Preface

The primary goal of the ILO is to promote opportunities for decent and productive work, accessible for all men and women in conditions of freedom, equity, security and human dignity.

The ILO’s concept of decent work is both an important goal in itself and an instrument of development and poverty reduction. The concept of decent work therefore needs to be widely disseminated, understood, and debated, especially by those directly concerned with labour and social issues. In this way, the concept will increasingly inform public policy in the national and international arenas.

This manual presents an introduction to the concepts, strategies and policies of decent work in simple terms. It is based on the following five studies published by the International Institute for Labour Studies in a recent volume entitled, Decent Work: Objectives and Strategies (Ghai 2006):

- Dharam Ghai, Decent Work: Universality and Diversity,
- Martin Godfrey, Employment Dimensions of Decent Work: Trade-offs and Complementarities,
- Ashwani Saith, Social Protection, Decent Work and Development,
- Bob Hepple, Rights at Work, and
- Sarosh Kuruvilla, Social Dialogue for Decent Work.

The manual is divided into five modules, each of which contains units on specific topics relating to decent work.

Module I introduces the concept of decent work. It sets out the dimensions and components of decent work and highlights the role of decent work as a goal and instrument of development.

Module II focuses on the employment dimensions of decent work and the trade-offs and complementarities between them.

Module III deals with social protection decent work. It focuses on aspects such as the evolution of social protection mechanisms and indicators, and strategies for extending social protection in developing countries.
Module IV focuses on workers’ rights and decent work, particularly in relation to developing countries. It gives an historical and comparative context to the basic concepts of rights at work, and highlights key issues relating to such rights, and to assess the extent to which workers’ rights are respected.

Module V focuses on social dialogue as a component of decent work and on how it has been understood and measured to date. It presents a methodology that would allow for a broader and more sensitive understanding of social dialogue, particularly in relation to the vast majority of workers who are not currently represented.

Each module contains a number of tables and text boxes. The figures in the tables have been rounded to the nearest whole number.

These modules were originally prepared by the V. V. Giri National Labour Institute (VVGNLI) in India, with contributions from many staff and faculty members. The Institute would like to record its appreciation of Dr. Uday Kumar Varma, Director, VVGNLI, and his colleagues who took on this challenging task. The VVGNLI team received advisory services from a panel of experts, which included Professors G.K. Chadha, T.S. Papola, S.C. Srivastava, and Seeta Prabhu. Prabhu Mohapatra, Ravi Srivastava, R.A. Mittal, John Woodall, Sukti Das Gupta, Nandrajog, Amerjeet Kaur, Kamala Sankaran, and K. Nagaraj provided useful comments on a preliminary draft of the modules.

Ms. Deborah Eade edited the modules into the present format.

*Education Programme*

*June 2006*
## Glossary

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFL-CIO</td>
<td>American Federation of Labor-Congress of Industrial Organizations</td>
</tr>
<tr>
<td>AIDS</td>
<td>Acquired Immune Deficiency Syndrome</td>
</tr>
<tr>
<td>CALPERS</td>
<td>California Public Employees Retirement System</td>
</tr>
<tr>
<td>CBO</td>
<td>Community-based Organization</td>
</tr>
<tr>
<td>CEARC</td>
<td>Committee of Experts on Application of Recommendations and Conventions</td>
</tr>
<tr>
<td>COFA</td>
<td>Committee on the Freedom of Association</td>
</tr>
<tr>
<td>CRS</td>
<td>Cost Reduction Strategy</td>
</tr>
<tr>
<td>EPZ</td>
<td>Export Processing Zone</td>
</tr>
<tr>
<td>FLA</td>
<td>Fair Labor Association</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GRI</td>
<td>Global Reporting Initiative</td>
</tr>
<tr>
<td>HIV</td>
<td>Human Immuno-Deficiency Virus</td>
</tr>
<tr>
<td>ICFTU</td>
<td>International Confederation of Free Trade Unions</td>
</tr>
<tr>
<td>ILC</td>
<td>International Labour Conference</td>
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<tr>
<td>ILO</td>
<td>International Labour Organization</td>
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<td>IR</td>
<td>Industrial Relations</td>
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<tr>
<td>NAALC</td>
<td>North American Agreement on Labor Cooperation</td>
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<td>NE</td>
<td>National Expert</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>NLRB</td>
<td>National Labour Relations Board</td>
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<td>NSDDS</td>
<td>National Social Dialogue Data Sheets</td>
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<tr>
<td>NSSO</td>
<td>National Sample Survey Organization</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
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<tr>
<td>OPIC</td>
<td>Overseas Private Investment Corporation</td>
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<tr>
<td>SEWA</td>
<td>Self-Employed Women’s Association</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<td>UNHCR</td>
<td>United Nation High Commissioner for Refugees</td>
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<tr>
<td>USILAB</td>
<td>US International Labor Affairs Bureau</td>
</tr>
<tr>
<td>USTR</td>
<td>US Trade Representative</td>
</tr>
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MODULE I

DECENT WORK: AN INTRODUCTION
DECENT WORK: AN INTRODUCTION

1.1. Globalization and Decent Work

Globalization and increasing economic interdependence have had profound impacts on the world of work, but its potential benefits have been far from evenly distributed. Poverty and social exclusion are becoming deeper and more widespread, and many countries have experienced a reduction in employment growth, often accompanied by a deteriorating quality of employment and social service provision. Many millions of people work in the informal economy in varying degrees of precariousness. In some developing countries, they constitute the vast majority of working people. Given the central importance of employment in counteracting exclusion and deprivation, the Decent Work approach offers a framework for ensuring a fair and just distribution of the benefits of the global economy.

1.2. What is Decent Work?

The ILO Director-General Juán Somavia introduced the concept of decent work in his first report to the International Labour Conference in 1999, in the following words:

_The primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work under conditions of freedom, equity, security and human dignity._

In the context of rapid transformations in the world of work, the concept of decent work offers a unified framework for understanding and addressing all aspects of work and labour. It also serves to put a human face on the global economy.

The ILO’s fundamental concern with work conditions and social protection had acquired a sharper edge with the inclusion of the questions of poverty and employment generation in the 1970s. The ILO’s subsequent focus on how the development process itself generated social exclusion and marginalization along gender, ethnic, and religious lines, helped to introduce the issues of rights and political participation into the development debate.

Building on these previous contributions, the Decent Work approach offers a holistic perspective on the issues of development and
deprivation, and draws together the four main areas of the ILO’s work, outlined below.

1.3. Decent Work: Dimensions and Components

The definition of decent work contains six dimensions:

- Opportunity to work
- Productive work
- Freedom at work
- Equality at work
- Security at work
- Dignity at Work

These six dimensions are based on the following four components:

- Employment
- Social Protection
- Workers’ Rights
- Social Dialogue

1.4. Decent Work: A Holistic and Integrated Approach

The concerns and components of decent work have always been central to labour issues, so what is new about the decent work approach?

- It offers a single framework to understand and approach all aspects of work and labour and so highlights their interdependence;
- It helps to identify complementarities and conflicts or trade-offs among its different components;
- It makes it easier to apply universal principles to highly diverse situations; and
- It highlights both traditional concerns and emerging challenges in an accessible way.
1.5. **Decent Work and Development**

The concept of decent work makes it possible to bring several issues related to the world of work into the development debate in a focused and consistent manner. For example:

- It goes beyond the domain of economic issues and directly addresses social concerns;
- It incorporates the agendas of poverty reduction, human development, and social integration;
- It is fundamentally concerned with the status, rights, and role of all workers, whether in the formal sector or the informal economy, organized or not;
- It reasserts the role of employment as a development policy instrument;
- It stresses the need to improve all aspects of work in the informal economy;
- It raises the issue of gender equality and equity in relation to work; and
- It challenges the structures and processes that reproduce the cycles of deprivation and exclusion.

1.6. **Decent Work and Economic Development**

The attainment of decent work for all is influenced by the economic structure and labour market within each country. This is clearly illustrated by comparing the characteristics of decent work in relation to developed or industrialized economies, transition economies, and developing economies.

1.6.1 **Developed Economies**

Developed economies are generally characterized by the following traits:

- High per capita income,
- Dominance of service-sector employment (60-89 percent),
- High share of labour force in wage employment (75-90 percent),
• High proportion of GDP dedicated to social security (pensions, health care, employment, injury, sickness, family, housing, and social assistance provision) (20-30 percent),
• Negligible presence of extreme destitution,
• Relatively significant presence of trade unions, and
• Prominence of collective bargaining as a means of determining wages and employment conditions.

While the specific circumstances change over the years, these broad features are illustrated in Table 1.

**Table 1: GDP, Government Expenditure and Employment**

*Selected OECD Countries: 1996*

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP (ppp) US$</th>
<th>Total govt. expenditure (% of GDP)</th>
<th>Govt. social security expenditure (% of GDP)</th>
<th>Wage employment (% of labour force)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>28 023</td>
<td>23</td>
<td>17</td>
<td>92</td>
</tr>
<tr>
<td>Norway</td>
<td>23 464</td>
<td>39</td>
<td>29</td>
<td>91</td>
</tr>
<tr>
<td>Japan</td>
<td>23 158</td>
<td>44</td>
<td>33</td>
<td>82</td>
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<tr>
<td>Denmark</td>
<td>22 695</td>
<td>44</td>
<td>33</td>
<td>91</td>
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<tr>
<td>France</td>
<td>21 585</td>
<td>37</td>
<td>30</td>
<td>89</td>
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<tr>
<td>Australia</td>
<td>21 434</td>
<td>29</td>
<td>16</td>
<td>85</td>
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<tr>
<td>Netherlands</td>
<td>20 503</td>
<td>51</td>
<td>27</td>
<td>88</td>
</tr>
<tr>
<td>UK</td>
<td>19 917</td>
<td>44</td>
<td>23</td>
<td>87</td>
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<tr>
<td>Ireland</td>
<td>18 684</td>
<td>43</td>
<td>19</td>
<td>80</td>
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<tr>
<td>New Zealand</td>
<td>17 758</td>
<td>36</td>
<td>19</td>
<td>79</td>
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<tr>
<td>Spain</td>
<td>15 499</td>
<td>39</td>
<td>22</td>
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<tr>
<td>Portugal</td>
<td>13 535</td>
<td>38</td>
<td>19</td>
<td>72</td>
</tr>
</tbody>
</table>


**1.6.2 Transition Economies**

The transition economies include the former Soviet Bloc countries that are moving from centrally planned to market economies. The key features of the planned structures included state ownership of productive assets, full employment and guaranteed work, state-sponsored comprehensive social security, state-controlled trade unions, and so on.

The disintegration of the centralized structures and the subsequent transitions exhibit wide variations between different countries in the level of development, economic performance, and social policies.
In terms of overall economic performance, the Central European countries have done relatively well. These are characterized by:

- Predominance of wage employment (70-90 percent),
- Considerable increase in the importance of the informal economy,
- High levels of government expenditure (30-40 percent),
- Dismantling of comprehensive social security provision such as pensions and other benefits to more targeted, needs tested, and private systems,
- Declining trade union membership, and
- Declining state control of trade unions.

These features are illustrated in Table 2.

### Table 2: GDP, Government Expenditure and Employment

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP (ppp) US $</th>
<th>Total govt. exp. (% of GDP)</th>
<th>Govt. social security expenditure (% of GDP)</th>
<th>Wage employment (% of labour force)</th>
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<tr>
<td>Hungary</td>
<td>6 952</td>
<td>43*</td>
<td>22</td>
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<td>Poland</td>
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<td>Romania</td>
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<td>32</td>
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<td>62</td>
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<tr>
<td>Russian Federation</td>
<td>4 269</td>
<td>27</td>
<td>10</td>
<td>90</td>
</tr>
<tr>
<td>Latvia</td>
<td>3 649</td>
<td>30</td>
<td>19</td>
<td>85</td>
</tr>
</tbody>
</table>

**Source:** Ghai 2002a. *Data from 1998.

### 1.6.3 Developing Economies

Most of the world’s population lives in developing countries. While there is significant diversity among them in terms of their economic structures, they share some basic features:

- Predominance of informal economy with high levels of self employment (70-90 percent in LDCs),
- Existence of dualistic economic and labour market structures,
- High proportion of workforce in agriculture (40-70 percent in LDCs),
- Extensive underemployment,
- Widespread absolute poverty,
Low government expenditure in relation to GDP (10-25 percent in LDCs),
- Low levels of social security expenditure, and
- Low trade union density.

These features are illustrated in Table 3.

### Table 3: GDP, Government Expenditure and Employment
Selected Developing Countries: 1996

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP (ppp) US$</th>
<th>Total govt. exp. (% of GDP)</th>
<th>Govt. Soc. Sec. exp. (% of GDP)</th>
<th>Wage employment (% of labour force)</th>
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</thead>
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<td>81 (1995)</td>
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<td>Mexico</td>
<td>7,983</td>
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<td>4</td>
<td>60</td>
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<td>Brazil</td>
<td>6,491</td>
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<td>62</td>
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<td>Costa Rica</td>
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<td>Egypt</td>
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<td>50 (1992)</td>
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<td>Sri Lanka</td>
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<td>India</td>
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<td>21 (1994)</td>
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<td>Ethiopia</td>
<td>504</td>
<td>4</td>
<td>7 (1994)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Ghai 2002a.

### 1.7 The Universal Validity of Decent Work

The wide diversity in economic structures throughout the world raises the question of whether the concept of decent work is universally valid. However, the basic features of decent work are applicable to all working people in all societies irrespective of a country’s wealth. Decent work promotes development and development reinforces the principles and practice of decent work. Some basic features relevant to discussion are the following:

- All jobseekers, irrespective of their status or skills, want to obtain employment;
All workers, whether in state enterprises, the formal or informal economy or self-employment, unionized or not, seek levels of remuneration either in cash or kind that provide at least a decent standard of living for themselves and their dependants;

All workers wish to work in safe and healthy conditions;

All workers need a secure livelihood for themselves and their dependants; and

Workers in all categories of employment seek the right to form their own organizations to defend and promote their interests and to participate in decisions that affect them as workers and as members of the broader society.

Clearly, the means by which the goals of decent work are attained will vary depending on the structural and institutional characteristics of the economy, and the nature of the political system. This diversity is one reason for the need for appropriate indicators to measure the extent to which a specified objective or outcome has been achieved. In addition to their use in assessing performance and evaluating progress over time, indicators allow for comparisons of competing assumptions about how the different components of decent work relate to each other.
MODULE II:

EMPLOYMENT DIMENSIONS OF DECENT WORK
**Introduction**

Employment refers to work of all kinds, whether in the formal sector or in the informal economy. Decent work depends on the availability of employment, but goes beyond this to encompass the quality as well as the quantity of employment. The quality of work relates to matters such as fair and equal treatment, the ability to balance family and work, and stability and safety at work.

The concept and the basic elements of decent work are universal, but their relative importance varies from one country or context to another. Employment links and integrates the other dimensions of decent work particularly in relation to work opportunities, remunerative or productive work, and conditions of work.

Appropriate measurements of decent employment allow for a more detailed assessment of country’s comparative performance and its progress over time. This module explains the concept of decent work, its various dimensions, and the ways in which these dimensions inter-relate. It then examines possible indicators for measuring and monitoring different dimensions of decent work and suggests policy options for various types of economy. It is divided into the following units:

- Unit I  Employment dimensions of decent work
- Unit II  Trade-offs and complementarities
- Unit III  Indicators of decent employment
- Unit IV  Framework and policy options for different countries
Unit I. Employment Dimensions of Decent Work

I.1. Elements of Decent Employment

Not all employment is decent employment. Decent employment ensures that workers have adequate work and fair working conditions. Jobs alone are not enough. They must be of acceptable quality.

I.2. Work Opportunities

Unemployment is a major concern in most economies. The ILO estimates that about 400 million jobs are needed to absorb new entrants into the world’s labour market by 2012. Two important aspects of a person’s opportunity to obtain decent work are that work must be available and that it must be freely chosen.

The first aspect refers to the existence of employment opportunities for all those who are available for and seeking employment. Work encompasses all forms of economic activity, including self-employment, unpaid family work, and wage employment in the informal economy. However, as Box 1 illustrates, overall employment opportunities are tending to shrink irrespective of the stage of a country’s economic development.

Box 1: Global Unemployment Trends

<table>
<thead>
<tr>
<th>The first aspect refers to the existence of employment opportunities for all those who are available for and seeking employment. Work encompasses all forms of economic activity, including self-employment, unpaid family work, and wage employment in the informal economy. However, as Box 1 illustrates, overall employment opportunities are tending to shrink irrespective of the stage of a country’s economic development.</th>
</tr>
</thead>
<tbody>
<tr>
<td>In 2003, there were an estimated 185.9 million people who were unemployed globally. There was a negligible decrease in overall unemployment in 2003, from 6.3 percent in 2002 to 6.2 in 2003. Indeed, over the past ten years, only industrialized economies experienced a notable decline in unemployment, while transition economies’ unemployment rates increased from 6.3 to 9.2 percent, and all other regions remained stable. Similarly, employment to population ratios did not change considerably in most regions. In North Africa and the Middle East, where there was a noteworthy increase in employment to population ratios over the last ten years, this can largely be attributed to the entry of women into the labour force in these regions.</td>
</tr>
</tbody>
</table>


The second aspect is that the work that is available should be freely chosen and not forced on individuals. A range of ILO Conventions call for the elimination of all forms of forced or bonded labour or work that is performed in slave-like conditions of slavery. By definition, these conditions are incompatible with the principle of decent work.
Not all work that is carried out by children is deemed unacceptable. The ILO Minimum Age Convention, 1973 (No. 138) and the Worst Forms of Child Labour Convention, 1999 (No.182) set the international standards on child labour.

I.3. Productive/Remunerative Work

Individuals work or seek work in order to earn money. The level of remuneration should be enough to ensure that:

- Workers and their dependants enjoy an acceptable livelihood or standard of living;
- Enterprises and national economies are competitive; and
- Development is sustainable.

All workers should be able to attain a ‘living wage’, which is defined as either a subsistence wage, or a wage sufficient to provide the minimum necessities and comforts essential to an acceptable standard of living. The definition of ‘minimum’ varies greatly from one society to another. A subsistence wage suggests a level of income required in order to remain above the poverty line.

Reasonable hours of work are an element of decent employment. A living wage should be attainable without the need to work excessive hours. A long-established benchmark is the principle of an 8-hour day or a 48-hour week. In the formal sector, excessive hours are a signal of inadequate hourly pay.

The informal economy is highly heterogeneous, encompassing an enormous range of economic activities. However, a large percentage of production units in the informal economy are subsistence-level activities. These are typically characterized by low levels of income, productivity, skills, technology and capital, and by weak linkages with the rest of the economy.

Decent work also addresses the continued provision of adequate income, such as whether individuals are able to maintain or improve their work and income in the future. Opportunities for appropriate training and further education not only enhance the lives of individual workers, however, but for all future workers. A productive and competitive economy needs a well-trained and adaptable workforce. Previous systems of skills development were based on stable labour market institutions and on the expectation of reasonably predictable careers following from education and training choices. As demands change, the content and coverage of existing training systems need to adjust.
1.4. Conditions of Work

Conditions of work encompass:

- Fair treatment in employment,
- Ability to combine work and family life,
- Stability and security at work, and
- Workplace health and safety.

1.4.1. Fair Treatment in Employment

Labour markets are segmented on the basis of gender, race, and geographical region. The differential treatment of men and women is a long-standing and major concern. Gender bias is not necessarily overt in the sense of disqualifying workers on the basis of sex. Almost half of the world’s workers are in gender-biased occupations where at least 80 per cent of workers are of the same sex. This form of labour market rigidity reduces employment opportunities, especially for women.

Occupational segregation is also associated with lower wage rates for women, as occupations in which women are clustered typically have lower pay, lower status, and fewer possibilities for advancement as compared to typical male occupations. Gender bias at work often has its roots in gender bias in educational opportunities.

Gender bias at work and the assumptions that underpin it often make it hard to establish the comparative value of male and female occupations. This is why the ILO Convention on Equal Remuneration (No. 100), 1951 recognizes that the principle of equal pay for work of equal value cannot be applied under general conditions of inequality between women and men, and underlines the need for additional measures to promote gender equality in the workplace.

Differential treatment may also exist on the basis of race, ethnic identity, religion, or social class. International migrant workers are particularly vulnerable, since national laws and policies seldom afford them adequate protection. Migrant workers are forced to work long work hours in poor conditions for low pay, and without social security provision. The same conditions may apply to workers in the informal economy. The ILO Convention on Discrimination (Employment and Occupation) (No. 111), 1958 calls on all governments to take steps to eliminate all forms of discrimination in respect of employment and occupation, and to promote equality of treatment and opportunity at work.

Equality of opportunity at work, and equal pay for work of equal value, are essential components of decent employment. In addition to non-discrimination, workers should not face harassment or mistreatment in the workplace, and
there should be proper mechanisms to ensure the fair handling of grievances and conflicts.

1.4.2. Combining Work and Family Life (Work-Life Balance)

A work-life balance goes beyond the issue of combining work and family life, and includes the right of all working people to have adequate leisure time.

Reconciling work and family (or personal) life is an issue of gender equity because in most societies women bear a disproportionate responsibility for caring for children and other dependent relatives as well as for household work. Women are commonly forced to choose between their own career advancement and the decision to have children, with consequences for their earnings and future work-related benefits. Men seldom face such choices.

The ILO Convention on Workers with Family Responsibilities (No. 156), 1981 calls on governments to ensure that working parents do not face discrimination in the workplace, for instance through adequate public childcare provision. Employers are encouraged to adopt family-friendly practices, for instance allowing flexible working hours, and may not terminate employment on the grounds of family responsibilities. Under the Convention on Maternity Protection (No. 183), 2000, women’s jobs are protected in the event that they take maternity leave.

