

Questions and answers on labour regulation, Decent Work and the economic and jobs crisis

How can labour regulation benefit the economic and labour markets? What is the role of regulation in terms of the challenges and opportunities it affords? How has the recent economic crisis affected regulation of labour markets, and can regulation contribute to economic recovery? These and other questions were on the agenda of the second Conference on the wider meaning of the often misunderstood concept of labour regulation.

What is Regulating for Decent Work?

Regulating for Decent Work is a worldwide network of international researchers from a range of disciplines, including law, economics, industrial relations, development studies, sociology and geography who study labour market regulation. The network is organized by ILO researchers in collaboration with the University of Manchester's Fairness at Work (FaW) Research Group and the University of Melbourne's Centre for Employment and Labour Relations Law (CELRL). A conference organized by the network takes place in Geneva every two years.

What are its main goals?

The aim of the network is two-fold: to encourage and highlight research that offers a more balanced perspective on labour market regulation; and to prevent the research agenda on labour market regulation being entirely shaped in response to the deregulatory agenda. In this respect, the second conference on Regulating for Decent Work aims to go beyond the simple opposition of regulation and deregulation arguments and to focus on how to make regulation more effective.

There are many prejudices against labour regulation, are they justified?

Regulation is too often understood to be trapped within a regulation/deregulation dichotomy. This model presents a narrow vision of labour market regulation: one that assumes that the curbing or removal of legal entitlements is the sole pathway to economic prosperity. This is wrong. [Research](#)¹ has shown that well-designed labour law regimes can have a very positive impact on the well-being of workers, their families and communities as a whole, and that deregulated systems do not always produce the desired outcomes. For example, in Brazil labour deregulation has resulted in the increasing informalization of the labour market, and the US "flexibility model" has failed to achieve one of its central goals during the crisis: job creation.

Are you saying then that regulation is good for labour markets?

We are not saying that all forms of regulation are inevitably good and that deregulation is bad. The goal is to strike a balance between growth, employment creation and worker protection, and that implies finding the most effective regulatory frameworks. This is in line with the ILO's Decent Work Agenda and the Global Jobs Pact.

¹ Sangheon Lee and Deirdre McCann (eds): *Regulating for Decent Work: New directions in labour market regulation* (Palgrave/ILO, 2011).

What are the key elements of effective labour regulation?

There are at least three. First, a proper understanding and assessment of the effects of regulatory frameworks is needed. This requires robust data. Second, when sophisticated frameworks have been designed, they must be effectively enforced. For example, efficient and well-resourced labour inspection mechanisms must be in place. The case of Brazil is a good example. The experience of recent years shows that management models and the organization of street-level regulatory work by labour inspectors have been crucial in ensuring the effectiveness of labour inspectorates. Workers and their organizations must also be aware of the legal standards that apply to them, so that they can take action once they are breached. This is the only way workers can make sure decent working conditions are achieved and maintained.

Labour regulation sounds like a very complex business. Is it?

It is, and that's why we need to develop models that capture its complexity. How do we do that? First, new methodologies are needed to analyse the effectiveness of labour market interventions. These should, for example, recognize the role of all labour market actors in determining the effects of legal regulations, particularly employers. Second, it should be recognized that labour market regulations can have different effects depending on the target group. It is therefore essential to determine how regulatory frameworks govern different labour market constituencies, such as women, migrant workers, and those in the various forms of "non-standard" work, such as part-time, fixed-term and temporary agency workers.

Can you give us any concrete examples of how regulation can benefit workers?

Collective bargaining is a good example. [Research](#)² shows that in countries with highly coordinated industrial relations systems, collective bargaining can be part of an innovative regulatory framework that maintains effective labour standards, while at the same time allowing space for the social partners to negotiate and tailor working arrangements to the enterprise. Look at working time, for instance. Within these regulatory frameworks, trade unions and employers in a number of European countries have been able to reach collective agreements that balance the interests of enterprises for working-time flexibility and those of workers for greater control over their working hours, such as to attend to family responsibilities. Rather than creating barriers to the flexible adjustment of enterprises, collective bargaining can be a tool to facilitate this in a manner that also protects workers' interests.

² Susan Hayter (ed.): [The Role of Collective Bargaining in the Global Economy: Negotiating for social justice](#) (Edward Elgar/ILO, 2011).