



International
Labour
Office
Geneva

Organization, Representation and Dialogue



Meeting of workers, Jordan.

5.1 SOCIAL DIALOGUE: PROMOTING GOOD GOVERNANCE IN POLICY MAKING ON THE INFORMAL ECONOMY

■ This brief introduces the following briefs on Trade Unions, Employers organisations and Cooperatives, and therefore does not have the same structure as other technical briefs. It highlights the key role that social dialogue plays in democratic governance and the formulation and implementation of effective policies to support the transition to formality.



KEY ISSUES

- **Weak organization and representation**
- **The importance of social dialogue**
- **Autonomous membership-based organizations**
- **Trade unions**
- **Employers' Organizations**
- **Cooperatives**
- **The role of Governments in social dialogue**

■ **Weak organization and representation.** The organisation and representation of informal economy actors remains a major challenge. At present, informal economy workers and entrepreneurs are either excluded or under-represented in both employers' and workers' organisations, in some cases this is because they are considered neither as employers nor employees. Vulnerable groups such as youth, poor women and disabled persons are amongst those with the lowest levels of organisation. Among the many challenges are legal restrictions: democratic, independent, membership-based organisations of actors in the informal economy may sometimes not even be allowed to operate under local or national legislation. This serious representation gap reinforces the lack of other legal and social protections, in turn compounded by multiple discriminations based on gender, ethnicity, migrant status and other factors. As the 2002 International Labour Conference Resolution concerning decent work and the informal economy makes clear:

*'Without organization and representation, those in the informal economy generally do not have access to a range of other rights at work. They are not able to pursue their employment interests through collective bargaining or to lobby policymakers on issues such as access to infrastructure, property rights, taxation and social security.'*¹

As discussed in previous briefs the informal economy refers to a wide variety of disparate activities and relationships that give rise to a wide variety of problems. Generally informal economic activity is related to governance deficits. Laws and institutions which have been developed for the whole population, for one reason or another, have not reached those in the informal economy. Addressing these situations and resolving problems requires the strong and effective use of governmental action. There will be other situations in which other forms of cooperation and self-help are more effective and preferred. All strategies benefit from the organization of the actors concerned – whether they are workers, self-employed or micro entrepreneurs. Indeed the experience is that organization is indispensable to the defence and advancement of interests, and often the first step in the resolution of problems.

■ **The importance of social dialogue.** Social dialogue, one of the key mechanisms of good governance and democratic decision making, cannot take place without building solid worker's and employers' organisations with

What is social dialogue?

Social dialogue plays a key role in achieving the ILO's objective of promoting opportunities for women and men to obtain decent and productive work in conditions of freedom, equality, security and human dignity. Social dialogue is defined by the ILO to include all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy. It can exist as a tripartite process, with the government as an official party to the dialogue or it may consist of bipartite relations only between labour and management (or trade unions and employers' organisations), with or without indirect government involvement. Concertation can be informal or institutionalised, and often it is a combination of the two. It can take place at the national, regional or at enterprise level. It can be inter-professional, sectoral or a combination of all of these. The main goal of social dialogue itself is to promote consensus building and democratic involvement among the main stakeholders in the world of work. Successful social dialogue structures and processes have the potential to resolve important economic and social issues, encourage good governance, advance social and industrial peace and stability and boost economic progress.

Source: ILO Social Dialogue website <http://www.ilo.org/public/english/dialogue/>

¹ For more details see Resources section to access: ILO 2002 Resolution concerning decent work and the informal economy

● Social dialogue requires political will and commitment and respect for fundamental rights of freedom of association and the right to collective bargaining

technical capacity and access to relevant information. Social dialogue requires political will and commitment and a respect for the fundamental rights of freedom of association and collective bargaining. Every area of policy making on the informal economy, whether it be skills policies or social security policies, requires that informal economy actors are able to organize, articulate their needs and have the opportunity to decide their own future while arriving at a consensus that meets social and economic goals.

The technical briefs that follow (see briefs on Trade Unions, Employers' organisations and Cooperatives) provide examples of the wide-range of new initiatives on the part of informal economy actors to organise and have representational capacity. Strengthening organisation and bargaining power, can be seen as both as an *end* in itself and as a key *means* of achieving decent work for those currently in the informal economy. Representation and its attendant organization are essential for many of the institutions required to address the governance deficits related to informal economic activities. Strong and secure organizations can be the negotiating partners that, with Government, can develop the policies needed to address decent work deficits and effect a transition to the mainstream.

Initiatives are summarised below, with the full text available in the technical briefs referred to above.