1.4.3. Stability and Security of Work

Job security is an important aspect of decent work. The threat or fear of job loss or redundancy is stressful, and the actual loss of employment involves economic costs beyond loss of earnings, even if new work is found quickly. Redundancy may render worthless the knowledge and skills specific to the lost job. Alongside stability, decent work also involves having opportunities to acquire new skills or move into better-paid occupations.

A period of unemployment or an involuntary job change may also disrupt work-related benefits, particularly pensions, as well as other aspects of the life of the individual workers and their families.

For self-employed workers, job (work) security refers to the probability that they will not be forced to end their work prematurely for reasons such as loss of markets or disruption in supplies.

1.4.4. Health and Safety at Work

All work entails some level of risk. The degree of risk varies across occupations, economic activity, type of establishment, characteristics of workers and so on.
Risk can take many forms – repetitive tasks, long or atypical hours, exposure to harmful substances, noise, psychological pressure, physical aggression, sexual harassment, and so on.

Safety and health at work are about ensuring conditions that preserve and promote workers’ physical and emotional well-being. Safe and healthy working conditions are in the interests of workers, employers, governments, and society in general. The ILO Convention on Occupational Safety and Health (No. 155), 1981 calls on governments to establish a national policy to prevent work-related diseases, injuries, and deaths by taking steps to minimize the hazards to which workers are exposed. Establishing a labour inspectorate is recommended as a means of ensuring compliance with legislation.

It is estimated that over 2 million workers die each year from work-related injuries and diseases, more than the number of annual deaths from malaria. The aggregate cost of occupational injuries and diseases is estimated at between 1 and 6 per cent of GDP, with workers paying the highest proportion of the costs (Box 2). The situation of workers in the informal economy is often even more precarious.

**Box 2: Occupational Health and Safety: Some Facts**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Even in developed countries, a large proportion of workplaces are not regularly inspected for health and safety.</td>
</tr>
<tr>
<td>2</td>
<td>250 million occupational accidents result in more than 300 000 fatalities annually. Many of these accidents lead to partial or complete incapacity to work and earn an income.</td>
</tr>
<tr>
<td>3</td>
<td>An estimated 160 million new cases of work-related diseases occur worldwide each year. These include respiratory and cardiovascular diseases, cancer, hearing loss, musculo-skeletal and reproductive disorders, and mental and neurological illnesses.</td>
</tr>
<tr>
<td>4</td>
<td>Many workers complain of psychological stress and overwork, factors that are associated with insomnia, depression, fatigue, and ‘burn-out’, as well as with higher risk of cardiovascular diseases.</td>
</tr>
<tr>
<td>5</td>
<td>An average of 5-10 per cent of workers in developing countries and 20-50 per cent of workers in industrial countries are estimated to have access to adequate occupational health services. For instance, 40 per cent of the US workforce has no such access.</td>
</tr>
<tr>
<td>6</td>
<td>Even in developed economies, a large proportion of workplaces are not regularly inspected for occupational health and safety.</td>
</tr>
</tbody>
</table>

Unit II. Trade-offs and Complementarities

II.1. Trade-offs

The first element of decent work is employment. The need for sufficient jobs of decent quality is central to the decent work approach, with full employment being the ultimate goal.

The six dimensions of decent work already outlined in Module 1 - opportunity to work, productive work, freedom at work, equality at work, security at work, and dignity at work - are mutually reinforcing. Not everyone agrees, however, on whether to give first priority to job creation and only then to decent work. There may be trade-offs or choices to be made between them in terms of public policy priorities. Examples of such trade-offs are:

- Focusing on minimizing unemployment vs. the risk of depressing wages or limiting the freedom of choice about the types of work the unemployed would accept (Box 3);

- Access to satisfying and meaningful work for the few vs. better incomes and conditions for the majority; and

- Productive employment, especially in terms of an adequate income and job security vs. the risk of cuts in the total number of available jobs.

Some also argue that labour market interventions such as establishing a minimum wage and employment security regulations will restrain or reduce employment by increasing the incentive to adopt capital-intensive techniques.

Box 3: Full Employment vs. Decent Work

In industrialized economies, an emphasis solely on full employment would result in individuals accepting work that is exhausting, demoralizing, or unsafe. It could also lead to the undermining of rights at work. A full employment policy should be accompanied by a reasonable distribution of income, the availability of decent work, and the right of workers to participate in decisions affecting them.

In developing countries, where there are seldom unemployment benefit systems in place, the emphasis on full employment poses a different set of problems. Most unemployed workers are forced to engage in some economic activity, however exploitative. In most cases, the available work is in the informal economy and may be poorly paid or unpaid. The challenge is to move to a better job but without this leading to a reduction in existing labour standards.

Source: Godfrey 2006.
II.2. Complementarities

The complementarities between some of the six dimensions of decent work suggest a positive relationship between labour market interventions, and employment based on an ‘efficiency wage’ argument. The central arguments are:

- Wage increases that result in increased labour productivity lead in turn to increased demand for labour;
- Improved conditions of employment that are grounded in productivity lead to increased demand for labour;
- Employment security improves workers’ commitment to the enterprise and raises their motivation and productivity. Reduced turnover means that workers are able to learn more on the job. In this context, workers are more likely to accept productivity-raising and modernization demands, while employers are encouraged to find ways to increase efficiency and competitiveness without laying-off workers; and
- Empirical studies have shown that a focus on productivity can strengthen the complementarities between some of the dimensions of decent work (Box 4).

Box 4: Relationships Between Various Dimensions of Decent Work

It is often assumed that economic growth depends on wage constraints and similar interventions. Various East Asian countries have experimented with repressive labour market policies in order to stimulate economic growth by lowering labour costs. The results have been mixed. Elsewhere, minimum wages have had no effect on employment, though this may be because of extensive non-compliance and/or a fall in the real value of the minimum wage. Average wages in the other sectors over the same period did reduce the level of employment.

Within OECD countries, stricter employment protection legislation has been found to raise employment for prime-age men while lowering it for youths and women, resulting in an overall reduction in jobs.

These mixed findings highlight the problems of establishing trade-offs and complementarities between the different dimensions of decent work. If wages outstrip productivity, employment opportunities may be reduced. If productivity increases, then the demand for more labour at any level of earnings allows employment and earnings to increase at the same time.

Source: Anker et al., 2003.
Unit III. Indicators of Decent Employment

Decent Employment Indicators

Decent employment has a direct bearing on the eradication of poverty. This does not mean, however, that unemployment or low-paid work are synonymous with poverty. For example, a household with a high average income from profits, interest, rent, or remittances may include individuals who are unemployed or working for low pay. Conversely, a person with a well-paid job may have many dependants. This is why it is important to base employment indicators firmly in the labour market, and not conflate these with indicators of poverty.

The broad contours of decent employment are the same in any economy, though the relative importance of specific aspects may vary according to context. Appropriate indicators highlight some of the complexities and make it possible to test different assumptions about how the components of decent employment relate to each other. Indicators are also needed in order to assess performance and evaluate progress over time and across different economies.

III.1. Indicators of Employment Opportunities

III.1.1. Availability of Work

Employment availability can be measured in terms of employment and labour force activity, or in terms of unemployment and underemployment and the lack of employment opportunities. The three common measures of employment are:

- Labour force participation rate,
- Employment-population ratio, and
- Unemployment rate.

The labour force participation rate is the proportion of an economy’s working-age population that is economically active. This is usually expressed as a percentage of the labour force, defined as the sum of all employed and unemployed persons. The rate may vary according to sex, age, educational level, region, and other characteristics. For example, the youth unemployment rate is generally far higher than the adult unemployment rate as young people enter the labour market. Underemployment is the percentage of employed population working less than a specified threshold but available and wanting to work additional hours. The employment-population ratio is the proportion of a
country’s working-age population that is employed. It is an indicator of the ability of an economy to create jobs.

The following table shows the labour force participation rate in Indonesia and Norway, disaggregated by sex.

### Table 4: Labour force participation rate

<table>
<thead>
<tr>
<th></th>
<th>Both sexes</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indonesia</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1999)</td>
<td>68</td>
<td>85</td>
<td>55</td>
</tr>
<tr>
<td><strong>Norway</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2000)</td>
<td>74</td>
<td>78</td>
<td>69</td>
</tr>
</tbody>
</table>

*Source: Source: Anker et al. 2003.*

The table below compares the labour force participation rate and the employment-population ratio in the same countries and shows that the latter rose more in both cases.

### Table 5: Labour force participation vs. employment-population ratio

<table>
<thead>
<tr>
<th></th>
<th>EPR (%)</th>
<th>LFPR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indonesia</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1997)</td>
<td>56</td>
<td>64</td>
</tr>
<tr>
<td><strong>Norway</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1999)</td>
<td>66</td>
<td>71</td>
</tr>
</tbody>
</table>

*Source: Anker et al. 2003.*

An unemployed person is someone ‘who does not have a job but is available and actively looking for work’. The **unemployment rate** measures employment opportunities in relation to the proportion of the working-age population that is unemployed. Other things being equal, the higher the unemployment rate, the fewer the work opportunities.

These standard measures are limited in that they do not provide information on labour market problems such as low or fluctuating earnings, underemployment, poor working conditions, or the informal economy. For instance, in countries with no unemployment benefit system, those who seek work have to survive by other means, often through informal or casual work. Similarly, outside the peak seasons, agricultural workers are often underemployed, while many of the self-employed in urban areas spend many
hours waiting for customers. This places them outside the standard definition of unemployment although they are underemployed and often poorly paid.

In developing countries, the percentage of workers who are underemployed is often higher than official employment statistics report. Time disposition surveys provide excellent data to estimate such underemployment (Box 5).

**Box 5: Time Disposition Surveys of NSSO**

In India, the National Sample Survey on Employment and Unemployment conducted by the National Sample Survey Organization (NSSO) ascertains a person’s activity status through four categories:

- **Usual activity status** relates to the 365 days preceding the survey. The activity on which a person spent the most (major) time is considered the principal usual activity status.
- **Subsidiary economic activity status** refers to an economic activity undertaken by the person for a relatively shorter time (minor time) during the 365 days preceding the survey. In case of multiple subsidiary economic activities, only the major two are considered.
- **Current weekly activity status** refers to a person’s economic activity status during the 7 days preceding the survey, defined as at least one hour on at least one day during the period. A person is ‘seeking or available for work (or unemployed)’ if during the reference week s/he had either sought work or not done so in the belief that none was available. The current activity status is decided on the basis of ‘major time’ if the person is pursuing multiple economic activities.
- **Current daily activity** is determined on the basis of a person’s activity status on each day of the reference week in relation to the priority of the activity and the time dedicated to it.

**Source**: NSSO, http://mospi.nic.in/mospi_about_nsso.htm.

Other indicators that can be derived from the available labour force statistics, and that relate to decent work, might include:

- Share of men and women in non-agricultural wage employment,
- Employee-specific unemployment rate, and
- Youth unemployment as a ratio of total youth population (15-24 year olds).

The **share of men and women in non-agricultural wage employment** provides an insight into the type of employment opportunities in a given country and how these are distributed by sex. For example, if the majority of the workforce is in non-agricultural wage employment, but women comprise only a small percentage of such workers, then they must be disproportionately dependent on agricultural employment.
There are significant differences between the situation of self-employed workers and those who are employed by others. Within wage employment, there are also important distinctions between full-time and various forms of part-time or temporary employment. For instance:

- **Short-time employment** is when working hours are temporarily reduced, as for example during a recession;

- **Secondary part-time jobs** are characterized by low wages, absence of social security, no career prospects, and high turnover; these are often chosen involuntarily;

- **Retention (permanent) part-time jobs** may also be characterized by low wages and no career prospects, but are generally chosen voluntarily, e.g. to fit in with other commitments; and

- **Temporary jobs** offer casual or precarious employment, sometimes with atypical hours.

Women tend to be disproportionately clustered in part-time or temporary jobs. It is vital to disaggregate employment indicators to find out the distribution of men and women in all jobs, and to monitor change over time, e.g. the increase in the number of workers dependent on temporary jobs.

The **employee-specific unemployment rate** is the share of total unemployment in the labour force, which is the sum of paid employment and unemployment. Because the unemployed are defined as seeking paid employment, this measure is of limited value in countries with a large self-employed population. The employee-specific unemployment rate helps to overcome the issue of comparability arising from this context. Table 6 shows that on the basis of the conventional unemployment rate, the situation appeared worse in France than in Pakistan, while it appeared better when an employee-specific measure was used.

**Table 6: Unemployment Rate and Employee-Specific Unemployment Rate (by percentage)**

<table>
<thead>
<tr>
<th></th>
<th>Unemployment rate 1999</th>
<th>Employees in total employment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Conventional definition</td>
<td>Employee-specific</td>
</tr>
<tr>
<td>Pakistan</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td></td>
<td>36</td>
</tr>
<tr>
<td>France</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td></td>
<td>89</td>
</tr>
</tbody>
</table>

Youth unemployment as a proportion of total youth population is a better measure than the youth unemployment rate as it includes those who are economically inactive such as students and trainees, as illustrated in Table 7.

Table 7: Youth Unemployment Rate and Youth Unemployment-Population Ratio

<table>
<thead>
<tr>
<th></th>
<th>Unemployment rate (%)</th>
<th>Unemployment population ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trinidad &amp; Tobago</td>
<td>27</td>
<td>14</td>
</tr>
<tr>
<td>(1998)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>France (1999)</td>
<td>26</td>
<td>8</td>
</tr>
<tr>
<td>Germany (1999)</td>
<td>10</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: Anker et al. 2003.

III.1.2. Freely Chosen Work

Decent work must not only be available but also freely chosen. No form of forced or bonded labour can constitute decent employment.

The true extent of bonded labour, chattel labour, slavery, and labour trafficking is hard to ascertain. It may, however, be possible to collect information from advocacy groups or NGOs on the incidence of different forms of forced labour. Such information could be used to develop national indicators and inform action to eradicate all forms of forced labour.

Not all work performed by children is unacceptable. It is therefore important to focus on children who are employed in hazardous work or in activities that constitute the worst forms of child labour. Again, it is hard to generate reliable data. Hazardous work may be hidden and it is difficult to establish a universal definition. Similarly, many of the worst forms of child labour such as sex-work, pornography, militia participation, trafficking, and forced and bonded labour are illegal and so generally concealed.

The percentage of children not in school is a good proxy measure of child labour that is unacceptable because it is interfering with their education. It is only a proxy, however, as there may be other reasons why girls or boys are kept out of school, e.g. gender bias, inability to afford school uniforms and books.

III.2. Indicators of Productive Work

Decent work implies an adequate level of pay in the national context. The focus therefore needs to be on low-paid workers in relation to average earnings
and/or an established minimum wage. The two most common direct measures of pay are:

- Inadequate pay rate (the percentage of employed persons by status of employment who earn less than half the median wage or an established minimum, whichever is the higher); and

- Average earnings in selected occupations.

Gross hourly earnings can be used to measure the rate of pay, and to determine whether this is adequate. This makes it possible to distinguish between the rate of pay and the number of hours worked. Occupational earnings or wage data from establishment surveys or other reliable sources are useful for comparing wage trends and wage differentials between different categories of worker.

Careful consideration needs to be given to the occupations chosen for comparative purposes. Possible selection criteria include occupations that are dominated by men or by women, and skilled and low-skilled occupations. This information helps to measure and monitor differentials in wages according to skill level and gender bias.

The number of hours worked can also be an indicator of whether the work is low paid or inadequate if individuals need to work additional hours to supplement the basic pay. Conversely, an individual who works part-time in one job may have to take up additional employment in order to bring the total income to an adequate level. Two relevant measures are:

- Excessive hours of work for economic reasons, and
- Time-related underemployment.

A worker’s pay is adequate only if it is possible to earn enough without having to work excessive hours. The proportion of workers performing excessive hours is a useful indicator of inadequate pay. Most people combine two jobs or more because neither pays enough to support their family. Similarly, many who work overtime and at atypical or unsocial hours do so in order to supplement their income.

The measure of time-related underemployment is the percentage of the employed population working less than a specified threshold, but available and wanting to work additional hours. This information is not captured in the general unemployment figures, but would be elicited in a time-disposition survey.
Future earnings within a job or area of work are likely to be enhanced through vocational training. Participation in job-related training provided or subsidized by the employer is therefore a useful indicator of potential progression. Such training includes courses, workshops, further education opportunities, and other work-related programmes as distinct from general work experience. A relevant indicator is therefore:

- The percentage of employees with recent job training.

This indicator relates primarily to employees but extends to the self-employed where training opportunities exist for them.

### III. 3. Indicators of Conditions of Work

#### III.3.1. Fair Treatment in Employment

Decent work implies equitable and equal treatment for all workers, without discrimination. Despite many international conventions and legislative and regulatory machinery in many countries, however, wide differentials persist in the way women and men are treated in the workplace, the opportunities available to them, and their average earnings and work-related benefits. All indicators relating to decent work, including unemployment and underemployment, should therefore be disaggregated by sex.

It is difficult to measure discrimination since this may not be overt and can be hard to prove. Discrimination can also be internalized. Where occupations are widely perceived to be inappropriate for men or for women, or for people from particular social groups, individuals may not consider pursuing them because they do not believe they would be allowed to succeed.

Common indicators of differential treatment of men and women include:

- Occupational segmentation by sex (percentage of non-agricultural employment in occupations dominated by men or by women, and index of dissimilarity);
- Women’s share of non-agricultural wage employment;
- Women’s share of employment in managerial and high-level administrative occupations in relation to the female share of non-agricultural employment;
- The income ratio between women and men in selected occupations; and
- Ratios or differences between women and men for other indicators of decent employment.
A common indicator of the extent to which a labour market is segmented on the basis of gender is the index of dissimilarity, which shows the proportion of women and men in non-agricultural occupations or in a specific occupation or level of responsibility in the workplace. Such an indicator could reveal, for example, whether men or women were clustered at certain levels, or whether they were over- or under-represented in any category compared to their overall participation in the context being examined.

The principle of equal pay for work of equal value tends to get lost in aggregate measures of earnings differentials between men and women. Given that women and men are often concentrated in different occupations and sectors, and work different hours, it is important to gather comparative data on occupation-wide earnings.

Other grounds for differentiated treatment and discrimination in the labour market include race and ethnic identity, religion, and social origin. For migrant workers, the country of origin and the legal status in the host country also give rise to highly differential treatment. Situations differ from one country to another, and over time, but it may be useful to disaggregate decent work indicators by major social groups. Since gender bias exists in all social groups, these data need to be further disaggregated by sex.

Workers may experience other forms of unfair treatment such as systematic harassment or bullying, sexual harassment, violence, or forced overtime. These incidents are seldom reported for fear of reprisals or job loss, so data on reported cases are unreliable. Grievance-settling mechanisms may not exist or be disregarded. Workers may also be discouraged or forbidden to form unions.

III.3.2. Balancing Work and Family Life (Work-Life Balance)

While a work-life balance is inherent in the concept of decent work, it is hard to measure because it necessarily entails a subjective judgment about the quality of life. This judgment will vary across societies and over the life of every individual. Childbirth and parenting are major life events that represent continuing responsibilities. In every society, women carry the main responsibility of caring for children and other dependent relatives. This division of labour is a major reason for women’s over-representation in part-time work.

Three main types of family-friendly employment policies are:

- Job protection where a worker needs to be absent from work for an extended period due to a major family-related contingency, such as the birth of a child, a death, or the need to care for a dependant;

- Financial benefits in the event of major family contingencies; and
Accommodation of workers’ need to integrate work and personal commitments, such as flexible hours and provision of crèche facilities.

Relevant indicators are:

- Employment rate among women with children under school age in relation to all women aged 20-49 years; and
- Excessive or unsocial hours.

The employment rate among women with children under school age measures the extent to which mothers of small children continue in paid work. As Table 8 shows, this depends largely on state provision for maternity leave, maternity pay, and childcare. Italy has a long period of statutory paid maternity leave and there is little difference in the rate of employment among women with or without children under 6 years of age. In Australia, where there is no statutory maternity leave or pay, there is a sharp drop in the number of women with small children who are in paid work.

**Table 8: Employment Rate of Women with Children under 6 Years of Age**

<table>
<thead>
<tr>
<th>Country</th>
<th>Employment (%) of all women aged 25-54 years</th>
<th>Employment (%) of women with an under-6</th>
<th>Under-3s in formal childcare (%)</th>
<th>Statutory paid maternity leave (weeks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>67</td>
<td>45</td>
<td>15</td>
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*Source: Godfrey 2006*

Combining motherhood and work does not necessarily imply a good work-family balance, however, since women (and men) may need to work for economic reasons despite the lack of affordable and available childcare of an acceptable quality. Many women with young children return to part-time work or become self-employed (including homework). More sensitive indicators of the extent to which workers enjoy a proper work-life balance include:
• Effective incidence and duration of job/employment protection for parents of young children, both through legislation and private provision;
• Incidence, duration, and average level of maternity and paternity benefits, both through legislation and private provision;
• Flexibility of work and accommodation of family needs (e.g. hours, sick child leave, provision for breastfeeding, crèche facilities, bringing children to workplace, access to telephone for personal use);
• Quality, availability, and affordability of formal childcare provision, including public subsidies and tax policies; and
• Attention to the longer-term needs of workers, including occupational pension arrangements.

III.3.3. Stability at Work

Job security is often measured through indicators like job tenure, the proportion of temporary workers, workers’ perceptions of future job security, and intermittency of employment. Relevant indicators are:

• Percentage of employees with tenure (defined as one year or more on the same job), by age and employment status; and

• Percentage of employees who classify their job as temporary.

