

BALI DECLARATION POLICY BRIEF NO. 11 | 2018 UPDATE

STRENGTHENING SOCIAL DIALOGUE AND TRIPARTISM

BALI DECLARATION PRIORITY:

Strengthening social dialogue and tripartism based on full respect for freedom of association and collective bargaining, and the autonomy and independence of workers' and employers' organizations

The ILO and its tripartite constituents believe that social dialogue is the preferred mechanism for sharing the benefits of economic progress, promoting better living and working conditions, and achieving social justice.

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 been a tool for: resolving major economic and social issues; advancing social and industrial peace and stability; boosting economic performance and social progress; and promoting representative democracy.

Tripartism and social dialogue are integral components of the Decent Work Agenda of the ILO and essential channels for achieving it. Social dialogue contributes to creating conducive environments for the promotion of better wages and working conditions, creating sustainable enterprises and fostering social peace and justice. Together, these elements can push societies towards achievement of multiple targets under Sustainable Development Goals (SDGs) related to decent work and economic growth (SDG 8), reduced inequalities (SDG 10), and peace, justice, and strong institutions (SDG 16).

The Bali Declaration was adopted at the 16th Asia and Pacific Regional Meeting of the ILO on 9 December 2016. The Declaration serves as a call to action for governments, workers' and employers' organizations in the region to do more to promote inclusive growth, social justice and decent work. This series of Policy Briefs aim to focus attention on the priorities for policies and actions at national level and by the ILO as defined in the Declaration.



Concrete policy changes to boost incomes of the low paid, improve their labour and social protection and promote collective bargaining are among the antidotes to the rise in populism that we are witnessing.

– Guy Ryder, ILO Director-General

DEFINING THE CHALLENGE

Social dialogue takes many forms. It can exist as a tripartite process, with the government as an official party to the dialogue, or it may consist of bipartite relations only between workers and employers (or trade unions and employers' organizations), with or without indirect government involvement. Concerted search for a consensus can be informal or institutionalized, and often it is a combination of the two. It can take place at the global, national, regional or local level. It can be inter-sectoral, sectoral or at enterprise level.

In many countries in Asia and the Pacific, 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. In many countries in the region, the institutions for social dialogue exist through temporary or ad hoc bodies that do not function as effectively as would institutions with long-term mandates.

Among the biggest challenges facing social dialogue is the deficit in respect for fundamental principles and rights at work, in particular for workers rights to organize. Trade union density in the region remains low. Workers' right to organize is hampered by external factors, including restrictive legislation, the large share of employment in agriculture where workers are generally least organized, widespread informal employment and anti-union attitudes among employers and even governments. Trade union multiplicity and fragmentation, as well as inadequate technical capacity and financial base, can also contribute to eroding their influence.

Collective bargaining has also come under pressure in many countries following the decline in union membership rates. There are concerns that these trends may accelerate in the future with the rise of the platform economy and other "new forms" of employment (ILO, 2018a). The higher diversity of working arrangements, application of labour rights to "employees" rather than "workers", shifts towards shareholder or market-oriented corporate governance and the emergence of global production networks, all present challenges for labour relations and collective bargaining (Johnston and Land-Kazlauskas, 2018).

The overriding challenge for countries in the region therefore is to engineer effective social dialogue frameworks that are not just inclusive but also broad enough in scope to retain relevance in the rapidly changing world of work. While there cannot be a "one size fits all" approach to creating social dialogue systems across countries given the considerable

diversity in institutional arrangements, legal landscapes, and practices of social dialogue, the underlying core principles that must guide their formulation, i.e. freedom of association and the right to collective bargaining, remain the same. These principles are guided by two core ILO Conventions: Freedom of Association and Protection of the Right to Organise Convention, 1949 (No. 87) and Right to Organize and Collective Bargaining Convention, 1949 (No. 98). In Asia and the Pacific, still only 18 countries (of 39) have ratified C.87 and 21 countries have ratified C.98.

AREAS OF ACTION AND LESSONS LEARNED

Countries of the Asia-Pacific region face common challenges and can therefore gain lessons from each other. This section highlights national good practices in the areas of improving social dialogue and strengthening capacities of tripartite actors.

Exchanging experiences and good practices in industrial relations

With the support of Japan's Ministry of Health, Labour and Welfare and the ASEAN Secretariat as part of the ASEAN-ILO/Japan Industrial Relations Project, the Eighth Tripartite Regional Seminar on Industrial Relations in the ASEAN Region was held on 8-9 November 2017 under the theme: "Promoting sound industrial relations through social dialogue and implications of changing forms of employment for industrial relations in the ASEAN region". The tripartite regional seminar and subsequent report (ILO, 2018b) offered an opportunity for participants to discuss the issues concerning current situation of industrial relations and social dialogue within enterprises. Among the topics on the agenda were non-standard forms of work and industrial relations in small and medium-sized enterprises.

