on Social Justice for a Fair Globalization (2008),¹⁰ "In a world of growing interdependence and complexity and the internationalization of production, [...] social dialogue and the practice of tripartism between governments and the representative organizations of workers and employers within and across borders are now more relevant to achieving solutions and to building up social cohesion and the rule of law through, among other means, international labour standards".

IV. What are the challenges for social dialogue?

While much progress has been made in promoting a culture of social dialogue throughout the world, yet in many countries the conditions for effective and successful social dialogue are still not in place. Employers and workers still face obstacles which prevent them from exercising their rights to associate freely and to engage in social dialogue and collective bargaining. The institutions for social dialogue either do not exist or when they do so, they do not function effectively. The labour administration, as well as employers` and workers` organizations in such countries, often do not have sufficient capacity and resources to play their role in

social dialogue. The government, due to a lack of political will and/or a lack of capacity, does not involve the social partners in policy making.

Among the biggest challenges facing social dialogue is the non-respect of basic fundamental rights, in particular for trade unions, which are facing interference by unscrupulous employers or governments. Unions' rights are often not respected; trade unionists are harassed and even killed. Trade unions are institutions of democracy. They are built on principles of equality, justice and fairness. An attack on trade unions is an attack on democracy in a country.

It is thus important for international and regional institutions such as the ILO and the EU to assist the countries concerned to address the abovementioned challenges in order to harness the potential of social dialogue as a key factor of sound governance and sustainable development. These objectives can be achieved by:

- supporting the establishment of free and independent organizations;
- helping to put in place the appropriate mechanisms for social dialogue;
- strengthening the capacity of employers' organizations and trade unions, as well as of labour administration;
- channelling cooperation funds not only through the State but also directly through the social partners.

International and regional organisations for trade unions and employers also assist their respective national affiliates through capacity building, and support provided to their affiliated members from developing countries.

⁸ J. Ishikawa (2003): "Key features of national social dialogue: A social dialogue resource book" (Geneva, ILO).

⁹ IMF-ILO joint conference, Oslo, joint statement of 13 September 2010.

¹⁰ Declaration on Social Justice for a Fair Globalization, adopted by the International Labour Conference at its Ninety-seventh Session, Geneva, June 2008.

Annex A. Employers' organizations and trade union organizations

Employers' organizations

What are they?

- Employers' organizations (EOs) promote the collective interests of business across economic sectors, irrespective of enterprise size. The structure, membership basis and hence the needs and functions of EOs differ widely between countries.

What is their role?

- Advocate for a policy and regulatory system that underpins sustainable enterprise creation and development and enhances enterprise success.
- Influence labour market and industrial relations environment by participating in statutory bodies, consultations on labour market issues and lobbying on behalf of their members.
- Provide member services that improve the individual performance of enterprises, such as information and advice, best practice sharing, training and consultancy.
- By doing the above, help society achieve full employment and decent work.

Trade union organizations

What are they?

- The main purpose of trade union organizations is to collectively represent and defend the interests of workers. Collective bargaining is the main tool in achieving this objective. Where workers are organized there are, as a rule, fewer violations of the rights of working people, and working conditions are better.

What is their role?

- Use collective bargaining to improve wages and working conditions, including job security, working time, health at the work place, social security and pensions, education and training.
- Represent workers' interests through collective bargaining and participation in social dialogue institutions and social mobilization efforts at the national, regional and international levels.
- Help society achieve full employment and decent work, by striving to ensure that productivity gains are translated into better wages, and that economic growth is fairly, equitably shared and invested in better services.
- In many developing countries, trade unions organize and represent the interests of workers in the informal economy.

Annex B.