Job tenure is not easy to measure because not all countries use the same definitions. In addition, long tenure and previous job security are not necessarily an indication of future security, especially in periods of rapid economic transition or at particular points in the business cycle. Conversely, short tenure does not necessarily indicate low job security. New entrants to the labour force by definition have short tenure whether or not their jobs are secure.

It is also important to distinguish between temporary and permanent jobs. Job duration is only one aspect of this. A job may be formally defined as temporary, or it could be effectively temporary whether or not it is defined as such. Some employees, for instance, work on a series of intermittent contracts and do not therefore accumulate work-related benefits or have opportunities to develop their careers.

With the above caveats in mind, possible indicators of job security are:

• Percentage of employees with tenure of one year or more,

• Workers’ perceptions of future job security (bearing in mind that these are to an extent subjective), and
• Intermittent or **irregular employment**, captured through an individual’s pattern of employment over a given period.

### III.3.4. Health and Safety at Work

There is a close relationship between health and safety conditions and how workers perceive them and consequently how they perform.

Important measures of workplace health and safety include outcomes, legislation, insurance coverage, and excessive hours of work, which constitutes an important risk factor for injury and sickness. Specific indicators for workplace safety include:

- Fatal occupational injury rate (per 100,000 employees);
- Labour inspection (inspectors per 100,000 employees and per 100,000 covered employees);
- Occupational injury insurance coverage (percentage of employees covered by insurance); and
- Excessive hours of work (percentage of employed persons working more than hours threshold, by status).

Reporting on **fatal injuries** tends to be more reliable than reporting on non-fatal injuries, both because of the gravity of the outcome and because there are fewer definitional problems. Fatal injuries are obviously more likely in certain occupations or sectors. Non-fatal injuries may accumulate over time and/or can lead to loss of the ability to work. Disaggregating data on injuries by age, sex, and contractual condition would give more sensitive insights into this problem.

Underreporting is likely to be greater for self-employed workers and for other workers in the informal economy. There is also substantial evidence that persons on temporary and short-term contracts are more exposed to health and safety risks.

The number of **labour inspectors** is an indication of the state’s capacity to enforce the principles of safe work, and hence a good proxy for prevention efforts. In many countries, national legislation determines the scope of labour inspection coverage by economic sector. The number of labour inspectors per 100,000 workers they cover is an indication of the intensity and focus of inspection effort.
The **insurance coverage** of wage employees for occupational injury is a useful indicator in the formal sector and may include contributions by the employer, the employee, and/or the state.

**Excessive or atypical hours** (such as night shifts, weekend work, and frequent changes in work schedules) can increase the risk of accident or injury whether or not these hours are freely chosen.

Other areas of safe work on which information could be gathered include sick leave entitlement, the incidence of occupational diseases, other physical and emotional problems associated with work (such as stress or repetitive strain injury), entitlement to breaks, the provision of adequate toilet and washing facilities, and the exposure to various hazards.

**III.4. Decent Employment Index: Index of Labour Morale**

Decent employment involves various dimensions, each of which has a range of possible indicators. An index of decent employment could be established by combining key indicators in order to produce a comprehensive and comparable indicator. This task poses considerable conceptual and practical challenges, but there are models for doing so. One such example is the index of labour morale, which combines data on wage trends with that of wage employment (Tables 9, 10, 11).
The Index of Labour Morale can be calculated using the data on wage series and share of wage employment. Hourly pay is calculated in the national currency and converted to real wage data by deflating the figures with the consumer price indices. The real wage data for the manufacturing sector in four countries are given below (Table 9).

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Trends in real wages suggest how earners feel, but not how easy it is to get a job, nor what conditions are like for workers (often a majority) who do not participate in the wage economy. A fuller picture emerges by including the percentage wage employees in the labour force (Table 10).

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Source: Godfrey 2006.¹

¹ The figures reflecting Labour Morale trends in these countries were calculated using the data from the two previous tables on real wage indices and labour market participation ratios. Consider the following formula, using Sweden’s data from 1991 as an example:

\[
\frac{SW_{1991} \times SE_{1991}}{SW_{1990}}
\]
Table 11 illustrates comparative progress of country trends according to a single index of labour morale that combines the effect of wage employment on real wages. The data indicate that labour market improvement was most significant in the Republic of Korea between 1990 and 1996, after which there was a drop in labour morale due to falling real wages and declining labour market participation. Japan showed consistent progress throughout this period, though overall improvement was less significant. The labour morale trend in Sweden also showed a marked improvement after 1993, in comparison with the United States, where the improvement was negligible during this period. This indicator is useful in showing comparative progress over time.

**Unit IV. Framework and Policy Options for Different Countries**

**IV.I. Decent Work Patterns**

Decent work is concerned with the availability of work as well as its quality. The demand for labour depends on productivity. Increased productivity leads to an increased demand for labour and should also lead to improvements in wages and other conditions of work, including equality of opportunity. The broad linkages are set out in Box 6.

The policy options for promoting decent work depend on a country’s economic structures and its place in the global economy. Apart from the central economic variables such as per capita income, wage employment as a proportion of total employment, and the share of GDP dedicated to social security expenditure, the labour market is also an important factor in relation to decent work.

The labour markets of classical economies generally provide high levels of work for both women and men, but vary in terms of average working conditions (e.g. job security, working hours, and paid leave), the scope of social protection, the existence of national wage-setting mechanisms, and the relative strength of the labour movement.

The labour markets of transition economies depend largely on the speed and extent of economic reform. In the case of developing economies there is a major distinction between countries with large public-sector employment and a highly regulated labour market, and those with low public-sector employment and a largely unregulated labour market.
**Box 6: Labour Market Policies**

There are three main sets of policy instruments within the labour market.

*Labour demand* policies seek to increase the number of workers that firms wish to employ. The greater the market for a country’s products, the more workers can be employed in producing them. Labour demand can be facilitated by employment-friendly labour market policies and a sound business environment, including secure property rights, enforcement of contracts, sound corporate governance, suitable competition policy, financial regulation, attraction of foreign investment and retention of domestic capital, and appropriate sequencing and timing of policy reforms.

*Labour supply* includes not only the number of people available for work but also the quality of training and skills that these workers bring to the labour market. Elements of labour supply policy include education, training, and other types of skills development.

*Labour market functioning* is the term assigned to the sum of various market functions, the most important of is wage determination - in particular, whether wages are set by supply and demand or by other forces. Other relevant factors include information on job vacancies and jobseekers, the ability of companies to engage and lay off workers according to need, and the ability of workers to move to where the jobs can be found.


This unit looks at the policy options for different types of economy in relation to decent work.

**IV.2. Classical Model**

This model is derived from the experience of industrialized countries of the West. In economies following a classical pattern, priorities in promoting decent work include reducing unemployment rates or maintaining low unemployment, cutting youth and long-term unemployment, creating jobs, and reducing inequality between women and men. Suggested policies include:

- Schemes to ‘make work pay’ such as work-related benefits and tax credits for low-paid workers;
- Reducing employment costs through reducing employers’ social security contributions;
- Increasing services such as childcare provision, transport for the disabled, and training in job search and job readiness skills;
Encouraging labour force participation by adjusting employment and training practices to suit an ageing workforce; and

Addressing inequities within education systems and emphasizing comprehensive lifelong learning strategies.

Box 7: The ‘New Insecurities’ in Industrialized Countries?

The growing economic power of transnational companies has undermined the ability of governments to regulate their markets for social purposes and weakened existing levels of social protection for workers. Partly as a result of this trend, the employment relationship has become more tenuous (with the growth of atypical or precarious modes of employment), as has the mutual commitment between firms and workers. The collapse of the ‘breadwinner-homemaker’ model has not, however, generally been replaced by adequate childcare provision, and paid maternity, parental, and sick leave.

Source: Godfrey 2006.

IV.3. Transition Economies

Transition countries have to various extents embarked on governance and enterprise reforms though there remains some variation among them in terms of pace and direction.

The following policy options may help to promote decent work in the transition economies, though their appropriateness will depend on the depth of the governance and enterprise reforms already in place.

- Enforcement of legislation establishing basic market institutions;
- Liberalization of factor and goods markets;
- Enterprise restructuring;
- Strengthening of the financial sector;
- Deregulation of the small enterprise sector;
- Increased public expenditure on education;
- Labour market reforms such as:
  - reducing excessive rigidities related to hiring and firing,
  - enforcing minimum wages among low wage-workers,
  - developing institutions to improve working conditions, enforce contracts, resolve disputes, and allow workers to organize,
  - improving the design of unemployment benefit and active labour market programmes;
- Reduction in barriers to geographic mobility; and
- Improvements in the education system and incentives to attend, to ensure universal access, reduce dropouts, and raise quality.
**Box 8: The Challenge of the Shadow Economy in Transition Countries**

What a visitor sees on the streets of many towns in transition countries does not tally with official figures on GDP decline and job losses. This is because so many people (including those who are employed and registered unemployed) work in the ‘shadow economy’, including some illegal activities. This economy is not recorded in the official statistics, taxed, or governed by regulatory requirements. The shadow economy ranges from 11-180 per cent of official GDP, exceeding official GDP in three countries, and accounting for over half of GDP in a further seven countries, including Russia.

Shadow economies on this scale undermine tax revenue and hence the quality of public goods and services. They hinder long-term growth and international competitiveness. They also make it more difficult for governments to achieve macroeconomic stability, and create many distortions in resource allocation. The existence of a large shadow economy also reflects and reinforces distrust in the ability of the political system to govern and engenders respect for those who successfully evade taxes and laws.

Workers in shadow firms are not protected by labour regulations and may not be eligible for social safety net services. However, the shadow economy helps maintain activity and employment, and may benefit less qualified workers who would otherwise be unemployed or near destitute. It may have an indirect effect on growth in the formal sector and on tax receipts, and provides work experience for some who may later set up formal enterprises.


**VI.4. Developing Countries**

Labour markets in East and South-East Asia have been comparatively free of regulation and intervention. The public sector accounts for a relatively small share of employment and has not been a wage leader. Minimum wage regulations, where they exist, have not affected the level and structure of wages. Employment security regulations have not been strictly applied, social security provisions have been minimal, and trade unions are government-dependent or weak.

Most countries of South Asia, Latin America, and North Africa and the Middle East can be described as ‘inflexible’ in terms of deregulation and labour market reforms, while large public enterprise sectors characterize most of the economies of South Asia. Employment protection legislation covers only a small proportion of the workforce and most people work in the informal economy. In such economies, deregulation and labour market reforms are needed to reduce
the wage disparity between workers in the formal and informal economy and
between the public and the private sector. One option is to reduce the emphasis
on the public sector.

In relatively flexible economies the need is to:

- Strengthen capacity among workers’ and employers’ organizations;
- Develop machinery for dispute prevention, conciliation, arbitration, and
  adjudication;
- Adopt measures to promote specific industries;
- Develop democratic and independent workers’ organizations where trade
  unions are weak, inexperienced, or politicized;
- Focus on comparatively advantageous sectors based on resource
  availability; and
- Organize emergency programmes for infrastructure development such as
  roads, irrigation systems etc.

Policies for all developing countries should aim to:

- Abolish functional illiteracy by improving access to basic education,
  reducing drop-outs, and conducting adult literacy campaigns, and
- Set up a national guaranteed employment scheme to provide an
  appropriate safety net for those outside the labour market to create and
  sustain assets (Box 9).

**Box 9: Right to Employment: National Rural Employment Guarantee Act
in India**

The right to earn a living wage is the first demand of the poor in all countries.
In India, the National Rural Employment Guarantee Act, 2005 provides at least
100 days of guaranteed wage employment a year to households whose adult
members volunteer to do unskilled manual work. Under the Act, all State
Governments must provide such work, to be paid at the statutory minimum
wage for local agricultural labourers.

*Source: Government of India 2005.*
Issues for Discussion

- Not all employment is decent employment. How does this statement apply in your own country? *(Unit 1)*

- How can decent work be used to promote equality at work? How can it be used to address the issue of workers who are more vulnerable to exploitation such as women and migrant workers? *(Unit 1)*

- Decent work is not only about earning a decent income now, but about the ability to continue to do so. Training opportunities are important to career development and progression. What problems do developing countries face in this regard? What strategies could be developed to address these? *(Unit 1)*

- Stability at work is important, but so is the ability of workers to move to where the jobs are. In the context of decent work, what is the difference between meaningful mobility and footloose labour? *(Unit 1)*

- There is a lack of information about occupational health in the informal economy, despite its size and growing contribution to employment. What are the specific health and safety issues that are important for workers in the informal economy? *(Unit 1)*

- The opportunity for employment and remunerative and meaningful work is critical to the notion of decent work. Can developing countries simultaneously address unemployment and ensure productive and meaningful work? How can synergy be promoted between quantity and quality dimensions of employment? *(Unit II)*

- The increasing importance of informal economy has seen a rise in casual and contract workers. What concepts and methods could be used to develop key labour market indicators? *(Unit III)*

- The self-employed form a large proportion of those working in the informal economy. What dimensions of decent employment are important for the self-employed? What are the problems in using traditional labour market indicators in relation to the self-employed? *(Unit III)*

- There are various systems for generating labour market information. What systems are in use in your own country? What challenges do these systems face when the labour market changes rapidly? How can the existing systems be improved to accommodate these changes? *(Unit III)*
Decent work is linked to high productivity. What measures are required to improve productivity in your country? What role could different social partners play in improving productivity in order to promote decent work? (Unit II & IV)

What might be the specific role(s) of governments, trade unions, and other agencies in promoting decent work in your own country? (Unit IV)
MODULE III:

SOCIAL PROTECTION
AND DECENT WORK
Introduction

Adequate social protection for workers is a defining feature of decent work, and there is a close link between social protection and economic development. While all workers should be adequately remunerated, social protection mechanisms are particularly important in meeting the basic needs of women and men who are living in poverty, the underemployed or irregularly employed, and the unemployed. The needs of those working in the informal economy and/or who are otherwise vulnerable are particularly urgent in most developing countries.

Social protection systems were traditionally designed to meet urgent subsistence needs and to provide against contingencies primarily for workers in the formal sector. Within the decent work framework, this definition can be broadened to encompass the needs of all members of society, providing some form of social insurance to enable individuals, households, and communities to protect themselves against socio-economic insecurities, including major catastrophes. This may be provided by the government and/or by other social actors, such as unions, employers’ associations, self-help initiatives, and NGOs.

This module sets out the evolution of social protection systems and how these operate within different types of economy. It focuses in particular on the needs of people who often lack adequate protection. It is divided into the following units:

- Unit I  Defining social protection
- Unit II  Social protection and decent work
- Unit III  Patterns of social protection
- Unit IV  Social protection and security: some frequently asked questions
- Unit V  Socio-economic vulnerability: patterns and processes
- Unit VI  Indicators of social protection
- Unit VII  Extending social protection in developing countries
- Unit VIII  Special concerns in developing countries
Unit I. Defining Social Protection

Social protection refers to the arrangements a society makes to meet the basic subsistence needs and contingencies of its members. The need for some protection against life risks is recognized in all societies.

The nature of the risks to which people are exposed and the type and level of protection available differ greatly depending on a country's political institutions, social structures, economic systems, and diverse socio-cultural factors.

State-sponsored social insurance schemes evolved in Europe in response to the industrial revolution, which saw enormous expansion of urban populations. Social protection was previously provided mainly by the family, the local community, and charitable or religious bodies.

Industrialization exposed large numbers of workers to new risks and insecurities. Deprived of traditional sources of support, and faced with the uncertainties of wage employment in the new system, workers formed mutual aid societies to provide assistance in the event of sickness, injury, and unemployment. The British friendly societies illustrate the functioning of such mutual assistance groups (Box 10).

Box 10: Friendly Societies

Dating back to Roman times, the Friendly Societies found a new role during the early stages of industrialization in the UK. A group of workers would come together to form a mutual assistance association. In return for regular contributions, members would receive help during sickness, old age, and unemployment. The societies also served as savings and credit agencies. In the late nineteenth century, there were nearly 27,000 registered Friendly Societies. By 1940, they had a membership of around 14 million people. They are subject to legal registration and auditing.

Source: www.friendlysocieties.co.uk

Social insurance schemes that form the basis of many modern social security systems originate in mutual aid societies of this type. The initial emphasis was usually on occupational accidents, sickness, and pensions. Maternity benefits were later included in many social insurance schemes.

The two World Wars boosted the scope and coverage of social security benefits. The 1935 Social Security Act of the Roosevelt administration in the USA and the 1942 Beveridge Report in the UK were milestones in the development of
modern social security systems. These systems gradually expanded to include most workers and retired people in industrialized countries. Provision gradually became more comprehensive, aiming to protect the population against poverty, unemployment, sickness, and injuries, and also providing health care, maternity benefits, family allowances, housing subsidies, and pensions.

Originally, then, social protection was defined in terms of contingency-related measures and confined largely to workers employed in the formal sector. The purpose was to ensure a secure income in place of regular earnings in the event of a major disruption such as unemployment, sickness, or accident. It also included the provisions made for old age, against loss of support by the family breadwinner, and exceptional family or cultural demands.

In many developing countries the vast majority of people are not employed in the formal sector, and the level and extent of vulnerability is also far higher. In such cases, the definition of social protection needs to include access to basic amenities such as education, health care, housing, and safe drinking water and sanitation. Natural catastrophes can also be a major source of economic and social insecurity. Those most severely affected by events such as the 2004 Indian Ocean tsunami or the 2005 hurricanes in the Gulf of Mexico are invariably people who are already living in precarious circumstances because they cannot afford safer housing, and have no savings or other resources to fall back on. Some insurance against such contingencies is also an element of social protection.

From this wider perspective, social protection thus includes a range of measures that enhance social capabilities, ensure economic security, and enable the most vulnerable sections of the population to survive.

The ILO Convention on Social Security (No.102), 1952 recognizes the need for social protection in the following categories, with a particular focus on the extent to which these and other forms of support are available to those living in poverty:

- Health care benefits,
- Sickness benefits,
- Old age benefits, including pensions,
- Unemployment benefits,
- Occupational injury benefits,
- Family benefits,
- Maternity benefits,
- Invalidity benefits, and
- Survivor’s benefits (e.g. for widows, widowers, and/or orphans).
While most countries provide some form of social protection against such contingencies, and against extreme poverty, about 80 per cent of the world’s labour force lacks adequate social protection. A resolution adopted by the International Labour Conference in 2001 therefore re-defined social security as a basic human right and a means of fostering social cohesion, human dignity, and social justice. The resolution also identified the need for research in the following areas:

- Extending the coverage of social security,
- The impact of HIV/AIDS on social security,
- Governance and administration of social security schemes,
- Equity, with an emphasis on gender and disability, and
- The impact of ageing on social security.
Unit II. Social Protection and Decent work

The decent work framework widens the focus of social protection beyond earlier definitions of social insurance, and is characterized by:

- Identifying socio-economic vulnerabilities as the main reason for providing social protection;
- Linking social protection and development;
- Addressing social exclusion and identifying deprivation as an outcome of discriminatory social and cultural practices;
- Exposing the structures and processes that reproduce the cycles of deprivation and exclusion; and
- Combining the agendas of poverty reduction, human development, and social integration in an all-encompassing concept.

The emphasis on broad socio-economic security relates to the concept of decent work in various ways, in particular: security of labour markets, employment, work, skill reproduction, income, and representation. Taken together, these cover macroeconomic policy, employment legislation, health and safety issues, the opportunity to acquire skills, an adequate income, and the right to collective bargaining. However, as Box 11 illustrates, there has been a trend toward greater insecurity.
A recurring theme of the 1990s has been ‘insecurity’. In developing countries the vast majority have long faced chronic insecurity, but even in industrialized countries many people feel anxious and uncertain of their entitlements in society and in work, and vulnerable to economic and social developments that are beyond their control. Many communities have been detached from mainstream services for social protection and support - partly the result of more flexible and informal labour markets and higher levels of unemployment. Even those who derived some security from their skills have seen these eroded by rapid structural and technological change. Particularly exposed are those in the informal economy, which has few institutions to provide even a minimum of collective security, and women, who are subject to many forms of violence that undermine security in their homes, streets, and communities.

In this context, there is a need for identifying the factors that undermine security and the policy option that can fortify it, paying particular attention to schemes in low-income countries and communities and to the specific needs and aspirations of women. It is also important to analyse the current trends and present coherent policy options that will enhance social and economic security while promoting long-term growth and full employment. Producing a composite set of indexes of socio-economic security, which complements the more standard indicators used to monitor economic performance, is also a crucial aspect.

There is a need to address the future developments in the twenty-first century, where many more people all over the world will have flexible working lives, quite unlike the twentieth-century norm. In developing countries they will continue to work in the informal economy while in industrialized countries, they will regularly acquire new sets of skills and often change their work status, moving in and out of the labour force of combining activities. They will do so productively and effectively only if they have adequate personal security. The challenge for policy makers, employers and unions will be to find policies that promote this personal flexibility with security.

*Source:* Ghai 2006.
Unit III. Patterns of Social Protection

The principles of social protection are applicable to all economies but the actual provisions depend on the definition, nature, and extent of vulnerability within each context. While there are variations within them, the broad patterns of social protection can be classified as:

- Classical,
- Communist,
- Transition Economy, and
- Developing Country.

III.1. The Classical Pattern

The classical pattern relates to social security arrangements in countries with an industrial market economy. Despite significant differences among them with respect to the objectives, scope, coverage, benefits, and role of the public and private sectors in providing social security, the classical pattern seeks to:

- Reduce destitution,
- Provide for social contingencies, and
- Promote greater income and consumption equality.

There are three broad categories of social protection in the classical pattern. The liberal welfare system (e.g. Australia, Canada, USA) emphasizes means-tested assistance and modest universal transfers or modest social insurance plans. The corporatist system (e.g. Austria, France, Germany) emphasizes class and status in determining access to social security benefits and is influenced by family and church traditions. The social democratic approach followed in the Scandinavian countries seeks to achieve equality of highest standards, to meet minimal needs and maximize individual independence.

