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TRIPARTISM, EMPLOYERS AND THEIR ORGANIZATIONS

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A. Introduction

For the purposes of this Paper, the term 'tripartism' is used in the sense of a process (of cooperation) whereby governments

- consult and involve representatives of employers and workers in the formulation of socio-economic policies at the national and industry levels and in particular, on the legal framework of labour relations and labour-related policy;
- ensure that the social partners' views and concerns are reflected in the policies and laws formulated;
- provide the social partners with opportunities to contribute to socio-economic progress,

and thereby enable them to fulfil a wider role than one of only providing direct services to their members in relation to matters covered by the employment relationship.

The tripartite arrangements - both formal and informal - that may be adopted (consultation fora or bodies) are the means which give effect to the basic objectives of tripartism.

The following matters need to be emphasized in dealing with the subject matter:

- i. Development policies need to be negotiated in order to balance as many interests as possible.
- ii. For this purpose, we need to focus on ensuring the setting up of effective mechanisms. The practise of tripartism may be cosmetic or effective. If it is the former, it is a waste of time and resources.
- iii. Attitudes of governments are important in determining whether tripartism will be cosmetic or effective.
- iv. However, the capacity of the social partners to contribute to tripartite dialogue and to influence policy formulation are equally important in transforming what may otherwise be a cosmetic exercise into a meaningful and effective process. Therefore, all the tripartite constituents have a role to play in ensuring the effectiveness of tripartite consultative mechanisms.
- v. Tripartite consultative mechanisms are intended to influence the formulation of policy on the subject matter with a view to achieving development goals, and are effective only so long as the other conditions are satisfied.

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B. Some Characteristics in Asia Relevant to Tripartism

There is no universal model of tripartism that can be recommended to every country, because the form it assumes in each country must suit a variety of national characteristics. However, for tripartism to operate effectively there are certain basic and necessary conditions. These include the recognition of the right of employers and workers to belong to organizations of their own choosing, and the capacity of such organizations to influence policies on matters which affect the interests of those whom they represent.

In this connection, in the Asian-Pacific region, several features or characteristics impinge on the practise of tripartism:

- the business friendly environment in some countries in which employers operate, stands in marked contrast to the South Asian sub-region and many economies in transition. Consequently, there has been less need in such business friendly countries for employers to rely on tripartite dialogue and structures to influence the policy environment. Several such governments have shown an overriding concern for economic development as a necessary condition to creating a capacity to undertake other activities such as social programmes. These include the governments of Singapore, Malaysia and Korea.
- the relative weakness of unions in some countries in terms of membership and/or political influence;
- a single union structure in some countries such as in economies in transition, Singapore and Indonesia;

- the lack of effective bipartism engendered by a combination of factors such as strong government intervention in the labour market, weak unions and employers' organizations in some countries;
- in many economies in transition unions, which are often identified with the government, wield a great deal of influence so that it is the employers who need to use the tripartite process to influence policy to be more conducive to business growth and development;
- in some South Asian (Indian sub-continent) countries, employers have been operating in a relatively business unfriendly environment, while unions have generally wielded considerable political influence. Consequently, here too, it is the employers who have most needed the tripartite process to influence labour policy.

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C. The Role of Employers and Their Organizations

Role

Employers' organizations have two main roles. The first is to influence the policy and legal environment relative to labour market/labour-related issues so that they are conducive to business growth and development. This role is usually discharged in two ways:

- through tripartite dialogue and influencing their outcomes
- through bipartite dialogue separately with unions and government

The second role of an employers' organization - not relevant to the subject of tripartism - is the provision of direct services to members.

An employers' organization should be viewed as both a lobbying and service organization, with delivery through

- policies formulated by elected officials in consultation with the staff
- professionally skilled staff

It is important for employers' organizations to seek to achieve a broad consensus on national goals and on how best to achieve them. Where there is no such agreement, the policies as well as legal and other rules are likely to be the subject of substantial disagreement. For instance, privatization and the nature and extent of foreign investment are still the subject of disagreement; such disagreement may be due to different perspectives on national goals or on the way to achieve them.

Market and Transition Economy

In a market economy the role of providing direct services to members would usually be the more important role of the two, because the policy environment is - especially today - less likely to be a problem than competitiveness. This is only relative, and even in a market economy an employers' organization usually finds many issues on which it needs to lobby on behalf of its members.

In an economy in transition to a market economy, the legal and policy environment is a major issue for employers, so that the lobbying role is initially more important. Gradually, however, employers come to expect direct services from the employers' organization, in addition to lobbying for an environment conducive to their development.

Market Interventions

In whichever type of economy, but more particularly in economies in transition, there is an on-going debate on regulation versus deregulation of the labour market. The debate is often misconceived when expressed in this way, because the true issue is between regulations

- which obstruct the smooth functioning and development of the market, and
- those which are needed for the proper functioning of markets.

Therefore the issue is not whether or not there should be government intervention, but what interventions are appropriate and facilitative. In addition, there are minimum rules needed to promote social, and not only economic, objectives and progress.