■ **Autonomous membership-based organizations.** Over the last two decades, there has been a significant growth in autonomous membership based organizations of informal economy actors, very often women workers, including those experiencing multiple disadvantages such as those based on ethnicity or migrant status. Organizations of home-based workers, domestic workers, street and market vendors and other sections of the urban poor, such as waste-pickers have been established and have received financial support from development assistance programmes and the women's movement. They have sought fundamental changes in economic and social policy, including urban planning and development, with a strong emphasis on gender equality and empowerment. These organizations have created structures at regional and international level, increasingly important in a global economy. According to their objectives and needs some have opted to register as trade unions, others as cooperatives, while others remain as associations or loose networks. In some cases they have been successful in bringing their situation to international attention and have developed partnerships to lobby for international instruments to support their progress to decent work. The adoption of the *ILO Homework Convention, 1996 (No.177)* and its accompanying *Recommendation (No.184)* was a landmark in giving visibility and legal protection to some of these workers, while the newly adopted international instruments for domestic work: the *Domestic Workers Convention, 2011 (No.189)* and its accompanying *Recommendation (No.201)* offers much hope that another large segment of the informal economy can be brought progressively into formality. (see briefs on Domestic work and Homework).

■ **Trade unions.** Historically trade unions have always sought to protect the marginalised. New pressures of globalisation, liberalisation and outsourcing which have eroded employment and income security in the formal economy in both developed and developing countries, have renewed this mandate for organization and representation. Trade unions have been responding to these new challenges to reach workers pushed into the informal economy. There are considerable obstacles however. Work is often performed in small dispersed units. Significant legal obstacles often need to be overcome to achieve objectives. In addition to work performed on an informal basis, an increasing amount of work is performed in relationships within a legal framework but where workers do not have adequate protection. Trade unions are challenging patterns of employment which depend increasingly on outsourcing and sub-contracting and the use of casual or precarious labour throughout global supply chains. Equality of treatment and non-discrimination for workers supplied by agencies and other workers performing work on a short term basis, are amongst the areas that trade unions are working on. They campaign against precarious forms of work, which disproportionately affects women, highlighting as well the vulnerability of migrant workers, in the context of the global economic crisis. An important policy debate on the employment relationship has begun at the ILO. (see brief on the Employment Relationship). At the same time, trade unions have also developed a wide range of initiatives to organize workers who perform work informally, either through recruiting them to existing unions, or by establishing new union structures or through cooperation with other organizations.

Successful strategies have included a combination of providing services to informal economy workers in parallel with organising and recruitment. Trade unions have found that their skills and expertise, in technical areas such as occupational health and safety, have been strong entry points for engaging unorganized workers. In addition, they have developed innovative strategies to extend basic social security to groups of informal economy workers. They have contributed with their legitimacy and influence to negotiations with national and local authorities, and in particular, municipal and local government.

■ **Employers' Organizations.** In their representative role, employers' organizations have primarily covered larger formal economy enterprises. Most employers' organizations do not generally represent the owners of economic units in the informal economy not least because employers' organizations provide fee-based services. But employers' organizations have recognised that they have an important role to play in advocacy and policy development which can ensure a level playing field for businesses to operate. A conducive private sector environment, for example, including streamlined registration procedures and appropriate regulations, can encourage firms to enter and stay in the formal economy while also ensuring more equitable distribution of tax and social security responsibilities. Employers' organizations have recognised that the lack of visibility and organization acts as a major barrier for informal economy entrepreneurs to access the kinds of policy changes and technical support they require. They have therefore also supported capacity building and technical services to micro and small enterprises and promoted inter-firm linkages within supply chains in order to improve incomes and technical capacity. Employers' organizations have also played a strong role in tripartite dialogue which has led to practical outcomes to assist small and micro-businesses. Increasingly, some multinational companies are also undertaking measures, through framework agreements with global unions, corporate social responsibility initiatives or through partnerships with ethical or fair trade initiatives, to ensure transparency and decent work in their supply chains.

● Trade unions have developed a wide range of initiatives to organize workers who perform work informally

● Employers' organizations are increasingly recognizing the important role they can play in advocacy, policy development, technical support and capacity building on the informal economy

● Cooperatives are an important entry point into formality since registration means they become legal entities

■ **Cooperatives.** Another effective, membership-based and democratically managed form of organization is that of cooperatives. They are jointly owned and carry out productive activities that support their members. They have also proven to be an important step in the path towards formality, since their members may start out as informal units, which, if they are able to navigate the various obstacles, can grow to become business entities which often become registered. As legal entities they become part of the formal economy. Cooperatives have been formed not only as savings and credit schemes which are part of their tradition and history, but as other initiatives designed to increase income opportunities and productivity and to assist informal economy actors to regulate their situation and benefit from protection.

There is an increasing consensus, on the part of governments, employers and trade unions that cooperatives are a key feature of any development strategy because of their member-centred approach and the opportunities for sustainable incomes. The ILO cooperative programme together with the International Cooperative Alliance has launched a new campaign “Cooperating out of Poverty” which seeks to build on initiatives focusing on assisting small-scale informal economy actors to form cooperatives. While globalization has posed new challenges, small scale actors have continued to form cooperatives, and thus to benefit from access to markets, improved incomes and security.

More detailed discussions of the initiatives for better representation of informal economy actors are provided in the relevant briefs. It is worth emphasising once again that these initiatives to build strong, independent organisations in the informal economy, is the bedrock on which policy development on the informal economy should take place. Through participation in social dialogue, particularly at the national level, democratic decision making on strategies aimed at increasing regulated employment can take place. It also makes possible the review of both national law and practice in order to create an inclusive and enabling environment to allow for the integration of informal work into formal systems of protection and support.