These categories are not watertight. In reality, most countries combine elements of different approaches. The differences are further eroded with the growing involvement of the private sector and public-private partnerships in delivering social protection. Previously, there were two main ways of financing social protection in the classical pattern: social insurance and general tax revenue. Social insurance is generally used to finance pensions and unemployment and sickness benefits. In addition, various types of family allowance and social assistance programmes that provide income and benefits in kind to poorer households and vulnerable social groups are financed through general tax revenue in all countries.
III.2. The Communist and Socialist Patterns

The communist pattern of social projection is based on the concept of social insurance and is characterized by:

- Universality,
- Equality, and
- Comprehensiveness.

In fully communist economies, the entire working population is employed in the public sector or on collective farms. Social protection is focused on ensuring similar benefits across regions and income groups. These benefits include free education and health services, maternity leave, free childcare facilities, disability allowances, and pensions. Price subsidies and the provision of benefits in kind also play an important role in social insurance.

The major sources of finance in this pattern are state and enterprise revenues. The responsibility for managing social insurance programmes is shared between the state, enterprises, and trade unions.

While the systems that were in place in the former Soviet bloc have now largely collapsed, the pattern has influenced social protection systems in socialist and various low-income countries.

III.3. The Transition Economy Pattern

The transition economy pattern relates to social protection systems in economies that were within the communist bloc, principally Central and Eastern Europe and the Baltic States. The systems in these countries are still taking shape but combine elements both of the liberal welfare approach and of social protection systems in developing countries (Box 12).

Education and health services are generally provided free by the state, though these are increasingly privatized. In the Czech Republic, Hungary, and Slovenia, health care is financed through insurance contributions. Pensions, maternity, sickness, and invalidity benefits are provided through separate insurance funds maintained by contributions from enterprises and employees.

Unemployment benefits are also financed either by the state or through social insurance contributions. These countries are implementing social assistance schemes, and some seek partial privatization of benefits such as pensions and health care.
Box 12: Social Insecurity in Eastern Europe

In the 1990s, the countries of Central and Eastern Europe experienced greater democracy, but many struggled to provide adequate social protection. The communist system provided cradle-to-grave protection. With its collapse in 1991, poverty and inequality have risen sharply. Some transition countries have seen mortality rates rise and life expectancy drop since the early 1990s.

Millions now depend on means-tested benefits though many slip through the net. The former mechanisms therefore need to be converted into legitimate, viable, and equitable systems that meet the needs of the poorest and most vulnerable.

Source: Ghai 2002b.

III.4. Social Protection Systems in Developing Countries

The three broad challenges facing developing countries are to:

- Reduce absolute poverty and provide basic services to all;
- Meet contingency needs, including those of vulnerable social groups; and
- Assist the victims of natural catastrophes and social calamities.

Despite differences among them, the social protection systems in developing countries share certain characteristics:

- Contingencies are usually limited to injury, sickness, maternity, and pensions;
- Differential systems apply according to the worker’s occupation and category;
- Multiple institutions are involved; and
- Coverage is extremely limited, e.g. unemployment benefits, family allowances, and social assistance provide only little coverage for a small minority of workers, if they exist at all.

III.5. Some Promising Approaches to Social Protection in Developing Countries

Four emerging approaches to social protection seem to offer some promise in developing countries and are described below.

Broad-Based Growth Approach

This is seen in the old and new ‘tiger economies’ of East and South East Asia, where social security systems are underpinned by a policy of full employment
with rapidly rising wages. This approach gives a high priority to all levels of education. Public assistance for housing, health care, old-age benefits, social insurance schemes, compulsory saving plans for workers, and mobilising special funds from tax revenue are examples of new forms of social security being developed in such a system.

In the broad-based growth strategy the role of the state in social insurance is to regulate rather than provide. Quasi-governmental bodies manage the various funds to which social welfare contributions are made. Another common feature is the strong emphasis on the role of the family and the community in meeting the needs of those who are sick, disabled, or elderly.

**Mineral-Based Growth Approach**

This approach is established in some of the oil-rich countries in the Gulf as well as in Botswana whereby part of the oil/mineral wealth is used to pay for various social services.

Botswana provides universal free education and health services, and food and employment for the needy, using a portion of revenues from diamonds and other minerals. Most of the oil-rich Gulf States have also introduced social insurance schemes that provide for injury compensation, maternity and sickness benefits, and old-age pensions. However, these benefits are mostly confined to citizens of these countries and exclude almost all of the migrant labourers who carry out most of the low-skilled work.

**Socialist Approach**

This approach has been followed in countries such as China, Cuba, and Vietnam where social security provisions are made available either through state resources or through collectives of workers, farmers, or producers. Provision of full employment, free education and health services, nominal housing rents, subsidies on goods and services of mass consumption, food rationing, maternity and disability allowances, and old-age pensions characterize most of these economies. These universal services and benefits are provided on a relatively egalitarian basis. Some of these benefits have been diluted in the wake of the severe economic crisis of the 1990s.

**Social Welfare Approach**

This approach is seen in a range of countries (Costa Rica, Sri Lanka, Mauritius, Chile, Jamaica, and the Indian State of Kerala) that have succeeded in establishing most of the key elements of a modest but comprehensive social security system. The main achievements are the provision of universal primary education and health services, as well as food subsidies for the poor. The
financing of these programmes is met through state revenues in Kerala and Sri Lanka. Chile and Costa Rica adopt joint financing through state resources and social insurance contributions, the scope of which includes maternity, injury, sickness, and pensions. In most cases, the entire working population benefits, including the self-employed, workers in the informal economy, and domestic employees.

III.6. An Analysis of Social Protection Programmes

Various lessons can be drawn from the experiences highlighted in this overview:

- It is possible to achieve many key objectives (such as universal primary education and access to basic health care and adequate food, as well as maternity, sickness, injury, and old-age benefits) at relatively low levels of national income;

- Social benefits can be achieved under a wide variety of political, social, and economic systems and with diverse patterns of institutional structure, financing, and stakeholder participation;

- Policies such as full employment, rapid wage growth, and the provision of food subsidies are crucial in providing social protection;

- The role of families and communities is vital even at high levels of national income, particularly in caring for the sick, the disabled, and the elderly (while bearing in mind that this caring work falls disproportionately to women);

- The successful delivery of social security and welfare programmes depends on a political leadership that is committed to extending vital social services to all; and

- The allocation of resources to priority programmes matters more than the total amount devoted to welfare services and social security.
Unit IV. Social Protection and Security: Some Frequently Asked Questions

Frequently asked questions about social protection and security are:

- Why social protection?
- Of what?
- For whom?
- How much?
- How?

These questions may appear simple, but their scope is enormous. This Unit can therefore address only the most basic issues they raise.

IV.1. Why Social Protection?

There are three types of justification for social protection.

The first views such security as a human right, and as part of what constitutes development. Security of life, livelihood, and citizenship are seen as the rights of all human beings in all societies.

The second focuses on the unacceptable human costs of the absence of security and protection.

The third, the instrumentalist or functional justification, regards social protection as a good economic investment on the grounds that workers who are protected are more productive and profitable. Within this paradigm, social protection also promotes political stability as high levels of poverty and vulnerability could lead to unrest and thus undermine the security of capital and wealth.

The arguments against social security are based on the assumption that it depresses initiative and independence, and undermines the economic growth that is needed in order to finance it.

IV.2. Of What?

In determining which social provisions need to be made secure and protected, some key policy options to be considered include the following:

- Protective vs. promotional policies
- Equality of opportunity vs. equality of outcomes
- Outcomes vs. their determinants
Protective social security measures seek to prevent a decline in living standards such as might occur in an economic recession or as a result of a major calamity that affects livelihoods and food security. They are concerned with safeguarding against unexpected losses and risks. Promotional social security measures seek to raise general living standards and expand the basic capabilities of the whole population so that people are better able to fend for themselves in the long term.

A focus on equality of opportunity leads to measures that can ensure fair access to the market, while a focus on equality of outcomes addresses the redistribution of assets in order to redress wider imbalances. This may lead to policies to protect certain social groups to ensure their representation in particular sectors. Reservation policies, quotas, or affirmative action policies are common examples. The focus on outcomes thus addresses the factors giving rise to the insecurity or exclusion that makes such interventions necessary.

A question underlying all these policy options is the trade-off or compromise between protecting the quality of health, education, and the environment versus protecting individual employment, incomes, and livelihoods that help to determine the outcomes. As we have seen, however, the decent work framework places social protection within the broader context of development, and is not merely focused on employment-related provisions.

IV.3. For Whom?

Social protection has traditionally focused on the rights of employees to enjoy certain types of security, and the corresponding duties of employers and governments to protect these rights. This approach is inappropriate in contexts where only a minority of workers is engaged in the formal sector, while the majority is self-employed or in the informal economy, including home-based workers. This reality raises the policy option of whether to provide universal benefits or target interventions to where they are most needed.

Universal social protection is rooted in the principle of human rights, which holds that all human beings are entitled to basic forms of social protection. Ideally, this approach will encompass all members of society, rather than taking an exclusionary approach, which is inconsistent with the concept of universality. However, the provision of universal social security remains a distant goal for many transition and developing countries. Targeted intervention is seen as an achievable, but insufficient, option.

Targeted interventions raise issues related to:

- Definition, measurement, and implementation,
- Identification of the social sectors on which to focus,
• Frequency of reviews, and
• Identification and inclusion of populations who are highly vulnerable or disadvantaged (e.g. migrants).

There is frequently the added obstacle of lack of political support for, or outright opposition to, government measures that seek to protect poor and disadvantaged populations. Conversely, when public provision excludes the non-poor, the quality of the services tends to decline to the detriment of those dependent on them.

IV.4. How Much?

In principle, social security provision should ensure sufficient cover to the population. What is regarded as sufficient is often determined by the financial resources available, the political system, and wider cultural attitudes rather than by the actual deficit or needs of the recipient population.

It is often said that social services that are used only by the poor tend to be poor services. A social security system that is geared exclusively to meeting the basic needs of the poor can unintentionally exacerbate their marginal position. Limited resources need to be mobilized and carefully distributed with a view to avoiding such marginalization.

IV.5. How?

The three central issues related to the provision of social protection programmes and services are:

• Who provides?
• Who pays?
• How are the services delivered?

The state has traditionally assumed responsibility for providing services and for mobilizing the necessary resources, for instance, through taxation. Recent decades have seen the almost universal growth in the involvement of the private sector and NGOs in delivering social protection services as governments increasingly outsource these functions. In such cases, the government generally takes on a regulatory and monitoring role rather than taking a direct role in operating markets.

Two approaches that are gaining ground are:

- Individual benefits-based approach – all persons on or below the poverty line are given a modicum of financial support and left to find their own
social protection and suppliers. Apart from stigmatizing the poor, this also raises the issue of how to identify them since poverty is not a static condition.

- Social insurance approach – individuals or self-help groups develop insurance mechanisms either independently or supported by the state. The benefits are deferred and drawn upon only if required (Box 13).

A comprehensive benefits system runs the risk of creating dependency, but market insurance systems often exclude those who are needy but are not profitable because they are perceived to take out more than they put into the scheme, e.g. private health insurance companies generally exclude individuals suffering a chronic illness. In all cases, the government’s role is crucial in setting the regulatory framework and monitoring performance, and possibly providing subsidies in order to guarantee an acceptable level of service.

**Box 13: Social Security for Informal Workers: The case of SEWA, India**

The Self-Employed Women’s Association (SEWA) is a registered trade union working with women in the informal economy. Most of its members are vendors, hawkers, homeworkers, and labourers. SEWA ensures that its members receive minimum wages and provides them with legal assistance and overall work security. It also represents the members at various levels.

SEWA’s Integrated Social Security Programme is India’s largest contributory social insurance scheme for workers in the informal economy. It insures over 32,000 members. The scheme covers health insurance (including a maternity grant), life insurance (death and disability), and asset insurance (loss or damage to dwelling or work equipment).

*Source:* Ghai 2002b.

**Unit V. Socio-Economic Vulnerability: Patterns and Processes**

Socio-economic vulnerability is a major justification for comprehensive social protection and for special provisions for the most vulnerable and risk-prone. Vulnerability is not a fixed or inevitable condition. A person can be made vulnerable by certain events or processes, and can be made more secure by others. A particular health condition or social identity may render a person highly vulnerable in one society, and not in another. Social protection aims to
mitigate the effects of vulnerability and risk, and to protect against their recurrence.

The patterns and processes of socio-economic vulnerability can be broadly categorized into:

- Structural or endemic entitlement deficits,
- Systemic transitions,
- Systemic reorientations, and
- Mass entitlement failures.

**Structural or endemic entitlement deficits** are an aspect of structural or endemic deprivation and poverty. They refer to shortfalls in crucial aspects of human well being such as nutrition, health care, and housing, which persist and are reproduced in the economy. These shortfalls derive from many sources and manifest their effects on individuals and their households, occupational groups, or wider social sectors.

**Systemic transitions** refer to the rapid, dramatic, and profound changes in the social and economic framework (e.g. the collapse of the former Soviet Union). By contrast, **systemic reorientations** are fluctuations within an unchanging overall political and economic system (e.g. the IMF structural adjustment programmes and associated institutional reforms adopted by many developing countries from the 1980s).

**Mass entitlement failures** occur within the economic system but could be regarded as episodic events, shocks, dislocations, disturbances, or fluctuations. They include both natural events such as droughts and floods, and also political emergencies such as famines, wars and armed conflicts, and major economic crises.

### Unit VI. Indicators of Social Protection

#### VI.1. Suggested Indicators

The decent work framework stresses the effective coverage of social protection and actual benefit levels for workers and the general population. Indicators of social protection should therefore aim to capture the coverage, benefit level, and expenditure on each provision.

Two types of indicator are generally used to assess the level of social security provision:

- Public expenditure as a proportion of GDP
Adequacy of coverage

Public expenditure on social protection as a proportion of GDP shows the public effort to redistribute resources. However, it does not measure how effectively these resources are used or take into account private schemes for social protection.

The adequacy of coverage is measured by the proportion of specific social or occupational groups who are protected against each type of contingency, such as unemployment, sickness or injury, maternity, childcare, and old-age pension.

A more complex measure examines the proportion of all government expenditure on public social security as a broad indication of both the coverage and level of benefits. This is important in developing countries because, apart from some health services, coverage is generally limited to formal-sector workers.

Two further indicators could be developed to measure social security systems with respect to contingencies and natural catastrophes, especially in a developing country context. These are:

- Population below a fixed income level as a proportion of the working population, i.e. the working poor.
- Proportion of the population lacking basic services such as access to health care, primary schools, clean water, sanitation, and reasonable shelter.

These data are available for most countries and are published annually in the World Bank’s World Development Reports and the UNDP Human Development Reports.

Further indicators of the adequacy and coverage of social security include:

- Percentage of GDP allocated to needs-based cash income support (e.g. old-age pensions, survivor’s benefits, invalidity benefits, family allowances, child benefits, social assistance, and unemployment benefits);
- Percentage of those classified as poor who benefit from cash income support;
- Proportion of economically active population contributing to a pension fund;
Proportion of population over 65 years benefiting from a pension;

Average monthly pension (as a percentage of median/minimum earnings); and

Insurance coverage for health and occupational injury.

Contributing to a pension fund during one’s working life and benefiting from a pension during old age is an important form of social protection. Where health care is not a universal benefit, a relevant indicator is the percentage of the population (or wage-earning population) contributing to a health insurance scheme whether the contributions are statutory or voluntary, and whether the provision itself is public or private.

Since so few countries maintain detailed data regarding the main contingencies of health care, sickness, old age, and unemployment, it is hard to establish comparable social security indicators across countries. Nevertheless, there are enormous variations even within the OECD member states, as can be seen in the World Labour Report of the ILO, with Sweden, Denmark, and Finland all spending twice as much of their GDP in 1996 as the USA, Australia, and Japan.

VI.2. Some Alternative Measures for Mapping Social Protection

Given the multiple dimensions of vulnerability and insecurity, and the diversity of the social groups that comprise any large population, it is inevitable that aggregate statistics or indicators of socio-economic security will be somewhat crude. The only way to develop more accurate and informative indicators for comparing or monitoring socio-economic security would be to focus on a specific group or a single aspect.

An alternative framework looks at social security systems on an axis combining:

- Multiple dimensions of social protection,
- Different constituencies, and
- Alternative provisioning systems.

The dimensions of social protection cover the whole spectrum of security needs, such as adequate food, access to health care and education, issues related to work or employment, provision for old age access to legal aid, etc.

Different constituencies include vulnerable social groups such as children, women, elderly people, workers, migrants, excluded minorities, the unemployed, etc. Each constituency could be further disaggregated (e.g. formal or informal
economy workers, women and men, marital status, documented and undocumented migrants, and so on). This information would make it possible to generate a matrix to show the social coordinates of vulnerable sectors of the population.

Alternative provisioning systems might include state provision, market-based systems, employer/enterprise-linked systems, occupational welfare funds and schemes, trade unions or membership-based organizations, and other solidarity or community-based organizations. Provisioning systems could also include informal or non-contractual mechanisms based on family, household, lineage, clans, and kinship networks.

Advantages of the matrix approach are that it makes it possible to:

- Examine the level and forms of cover enjoyed by specific population groups,
- Delineate the specifics of each sub-group in terms of types of insecurity and the forms of cover required, and
- Identify the overall needs and gaps in social provisioning.
VI.3. Profiling Women’s Insecurity: An Illustration

The table below provides an illustrative framework for making an inventory of women’s socio-economic security (Table 12).

<table>
<thead>
<tr>
<th>Gender bias or vulnerability</th>
<th>Lifecycle phases</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pre-natal</td>
<td>Infancy &amp; Childhood</td>
<td>Girlhood &amp; adolescence</td>
<td>Young woman</td>
<td>Middle age</td>
</tr>
<tr>
<td>Reproduction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Empowerment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledge, education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nutrition, health</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal security</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Work</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, assets</td>
<td></td>
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</tbody>
</table>

Source: Saith 2006.

Women operate in these various settings and play different roles within them: home, school, workplace, public space, home after marriage, etc. In each domain, women encounter various forms of gender bias and disadvantage. The domains are listed on the left-hand side of the matrix and the chronological stages as columns under the Lifecycle section. More fields can be added as deemed appropriate by individual experience.

Together, the lifecycle phases and areas of gender bias or vulnerability create a matrix through which to chart the disadvantages and vulnerability women encounter. A similar matrix for men of the same or similar background would highlight the gender-based disadvantages experienced by women. The matrix gives a more holistic and dynamic picture of gender disadvantage than most other measures, and allows connections to be made across different areas.

Similar matrices could be produced for any population group.
Unit VII. Extending Social Protection in Developing Countries

Social protection clearly needs to be extended in countries where most of the working population lives near or below the poverty line and formal employment accounts for only a fraction of the total labour force. The vast majority of workers, unfortunately, do not benefit from existing social protection mechanisms. This serves to exacerbate social exclusion and contribute to poverty. In addition, poverty and various forms of exclusion are often of a structural nature.

The main social protection needs in developing countries can be classified into three categories:

- Basic services - access to adequate food, health care, primary education, clean water, sanitation, and housing;
- Contingencies - sickness, accident, death of the principal breadwinner, disability, old age, and the needs of vulnerable groups such as abandoned children and widows; and
- Humanitarian emergency - floods, droughts, earthquakes, communal riots, and wars or armed conflicts that can result in massive destruction of property, livelihood, and sources of support.

VII.1. Providing Basic Services to All

Basic services relate to adequate food, health care, primary education, clean water, decent sanitation, and housing for all. Although many low-income and some middle-income countries do not provide these services to every citizen, all but the poorest countries have enough resources to provide basic services. The major obstacles to meeting these needs are more often of a political and administrative nature, rather than financial. Shifting government expenditure from current patterns to new priorities therefore poses daunting political and administrative challenges. Given the limited administrative and technical capacity in some countries, a key priority is to strengthen government capacity to plan, organize, implement, and monitor basic social service programmes.

VII.2. Responding to Social Contingencies

In the formal sector, social contingencies are usually covered through social insurance programmes with varying levels of contributions from employers, workers, and the state. The same system could be adapted and extended to informal-economy and rural workers and other vulnerable social groups. This could be achieved through state intervention, either directly or through intermediaries. Another approach is to encourage and assist workers in the
informal economy, including domestic and rural workers, farmers, and the self-employed, to devise their own self-help social insurance schemes along the lines of SEWA (see Box 13).

**VII.2.1 Including the Marginal and Excluded Sectors**

Most workers in developing countries lack adequate social protection. Further, those workers with most limited access tend also to be marginalized on the basis of sex, age, and migrant status, economic status, and other social categories. Such forms of vulnerability are often associated with low educational status, poor health, and low levels of political empowerment and organization.

Marginalized groups are also vulnerable to serious human rights violations – as seen, for example, in the widespread trafficking of women and children, or the exploitation of undocumented migrants. These groups are in greatest need of protection by the state. It is therefore crucial to find ways to provide social protection to cover those who suffer the greatest social exclusion and those who are most vulnerable, such as:

- Elderly people
- Widows
- Migrant workers
- Displaced persons
- Female workers
- Child workers
- Forced and bonded labour
- Disabled persons
- People living with HIV/AIDS and chronic disease

Interventions may include pension schemes (e.g. for widows and the elderly), health insurance schemes, employment guarantee schemes for adults, strengthening the educational system as a means of tackling child labour; and various forms of positive discrimination such as guaranteeing land rights to women, quotas for members of marginalized social groups, and so on.

**VII.3. Natural Disasters**

Natural disasters are a major source of economic and social insecurity for millions of people, particularly in countries that are vulnerable to floods, hurricanes, droughts, or earthquakes.