The type of interventions needed for the proper functioning of the market are numerous. By way of example, they include:

- rules for the efficient operation of financial markets
- education and training policies
- industrial relations
- protection of property
- enforcement of contracts
- rule of law and a legal system consistent with a market system, e.g. a system of courts dispensing justice on objective principles
- rules against monopolies which also foster competition.

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D. Conditions For Effective Participation in Tripartism

Conditions

Employers' organizations can discharge their roles and participate effectively in tripartism only if certain pre-conditions are fulfilled.

First, employers need to unite and make their organization representative of employer interests. It is less effective where individual employers seek to influence policy and legislation. If the organization is not adequately representative, its views will tend to be ignored since they would not be considered as reflecting the views and concerns of employers as a whole.

Second, the organization should be highly 'professional' - it should have the means (staff, knowledge, skills) to prepare, support and debate positions. In order to be 'professional', a high level of staff skills and capacities is necessary. These requirements are also relevant in making the organization representative through increased membership. In a democracy, employers' organizations, unlike workers' organizations, will not be listened to or taken cognizance of

especially by politicians, on the basis of votes which the organization could influence. Therefore employers' organizations in such countries have to depend on their representativeness and professionalism, though no doubt their political connections (like those of unions) also count.

Third, labour and social policy, like economic policy, has to be formulated on relevant facts and data. Consequently, employers' organizations must possess the ability to support their positions with relevant data and information which is possible where such organizations have the capacity for research and information collection, and for analysis of that information. This is important not only to influence the other two constituents in a particular policy direction, but also to win public support for their position on any given issue.

Fourth, sound bipartite relations with representatives of employees enhance the possibility of achieving a consensus on national development goals, the means to achieve them, and on labour relations issues which are addressed through tripartite processes.

Fifth, governments should be willing to consult with employers and take into account their concerns.

Keys to Effectiveness

Therefore, some of the keys to the effectiveness of an employers' organization are the following:

- the ability to assess and influence the external environment, which requires a collaborative effort among members, the policy board and staff
- the identification and provision of services members need
- investment in staff (*i.e.* proper recruitment, training and development) to ensure skilled/professional staff
- the provision of up to date, well researched and well analysed information, the possession of knowledge and its application.

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E. Bipartism and Tripartism

The state of bipartite relations has an impact on the effectiveness of tripartism. However, it is necessary to be clear about what is meant by bipartism in this connection. In many Asian countries bipartism has been viewed as the relationship between each of the social partners separately with the government and public authorities. This view has been engendered by factors such as the power of some governments which have no equivalent in the West, the politicization of unions, or the power of employers in business friendly countries. This is not the sense in which the term bipartism is used. Bipartism in this context means the relationship (dialogue, dealings, negotiation) between the organizations of employers and employees, at the enterprise, industry and national levels.

Apart from the number of parties in the two relationships, there are several points of distinction between them. First, tripartism operates at the national, industry or provincial levels. It cannot

imply that tripartism operates at that level, in the same way that though the State prescribes rules relating to marriage, it does not mean that the marriage relationship involves State participation. Even though labour inspection is a process undertaken by the State with a view to ensuring the observance of laws and rules required to be observed by enterprises, or at the enterprise level, it is not tripartism. Bipartism, on the other hand, operates at all three levels, more particularly and frequently at the enterprise level.

A second distinction is based on the subject matter. In tripartite dialogue issues addressed are policy-oriented. This is also the case in bipartite relationships when they occur at the national or industry level. At the workplace level issues relate to the particular workplace, and are of a more practical nature.

Third, in regard to parties to the dialogue, tripartite processes involve representatives of employers and employees, as does bipartism at the national, industry or provincial level. But at the enterprise level, there is less scope for the involvement of employers' organizations, though such involvement does occur in countries where the employers' organization negotiates on behalf of the employer in respect of workplace issues such as disputes and strikes, wages and terms and conditions of employment. However, it may be argued that when an employers' organization enters such negotiations, the matter is taken out of the enterprise level. Bipartism can take place at the enterprise level even if there is no union. It is conceivable for bipartism to operate in the same enterprise with or without a union at different levels. As in the case of joint consultation in Japan, bipartism may operate in the form of workplace information-sharing through group activities without the union, and at the corporate level through joint consultation committees consisting of management and union representation.

There is an interplay and interaction between tripartism and bipartism. Since macro level decisions (which may be taken through tripartite consultation) have little value if they are not translated into practice at the enterprise level, bipartism can be a process for giving effect at the enterprise level to tripartite decisions. For example, Singapore's decision in the second half of the 1980s to introduce a flexible wage system was the result of a tripartite consensus. But implementation was determined on a bipartite basis, thus leaving employers and employees (and their representatives) to opt between a profitability or productivity model (or a combination of both). There are, of course, some tripartite decisions which do not call for implementation at the enterprise level, as in the case of social security schemes operative at the national level.