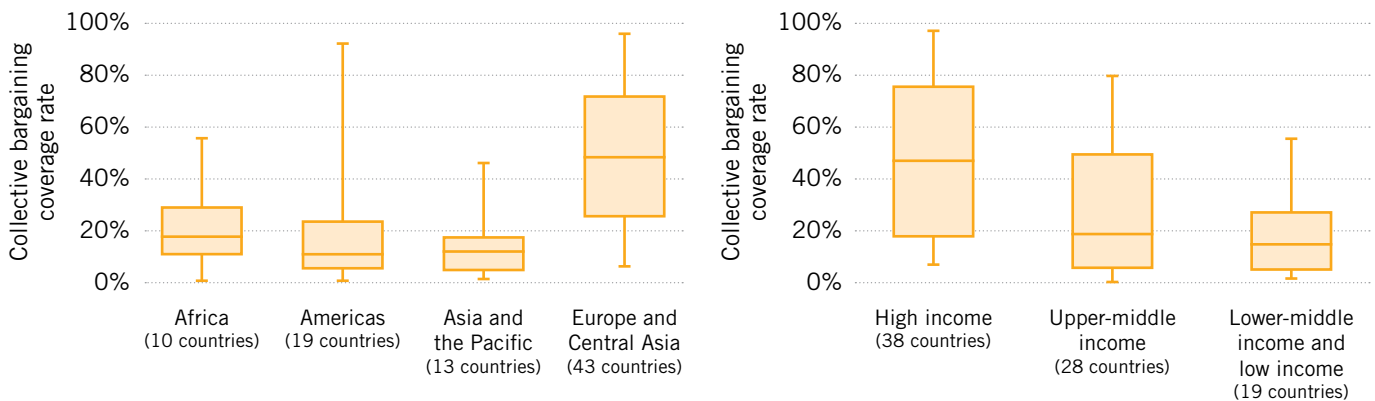
As a follow up to the regional meeting a country-level workshop took place in Indonesia. The "Industrial Relations Tripartite Forum and Workshop: Shaping the Future of Industrial Relations amidst Changing Forms of Employment & Industry Transformations in Indonesia" was held in Jakarta on 19 July 2018.

Two publications looking at industrial relations and collective bargaining in Pakistan were issued in 2018 (in English and Urdu):

- *A profile of trade unionism and industrial relations in Pakistan* (Islamabad) looks at the trade unionism and industrial relations in Pakistan from historic perspective and provides updates on the profiles of national and provincial level labour federations. This report is an output of the EU-funded "Sustaining Strengthened National Capacities to Improve ILS Compliance and Reporting in Relevant EU Trading partners" project.
- *Good practices in collective bargaining: A compilation of case studies from Pakistan* (Islamabad). This report is an output of the "Sustainability and Standards in Global Supply Chains in Asia", financed by the Government of Germany.

ASIA AND THE PACIFIC CONTINUES TO RANK LOW WHEN IT COMES TO COLLECTIVE BARGAINING

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



Source: ILO and OECD (2018): *Building trust in a changing world of work: The Global Deal for Decent Work and Inclusive Growth Flagship Report 2018*.

Sectoral approaches

Efforts to strengthen the mechanisms of social dialogue are frequently taken at the sector level. Recent examples include:

In July 2018, a workshop titled “Tripartite Dialogue for Promoting Effective Implementation of Collective Bargaining in Oil Palm Sector in Medan” was held in Indonesia, with the aim to promote good-faith collective bargaining among social partners and key stakeholders in Medan’s oil palm sector.

In June 2018, a workshop titled “Trade Union workshop on Just Transition Guidelines of ILO for Sustainable Economies and Societies for All: Trade union agenda and proposals for social dialogue in mining sector” was held in the Philippines. The aim was to build technical capacities of workers’ organizations and to develop proposals for social dialogue for policy development and advocacy focused on promoting decent work for workers in the mining sector. A similar workshop was held for the Philippines constituents linked to the transport sector in July. The aim of the dialogue was to build a better understanding of the PUV (public utility vehicle) modernization programme and to discuss interventions that would ensure a just transition for all stakeholders.