People living in poverty are disproportionately affected by such disasters, both because their housing conditions are generally more precarious, and because they have no savings or other resources to fall back on. There are seldom any
insurance policies to compensate them in the event of death, disability, social
disruption, and economic damage, including the loss of property, tools, and
working capital. While relief assistance focuses on immediate needs, there
should also be an emphasis on addressing the longer-term need for jobs and
livelihood, and some form of compensation for losses.

Social protection also covers the need to implement policies to prevent or
reduce risk and mitigate the effects of disasters. These may include measures
such as early-warning mechanisms, flood-control dams and improved drainage,
resettlement and mass evacuation plans, enforcement of appropriate building
codes, and better environmental management (e.g. erosion control, reforestation
programmes).
Unit VIII. Special Concerns in Developing Countries

Political and economic reforms, particularly those conducted within the framework of structural adjustment from the 1980s, have led to the widespread erosion of public social protections and social safety nets. This is particularly dramatic in developing countries, where social coverage was already somewhat limited. Economic crises have further undermined incomes and reduced government capacity to develop welfare services for those who are poor and marginalized.

The current trend toward privatization and retrenchment in the public sector and the introduction of flexible labour practices, including outsourcing, has taken place in the context of a significant withdrawal of governments from welfare financing. The decline of traditional networks, alongside intensive processes of industrialization and urbanization, has further eroded the community support systems available to vulnerable members of society.

Some countries have experienced serious corruption in the social service sector. Others have suffered prolonged wars and unrest, or a collapse of government in the so-called ‘failed states’. In many cases, the processes associated with contemporary globalisation and the widespread adoption of neo-liberal policies have been linked to the slow growth of overall employment, the burgeoning informal economy, and increased disparities in income and access to social protection. The ageing population poses a major challenge in most countries because of the additional pressures coming to bear upon existing pension systems and health services.

VIII.1. Addressing the Issues of the Informal Economy

The proportion of the labour force in the informal economy has increased substantially in most developing countries, but without any corresponding increase in productivity, real wages, or working/living conditions.

The informal economy is characterized by the preponderance of seasonal, casual and contractual employment, and by atypical production and work relations. Other more problematic features of the sector may include the violation of social standards and regulations and workers’ rights, denial of minimum wages, indebtedness and bonded labour, displacement of home (as a result of migration), or dislocation of domestic life (due to long or unsocial hours), greater exposure to hazards and risks, with no recourse to health and safety standards, and the unforeseen problems of rapid and largely unplanned urbanization.
The widespread reliance on the informal economy has further reduced the income security of the large majority of workers and their families while there has been a marked reduction in the scale of the social welfare/security programmes on which they previously depended.

The need is for workable solutions to these immediate problems and for effective social protection systems to support the most vulnerable social groups. These solutions might include:

- Reallocation of public spending to social protection;
- Employment insurance schemes;
- Welfare funds, designed with beneficiary participation, that are effective mechanisms for social protection;
- Basic subsistence for the unemployed; and
- Support systems for highly vulnerable social groups.

The Welfare Funds established in the Indian state of Kerala show how some of these goals can be achieved in practice, and in ways that are sustainable over time (Box 14).

**Box 14: The Welfare Fund Scheme for Informal Economy Workers in Kerala, India**

<table>
<thead>
<tr>
<th>The Welfare Fund scheme for workers in the informal economy in the Indian State of Kerala was established in 1969. The State now has about 20 welfare funds covering the vast majority of workers in several informal occupations, including: plantation workers, the loading and unloading sector, ('head-load' workers), artisanal activities, fisheries, handloom weaving, and cashew and coir processing. Welfare Funds offer some form of old-age social security, social insurance in the event of sickness, accident, and/or death, and some welfare assistance for housing, education, and marriage of daughters. The scheme:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Provides a measure of social security, insurance, and welfare assistance to workers in the informal economy;</td>
</tr>
<tr>
<td>- Belongs to a tripartite body consisting of representatives of the workers, employers, and the government with a government veto on policy issues;</td>
</tr>
<tr>
<td>- Runs on bureaucratic principles, with the chief executive appointed by the government and staff drawn from government</td>
</tr>
</tbody>
</table>
departments;
• Relies on mandatory contributions from workers and employers with the exception of a few ‘voluntary’ funds; and
• Requires a minimal financial contribution by the government.

Source: Kurien in Oberai et al. 2000.

VIII.2. Financing Social Protection

To extend social protection to millions of workers in the informal economy in a sustainable way, but without overburdening the government budget, poses a major challenge. Apart from the Kerala scheme outlined in Box 14, ways in which to mobilize the necessary resources include:

➤ **Taxes**: Reducing tax avoidance and tax evasion;

➤ **Selective user-fees**: Making the higher socio-economic classes pay more for social services while poorer people pay only nominal fees, particularly for primary education and basic health care;

➤ **Mobilizing contributions**: Contributions from individuals, institutions, voluntary organizations, and other social partners (such as trade unions and employers);

➤ **Reallocating resources within sectors**: Shifting expenditure from low to high priority uses, e.g. from curative to preventive health or from tertiary to primary education; and

➤ **Reallocating budgets across sectors**: Shifting military expenditure, for instance, to social sectors.

VIII.3. Role of Social Partners

The provision of social security and social safety nets for social groups that are poor or vulnerable needs to become a priority concern for these individuals themselves, as well as for the groups that advocate on their behalf, governments and their relevant agencies, and public policy researchers and planners.

Addressing the social protection deficit in the informal and unorganised sectors of developing countries will require public action to respond to the multi-dimensional needs, and concerted action to ensure that the response is efficiently coordinated and delivered. This will include legislation and its enforcement, the raising of social awareness, and the active involvement of
voluntary organizations and individuals, along with actual improvements in coverage and supervision.

Although the state is necessarily the main duty-bearer in relation to those who are poor or otherwise disadvantaged and in need of particular protection, the provision of social security is not its exclusive responsibility. Trade unions, employers’ organizations, local communities and NGOs can also play a role in such provision.
Issues for Discussion

- The wider definition of social protection/security includes measures to enhance social capacities, ensure economic security, and support those who are most vulnerable and in need of assistance. How would you assess the social protection requirements in your country against this definition? What basic elements would you offer to the very poorest? (Units I, VII & VIII; sections III.4; IV.2; IV.3; IV.4; and VI.2)

- Social protection systems have faced massive changes in the last 20 years, including the increasing importance of flexible labour markets and the informal economy. How would you address these complexities and ensure that a basic level of social protection is provided to the working poor? (Unit VIII; Section III.5)

- In most countries, only a small minority of the population is covered by adequate social protection. Why is this? How can the state and the other social partners make the right to social protection a reality for all? How can economic constraints and overall conditions of development be taken into account in achieving this goal? (Units VII & VIII; Sections IV.3 & IV.4)

- Those with limited or no access to social protection tend to be marginalized because of a combination of gender, age, and migrant status, as well as by their economic status. How would you expand the cover of social protection programmes to include more workers from marginalized and excluded sectors? What instruments and policies are likely to be most effective? (Sections III.4, IV.3 & VIII.2)

- To develop more accurate and informative indicators for comparing or monitoring socio-economic security, it is necessary to focus on a specific group or a single dimension. What are the strengths and limitations of this approach in the context of your country? (Section VI.2)

- In all societies and throughout their lives, women encounter gender bias, discrimination, and disadvantages of various kinds. How can social protection policies contribute to gender equality? Is it enough to guarantee equal treatment of men and women in social protection schemes? (Sections VI.3. & VIII.2)

- Expanding social protection to millions of workers in the informal economy makes it necessary to examine a wide range of financial options. In the context of your country, what are the advantages and disadvantages of alternative methods of financing social protection? (Section VIII.3)
The expansion of social protection depends on the concerted action and resources of all the social partners. How could an expanded social dialogue, both in your country and at the international level, contribute to the extension and improvement of social protection? What could be the respective roles of government, workers’ organizations’, employers’ associations, NGOs, and other community-based or voluntary agencies?

How can synergy be promoted between social protection and other dimensions of decent work?
MODULE IV:

WORKERS’ RIGHTS AND DECENT WORK
Introduction

Respect for workers’ rights, or rights at work, is one of the four components of decent work. These rights are defined in various ILO Conventions. This module presents a framework for thinking about rights at work, particularly in relation to the needs and conditions of developing countries.

The concept of rights at work originated in nineteenth-century Europe, and was based on the freedom of contract between an employer and a worker. Narrowly interpreted, this does not embrace the rights of those who are not in formal employment. The rights of individual workers may not always be perceived as relevant or given priority in countries wherein most people’s basic needs are not met.

There is also a growing fear that the implementation of rights at work will put developing countries at a disadvantage in terms of international trade and in attracting foreign investment. This fear is reinforced by the adoption of neo-liberal policies that seek to limit the role of the state in regulating the labour market, and regard ‘free’ and flexible labour markets as the best or only way to ensure economic development and, in the long run, improved conditions of work. These policies run counter to the concept of universal social and labour rights. The newer approach of rights-based regulation is more appropriate to economies in which the vast majority of workers are not employed in the formal sector.

There are three core sets of rights or international labour standards set out in the ILO Declaration on Fundamental Principles and Rights at Work and other documents: the elimination of forced and compulsory labour and child labour, in particular the worst forms of child labour; the elimination of discrimination at the workplace; and freedom of association and the right to collective bargaining. While every country should adhere to minimum international standards, other rights and higher standards may be progressively realized as conditions permit. This depends on the state’s adherence to established norms and standards by recognizing its obligations to respect, protect, and fulfil a right, mobilizing social actors to assume specific responsibilities as appropriate.

This module is organized as follows:

- Unit 1 Basic Concepts of Rights at Work
- Unit 2 Historical and Comparative Approaches
- Unit 3 Key Issues in Understanding Rights at Work
- Unit 4 Workers’ Rights and International Labour Standards
- Unit 5 Indicators of Protection of Workers’ Rights
- Unit 6 Policy Options in Implementing Rights at Work
Unit I. Basic Concepts of Rights at Work

The rights of workers can be classified as legal rights or moral rights.

Legal Rights are recognized and protected by the rules of legal justice and cannot be taken away without changing the law. For instance, many countries legally enforce the right to a minimum wage or the right not to be dismissed without good cause. Legal rights become necessary when moral rights are not being observed.

Moral Rights are based on value judgments on the desirability of having a particular right, for instance the right to fair pay. Because values are socially determined, there is usually a broad social consensus about what constitute moral rights. Moral rights cannot be legally enforced although they often underpin legislation.

The rights of working people are also based in ideas of social ethics, of what is considered to be good or just. The national constitutions of many countries encode such beliefs. The international community has expressed its social ethics in core documents such as

- The Universal Declaration of Human Rights
- International Covenants on Civil and Political Rights (ICCPR)
- International Covenants on Economic, Social and Cultural Rights (ICESCR)
- Conventions and Recommendations of the ILO

I.1 From Natural Rights to Human Rights

In the second half of the twentieth century, the focus of rights at work shifted from natural rights to human rights.

Natural rights were thought in ancient Greek philosophy to be the entitlement of every free man – but not women and slaves - by virtue of being a rational human being. These rights derived from natural law, which was regarded as invariably ‘good’ and of a higher order than any law made by political authorities.

By the mid-twentieth century, the term human rights had become widespread in international discourse. As opposed to the earlier classification of natural rights from which certain groups, such as women and slaves were excluded, human rights by definition inhere in the human condition and are therefore universal and inalienable. The Universal Declaration of Human Rights was adopted by the UN General Assembly in 1948 and has been supplemented by a large number of additional declarations distinguishing various economic, social,
and cultural rights, including the Right to Development. There are continuing disagreements about whether the latter are ‘rights’ or essentially goals or aspirations.

I.1.2. Personal Rights and Social Rights

**Personal rights** focus on the individual’s autonomy and protection from coercive interference. These include the right of association, freedom of speech and expression, the right to fair hearing by independent and impartial tribunals, freedom of movement, and freedom from interference with privacy. These are referred to as ‘negative rights’ because they depend on freedom from or non-interference by the state or other coercive bodies.

**Social Rights** are concerned with fundamental social objectives. They include the right to work, the right to social security, the right to adequate food, the right to health care, and the right to education. These are referred to as ‘positive rights’ because they are rights to various entitlements that are protected by positive action by the state.

The lists of personal and social rights do not in themselves indicate which take higher priority if a choice between them has to be made. For example, they do not help in deciding whether the rights of the unemployed are greater than those of those in employment; or whether the right of all children to primary education is greater than the rights of some to have access to tertiary education. Though it is common to describe some rights as ‘basic’ or ‘fundamental’, this does not resolve the issue. It simply begs the question as to why one right is more important than another. The only feasible ways to uphold social rights is to recognize that they are not absolute but must be progressively realized.

I.2. Rights and Obligations

All human rights have their counterpart in some obligation - in other words there must be a corresponding duty-bearer. A right without a specific obligation cannot be enforced. The obligations approach focuses on the relationships between rights-holders and duty-bearers rather than simply on those who claim rights. Obligations are often mutual. For instance, the ‘wage-work bargain’ obliges an employer to pay wages in return for the worker’s duty to perform the agreed work. Workers and employers have rights and obligations.

Not everyone agrees that rights must always be linked to obligations. Some would point out that the fact that a right is not realized or is violated does not mean that it does not exist. The practical solution is to distinguish between rights that are effective because there is a corresponding obligation, and those that are simply aspirations.
I.3. Substantive and Procedural Rights

In relation to decent work, **substantive rights** determine the actual conditions of labour, such as minimum wages, maximum working time, and the right to equal treatment. **Procedural rights** shape the procedures by which substantive rights are determined, for instance the right to form a trade union or the right to equal opportunities.

In contemporary labour law, the emphasis is on procedural rights because it is generally believed that regulatory interventions are more likely to be successful when they enable employers and workers to make and enforce their own substantive rules, rather than imposing substantive outcomes.

I.4. Principles and Standards Concerning Rights at Work

Rights are concepts of entitlement and empowerment that are derived from principles. The ILO Constitution sets out a number of **principles** of social justice, such as the principle of freedom of association, and the principle of equal remuneration for work of equal value. These principles are further elaborated in ILO Conventions and Recommendations, which also identify specific rights to give effect to the principles.

There is a distinction between principles and standards. While the ILO Constitution sets out principles, the principles elaborated in its Conventions and Recommendations are referred to as **international labour standards**. ILO standards are universal and apply to all member States that have ratified the Convention. In the case of the ILO Declaration of Fundamental Principles and Rights at Work (see Appendix 1), the standards must be applied by all member states, even if the Convention itself has not been ratified. The term **minimum standards** is applied to standards that permit the existence of higher standards, without any implication that the standard is set at a low level. A minimum standard would be the abolition of the worst forms of child labour, but any country could choose to abolish all forms of child labour.

While ILO standards are universal, they have been developed with sufficient **flexibility** so they can be adapted to countries with diverse levels of development and legal frameworks (Box 15).
Box 15: Types of *flexibility* clauses in ILO Conventions

- An option as to which obligations are accepted.
- An option to specify at the time of ratification the level at which standards will be applied (e.g. to minimum age, holidays with pay).
- An option to describe the scope of the persons or enterprises to be covered (e.g. in relation to hours of work, wages, or maternity pay).
- Allowing country-specific exceptions (e.g. allowing countries whose economy and medical facilities are limited to apply temporary exceptions in relation to health and social security).
- Stating the policy to be pursued without specifying any particular rights, and providing guidelines in the form of a Recommendation on how the objective might be progressively realized (e.g. equal remuneration for women and men).
- Allowing flexibility as to the chosen policy method; for example, through collective bargaining or national legislation, or a combination of methods.

Unit II. Historical and Comparative Approaches

The achievement of rights at work in each country was the outcome of complex and often bitter struggles between different social groups – for instance between rural and urban dwellers, or between the bourgeoisie and the working class – and also between competing ideologies of conservatives, liberals, and socialists, and of religious and secular groups.

The crucial element in the achievement of rights at work is power. The achievement or denial of rights at work is therefore rooted in power relationships.

It is useful to examine how particular rights came to be introduced in each country as a way to understand differences in the relevance, nature, and scope of such rights. A practical way to do this is to compare rights under these four types of state ideology:

- The liberal state,
- The social democratic welfare state,
- The neo-liberal state, and
- The development approach.

II.1. The Liberal State: Toleration and Protection

In pre-industrial societies the worker is a member of a closed society and a closed economy and has little freedom of movement. In Western Europe, employment was within the family or guild and controlled by the head of the household or the master. An apprentice pledged loyalty to the master, who in turn provided training and protection.

The early factory owners enjoyed almost absolute rights over their employees and could imprison workers who went on strike or formed trade unions.

The liberal constitutional states that emerged in nineteenth-century Europe promoted liberal doctrines, asserting the importance of leaving the economy alone (*laissez-faire*). In reality, this gave unlimited support to the power of property in the form of capital. However, these states also introduced protective legislation and tolerated certain rights for workers, such as:

- Freedom of contract and the formal equality of employer and employee;
- Toleration or even legal recognition of trade unions and collective bargaining;
• Protective legislation for vulnerable groups of workers such as children and women; and
• Protective legislation concerning basic working conditions such as the length of the working day, minimum wages, and the fencing of dangerous machinery.

II.2. The Social Democratic Welfare State: Equality, Security and Other Workers’ Rights

Challenges to the liberal approach came from two sources. One was from socialists and communists whose aim was not to establish and uphold ‘rights’ under a capitalist order, but to end the system of wage labour. In the Soviet Union, this took the form of the centralized state within which the protection, welfare, and job security of individual workers was seen as the reward for loyalty and observance of labour discipline.

The other challenge was from social democrats whose goal was to achieve a fair balance between employers and workers. This approach was tried in the German Weimar Republic (1919-33) and appears in the 1917 Mexican Constitution.

Labour law established institutions and processes to guarantee workers individual and collective rights within the existing class system. Some democratic states placed a stronger emphasis on collective bargaining than on individual rights. This was the case in the UK until the 1960s. The subsequent focus on legislation to protect the rights of individual, in relation to race and sex discrimination, for example, has assumed greater importance since the decline of collective bargaining and trade union density since the 1980s. In the USA, the abolition of slavery exerted a strong influence on the idea of the inviolable right of employers and workers to buy and sell their own labour. This led to a more market-centred approach. From the 1960s, civil rights legislation ruled out various forms of discrimination, and subsequently lead to a greater focus on the legal rights of individual workers.

Welfare regimes became widespread in Europe after 1945, and new social rights were underpinned by theories of ‘social citizenship’. In return for accepting the demands of a management hierarchy, workers were promised a secure livelihood and a degree of job security. A body of related international human rights law also evolved. In 2000, the European Union set out all fundamental rights in its Charter of Fundamental Rights of European Union (Appendix 2).
II.3. The Neo-Liberal State: Deregulation

Until the 1970s and 1980s, there existed a broad consensus that inequalities in the market could be addressed through positive regulation. Since then, the rise of neo-liberalism has tended to push back the role of the state in regulating the market. Neo-liberal theory treats the market and the private law of contract and property as ‘natural’ and not to be intruded upon by legal institutions. It therefore places the burden of proof on those wishing to maintain workers’ rights that the costs of labour regulation do not outweigh the potential benefits, i.e. to prove that such regulation is ‘efficient’.

In this view, the inequitable distribution of wealth and power is disregarded or not considered inherently undesirable. The right to equal treatment and respect is not seen as a social value in itself. The extreme version of neo-liberalism characterized by the Chicago School argues against individual labour rights – such as against unfair dismissal – because they interfere with ‘efficient’ incentive structures; and that trade unions must be stripped of ‘special privileges’ that protect them from the ordinary law of obligations. The assumption is that individuals are rational beings motivated solely by self-interest, and that the market allows the exercise of choice that enables them, if they so wish, to increase their wealth. Values are measured by what opportunities individuals will forgo. For example, a woman who seeks part-time work because of her ‘preference’ for looking after her children loses the opportunity to be paid at the same rate as a man doing full-time work. This ignores the multiple constraints on and social biases in the exercise of free choice.

In terms of rights at work, ‘deregulation’ is the most significant component of neo-liberal policies because it leads to leaving employment relations to market principles and repealing legislation (for instance on minimum pay and working time) as well as dismantling welfare rights.

There is no evidence that deregulation creates jobs. However, the fundamental argument against deregulation is that it is based on a false economic model of freedom of individual choice and action. Free markets are deemed efficient because the parties will trade with each other until they cannot further improve their position. This wrongly equates cost effectiveness with the maximization of wealth. It is further assumed that the employer’s rights of property and contract are cost-free when in fact they are delivered as a cost to taxpayers, workers, and consumers.

II.4. The Development Approach: Rights-Based Regulation

The development approach accepts that there may be a need to regulate the relationship between employers and workers, including the maintenance of a core of basic workers’ rights. Regulation may be needed to correct market
failures and to prevent or mitigate undesirable market outcomes in terms of distribution.

Provided that regulation will not harm those it was designed to help, rights-based market regulation is justified in the following ways:

- Employment rights are beneficial and necessary to economic development;
- Markets tend to generate and exploit differentials between workers (e.g. disadvantages in terms of education, class, or gender) that bear no relation to the value added by individual workers;
- Undervalued labour leads to inefficiency and hampers innovation;
- Resources should be redistributed to enable those who wish to enter the labour market to do so; and
- Labour market institutions that encourage high trust and partnership, for instance through various forms of workers’ participation in the enterprise, lead to superior economic performance.

Unit III. Key Issues Regarding Rights at Work

- Can rights at work be reconciled with competitiveness?
- What is the relationship between workers’ rights and human rights?
- How can workers’ rights contribute to the alleviation of unemployment, poverty and inequality?
- How should rights at work be progressively realized?