● Governments have an essential role in creating the enabling environment for social dialogue

■ **The role of Governments in social dialogue.** Governments have a key role to play in creating an enabling environment for social dialogue. A supportive legal environment which establishes the rights of freedom of association and collective bargaining of all workers and employers, (see brief on International Labour Standards), irrespective of where they work, which can operate freely without fear of reprisal, is a cornerstone of this enabling environment. Beyond ensuring these rights, the state must also provide avenues and mechanisms for dialogue including at the national policy level. It is through these democratic mechanisms that effective and sustainable solutions can be found to support the objective of moving out informality.

This section provides a list of resources which can enable the reader to delve deeper into the issue. The section comprises international instruments, International Labour Conference conclusions, relevant publications and training tools.

ILO and UN Instruments and ILC Conference conclusions

<http://www.ilo.org/ilolex/english/convdisp1.htm>

Fundamental Conventions

<http://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm>

Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
Right to Organise and Collective Bargaining Convention, 1949 (No. 98)

Forced Labour Convention, 1930 (No. 29)
Abolition of Forced Labour Convention, 1957 (No. 105)

Minimum Age Convention, 1973 (No. 138)
Worst Forms of Child Labour Convention, 1999 (No. 182)

Equal Remuneration Convention, 1951 (No. 100)
Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

Governance Conventions

Labour Inspection Convention, 1947 (No. 81)
Labour Inspection (Agriculture) Convention, 1969 (No. 129)
Employment Policy Convention, 1964 (No. 122)
Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144)

Other relevant Conventions:

Right of Association (Agriculture) Convention, 1921 (No.11)
Right of Association (Non-Metropolitan Territories) Convention, 1947 (No.84)
Workers' Representatives Convention, 1971 (No.135)
Rural Workers' Organisations Convention, 1975 (No. 141)
Labour Relations (Public Service) Convention, 1978 (No. 151)
Collective Bargaining Convention, 1981 (No.154)

Recommendations:

Collective Agreements Recommendation, 1951 (No.91)
Voluntary Conciliation and Arbitration Recommendation, 1951 (No.92)
Cooperation at the Level of the Undertaking Recommendation, 1952 (No.94)
Consultation (Industrial and National Levels) Recommendation, 1960 (No.113)
Communications within the Undertaking Recommendation, 1967 (No. 129)
Examination of Grievances Recommendation, 1967 (No. 130)
Workers' Representatives Recommendation, 1971 (No.143)
Rural Workers' Organisations Recommendation, 1975 (No.149)
Labour Relations (Public Service) Recommendation, 1978 (No.159)
Collective Bargaining Recommendation, 1981 (No.163)

For further information see the ILO's Social Dialogue sector website
<http://www.ilo.org/public/english/dialogue/>

Declaration on Fundamental Principles and Rights at Work, 1998
<http://www.ilo.org/declaration/thedeclaration/textdeclaration/lang--en/index.htm>

Declaration on Social Justice for a Fair Globalization, 2008
http://www.ilo.org/wcmsp5/groups/public/---dgreports/---cabinet/documents/publication/wcms_099766.pdf

ILO 2002 Resolution concerning Decent Work and the informal economy, International Labour Conference 90th session, Geneva
<http://www.ilo.org/public/english/standards/relm/ilc/ilc90/pdf/pr-25res.pdf>

Relevant Publications

Chen, M.A.; R. Jhabvala; F. Lund. 2002. "Supporting Workers in the Informal Economy: A Policy Framework", Working paper on the informal economy, Employment Sector (Geneva, ILO).
http://www.ilo.org/public/libdoc/ilo/2002/102B09_156_engl.pdf

ILO 2006. Freedom of Association, Digest of decisions and principles of the Freedom of Association Committee of the Governing Body of the ILO, fifth revised edition, (Geneva).
http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---normes/documents/publication/wcms_090632.pdf

-- 2008. Report I (B), Freedom of association in practice: Lessons learned, Global Report under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work, International Labour Conference, 97th Session, Geneva, 2008 (Geneva).
http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_091396.pdf

-- 2011. The Global Crisis, Causes, Responses, Challenges. ILO Geneva
http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_155824.pdf

Tools

ILO 2002 Decent Work and the Informal Economy: CD Rom with 2002 Background papers.
http://www.ilo.org/dyn/infoecon/iebrowse.page?p_lang=en&p_ieresource_id=807

-- 2004. Promoting National Social Dialogue: An ILO Training Manual, ILO Geneva
http://www.ilo.org/public/libdoc/ilo/2004/104B09_318_engl.pdf

-- 2004 Positive Action, Reducing Poverty through Social Dialogue: A Guidebook for Trade Unions and Employer's Organizations, Sub Regional Office for East Asia and Bangkok, ILO Bangkok
http://www.ilo.org/public/libdoc/ilo/2005/105B09_62_engl.pdf

-- 2010 Global Job Crisis Observatory, Social Dialogue in Times of Crisis
http://www.ilo.org/pls/apex/f?p=109:31:1242049595724743::NO:31:P31_SUBJECT_ID:26720

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