Bipartism is not a process intended only to give effect to tripartite decisions. With the increasing emphasis on workplace relations, macro level policies and decisions are influenced by what takes place, or what is needed to support practices, at the micro level. Further, the outcomes of bipartite relationships at the national, industry or provincial levels can have a major influence on tripartite consultation and macro level policies. A good example is Sweden, where in the 1960s and 1970s the labour market was regulated by the social partners, and national policies reflected their agreements on labour market issues. In its most advanced form, bipartism may lead to 'social contracts' as evidenced in some of the Scandinavian countries and Germany, which define the basic relationship and objectives of the social partners in the labour market.

Tripartism can become an important means to settle issues when bipartism does not result in a consensus. When such failure leads to disputes, the State's involvement (including through conciliation and adjudication) brings into play the tripartite process.

F. Employers: Tripartism or Bipartism?

While not in any way eroding the value of tripartite consultation and decisions on labour-related issues, in many industrialized countries there is an increasing emphasis on bipartism at the enterprise level. The main influences in this regard (such as globalization, technological change and declining unionization in some cases) are outside the scope of this Paper. In developing countries (especially in economies in transition) governments tend to assume a dominating role in the labour market. As such, there is less scope for bipartite decisions which exclude State participation. Where unions are weak, strong bipartite relations tend to exist between employers and governments. In the U.S.A. tripartism is hardly in evidence, and even bipartism operates mostly at the enterprise level.

The trend towards increased bipartism is reflected in several movements. First, while wage decisions at the national or industry level influenced enterprise level outcomes in the past, there is now greater emphasis on enterprise level wage decisions, especially with the growing interest in flexible wages. However, the concept of minimum wages which operates in many countries provides a basis for a tripartite consideration of such wages.

Second, the increasing human resource management initiatives taken by employers enhance the focus on the enterprise and bipartism at that level. This is obvious from the nature of these initiatives, some of which are listed below:

- consultation and communication systems
- work reorganization
- multi-skilling
- job enlargement
- team work and autonomous work groups
- job rotation
- flexible pay
- productivity
- types of contracts (*e.g.* outsourcing, homework)

Third, even in the area of employee training, employers who, in the past, looked to the government and public training institutions, are having to invest more in worker training and to ensure that such training focuses on enterprise needs.

Fourth, the classical form of bipartism outside the enterprise level, namely, collective bargaining, has contributed little to enhancing the capacity to increase wages. It is also looked upon as being conflictual. As such, other mechanisms at the enterprise level (*e.g.* joint consultation and two-way communication) are considered necessary to make the collective bargaining process work.

G. The Role of the ILO in Strengthening Employers' Organizations

The activities of the ILO with employers' organizations are important to the latter's capacity to participate in tripartite dialogue, because strong organizations of the social partners are a prerequisite to effective tripartism. However, strengthening employers' organizations (which is one of the core mandates of the ILO as also is strengthening workers' organizations) is not only for the purpose of enhancing their capacity to participate effectively in tripartite dialogue. It also has the following important objectives:

- improving their capacity to increase their membership so that they would be representative of employers
- increasing their capacity to influence the policy environment relevant to business growth and development, which they do not necessarily have to undertake only through a tripartite process
- increasing their capacity to provide professional services to members in labour-related areas
- increasing their capacity for bipartite relationships and negotiations.

So far as employers' organizations are concerned, there is no technical assistance as such that could be rendered by the ILO in the area of tripartism. The reason is that tripartism is a process of consulting and working together with the other social partners to achieve a consensus on socio-economic, in particular, labour-related, issues. For this process to be effective, the social partners should be strong, independent and possess the capacity to ensure that their contributions and voice have an impact on the consultations and discussions. Therefore technical assistance to employers' organizations for the development of tripartism is aimed at enhancing the organizations' professional and technical competence and in making available information on tripartite arrangements in other countries. Such assistance would strengthen their capacity to

- influence the policy environment in a direction conducive to business development and growth, balanced with concern for equity and social justice;
- participate in tripartite dialogue and institutions to achieve a consensus consistent with employer interests;
- develop a well-analysed information and research base essential for the possession of a capacity to influence policies on the merits rather than by the exercise of political influence only;
- develop a high level of skills in the tasks the organization undertakes - essential for the organization's credibility in regard to whatever position it espouses;
- develop sound bipartite relations with representatives of employees, which is essential for effective tripartism.

Finally, strengthening employers' (as well as workers') organizations is not tripartism. Tripartism is a process and means through which the social partners contribute to national development, and in promoting and strengthening tripartism, the ILO facilitates the involvement of the social partners in the process. Tripartism is not a "technical" activity. On the other hand, strengthening the social partners is an activity designed to enhance their capacity to participate in tripartite processes, to negotiate with each other on a bipartite basis,

influence the policy environment by other means, and to provide professional services to their members. Such strengthening of employers' (and workers' organizations) would, in the long run, also strengthen the tripartite process and contribute to its effectiveness.

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For further information, please contact Bureau for Employers' Activities (ACT/EMP).