III.1. Rights at Work and Competitiveness

It is often argued that liberalization of trade and investment throws labour and welfare systems into competition with each other. Trade needs to be ‘competitive’, and labour therefore needs to be ‘flexible’. Countries with low labour costs will attract investment. This investment will lead to more jobs, greater productivity, higher wages, and improved living and working conditions. This argument has been used in many countries to justify limiting employment rights and their enforcement.

Objections to the arguments about the aforementioned competitiveness include the following:
Firms are unlikely to relocate to countries with lower nominal labour costs if these reflect lower labour productivity;

TNCs prefer to invest in countries with a skilled labour force;

A rise in labour costs as a result of increased productivity and demand for labour would cancel out the advantage of relocation that is based on low labour costs;

National strategies that are based on low labour costs trap countries into a downward spiral of repeated cost cutting rather than investing in technology and skill creation.

### III.2. Workers’ Rights and Human Rights

Workers’ claims against employers are often asserted as ‘rights’. For example, we have commonly seen claims to decent conditions of work, to fair pay and job security, and to the right to participate in trade unions and to engage in collective bargaining. An emphasis on freedom of association has conventionally been viewed as a core human right.

For a number of reasons, however, movements for workers’ rights and human rights have followed parallel tracks despite the fact that the scope of workers’ rights in a country is an indicator of the status of human rights in general.

One reason for the parallel tracks is the disagreement over whether social and labour rights are in fact human rights. Some would argue that many social and labour rights can only be delivered if the state not only has the political will but also the material resources to do so. It may also be argued that some demands, for instance to paid leave, may be desirable social goals but are not universal moral rights.

A second reason for the divergence is that human rights organizations have until recently tended to focus on political and civil rights, while trade unions have concentrated on local and economic issues. While many ILO Conventions and Recommendations do explicitly address human rights, as does the 1998 Declaration of Fundamental Principles and Rights at Work, the bulk of ILO instruments are not classified as human rights.

A third reason for some skepticism about classifying workers’ rights as human rights is the necessary focus on the rights of individual workers or groups of workers and specific national and workplace contexts rather than on universal or unqualified rights. The difficulty of establishing mechanisms to ensure these rights, and the increasing reliance on ‘soft law’ (e.g. voluntary codes), further underline the problem.
Against this it may be argued that since human rights cannot be realized without social justice, it is possible to formulate rights in such a way that they can be integrated within the same overall framework as the goals of social justice. For instance, the rights of those at work can be considered along with – and not instead of – the interests of the unemployed.

III.3. How Can Workers’ Rights Contribute to the Alleviation of Unemployment, Poverty and Inequality?

To address the interests of the unemployed, the working poor, the underemployed, and self-employed workers and producers in the formal and informal economies, the concept of workers’ rights needs to go beyond its traditional focus on the relationship between subordinated employees and their employers.

In developing countries, a large proportion of the working population is not in paid employment. Poverty and inequality must therefore be considered in addition to unemployment and low-paid work. Poverty can be measured in absolute terms of falling below the income required to meet basic needs, or on a relative basis to include those whose income does not allow them to function optimally within their social environment. To define poverty as the deprivation of basic capabilities, for example to participate in economic, social, and political life, highlights issues such as social exclusion which do not depend merely on income level.

The goal of equality raises the issue of underlying disadvantage or discrimination. One approach is to extend the coverage of labour law to those who have lost, or never enjoyed, its protection. Another is to place labour law within the sphere of labour market regulation, in particular interventions aimed at reducing unemployment. However, while labour market policies are relevant to reducing unemployment, poverty, and inequality, they will not in themselves produce ‘decent work’ or ‘equality of capabilities’ in the absence of the promotion of rights at work.

III.4. How Should Rights at Work Be Progressively Realized?

Core or minimum rights establish a ‘floor of rights’, below which standards should not fall. The minimum is not a ‘ceiling’ but a starting point for the progressive realization of a given set of rights.

There are three levels of obligation in relation to social and labour rights:

- The obligation to respect a right,
- The obligation to protect a right, and
- The obligation to fulfill a right.
The first is relatively cost-free, so it can be implemented immediately. An example of such an obligation is that of respecting workers’ right to freedom of association.

The second means that the state must prevent violations by third parties (e.g. employers) either by establishing obligations of conduct (action aimed at realizing a substantive goal) or obligations of result (i.e. targets that must be met in order to meet substantive goals). These will require resources, in order to establish inspection regimes, for instance.

The third obligation does require resources, but these may come from a range of sources including the state, mandatory contributions by workers and/or employers, technical cooperation, partnerships with international organizations and so on. The fulfillment of a right depends on implementing specific plans that can be monitored.
Unit IV. Workers’ Rights and International Labour Standards

The 1998 ILO Declaration on Fundamental Principles and Rights at Work (Appendix 1) and other documents that set out workers’ rights are generally referred to as International Labour Standards. Three particularly important issues treated within the framework of such international standards are:

- Forced and Child Labour,
- Discrimination at Work, and

IV.1. Labour Standards on Forced and Child Labour

Decent work must be work that is acceptable to society. Two forms of work that are regarded as universally unacceptable are forced labour and child labour, especially hazardous and other extreme forms of child labour.

Forced labour takes many forms including slave-like situations, bonded labour, serfdom, chattel, and prison labour. It can also take the form of compulsory work required for educational, community, and state projects. However, provided that workers freely consent to perform such work, it is not defined as forced labour. The relevant ILO Conventions are:

- Convention No. 29: Convention on Forced Labour (1930), which aims at suppressing the use of forced or compulsory labour in all its forms.
- Convention No. 105: Abolition of Forced Labour Convention (1957), which outlines measures to prevent compulsory or forced labour from developing into conditions analogous to slavery.

Many children work on family farms or enterprises. However, unless such work is particularly arduous or is carried out under dangerous and unhealthy conditions, it is not the focus of international norms. The ‘unconditional worst forms of child labour’ include work in factories and mines or other dangerous or unhealthy environments, and the exploitation of children in sexual commerce, armed conflict, and human trafficking. The major ILO Conventions on child labour include:

- Convention No. 5: Minimum Age (Industry) (1919), which defines the minimum age for work at 14 years and prohibits the use of child labour in all industrial enterprises.
- Convention No. 138: The Minimum Age Convention (1973), which links the minimum age for entering the labour force with the minimum school-leaving age.
 Convention No. 182: Worst Forms of Child Labour Convention (1999), which calls for the prohibition and elimination ‘as a matter of urgency’ of abuse of children in slavery, prostitution, pornography, illicit drug trafficking, and in work endangering their health, safety, and morals.

IV.2. Labour Standards on Discrimination at Work

Discrimination at work implies the denial of equality of treatment and opportunity. It can be directed against individuals in their own right and/or as members of social groups. Discrimination at work exists in all countries, whether on the basis of gender and/or on the grounds of ethnic identity, race, caste, religion, social class, or civil status. It can result in or intensify unequal access to basic social services and other amenities. In this way, the disadvantages are passed on from one generation to the next.

The relevant ILO instruments are:

- **Convention No. 111 on Discrimination in Respect of Employment and Occupation (1958)**, which defines discrimination as ‘any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation’.

- **Convention No. 100 - Equal Remuneration Convention (1951)**, which is concerned with discrimination in pay and equal remuneration for work of equal value.

In addition to non-discrimination at work and access to work, fair treatment means being able to work without harassment or exposure to violence, with some degree of autonomy, and to fair handling of grievances and conflict.

Discrimination at work also applies to the differential treatment due to disadvantages related to age, disability, disease, and social status. For instance, migrant workers often have less secure and lower-paid work than other workers, experience sexual and other forms of harassment, and do not enjoy the same level of access to basic social services and welfare provision. People living with HIV/AIDS are also vulnerable: in addition to being stigmatised, they may lose or be denied work and/or may be excluded from social welfare protection and social insurance schemes (e.g. health insurance, old-age pensions). This highlights the importance of identifying vulnerable social sectors in order to address and protect their rights.
IV.3. Labour Standards on Freedom of Association and Collective Bargaining

Freedom of association is a fundamental human right enshrined in the Charter of the United Nations and the Universal Declaration of Human Rights. Freedom of association is necessary for workers and employers to defend their interests, to organize joint activities, and to participate in negotiations and discussions affecting their interests. The right to collective bargaining relates closely to the freedom of association.

Major international labour standards in this area are:

- **Convention No. 11 on the Right of Association (Agriculture) (1921)**, which undertakes to secure to all agricultural workers the same rights of association and combination as to industrial workers, and to repeal any statutory or other restrictions on such rights.

- **Convention No. 141: Rural Workers’ Organizations (1975)**, which provides for the right of all categories of rural workers to establish and to join their own organizations.

- **Convention No. 87: Freedom of Association and Protection of the Right to Organize (1948)**, which covers the right of workers and employers to establish and to join their own organizations, without any previous authorization.

- **Convention No. 98: Right to Organize and Collective Bargaining (1949)** and **Convention No. 163 on Collective Bargaining (1981)**, which assure all workers adequate protection against acts of anti-union discrimination in respect of their employment as well as encouraging collective negotiated agreements between workers and employers.
Unit V. Indicators of Protection of Workers’ Rights

V.I. Indicators of Forced and Child Labour
(see also Module II, Unit III)

The best indicator of the intensity and pattern of forced and child labour is its prevalence by type. However, it is hard to gather reliable and comparable data because illegal activity seldom takes place in public view and because such labour can take various forms. Qualitative indicators can be developed on the basis of existing studies and reports on human rights.

Child labour is often under-reported and difficult to estimate. School enrollment and attendance is a common proxy indicator of its incidence. Not all child labour is exploitative or dangerous. The focus should therefore be on establishing the extent of hazardous and other extreme forms of forms of child labour rather than measuring children’s work in general.

V.2. Indicators of Discrimination

Fair treatment in employment is expressed in terms of equality of opportunity and the right to non-discrimination. While many occupations are gender biased, clear and reliable information on explicit or implicit discrimination is scarce in most countries.

Indicators of discrimination seek to measure the extent to which workers with specific characteristics are disproportionately clustered in certain occupations or not represented in others. This can be illustrated with reference to sex discrimination, where data would be gathered on the following:

- Labour force participation rates or employment as proportion of female working age population
- Unemployment rates (by sex)
- Difference in earnings and other benefits (by sex)
- Proportion of all women in non-agricultural employment who are in senior professional occupations and skilled jobs
- Women’s share of earned income
- Occupational segmentation by sex (percentage of non-agricultural employment in gender-biased occupations, and index of dissimilarity)
- Women’s share of non-agricultural wage employment
- A comparison of men’s and women’s earnings in selected occupations
Occupational and earnings disparities between different groups of workers (in this case, between women and men) may arise from several factors related to an individual’s social status. One factor reinforces another, e.g. a woman migrant worker faces discrimination both as a woman and as a migrant. Such disparities must therefore be treated as indirect and approximate indicators of discrimination at work.

Other forms of unfair treatment include violence, sexual and other forms of harassment, and interference with one’s autonomy.

Table 13: Gender-based Disparities in Employment and Earnings

<table>
<thead>
<tr>
<th>Country</th>
<th>Women Legislators, senior officials, managers (% of total)</th>
<th>Women professional &amp; technical workers (% of total)</th>
<th>Women’s earned income share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>28</td>
<td>45</td>
<td>90</td>
</tr>
<tr>
<td>Norway</td>
<td>30</td>
<td>50</td>
<td>75</td>
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<td>Tanzania</td>
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<td>32</td>
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<td>Bangladesh</td>
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<td>Sri Lanka</td>
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<td>4</td>
<td>15</td>
<td>31</td>
</tr>
<tr>
<td>Peru</td>
<td>23</td>
<td>47</td>
<td>27</td>
</tr>
<tr>
<td>USA</td>
<td>46</td>
<td>55</td>
<td>62</td>
</tr>
</tbody>
</table>

Source: UNDP 2005. NB Complete figures unavailable for Brazil, China, or India.

V.3. Indicators for freedom of association and collective bargaining

Several direct and indirect indicators can be used to assess the extent to which workers have freedom of association.
One direct measure is whether a country has ratified ILO Conventions Nos. 87 and 98 (see Unit IV). However, ratification does not in itself mean that the necessary conditions to ensure freedom of association actually exist.

Another measure, also building on the ILO Conventions, is based on sources such as the Annual Survey of Violations of Trade Union Rights published by the International Confederation of Free Trade Unions (ICFTU), ILO Reports of the Committee on Freedom of Association, and the US State Department’s Country Reports on Human Rights Practices. Taken together, such information is likely to give a fairly accurate assessment of the freedom of association in any given country.

Indirect measures are based on the outcome of freedom of association in terms of the number or proportion of workers that belong to work-related organizations. A common indicator is union density, defined as the proportion of the labour force or wage employees who are members of trade unions. This is a useful measure of workers’ voice and representation: in general, the higher the union density, the stronger the defence of workers’ interests in negotiations with employers and the government, and the greater the participation by workers in matters affecting their work. However, union density is not a direct reflection of freedom of association. The extent of trade unionism depends upon historical traditions, political systems, and industrial structures and relations. In some countries, a majority of workers in the formal sector are covered by collective bargaining arrangements without belonging to a trade union.
Table 14: Union Density and Collective Bargaining
(late 1990s)

<table>
<thead>
<tr>
<th></th>
<th>Union density (% of non-agriculture labour force)</th>
<th>Collective bargaining (% coverage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>39</td>
<td>98</td>
</tr>
<tr>
<td>France</td>
<td>10</td>
<td>90</td>
</tr>
<tr>
<td>Sweden</td>
<td>88</td>
<td>85</td>
</tr>
<tr>
<td>Argentina</td>
<td>39</td>
<td>73</td>
</tr>
<tr>
<td>Hungary</td>
<td>60</td>
<td>45</td>
</tr>
<tr>
<td>Nigeria</td>
<td>17</td>
<td>40</td>
</tr>
<tr>
<td>South Africa</td>
<td>54</td>
<td>39</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>23</td>
<td>38</td>
</tr>
<tr>
<td>Kenya</td>
<td>17</td>
<td>35</td>
</tr>
<tr>
<td>Thailand</td>
<td>4</td>
<td>27</td>
</tr>
<tr>
<td>Guyana</td>
<td>25</td>
<td>27</td>
</tr>
<tr>
<td>Ghana</td>
<td>26</td>
<td>25</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>14</td>
<td>25</td>
</tr>
<tr>
<td>Japan</td>
<td>23</td>
<td>21</td>
</tr>
<tr>
<td>Philippines</td>
<td>30</td>
<td>19</td>
</tr>
<tr>
<td>Chile</td>
<td>16</td>
<td>13</td>
</tr>
<tr>
<td>Bolivia</td>
<td>16</td>
<td>11</td>
</tr>
<tr>
<td>Malaysia</td>
<td>13</td>
<td>3</td>
</tr>
<tr>
<td>India</td>
<td>15</td>
<td>2</td>
</tr>
</tbody>
</table>


Most ILO standards in relation to freedom of association apply to all workers (and employers) without distinction. However, union density may not be a relevant indicator in developing countries because only small percentage of the labour force is in the formal economy. Most workers in these countries are likely to be farmers, self-employed, and employees in the informal economy, including domestic workers, homeworkers (self-employed), and unpaid family workers. Their incomes are generally lower and less secure and their voice and influence weaker than those enjoyed by workers in the formal economy. There is a great need for workers in the informal economy to have organizations of their own to negotiate on their behalf and promote joint activities.

A large variety of organizations seeks to defend the interests of unorganised workers. These include peasant and agricultural worker groups, community organizations, neighbourhood associations, women’s groups, and organizations or pre-unions of homeworkers and other workers in the informal economy. A more realistic indicator of freedom of association in developing countries might be based on the density of membership of working people in all such organizations. However, such information is patchy in most countries.
Indicators to measure the right to **collective bargaining** relate to legal and administrative requirements, and the outcomes of collective bargaining. One direct measure is whether a country has ratified ILO Conventions Nos. 87 and 98 (see Unit IV), although ratification does not in itself mean that the necessary conditions for freedom of association actually exist.

A more effective indirect measure would be based on an examination of the national legislation and criteria governing collective bargaining. Reports by ILO and organizations such as ICFTU and human rights bodies could be used for supplementary information. A more detailed indicator would then measure the extent of collective bargaining that takes place, based on the proportion of employees covered by collective bargaining agreements.
Unit VI. Policy Options for Implementing Rights at Work

The major policy concerns in the implementation of rights at work are:

- The pillars of a new institutional structure
- Soft law or hard law?
- Public or private enforcement?
- How to define restrictions on collective solidarity?

VI.I. Synthesis of Traditional Approaches with Rights-Based Regulation on Rights at Work

The conditions on which the classical approach to workers’ rights was based no longer exist. First, most workers are not full-time industrial employees with secure jobs governed by collective agreements. Second, trade union membership has declined and in all economies paid work is increasingly performed outside conventional employment relationships. Third, the feminization and flexibilization of the workforce has implications for traditional divisions between ‘work’ and ‘family’, and between paid and unpaid work. Fourth, the liberalization of trade and investment has reduced the power of governments to regulate their own labour markets.

New directions may be found in a synthesis of traditional approaches with the modern approach of rights-based regulation. Such a synthesis needs to be based on these four main pillars:

- Dialogue between the many different orders that shape power relations (international, regional, national, corporate and local);
- A conception of labour law that embraces both employed and independent labour and does not privilege certain forms of paid work;
- The unification of public and private law so as to recognize emerging forms of collective representation as the custodian of individual rights; and
- The unification of labour rights and human rights, using ILO Conventions as the basis for a new culture of social rights.

VI.2. Soft Law or Hard Law?

Rights at work increasingly take the form of non-binding recommendations, corporate codes of conduct, and guidelines. These are known as soft law. These instruments may help effective enforcement by extending legally binding
standards and by recommending voluntary action that goes beyond minimum requirements. However, they have a negative effect when they are used as an alternative to binding instruments.

Experience shows that voluntary codes only succeed when they are backed by sanctions. Regulations or **hard law** needs to respond effectively to the behaviour of various organizations, and allow for a progressive escalation of sanctions to deter even the most persistent violator.

**VI.3. Public or Private Enforcement?**

The growth of individual legal rights has led to an explosion of litigation in many countries. Alternative dispute-resolution procedures, such as mediation and arbitration, are generally cheaper, speedier, and more informal than court-based litigation.

Safeguards are needed to ensure that the management does not use such alternatives to increase control and to deny rights, rather than to promote the public policy objectives of legal rights. The best way to do this is to incorporate low cost, speedy, informal procedures for the resolution of disputes, as well as conciliation mechanisms, into the legal system of rights enforcement.

**VI.4. How to Define Restrictions on Collective Solidarity?**

Transnational industrial action is subject to severe legal restrictions in most countries, and prohibited in some. In the globalized economy, however, where the decision-making power of enterprises crosses national boundaries, it is argued that workers should be able to express solidarity beyond those borders.

In particular, national laws should allow sympathy action, as a last resort, where there is a common interest between the workers involved in the primary and secondary actions.
Issues for Discussion

- The concept and practice of workers’ rights in the context of industrialized countries is very different from the way in which rights are understood and practiced in developing countries. How are workers’ rights understood in your own country? (Units I, II and IV)

- International labour standards are designed to be adopted in a progressive manner, allowing flexibility in relation to the disparities in levels of development and legal frameworks. In what ways do such flexibility apply to the adoption of international labour standards in your country? (Unit IV)

- Some of the ways in which workers’ rights were previously conceptualized and practiced are no longer valid as economic globalization is transforming national economies and labour markets. Is there a need to rethink the concept of rights at work in this context? (Unit III)

- In the decent work framework, the core concerns in realizing the workers’ rights are: abolishing forced and child labour; fighting discrimination at workplace; and promoting freedom of association and collective bargaining. What other concerns should be addressed in the context of your own country? (Unit IV)

- Given the absence of direct measures of hazardous and other extreme forms of forms of child labour, it is important to develop proxy indicators and focus on the worst forms of child labour rather than children’s work in general. Do you agree that it is right to focus initially on the worst forms of child labour? What proxy indicators might apply in your own country? (Unit V)

- Discrimination and the denial of basic rights at work usually affect those who are already marginalized on the basis of sex, age, socio-economic status, migrant status, etc. How would you go about correcting unequal treatment in your own context? (Section IV.2)

- One way to ensure that workers’ rights are protected is to establish low-cost, speedy, and informal procedures to resolve disputes, and incorporate conciliation mechanisms into the legal enforcement systems. How could the mechanisms for resolving labour disputes be improved in your own country? (Unit VI)

- There are trade-offs and complementarities between the various components of decent work, such as the rights of employed workers
versus those who are unemployed or underemployed. How can synergy be best promoted between workers’ rights and other dimensions of decent work?
MODULE V:

SOCIAL DIALOGUE FOR DECENT WORK
Introduction

In the context of decent work, social dialogue refers to various types of information exchange and negotiation between representatives of governments, employers, and workers on issues of common interest. It is a means to promote opportunities for women and men to obtain decent and productive work in conditions of freedom, equality, security, and human dignity. An instrument of good governance, social dialogue can contribute both to improving economic performance and competitiveness and to making society more stable and more equitable.

In the past, social dialogue was conceived as collective bargaining between workers and employers, and social concertation between these two social partners and the government. Such arrangements are increasingly inappropriate or untenable in the context of major transformations in the world of work, and the enormous significance of the informal economy.

Social dialogue is an essential element in promoting decent work. It is through social dialogue that the employment relationship and conditions of employment can be determined and improved. This is especially important in a rapidly changing labour scenario. At a broader level, effective social dialogue can also address social and economic policy within a cooperative framework.

Social dialogue arrangements are not, however, easily transferable across different societies because of factors such as institutional structures, traditions in industrial relations, administrative machinery, the existence and relative coverage of workers’ representative organizations, the state of the economy, and so on. In addition, most economies are undergoing significant changes in relation to labour markets and the capacity of governments to regulate them. However, each country can learn from the experiences of others.