Selected examples which show the link between social dialogue, sound governance and sustainable development

Dominican Republic: Social dialogue helped mitigate the impacts of the economic crisis

In the Dominican Republic, tripartite social dialogue contributed to the design of measures needed to mitigate the negative impacts of the economic crisis. A Summit of National Unity was convened in 2009, in which the social partners and other stakeholders held discussions on critical issues in order to obtain consensus on measures needed to tackle the economic crisis. Consequently, national consensus was reached on economic and social policies that assist the hardest hit sectors; measures included an increased budget for education, strengthening of the social security system, approval of significant investments, and the reactivation and restructuring of the National Committee of Employment (Comisión Nacional de Empleo – Conaempleo). Conaempleo is a tripartite advisory body that promotes social concertation on devising employment policies. As a result of the summit, “Conaempleo” analysed the weak relationship between economic growth and the creation of decent jobs and formulated a national employment plan aimed at the sustainable development of jobs.¹¹

Indonesia: Tripartite efforts lead to a regionally focussed National Jobs Pact

To address the social and employment impact of the economic crisis, the Indonesian government and social partners agreed in February 2010 to adopt a National Jobs Pact that is modelled after the ILO Global Jobs Pact. The tripartite constituents convened a series of meetings and workshops to discuss and negotiate their agreements; the final draft was reviewed by the National Tripartite Council in March 2011. Through this agreement process, dialogue among government, employers and workers has been enhanced. The Indonesian Jobs Pact (IJP) includes measures focussed on job creation, industrial relations, labour productivity, and social protection. Furthermore, it is a tripartite commitment to support a sustainable recovery through measures that ensure inclusive economic growth where the entire community benefits from the growth.¹²

Kenya: Social dialogue contributes to the shaping of development strategies

In Kenya, the National Economic and Social Council (NESC), a social dialogue forum set up in 2004 in which workers and employers are represented alongside the representatives of the State and of other civil society groups, provides advice to the government on policies needed to accelerate Kenya's economic and social development. The work of the NESC covers some of the pillars of the decent work agenda, namely the promotion of sustained economic growth, employment generation, equity and social protection, all of which are critical to the national goal of poverty reduction and the elimination of all forms of inequality.

Senegal: Tripartite social dialogue used as an instrument of governance

The representatives of government and social partners adopted a Social Charter and established a Tripartite National Committee of Social Dialogue (CNDS) in 2002. This institution played a key role in the design of the National Pact for Stability and Economic Growth, which has been used by the Government as an instrument of implementation of national economic, social and labour policies. The CNDS has also helped the social partners to prevent and peacefully resolve labour-related disputes at all levels.

South Africa: Social dialogue contributed to the building of a democratic society

¹¹ Source: Ministerio de Trabajo, www.set.gob.do/index.php?option=com_content&view=article&id=129%3Aencumbre-oit-max-puig-destaca-dialogo-social-para-enfrentar-crisis&catid=36%3Anoticias&Itemid=1

¹² Source: *ILO Jakarta Newsletter*, Nov. 2010, p. 12. www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/publication/wcms_149655.pdf; Indonesian Jobs Pact 2011 – 2014, Tripartite Action Plan; Indonesian Jobs Pact: FAQs. www.ilo.org/jobspact/country/lang--en/WCMS_127399/index.htm

Social dialogue in South Africa played a crucial role in ensuring a relatively smooth political and economic transition from apartheid to democracy. The representatives of the government, workers' and employers' organisations and other civil society representatives have established a forum, the National Economic Development and Labour Council (NEDLAC), where different interests are voiced and where actors can reach consensus on how to best address the immense challenges facing that country. Through social dialogue, the partners adopted a far-reaching declaration committing to engage in social dialogue over substantive issues, and implemented major social and economic reforms through a consensus building process.

When the effects of the global economic crisis began to exacerbate the already high levels of unemployment, South Africa was well equipped to confront these added challenges. With its solid foundation of trust and cooperation, NEDLAC was able to rapidly craft the response needed to charter a new course through turbulent economic waters. Through NEDLAC, the partners reached a pact in November 2009, the *Framework for South Africa's Response to the International Economic Crisis*, which outlines a number of measures to address the economic crisis and retain and create employment in the spirit of the Global Jobs Pact (adopted by the International Labour Conference in June 2009 in Geneva).