Numerous projects and programmes are concerned with enhancing social dialogue among stakeholders in the garments sector. Among these are the German Ministry for Economic Cooperation and Development funded Labour Standards in Global Supply Chains: A Programme of Action for Asia and the Garment Sector, currently in its third phase; Better Work, the ILO-International Finance Corporation collaboration that operates in four countries in the region: Bangladesh, Cambodia, Indonesia and Viet Nam; and the “Improving labour relations for decent work and sustainable development in the Myanmar garment industry” programme in Myanmar, funded by Swedish International Development Cooperation Agency (SIDA) and H&M.

Effective social dialogue for wage fixing

A number of countries in the region such as Australia, China, Japan, Korea, Cambodia, Lao People’s Democratic Republic, Malaysia, Myanmar, Viet Nam, and Philippines, among others, rely on tripartite consultations and decision-making to establish national minimum wages. In order to balance the concerns around minimum wage fixing potentially crowding out wage fixing through collective bargaining, it is important to maintain a healthy balance between statutory minimum wage fixing and collective bargaining. See also Bali Declaration Policy Brief No. 10 on “Tackling inequalities and boosting wage growth”.



In times of economic and political uncertainty, dialogue between the political, business and the world of work is more and more important.

– Guy Ryder, ILO Director-General

WHERE DO WE GO FROM HERE?

Strengthening institutions and actors in social dialogue can act as important catalysts to improved working conditions, increased productivity and inclusive development. The ILO will continue to work with constituents in building and strengthening social dialogue systems around the region, which will become all the more relevant as countries face the complexities foreseen with the future of work. A number of countries in the region are yet to ratify either one or both of the two core ILO Conventions that relate to social dialogue, i.e. Freedom of Association and Protection of the Right to Organise Convention, 1949 (No. 87) and Right to Organize and Collective Bargaining Convention, 1949 (No. 98). Efforts towards expanding the ratification of these fundamental conventions will continue. See also Bali Declaration Policy Brief No. 9.

Some current projects include:

- *Promoting social dialogue and harmonious industrial relations in Bangladesh ready-made garment industry (2015-2020)*: Following major garment factory accidents in 2012 and 2013, the ILO developed a comprehensive programme to support the Bangladeshi government's efforts to engage in a much-needed reform process, to improve safety, working conditions and rights at work in this sector, including workers' and employers' right to organise, bargain and dialogue at the workplace.
- *Improving labour relations for decent work and sustainable development in the Myanmar garment industry (2016-2019)*: ILO project in Myanmar aims to contribute to the reduction of poverty and the empowerment of women in Myanmar by improving labour relations, social dialogue and gender equality in the garment industry.
- *Rights at Work: promoting harmonious labour relations through collective bargaining in China (2016-2019)*: The project aims to build the institutional capacity of Chinese workers, employers, and their respective organizations to carry out voluntary collective bargaining and to resolve labor disputes efficiently and effectively.
- *Support for Labour Law and Industrial Relations Reform in Malaysia (2016-2019)*: The overall objective of this project is effective governmental development and enforcement of new or existing laws, decrees or regulations, and other legal instruments.
- *New industrial relations framework in respect of the ILO Declaration on Fundamental Principles & Rights at Work (NIRF/FPRW) in Viet Nam (2016-2019)*: The project's development goal is to contribute to sustainable and inclusive economic growth in Viet Nam by building effective industrial relations institutions and practices based on freedom of association and effective recognition of the right to collective bargaining.
- *Labour Standards in Global Supply Chains: A Programme of Action for Asia and the Garment Sector (2014-2018)*: This project is designed to produce knowledge and tools which can be used by the social partners at the factory, national, regional and global levels to improve wages and working conditions throughout the globalized supply chain. Cambodia, Indonesia and Pakistan are particular beneficiary countries, within the Asian regional and global contexts.
- *Sustaining Strengthened National Capacities to Improve ILS Compliance and Reporting in Relevant EU Trading Partners (2018-2020)*: This intervention will continue to assist ILO's tripartite constituents in Pakistan to strengthen their efforts towards better compliance and reporting of the ILO's fundamental conventions.

In 2016, the "Global Deal for Decent Work and Inclusive Growth" was launched as a multi-stakeholder partnership which brings together governments, businesses and employers' organisations, trade unions, international organisations and associations representing civil society around a shared objective of harnessing the potential of social dialogue and sound industrial relations as instruments for promoting decent work and job quality in line with Sustainable Development Goal 8. In 2018, the ILO and the Organisation for Economic Co-operation and Development (OECD) co-authored the Global Deal's first flagship report (ILO and OECD, 2018). The document can be useful to harness further action on strengthening the foundations of social dialogue for promoting sustainable development and inclusive growth in Asia and the Pacific.

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