Practical indicators of social dialogue are needed to assess a country’s progress on this dimension of decent work. This is particularly important in relation to the informal economy, where little information exists despite the fact that this often absorbs the vast majority of the working population. All social partners and other interest groups involved with addressing issues related to decent work can make substantial and meaningful contribution in this respect.

This module is structured as follows:

- Unit I: Introduction to the concept of social dialogue
- Unit II: Existing approaches to measure social dialogue
- Unit III: Methods for developing indicators on social dialogue
Unit I. Social Dialogue: An Introduction

This Unit highlights the following aspects of social dialogue:

- Definitions and processes
- Conditions and actors
- Concerns and benefits of social dialogue

I.1. What is Social Dialogue?

The ILO’s working definition of social dialogue reflects the broad range of processes and practices that apply in different countries, including ‘all types of negotiations, consultations or exchange of information between, or among, representatives of governments, employers and workers on issues of common interest relating to economic and social policy’ (ILO 1994; 1996; 1999).

Social dialogue ranges from the simple act of exchanging information to highly structured forms of consultation and negotiation. It can take place at national or regional level, or within a particular enterprise.

While it does not imply real discussion or action on any specific issues information sharing is one of the most basic elements of effective social dialogue. Consultation goes further and requires engagement by the parties through an exchange of views, which in turn can lead to more in-depth dialogue.

Negotiation is an integral part of social dialogue, of which collective bargaining and policy concertation are the two main types. Collective bargaining consists of negotiations between employers or their representatives and workers’ representatives to negotiate wages and conditions of employment. These arrangements are institutionalized in many countries and are referred to as bipartism. Concertation or tripartism refers to the co-determination of public policy by governments, employers’ organizations, and trade union federations. A ‘tripartite plus’ dialogue includes other interest groups.

I.2. Enabling Conditions for Social Dialogue

Effective social dialogue requires or is enhanced by the following:

- Strong, independent, and well-informed workers’ and employers’ organizations with the technical capacity to participate in social dialogue;
- Political will and commitment on the part of all relevant parties to engage in social dialogue;
- Respect for the right to freedom of association and to collective bargaining; and
Appropriate institutional support.

1.2.1 Role of the ILO in Promoting Social Dialogue

The tripartite structure of the ILO has tended to lead to a focus on tripartism as an avenue for social dialogue. Its commitment to promoting social dialogue is set out in the 1944 Declaration of Philadelphia:

\[
\text{[T]he war against want requires to be carried on with unrelenting vigour within each nation, and by continuous and concerted international effort in which the representatives of workers and employers, enjoying equal status with those of governments, join with them in free discussion and democratic decisions with a view to promotion of the common welfare.}
\]

Several ILO Conventions and recommendations stipulate social dialogue as a means to achieve their respective goals. The 1996 International Labour Conference adopted conclusions concerning national tripartite cooperation on economic and social policy. In 2002, a resolution relating to tripartism and social dialogue called on member states to ensure that the necessary preconditions exist for social dialogue, including:

- Respect for the fundamental principles and the right to freedom of association and collective bargaining;
- A sound industrial relations environment and respect for the role of social partners; and
- The achievement of employment goals and improved social protection.

I.3. Concerns Addressed by Social Dialogue

The issues addressed through social dialogue may cover broad economic and social policy issues or be focused on matters concerning labour and industrial relations.

Typical economic and social policy issues include:

- Macroeconomic policy framework,
- Structural change and transformation of economy,
- Employment policy,
- Gender equality,
- Monetary and fiscal policy,
- Social protection,
- Productivity and economic competitiveness,
- Poverty reduction strategy, and
• Educational and vocational training.

Typical labour and industrial relations issues include:

• Labour legislation,
• Wage setting,
• Working conditions,
• Labour dispute settlements, and
• Occupational safety and health.

Relevant documentation can be found on the ILO website: www.ilo.org.


At its best, social dialogue is both a means and an end in the promotion of decent work. It seeks to promote consensus and democratic participation among the main stakeholders in the world of work, but is also a means of resolving potential conflicts over economic and social policies within a cooperative framework.

Depending on the structures and processes in place, social dialogue has the potential to:

• Enhance democratization of economic and social policy making,
• Reduce social conflicts by facilitating partnership and a problem-solving attitude,
• Bring a social dimension to the agenda for economic policy reform,
• Encourage good governance,
• Advance social and industrial peace,
• Set the stage for healthy economic progress and thus boost economic growth, and
• Contribute to reducing poverty.

The following Boxes (16-18) illustrate how this has worked in widely different national contexts, and at the way in which social dialogue can contribute to decent work by enhancing earnings, employment stability, and work conditions while also encouraging economic growth and defusing potential social conflict.
**Box 16: Social Dialogue and Employment Revival in Austria, Denmark, Ireland, and the Netherlands**

After the crises of the 1970s and the 1980s, economic recovery and employment growth were achieved in four small EU countries that make extensive use of social dialogue in managing their economies. Austria took a concerted approach based on wage moderation and a boost in economic competitiveness, drawing on a long tradition of social dialogue dominated by strong but informal consensus building. Social pacts were revived in the other three countries during the 1980s and 1990s. Economic and employment growth in Ireland and the Netherlands have been particularly impressive since then, and steady in both Austria and Denmark. Unemployment in Ireland dropped dramatically in the 1990s and was below the EU average in the other three countries. It has been argued that social dialogue contributed to the employment success in these four countries through wage moderation, a low incidence of industrial conflict, and support by social partners for potentially unpopular social security and labour market reforms.

Source: Ishikawa 2003

**Box 17: Social Dialogue: The Case of Barbados**

The introduction of a structural adjustment programme in Barbados in 1991 led to the setting up of the Committee on Social Partnership in 1992. Three successive tripartite agreements were signed between 1993 and 2001. The first was designed to get the economy out of crisis through various measures to minimize layoffs and social hardships. The parties agreed to focus on competitiveness and productivity, accepting wage freezes but retaining jobs. This helped to ease the painful political processes and economic decisions and to achieve stabilization and economic growth.

The second agreement moved away from wage restraints, and focused on increasing international competitiveness through higher productivity. The third sought to maintain a peaceful industrial climate, reducing income disparities through employment promotion and measures on social inclusion.

All parties agree that the tripartite agreements helped to resolve a major economic crisis. In addition, continuous social dialogue on major economic and social policies helped to promote stability and economic prosperity. This experience has become a reference point for policy reform processes in the Caribbean region.

Box 18: Social Dialogue in Export-Processing Zones: Bangladesh and Sri Lanka

Export Processing Zones (EPZs) are a major feature of labour markets in several South Asian countries including Bangladesh and Sri Lanka. While EPZs have generated employment, improvements are needed in working conditions, labour relations, and training provision. Several EPZs have experienced serious social and labour problems, especially where investors flout basic labour standards. There is a widespread lack of adequate industrial relations institutions and little recourse to social dialogue to resolve differences between workers and management. In view of this, the ILO has since 1998 been making efforts to improve conditions in both Bangladesh and Sri Lanka, mainly through facilitating detailed consultations between all social partners and other interest groups.

Source: Sivananthiran and Venkata Ratnam 2003.

Unit II. Existing Indicators of Social Dialogue

While there are several widely used indicators on social dialogue, these are limited in relation to the informal economy and to the major transformations in the ways in which labour markets function in a global economy.

II.1. Social Dialogue: Some Limitations of the Concept

The concept of social dialogue, and existing methods used to assess progress in achieving it, suffer three main limitations.

First, social dialogue is generally understood as a set of bipartite or tripartite arrangements for collective bargaining. Other social actors, such as civil society organizations, are largely ignored.

Second, these social partners may constitute only a small proportion of their constituencies. For instance, trade unions seldom represent a majority of the working population (Table 15), and union density (the proportion of the labour force or wage employees who are unionized) is in decline. Thus a vast and growing proportion of world’s workers have no means to participate in social dialogue.

Third, the assumption that an employment relationship between workers and employers is necessary for social dialogue to occur excludes those working in the informal economy from participating in or reaping the benefits of such dialogue.
Table 15: Average Union Density and Bargaining Coverage

<table>
<thead>
<tr>
<th>Region</th>
<th>Countries for which data are available (1995)</th>
<th>Average union density</th>
<th>Average collective bargaining coverage (%), no. of countries</th>
<th>World population by region (%), 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>23</td>
<td>15</td>
<td>31 (12)</td>
<td>14</td>
</tr>
<tr>
<td>Asia &amp; Oceania</td>
<td>16</td>
<td>16</td>
<td>19 (10)</td>
<td>61</td>
</tr>
<tr>
<td>Africa</td>
<td>25</td>
<td>14</td>
<td>30 (8)</td>
<td>13</td>
</tr>
<tr>
<td>Europe</td>
<td>33</td>
<td>43</td>
<td>73 (13)</td>
<td>12</td>
</tr>
</tbody>
</table>


These limitations make it impossible simply to promote social dialogue in any given country without considering the existing legal and institutional frameworks, the number and proportion of workers who are represented in trade unions, and the number and proportion of workers in the informal economy or who are not organized.

II.2. Existing Approaches to Measuring Social Dialogue

There are five main approaches to measuring social dialogue:

- Common and universal measures,
- Particular measures of institutions, processes, and outcomes,
- Measures focusing on rights and violations,
- Measures focusing on implementation, and
- Descriptive reports from various institutions.

2.2.1. Common and Universal Measures

Union density, collective bargaining coverage, and whether a country has ratified ILO Conventions relating to freedom of association and the right to collective bargaining are the most commonly used indicators. Information is available for most countries based on these indicators.

Union density is the proportion of the labour force or of (non-agriculture) wage employees who belong to a trade union. It is used as a proxy for trade union representation and strength, and hence to indicate the potential for social dialogue – high union density is associated with more social dialogue at various levels. Collective bargaining coverage measures the proportion of the non-agricultural workforce covered by collective bargaining agreements.
2.2.2. Measures of Institutions, Processes and Outcomes

One set of measures focuses on the interaction between the social partners in bipartite and tripartite relations. They seek to reflect the degree to which unions or employers’ associations are concentrated or centralized, the levels at which bargaining takes place, the degree of policy coordination, the level of involvement of different actors in wage-setting process, the degree of wage coordination, and other indices related to social dialogue.

A second set focuses on the outcomes of the tripartite process, such as strikes and lockouts, which are recorded in the ILO Yearbook on Labour Statistics. Although not all countries report strike action in exactly the same way (with variations according to sectors and establishment sizes covered, whether strikes are local or national, and whether ‘political’ strikes are excluded), the data cover a substantial number of countries.

2.2.3. Measures Focusing on Rights and Violations

Rights are the foundation on which the concept of social dialogue operates, so the proper use of this set of measures requires a good knowledge of national labour laws and the capacity to interpret the relevant information in an objective manner.

These measures go beyond the ratification of ILO Conventions to see whether the rights of freedom of association and to collective bargaining are in fact respected and practiced. One way to do this is to award points or numerical values for specific measures pertaining to the relevant rights as part of monitoring working conditions.

An alternative method is to examine violations of basic labour rights. For instance, the OECD codes and assigns numerical values in relation to compliance with freedom of association, based on a range of descriptive data.

2.2.4. Measures Focusing on Implementation

Measures that focus on the implementation of relevant labour legislation fall into two categories. The first examines questions such as whether there are formal restrictions on the right to organize, whether the work committees or work councils actually function, and so on. The second looks at the institutional capacity for law enforcement and might seek information on the number of inspections or fines for violation of laws, the quality of inspectors and monitoring exercises, and so on.
2.2.5. **Descriptive Reports**

These generally include regular comprehensive reports on various aspects of labour rights, such as US State Department’s Section VI Report, Icftu’s Annual Survey of Violation of Labour Rights, and the reports by the ILO Committee of Experts on the Application of Recommendations and Conventions (CEARC) and the Committee on the Freedom of Association (CEFA). These are complemented by occasional reports that are prepared either by governments (e.g. USILAB, OPIC, NAALC), intergovernmental agencies (e.g. World Bank’s Occasional Reports), trade unions (AFL-CIO Reports), and human rights NGOs (e.g. Human Rights Watch, Amnesty International).
Unit III. Developing Indicators of Social Dialogue

III.1. Limitations of Existing Measures of Social Dialogue

Most of the existing measures and indicators concerning the strength and function of social dialogue evolved in Western Europe when unions were strong, tripartite systems were in place, and the study of industrial relations was fairly well developed. As a result, the measures fail to capture other existing and emerging forms of social dialogue. This conceptual and cultural bias has implications for how to develop new and more sensitive indicators on social dialogue.

It is important to maintain continuity in the ways in which data are collected. Thus, measures such as union density will continue to be relevant despite their disadvantages. However, these data may be used in new ways.

The choice of indicators depends on how the data are likely to be used. Three possible objectives are:

- To determine the existence and extent of any violation of freedom of association,
- To rank countries according to the severity of violations, and
- To draw links between social dialogue and broader issues like economic development and trade performance.

Social dialogue is a continuous process and any measure to assess its progress must be dynamic in nature, indicating both the trends and the direction of change. There is also a need to develop indicators of social dialogue taking place in non-union settings that serve to strengthen workers’ voices.

The formal existence of rights may be less important than how these are implemented and exercised in practice. There may be a role for industrial relations and labour law experts to assess various formal rights in order to establish a locally appropriate hierarchy.

The evaluation of progress on social dialogue requires the involvement of experts with deep institutional knowledge of the context. However, it is also necessary to follow a standard evaluation framework that is sensitive to the diverse institutional arrangements in different countries.

Transparency is ultimately the key to measuring progress on social dialogue. Assessments and evaluations must therefore be made public in order to facilitate meaningful and productive debates.
III.2. Indicators for National Social Dialogue Data Sheets

Indicators serve to show what progress a specific country has made in promoting social dialogue in relation to decent work. Since the history and institutional arrangements are unique to each country, these indicators do not provide a basis for comparison between nations.

The methodology suggested by Kuruvilla (2006) involves the creation of National Social Dialogue Data Sheets based on 28 quantitative and qualitative indicators, measures and sources of social dialogue. Each indicator will be explained in turn in the sections below.

Indicators of Social Dialogue

1. Basic Control Information
   - Union density and changes in density
   - Ratification of ILO Conventions 87 and 98
   - Labour force statistics
   - Percentage of population covered by freedom of association and collective bargaining legislation

2. Rights Underlying Social Dialogue
   - Freedom of association
     o Union and employer association formation
     o Protection from discrimination against union members or activists
   - Bipartite free collective bargaining
     o Union recognition and obligation to bargain
     o Scope and subject matter of bargaining
     o Right to strike and restrictions on this right
     o Parallel workplace representation
   - Tripartism
     o Right to tripartite processes
     o Limitations on tripartite rights: Affiliation
     o Limitations to tripartite rights: Politics

3. Social Dialogue in Practice
   - Bipartite process and outcome
     o Collective bargaining coverage
     o Number of collective agreements
     o Parallel workplace arrangements
     o Number of strikes and lockouts
     o Data on grievances or industrial disputes
• Tripartite process and outcome
  o Tripartite processes
  o Tripartite outcomes: Wages
  o Tripartite outcomes: Income inequality

   • Descriptive measures of industry codes

5. Implementation and Government Capacity
   • Penalties for violating social dialogue laws
   • Government administrative capacity

6. Rights and Practice in the Informal Economy
   • Freedom of association
   • Collective bargaining and individual disputes
   • Unionization
   • Other organizations in the informal economy
3.1.1 Basic Control Information

Union Density and Change in Density

This is the most widely used measure and the data are available for many countries. Three critical variables in measuring union density data are:

**Denominator:** While some countries calculate density as a part of wage and salaried workforce, others calculate it as a percentage of the non-agricultural labour force.

**Data source:** Many countries use unions as a primary source, while others resort to national surveys since union membership varies greatly across sectors of the economy. It is useful to report union density rate by industrial sector if possible.

**Union membership:** This information should be disaggregated by sex in order to estimate the proportion of men and women among total union members.

**Ratification of ILO Convention Nos. 87 and 98 and violations of these Conventions**

Though ratification does not guarantee social dialogue, countries could be persuaded to uphold these rights through greater monitoring and reporting. Sources of information include national statistics as well as CEARC data and COFA data from the ILO.

It is important to make clear whether violations of the conventions are partial or comprehensive.

**What percentage and what social categories are covered by any legislation on freedom of association and collective bargaining?**

This is a dynamic measure to assess whether countries are expanding the proportion of workers who can participate in and benefit from social dialogue. Calculations will be largely based on relevant legislation and labour force statistics, but need to be adapted to reflect the marginalized social categories in each country.

3.1.2. Rights Underlying Social Dialogue

Freedom of association and the right to collective bargaining are the preconditions for social dialogue to take place. The former can be assessed through information on aspects such as how employers’ organizations and
trade unions are formed, their freedom to operate, and the protection that their members have against discrimination.

Though there are few variations regarding employers’ associations, the laws and practices governing the formation of trade unions differ widely, as represented in Table 16.

Table 16: Processes Governing Union Formation

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simple process</td>
<td>➢ Union formation is simple and direct</td>
</tr>
<tr>
<td></td>
<td>➢ No supervision by government bodies</td>
</tr>
<tr>
<td></td>
<td>➢ No need to conduct elections</td>
</tr>
<tr>
<td></td>
<td>➢ No scope for employer opposition</td>
</tr>
<tr>
<td>Lengthy process that is open to influence by employers</td>
<td>➢ Laws prescribe a lengthy and time-consuming process</td>
</tr>
<tr>
<td></td>
<td>➢ Employers influence the outcome of elections through campaigns</td>
</tr>
<tr>
<td></td>
<td>➢ Employers influence the speed at which unions are formed</td>
</tr>
<tr>
<td>Difficult process where employers have great de facto influence over union formation</td>
<td>➢ Employers influence the outcome of union election though legal and illegal actions</td>
</tr>
<tr>
<td></td>
<td>➢ Punishment for violations of the law is not a sufficient deterrent</td>
</tr>
<tr>
<td>Process where prior government permission is required</td>
<td>➢ Government permission is required before a union may be formed</td>
</tr>
<tr>
<td></td>
<td>➢ Governments have a history of denying permission</td>
</tr>
</tbody>
</table>

Source: Kuruvilla 2006.

The capacity and ability to bargain freely is another critical and necessary condition for social dialogue. Information on aspects such as procedures for union recognition, obligation to bargain, the right and restrictions on the right to strike, and parallel workplace representation, can cast light on these critical conditions.

The rules for union recognition and obligations vary significantly. In some countries there is a distinction between forming a union and its being recognized for negotiating purposes. In others, recognition takes place at the formation stage. In certain countries, unions are obliged to bargain, while in others although the rules impose the obligation, loopholes delay the bargaining process. A set of criteria for assessing the different situations is depicted in Table 17.
Table 17: Indicators of Union Recognition and Obligation to Bargain

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear rules on recognition and obligation to bargain</td>
<td>➢ Clear rules regarding union recognition.</td>
</tr>
<tr>
<td></td>
<td>➢ Law imposes a clear duty on the employer to bargain.</td>
</tr>
<tr>
<td></td>
<td>➢ Data show no violation of the obligation to bargain.</td>
</tr>
<tr>
<td></td>
<td>➢ Data show no delays in union recognition.</td>
</tr>
<tr>
<td>Problems with recognition or with the obligation to bargain</td>
<td>➢ Rules regarding bargaining and recognition are clear but practice shows delays in one or both.</td>
</tr>
<tr>
<td>No recognition or no obligation to bargain</td>
<td>➢ No rules regarding recognition (where recognition is required) with consequent delays in the start of bargaining.</td>
</tr>
<tr>
<td></td>
<td>➢ No obligation on the part of the employer to bargain.</td>
</tr>
</tbody>
</table>

Source: Kuruvilla 2006.

Free collective bargaining requires the right to strike (by unions) or lock-out (employers). There is wide variation in legislation on these matters. Some countries freely permit the right to strike for non-essential workers while others permit workers to strike if they are directly involved in industrial disputes. Definitions of ‘essential workers’ also vary. Some countries allow the right to strike, but then effectively deny this through administrative rules and restrictions. The right to strike is banned outright in some countries. The variations are set out in Table 18.

Table 18: Measures of the Right to Strike

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unfettered right to strike</td>
<td>➢ Workers may strike though not directly linked to the dispute (e.g. sympathy strikes).</td>
</tr>
<tr>
<td>Normal right to strike</td>
<td>➢ Workers directly connected to the dispute are free to strike.</td>
</tr>
<tr>
<td>Weakening of the right to strike</td>
<td>➢ Striking workers may be replaced, thus weakening the right to strike.</td>
</tr>
<tr>
<td>Circumvention of the right to strike</td>
<td>➢ Provisions that prevent a strike, or the use of compulsory arbitration or adjudication, curtail the right to strike.</td>
</tr>
<tr>
<td>No right to strike</td>
<td>➢ Ban on strikes.</td>
</tr>
</tbody>
</table>

Source: Kuruvilla 2006.
**Tripartism** depends heavily on the existence of legal provision. Several countries have legislation that explicitly promotes tripartism, while others allow these relationships to operate without legal provision. In other cases tripartism is practised only in a limited form. These differences are categorized in Table 19.

**Table 19: Measures of Right to Tripartite Processes**

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>National legislation explicitly requires some form of tripartite consultation.</td>
</tr>
<tr>
<td>B</td>
<td>Law does not specify any requirement or form of tripartite practice and does not prohibit it in any form.</td>
</tr>
<tr>
<td>C</td>
<td>Tripartite processes are explicitly prohibited.</td>
</tr>
</tbody>
</table>


### 3.1.3. Social Dialogue in Practice

It is important to assess how social dialogue is actually working. This can be achieved by focusing on:

**Processes and Outcomes of Bipartism and Tripartism**

In relation to bipartite processes and outcomes, there are three key indicators:
- Collective bargaining coverage,
- Number of collective bargaining agreements, and
- Number of strikes and lockouts.