References

- Barry, I. 2010. « Dialogue social en Afrique: Pratiques et expériences » (ILO/PRODIAF; DWT/CO Dakar).
- Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions – Promoting decent work for all, COM(2006) 249 final.
- The European consensus on development adopted by the European Commission, the Council and the European Parliament, OJ C 46, 24.2.2006, p. 4, para. 18.
- ILO. 2010. "Harnessing the value of working with the social partners: How the UN can collaborate with governments, employers' and workers' organizations".
- . 1999. GB 276/PFA/9 (Geneva).
- . 1996. "Tripartite consultation at the national level on economic and social policy", Report VI, International Labour Conference, 83rd Session, Geneva.
- ILO Jakarta Newsletter*. Nov. 2010, p. 12. Available at: www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/publication/wcms_149655.pdf
- Indonesian Jobs Pact 2011–2014, Tripartite Action Plan.FAQs*. Available at: www.ilo.org/jobspact/country/lang--en/WCMS_127399/index.htm
- Ishikawa, J. 2003. "Key features of national social dialogue: A social dialogue resource book" (Geneva, ILO, Infocus Programme on Social Dialogue, Labour Law and Labour Administration).
- Ministerio de Trabajo, Dominican Republic. Available at: www.set.gob.do/index.php?option=com_content&view=article&id=129%3Aen-cumbre-oit-max-puig-destaca-dialogo-social-para-enfrentar-crisis&catid=36%3Anoticias&Itemid=1
- United Nations General Assembly (MDG-1). 2010. "Follow-up to the outcome of the Millennium Summit: Draft resolution referred to the High-level Plenary Meeting of the General Assembly by the General Assembly at its sixty-fourth session Keeping the promise: united to achieve the Millennium Development Goals", A/65/L.1, 17 September, item 70, paragraph (d), p. 14.
- ILO-IMF joint conference, Oslo, 13 September 2010: joint statement by IMF managing director and ILO Director General underlining the importance of effective social dialogue in responding to the crisis
- <http://www.imf.org/external/np/sec/pr/2010/pr10339.htm>
- ILO resolution on sustainable enterprises
- Most relevant ACTEMP and ACTRAV publications and possibly also ITUC and IOE papers

Relevant ILO instruments adopted by the International Labour Conference

- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
- Consultation (Industrial and National Levels) Recommendation, 1960 (No. 113)
- Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144)
- Tripartite Consultation (Activities of the International Labour Organisation) Recommendation, 1976 (No. 152)

Conclusions concerning tripartite consultation at the national level on economic and social policy, International Labour Conference, 84th session, 1996

ILO Declaration on Fundamental Principles and Rights at Work", ILC 86th session, 1998

Resolution concerning tripartism and social dialogue, International Labour Conference, 90th session, 2002

ILO Declaration on Social Justice for a Fair Globalization, International Labour Conference, 97th session, 2008

ILO. 2009. "Recovering from the crisis: A Global Jobs Pact", Geneva.

ILO contact information

ILO/Industrial and Employment Relations Department (DIALOGUE)

4, route des Morillons
CH-1211 Geneva 22, Switzerland
Tel.: (+41 22) 799 7035
Fax: (+41 22) 799 8749
E-mail: dialogue@ilo.org
Web site: www.ilo.org/dial

ILO/Bureau for Employers' Activities (ACT/EMP)

4, route des Morillons
CH-1211 Geneva 22, Switzerland
Tel.: (+41 22) 799 7748
Fax: (+41 22) 799 8948
E-mail: actemp@ilo.org
Web site: www.ilo.org/employers

ILO/Bureau for Workers' Activities (ACTRAV)

4, route des Morillons
CH-1211 Geneva 22, Switzerland
Tel.: (+41 22) 799 7021
Fax: (+41 22) 799 6570
E-mail: actrav@ilo.org
Web site: www.ilo.org/actrav

ILO/Sectoral Activities (SECTOR)

4, route des Morillons
CH-1211 Geneva 22, Switzerland
Tel.: (+41 22) 799 7501
Fax: (+4122) 799 7050
E-mail: sector@ilo.org
Web site: www.ilo.org/sector

International Organisation of Employers
European Organisation of Employers (BusinessEurope)
International Trade Union Confederation
European Trade Union Confederation