**Collective bargaining coverage** indicates the number of employees covered by collective bargaining agreements. This is not the same as union density. In many countries (e.g. Philippines) there are union members who are not covered by collective bargaining. This could be due to an overestimation of the number of members or to the presence of unemployed union members. In other cases (e.g. France), collective bargaining coverage is much higher than union density. This indicator becomes more useful if the data are reported over a specific period.

The number of collective bargaining agreements is a direct measure of the growth of collective bargaining. Though the number of agreements may be related to bargaining coverage, it is also determined by how many workers are covered by each agreement.

The actual **number of strikes and lockouts** is open to interpretation. For instance, countries that recognize to right to strike but report no strikes either have very good labour relations or must have placed administrative restrictions
on the right to strike. It is therefore important to report the number of strikes and lockouts over time.

There is such wide variation in the way that tripartite processes work in different countries that it is simpler to set these out in tabular form (Table 20).

**Table 20: Measures of Tripartite Process**

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Evidence of regular meetings and cooperation between the social partners, and clear and documented evidence of participation in key macroeconomic decisions.</td>
</tr>
<tr>
<td>B</td>
<td>No regular interaction between the social partners, but they come together when occasion demands.</td>
</tr>
<tr>
<td>C</td>
<td>Occasional meetings between the social partners, primarily for information and consultation.</td>
</tr>
<tr>
<td>D</td>
<td>Social partners meet but not to discuss substantial issues (pseudo-tripartism).</td>
</tr>
<tr>
<td>E</td>
<td>No participation in any issue at the national level.</td>
</tr>
</tbody>
</table>


The simplest objective measure of tripartite outcomes is wage drift. An additional indicator is the extent of income inequality, and there is strong evidence that this increases when the bargaining system is decentralized. The World Bank produces data on income inequality for most countries.

### 3.1.4. Alternative Avenues for Social Dialogue

Alternative approaches such as codes of conduct and certification may be particularly relevant in contexts where the traditional institutional structures have not been effective in promoting social dialogue. However, there are two important caveats. First, since most such mechanisms are specific to a sector or industry, it is important to estimate the number of workers covered under
each arrangement. Second, and more crucial, is the need to assess the workers’ involvement in designing codes of conduct that apply to them. It is necessary to report data on a range of related issues such as industry codes of conduct, company codes, and certification and reporting systems.

3.1.5. Implementation and Government Capacity

National laws need to be enforced in ways that make social dialogue possible. The two main approaches to enforcement are to impose high penalties for non-compliance, and to operate an inspection regime.

In terms of penalties for non-compliance, trend data for a five-year period should show whether penalties have proved a sufficient deterrent or have failed to do so.

In relation to the government’s administrative capacities, data are needed to show the following:

- Personnel and budgets compared to the number of workplaces,
- Sampling schemes used, and the frequency and adequacy of inspections,
- Coverage of establishments, and
- Data on violations.

3.1.6. Rights and Practice in the Informal Economy

The complex and diverse work arrangements in the informal economy make it difficult to determine indicators that will be universally applicable. Basic information would seek to cover freedom of association, collective bargaining, and unions and other organizations that represent workers’ interests.

While there is a growing number of workers’ associations in the informal economy, and of organizations that support them, the right of such workers to organize is often prohibited or restricted. In this respect, countries may be placed into three broad categories: those which expressly allow freedom of association among workers in the informal economy; those in which the law is silent on the issue and the right exists in practice; and those in which the right is denied by law or is effectively prohibited in practice.

Collective Bargaining and Individual Disputes

There is scarce information on the right of workers in the informal economy to bargain collectively. In order to generate such information, the following categorization can be used (Table 21):
Table 21: Measures of Collective Bargaining and Individual Disputes in the Informal Economy

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>➢ Collective bargaining is protected and encouraged in the informal economy.</td>
</tr>
<tr>
<td>B</td>
<td>➢ Collective bargaining is permitted only for some occupations or some types of informal establishment.</td>
</tr>
<tr>
<td>C</td>
<td>➢ All workers in the informal economy may raise individual disputes in the absence of collective bargaining arrangements.</td>
</tr>
<tr>
<td>D</td>
<td>➢ Only some occupations or employees in certain types of establishment may raise individual disputes in the absence of collective bargaining arrangements.</td>
</tr>
<tr>
<td>E</td>
<td>➢ Rights are granted in categories A-D but only in relation to certain subjects (e.g. retrenchment).</td>
</tr>
<tr>
<td>F</td>
<td>➢ No collective or individual rights are granted to people working in the informal economy.</td>
</tr>
</tbody>
</table>

**Source:** Kuruvilla 2006.

### III.2. Unions and Other Organizations in the Informal Economy

Little is known about the extent of unionisation or pre-unions in the informal economy. The task is therefore to find out whether any occupations are unionised and to estimate their union density.

A growing number of organizations aim to provide voice for workers in the informal economy. Again, it is important to gather and disseminate information about such experiences, as well as documenting the concerns voiced by the workers themselves.

### III.3. Costs of the National Social Dialogue Data Sheet Methodology

The National Social Dialogue Data Sheet (NSDDS) methodology is cheaper and more efficient than existing approaches, such as national surveys. In order to show trends, an NSDDS would need to be conducted every four to five years. Ideally, an NSDDS should be conducted by national experts with ILO regional staff and others with in-depth regional knowledge.
Issues for Discussion

- Promoting and strengthening appropriate forms of social dialogue is an important way to advance the decent work agenda. However, the bipartite and tripartite arrangements that developed in the industrialized economies are increasingly inappropriate today, particularly in countries with a large informal economy. What are the major steps to be taken at the national level to broaden and deepen the processes of social dialogue so that they contribute to a more inclusive and socially sustainable pattern of development? *(Unit I)*

- Many examples have been given where very diverse countries have used social dialogue to address or resolve potential conflicts about economic and social policies. What are the key lessons from such experiences? What are the key lessons of the social dialogue process in your own country from which others could learn? *(Unit I)*

- Successful social dialogue structures and processes provide a wide range of benefits both in relation to public policy issues as well as to labour and industrial relations issues. Can you identify and describe three benefits of social dialogue that have been achieved through social dialogue in relation to your country or to the industry/enterprise with which you are associated. *(Unit II)*

- Social dialogue is possible only within a context where there is freedom of association, respect for democratic principles, and an appropriate legal framework that legitimates the role of the social partners. What are the key steps to strengthening such institutions in your own country? *(Unit II)*

- While there is a need to develop new indicators of social dialogue, it is also important to maintain some continuity with existing measures. Identify three existing indicators of social dialogue in your own country and discuss how the resulting information could be used differently. *(Unit II and III)*

- This module has presented a variety of qualitative and quantitative indicators to measure the status and progress of social dialogue. Choose any three indicators on which data are currently available to analyse the state of social dialogue in your country (whether at national, regional level or industry/enterprise level) over the last five years. *(Unit III)*

- What are the major limitations existing in your country in relation to the concept and practice of social dialogue? *(Unit II)*
## APPENDIX 1

### Existing Indicators, Measures, and Sources of Social Dialogue

<table>
<thead>
<tr>
<th>Measures</th>
<th>Comments</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Union density</td>
<td>+ Available for all countries, - Density not necessarily related to existence of social dialogue.</td>
<td>Universal (widely used)</td>
</tr>
<tr>
<td>Union concentration</td>
<td>+ Data calculated for most industrial economies, + While higher concentration scores are generally associated with social dialogue in Europe, there is no causal link.</td>
<td>Schmitter 1981; Cameron 1984; Wallerstein, Golden and Lange 1997; Trasler, Blaschke and Kittel 2001</td>
</tr>
<tr>
<td>a) Inter-associational concentration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Intra-associational concentration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Union centralization and employer centralization (authority that employer/union confederations have over their locals)</td>
<td>+ Data for industrialized nations, – No causal connection between degree of centralization and social dialogue, although associated in European countries.</td>
<td>Traxler et al. 2001; Golden et al., 1997; Kenworthy 2000</td>
</tr>
<tr>
<td>Level of bargaining</td>
<td>+ Universal measure, general association between centralized bargaining and tripartite social dialogue.</td>
<td>Universal (widely used), ILO</td>
</tr>
<tr>
<td>Wage centralization measures the level of involvement by employers, union confederations in wage-setting</td>
<td>+ General association between centralization and tripartite social dialogue, + Data calculated annually for industrial economies.</td>
<td>Wallerstein, Golden and Lange 1997</td>
</tr>
<tr>
<td>Centralization of wage bargaining arrangements (local of bargaining authority and degree of union concentration)</td>
<td>+ Advancement of the basic level of bargaining measure – Captures variation in European countries where there is some centralization, but most other countries are decentralized to plant level.</td>
<td>Iversen 1999</td>
</tr>
<tr>
<td>Bargaining centralization (includes level at which bargaining takes place and number of workers at each level)</td>
<td>+ Conceptual advance over basic level of bargaining measure, – Requires extensive data that are generally available in industrial economies. – Subjective judgement of researchers important.</td>
<td>Traxler, Blaschke, and Kittel, 2001</td>
</tr>
<tr>
<td>Wage coordination (degree to which there is harmonization by actors in the wage setting process)</td>
<td>+ Useful for measuring wage-related outcomes. – Relevance to social dialogue low. – Requires extensive annual data collection efforts.</td>
<td>Soskice 1990; Crouch 1985; Layard, Nickel and Jackman 1991; Hall and Franzese 1998</td>
</tr>
<tr>
<td>Wage coordination (identification of the modes by which coordination is achieved)</td>
<td>+ Useful for measuring wage-related outcomes. – Relevance to social dialogue low.</td>
<td>Traxler et al. 2001</td>
</tr>
<tr>
<td>Measure</td>
<td>Pro</td>
<td>Con</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>Wage coordination index (characterization of institutional features of wage setting arrangements that might result in different types of coordination)</td>
<td>- Requires extensive annual data collection efforts.</td>
<td>+ Focus on characterization of arrangements useful as predictor of coordination. - Relevance to social dialogue low.</td>
</tr>
<tr>
<td>Corporatism: indices (based on qualitative assessments of authors) regarding the influence of employers and labour on government policy. The scope is wide ranging from influence to policy concertation.</td>
<td>+ Heavily researched in the European countries.</td>
<td>- Considerable variation in indexes based on different authors’ focus, influences activities and results. - Requires extensive study of each country’s experiences.</td>
</tr>
<tr>
<td>Index of firm-level workers representation (includes legal basis of CB, rights and duties of work councils, and special veto rights of workers councils)</td>
<td>+ Takes into account legal basis for firm-level dialogue. + Appropriate focus on rights. - Does not take practice account. - Rooted in European experience.</td>
<td></td>
</tr>
<tr>
<td>Collective bargaining coverage (number of people covered under collective agreements in a country)</td>
<td>+ Universal measure that looks at the practical impact of trade union activity at the workplace. - Does not evaluate the quality of collective agreements. - Difficult and expensive data to collect, particularly in developing countries where there are no regular surveys.</td>
<td></td>
</tr>
<tr>
<td>Convention regarding freedom of association and collective bargaining (focus on whether rights exist for social dialogue)</td>
<td>+ Data easily available from ILO. - Ratification does not mean that rights exist in those countries. * Potential value as useful background information.</td>
<td></td>
</tr>
<tr>
<td>Strikes and lockouts (measured in number and indicative of the exercising of a right, but perhaps also of the failure of social dialogue)</td>
<td>+ Easily available information. - Construct validity issue: no strikes does not mean that social dialogue is good since there could be a number of reasons for lack of strikes.</td>
<td></td>
</tr>
</tbody>
</table>
| Topic                                      | + Assess the extent to which national legislation protects the right (in practice) to freedom of association and collective bargaining.  
  | – Requires detailed and expert knowledge of people making the assessment/or of respondents to surveys. | Verité |
| Conventions (freedom of association and collective bargaining) relating laws.  
  Laws focus on the independence of workers’ organizations, freedom of workers to elect their own representatives, protection against discrimination for joining unions, freedom from government control, legal protection of the right to strike |        | |
| Effectiveness of implementation of laws.  
  Assessments regarding the independence of trade unions, de facto non-formal restrictions on right to organize, and extend to which collective bargaining is allowed without government interference | + Focuses on practice, and how well the laws are actually working.  
  – Requires detailed country knowledge. | Verité |
| Institutional capacity of government to enforce laws, measured by inspections, scale of corruption, fines for violation of laws, and adequate of inspection staff. | + Positive hitherto under-used measure.  
  – Requires expert knowledge. | Verité |
| Violations of workers’ right to produce worker rights scores on 37 variable using a large variety of qualitative data scores (ICFTU, US State Department, etc.) | + Focuses on violations and codes available evidence on violations.  
  – Difficult to obtain comprehensive data on a number of issues, and a lot of missing data in the textual source documents. | Kucera 2001 |
| Union influence scores (an index comprising levels of bargaining and collective bargaining coverage) | + Provides a counter-measure to union density by looking at the actual influence of unions on workers’ rights.  
  – Does not examine rights/violations. | Kuruvilla et al. 2002 |
| Civil liberties, (including the right to organize) | Freedom House |
| Economic democracy | Ghai 2002 |
| Compliance with freedom of association Agencies: USILAB, USTR, OPIC, NAALC, CRS | + Detailed reports using multiple methods of data collection.  
  – Only for selected countries.  
  – Occasional coverage. | US government agencies |
| Descriptive reports on workers’ rights in every country (section 6 reports). Relies heavily on multiple | + Universal, systematic, annual.  
  – Quality is mixed | US State Department |
<table>
<thead>
<tr>
<th>Methods including use of local labour attaché</th>
<th>Core labour standards country assessment</th>
<th>Civil liberties, democracy and political rights, and questions on Conventions Nos. 87 and 98</th>
<th>Descriptive reports on human and labour rights in selected countries</th>
<th>Descriptive country reports</th>
<th>Annual survey of trade union rights (focus on violations during the period)</th>
<th>Focus on application of Convention. Analysis of national labour laws and consistence with ILO Conventions</th>
<th>Violations of freedom of association</th>
<th>Index of compliance with freedom of association based on ILO, ICFTU, and US State Dept descriptive reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ In depth.</td>
<td>- Few countries so far</td>
<td>+ Focus on freedom widely defined is good, multi-method approach.</td>
<td>- Shortfall in terms of labour rights.</td>
<td>+ Multi-method approach.</td>
<td>- Focus on workers’ rights is idiosyncratic.</td>
<td>- No comprehensive coverage of counties.</td>
<td>+ Detailed.</td>
<td>+ Places countries in different groups with respect to compliance.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- Focus on freedom widely defined is good, multi-method approach.</td>
<td>- Shortfall in terms of labour rights.</td>
<td></td>
<td>+ Detailed.</td>
<td>- Problems using subjective judgement regarding which violations are more severe.</td>
</tr>
<tr>
<td></td>
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<td>- Focus on freedom widely defined is good, multi-method approach.</td>
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**AFL-CIO**

**Freedom House**

**Human Rights Watch**

**International labour rights fund**

**ICFTU**

**ILO-CEARC**

**ILO-COFA**

**OECD reports**
Appendix 2

The ILO Declaration on
Fundamental Principles and Rights at Work, 1998

The ILO Declaration on Fundamental Principles and Rights at Work, adopted in 1998, aims to ensure that social progress goes hand in hand with economic progress and development. Reaffirming the central beliefs set out in the ILO Constitution, it recognizes that economic growth alone is not enough to ensure equity, social progress and to eradicate poverty.

The Declaration commits Member States to respect and promote principles and rights in four categories, whether or not they have ratified the relevant Conventions. These are:
- Freedom of association and the effective recognition of the right to collective bargaining.
- The elimination of forced or compulsory labour.
- The abolition of child labour.
- The elimination of discrimination in respect of employment and occupation.

The Declaration states that these four categories of rights are universal and apply to all human beings, regardless of a country’s level of economic development. Groups with special needs include the unemployed and migrant workers.

The Declaration and its follow-up mechanisms provide three ways to help countries, employers, and workers achieve the full realization of its provisions. First, Member States that have not ratified one or more of the core Conventions are asked to report annually on the status of the relevant rights and principles within their borders, noting impediments to ratification, and areas where assistance may be required. Organizations of employers and workers are also invited to comment on progress made and actions taken. These reports are reviewed by the Committee of Independent Expert Advisers, whose observations are considered by the ILO’s Governing Body.

Second, the annual Global Report provides a dynamic picture of the global application of the principles and rights set out in the Declaration, highlighting areas that require greater attention. It serves as a basis for determining priorities for technical cooperation.

Third, technical cooperation projects are designed to address identifiable needs in relation to the Declaration and to strengthen local capacities to meet these needs.
The principles and rights set out in the Declaration are gaining wider recognition among organizations, communities, and enterprises around the world. They provide benchmarks for responsible business conduct and are incorporated into the ILO’s Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. The OECD Guidelines for Multinational Enterprises also emphasize these principles and rights and the UN Global Compact promotes them as universal values to be achieved in business dealings worldwide. A growing number of private-sector codes of conduct and similar initiatives also refer to the fundamental principles and rights at work set out in the Declaration.
Appendix 3

CHARTER OF FUNDAMENTAL RIGHTS OF THE EUROPEAN UNION

Summary

Chap. I Dignity

Art. 1: Human dignity
Art. 2: Right to life
Art. 3: Right to integrity of the person
Art. 4: Prohibition of torture and inhuman or degrading treatment
Art. 5: Prohibition of slavery and forced labour

Chap. II Freedoms

Art. 6: Right to liberty and security
Art. 7: Respect for private and family life
Art. 8: Protection of personal data
Art. 9: Right to marry and to found a family
Art. 10: Freedom of thought, conscience and religion
Art. 11: Freedom of expression and information
Art. 12: Freedom of assembly and of association
Art. 13: Freedom of the arts and sciences
Art. 14: Right to education
Art. 15: Freedom to choose an occupation and right to engage in work
Art. 16: Freedom to conduct a business
Art. 17: Right to property
Art. 18: Right to asylum
Art. 19: Protection in the event of removal, expulsion or extradition

Chap. III Equality

Art. 20: Equality before the law
Art. 21: Non-discrimination
Art. 22: Cultural, religious and linguistic diversity
Art. 23: Equality between men and women
Art. 24: The rights of the child
Art. 25: The rights of the elderly
Art. 26: Integration of persons with disabilities

Chap. IV Solidarity

Art. 27: Workers’ rights to information and consultation within the undertaking
Art. 28: Right of collective bargaining and action
Art. 29: Right of access to placement services
Art. 30: Protection in the event of unjustified dismissal
Art. 31: Fair and just working conditions
Art. 32: Prohibition of child labour and protection of young people at work
Art. 33: Family and professional life
Art. 34: Social security and social assistance
Art. 35: Health care
Art. 36: Access to services of general economic interest
Art. 37: Environmental protection
Art. 38: Consumer protection

Chap. V. Citizens’ Rights

Art. 39: Right to vote and to stand as a candidate in elections to the European Parliament
Art. 40: Right to vote and to stand as a candidate at municipal elections
Art. 41: Right to good administration
Art. 42: Right of access to documents
Art. 43: Ombudsman
Art. 44: Right to petition
Art. 45: Freedom of movement and of residence
Art. 46: Diplomatic and consular protection

Chap. VI Justice

Art. 47: Right to an effective remedy and to a fair trial
Art. 48: Presumption of innocence and right of defence
Art. 49: Principle of legality and proportionality of criminal offences and penalties
Art. 50: Right not to be tried or punished twice in criminal proceedings for the same offence

Chap. VII General Provisions

Art. 51: Scope
Art. 52: Scope of guaranteed rights
Art. 53: Level of protection
Art. 54: Prohibition of abuse of rights
Appendix 4

EXERCISE ON THE PROGRESSIVE REALIZATION OF RIGHTS

The Report of the Director-General of the ILO to the International Labour Conference in 2001 drew attention to the ‘gap between the world we work in, and the hopes that people have for a better life’. This exercise is concerned with the progressive realization of rights, also referred to as the ‘rights gap’. This gap arises when a country is willing to adhere to certain rights but is unable to do so because of legal or practical difficulties or lack of resources.

The purpose of the exercise is to enable you: (1) to determine the minimum or core obligations which must be observed; (2) to find ways to balance these against real or imagined constraints; and (3) to monitor progress towards realization.

Three sets of ILO Conventions serve as examples. These are (1) Convention No. 87 (freedom of association and protection of the right to organize) and No.98 (right to organize and to bargain collectively); (2) Conventions Nos. 29 and 105 (forced or compulsory labour); and (3) Conventions Nos. 138 and 182 (child labour). The texts and ratifications can be found on the ILO website.

**Willingness to adhere:** Has your government ratified the Convention? Has the Convention been ratified by other states in the same region, or by states in other regions that are at a similar stage of development?

**Obligation to respect a right:** Which rights in the Convention are capable of immediate application without cost or at low cost? Have these been implemented in practice in your country?

**Obligation to protect a right:** Which rights in the Convention depend on the state acting to prevent violation by third parties? Break these obligations down into (a) obligations of conduct and (b) obligations of result. What net costs would implementing these rights involve? To what extent have these rights been implemented in your country?

**Obligation to fulfil a right:** Identify the rights in the Convention for which real resources are required. Who could provide these resources (e.g. state, employers, workers’ organizations)? What technical and/or financial assistance might be obtained from other sources? To what extent have these rights been implemented in your country?

On the basis of the answers to these questions, draw up an action plan for the progressive realization of these rights in your country.
REFERENCES


